

# Maitland

**MI Chelverton Equity Fund**

**Annual Report 31 December 2020**

# MI Chelverton Equity Fund

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\* These collectively comprise the Authorised Corporate Director's Report.

## Directory

### Authorised Corporate Director (ACD) & Registrar

Maitland Institutional Services Limited  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.maitlandgroup.com](http://www.maitlandgroup.com)  
(Authorised and regulated by the Financial Conduct Authority)

### Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 305 4217  
Fax: 0845 280 0188  
E-mail: [chelverton@maitlandgroup.com](mailto:chelverton@maitlandgroup.com)

### Directors of the Authorised Corporate Director

R. Ackermann (retired 31 January 2020)  
C. Deptford (appointed 15 October 2020)  
P.J. Foley-Brickley  
C. O'Keeffe (appointed 28 January 2020)  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Adviser

Chelverton Asset Management Limited  
11 Laura Place, Bath BA2 4BL  
(Authorised and regulated by the Financial Conduct Authority)

### Fund Managers

James Baker  
Edward Booth  
David Horner  
Dale Robertson  
Gareth Rudd  
David Taylor

### Depositary

Northern Trust Global Services SE (UK Branch)  
50 Bank Street, London E14 5NT  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Independent Auditor

Grant Thornton UK LLP, Statutory Auditor  
Chartered Accountants  
30 Finsbury Square, London EC2A 1AG

## Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or terminate a Sub-fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at the time the financial position of the Company and to enable it to ensure that the financial statements comply with the Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

## Certification of the Annual Report by the Authorised Corporate Director

The report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook ("the COLL Sourcebook") and the Statement of Recommended Practice issued by the Investment association.



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Maitland Institutional Services Ltd

31 March 2021

### Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the MI Chelverton Equity Fund ("the Company") for the year ended 31 December 2020

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

#### **Northern Trust Global Services SE (UK Branch)**

UK Trustee and Depositary Services

31 March 2021

## Independent Auditor's Report to the Shareholders of MI Chelverton Equity Fund

### Opinion

We have audited the financial statements of MI Chelverton Equity Fund (the 'Company') for the year ended 31 December 2020. These financial statements comprise together the statement of accounting policies, and the individual financial statements of each of the following Sub-funds (the 'Sub-funds') of the Company:

- MI Chelverton UK Equity Income Fund
- MI Chelverton UK Equity Growth Fund
- MI Chelverton European Select Fund

The individual financial statements for each of the Company's Sub-funds comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 31 December 2020 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and each of the Sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and each of the Sub-funds to cease to continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks associated with the Company's and each of the Sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the Sub-fund's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and each of the Sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## Independent Auditor's Report to the Shareholders of MI Chelverton Equity Fund

continued

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director for the financial statements' section of this report.

### Other information

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the company or a Sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

### Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate a Sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent Auditor's Report to the Shareholders of MI Chelverton Equity Fund

continued

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: Collective Investment Schemes Sourcebook, Investment Association Statement of Recommended Practice and UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
  - the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the year-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Company operates

### Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London, United Kingdom

31 March 2021



## Accounting Policies and Risk Management Policies

for the year ended 31 December 2020

The financial statements for MI Chelverton Equity Fund comprises the individual financial statements for each Sub-fund and the accounting policies and risk management policies below:

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice (“SORP”) for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014.

The financial statements have been prepared on the going concern basis.

The authorised Status and head office of the Sub-funds can be found within the general information starting on page 66.

The Certification of the Annual Report by the Authorised Corporate Director can be found on page 2.

#### (b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Interest on bank and short-term deposits is recognised on an earned basis.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

#### (d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against revenue for the year on an accruals basis.

#### (e) Allocation of revenue and expenses to multiple share classes

Any revenue or expense not directly attributable to a particular Sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and Sub-funds on the day that the revenue or expense is recognised.

With the exception of the Investment Adviser’s fee which is directly attributable to individual share classes, all revenue and expenses are apportioned to the Sub-fund’s share classes pro-rata to the value of the net assets of the relevant share class on the day that the revenue or expense is recognised.

#### (f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

#### (g) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to Shareholders as dividend distributions. Any revenue deficit is funded from capital.

Interim distributions may be made at the ACD’s discretion and the balance of revenue is distributed in accordance with the regulations.

For the purpose of enhancing revenue entitlement, all expenses in respect of the MI Chelverton Equity Income Fund are allocated to capital for the year on an accruals basis. This will reduce the capital growth of the Sub-fund.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Sub-fund.

## Accounting Policies and Risk Management Policies

continued

### 1. Accounting Policies (continued)

#### (h) Basis of valuation of investments

Listed investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed and floating rate interest securities.

Unlisted or suspended investments are valued by the Investment Adviser taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Market value is defined by the SORP as fair value, which generally is the bid value of each security.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – Unadjusted quoted price in an active market for an identical instrument.
- Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – Valuation techniques using unobservable inputs.

#### (i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

#### (j) Dilution levy

The Authorised Corporate Director may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the Company; in any case where the Authorised Corporate Director is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

### 2. Risk Management Policies

In pursuing its investment objectives, the Sub-funds may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Sub-funds's operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

In doing so, the ACD accepts market price risk and currency risk in relation to the investment portfolio and foreign cash positions.

The risks arising from financial instruments and the ACD's policies for the monitoring and managing of these risks are stated below in accordance with the Risk Management Policy of the ACD.

These policies have been consistent for both years through which these financial statements relate.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Sub-fund in the context of all their investments.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Company as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-fund will be exposed.

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies (continued)

#### Currency risk

Although the Sub-fund's capital and income are denominated in sterling, a proportion of the Sub-fund's investments may have currency exposure and, as a result, the income and capital value of the Sub-funds are affected by currency movements.

Currency risk is the risk that the value of the Sub-fund's investments will fluctuate as a result of changes in currency exchange rates. For Sub-funds where a proportion of the net assets of the Sub-fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The Company monitors the currency exposure of the Sub-fund and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

#### Interest rate risk

Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Sub-fund's assets comprise equity shares which neither pay interest nor have a maturity date.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

#### Credit risk

Credit risk arises from the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

There are no net borrowings.

Stress testing and scenario analysis is carried out on a regular basis.

#### Liquidity risk

Liquidity risk is the risk that a Sub-fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, a Sub-fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-fund, the Sub-fund may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of shares.

The ACD manages the Sub-fund's cash to ensure they can meet their liabilities. In addition, the ACD monitors market liquidity of all securities, seeking to ensure the Sub-funds maintains sufficient liquidity to meet known and potential redemption activity. The Sub-funds cash balances are monitored daily by the ACD and the Investment Adviser. All of the Sub-funds financial liabilities are payable on demand or in less than one year.

MISL conducts regular monitoring to ensure the liquidity profile of a Sub-funds investments comply with its underlying obligations particularly its ability to meet redemption requests.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of each fund.

#### Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-fund has fulfilled its responsibilities which could result in the fund suffering a loss. The Investment Adviser minimises the risk by conducting trades through only the most reputable counter parties.

#### Fair value of financial assets and liabilities

Investments disclosed as at the balance sheet date are at fair value. Current assets and liabilities disclosed in the balance sheet are at amortised cost which is approximate to fair value.

## Investment Objective and Policy

The objective of the Sub-fund is to provide a progressive income stream and achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK equities.

The Sub-fund will invest primarily in UK companies which aim to provide a high initial dividend; progressive dividend payments, and long-term capital appreciation. The asset classes in which the Sub-fund is permitted to invest includes transferable securities, money market instruments, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Sub-fund's investment powers as summarised in the Prospectus.

## Investment Adviser's Report

for the year ended 31 December 2020

In the year to 31 December 2020, the Sub-fund returned -14.45% versus an average for the UK Equity Income Sector of -10.91% (source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2020).

After a strong end to the previous year our portfolio gave up some of the gains in the first two months as the rhetoric surrounding a no deal Brexit was becoming increasingly fractious, and was reflected in weaker sterling. The real story of the year however was just unfolding. As we entered March, COVID-19 was headline news culminating on the 23rd of the month with a full domestic lockdown, bringing us in line with a host of other economies. With the benefit of hindsight this was the period of most uncertainty and was reflected in falling share prices as a wide range of companies and analysts rushed out worst case scenario guesstimates as to future earnings and cash flows. A direct consequence of this was an unprecedented cancellation of corporate dividend payments and we felt the full effects of this in our portfolio as in times of extreme investment risk aversion the dividend yield should help to support short-term valuations. Historically the second quarter of the year has been the most important for us from an income perspective and this was when the dividend cuts were at their height. Another feature of the first lockdown was the number of companies who raised cash to shore up balance sheets by issuing equity, many at valuation levels that had been adversely affected by the pandemic. During this period the government was quick to try to stabilise markets by introducing a raft of support measures for both individuals and companies.

As the year progressed and Directors were able to start to understand their new trading environment more fully we started to see the restoration of a number of previously postponed dividend payments. At the same time there were companies who were able to trade throughout the periods of government imposed restrictions with little or no interruption to their normal trading patterns and these did continue to pay dividends. In looking to add to our income account we were active in reorientating some of the portfolio into these sort of holdings where we could find value and added Drax, Telecom Plus, IG, Paypoint, Smart Metering Systems and Zegona Communications amongst others to the portfolio. As income managers we are always cognisant of the need for an appropriate balance between capital growth and income and we looked to raise funds from stocks that had performed well including Polypipe, XP Power and Pennon and sold stocks where we believe there is little prospect of a near term return to previous levels of income such as Kier, De La Rue, Hostelworld, National Express and Costain. As we have engaged with companies over the period we have stressed the importance of providing earnings guidance to the market as soon as possible as we continue to see trading consistently beating overly pessimistic analyst expectations.

Governments response to the pandemic were largely based around the continued provision of monetary stimulus which supported asset prices, particularly equity markets, and most notably growth stocks. The approval of a number of vaccines in the last quarter of the year mapped out a route to recovery and we benefited as there was an immediate bounce in the relative share prices of 'value' stocks as investors were finally able to look through the immediate short-term problems. There was further good news on the domestic front as a trade agreement was signed with the EU towards the end of December and the worst fears of a no deal were alleviated. As small and mid-cap value investors we have been in the eye of the storm for much of the last year and this was compounded as yield support was removed. We are firmly focussed on rebuilding the income in the portfolio and we will be helped in this as confidence returns and the strength of the domestic savings ratio provides a short-term tail wind. It was noticeable that company trading and share prices were much less affected by the second lockdown as the corporate world had adapted their business models from their experience earlier in the year. Hopefully one long term positive legacy of the difficulties of the past year will be the positive effects of the digital transformation that a lot of companies have had to embrace rather more quickly than would otherwise been the case.

# MI Chelverton UK Equity Income Fund

## Portfolio Statement

as at 31 December 2020

Holding	Security	Market value £	% of total net assets 2020
	<b>OIL &amp; GAS 4.15% (3.13%)</b>		
	<b>Oil &amp; Gas Producers 2.99% (2.17%)</b>		
10,000,000	Diversified Gas & Oil	11,300,000	2.48
12,725,000	Soco International	2,323,585	0.51
		<b>13,623,585</b>	<b>2.99</b>
	<b>Oil Equipment, Services &amp; Distribution 1.16% (0.96%)</b>		
1,706,012	John Wood	5,292,049	1.16
	<b>BASIC MATERIALS 4.40% (3.03%)</b>		
	<b>Chemicals 2.45% (3.03%)</b>		
3,500,000	Elementis	4,021,500	0.88
1,600,000	Synthomer	7,161,600	1.57
		<b>11,183,100</b>	<b>2.45</b>
	<b>Industrial Metals &amp; Mining 1.25% (0.00%)</b>		
765,252	Bodycote	5,704,954	1.25
	<b>Mining 0.70% (0.00%)</b>		
2,504,327	Anglo Pacific	3,180,495	0.70
	<b>INDUSTRIALS 31.28% (35.59%)</b>		
	<b>Construction &amp; Materials 7.75% (7.05%)</b>		
600,000	Alumasc*	660,000	0.15
5,769,469	Epwin*	5,250,217	1.15
2,350,000	Eurocell	4,700,000	1.03
886,324	Keller	6,186,542	1.36
375,167	Morgan Sindall	5,747,558	1.26
8,756,149	Severfield	6,111,792	1.34
1,900,000	Tyman	6,659,500	1.46
		<b>35,315,609</b>	<b>7.75</b>
	<b>Aerospace &amp; Defence 2.76% (4.25%)</b>		
1,520,000	Babcock International	4,254,480	0.93
3,193,424	Senior	2,835,761	0.62
265,000	Ultra Electronics	5,490,800	1.21
		<b>12,581,041</b>	<b>2.76</b>
	<b>General Industrials 0.00% (1.58%)</b>		
	<b>Electronic &amp; Electrical Equipment 4.15% (6.35%)</b>		
1,850,000	Morgan Advanced Materials	5,753,500	1.26
3,311,197	Strix*	7,218,409	1.59
2,897,581	TT Electronics	5,940,041	1.30
		<b>18,911,950</b>	<b>4.15</b>

