



# MI Chelverton Equity Fund

Interim Report 30 June 2023

# MI Chelverton Equity Fund

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## Directory

### Authorised Corporate Director ('ACD') & Registrar

Apex Fundrock Limited (formerly Maitland Institutional Services Limited)  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.fundrock.com](http://www.fundrock.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

A.C. Deptford  
P.J. Foley-Brickley  
I.T. Oddy (appointed 9 June 2023)  
C. O'Keeffe  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Manager

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

### Fund Managers

James Baker  
Edward Booth  
Henry Botting  
David Horner  
Oliver Knott  
Dale Robertson  
Gareth Rudd  
David Taylor

### Depositary

Northern Trust Investor Services Limited ('NTISL')  
50 Bank Street, Canary Wharf, London E14 5NT  
(Authorised and regulated by the Financial Conduct Authority)

### Independent Auditors

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

# MI Chelverton Equity Fund

## Basis of Accounting

The interim 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 and amended in 2017.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 December 2022.

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

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

This 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 IA.



**P.J. Foley-Brickley**

**C. O'Keeffe**

Directors

Apex Fundrock Limited

29 August 2023

## 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 Appendix 2 of the Prospectus.

## Investment Manager's Report

for the period ended 30 June 2023

In the six months to 30/06/2023, the Sub-fund returned -3.78% v 0.13% for the IA Equity Income sector as a whole (source: Morningstar NAV to NAV B Shares Acc Total Return).

The year started strongly in January after some upbeat comments from the Bank of England and economists commentaries were focussed on when investors could expect interest rates to start to reverse their upward trend. In March however problems at Credit Suisse and within the US regional banking system, as evidenced by the high profile issues at Silicon Valley Bank, started to undermine investor confidence despite reassurances from the authorities as to the resilience of the banking system generally. As we moved through the second quarter disappointing inflation data at home moved the narrative away from the timing of rate cuts to how much higher and for how much longer domestic rates would have to rise to counter the sustained inflationary pressures within the UK economy. The perception that the UK was an outlier in terms of its inability to get on top of inflation was manifested in continued fund outflows for UK equity funds, a continuation of the trend that we highlighted last year. Interestingly as investors sold out of UK small and mid-caps, a part of corporate UK was buying its own shares back on value grounds and we now have 19 stocks with current or recent share buyback programs in the portfolio.

In the first half year despite the top-down travails, stocks were generally meeting or slightly ahead of our expectations with respect to dividend payments highlighting the resilient cash flows of our investee companies. When dividends hold up and share prices sell off our investment universe tends to deliver numerous new opportunities to invest at our four percent hurdle rate and the last six months is no exception. We added a number of new names to the portfolio. Intermediate Capital, a global alternative asset manager, PageGroup a worldwide leader in recruitment, RWS, a technology enabled language services business and LondonMetric Property a property stock. We also started a holding in Mattioli Woods, a wealth manager. We believe that our ability to invest in companies of this quality in difficult times will improve the medium-term dividend prospects of the Sub-fund and is something that we have always sought to do as part of our investment process.

Over the last six months the Sub-fund benefitted from a bid for Numis and an approach for Wood Group after which we sold our holding. Amongst others we sold Tate & Lyle on yield grounds and reduced our holdings in Vistry, Atalaya Mining, Jupiter Fund Management, Bloomsbury Publishing and Kitwave, the latter being our top contributor to performance over the period. The worst was iEnergizer which delisted. In terms of purchases we added to Headlam, VP, Somero Enterprises, Keller, Marshalls and Telecom Plus. As interest rates have risen there has been a slowdown in corporate activity but, given current valuations, we expect this to pick up again as the macro environment starts to improve.

