MI Chelverton Equity Fund

Value Assessment 2024

Reporting End Period 31st December 2023

Introduction to the ACD Assessment of Value

The ACD is required to provide an annual statement for the Company attesting that; in the opinion of the ACD; "The costs of associated services provided to the Company under the appointment or oversight of the ACD and any other fees chargeable to the scheme property, represent value for money taking into account the criteria as set out by the Regulator under COLL 6.6.20R".

Value Assessment Criteria

AFM Costs

In relation to each charge, the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties, the cost is the amount paid to that person.

(It should be noted that the fees charged to the Fund by or on behalf of Apex Fundrock Limited acting in its capacity as the Authorised Fund Manager, are "unbundled" and set out separately in the scheme Prospectus. Together these fees make up the "AFM Costs".

The ACD has examined each of the component costs that make up the overall AFM Costs of the highest fee bearing invested share class and has applied the following criteria as set out by the FCA in the Regulations).

Quality of Service

The range and quality of services provided to shareholders.

Performance

The performance of the scheme, after deduction of all payments out of scheme property as set out in the Prospectus

Performance should be considered over an appropriate timescale, having regard to the scheme's investment objectives, policy, and strategy.

Economies of Scale

Whether the ACD is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the sale and redemption of units.

Comparable Market Rates

In relation to each service, the market rate for any comparable service provided:

by the ACD; or

to the ACD or on its behalf including by a person to which any aspect of the scheme's management has been delegated.

Comparable Services

In relation to each separate charge, the AFM's charges, and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size, and having similar investment objectives and policies.

Classes of Shares

Whether it is appropriate for shareholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

AFM Costs - Fees & Services Chargeable to the Fund

Fees and Services of the Authorised Corporate Director

- Apex Fundrock Ltd is the FCA Authorised Corporate Director of the Fund (ACD) responsible for the set-up, management, and wind-up of the Fund under the Regulations.
- The ACD is responsible for ensuring that all aspects of the Fund are appropriately and properly managed and for the oversight of any and all third parties delegated by the ACD to provide services to the Fund.
- The services of the ACD are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used to assess the quality and performance of the ACD.
- The ACD fees are regularly reviewed against comparable market rates for a professional ACD for hire providing comparable services taking into account the complexity and risk profile of the Funds.
- The ACD's fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Funds to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The Assessment of Value in respect of the services rendered to the Fund by the ACD is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Fund Administrator

- The Fund Administrator, Apex Fundrock Ltd is responsible for the administration and record-keeping of the Fund including, but not limited to, the calculation of the daily Net Asset Valuation; the preparation of the Annual Report and Accounts and Interim Financial Statements; the maintenance of the Shareholder Register; the administration of Investor Subscription and Redemptions and the provision of an on-line and telephone enquiry service for investors and their advisers.

- The services of the Fund Administrator are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used to assess the quality and performance of the ACD.

- The Fund Administration fees are regularly reviewed by the ACD against comparable market rates for a professional Fund administrator for hire providing comparable services, taking into account the complexity and risk profile of the Funds.

- The Fund Administration fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Fund to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The ACD's Assessment of Value in respect of the Fund Administration services rendered to the Fund is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Depositary and Custodian

- The Depositary, Northern Trust Investor Services Limited, is responsible for the safekeeping of the assets of the Fund, for the monitoring of cash flows, and for the appointment and oversight of the Custodian who is responsible for the safekeeping of the assets of the Fund in physical or electronic form in the markets in which the Fund invests. The Custodian is also responsible on behalf of the Fund for the collection of income and dividends, the processing of corporate actions and the reclaim of tax under any applicable double taxation treaties.

- The services of the Depositary and Custodian are subject to a tightly defined Service Level Agreement and Key Performance Indicators which are used by the ACD to assess the quality and performance of the Depositary and Custodian.

- The Depositary and Custody fees are regularly reviewed by the ACD against comparable market rates for a professional Depositary for hire providing comparable services, taking into account the complexity and risk profile of the Funds.

- The Depositary and Custody fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Fund to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The ACD's Assessment of Value in respect of the services rendered to the Fund by the Depositary and Custodian is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

AFM Costs - Fees & Services Chargeable to the Fund (continued)

Fees and Services of the Auditor

- The Fund Auditor Grant Thornton UK LLP, is appointed by the ACD.
- The appointment of the Auditor is reviewed annually.
- The Auditor fees are reviewed annually by the ACD against comparable market rates for a professional Fund Auditor for hire providing comparable services, taking into account the complexity and risk profile of the Funds.
- The Auditor fees are clearly set out in the scheme documentation and are provided to the Fund as part of an overall contract to provide Auditor services to this Fund and other schemes under the management of the ACD, enabling Fund investors to take advantage from the overall economies of scale so afforded, irrespective of share class.

