

## 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 Maitland 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 MI Bespoke Funds ICVC, 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 and 5 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 Diversified Strategy Fund

### Sub-Fund Overall Value Assessment score 31st March 2024

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 March 2024

The fund managers have chosen to compare themselves to funds in the Flexible Investment sector. The Flexible Investment sector has a very wide range of funds in it and the majority tend to have a very high allocation to equities. The managers of the MI Diversified Strategy Fund as befits the name of the Fund hold a very broad range of assets and traditionally will have a lower allocation to equities than many other funds in that sector. As a result, the Fund will tend to have a lower return in periods of high equity market returns (this has been the case for the last five years). Although the returns have been lower than many of the funds it has chosen to compare itself to, the volatility of those returns have been lower than the average. Compared to the IA Flexible Investment sector the Fund is in the third quartile over one, three and five years.

1 Year	Fair
3 Years	Fair
5 Years	Fair

***Investors should recognise that the Fund is actively managed and is SRRI risk rated 5 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:

#### Performance Review

*For the period since the interim accounts (30th September 2023 to 31st March 2024) the total return of both the B and C share classes was 8.30%, compared to 9.99% for the IA Flexible Investment sector average.*

*Over the full accounting period (31st March 2023 to 31st March 2024), the total return of both the B and C share classes was 8.42%, compared to 10.08% for the IA Flexible Investment sector average.*

*The Sub-fund is ranked 110th out of 159 funds available over the six months, 109th out of 157 over the accounting year and 64th out of 88 since launch, placing it in the third quartile of its sector over each respective period.*



Source: FE Analytics. Total return. Bid to bid.

### **Market Review**

With the exception of China, the six-month period since the interim accounts were published was a positive one for both equities and fixed interest assets. Investor confidence began to return as inflation continued to fall around the world, and the expectation of interest rate cuts in 2024 rose. The timescale of those expectations was pushed out slightly after the turn of the year, however, as inflation proved to be a little stickier than initially hoped. Despite this, the trend was still downward, giving greater confidence that interest rates had probably reached their peak levels, even if they were not going to fall as quickly as first hoped.

The strongest of the main equity markets during the period was Japan, where a number of factors and variables remain favourable. Whilst western central banks have raised interest rates to contain high inflation this has not been the case in Japan. As a country which has seen no real inflation for many years, it is very keen to protect what it now does have. Whilst there has been some relaxation of yield curve control, where the ten-year yield has been allowed to rise, the Bank of Japan has been reticent to do any more, holding off raising rates until March 2024. This has also led to a weaker Yen, which had favoured exporters.

Japanese authorities are also attempting to improve corporate governance, the aim being to improve shareholder return. For example, those companies whose share price means that they are trading less than their book value, have been asked by the stock exchange to consult with them to determine how they are planning to improve this position, thus leading to a higher share price and improving shareholder return. It is hoped that this will increase the attractiveness of companies to domestic and overseas investors.

In the US meanwhile, the S&P 500 Index continued to be driven higher by the Magnificent 7. This includes the companies Meta, Alphabet, Amazon, Apple, Microsoft, Nvidia and Tesla, although the performance of the latter since January has led to divergence from the other six. The dominance of these stocks can be observed by looking at the performance of the S&P 500 Index equally weighted index relative to the market cap weighted index, where the former underperformed the latter.

At the other end of the performance scale is China, with sentiment around Chinese equities remaining very weak. Whilst there were attempts by the authorities to try and improve this via liquidity injections, such as the reduction in the reserve ratio for banks, these were not considered to be enough by would be investors. Concerns around weakness in the economy compared to its history, high debt levels, deflation and continued failures in the property sector continue to weigh.

Positive returns were also seen in UK fixed income for the six month period. The strongest performance came from high yield (noninvestment grade) bonds, which were less sensitive to changes in interest rate expectations, driven more by the outlook for credit conditions. These continue to remain relatively benign, with spreads (the interest you can expect to receive over same duration government bonds) remaining tight. This is due to default rates within the asset class remaining very low. Whilst UK bankruptcies have risen during the period, this has tended to be in smaller companies, i.e. those who are too small to come to the credit markets to borrow.

### **Portfolio Activity**

The portfolio continues to provide a broad range of asset classes and geographical allocations.

In October the holding in the Jupiter Gold & Silver fund was sold. With bond yields rising and inflation falling, positive real yields were available again in the US. Historically this has proven a negative for gold prices as the opportunity cost of holding gold, which doesn't pay an income, is greater. The proceeds from this were added to the proceeds from a matured structured note, to buy a new note with Goldman Sachs as the counterparty, linked to the FTSE CSDI Index.

In November, the holding in TB Amati Strategic Metals fund was also sold. This fund had been expected to benefit from the move to net carbon and clean energy, for which the minerals the underlying companies mine are expected to play a large role. Concerns over the economy, coupled with higher bond yields, however, meant that this strategy had underperformed. Instead, investors have been more focussed on the companies closer to final production.