As we enter the second half of our year UK investor concerns are focussed on the ability of interest rate increases to bring down inflation. At the same time there are concerns about the potential to 'over tighten' and tip the domestic economy into recession which tends to happen as a result of the delay between raising rates and the effect of the increases being picked up in economic data. Looking ahead for catalysts to bring investors back into our asset class, an end to rate increases and a look through to rate reductions would be helpful as would a resumption of corporate activity. Ultimately though a return to positive momentum in company earnings should start to close the current disconnect between underlying corporate cash flows and share prices.

# MI Chelverton UK Equity Income Fund

## Portfolio Statement

as at 30 June 2023

Holding	Security	Market value £	% of total net assets 2023
	<b>TECHNOLOGY 3.33% (2.89%)</b>		
	<b>Software and Computer Services 2.10% (1.58%)</b>		
2,500,000	Moneysupermarket.com	6,765,000	2.10
	<b>Technology Hardware and Equipment 1.23% (1.31%)</b>		
2,547,581	TT Electronics	3,974,226	1.23
	<b>TELECOMMUNICATIONS 2.62% (2.75%)</b>		
	<b>Telecommunications Service Providers 2.62% (2.75%)</b>		
500,000	Telecom Plus	8,450,000	2.62
	<b>FINANCIALS 29.49% (27.43%)</b>		
	<b>Banks 3.35% (3.38%)</b>		
565,000	Close Brothers	4,980,475	1.54
383,597	Secure Trust Bank	2,378,301	0.74
2,300,000	Virgin Money	3,439,650	1.07
		10,798,426	3.35
	<b>Finance and Credit Services 3.33% (2.92%)</b>		
198,190	Mattioli Woods*	1,208,959	0.37
732,000	Mortgage Advice Bureau*	4,304,160	1.34
200,000	Paragon Banking	1,061,000	0.33
2,188,238	Vanquis Banking	4,162,029	1.29
		10,736,148	3.33
	<b>Investment Banking and Brokerage Services 13.03% (12.08%)</b>		
2,300,000	Ashmore	4,779,400	1.48
425,000	IG	2,875,125	0.89
325,000	Intermediate Capital	4,476,875	1.39
496,714	Jupiter Fund Management	534,464	0.16
1,200,000	Polar Capital*	6,192,000	1.92
2,850,000	Premier Miton*	2,422,500	0.75
325,644	Rathbone Brothers	6,056,979	1.88
4,800,000	Sancus Lending*	33,600	0.01
750,000	Tatton Asset Management*	3,307,500	1.03
2,300,000	TP ICAP	3,477,600	1.08
4,500,000	XPS Pensions	7,852,500	2.44
		42,008,543	13.03
	<b>Life Insurance 4.71% (4.37%)</b>		
3,550,459	Chesnara	9,603,992	2.98
1,800,000	Hansard Global	792,000	0.25
900,000	Phoenix	4,786,200	1.48
		15,182,192	4.71
	<b>Nonlife Insurance 5.07% (4.68%)</b>		
900,000	Conduit	4,149,000	1.29
2,750,000	Direct Line Insurance	3,737,250	1.16
1,370,000	Personal*	2,740,000	0.85
4,225,000	Sabre Insurance	5,720,650	1.77
		16,346,900	5.07