The ACD's Assessment of Value in respect of Auditor services rendered to the Fund is as follows:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

Fees and Services of the Investment Manager

- The Investment Management function is delegated by the ACD to Chelverton Asset Management Limited, an FCA authorised professional investment management firm.
- The Investment Manager is responsible for the management and investment of the assets within the Fund in accordance with the Investment Objective and Policy as set out in the scheme documentation.
- The Investment Manager provides an active investment management service consistent with the Investment Policy and Objectives set out within the scheme documentation.
- The ACD reviews the services of the Investment Manager, including detailed due diligence of their policies, processes, procedures, and controls on an on-going basis.
- The fees of the Investment Manager represent the largest cost to the Company, are clearly set out within the scheme documentation and are consistent with the market rates for other professional investment managers for hire providing comparable services for similar Fund types.
- The investment management fees vary by share class reflecting the size of the minimum investment into that share class, with the objective of providing economies of scale for larger investors. It is the opinion of the ACD that smaller investors benefit significantly from the economies of scale that accrue to the Fund based on the scale of investment provided by institutional investors and that Fund costs are proportionately reduced for all investors due to the high value of institutional investment in the Fund and that lower fee-paying share classes for larger investors are appropriate and fully justified.

In relation to the general services provided by the Investment Manager the ACD has made the following assessment:

Quality of Service:	Good
Performance (of Duties):	Good
Cost Of Service:	Competitive
Economies of Scale:	Good Value – All Investors Benefit Equally
Comparable Market Rates:	Competitive
Comparable Services:	Competitive
Classes of Units:	Competitive

Fund Performance

Overview of the criteria used to assess Value regarding Fund Performance

- One of the key challenges for the ACD in making an overall assessment of value which considers performance is the fact that the quantum of performance, positive or negative, is likely to significantly outweigh the percentage costs of the services provided to the Funds described in this Value Assessment.
- To provide an objective measure of performance and value the ACD has adopted the following methodology. The performance of the Fund has been assessed based on the Fund's position within its elected Investment Association Fund sector over 1, 3, 5 and 10 years if applicable.
- Funds that are in the top 50th percentile of their chosen sector would typically be rated as "Good" value; Funds in the 50th-75th quartile as "Fair" value, and Funds that are in the lower quartile as "Poor" value. However, the ACD will also take into account whether or not the Fund has met its stated investment objectives, such as performance against CPI or other comparator irrespective of its sector ranking.
- Funds that have met their stated Investment Objectives, where the objective is empirical and measurable will be assessed as being "Good Value" regardless of sector ranking.
- Fund performance is assessed after the deduction of all charges and is based on the highest charging invested share class.
- The ACD has included information relating to the Investment Objective and Policy of the Fund, the Fund's past performance and the Fund's risk profile, for the highest charging invested share class.

MI Chelverton UK Equity Growth Fund

Sub-Fund Overall Value Assessment score 31st December 2023

The ACD has produced an overall assessment of value for the sub-fund taking into account the value provided across all the services that underpin the management and operation of the sub-fund, using the criteria set out in the Regulations and described in this document. The performance of the sub-fund is a significant factor in the derivation of this assessment. However, while the assessment of value is not solely driven by performance, funds that are consistently poor performers over time when compared against funds with a similar investment outlook, are likely to be graded as "poor value".

Good

Sub-Fund Performance 31st December 2023

The MI Chelverton UK Equity Growth Fund invests solely in mid and small cap UK equities. The last 18 months has seen these companies significantly underperform large cap UK equites. As a result of this the MI Chelverton UK Equity Growth Fund has underperformed those funds with a higher weighting to larger companies (FTSE100 companies in particular). It is expected that when mid and small cap equities begin to perform again the Fund will see its relative performance improve. The longer-term record of the Fund continues to be exceptionally strong.

1 Year	Fair
3 Years	Poor
5 Years	Good

Investors should recognise that the Fund is actively managed and is SRRI risk rated 6 and that short-term market volatility can affect the performance over all time periods positively or negatively. Every fund will have periods of weak performance, and this should also be considered when investing in any fund.

The Investment Manager has made the following commentary in respect of the performance of the Fund:

In the 12 months to 31 December 2023, the Sub-fund returned -3.86%, compared to 7.36% for the IA All Companies Sector as a whole. (Source: Morningstar, NAV to NAV, B Shares Acc, Total Return)

A second consecutive difficult year for the Sub-fund with headwinds caused by the ongoing high inflation, which started in 2022 and persisted for longer than was expected particularly in the UK, providing a difficult backdrop for small and mid-cap equities where the Sub-fund invests. Sharp rises in interest rates, which added to the attractions of holding cash and investing in government bonds for the first time in years, and the consequent slowing economic growth with its implications for companies' earnings reduced the appeal of equity investment. Specific events like the banking crisis in March, when Silicon Valley Bank, Credit Suisse and several mid-sized American banks got into trouble, and the outbreak of conflict in the Middle East, added to the volatility and risk-off mood in financial markets. It was only towards the year end that persistent declines in inflation led to a rally in small and mid-cap equities.