# MI Chelverton UK Equity Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>Industrial Engineering 4.27% (4.31%)</b>			
3,000,000	Flowtech Fluidpower*	2,724,000	0.60
400,000	IMI	4,660,000	1.02
1,100,000	Vesuvius	5,901,500	1.30
675,000	Vitec	6,169,500	1.35
		<b>19,455,000</b>	<b>4.27</b>
<b>Industrial Transportation 1.35% (2.80%)</b>			
1,525,000	Braemar Shipping Services	2,287,500	0.50
2,812,500	DX*	984,375	0.21
750,000	Signature Aviation	2,902,500	0.64
		<b>6,174,375</b>	<b>1.35</b>
<b>Support Services 11.00% (9.25%)</b>			
1,600,000	Essentra	4,899,200	1.08
800,000	FDM	8,992,000	1.97
1,569,520	Gattaca*	1,208,530	0.27
1,200,000	iEnergizer*	3,792,000	0.83
800,000	Inchcape	5,148,000	1.13
3,650,000	Northgate	9,709,000	2.13
600,000	Paypoint	3,912,000	0.86
5,500,000	RPS	3,850,000	0.84
397,932	Smart Metering Systems*	2,821,338	0.62
1,949,000	Sthree	5,769,040	1.27
		<b>50,101,108</b>	<b>11.00</b>
<b>CONSUMER GOODS 9.02% (8.89%)</b>			
<b>Beverages 0.85% (0.00%)</b>			
1,450,000	Stock Spirits	3,864,250	0.85
<b>Food Producers 4.14% (3.45%)</b>			
6,229,594	Bakkavor	5,045,971	1.11
4,432,200	Devro	6,736,944	1.48
1,050,000	Tate & Lyle	7,079,100	1.55
		<b>18,862,015</b>	<b>4.14</b>
<b>Household Goods &amp; Home Construction 4.03% (5.44%)</b>			
175,000	Bellway	5,171,250	1.13
1,050,000	Crest Nicholson	3,412,500	0.75
1,804,417	Headlam	6,495,901	1.43
350,000	Vistry	3,270,750	0.72
		<b>18,350,401</b>	<b>4.03</b>
<b>CONSUMER SERVICES 13.44% (22.58%)</b>			
<b>Food &amp; Drug Retailers 0.28% (0.29%)</b>			
5,060,000	McColl's Retail	1,275,120	0.28

# MI Chelverton UK Equity Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>General Retailers 4.16% (7.13%)</b>			
7,191,588	Brown (N) *	4,329,336	0.95
1,800,000	DFS Furniture	3,960,000	0.87
2,000,000	Halfords	5,340,000	1.17
1,750,000	RM	3,745,000	0.82
2,468,300	Shoe Zone*	1,579,712	0.35
		<b>18,954,048</b>	<b>4.16</b>
<b>Media 6.47% (5.54%)</b>			
3,454,483	Bloomsbury Publishing	10,156,180	2.23
10,000,000	Centaur Media	2,800,000	0.61
700,000	Daily Mail & General Trust	5,215,000	1.14
2,222,821	STV	6,646,235	1.46
3,000,000	Wilmington	4,680,000	1.03
		<b>29,497,415</b>	<b>6.47</b>
<b>Travel &amp; Leisure 2.53% (9.62%)</b>			
175,000	Go-Ahead	1,721,125	0.38
3,500,000	Marston's	2,625,000	0.58
2,500,000	Rank	3,480,000	0.76
3,000,000	Restaurant	1,926,000	0.42
700,000	Saga	1,771,000	0.39
		<b>11,523,125</b>	<b>2.53</b>
<b>TELECOMMUNICATIONS 1.95% (0.00%)</b>			
<b>Fixed Line Telecommunications 1.95% (0.00%)</b>			
400,000	Telecom Plus	5,736,000	1.26
3,000,000	Zegona Communications	3,150,000	0.69
		<b>8,886,000</b>	<b>1.95</b>
<b>UTILITIES 3.61% (1.55%)</b>			
<b>Electricity 3.61% (0.00%)</b>			
4,600,000	Contourglobal	9,890,000	2.17
1,750,000	Drax	6,559,000	1.44
		<b>16,449,000</b>	<b>3.61</b>
<b>Gas, Water &amp; Multiutilities 0.00% (1.55%)</b>			
<b>FINANCIALS 25.81% (17.27%)</b>			
<b>Banks 1.82% (1.27%)</b>			
600,000	Close Brothers	8,292,000	1.82
<b>Non-life Insurance 2.81% (2.13%)</b>			
1,425,000	Personal*	2,878,500	0.63
3,586,883	Sabre Insurance	9,917,731	2.18
		<b>12,796,231</b>	<b>2.81</b>



# MI Chelverton UK Equity Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>Life Insurance 3.64% (2.32%)</b>			
3,250,459	Chesnara	9,523,845	2.09
1,800,000	Hansard Global	777,600	0.17
900,000	Phoenix	6,305,400	1.38
		<b>16,606,845</b>	<b>3.64</b>
<b>Real Estate Investment &amp; Services 0.73% (0.96%)</b>			
2,500,000	Foxtons	1,295,000	0.28
1,025,000	Palace Capital	2,034,625	0.45
		<b>3,329,625</b>	<b>0.73</b>
<b>Real Estate Investment Trusts 2.06% (0.70%)</b>			
4,500,000	Regional REIT	3,658,500	0.80
5,400,000	Supermarket Income REIT	5,724,000	1.26
		<b>9,382,500</b>	<b>2.06</b>
<b>Financial Services 14.75% (9.89%)</b>			
2,000,000	Ashmore	8,624,000	1.89
1,862,658	Brewin Dolphin	5,681,107	1.25
4,800,000	GLI Finance*	124,800	0.03
600,000	IG Group	5,169,000	1.13
2,239,395	Jupiter Fund Management	6,324,051	1.39
979,826	Mortgage Advice Bureau*	8,152,152	1.79
1,500,000	Numis*	4,987,500	1.10
48,098	Paragon Banking	234,911	0.05
1,329,750	Polar Capital*	9,201,870	2.02
2,356,818	Premier Asset Management*	3,417,386	0.75
1,500,000	Provident Financial	4,605,000	1.01
1,102,914	Tatton Asset Management *	2,933,751	0.64
1,100,000	TP ICAP	2,620,200	0.57
3,962,950	XPS Pensions	5,132,020	1.13
		<b>67,207,748</b>	<b>14.75</b>
<b>TECHNOLOGY 1.65% (2.41%)</b>			
<b>Software &amp; Computer Services 1.65% (2.41%)</b>			
177,000	EMIS *	1,915,140	0.42
2,146,550	Moneysupermarket.com	5,593,909	1.23
		<b>7,509,049</b>	<b>1.65</b>
<b>Investment assets</b>		<b>434,308,638</b>	<b>95.31</b>
<b>Net other assets</b>		<b>21,392,918</b>	<b>4.69</b>
<b>Net assets</b>		<b>455,701,556</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.12.19.

\* Quoted on the Alternative Investment Market.



## Comparative Tables

### Change in net assets per share

	A Income		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	115.48	98.09	120.99
Return before operating charges <sup>^</sup>	-16.46	24.39	-15.60
Operating charges	-1.42	-1.71	-1.89
Return after operating charges <sup>^</sup>	-17.88	22.68	-17.49
Distributions	-2.24	-5.29	-5.41
<b>Closing net asset value per share</b>	<b>95.36</b>	<b>115.48</b>	<b>98.09</b>
<sup>^</sup> After direct transaction costs of	-0.16	-0.19	-0.27
<b>Performance</b>			
Return after charges	-15.48%	23.12%	-14.46%
<b>Other information</b>			
Closing net asset value	£20,905	£73,459	£76,042
Closing number of shares	21,921	63,614	77,521
Operating charges	1.63%	1.61%	1.62%
Ongoing operating charges*	1.64%	1.61%	1.62%
Direct transaction costs	0.18%	0.18%	0.23%
<b>Prices</b>			
Highest share price	116.57	117.82	126.07
Lowest share price	61.59	98.83	99.10

	A Accumulation		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	222.69	180.19	211.72
Return before operating charges <sup>^</sup>	-31.03	45.69	-28.17
Operating charges	-2.76	-3.19	-3.36
Return after operating charges <sup>^</sup>	-33.79	42.50	-31.53
Distributions	-4.32	-9.87	-9.61
Retained distributions on accumulation shares	4.32	9.87	9.61
<b>Closing net asset value per share</b>	<b>188.90</b>	<b>222.69</b>	<b>180.19</b>
<sup>^</sup> After direct transaction costs of	-0.31	-0.36	-0.48
<b>Performance</b>			
Return after charges	-15.17%	23.59%	-14.89%
<b>Other information</b>			
Closing net asset value	£3,538	£62,026	£3,375
Closing number of shares	1,873	27,853	1,873
Operating charges	1.63%	1.61%	1.62%
Ongoing operating charges*	1.64%	1.61%	1.62%
Direct transaction costs	0.18%	0.18%	0.23%
<b>Prices</b>			
Highest share price	224.78	224.33	222.13
Lowest share price	118.77	181.50	178.70

## MI Chelverton UK Equity Income Fund

### Comparative Tables

continued

#### Change in net assets per share

	B Income		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	126.77	106.88	130.84
Return before operating charges <sup>^</sup>	-17.95	26.89	-16.98
Operating charges	-0.85	-1.00	-1.10
Return after operating charges <sup>^</sup>	-18.80	25.68	-18.08
Distributions	-2.46	-5.79	-5.88
<b>Closing net asset value per share</b>	<b>105.51</b>	<b>126.77</b>	<b>106.88</b>
<sup>^</sup> After direct transaction costs of	-0.17	-0.21	-0.29
<b>Performance</b>			
Return after charges	-14.83%	24.02%	-13.82%
<b>Other information</b>			
Closing net asset value	£346,856,156	£548,703,173	£413,377,579
Closing number of shares	328,739,632	432,818,274	386,778,885
Operating charges	0.88%	0.86%	0.87%
Ongoing operating charges*	0.89%	0.86%	0.87%
Direct transaction costs	0.18%	0.18%	0.23%
<b>Prices</b>			
Highest share price	127.97	129.70	136.85
Lowest share price	67.73	107.68	108.26

	B Accumulation		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	261.15	209.79	244.58
Return before operating charges <sup>^</sup>	-36.11	53.35	-32.70
Operating charges	-1.76	-1.99	-2.09
Return after operating charges <sup>^</sup>	-37.87	51.36	-34.79
Distributions	-5.12	-11.52	-11.13
Retained distributions on accumulation shares	5.12	11.52	11.13
<b>Closing net asset value per share</b>	<b>223.28</b>	<b>261.15</b>	<b>209.79</b>
<sup>^</sup> After direct transaction costs of	-0.36	-0.42	-0.55
<b>Performance</b>			
Return after charges	-14.50%	24.48%	-14.22%
<b>Other information</b>			
Closing net asset value	£108,820,957	£175,865,607	£180,664,786
Closing number of shares	48,738,206	67,343,222	86,118,294
Operating charges	0.88%	0.86%	0.87%
Ongoing operating charges*	0.89%	0.86%	0.87%
Direct transaction costs	0.18%	0.18%	0.23%
<b>Prices</b>			
Highest share price	263.60	263.05	257.45
Lowest share price	139.50	211.34	208.05

\*The ACD believes this to be more representative of charges going forward.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

## Comparative Tables

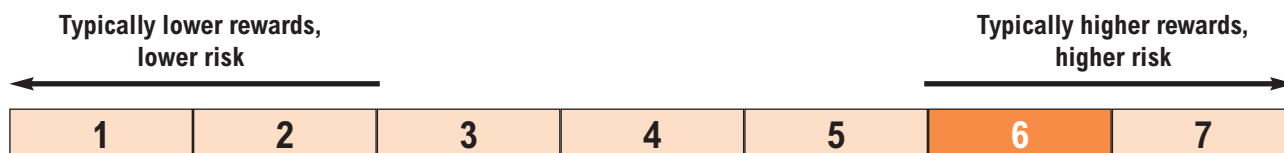
continued

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h), and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. During the year under review the category changed from 5 to 6, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- This Sub-funds strategy may cause its volatility to be higher than its peers.
- Smaller company shares can be more difficult to buy and sell as they may trade infrequently, in small volumes and their share price may fluctuate more than that of a larger company.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

## Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## MI Chelverton UK Equity Income Fund

### Statement of Total Return

for the year ended 31 December 2020

	Note	£	31.12.20 £	£	31.12.19 £
Income					
Net capital (losses)/gains	2		(144,175,379)		115,299,803
Revenue	3	12,431,428		32,359,734	
Expenses	4	(4,349,271)		(5,610,080)	
Interest payable and similar charges	4	–		–	
Net revenue before taxation		8,082,157		26,749,654	
Taxation	5	(163,146)		(163,889)	
Net revenue after taxation			7,919,011		26,585,765
<b>Total return before distributions</b>			<b>(136,256,368)</b>		<b>141,885,568</b>
Distributions	6		(12,144,725)		(32,099,038)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(148,401,093)</b>		<b>109,786,530</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2020

	£	31.12.20 £	£	31.12.19 £
<b>Opening net assets attributable to Shareholders</b>			<b>724,704,265</b>	<b>594,121,782</b>
Amounts receivable on issue of shares	97,757,339			188,560,371
Less: Amounts payable on cancellation of shares	(221,076,358)		(176,101,748)	
		(123,319,019)		12,458,623
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(148,401,093)		109,786,530
Retained distributions on accumulation shares		2,717,397		8,337,330
Unclaimed distributions			6	–
<b>Closing net assets attributable to Shareholders</b>			<b>455,701,556</b>	<b>724,704,265</b>

The notes on pages 20 to 26 form an integral part of these Financial Statements.