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>REAL ESTATE 3.04% (2.20%)</b>			
<b>Real Estate Investment and Services Development 0.28% (0.18%)</b>			
2,350,000	Foxtons	887,125	0.28
<b>Real Estate Investment Trusts 2.76% (2.02%)</b>			
1,750,000	LondonMetric Property	2,892,750	0.90
5,800,000	Regional REIT	2,705,700	0.84
4,500,000	Supermarket Income REIT	3,285,000	1.02
			8,883,450
			2.76
<b>CONSUMER DISCRETIONARY 14.71% (14.52%)</b>			
<b>Consumer Services 0.40% (0.24%)</b>			
1,591,000	RM	1,304,620	0.40
<b>Household Goods and Home Construction 4.20% (4.06%)</b>			
200,000	Bellway	3,976,000	1.23
1,400,000	Crest Nicholson	2,637,600	0.82
1,338,676	Headlam	3,333,303	1.04
150,000	Vistry	990,750	0.31
3,628,719	Watkin Jones*	2,590,905	0.80
			13,528,558
			4.20
<b>Media 3.77% (4.34%)</b>			
250,000	Bloomsbury Publishing	1,090,000	0.34
2,650,000	ITV	1,809,950	0.56
2,205,821	STV	4,941,039	1.53
1,575,000	Wilmington	4,315,500	1.34
			12,156,489
			3.77
<b>Retailers 5.09% (4.75%)</b>			
7,000,000	Brown (N)*	1,617,000	0.50
2,400,000	DFS Furniture	2,592,000	0.80
500,000	Dunelm	5,600,000	1.74
1,500,000	Halfords	3,231,000	1.00
2,750,000	Wickes	3,368,750	1.05
			16,408,750
			5.09
<b>Travel and Leisure 1.25% (1.13%)</b>			
3,500,000	Marston's	1,029,000	0.32
1,728,917	Rank	1,528,363	0.47
1,702,027	Restaurant	646,770	0.20
700,000	Saga	837,200	0.26
			4,041,333
			1.25
<b>CONSUMER STAPLES 5.02% (5.03%)</b>			
<b>Food Producers 2.85% (3.65%)</b>			
6,229,594	Bakkavor	5,918,114	1.84
525,000	Hilton Food	3,270,750	1.01
			9,188,864
			2.85
<b>Personal Care, Drug and Grocery Stores 2.17% (1.38%)</b>			
2,296,666	Kitwave*	7,004,831	2.17

# MI Chelverton UK Equity Income Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>INDUSTRIALS 29.67% (26.78%)</b>			
<b>Construction and Materials 9.70% (7.85%)</b>			
600,000	Alumasc*	870,000	0.27
5,301,969	Epwin*	3,499,300	1.09
750,000	Eurocell	825,000	0.26
950,000	Keller	6,650,000	2.06
1,150,000	Marshalls	2,766,900	0.86
345,000	Morgan Sindall	6,313,500	1.96
9,006,149	Severfield	6,124,181	1.90
1,637,673	Tyman	4,200,631	1.30
		<b>31,249,512</b>	<b>9.70</b>
<b>Electronic and Electrical Equipment 2.27% (2.29%)</b>			
1,300,000	Morgan Advanced Materials	3,562,000	1.11
1,250,000	Strix*	1,282,500	0.40
125,000	XP Power	2,457,500	0.76
		<b>7,302,000</b>	<b>2.27</b>
<b>Industrial Engineering 3.60% (3.25%)</b>			
960,000	Somero Enterprises*	2,640,000	0.82
1,550,000	Vesuvius	6,175,200	1.91
405,000	Videndum	2,802,600	0.87
		<b>11,617,800</b>	<b>3.60</b>
<b>Industrial Support Services 8.91% (8.65%)</b>			
3,379,269	DWF	1,993,769	0.62
875,010	FDM	4,908,806	1.52
1,569,520	Gattaca*	1,491,044	0.46
1,425,000	iEnergizer^	426,075	0.13
425,000	Inchcape	3,304,375	1.03
650,000	PageGroup	2,610,400	0.81
1,000,000	Paypoint	4,825,000	1.50
880,667	RWS*	2,073,090	0.64
450,000	Smart Metering Systems*	3,096,000	0.96
4,783,482	Smiths News	2,238,670	0.70
510,876	Sthree	1,744,642	0.54
		<b>28,711,871</b>	<b>8.91</b>
<b>Industrial Transportation 5.19% (4.74%)</b>			
300,000	Ocean Wilsons	2,880,000	0.90
2,915,000	Redde Northgate	10,931,250	3.39
496,617	VP	2,905,210	0.90
		<b>16,716,460</b>	<b>5.19</b>
<b>BASIC MATERIALS 4.36% (5.07%)</b>			
<b>Industrial Metals and Mining 2.61% (2.43%)</b>			
675,000	Bodycote	4,326,750	1.34
3,579,652	Ecora Resources	4,102,281	1.27
		<b>8,429,031</b>	<b>2.61</b>
<b>Precious Metals and Mining 0.25% (0.46%)</b>			
250,000	Atalaya Mining*	797,500	0.25