Reduced earnings expectations exacerbated by valuation de-ratings drove down the share prices of a broad range of the Sub-fund's holdings. The largest detractor to the Sub-fund's returns was Spirent Communications, the telecoms equipment testing business, which saw *its mobile network operator clients dramatically reduce spend on their 5G networks, in the light of the economic slowdown. Two of the Sub-fund's more highly leveraged investments, Synthomer and Videndum, saw their share prices fall very sharply when it became evident that weaker trading conditions meant they would need to raise fresh equity. Elsewhere RWS, Future, Accesso Technology and Auction Technology share prices all fell back on weaker trading outlooks and subsequent valuation de-ratings. Most disappointing however was CAB Payments, a fast-growing foreign exchange business specialising in hard to access emerging markets currencies, which after its Initial Public Offering ('IPO') in April, when the Sub-fund invested in a relatively small initial holding, issued a profits warning within four months of coming to market, as changes in regulations for two of its key trading currencies caused a material downgrade in expectations. Other areas of weakness were video games businesses, notably Team17 and Devolver Digital, which suffered from reduced demand and a much more competitive market post the pandemic lockdowns, which had led to an upsurge in demand. Kistos, the North Sea gas producer, suffered on changes to the fiscal regimes in the UK and more significantly the Netherlands, penalising energy companies for the excess returns they were making as a result of the post Ukraine invasion energy crisis.*

The main theme on the positive side for returns was takeover activity with several of the Sub-fund's holdings, namely Amryt Pharma, Sureserve, Blancco Technology, Sopheon and Ten Entertainment succumbing to agreed offers from Private Equity and trade buyers, taking advantage of the low valuations prevailing in the quoted market. Ascential and Globaldata also performed strongly on the back of corporate activity, with Ascential breaking itself up and selling two of its three divisions to separate private equity buyers, whilst Globaldata agreed to sell 40% of its healthcare business at a valuation that would have valued the entire division, which only represents 36% of the group's business, at 82% of Globaldata's market capitalisation at the time of the deal's announcement. Holdings reporting upgraded earnings expectations were few and far between given the economic backdrop, but those that did, such as Premier Foods, the branded food manufacturer, Bytes Technology, a Microsoft reseller, and Ashtead Technologies, which rents equipment to the offshore oil and gas and renewables market, performed strongly. Finally, some of the Sub-fund's value stocks, like Tyman and Genuit, both in the construction sector, rallied strongly from oversold levels.

During the year the managers sought to build up holdings in some of their preferred growth stocks at relatively depressed valuations. The Sub-fund bought back into several previous holdings at what the manager saw as attractive valuations after recent share price weakness, namely JTC, the fund administration business, Oxford Metrics, the motion measurement specialist, and Bytes Technology. The manager also built-up holdings in underweight growth stocks such as dotDigital, Learning Technologies, Auction Technology and Clarkson. New holdings included AJ Bell, the fast-growing wholesale and retail investment platform, and the disappointing IPO of CAB Payments.

Liquidity was provided by exiting bid situations, most notably Amryt Pharma, Curtis Banks, Sureserve and Blancco Technology. The manager also took profits in less economically correlated stocks, which performed well given the worsening macroeconomic backdrop, to enable increased weighting in out of favour growth stocks, selling out of Avon Protection and reducing the Sub-fund's weighting in Chemring, both defence stocks, whilst taking profits in Premier Foods on the back of its strong performance. Finally, the manager scaled back the Sub-fund's industrial exposure, exiting positions in Trifast and Elementis and selling down TT Electronics amongst others, on the back of concerns over the outlook for industrial production in the light of the economic slowdown and the excess industrial inventory across the supply chain post the logistical problems caused by the pandemic.

Barring geopolitical tensions boiling over into a more economically disruptive conflict, with inflation on a downward trend, the outlook for equities, particularly the small and mid-cap segment of the market, should hopefully improve after two very difficult years. The manager has used this difficult phase in the market to build up the Sub-fund's exposure to many of the manager's favourite growth stocks, which have provided the bedrock for the Sub-fund's long-term performance, at relatively depressed valuations.

MI Chelverton UK Equity Growth Fund

Fund Information

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

MI Chelverton UK Equity Growth Fund ("the Fund") A Accumulation Shares

This is a sub fund of MI Chelverton Equity Fund. The Fund is an Open Ended Investment Company. ISIN: GB00BDB4WW75. Apex Fund rock Ltd is the Authorised Corporate Director of the Fund ("MI" and "MI Funds" are trading names of the ACD).

Objectives and investment policy

The Fund aims to provide long term capital growth.

The Fund will invest in UK small and medium sized market capitalised companies that aim to provide capital growth. These shares will either be fully listed on the London Stock Exchange or listed on AIM (The London Stock Exchange's international market for smaller, growing companies).

The Fund may also invest in money market instruments and cash deposits.

Any income this share class generates will be reinvested to grow the value of your investment.

You can buy and sell shares on any business day in London.

Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within 5 years.

For full investment objectives and policy details please refer to the prospectus.

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk — **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. 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 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 Fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the 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.

MI Chelverton UK Equity Growth Fund

Fund Information

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	0.00%

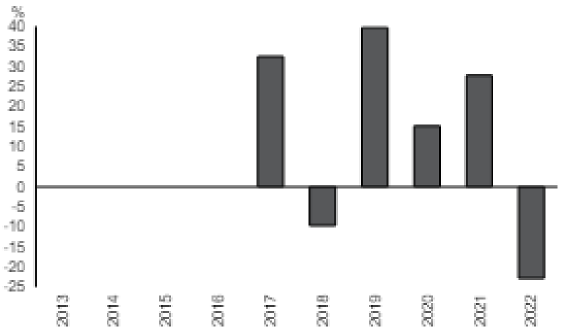
These are the maximum charges that we might take out of your money before it is invested and before we pay out the sale proceeds of your investment. In some cases, you might pay less and you should speak to your financial adviser about this.

Charges taken from the Fund over a year	
Ongoing charges	1.61%

Charges taken from the Fund under specific conditions	
Performance fee	NONE

- The ongoing charges figure is based on the last year's expenses and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).
- For the ongoing charge, the figure is as at 31 December 2022.
- You may also be charged a dilution levy on entry to or exit from the Fund, this is to cover costs associated with your transaction.
- No entry charge is currently levied by the ACD, however, an entry charge of up to 5% based on the value of your investment may be applied on the value of the shares purchased, at the discretion of the ACD.
- For more information about charges, please see the prospectus.

Past performance



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund					32.5	-9.7	39.7	15.2	27.8	-22.8

Source: FE fundinfo 2023

- You should be aware that past performance is not a guide to future performance.
- Fund launch date: 20/10/2014.
- Share/unit class launch date: 14/06/2016.
- Performance is calculated in GBP.

Practical information

- This document is issued by Apex Fund rock Ltd and contains information on the A Accumulation Shares only ("MI" and "MI Funds" are trading names of the ACD).
- Each fund of the Company has its own pool of assets and liabilities, segregated by law. If one fund were unable to pay for its liabilities the assets of the other funds could not be used to pay for those liabilities.
- You can get further detailed information regarding the Fund, including details of the investment manager and how to switch, buy and sell shares and other share classes available, within the prospectus, the supplementary information document and the annual and half yearly managers' reports You can get these free of charge from Apex Fund rock Ltd, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or from our website: www.fundrock.com. These are available in English only. You can also call us on 0345 305 4217, or look on our website for the latest share prices.
- Details of the ACD's remuneration policy (including a description of how remuneration and benefits are calculated, the composition of the remuneration committee and the identities of persons responsible for awarding remuneration and benefits) are available at www.fundrock.com/mi-fund-data or by requesting a paper copy free of charge (see above for contact details).
- The Depositary of the Fund is Northern Trust Investor Services Limited.
- Please note that the tax laws of the United Kingdom may impact your own tax position.
- Apex Fund rock Ltd may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

MI Chelverton UK Equity Income Fund

Sub-Fund Overall Value Assessment score 31st December 2023

The ACD has produced an overall assessment of value for the sub-fund taking into account the value provided across all the services that underpin the management and operation of the sub-fund, using the criteria set out in the Regulations and described in this document. The performance of the sub-fund is a significant factor in the derivation of this assessment. However, while the assessment of value is not solely driven by performance, funds that are consistently poor performers over time when compared against funds with a similar investment outlook, are likely to be graded as "poor value".

Fair

Sub-Fund Performance 31st December 2023

The MI Chelverton UK Equity Income Fund invests solely in mid and small cap UK equities. Over the last two years the rise in UK interest rates has seen these companies significantly underperform large cap UK equites (FTSE100 companies). The majority of the funds in the UK Equity Income sector are investing in companies across the market capitalisation range and this has impacted the relative short and long-term performance of the MI Chelverton UK Equity Income Fund. Recent months have seen an improvement in the investment environment for UK mid and small cap equities and this has led to a recovery in absolute and relative performance. The Fund also has an income objective of yielding 110% of the FT All Share. This objective continues to be met. The Fund has also produced a positive total return over all time periods.

1 Year	Fair
3 Years	Poor
5 Years	Poor
10 Years	Fair

Investors should recognise that the Fund is actively managed and is SRRI risk rated 6 and that short-term market volatility can affect the performance over all time periods positively or negatively. Every fund will have periods of weak performance, and this should also be considered when investing in any fund.

The Investment Manager has made the following commentary in respect of the performance of the Fund:

Summary

The trajectory of interest rates was again a dominant theme in 2023. In this environment, European smaller companies struggled for most of the year until latterly staging a healthy rally in Q4 when the narrative shifted to a peak and potential decline in rates. Although the Sub-fund posted a positive return, our calendar year performance was disappointing, lagging all appropriate benchmarks. The main detractor was portfolio exposure to the energy transition.