# MI Chelverton UK Equity Income Fund

## Balance Sheet

as at 31 December 2020

	Note	£	31.12.20 £	£	31.12.19 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			434,308,638		684,447,110
<b>Current Assets</b>					
Debtors	7	1,960,081		5,237,430	
Cash and bank balances	9	23,308,380		44,771,423	
<b>Total current assets</b>			<b>25,268,461</b>		<b>50,008,853</b>
<b>Total assets</b>			<b>459,577,099</b>		<b>734,455,963</b>
<b>LIABILITIES</b>					
Investment liabilities			–		–
<b>Creditors</b>					
Distribution payable		(2,297,701)		(8,593,689)	
Other creditors	8	(1,577,842)		(1,158,009)	
<b>Total creditors</b>			<b>(3,875,543)</b>		<b>(9,751,698)</b>
<b>Total liabilities</b>			<b>(3,875,543)</b>		<b>(9,751,698)</b>
<b>Net assets attributable to Shareholders</b>			<b>455,701,556</b>		<b>724,704,265</b>

The notes on pages 20 to 26 form an integral part of these Financial Statements.

# MI Chelverton UK Equity Income Fund

## Notes to the Financial Statements

for the year ended 31 December 2020

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 9.

<b>2. Net Capital (Losses)/Gains</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	(144,166,807)	115,311,374
Currency gains/(losses)	960	(3,753)
Transaction charges	(9,532)	(7,818)
<b>Net capital (losses)/gains</b>	<b>(144,175,379)</b>	<b>115,299,803</b>

<b>3. Revenue</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
UK dividends: Ordinary	9,941,106	29,625,465
Special	186,576	–
Overseas dividends	1,685,739	2,249,331
Property Income Distributions	617,997	484,940
Bank interest	10	(2)
<b>Total revenue</b>	<b>12,431,428</b>	<b>32,359,734</b>

<b>4. Expenses</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	225,443	253,564
Registration fees	306,515	328,413
	<u>531,958</u>	<u>581,977</u>
Payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	3,675,910	4,850,742
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	89,949	119,138
Safe custody and other bank charges	23,219	30,445
	<u>113,168</u>	<u>149,583</u>

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration:		
Audit fee (including VAT)	9,270	8,652
Tax compliance services (including VAT)	1,970	1,800
Tax compliance services (including VAT) - predecessor tax adviser	–	300
	<hr/> 11,240	<hr/> 10,752
Other expenses:		
Legal fees	5,363	5,080
Printing costs	11,632	11,946
	<hr/> 16,995	<hr/> 17,026
<b>Expenses</b>	<hr/> <b>4,349,271</b>	<hr/> <b>5,610,080</b>
Interest payable and similar charges	–	–
<b>Total</b>	<hr/> <b>4,349,271</b>	<hr/> <b>5,610,080</b>

<b>5. Taxation</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Overseas tax	163,146	163,889
<b>Total tax charge (note 5b)</b>	<hr/> <b>163,146</b>	<hr/> <b>163,889</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	8,082,157	26,749,654
Corporation tax at 20%	1,616,431	5,349,931
Effects of:		
UK dividends	(1,988,221)	(5,925,093)
Special dividend treated as income	(37,315)	–
Movement in taxable income accruals	–	(13,378)
Movement in surplus management expenses	746,253	1,038,406
Overseas tax expensed	163,146	163,889
Non-taxable overseas earnings	(337,148)	(449,866)
<b>Total tax charge (note 5a)</b>	<hr/> <b>163,146</b>	<hr/> <b>163,889</b>

At the year end there is a potential deferred tax asset of £6,064,965 (2019: £5,318,712) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

# MI Chelverton UK Equity Income Fund

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>31.12.20</b>	<b>31.12.19</b>
		£	£
First interim distribution	31.03.20	1,374,560	4,516,946
Second interim distribution	30.06.20	2,834,950	8,413,151
Third interim distribution	30.09.20	4,358,212	8,045,398
Final distribution	31.12.20	3,013,688	11,279,581
		<b>11,581,410</b>	<b>32,255,076</b>
Revenue deducted on cancellation of shares		918,260	1,666,892
Revenue received on issue of shares		(354,945)	(1,822,930)
<b>Distributions</b>		<b>12,144,725</b>	<b>32,099,038</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		7,919,011	26,585,765
Expenses allocated to capital		4,349,271	5,610,080
Relief on expenses allocated to capital		(123,601)	(96,986)
Undistributed revenue brought forward		198	377
Undistributed revenue carried forward		(154)	(198)
<b>Distributions</b>		<b>12,144,725</b>	<b>32,099,038</b>

### 7. Debtors

		<b>31.12.20</b>	<b>31.12.19</b>
		£	£
Amounts receivable on issues		1,032,737	2,856,905
Accrued income:			
Dividends receivable		920,865	2,345,770
Overseas tax recoverable		–	31,479
UK income tax recoverable		5,500	3,276
Prepaid expenses:			
Legal fees		979	–
<b>Total debtors</b>		<b>1,960,081</b>	<b>5,237,430</b>



# MI Chelverton UK Equity Income Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	1,218,008	660,806
Accrued expenses:		
Amounts payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	287,167	448,187
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	42,285	20,177
Safe custody and other bank charges	11,628	4,918
Transaction charges	4,508	–
	58,421	25,095
Auditor's remuneration		
Audit fee (including VAT)	9,270	8,652
Audit fee (including VAT) - predecessor fee	–	7,200
Tax compliance services (including VAT)	1,916	1,800
Tax compliance services (including VAT) - predecessor tax adviser	–	2,100
	11,186	19,752
Other expenses:		
Legal fees	–	969
Printing costs	3,060	3,200
	3,060	4,169
<b>Total other creditors</b>	<b>1,577,842</b>	<b>1,158,009</b>
<b>9. Cash and Bank Balances</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	23,308,380	44,771,423
<b>Cash and bank balances</b>	<b>23,308,380</b>	<b>44,771,423</b>

## 10. Related Party Transactions

Maitland Institutional Services Limited (MISL) is regarded as a related party by virtue of having the ability to act in respect of the operations of the Sub-fund in its capacity as the Authorised Corporate Director (ACD).

ACD and other fees payable to MISL are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Chelverton Asset Management Limited (the Investment Adviser) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

At the year end MI Chelverton UK Equity Income Fund did not hold shares in any of the other Sub-funds within the MI Chelverton Equity Fund.

## Notes to the Financial Statements

continued

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2019: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 8 and 9.

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £43,430,864 (2019: £68,444,711).

#### Currency risk

There is no material foreign currency exposure in the Sub-fund (2019: none).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

31.12.20

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes %	Purchases before transaction costs £
		£	%			
Equities	115,800,359	147,864	0.13	477,062	0.00	115,175,433
Corporate actions	1,721,485	–	0.00	–	0.00	1,721,485
<b>Total purchases after commissions and tax</b>	<b>117,521,844</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes %	Sales before transaction costs £
		£	%			
Equities	223,493,498	266,074	0.12	393	0.00	223,759,965
<b>Total sales after commissions and tax</b>	<b>223,493,498</b>					

Commission as a % of average net assets 0.08%  
Taxes as a % of average net assets 0.10%

31.12.19

Analysis of purchases	Total purchase cost £	Commissions paid		£	Taxes %	Purchases before transaction costs £
		£	%			
Equities	158,631,847	233,170	0.15	740,957	0.47	157,657,720
Corporate actions	614,815	–	0.00	–	0.00	614,815
<b>Total purchases after commissions and tax</b>	<b>159,246,662</b>					

Analysis of sales	Net sale proceeds £	Commissions paid		£	Taxes %	Sales before transaction costs £
		£	%			
Equities	152,171,946	169,270	0.11	73	0.00	152,341,289
<b>Total sales after commissions and tax</b>	<b>152,171,946</b>					

Commission as a % of average net assets 0.06%  
Taxes as a % of average net assets 0.12%

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 15 to 17. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 December 2020 is 1.44% (2019: 1.13%).

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

Share Class	31.12.20 p	26.03.21 p	% Movement
A Income*	96.66	104.61	8.22%
A Accumulation	190.19	205.94	8.28%
B Income*	106.93	115.93	8.42%
B Accumulation	224.79	243.83	8.47%

\*adjusted for income distribution for comparison purposes

### ACD Statement Regarding COVID-19

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the ACD continues to operate, administer and price the Sub-fund in accordance with FCA regulatory requirements and in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

The ACD will continue to monitor fund liquidity and market volatility to ensure the Sub-fund is managed in the best interests of shareholders and to ensure that the Sub-fund remains a going concern. Where appropriate the ACD will value assets on a “fair value” basis in accordance with the Regulations.

As stated in the Prospectus, the Sub-fund should be considered as a long-term investment and the ACD emphasises the importance for investors to seek professional advice when considering their investment in the Sub-fund.

### 16. Fair Value Disclosure

Valuation technique	31.12.20		31.12.19	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	434,308,638	–	684,447,110	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>434,308,638</b>	<b>–</b>	<b>684,447,110</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	A Accumulation	B Income	B Accumulation
Opening number of shares	63,614	27,853	432,818,274	67,343,222
Shares issued	–	–	63,490,439	17,925,931
Shares cancelled	(41,693)	(25,980)	(167,830,006)	(36,405,969)
Shares converted	–	–	260,925	(124,978)
<b>Closing number of shares</b>	<b>21,921</b>	<b>1,873</b>	<b>328,739,632</b>	<b>48,738,206</b>

# MI Chelverton UK Equity Income Fund

## Distribution Tables

for the year ended 31 December 2020

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2020 p	Distribution paid 2019 p
A	First interim	Group 1	0.2173	–	0.2173	0.8000
		Group 2	0.2173	–	0.2173	0.8000
	Second interim	Group 1	0.5006	–	0.5006	1.5000
		Group 2	0.5006	–	0.5006	1.5000
Third interim	Group 1	0.8802	–	0.8802	1.5000	
	Group 2	0.8802	–	0.8802	1.5000	
Final	Group 1	0.6380	–	0.6380	1.4893	
	Group 2	0.6380	–	0.6380	1.4893	
B	First interim	Group 1	0.2393	–	0.2393	0.8000
		Group 2	–	0.2393	0.2393	0.8000
	Second interim	Group 1	0.5502	–	0.5502	1.5000
		Group 2	0.1896	0.3606	0.5502	1.5000
Third interim	Group 1	0.9708	–	0.9708	1.5000	
	Group 2	0.4702	0.5006	0.9708	1.5000	
Final	Group 1	0.6989	–	0.6989	1.9853	
	Group 2	0.3178	0.3811	0.6989	1.9853	

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2020 p	Amount reinvested 2019 p
A	First interim	Group 1	0.4194	–	0.4194	1.4693
		Group 2	0.4194	–	0.4194	1.4693
	Second interim	Group 1	0.9665	–	0.9665	2.7758
		Group 2	0.9665	–	0.9665	2.7758
Third interim	Group 1	1.7133	–	1.7133	2.8155	
	Group 2	1.7133	–	1.7133	2.8155	
Final	Group 1	1.2162	–	1.2162	2.8128	
	Group 2	1.2162	–	1.2162	2.8128	
B	First interim	Group 1	0.4914	–	0.4914	1.5701
		Group 2	–	0.4914	0.4914	1.5701
	Second interim	Group 1	1.1367	–	1.1367	2.9643
		Group 2	0.3428	0.7939	1.1367	2.9643
Third interim	Group 1	2.0193	–	2.0193	3.0031	
	Group 2	1.0667	0.9526	2.0193	3.0031	
Final	Group 1	1.4690	–	1.4690	3.9872	
	Group 2	0.5390	0.9300	1.4690	3.9872	

## Distribution Tables

continued

### Further information

First interim period: 01.01.20 - 31.03.20

Second interim period: 01.04.20 - 30.06.20

Third interim period: 01.07.20 - 30.09.20

Final period: 01.10.20 - 31.12.20

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

The objective of the Sub-fund is to achieve long-term capital growth by investing primarily in a portfolio of fully listed and AIM traded UK small and medium sized market capitalised companies equities.