## Portfolio Statement

continued

		Market value £	% of total net assets 2023
	<b>Chemicals 1.50% (2.18%)</b>		
500,000	Elementis	509,000	0.16
175,000	Johnson Matthey	3,055,500	0.95
1,750,000	Synthomer	1,275,750	0.39
		4,840,250	1.50
	<b>ENERGY 3.20% (3.93%)</b>		
	<b>Oil, Gas and Coal 3.20% (3.93%)</b>		
8,500,000	Diversified Energy	7,501,250	2.33
12,725,000	Pharos Energy	2,799,500	0.87
		10,300,750	3.20
	<b>UTILITIES 1.08% (1.13%)</b>		
	<b>Electricity 1.08% (1.13%)</b>		
600,000	Drax	3,480,000	1.08
		3,480,000	1.08
	<b>Investment assets</b>	<b>311,110,629</b>	<b>96.52</b>
	<b>Net other assets</b>	<b>11,218,219</b>	<b>3.48</b>
	<b>Net assets</b>	<b>322,328,848</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 31.12.22.

\*Quoted on AIM.

^This is a delisted security and has been valued at the ACD's best assessment of their fair value.

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

Total purchases for the period: £26,865,706

Total sales for the period: £34,819,801

# MI Chelverton UK Equity Income Fund

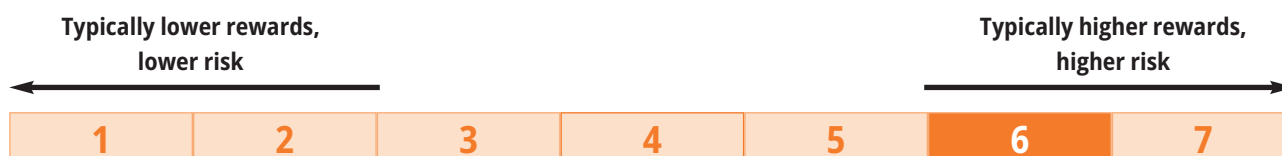
## Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charge Figure*
A Income	£42,167	49,184	85.73p	1.65%
A Accumulation	£32,635	16,964	192.38p	1.65%
B Income	£237,093,892	245,272,576	96.67p	0.90%
B Accumulation	£85,160,154	36,759,455	231.67p	0.90%

\*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 by annualising the expenses incurred against the average Net Asset Value for the accounting period.

## 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. 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-fund's 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.

## Statement of Total Return

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
Income				
Net capital losses		(21,439,324)		(81,813,522)
Revenue	10,609,363		12,278,035	
Expenses	(1,638,203)		(1,972,655)	
Net revenue before taxation	8,971,160		10,305,380	
Taxation	(118,662)		(121,683)	
Net revenue after taxation		8,852,498		10,183,697
<b>Total return before distributions</b>		<b>(12,586,826)</b>		<b>(71,629,825)</b>
Distributions		(10,354,181)		(12,092,422)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(22,941,007)</b>		<b>(83,722,247)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>371,408,913</b>		<b>510,459,155</b>
Amounts receivable on issue of shares	27,285,476		26,490,122	
Less: Amounts payable on cancellation of shares	(56,128,432)		(71,666,598)	
		(28,842,956)		(45,176,476)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(22,941,007)		(83,722,247)
Retained distribution on accumulation shares		2,703,892		3,389,249
Unclaimed distributions		6		4
<b>Closing net assets attributable to Shareholders</b>		<b>322,328,848</b>		<b>384,949,685</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Chelverton UK Equity Income Fund