There are however solid reasons for optimism supported by strong portfolio fundamentals as well as historical patterns in smaller company performance.

In the 12 months to 31 December 2023 the Sub-fund returned +5.4% compared to a peer median return of +14.4% and index performance of +15.8%. Our dominant portfolio exposure is to smaller companies and as a segment smaller companies lagged the broader index by nearly 5%. However, measured, our performance fell some way short. (Source: Lipper NAV to NAV, B Shares Acc, Total Return) For calendar year context our absolute and excess returns in the last 5 calendar years are as follows:

	2019	2020	2021	2022	2023
CESF absolute return	+30.1%	+11.5%	+26.6%	-7.1%	+5.5%
Excess return v MSCI Europe X UK	+10.1%	+4.1%	+9.8%	+0.6%	-9.4%
Excess return v MSCI Europe X UK Small Cap	+8.9%	-6.5%	+9.7%	+9.0%	-4.8%

Source: Chelverton, Morningstar

Sore as 2023 was, arguably the year was not out of line with the variability seen in historical patterns.

Speed Bump in the Energy Transition

We believe one common factor explains most of our underperformance versus the smaller cap benchmarks. During 2022 we built up an exposure to companies that would benefit from the energy transition. We ended 2022 with 22% portfolio exposure to companies where this was the dominant driver of growth.

The key parts of this case were: technologies had become proven; governments were supportive of the targets; and long-term visible growth was available on low valuations. It has been described as the greatest reinvention of the global economy since the industrial revolution. However, this structural change in the supply and consumption of energy was never going to be straightforward and 2023 proved a very difficult year for the energy transition. Headwinds from the economic cycle including adjustments to new levels of financing costs pushed back or stalled many relevant targets.

For us, this manifested in OX2 (renewable energy project developer), EuroGroup Laminations and Zaptec (electric vehicle sales stalled) as well as AMG Advanced Metallurgical and Imerys (lithium price falls) all being amongst our worst performers. Collectively this exposure cost us over 5%.

Whilst our timing in building up this area has been awry; our view is that our initial case is still intact. Segments we are exposed to such as renewable energy or electric vehicle sales could double or even triple over the coming five to ten years and we expect our holdings here to have materially higher earnings and cash flows in five years' time. This is the time horizon where market imperfections are most obvious and investment opportunities the greatest. We certainly feel that this projected growth is not priced into current valuations.

As we reflect on the lessons from this experience to date there may be a small reshuffle of the types of company we are exposed to (asset light versus capital intensive for example) but despite the sharp underperformance in aggregate, we promoted many of the companies and ended the year with a slightly higher exposure to this theme than we started the year with, namely 23% at 31 December 2023 compared to the 22% a year earlier.

Recognising Mistakes

Outside of the energy transition, Huddly has been a costly mistake for the Sub-fund. Despite having a healthy free cash flow yield and net cash balance sheet when we bought it, we failed to recognise that prolonged market weakness (meeting room cameras) and supply chain difficulties could drive negative cash flow and ultimately force a deeply discounted rights issue. We are highly unlikely to recoup all the lost performance on this stock, however with a repaired balance sheet correcting the risk reward profile, we participated in this funding. Of the lessons here perhaps the most significant one is around position sizing. A single product niche company like this should not be allowed to cost us like this one has.

Low levels of portfolio turnover

*In general, our response to the underperformance has been to back the detractors. Of the bottom 20 performers, we still hold 18 and have actively been promoting quite a number of them. In 2023 we completed our departure from the banks sector, and we also lost 5 holdings to M&A. Despite having a healthy number of new ideas, the vast majority of the proceeds have been reinvested in the underperformers. As a result, the number of holdings fell during the course of 2023 from 65 to 57. We estimate underlying portfolio turnover to be approximately 10-15%** for the year and also of note is that concentration of the Sub-fund in the top 20 holdings has gone from 42% to 50%.*

Digitalisation M&A a strong feature again

Three of the top ten contributors in the year were from bids. At the start of the year Ordina, a Dutch IT service company received a bid from larger French peer Sopra Steria. In Q4, two of our software holdings, EQS and Pagero received bids at 50% and 70% premiums to prevailing market prices. In the aftermath of the 2022 tech derating, we had been building up our software exposure, so some early validation of this strategy was noteworthy. The level of the bid premiums is also an interesting comment on valuation levels. Seven of the top ten contributors came from companies with digitalisation as a long-term driver and this continues to be an area of focus for us.