The asset classes in which the Sub-fund is permitted to invest includes transferable securities, money market instruments, warrants, convertibles, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Sub-fund's investment powers as summarised in Appendix 2 of the Prospectus.

## Investment Adviser's Report

for the year ended 31 December 2020

In the year to 31 December 2020, the Sub-fund returned 15.93%, compared to -6.17% for the IA UK All Companies sector (source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2020).

At the outset of the year, everything looked quite promising for the equity market with a BREXIT transition agreement signed and a Conservative government with a significant majority in place, giving the domestic economy clear direction for the first time in years. However, events were rapidly overtaken by the onset of the COVID-19 pandemic. Initially seen as a supply chain issue, with a significant portion of the world's manufactured goods coming from China, it rapidly evolved into a global health crisis causing economies around the world to close-down as the virus spread, with equity markets going into freefall from the end of February as the economic implications became evident.

The initial sell-off, as has often been the case in previous bear markets, was indiscriminate with share prices falling across the board. As managers, we started adding to holdings and starting new positions in stocks that had sold-off but whose businesses we felt could hold up reasonably well and, in some cases, might even thrive during the lockdown. In the Technology sector, with people more reliant on digital communications, we added to our holdings in dotDigital (digital marketing) and IMIMobile (mobile communications platform), and Gamesys (online bingo and slots) and Codemasters (video gaming) in digital entertainment. Elsewhere, we built up our position in EKF Diagnostics (healthcare) and started holdings in Goco (price comparison website) and Premier Foods (heritage British food brands). Through the year, we also added to more economically sensitive stocks where, despite the impact of the pandemic on their immediate profitability, we felt their shares had fallen too severely, such as Tyman and Elementis. We also supported re-financings for Eurocell, Ten Entertainment and RPS.

As with the credit crisis in 2008/9, the market has been supported by prodigious monetary easing by Central Banks, driving investors into the equity market for want of better returns elsewhere. For most of the year, investors focused on the perceived safe haven of Growth stocks, which could ride through the economic shock in reasonably good shape, driving valuations up to quite heady levels by the latter part of the year. It was only at the end of the year with the positive news on vaccine trials and approvals that the unloved Value stocks start to rally, as investors started to rotate out of Growth.

The Sub-fund obviously benefitted from its Growth bias once equities had started to rally. Technology and Healthcare were its best performing sectors. On an individual stock basis, three technology firms were our top contributors, led by dotDigital and followed by IMIMobile and Codemasters, both of which succumbed to agreed takeover offers towards the end of the year. In healthcare, EKF Diagnostics was a notable contributor, benefitting from a contract to distribute COVID-19 sample collection kits. Premier Foods was another stand-out contributor, as it benefitted from consumers having no choice but to eat-in during lockdown. The main detractors to the Sub-fund's performance were the more economically sensitive stocks with higher debt leverage, namely Elementis, Equiniti and RPS, with investors nervous about the prospect of dilutive fund raisings. Travel and Leisure were the worst affected parts of the market, with businesses either shut through lockdown or unable to operate at normal capacity at other times, but here the Sub-fund's exposure was minimal.

As the year progressed with investor interest almost entirely focused on growth almost at any price, we used the elevated valuations to shift the Sub-fund's exposure, to the extent that the Technology sector is now at its lowest weighting in the Sub-fund since launch. Similarly, we have trimmed Healthcare stocks like EKF Diagnostics and Synairgen, which benefitted materially from COVID-19. At the same time, we have used the sell-off in stocks exposed to elective surgery to build up a holding in Advanced Medical Solutions, which until now has been too highly rated for us to invest in. Elsewhere we have increased the Sub-fund's exposure to the Construction sector adding to our holding in VP (plant hire) and starting a position in Breedon (aggregates), which we expect to benefit from elevated infrastructure investment, as the government pulls the fiscal lever to stimulate economic growth post the pandemic.

# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

as at 31 December 2020

Holding	Security	Market value £	% of total net assets 2020
<b>OIL &amp; GAS 1.80% (4.09%)</b>			
<b>Oil &amp; Gas Producers 1.80% (4.09%)</b>			
8,750,000	Diversified Gas & Oil	9,887,500	1.00
9,500,000	Jadestone Energy*	5,700,000	0.58
333,512,667	Reabold Resources*	2,167,832	0.22
		<b>17,755,332</b>	<b>1.80</b>
<b>BASIC MATERIALS 3.73% (4.29%)</b>			
<b>Chemicals 2.12% (3.96%)</b>			
10,000,000	Elementis	11,490,000	1.16
2,125,000	Synthomer	9,511,500	0.96
		<b>21,001,500</b>	<b>2.12</b>
<b>Industrial Metals &amp; Mining 0.91% (0.00%)</b>			
1,200,000	Bodycote	8,946,000	0.91
<b>Mining 0.70% (0.33%)</b>			
9,125,000	AEX Gold*	4,015,000	0.41
67,500,000	Savannah Resources*	2,902,500	0.29
		<b>6,917,500</b>	<b>0.70</b>
<b>INDUSTRIALS 32.43% (27.89%)</b>			
<b>Construction &amp; Materials 6.16% (7.05%)</b>			
3,795,115	Breedon*	3,316,931	0.33
3,394,411	Eurocell	6,788,822	0.69
12,967,169	Severfield	9,051,084	0.92
17,952,460	Sigmaroc*	11,130,525	1.13
4,000,000	Tyman	14,020,000	1.42
6,000,000	Volution	16,500,000	1.67
		<b>60,807,362</b>	<b>6.16</b>
<b>Aerospace &amp; Defence 2.49% (3.29%)</b>			
2,582,000	Chemring	7,371,610	0.75
3,250,000	Qinetiq	10,393,500	1.05
733,875	Senior	651,681	0.07
296,467	Ultra Electronics	6,142,796	0.62
		<b>24,559,587</b>	<b>2.49</b>
<b>Electronic &amp; Electrical Equipment 3.30% (5.11%)</b>			
3,250,000	Morgan Advanced Materials	10,107,500	1.02
2,118,369	Strix*	4,618,044	0.47
4,000,000	TT Electronics	8,200,000	0.83
3,175,000	Voilex*	9,652,000	0.98
		<b>32,577,544</b>	<b>3.30</b>



# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>Industrial Engineering 3.66% (1.87%)</b>			
2,097,698	Somero Enterprises*	6,188,209	0.63
4,462,359	Trifast	6,827,409	0.69
1,379,432	Vitec	12,608,008	1.28
300,000	Weir	5,968,500	0.60
2,588,708	Xaar	4,543,183	0.46
		<hr/>	
		36,135,309	3.66
<b>Support Services 16.82% (10.57%)</b>			
2,750,000	Alpha Financial Markets*	6,160,000	0.62
4,250,000	Altitude*	637,500	0.06
5,760,000	Augean*	12,096,000	1.22
7,250,000	Boku*	10,295,000	1.04
2,039,248	Elixir International*	6,770,303	0.69
5,250,000	Equinti	5,785,500	0.59
3,000,000	Essentra	9,186,000	0.93
1,000,000	Euromoney Institutional Investor	10,660,000	1.08
1,535,201	Fonix Mobile*	2,118,577	0.21
2,675,000	FRP Advisory*	2,942,500	0.30
1,750,000	Inchcape	11,261,250	1.14
47,800,000	Inspired Energy*	6,453,000	0.65
2,250,000	IWG	7,672,500	0.78
1,408,843	Marlowe*	9,157,480	0.93
2,033,526	Renew*	11,143,722	1.13
2,629,700	Restore*	10,255,830	1.04
9,262,117	RPS	6,483,482	0.66
2,875,000	RWS*	15,352,500	1.55
2,750,000	Sthree	8,140,000	0.82
7,750,000	Sureserve*	4,805,000	0.49
1,175,000	VP	8,812,500	0.89
		<hr/>	
		166,188,644	16.82
<b>CONSUMER GOODS 7.06% (2.47%)</b>			
<b>Beverages 0.97% (0.00%)</b>			
3,600,000	Stock Spirits	9,594,000	0.97
<b>Food Producers 2.61% (0.86%)</b>			
1,600,000	MP Evans*	10,240,000	1.04
15,500,000	Premier Foods	15,531,000	1.57
		<hr/>	
		25,771,000	2.61
<b>Household Goods &amp; Home Construction 1.21% (0.00%)</b>			
1,950,000	IG Design*	11,973,000	1.21
<b>Leisure Goods 0.73% (1.61%)</b>			
1,112,500	Codemasters	7,231,250	0.73
		<hr/>	

# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
	<b>Personal Goods 1.54% (0.00%)</b>		
4,744,800	Inspecs*	15,183,360	1.54
	<b>HEALTH CARE 11.95% (10.43%)</b>		
	<b>Health Care Equipment &amp; Services 3.86% (2.67%)</b>		
3,906,000	Abingdon Health*	3,632,580	0.37
4,131,000	Advanced Medical Solutions*	9,914,400	1.00
10,000,000	Circassia*	2,675,000	0.27
9,250,000	EKF Diagnostics*	6,567,500	0.66
6,750,000	Polarean Imaging*	4,455,000	0.45
1,000,000	Renalytix AI*	4,700,000	0.48
1,599,938	Sourcebio International*	2,751,893	0.28
3,778,000	Venture Life*	3,475,760	0.35
		38,172,133	3.86
	<b>Pharmaceuticals &amp; Biotechnology 8.09% (7.76%)</b>		
12,670,000	Alliance Pharma*	11,098,920	1.12
4,500,000	Amryt Pharma*	8,415,000	0.85
1,200,000	Amryt Pharma European Medicines Agency CVR**	–	–
1,200,000	Amryt Pharma Food and Drug Administration CVR**	–	–
1,200,000	Amryt Pharma Revenue CVR**	–	–
10,000,000	Angle*	4,750,000	0.48
1,950,000	Avacta*	2,184,000	0.22
2,250,000	Clinigen*	15,176,250	1.54
5,800,000	Diurnal*	3,248,000	0.33
4,000,000	Eco Animal Health*	9,600,000	0.97
11,818,182	Immupharma*	1,560,000	0.16
587,500	MaxCyte*	3,055,000	0.31
825,000	MaxCyte New Common*	3,960,000	0.40
3,100,000	Oncimmune*	5,022,000	0.51
4,000,000	Oxford Biodynamics*	3,320,000	0.34
2,925,000	Shield Therapeutics*	1,813,500	0.18
1,750,000	Synairgen*	2,677,500	0.27
569,230	Trellus Health Lock Up Shares**	–	–
750,000	Verici Lock Up Shares*	427,500	0.04
25,000,000	Yourgene Health*	3,625,000	0.37
		79,932,670	8.09
	<b>CONSUMER SERVICES 9.52% (12.13%)</b>		
	<b>General Retailers 1.99% (3.21%)</b>		
3,000,000	DFS Furniture	6,600,000	0.67
8,825,000	Topps Tiles	4,959,650	0.50
600,000	Travis Perkins	8,082,000	0.82
		19,641,650	1.99

# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>Media 5.77% (5.82%)</b>			
1,250,000	Ascential	4,800,000	0.49
1,000,000	Future	17,380,000	1.76
47,000,000	Minds Plus Machines*	2,350,000	0.24
11,386,851	Mirriad Advertising*	4,896,346	0.50
1,125,000	Next Fifteen Communications*	5,917,500	0.60
858,334	Ocean Outdoor	4,395,594	0.44
5,722,500	Pebble*	7,153,125	0.72
1,000,000	Tremor International*	3,900,000	0.39
4,000,000	Wilmington	6,240,000	0.63
		<b>57,032,565</b>	<b>5.77</b>
<b>Travel &amp; Leisure 1.76% (3.10%)</b>			
2,137,500	Cake Box*	4,360,500	0.44
700,000	Gamesys	7,980,000	0.81
1,600,000	Revolution Bars*	368,000	0.04
4,361,764	Safestay*	654,265	0.07
2,060,412	Ten Entertainment	4,028,105	0.40
		<b>17,390,870</b>	<b>1.76</b>
<b>TELECOMMUNICATIONS 1.22% (0.00%)</b>			
<b>Fixed Line Telecommunications 1.22% (0.00%)</b>			
1,125,000	Maintel*	3,465,000	0.35
8,140,000	Zegona Communications	8,547,000	0.87
		<b>12,012,000</b>	<b>1.22</b>
<b>FINANCIALS 10.85% (10.55%)</b>			
<b>Non-life Insurance 1.88% (0.00%)</b>			
1,750,000	Conduit Holdings	8,739,500	0.88
5,750,000	Randall & Quilter Investment*	9,890,000	1.00
		<b>18,629,500</b>	<b>1.88</b>
<b>Real Estate Investment &amp; Services 0.32% (0.00%)</b>			
5,030,113	Inland Homes*	3,118,670	0.32
<b>Equity Investment Instruments 0.32% (0.00%)</b>			
2,000,000	Kistos*	3,220,000	0.32
<b>Financial Services 8.33% (10.55%)</b>			
1,863,000	AFH Financial *	6,296,940	0.64
725,000	Alpha FX*	9,280,000	0.94
943,454	Aquis Exchange*	4,245,543	0.43
1,000,000	Brooks Macdonald*	16,100,000	1.63
4,902,000	Curtis Banks*	10,882,440	1.10
492,500	Liontrust Asset Management	6,304,000	0.64
15,000,000	Mercia Asset Management*	3,600,000	0.36
2,775,000	River & Mercantile	4,675,875	0.47
2,205,000	Tatton Asset Management*	5,865,300	0.59