## Balance Sheet

as at 30 June 2023

	£	30.06.23	£	£	31.12.22	£
<b>ASSETS</b>						
<b>Fixed Assets</b>						
Investments		311,110,629			340,680,144	
<b>Current Assets</b>						
Debtors	2,331,011			11,249,149		
Cash and bank balances	15,364,551			23,046,501		
<b>Total current assets</b>		<b>17,695,562</b>			<b>34,295,650</b>	
<b>Total assets</b>		<b>328,806,191</b>			<b>374,975,794</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Distribution payable	(5,083,444)			(2,679,889)		
Other creditors	(1,393,899)			(886,992)		
<b>Total creditors</b>		<b>(6,477,343)</b>			<b>(3,566,881)</b>	
<b>Total liabilities</b>		<b>(6,477,343)</b>			<b>(3,566,881)</b>	
<b>Net assets attributable to Shareholders</b>		<b>322,328,848</b>			<b>371,408,913</b>	

## Distribution Tables

for the period ended 30 June 2023

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	First interim	Group 1	0.8323	–	0.8323	0.7050
		Group 2	0.4362	0.3961	0.8323	0.7050
	Second interim	Group 1	1.8405	–	1.8405	2.0610
		Group 2	1.0406	0.7999	1.8405	2.0610
B	First interim	Group 1	0.9360	–	0.9360	0.7868
		Group 2	0.5761	0.3599	0.9360	0.7868
	Second interim	Group 1	2.0722	–	2.0722	2.3036
		Group 2	0.6063	1.4659	2.0722	2.3036

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	First interim	Group 1	1.8119	–	1.8119	1.4516
		Group 2	0.9797	0.8322	1.8119	1.4516
	Second interim	Group 1	4.0421	–	4.0421	4.2728
		Group 2	2.1004	1.9417	4.0421	4.2728
B	First interim	Group 1	2.1742	–	2.1742	1.7300
		Group 2	1.4822	0.6920	2.1742	1.7300
	Second interim	Group 1	4.8621	–	4.8621	5.1010
		Group 2	2.4556	2.4065	4.8621	5.1010

First interim period: 01.01.23 - 31.03.23

Second interim period: 01.04.23 - 30.06.23

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 UK Equity Growth Fund

## 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 Manager's Report

for the period ended 30 June 2023

In the six months to 30/06/2023, the Sub-fund returned -5.30% v 1.72% for the IA UK All Companies sector as a whole (source: Morningstar NAV to NAV B Shares Acc Total Return).

After a positive start to the year, helped by the expectation that inflation would start to come down before higher rates had any material impact on economic growth, enthusiasm for UK equities evaporated, not helped by the mini banking crisis, with the high-profile issues at both Silicon Valley Bank and Credit Suisse in March, and then disappointing inflation data in the second quarter. This moved the narrative away from the timing of interest rate cuts, on to how much higher rates would need to go to control inflation and what impact this would have on economic growth as we moved through the second half of the year and into 2024. The perception that the UK was an outlier in its ability to get inflation under control was manifested in continued outflows from UK equity funds. However, as investors reduced their UK small and mid-cap exposure, there was a noticeable trend for more share buy-backs, with well-financed companies looking to take advantage of the prevailing low valuations of their equity. Notable examples of share buybacks in the Sub-fund commenced in the period were Future, RWS, Spirent Communications, CentralNic, Craneware and Essentra.