History is on our side

One of the clear features explaining our performance divergence is our market capitalisation focus. Our average market cap is c.£850m. The average market cap in our peer group universe is c.£34bn. In our Morningstar peer group, we are one of only 2 out of 109 funds with a market cap average below £2bn. In part this explains why we can have a year like we have just had.*

It is hence worth reminding ourselves one of the key reasons why we focus on companies at the smaller end of the market capitalisation spectrum. Market inefficiencies and the small cap effect are well documented. Since the inception of the MSCI Europe Ex UK Small Cap Index on 1/1/2001, smaller companies have outperformed the main index by 477%. In this 24-year time period there have only been 3 periods where small companies have underperformed by more than 10%. We are currently in one of these 3 periods. So, we are in, and are arguably emerging from, the worst period of relative performance in over 20 years. Whether we have emerged from it is of course subject to debate.*

If we have reached a point of interest rate stability, there are good reasons to be optimistic about where we might be in this historical pattern.

Outlook

Whilst there are always specific lessons to be learned from a bad year, we believe our basic disciplines around cash-flow, balance sheet and valuations are as valid as ever. The fundamental outlook for our portfolio is strong: self-funded double-digit organic growth from a modest starting valuation base. This, when coupled with the current stage in the cycle and the long-term tailwind from smaller companies leads us to an expectation that we can deliver strong future returns.

**Morningstar as at 31 December 2023*

***Chelverton Asset Management, internal estimates*

MI Chelverton UK Equity Income Fund

Information

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

MI Chelverton UK Equity Income Fund ("the Fund") A Accumulation Shares

This is a sub fund of MI Chelverton Equity Fund. The Fund is an Open Ended Investment Company. ISIN: GB00B1Y9J463.
Apex Fund rock Ltd is the Authorised Corporate Director of the Fund ("MI" and "MI Funds" are trading names of the ACD).

Objectives and investment policy

The Fund aims to provide a rising level of income with the potential to grow the amount you invested as well.

The Fund will invest in UK company shares that aim to provide income. These shares will either be fully listed on the London Stock Exchange or listed on AIM (The London Stock Exchange's international market for smaller, growing companies).

The Fund may also invest in money market instruments and cash deposits.

Any income this share class generates will be reinvested to grow the value of your investment.

You can buy and sell shares on any business day in London.

Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within 5 years.

For full investment objectives and policy details please refer to the prospectus.

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk — **Typically higher rewards, higher risk**

1	2	3	4	5	**6**	7

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. 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 Fund:
- This 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 Fund may not be able to buy and sell these investments at the best time or at a fair price. This could affect the 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.

MI Chelverton UK Equity Income Fund

Fund Information

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	0.00%

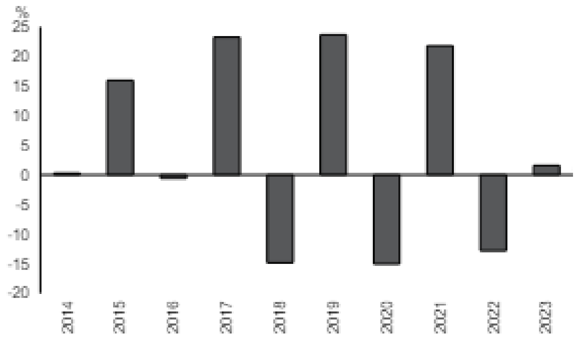
These are the maximum charges that we might take out of your money before it is invested and before we pay out the sale proceeds of your investment. In some cases, you might pay less and you should speak to your financial adviser about this.

Charges taken from the Fund over a year	
Ongoing charges	1.65%

Charges taken from the Fund under specific conditions	
Performance fee	NONE

- The ongoing charges figure is based on the last year's expenses and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).
- For the ongoing charge, the figure is as at 30 June 2023.
- You may also be charged a dilution levy on entry to or exit from the Fund, this is to cover costs associated with your transaction.
- No entry charge is currently levied by the ACD, however, an entry charge of up to 5% based on the value of your investment may be applied on the value of the shares purchased, at the discretion of the ACD.
- For more information about charges, please see the prospectus.

Past performance



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	0.3	16.0	-0.6	23.3	-14.9	23.7	-15.1	21.8	-12.8	1.6

Source: FE fundinfo 2024

- You should be aware that past performance is not a guide to future performance.
- Fund launch date: 01/12/2006.
- Share/unit class launch date: 02/07/2007.
- Performance is calculated in GBP.

Practical information

- This document is issued by Apex Fund rock Ltd and contains information on the A Accumulation Shares only ("MI" and "MI Funds" are trading names of the ACD).
- Each fund of the Company has its own pool of assets and liabilities, segregated by law. If one fund were unable to pay for its liabilities the assets of the other funds could not be used to pay for those liabilities.
- You can get further detailed information regarding the Fund, including details of the investment manager and how to switch, buy and sell shares and other share classes available, within the prospectus, the supplementary information document and the annual and half yearly managers' reports You can get these free of charge from Apex Fund rock Ltd, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or from our website: www.fundrock.com. These are available in English only. You can also call us on 0345 305 4217, or look on our website for the latest share prices.
- Details of the ACD's remuneration policy (including a description of how remuneration and benefits are calculated, the composition of the remuneration committee and the identities of persons responsible for awarding remuneration and benefits) are available at www.fundrock.com/mi-fund-data or by requesting a paper copy free of charge (see above for contact details).
- The Depositary of the Fund is Northern Trust Investor Services Limited.
- Please note that the tax laws of the United Kingdom may impact your own tax position.
- Apex Fund rock Ltd may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

MI Chelverton European Select Fund

Sub-Fund Overall Value Assessment score 31st December 2023

The ACD has produced an overall assessment of value for the sub-fund taking into account the value provided across all the services that underpin the management and operation of the sub-fund, using the criteria set out in the Regulations and described in this document. The performance of the sub-fund is a significant factor in the derivation of this assessment. However, while the assessment of value is not solely driven by performance, funds that are consistently poor performers over time when compared against funds with a similar investment outlook, are likely to be graded as "poor value".