## MI Chelverton UK Equity Growth Fund

### Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>Financial Services (continued)</b>			
2,500,000	TP ICAP	5,955,000	0.60
9,000,000	Tungsten*	2,619,000	0.27
5,000,000	XPS Pensions	6,475,000	0.66
		82,299,098	8.33
<b>TECHNOLOGY 14.81% (19.97%)</b>			
<b>Software &amp; Computer Services 13.99% (17.87%)</b>			
5,791,327	Access Intelligence*	5,038,454	0.51
2,500,000	Accesso Technology*	11,750,000	1.19
1,100,000	Aptitude Software	4,895,000	0.50
10,423,619	Attract*	3,856,739	0.39
2,009,579	Blanco Technology*	4,340,691	0.44
2,524,841	Bytes Technology	8,458,217	0.86
14,602,275	CentralNic*	13,142,048	1.33
2,500,000	D4t4 Solutions*	7,250,000	0.73
5,382,121	dotDigital*	8,423,019	0.85
900,000	Eagle Eye Solutions*	3,780,000	0.38
7,250,000	Eckoh*	4,567,500	0.46
2,500,000	Essensys*	3,625,000	0.37
5,675,000	Goco	7,264,000	0.74
3,738,441	Ideagen*	10,093,791	1.02
2,398,617	IMImobile	14,151,840	1.43
895,000	Instem*	4,296,000	0.44
3,366,667	Kape Technologies*	6,228,334	0.63
2,750,000	Netcall*	1,347,500	0.14
1,900,000	Pelatro*	703,000	0.07
6,532,870	Redcentric*	7,643,458	0.77
485,498	Sopheon*	3,689,785	0.37
800,845	Wandisco*	3,683,887	0.37
		138,228,263	13.99
<b>Technology Hardware &amp; Equipment 0.82% (2.10%)</b>			
3,750,000	Amino Technologies*	4,462,500	0.45
2,583,517	Quixant*	3,616,924	0.37
		8,079,424	0.82
<b>Investment assets</b>		<b>922,398,231</b>	<b>93.37</b>
<b>Net other assets</b>		<b>65,489,553</b>	<b>6.63</b>
<b>Net assets</b>		<b>987,887,784</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.12.19.

\*Quoted on the Alternative Investment Market.

\*\*Unlisted securities.

## MI Chelverton UK Equity Growth Fund

### Comparative Tables

#### Change in net assets per share

	A Accumulation		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	197.33	140.97	156.74
Return before operating charges <sup>^</sup>	32.53	59.11	-13.06
Operating charges	-2.98	-2.75	-2.71
Return after operating charges <sup>^</sup>	29.55	56.36	-15.77
Distributions	0.00	-0.99	-0.61
Retained distributions on accumulation shares	0.00	0.99	0.61
<b>Closing net asset value per share</b>	<b>226.88</b>	<b>197.33</b>	<b>140.97</b>
<sup>^</sup> After direct transaction costs of	-0.54	-0.50	-0.71
<b>Performance</b>			
Return after charges	14.97%	39.98%	-10.06%
<b>Other information</b>			
Closing net asset value	£3,767,554	£1,892,262	£1,209,685
Closing number of shares	1,660,608	958,913	858,093
Operating charges	1.61%	1.65%	1.69%
Ongoing operating charges*	1.62%	1.65%	1.69%
Direct transaction costs	0.29%	0.30%	0.44%
<b>Prices</b>			
Highest share price	230.15	199.43	168.89
Lowest share price	125.53	142.65	141.36

\*The Investment Adviser currently rebates the Sub-fund's operating charges if the ongoing charge for the year is in excess of 1.75% of the average Net Asset Value of the Sub-fund.

	B Income		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	252.18	181.06	201.85
Return before operating charges <sup>^</sup>	41.64	75.94	-16.62
Operating charges	-2.04	-1.94	-1.95
Return after operating charges <sup>^</sup>	39.60	74.00	-18.57
Distributions	-0.23	-2.88	-2.22
<b>Closing net asset value per share</b>	<b>291.55</b>	<b>252.18</b>	<b>181.06</b>
<sup>^</sup> After direct transaction costs of	-0.69	-0.65	-0.91
<b>Performance</b>			
Return after charges	15.70%	40.87%	-9.18%
<b>Other information</b>			
Closing net asset value	£131,835,756	£75,374,659	£48,945,867
Closing number of shares	45,219,600	29,889,421	27,033,291
Operating charges	0.86%	0.90%	0.94%
Ongoing operating charges*	0.87%	0.90%	0.94%
Direct transaction costs	0.29%	0.30%	0.44%
<b>Prices</b>			
Highest share price	295.95	257.75	218.51
Lowest share price	160.81	183.23	183.74

\*The Investment Adviser currently rebates the Sub-fund's operating charges if the ongoing charge for the year is in excess of 1.00% of the average Net Asset Value of the Sub-fund.

## Comparative Tables

continued

### Change in net assets per share

	B Accumulation		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	266.46	189.17	208.35
Return before operating charges <sup>^</sup>	43.95	79.31	-17.16
Operating charges	-2.16	-2.02	-2.02
Return after operating charges <sup>^</sup>	41.79	77.29	-19.18
Distributions	-0.25	-3.01	-2.29
Retained distributions on accumulation shares	0.25	3.01	2.29
<b>Closing net asset value per share</b>	<b>308.25</b>	<b>266.46</b>	<b>189.17</b>
<sup>^</sup> After direct transaction costs of	-0.73	-0.67	-0.94
<b>Performance</b>			
Return after charges	15.68%	40.86%	-9.21%
<b>Other information</b>			
Closing net asset value	£852,284,474	£398,901,114	£209,248,861
Closing number of shares	276,492,187	149,704,799	110,614,754
Operating charges	0.86%	0.90%	0.94%
Ongoing operating charges*	0.87%	0.90%	0.94%
Direct transaction costs	0.29%	0.30%	0.44%
<b>Prices</b>			
Highest share price	312.67	269.25	225.53
Lowest share price	169.89	191.41	189.64

\*The Investment Adviser currently rebates the Sub-fund's operating charges if the ongoing charge for the year is in excess of 1.00% of the average Net Asset Value of the Sub-fund.

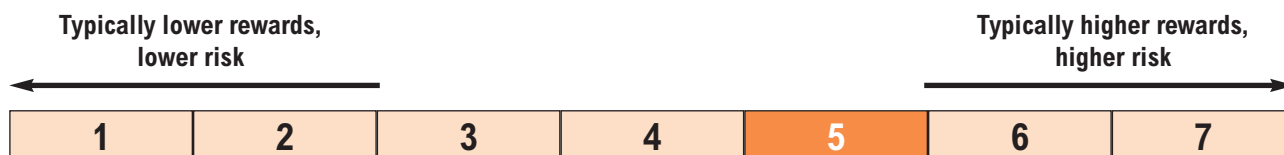
Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12.00 mid prices.

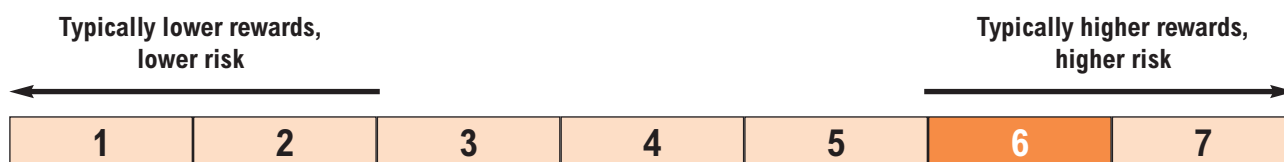
Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the tables below shows the Sub-fund's ranking on the risk and reward indicator.



Classes B Income and B Accumulation are ranked 5 because funds of this type have experienced medium to high rises and falls in value in the past. During the period under review the category changed from 4 to 5, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.



Class A Accumulation is ranked at 6 because funds of this type have experienced medium to high rises and falls in value in the past. During the period under review, the category changed from 5 to 6, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The two indicators do not take into account the following risks of investing in this Sub-fund:

- Smaller company shares can be more difficult to buy and sell as they may trade infrequently, in small volumes and their share price may fluctuate more than that of a larger company.
- In difficult market conditions, the value of some investments may be less predictable than normal and the Sub-fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the Sub-fund's performance, potentially reducing your returns.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

## Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## MI Chelverton UK Equity Growth Fund

### Statement of Total Return

for the year ended 31 December 2020

	Note	£	31.12.20 £	£	31.12.19 £
Income					
Net capital gains	2		155,745,145		114,016,285
Revenue	3	6,601,061		7,762,825	
Expenses	4	(5,672,652)		(3,089,753)	
Interest payable and similar charges	4	–		–	
Net revenue before taxation		928,409		4,673,072	
Taxation	5	(230,005)		(117,116)	
Net revenue after taxation			698,404		4,555,956
<b>Total return before distributions</b>			<b>156,443,549</b>		<b>118,572,241</b>
Distributions	6		(715,134)		(4,555,888)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>155,728,415</b>		<b>114,016,353</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2020

	£	31.12.20 £	£	31.12.19 £
<b>Opening net assets attributable to Shareholders</b>		<b>476,168,035</b>		<b>259,404,413</b>
Amounts receivable on issue of shares	625,171,077		195,161,445	
Less: Amounts payable on cancellation of shares	(269,869,591)		(96,944,218)	
		355,301,486		98,217,227
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		155,728,415		114,016,353
Retained distributions on accumulation shares		689,848		4,530,042
<b>Closing net assets attributable to Shareholders</b>		<b>987,887,784</b>		<b>476,168,035</b>

The notes on pages 40 to 46 form an integral part of these Financial Statements.



## MI Chelverton UK Equity Growth Fund

### Balance Sheet

as at 31 December 2020

	Note	£	31.12.20	£	31.12.19	£
<b>ASSETS</b>						
<b>Fixed Assets</b>						
Investments			922,398,231		437,235,517	
<b>Current Assets</b>						
Debtors	7	10,063,658		9,453,610		
Cash and bank balances	9	59,692,219		34,943,972		
<b>Total current assets</b>			<b>69,755,877</b>		<b>44,397,582</b>	
<b>Total assets</b>			<b>992,154,108</b>		<b>481,633,099</b>	
<b>LIABILITIES</b>						
Investment liabilities			–		–	
<b>Creditors</b>						
Distribution payable		(102,965)		(863,535)		
Other creditors	8	(4,163,359)		(4,601,529)		
<b>Total creditors</b>			<b>(4,266,324)</b>		<b>(5,465,064)</b>	
<b>Total liabilities</b>			<b>(4,266,324)</b>		<b>(5,465,064)</b>	
<b>Net assets attributable to Shareholders</b>			<b>987,887,784</b>		<b>476,168,035</b>	

The notes on pages 40 to 46 form an integral part of these Financial Statements.

# MI Chelverton UK Equity Growth Fund

## Notes to the Financial Statements

for the year ended 31 December 2020

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 9.