December saw the allocations to alternatives reduced, specifically the Carmignac Portfolio Long-Short European Equities fund and TM Tellworth UK Select fund reduced, on the back of the higher yields available from fixed income assets. The allocations to the fixed income funds were also adjusted at the same time, reducing the holding in the Artemis Target Return Bond fund whilst increasing the Nomura Global Dynamic Bond fund. The latter has greater flexibility around duration, which it was felt would be beneficial with expected interest rate cuts in 2024.



January saw a reduction in the First State Asia Focus and ES R&M European funds to reduce the overweight position the Sub-fund had in these areas. With pressure on growth within those regions it was felt that whilst still cheap from a historic valuation perspective, there was smaller scope for a re-rating in the short term.

The holding in the WisdomTree Physical Silver ETF was also sold in January. For the same reasons that the holding in the Jupiter Gold & Silver fund was sold in October, it was decided now was the time to crystallize the gains made on this purely Silver exposure.

The Sub-fund saw net outflows during the period which were funded by reducing existing holdings when needed, allowing the adjustment of allocations at the same time.

### **Outlook**

With inflation finally approaching target levels around the world, attention is now moving on to when interest rates will be cut. After falling into recession, the UK economy is now growing again, albeit slowly. Unemployment also remains at low levels, and for these reasons the Bank of England, along with most other central banks, are yet to cut interest rates. It appears that rate policy setters want to be convinced that inflation has been tamed for good, or at least for this cycle.

The rhetoric still appears focussed on keeping monetary policy tight, but the language from the US at least has softened a little, and markets are still convinced that cuts will be seen later in the year. Whilst inflation remains the focus, the central banks will also be aware that holding high for too long could have a negative impact on economic growth.

Looking forward, the International Monetary Fund (IMF) continues to post a relatively healthy picture for the global economy. In their forecast at the start of the year they forecast that it will grow at 3.1% in 2024. Whilst this is below the 2000-2019 pre-pandemic average of 3.8%, it is higher than the 2.9% which they were forecasting in their last report of 2023. Overall, they believe that the likelihood of a hard landing has receded.

Emerging market and developing economies are expected to post the strongest rates of growth as a collective. India remains a key driver, and whilst China is expected to see a slowdown compared to recent times, positive economic growth is still forecast.

We believe the Sub-fund is currently well positioned to benefit from the above, with an over-weight position in Japanese and Emerging Market equities, along with Fixed Income assets. We will continue to monitor these weightings closely, however, especially in light of the general election in the UK and an expected change in governing party.

# MI Diversified Strategy 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 Diversified Strategy Fund ("The Fund") Class B Accumulation Shares

This is a sub fund of MI Bespoke Funds ICVC. The Fund is an Open Ended Investment Company.  
ISIN: GB00BVVQ7G83.  
Apex Fundrock Ltd is the Authorised Corporate Director of the Fund ("MI" and "MI Funds" are trading names of the ACD).

#### Objectives and investment policy

The objective of the Fund is to achieve long term capital growth.

The Fund intends to meet its objectives through exposure to a combination of equities, fixed interest and structured products. The majority of the Fund's exposure will be to equities. It may also have exposure to property. With the exception of structured products, this exposure will be through investment in OEICs, unit trusts, investment trusts, Exchange Traded Funds and other collective investment schemes across several management groups. It may also invest in equities from the world's major markets, bonds and other transferable securities.

The Fund has no specific limits on exposures to any asset class, geographic area, industry or economic sectors.

The Fund will only use derivatives (financial instruments whose value is linked to the rise and fall of other assets) for the purposes of efficient portfolio management, with the aim of managing risk and cost.

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.



- The Fund is ranked at 5 because funds of this type have experienced medium to 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:
  - Counterparty risk: The Fund can conclude various transactions with contractual partners. If a contractual partner becomes insolvent, it can no longer or can only partly settle unpaid debts owed to the Fund.
  - Market risk: External factors can cause an entire asset class to decline in value which would result in a decrease in the value of investments.
  - Currency risk: As the Fund invests in overseas securities, movements in exchange rates, when not hedged, may cause the value of investments to increase or decrease.
- For further risk information please see the prospectus.

# MI Diversified Strategy 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	0.00%
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	1.20%
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#### Charges taken from the Fund under specific conditions

Performance fee	NONE
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### Past performance

There is insufficient data to provide a useful indication of past performance to investors.

- The ongoing charges figure is estimated because the share/unit class is relatively new and has insufficient track record for us to calculate it exactly. The ongoing charges figure may vary from year to year and will exclude the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).
- For the ongoing charges, the figure is at 30 September 2023.
- You may also be charged a dilution levy on entry or exit from the Fund, this is to cover costs associated with your transaction.
- For more information about charges, please see the prospectus.

- Fund launch date: 06/05/2015.
- The share/unit class has not yet been launched.

### Practical information

- This document is issued by Apex Fundrock Ltd and contains information on the Class B 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 Fundrock Ltd, Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or from our website: [www.fundrock.com](http://www.fundrock.com). These are available in English only. You can also call us on 0345 026 4281, 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](http://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 Fundrock 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.