Good

Sub-Fund Performance 31st December 2023

The MI Chelverton European Select Fund invests primarily in mid and small cap Pan European equities. Principally due to rising interest rates the last 18 months has seen these companies significantly underperform large cap equites. As a result of this the MI Chelverton European Select Fund has underperformed those funds with a higher weighting to larger companies. It is expected that when mid and small cap equities begin to perform again the Fund will see its relative performance improve. The medium- and longer-term performance of the Fund continues to be good.

1 Year	Poor
3 Years	Good
5Years	Good

Investors should recognise that the Fund is actively managed and is SRRI risk rated 6 and that short-term market volatility can affect the performance over all time periods positively or negatively. Every fund will have periods of weak performance, and this should also be considered when investing in any fund.

The Investment Manager has made the following commentary in respect of the performance of the Fund:

Inflation and war were the dominant themes of 2022. The ensuing uncertainty caused elevated volatility, and for many equity markets, flirtations with bear market territory. Despite the issues highlighted below, we endeavoured to turn the volatility into opportunity and increased the portfolio's exposure to powerful structural growth drivers. Over two thirds of the portfolio have as a primary driver, exposure to digitalisation and the energy transition. These are major growth themes of our era. Small entrepreneurial European companies are well placed to benefit and due to the region's out of favour status, the value/growth equation on offer is, in our opinion, very attractive.

The portfolio NAV in base currency was down 7.1% (B Accumulation) in 2022, based on published NAV information provided by Apex Fundrock Limited. The general European index, MSCI Europe ex-UK Index fell 6.9% and our peer group median fell 7.3%. The MSCI Europe ex-UK Small Cap Index fell 15.5%. Whilst never satisfied with a down year, in context of previous years strong gains, we believe this can be described as a 'soft landing.' Having suffered during the first three quarters of the year due to our small-cap bias it was encouraging to see many of these stocks rally strongly in Q4.

Although the Sub-fund was down over the year there were some notable positive contributors. Four of our top ten performers were from bid activity – two from the corporate sector - Swedish Match in tobacco and Boskalis in dredging and two from private equity – Caverion in *building services and Be Shaping The Future in technology consulting. It is a feature of our process that the cash flows we find attractive should look the same way to bidders. We expect this to be an ongoing feature. A fifth company from the top ten, Sword, sold a division for a significant premium and used the proceeds for a large special dividend (c.20%).*

three biggest detractors from performance, Huddly (meeting room cameras), Serviceware (performance software) and Alkemy (digital marketing consultant) are all caught in a short-term downgrade cycle, and as companies at lower end of the market cap spectrum, fell way out of favour. We are backing all three to deliver strong medium-term growth and consequently have been consistent accumulators of shares into weakness.

The other theme worth noting from performance and activity is that we took a zero-tolerance approach to emerging balance sheet risk. Even though we only invest in companies with safe or very moderate financial gearing, economic turbulence can swiftly cause moderate financial risk to turn into borderline acceptable (to us) financial risk. PostNL and Knaus Tabbert both stubbornly kept on investing heavily when, in our view, a more cautious approach was merited. This put their balance sheets at risk. We sold both shares despite taking significant losses. We also sold Media and Games invest and AMS as capital allocation activity endangered their balance sheets.

We are conscious that there can be times when owning financially leveraged companies can be beneficial for the equity holder. With inflation, interest rates and the economic outlook such as it is, we do not think this is one of those times. If we have mistimed a few of these sales, then we will seek comfort in a better night's sleep. Owning companies with balance sheet flexibility is a comfort in periods when there might be a temporary softening in demand, a margin squeeze, or other short-term issues.

These actions when combined with other activity has led our portfolio for the first time to be ungeared at the aggregate level. This is a demonstrably safer balance sheet than the market aggregate. Like we did during the COVID period we would expect our holdings to put their relative balance sheet strength to effective use during more challenging economic times.

The Energy Transition is one of the, if not the, great challenges and opportunities of our time. The weaponization of fossil fuel energy sources by Russia provides a stark reminder of the imperative of this monumental shift. Europe has a lead in many of the renewable energy technologies and energy transition ecosystems required, making these areas very investable long-term themes. During 2022 we more than doubled our portfolio exposure to companies which will be major beneficiaries of the energy transition. For communication purposes we have aggregated all companies who will benefit from the transition into a single cluster, 'Commodities and the Energy Transition'. As at 31/12/22 this accounts for 34.3% of the portfolio.