<b>2. Net Capital Gains</b>	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Non-derivative securities	155,783,961	114,031,019
Currency losses	(24,926)	(2,406)
Transaction charges	(13,890)	(12,328)
<b>Net capital gains</b>	<b>155,745,145</b>	<b>114,016,285</b>

<b>3. Revenue</b>	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
UK dividends: Ordinary	4,445,771	6,411,516
Special	386,650	–
Overseas dividends	1,768,640	1,351,294
Bank interest	–	15
<b>Total revenue</b>	<b>6,601,061</b>	<b>7,762,825</b>

<b>4. Expenses</b>	<b>31.12.20</b>	<b>31.12.19</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	251,063	191,304
Registration fees	336,560	223,245
	<u>587,623</u>	<u>414,549</u>
Payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	4,926,854	2,557,564
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	105,328	81,782
Safe custody and other bank charges	30,970	16,082
	<u>136,298</u>	<u>97,864</u>

# MI Chelverton UK Equity Growth Fund

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration:		
Audit fee (including VAT)	9,270	8,652
Tax compliance services (including VAT)	1,916	1,800
Tax compliance services (including VAT) - predecessor tax adviser	54	300
	<hr/> 11,240	<hr/> 10,752
Other expenses:		
Legal fees	4,565	4,068
Printing costs	6,072	4,956
	<hr/> 10,637	<hr/> 9,024
<b>Expenses</b>	<hr/> <b>5,672,652</b>	<hr/> <b>3,089,753</b>
Interest payable and similar charges	–	–
<b>Total</b>	<hr/> <b>5,672,652</b>	<hr/> <b>3,089,753</b>

<b>5. Taxation</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Overseas tax	230,005	117,116
<b>Total tax charge (note 5b)</b>	<hr/> <b>230,005</b>	<hr/> <b>117,116</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	928,409	4,673,072
Corporation tax at 20%	185,682	934,614
Effects of:		
UK dividends	(889,154)	(1,282,303)
Special dividends treated as income	(77,330)	–
Movement in surplus management expenses	1,134,530	617,948
Overseas tax expensed	230,005	117,116
Non-taxable overseas earnings	(353,728)	(270,259)
<b>Total tax charge (note 5a)</b>	<hr/> <b>230,005</b>	<hr/> <b>117,116</b>

At the year end there is a potential deferred tax asset of £2,439,489 (2019: £1,304,959) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

# MI Chelverton UK Equity Growth Fund

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>31.12.20</b>	<b>31.12.19</b>
		£	£
Final distribution	31.12.20	792,813	5,393,577
Revenue deducted on cancellation of shares		66,852	666,455
Revenue received on issue of shares		(144,531)	(1,504,144)
<b>Distributions</b>		<b>715,134</b>	<b>4,555,888</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		698,404	4,555,956
Revenue deficit to be transferred from capital		16,723	–
Undistributed revenue brought forward		105	37
Undistributed revenue carried forward		(98)	(105)
<b>Distributions</b>		<b>715,134</b>	<b>4,555,888</b>

### 7. Debtors

		<b>31.12.20</b>	<b>31.12.19</b>
		£	£
Amounts receivable on issues		7,974,315	8,822,116
Sales awaiting settlement		1,365,758	–
Accrued income:			
Dividends receivable		722,850	631,044
Overseas tax recoverable		–	450
Prepaid expenses:			
Legal fees		735	–
<b>Total debtors</b>		<b>10,063,658</b>	<b>9,453,610</b>

# MI Chelverton UK Equity Growth Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	3,044,116	942,806
Purchases awaiting settlement	418,987	3,340,215
Accrued expenses:		
Amounts payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	598,852	278,811
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	62,316	14,687
Safe custody and other bank charges	20,212	2,825
Transaction charges	5,570	–
	<u>88,098</u>	<u>17,512</u>
Auditor's remuneration:		
Audit fee (including VAT)	9,270	8,652
Audit fee (including VAT) - predecessor fee	–	7,200
Tax compliance services (including VAT)	1,916	1,800
Tax compliance services (including VAT) - predecessor tax adviser	–	2,100
	<u>11,186</u>	<u>19,752</u>
Other expenses:		
Legal fees	–	729
Printing costs	2,120	1,704
	<u>2,120</u>	<u>2,433</u>
<b>Total other creditors</b>	<b><u>4,163,359</u></b>	<b><u>4,601,529</u></b>
<b>9. Cash and Bank Balances</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	59,692,219	34,943,972
<b>Cash and bank balances</b>	<b><u>59,692,219</u></b>	<b><u>34,943,972</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Maitland Institutional Services Limited (MISL) is regarded as a related party by virtue of having the ability to act in respect of the operations of the Sub-fund in its capacity as the Authorised Corporate Director (ACD).

ACD and other fees payable to MISL are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Chelverton Asset Management Limited (the Investment Adviser) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

At the year end the MI Chelverton UK Equity Growth Fund did not hold shares in any of the other Sub-funds within the MI Chelverton Equity Fund.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2019: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 8 and 9.

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £92,239,823 (2019: £43,723,552).

#### Currency risk

There is no material direct foreign currency exposure in the Sub-fund (2019: none).

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 31.12.20

Analysis of purchases	Total purchase cost £	Commissions paid			Taxes %	Purchases before transaction costs £
		£	%	£		
Equities	552,793,903	631,101	0.11	1,013,301	0.18	551,149,501
Corporate actions	1,081,020	–	0.00	–	0.00	1,081,020
<b>Total purchases after commissions and tax</b>	<b>553,874,923</b>					

Analysis of sales	Net sale proceeds £	Commissions paid			Taxes %	Sales before transaction costs £
		£	%	£		
Equities	224,493,506	282,939	0.13	515	0.00	224,776,960
<b>Total sales after commissions and tax</b>	<b>224,493,506</b>					
Commission as a % of average net assets	0.14%					
Taxes as a % of average net assets	0.15%					

#### 31.12.19

Analysis of purchases	Total purchase cost £	Commissions paid			Taxes %	Purchases before transaction costs £
		£	%	£		
Equities	244,594,044	310,143	0.13	496,194	0.20	243,787,707
Corporate actions	647,000	–	0.00	–	0.00	647,000
<b>Total purchases after commissions and tax</b>	<b>245,241,044</b>					

Analysis of sales	Net sale proceeds £	Commissions paid			Taxes %	Sales before transaction costs £
		£	%	£		
Equities	172,011,625	219,151	0.13	460	0.00	172,231,236
<b>Total sales after commissions and tax</b>	<b>172,011,625</b>					
Commission as a % of average net assets	0.15%					
Taxes as a % of average net assets	0.15%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 35 and 36. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 December 2020 is 2.59% (2019: 2.42%).

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

Share Class	31.12.20 p	26.03.21 p	% Movement
A Accumulation	229.76	257.74	12.18%
B Income*	295.45	331.95	12.35%
B Accumulation	312.14	350.73	12.36%

\*adjusted for income distribution for comparison purposes

### ACD Statement Regarding COVID-19

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the ACD continues to operate, administer and price the Sub-fund in accordance with FCA regulatory requirements and in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

The ACD will continue to monitor fund liquidity and market volatility to ensure the Sub-fund is managed in the best interests of shareholders and to ensure that the Sub-fund remains a going concern. Where appropriate the ACD will value assets on a "fair value" basis in accordance with the Regulations.

As stated in the Prospectus, the Sub-fund should be considered as a long-term investment and the ACD emphasises the importance for investors to seek professional advice when considering their investment in the Sub-fund.

### 16. Fair Value Disclosure

Valuation technique	31.12.20		31.12.19	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	922,398,231	–	437,235,517	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>922,398,231</b>	<b>–</b>	<b>437,235,517</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Accumulation	B Income	B Accumulation
Opening number of Shares	958,913	29,889,421	149,704,799
Shares issued	1,133,291	23,899,667	226,960,167
Shares cancelled	(431,596)	(8,569,488)	(100,172,779)
<b>Closing number of shares</b>	<b>1,660,608</b>	<b>45,219,600</b>	<b>276,492,187</b>



# MI Chelverton UK Equity Growth Fund

## Distribution Tables

for the year ended 31 December 2020

### Income Share Distribution

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2020 p	Distribution paid 2019 p
B	Final	Group 1	0.2277	–	0.2277	2.8891
		Group 2	0.1861	0.0416	0.2277	2.8891

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2020 p	Amount reinvested 2019 p
A	Final	Group 1	–	–	–	0.9965
		Group 2	–	–	–	0.9965
B	Final	Group 1	0.2495	–	0.2495	3.0196
		Group 2	0.1872	0.0623	0.2495	3.0196

### Further information

Final period: 01.01.20 - 31.12.20

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

The objective of the Sub-fund is to achieve long-term capital growth.

The Sub-fund will invest primarily in a portfolio of fully listed companies that trade on Continental European stock exchanges.

The policy will be to select a focused portfolio across all ranges of capitalisation, business sectors and countries of Europe.

The asset classes in which the Sub-fund may invest includes transferable securities, money market instruments, warrants, convertibles, cash and near cash and deposits as permitted for UCITS schemes under COLL and in accordance with the Sub-fund's investment powers as summarised in the Prospectus.

## Investment Adviser's Report

for the year ended 31 December 2020

### Summary

Our proposition is to invest in healthy companies with faster growth prospects than average whilst paying lower cash flow multiples than average. One of our differentiators is our ability to invest deep down into the small cap universe where mis-pricings are the most abundant. Our 2020 returns help us build on the evidence from 2019 that this proposition is starting to bear fruit.

### Commentary

2020 was a tumultuous year for societies, economies, and markets. The spread of coronavirus halted economic activity, induced very deep recessions, and caused stock markets to plunge. When it became obvious that both monetary authorities and governments were acting together to support economies, employment, and the corporate sector, stock markets rallied. The rally was given fresh impetus from vaccine announcements in early November - offering as they do a prospect of returning to more normal economic conditions.

From the Sub-funds perspective it was a constructive year overall with returns of +11.5%, (source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 31.12.2020) comparing favourably to index and peer median return of +8.2% and +8.4% respectively. These calendar year numbers do not reflect the full story. In Q1 the fund was -24%, c.6% behind the market. The main reason was our significant small cap exposure which lagged when the market rallied sharply towards the end of March.

This was a crucial period for us and sticking to our process helped us take advantage of the volatility. We spoke to our holdings, we stress tested cash flows and balance sheets, and this gave us the confidence to top up many of these underperforming positions, in turn concentrating the portfolio. In Q2 and Q3 we caught back most of the Q1 drawdown and aided by the Q4 vaccine announcement, our small and mid-cap exposure helped us ensure a solid year overall.

Despite brief periods in the year (most notably in the weeks after the vaccine announcement) when valuation discipline appeared to be on the agenda for investors, we still faced a significant style headwind for the full year with MSCI Europe x-UK Growth trouncing the Value equivalent by over 16% - this despite a 7% reversal in Q4.

At the stock level, the main observations are as follows:

- Our small and mid-cap stocks provide all of our top 10 performers in both Q4 and 2020
- Our position in Technology, and IT Services specifically, made a significant contribution as demand for these company's services was reinforced by lockdowns and the nature of the services meant they could be delivered relatively seamlessly
- On the downside, the investment case for 3/4 companies changed materially as a result of COVID-19 so we sold and reinvested in higher conviction ideas – this was risk-adjusted opportunity cost investing
- Performance, both in Q4 and for 2020 as a whole was less about catching value/growth style shifts than it was about many of our small and mid-cap stocks being recognised for strong operating performance and cash flow delivery

### Portfolio

The portfolio contains a wide range of different investment cases. Some of the holdings share common characteristics and we refer to these groupings as 'clusters'. Three of the more significant clusters are: small and mid-caps, cheap technology exposure and the pharmaceuticals sector.

# MI Chelverton European Select Fund

## Investment Adviser's Report

continued

**Small and mid-cap exposure – 43.5%.** We have an all-cap strategy as we like the unconstrained ability to invest where we see the best combination of healthy growth and undervalued cash flows. In addition, and structurally, we believe in both the small-cap effect as well as the idea that mifid2 has caused a vacuum of research in the small cap area causing mis-pricings and hence opportunities. Our fund allocation is as follows:

31/12/20	Fund	Index
Small cap exposure	43.5%	8.0%
Mid cap exposure	15.9%	9.0%
Large cap exposure	36.2%	83.0%
Cash	4.3%	–

Index is Factset Europe X-UK, 2361 constituents

**Technology exposure – 26.6% of fund.** Europe tends to be criticised for its lack of interesting technology opportunities. We disagree with this. Europe contains many hidden gems with strong niche positions in technology. For us this means dominant semiconductor capex suppliers (ASM International, BE Semi), leading edge providers of automated public transport solutions (Init Innovation) and a range of IT service providers. This latter group makes up the bulk of this sector exposure and we consider our holdings modern day pick and shovel manufacturers, helping their clients with the digitalisation of their operations. It is an undiscovered and cheap way of playing the structural theme of technology investment in a sector with asset light business models, clean free cash flow conversion and consolidation potential.

**Pharmaceuticals sector – 14.2% of fund.** We like the long-term characteristics of the pharma sector: large unmet demand for their products, good rates of innovation, asset light, high and stable cash conversion and at the moment, an excellent combination of both growth and value. The sector performed well initially in 2020, but ever since the market bottomed has been underperforming despite earnings and cash flow solidity. It is seen as a defensive sector and with the added concern of potential healthcare reform following a US presidential election. We have been gradually adding to our exposure and will likely continue to do so into additional weakness. This is a good example of why we like having an all-cap strategy as there are occasions when large cap sectors can offer good risk-adjusted opportunities.

### Strategy and Outlook

We turn into 2021 with markets contemplating the return of inflation, a long benign but crucial underpinning to our financial architecture. Many of the structural narratives of the last decade or so have been linked to disinflation or deflationary trends. From an equity investor perspective this of course has translated into a record-breaking revaluation of predictable growth and quality business models – so-called long duration assets.