As investors, we respect the challenging economic conditions, however we are not wallowing in concerns about recessions, war, levels of interest rates or other potential geopolitical curveballs. European companies have real opportunities to capitalise on natural strengths and early mover advantages in many product and service areas around the energy transition. As a region there is also an imperative to invest in digitalisation to ensure that competitiveness is not lost. Investing in the 'pick and shovels' of these two great megatrends leaves us feeling optimistic about the portfolio's long-term future.

We have worked hard in 2022 to improve the quality and durability of the growth profile of our portfolio. We have done this on cheap cash-flow based valuations and with the backing of a sound balance sheet. We think if investors were offered a well-diversified stock, growing its top line at a 10% compounding rate, on a 7% Free Cash Flow Yield (FCFY) and with zero debt (the combined current metrics of the portfolio) they would be attracted to the proposition.

MI Chelverton European Select Fund

Fund Information

Key Investor Information

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

MI Chelverton European Select Fund ("the Fund")
A Accumulation Shares

This is a sub fund of MI Chelverton Equity Fund. The Fund is an Open Ended Investment Company. ISIN: GB00BG130R65.
Apex Fund rock Ltd is the Authorised Corporate Director of the Fund ("MI" and "MI Funds" are trading names of the ACD).

Objectives and investment policy

The Fund aims to provide long term capital growth.

The Fund will invest primarily in Continental European equities that aim to provide capital growth. These shares will be fully listed on Continental European Stock Exchanges.

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

The Fund may also invest in money market instruments and cash deposits.

Any income this share class generates will be reinvested to grow the value of your investment.

You can buy and sell shares on any business day in London.

Recommendation: this Fund may not be appropriate for investors who plan to withdraw their money within 5 years.

For full investment objectives and policy details please refer to the prospectus.

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk — **Typically higher rewards, higher risk**

1	2	3	4	5	**6**	7

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. 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 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.

MI Chelverton European Select Fund

Fund Information

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	0.00%

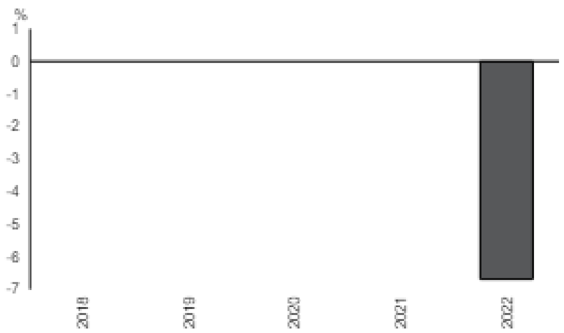
These are the maximum charges that we might take out of your money before it is invested and before we pay out the sale proceeds of your investment. In some cases, you might pay less and you should speak to your financial adviser about this.

Charges taken from the Fund over a year	
Ongoing charges	0.51%

Charges taken from the Fund under specific conditions	
Performance fee	NONE

- The ongoing charges figure is based on the last year's expenses and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).
- For the ongoing charge, the figure is as at 31 December 2022.
- You may also be charged a dilution levy on entry to or exit from the Fund, this is to cover costs associated with your transaction.
- No entry charge is currently levied by the ACD, however, an entry charge of up to 5% based on the value of your investment may be applied on the value of the shares purchased, at the discretion of the ACD.
- For more information about charges, please see the prospectus.

Past performance



	2018	2019	2020	2021	2022
Fund					-6.7

Source: FE fundinfo 2023

- You should be aware that past performance is not a guide to future performance.
- Fund launch date: 06/03/2018.
- Share/unit class launch date: 11/03/2021.
- Performance is calculated in GBP.

Practical information

- This document is issued by Apex Fund rock Ltd and contains information on the A Accumulation Shares only ("MI" and "MI Funds" are trading names of the ACD).
- Each fund of the Company has its own pool of assets and liabilities, segregated by law. If one fund were unable to pay for its liabilities the assets of the other funds could not be used to pay for those liabilities.
- You can get further detailed information regarding the Fund, including details of the investment manager and how to switch, buy and sell shares and other share classes available, within the prospectus, the supplementary information document and the annual and half yearly managers' reports You can get these free of charge from Apex Fund rock Ltd, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or from our website: www.fundrock.com. These are available in English only. You can also call us on 0345 305 4217, or look on our website for the latest share prices.
- Details of the ACD's remuneration policy (including a description of how remuneration and benefits are calculated, the composition of the remuneration committee and the identities of persons responsible for awarding remuneration and benefits) are available at www.fundrock.com/mi-fund-data or by requesting a paper copy free of charge (see above for contact details).
- The Depositary of the Fund is Northern Trust Investor Services Limited.
- Please note that the tax laws of the United Kingdom may impact your own tax position.
- Apex Fund rock Ltd may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.