It looks to us that the arguments for a reversal of the benign inflation trend are stronger than they have been before. We would certainly welcome a return of valuation discipline to markets as this is embedded in our investing DNA. However, inflation is not something we explicitly forecast and so we do not rely upon this.

Our day job is picking stocks which exhibit a good blend of value and growth – our sweet spot being companies with cheaper cash flows than the market and better growth than the market. Our current portfolio metrics reflect this, as noted below. We are optimistic about our current portfolio and our ability to keep deploying our philosophy and process and into generating compounding long-term outperformance.

31/12/20 (31/12/19)	Portfolio	Market
FCFY	5.9% (5.8%)	3.8% (4.2%)
Sales growth	4.6% (4.8%)	1.6% (3.4%)
ND/EBITDA	0.5x (0.5x)	2.1x (1.6x)
PE 2021	16.1x	17.9x

# MI Chelverton European Select Fund

## Portfolio Statement

as at 31 December 2020

Holding	Security	Market value £	% of total net assets 2020
	<b>OIL &amp; GAS 3.05% (9.56%)</b>		
	<b>Oil &amp; Gas Producers 1.63% (4.49%)</b>		
1,585	Total	50,074	1.63
	<b>Oil Equipment, Services &amp; Distribution 1.42% (5.07%)</b>		
3,860	TGS Nopec Geophysical	43,601	1.42
	<b>BASIC MATERIALS 2.69% (4.12%)</b>		
	<b>Chemicals 2.69% (4.12%)</b>		
552	Industrie Chimiche Call Warrants 01.08.22	75	0.00
8,600	Recticel	82,521	2.69
		82,596	2.69
	<b>INDUSTRIALS 18.87% (15.54%)</b>		
	<b>Construction &amp; Materials 1.47% (2.25%)</b>		
820	HeidelbergCement	44,934	1.47
	<b>Electronic &amp; Electrical Equipment 1.37% (1.17%)</b>		
2,625	Barco	41,870	1.37
	<b>Industrial Engineering 4.40% (2.27%)</b>		
3,400	Valmet	71,092	2.32
12,500	Zardoya Otis	63,776	2.08
		134,868	4.40
	<b>Industrial Transportation 2.03% (1.86%)</b>		
8,200	Bpost	62,241	2.03
	<b>Support Services 9.60% (7.99%)</b>		
640	Amadeus Fire	68,858	2.25
3,590	Arcadis	86,890	2.83
14,300	Caverion	73,983	2.41
4,300	Rejlers	64,733	2.11
		294,464	9.60
	<b>CONSUMER GOODS 16.68% (15.04%)</b>		
	<b>Automobiles &amp; Parts 1.26% (0.00%)</b>		
1,500	Nokian Renkaat	38,695	1.26
	<b>Food Producers 6.29% (4.12%)</b>		
3,750	Amsterdam Commodities	70,153	2.29
1,180	Danone	56,782	1.85
9,100	The Grieg Seafood	65,974	2.15
		192,909	6.29

# MI Chelverton European Select Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
	<b>Household Goods &amp; Home Construction 6.03% (5.70%)</b>		
2,330	Kaufman & Broad	76,332	2.49
270	Groupe SEB	36,010	1.17
2,350	Signify	72,633	2.37
		<hr/>	
		184,975	6.03
	<b>Leisure Goods 3.10% (1.12%)</b>		
3,000	Cliq Digital	44,039	1.43
28,000	Media and Games Invest	51,128	1.67
		<hr/>	
		95,167	3.10
	<b>Personal Goods 0.00% (1.77%)</b>		
	<b>Tobacco 0.00% (2.33%)</b>		
	<b>HEALTH CARE 14.44% (14.13%)</b>		
	<b>Health Care Equipment &amp; Services 0.00% (2.38%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology 14.44% (11.75%)</b>		
1,500	Bayer	64,655	2.11
1,620	Novartis	112,138	3.66
1,800	Novo Nordisk	92,351	3.01
410	Roche	104,850	3.42
910	UCB	68,812	2.24
		<hr/>	
		442,806	14.44
	<b>CONSUMER SERVICES 7.05% (6.63%)</b>		
	<b>Food &amp; Drug Retailers 2.16% (0.00%)</b>		
3,200	Koninklijke Ahold Delhaize	66,194	2.16
	<b>General Retailers 2.67% (2.08%)</b>		
1,350	D'ieteren	81,928	2.67
	<b>Media 2.22% (1.87%)</b>		
3,800	Relx	68,095	2.22
	<b>Travel &amp; Leisure 0.00% (2.68%)</b>		
	<b>FINANCIALS 8.91% (16.56%)</b>		
	<b>Banks 4.82% (12.05%)</b>		
10,000	ING	68,394	2.23
10,800	Svenska Handelsbanken	79,465	2.59
		<hr/>	
		147,859	4.82
	<b>Non-life Insurance 2.07% (2.11%)</b>		
205	Zurich Insurance	63,368	2.07
	<b>Financial Services 2.02% (2.40%)</b>		
6,000	UBS	61,922	2.02
		<hr/>	

# MI Chelverton European Select Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2020
<b>TECHNOLOGY 23.88% (14.66%)</b>			
<b>Software &amp; Computer Services 19.10% (8.80%)</b>			
2,200	Infotel	84,676	2.76
2,590	Know It	71,405	2.33
19,500	Novabase	55,854	1.82
35,706	Ordina	91,886	3.00
3,200	Proact IT	77,676	2.53
8,776	Silli Solutions	103,298	3.37
3,600	Sword	101,020	3.29
		585,815	19.10
<b>Technology Hardware &amp; Equipment 4.78% (5.86%)</b>			
460	ASM International	74,093	2.42
1,630	BE Semiconductor Industries	72,337	2.36
		146,430	4.78
<b>Investment assets</b>		<b>2,930,811</b>	<b>95.57</b>
<b>Net other assets</b>		<b>135,905</b>	<b>4.43</b>
<b>Net assets</b>		<b>3,066,716</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 31.12.19.

## Comparative Tables

### Change in net assets per share

	A Income		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	100.00††	81.68	100.00†
Return before operating charges <sup>^</sup>	33.80	14.20	-15.15
Operating charges	-0.55	-0.30	-0.72
Return after operating charges <sup>^</sup>	33.25	13.90	-15.87
Distributions	-1.68	0.00	-2.45
Redemption payment	–	-95.58	0.00
<b>Closing net asset value per share</b>	<b>131.57</b>	<b>0.00</b>	<b>81.68</b>
<sup>^</sup> After direct transaction costs of	-0.20	-0.06	-0.27
<b>Performance</b>			
Return after charges	33.25%	17.02% <sup>^</sup>	-15.87%
<b>Other information</b>			
Closing net asset value	£86,839	–	£20,420
Closing number of shares	66,000	–	25,000
Operating charges*	0.50%	0.75%	0.75%
Direct transaction costs	0.18%	0.06%	0.28%
<b>Prices</b>			
Highest share price	134.44	95.58	103.10
Lowest share price	81.21	81.68	80.88

†A Income shares launched 13 March 2018.

<sup>^</sup>A Income share class disinvested on 11 June 2019. The return after charges at the date of disinvestment was 17.02%.

††A Income shares reinvested 9 March 2020.

\*From 1 March 2020, Chelverton Asset Management Ltd (the “Investment Manager”) amended the rebate agreement with the A Income share class from 0.75% to 0.50%.

	B Income		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	103.59	82.00	100.00†
Return before operating charges <sup>^</sup>	12.60	24.80	-15.17
Operating charges	-0.97	-0.94	-0.96
Return after operating charges <sup>^</sup>	11.63	23.86	-16.13
Distributions	-1.18	-2.27	-1.87
<b>Closing net asset value per share</b>	<b>114.04</b>	<b>103.59</b>	<b>82.00</b>
<sup>^</sup> After direct transaction costs of	-0.18	-0.13	-0.27
<b>Performance</b>			
Return after charges	11.23%	29.10%	-16.13%
<b>Other information</b>			
Closing net asset value	£939,306	£303,279	£250,454
Closing number of shares	823,688	292,776	305,448
Operating charges*	1.00%	1.00%	1.00%
Direct transaction costs	0.18%	0.14%	0.28%
<b>Prices</b>			
Highest share price	116.31	105.02	103.18
Lowest share price	70.43	82.11	80.99

†B Income shares launched 8 March 2018.

## MI Chelverton European Select Fund

### Comparative Tables

continued

	B Accumulation		
	31.12.20 p	31.12.19 p	31.12.18 p
<b>Opening net asset value per share</b>	109.26	84.46	100.00†
Return before operating charges <sup>^</sup>	13.47	25.78	-14.56
Operating charges	-1.03	-0.98	-0.98
Return after operating charges <sup>^</sup>	12.44	24.80	-15.54
Distributions	-1.22	-2.37	-2.24
Retained distributions on accumulation shares	1.22	2.37	2.24
<b>Closing net asset value per share</b>	<b>121.70</b>	<b>109.26</b>	<b>84.46</b>
<sup>^</sup> After direct transaction costs of	-0.19	-0.14	-0.27
<b>Performance</b>			
Return after charges	11.39%	29.36%	-15.54%
<b>Other information</b>			
Closing net asset value	£2,040,571	£1,530,627	£1,188,222
Closing number of shares	1,676,676	1,400,961	1,406,882
Operating charges*	1.00%	1.00%	1.00%
Direct transaction costs	0.18%	0.14%	0.28%
<b>Prices</b>			
Highest share price	123.80	110.63	104.62
Lowest share price	74.28	84.43	83.34

†B Accumulation shares launched 6 March 2018.

\*Chelverton Asset Management Ltd (the "Investment Manager") has agreed to rebate the expenses of the Sub-fund (i.e. those expressly set out on the applicable Prospectus that have been reasonably incurred, including transaction charges and synthetic ongoing charges), in the annual management charge, in excess of 0.50% (for the A Income Share Class) and 1.00% (for the B Income and B Accumulation Share Class) of the average Net Asset Value over each accounting year.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening Net Asset Value per share. The basis of valuation of investments used to calculate Net Asset Value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 12:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.



## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



This Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. During the year under review the sub-fund changed from 5 to 6, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency exchange rates may cause the value of the investment to decrease or increase.
- For further risk information please see the prospectus.

### Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## MI Chelverton European Select Fund

### Statement of Total Return

for the year ended 31 December 2020

	Note	31.12.20		31.12.19	
		£	£	£	£
Income					
Net capital gains	2		359,185		368,551
Revenue	3	43,653		53,856	
Expenses	4	(13,521)		(10,456)	
Interest payable and similar charges	4	–		–	
Net revenue before taxation		30,132		43,400	
Taxation	5	(3,498)		(4,881)	
Net revenue after taxation			26,634		38,519
<b>Total return before distributions</b>			<b>385,819</b>		<b>407,070</b>
Distributions	6		(26,635)		(38,519)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>359,184</b>		<b>368,551</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2020

		31.12.20		31.12.19	
		£	£	£	£
<b>Opening net assets attributable to Shareholders</b>			<b>1,833,906</b>		<b>1,459,096</b>
Amounts receivable on issue of shares		1,414,877		212,259	
Less: Amounts payable on cancellation of shares		(561,124)		(237,576)	
			853,753		(25,317)
Dilution levy			376		–
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)			359,184		368,551
Retained distributions on accumulation shares			19,497		31,576
<b>Closing net assets attributable to Shareholders</b>			<b>3,066,716</b>		<b>1,833,906</b>

The notes on pages 58 to 64 form an integral part of these Financial Statements.

# MI Chelverton European Select Fund

## Balance Sheet

as at 31 December 2020

	Note	£	31.12.20 £	£	31.12.19 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			2,930,811		1,764,926
<b>Current Assets</b>					
Debtors	7	60,366		12,089	
Cash and bank balances	9	102,794		81,962	
<b>Total current assets</b>			<b>163,160</b>		<b>94,051</b>
<b>Total assets</b>			<b>3,093,971</b>		<b>1,858,977</b>
<b>LIABILITIES</b>					
Investment liabilities			–		–
<b>Creditors</b>					
Distribution payable		(2,923)		(393)	
Other creditors	8	(24,332)		(24,678)	
<b>Total creditors</b>			<b>(27,255)</b>		<b>(25,071)</b>
<b>Total liabilities</b>			<b>(27,255)</b>		<b>(25,071)</b>
<b>Net assets attributable to Shareholders</b>			<b>3,066,716</b>		<b>1,833,906</b>

The notes on pages 58 to 64 form an integral part of these Financial Statements.

# MI Chelverton European Select Fund

## Notes to the Financial Statements

for the year ended 31 December 2020

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 9.

<b>2. Net Capital Gains</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	370,078	374,474
Currency losses	(2,988)	(525)
Transaction charges	(7,905)	(5,398)
<b>Net capital gains</b>	<b>359,185</b>	<b>368,551</b>

<b>3. Revenue</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
UK dividends: Ordinary	449	953
Overseas dividends	42,323	52,908
Overseas special	889	–
Bank interest	(8)	(5)
<b>Total revenue</b>	<b>43,653</b>	<b>53,856</b>

<b>4. Expenses</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	40,000	33,295
Registration fees	16,504	16,500
	<u>56,504</u>	<u>49,795</u>
Payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	16,058	11,909
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,000	12,000
Safe custody and other bank charges	2,266	233
	<u>14,266</u>	<u>12,233</u>

# MI Chelverton European Select Fund

## Notes to the Financial Statements

continued

4. Expenses (continued)	31.12.20 £	31.12.19 £
Auditor's remuneration:		
Audit fee (including VAT)	9,270	8,652
Tax compliance services (including VAT)	1,970	1,800
Tax compliance services (including VAT) - predecessor tax adviser	–	300
	11,240	10,752
Other expenses:		
Legal fees	4,991	5,167
Printing costs	1,303	1,436
	6,294	6,603
Investment Adviser rebate accrued against expenses	(90,841)	(80,836)
	13,521	10,456
<b>Expenses</b>	<b>13,521</b>	<b>10,456</b>
Interest payable and similar charges	–	–
<b>Total</b>	<b>13,521</b>	<b>10,456</b>

5. Taxation	31.12.20 £	31.12.19 £
(a) Analysis of charge in the year:		
Corporation Tax - Adjustments in respect of prior periods	–	335
Overseas tax	3,498	4,546
<b>Total tax charge (note 5b)</b>	<b>3,498</b>	<b>4,881</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	30,132	43,400
Corporation tax at 20%	6,026	8,680
Effects of:		
UK dividends	(90)	(190)
Corporation Tax - Adjustments in respect of prior periods	–	335
Movement in surplus management expenses	2,706	2,092
Overseas tax expensed	3,498	4,546
Overseas dividend treated as special	(177)	–
Non-taxable overseas earnings	(8,465)	(10,582)
<b>Total tax charge (note 5a)</b>	<b>3,498</b>	<b>4,881</b>

At the year end there is a potential deferred tax asset of £4,798 (2019: £2,092) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

# MI Chelverton European Select Fund

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>31.12.20</b>	<b>31.12.19</b>
		<b>£</b>	<b>£</b>
Interim distribution	30.06.20	19,684	35,692
Final distribution	31.12.20	8,378	2,423
		<hr/> 28,062	<hr/> 38,115
Revenue deducted on cancellation of shares		683	1,150
Revenue received on issue of shares		(2,110)	(746)
<b>Distributions</b>		<hr/> <b>26,635</b>	<hr/> <b>38,519</b>

#### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		26,634	38,519
Undistributed revenue brought forward		2	2
Undistributed revenue carried forward		(1)	(2)
<b>Distributions</b>		<hr/> <b>26,635</b>	<hr/> <b>38,519</b>

### 7. Debtors

		<b>31.12.20</b>	<b>31.12.19</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		38,763	250
Accrued income:			
Overseas tax recoverable		6,507	3,812
Prepaid expenses:			
ACD fee		9	–
Legal fees		980	–
Investment Adviser rebate against expenses		14,107	8,027
<b>Total debtors</b>		<hr/> <b>60,366</b>	<hr/> <b>12,089</b>

# MI Chelverton European Select Fund

## Notes to the Financial Statements

continued

<b>8. Other Creditors</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	806	–
Accrued expenses:		
Amounts payable to the Investment Adviser, associates of the Investment Adviser and agents of either of them:		
Investment Adviser's fee	1,804	1,129
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	7,016	2,005
Safe custody and other bank charges	390	42
	<u>7,406</u>	<u>2,047</u>
Auditor's remuneration:		
Audit fee (including VAT)	9,270	8,652
Audit fee (including VAT) - predecessor fee	–	7,200
Tax compliance services (including VAT)	1,916	1,800
Tax compliance services (including VAT) - predecessor tax adviser	–	2,100
	<u>11,186</u>	<u>19,752</u>
Other expenses:		
Legal fees	–	1,100
Printing costs	672	650
Transaction charges	2,458	–
	<u>3,130</u>	<u>1,750</u>
<b>Total other creditors</b>	<b><u>24,332</u></b>	<b><u>24,678</u></b>
<b>9. Cash and Bank Balances</b>	<b>31.12.20</b>	<b>31.12.19</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	102,794	81,962
<b>Cash and bank balances</b>	<b><u>102,794</u></b>	<b><u>81,962</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Maitland Institutional Services Limited (MISL) is regarded as a related party by virtue of having the ability to act in respect of the operations of the Sub-fund in its capacity as the Authorised Corporate Director (ACD).

ACD and other fees payable to MISL are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Chelverton Asset Management Limited (the Investment Adviser) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Amounts receivable from the Investment Adviser for total ongoing charge rebates accrued against expenses are disclosed in note 4, and amounts due at the year end are shown in note 7.

At the year end the MI Chelverton European Select Fund did not hold shares in any of the other Sub-funds within the MI Chelverton Equity Fund.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2019: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed on pages 8 and 9.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £293,081 (2019: £176,493).

#### Currency risk

Although the Sub-fund's capital and income are denominated in sterling, a proportion of the Sub-fund's investments may have currency exposure and, as a result, the income and capital value of the Sub-fund are affected by currency movements.

The table below details the currency risk profile at the balance sheet date.

Currency	31.12.20 £	31.12.19 £
Danish krone	92,635	37,096
Euro	2,096,491	1,163,230
Norwegian krone	109,812	182,588
Pound sterling	129,398	65,168
Swedish krona	293,279	132,103
Swiss franc	345,101	253,721
	<b>3,066,716</b>	<b>1,833,906</b>

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £293,732 (2019: £176,874).



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 31.12.20

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction costs £
		£	%	£	%	
Equities	2,675,821	2,005	0.07	770	0.03	2,673,046
Corporate actions	(1,352)	–	0.00	–	0.00	(1,352)
<b>Total purchases after commissions and tax</b>	<b>2,674,469</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction costs £
		£	%	£	%	
Equities	1,878,662	1,410	0.08	1	0.00	1,880,073
<b>Total sales after commissions and tax</b>	<b>1,878,662</b>					
Commission as a % of average net assets	0.16%					
Taxes as a % of average net assets	0.04%					

#### 31.12.19

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction costs £
		£	%	£	%	
Equities	1,146,705	859	0.07	601	0.05	1,145,245
Corporate actions	(1,972)	–	0.00	–	0.00	(1,972)
<b>Total purchases after commissions and tax</b>	<b>1,144,733</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction costs £
		£	%	£	%	
Equities	1,103,921	806	0.07	1	0.00	1,104,728
<b>Total sales after commissions and tax</b>	<b>1,103,921</b>					
Commission as a % of average net assets	0.10%					
Taxes as a % of average net assets	0.04%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 53 and 54. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 31 December 2020 is 0.43% (2019: 0.36%).

### 15. Events after the Balance Sheet date

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

Share Class	31.12.20 p	26.03.21 p	% Movement
A Income*	133.09	142.36	6.97%
B Income*	115.15	123.05	6.86%
B Accumulation	122.56	130.99	6.88%

\*adjusted for income distribution comparison purposes

#### ACD Statement Regarding COVID-19

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the ACD continues to operate, administer and price the Sub-fund in accordance with FCA regulatory requirements and in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

The ACD will continue to monitor fund liquidity and market volatility to ensure the Sub-fund is managed in the best interests of shareholders and to ensure that the Sub-fund remains a going concern. Where appropriate the ACD will value assets on a "fair value" basis in accordance with the Regulations.

As stated in the Prospectus, the Sub-fund should be considered as a long-term investment and the ACD emphasises the importance for investors to seek professional advice when considering their investment in the Sub-fund.

### 16. Fair Value Disclosure

Valuation technique	31.12.20		31.12.19	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	2,930,811	–	1,764,926	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>2,930,811</b>	<b>–</b>	<b>1,764,926</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	B Income	B Accumulation
Opening number of shares	–	292,776	1,400,961
Shares issued	66,027	(245,677)	(290,248)
Shares cancelled	(27)	776,589	565,963
<b>Closing number of shares</b>	<b>66,000</b>	<b>823,688</b>	<b>1,676,676</b>

# MI Chelverton European Select Fund

## Distribution Tables

for the year ended 31 December 2020

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2020 p	Distribution paid 2019 p
A^	Interim	Group 1	1.0889	–	1.0889	–
		Group 2	1.0889	–	1.0889	–
	Final	Group 1	0.5904	–	0.5904	–
		Group 2	0.1754	0.4150	0.5904	–
B	Interim	Group 1	0.8726	–	0.8726	2.1377
		Group 2	0.7235	0.1491	0.8726	2.1377
	Final	Group 1	0.3075	–	0.3075	0.1342
		Group 2	0.1063	0.2012	0.3075	0.1342

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2020 p	Amount reinvested 2019 p
B	Interim	Group 1	0.8912	–	0.8912	2.2317
		Group 2	0.8584	0.0328	0.8912	2.2317
	Final	Group 1	0.3254	–	0.3254	0.1449
		Group 2	0.0856	0.2398	0.3254	0.1449

^A Income share class disinvested on 11 June 2019 and reinvested on 12 March 2020.

### Further information

Interim period: 01.01.20 - 30.06.20

Final period: 01.07.20 - 31.12.20

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

# MI Chelverton Equity Fund

## General information

### Authorised Status

MI Chelverton Equity Fund (the “Company”) is structured as an Investment Company with Variable Capital (“ICVC”), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”) as a UCITS Retail Scheme and “Umbrella Company” under the COLL sourcebook.

The Company was incorporated in England and Wales on 04 April 2006 under registration number IC000431. The Shareholders are not liable for the debts of the Company.

The Company currently has 3 Sub-funds, which are detailed below:

MI Chelverton UK Equity Income Fund  
MI Chelverton UK Equity Growth Fund  
MI Chelverton European Select Fund

### Head Office

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset value of the Sub-fund.

### Classes of Shares

The Instrument of Incorporation allows each Fund to issue different classes of shares in respect of any Sub-fund.

The Sub-funds' currently have the following classes of shares available for investment:

	Share Class			
	A		B	
Sub-funds	Inc	Acc	Inc	Acc
MI Chelverton UK Equity Income Fund	✓	✓	✓	✓
MI Chelverton UK Equity Growth Fund	–	✓	✓	✓
MI Chelverton European Select Fund	✓	✓	✓	✓

The Company may issue both Income and Accumulation shares.

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant share class.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

## General information

continued

### Valuation Point

The scheme property of the Company and each Sub-fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of shares, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the Sub-fund if the ACD considers it desirable to do so, with the Depositary's approval.

### Buying, Redeeming and Switching of Shares

The ACD will accept orders for the purchase, sale and switching of shares on normal business days between 08:30 and 16:30. Instructions to buy or sell shares may either be in writing to:

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

Or by telephone to:

0345 305 4217

The ACD has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the shares purchased will be issued no later than the next business day after the business day on which an application to purchase shares is received and instrumented by the ACD. Certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the register of shareholders.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the Net Asset Value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on [www.maitlandgroup.com](http://www.maitlandgroup.com). Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Company which is also the Head Office of the Company. Copies may be obtained free of charge upon application. They are also available from the website of the Company, the details of which are given in the directory of this report.

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

### ACD Value Assessment

The ACD is required to provide an annual statement for the Fund, attesting that in the opinion of the ACD the services provided to the Fund and any fees chargeable to the scheme property represent value for money, taking into account the following criteria as set out by the Regulator under COLL 6.6.20R:

- Quality of Service
- Performance
- Economies of Scale
- Comparable Services and Market Rates
- Classes of shares

This statement references services provided directly by the ACD and those services delegated by the ACD to third parties such as, but not limited to, investment management, depositary services, custody and settlement, audit provision, legal services, printing services, KIID production and maintenance, and other costs as may be set out or allowable in the scheme documentation.

The ACD Value Assessment is published on the Maitland website.

## General Information

continued

### Remuneration of the ACD

The ACD is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the ACD compliance with its duty to act in the best interests of the funds it manages.

The ACD has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include portfolio management activities as these are undertaken by various third party investment managers appointed by the ACD. The investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year of the fund, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the AUTM during the year	86	£5,809,678	–	£5,809,678
Remuneration paid to employees of the ACD who are material risk takers	4	£881,464	–	£881,464

Further information is available in the ACD's Remuneration Policy Statement which can be obtained from [www.maitlandgroup.com](http://www.maitlandgroup.com) or, on request free of charge, by writing to the registered office of the ACD.

### Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

# Maitland Institutional Services Limited

Registered in England No 6252939. Authorised and regulated by the Financial Conduct Authority.