From a relative performance perspective, the Sub-fund was not helped by its relatively high weighting to AIM listed companies, with AIM being the worst performing index in the period in a risk-off market environment. At the sector level, Technology stocks continued to underperform, with notable underperformers in the Sub-fund including GB, which reported a slowdown in its growth rate, CentralNic, where the shares de-rated, and Spirent Communications, which warned on profits as a result of its mobile network customers slowing spend on their 5G roll-outs. The Sub-fund's media exposure provided another drag on performance, with Future the largest detractor to returns in the period as the company suffered audience declines in its Technology content segment and investors worried about its reliance on digital advertising spend, with Next Fifteen Communications another notable faller. Positive contributions came from Amryt Pharma and Sureserve, which were both subject to agreed take-over offers. Tyman and Alphawave both bounced back strongly from quite material sell-downs. Premier Foods benefitted from its defensive characteristics as a consumer staple whilst also beating profit expectations. Finally, Bytes Technology, a software reseller and a recent addition to the portfolio, rallied having beaten profit forecasts.

During the period, the Sub-fund added several new holdings to the portfolio, buying back into a number of old favourites from our screened universe, such as Bytes Technology, JTC, Coats and Oxford Metrics, at what we regard as attractive valuations, as well as adding some new holdings to the Sub-fund, like Cerillion and AJ Bell. On the sell-side, we liquidated holdings in a number of bid situations and reduced our exposure to less economically correlated sectors, where share prices had understandably held up well, most notably in Health Care, where we sold out of Convatec after its promotion to the FTSE100, and Alliance Pharma, where we were concerned about the performance of some of its recent acquisitions. On the same theme, we sold out of Avon Protection, the defence business.

As we enter the second half of the year, we as managers feel performance will continue to be driven by inflation data and its implications for the interest rate cycle, and whether any further tightening will tip the economy into recession. A meaningful reduction in inflation and a consequent end to rate rises are likely to prompt a rally in the Sub-fund's small and mid-cap asset class. As managers we have used the recent softness in share prices to increase the Sub-fund's exposure to our favourite growth stocks at what we regard as very attractive valuations, which should help drive longer term capital growth, once the market turns.

## Portfolio Statement

as at 30 June 2023

Holding	Security	Market value £	% of total net assets 2023
<b>TECHNOLOGY 21.92% (19.04%)</b>			
<b>Software and Computer Services 18.60% (16.01%)</b>			
9,250,000	Access Intelligence*	6,567,500	0.79
2,175,000	Accesso Technology*	16,725,750	2.01
1,910,000	Altitude*	687,600	0.08
4,400,000	Ascential	9,741,600	1.17
1,625,000	Auction Technology	12,155,000	1.46
2,000,000	Bango*	3,440,000	0.41
6,151,000	Big Technologies*	16,238,640	1.95
16,071,429	Blackbird*	964,286	0.12
4,057,923	Blancco Technology*	6,208,622	0.75
2,000,000	Bytes Technology	10,550,000	1.27
12,250,000	CentralNic*	14,185,500	1.69
246,500	Cerillion*	3,204,500	0.39
5,495,000	Checkit*	1,099,000	0.13
2,500,000	D4t4 Solutions*	4,125,000	0.50
4,850,000	dotDigital*	4,103,100	0.50
1,307,178	Eagle Eye Solutions*	6,666,608	0.80
18,250,000	Eckoh*	6,752,500	0.81
3,675,000	GB*	8,408,400	1.01
1,250,000	Intercede*	612,500	0.07
6,000,000	Learning Technologies*	4,956,000	0.60
3,500,000	Made Tech*	542,500	0.07
12,000,000	Mirriad Advertising*	294,000	0.04
4,000,000	Oxford Metrics*	4,640,000	0.56
5,905,000	Redcentric*	7,528,875	0.90
777,176	Silver Bullet Data*	194,294	0.02
750,000	Sopheon*	4,125,000	0.50
200,000	Wandisco***	-	-
		154,716,775	18.60
<b>Technology Hardware and Equipment 3.32% (3.03%)</b>			
6,000,000	Alphawave	8,592,000	1.03
3,685,000	Quixant*	5,896,000	0.71
75,000,000	Seeing Machines*	4,035,000	0.48
5,875,000	TT Electronics	9,165,000	1.10
		27,688,000	3.32
<b>TELECOMMUNICATIONS 3.78% (3.90%)</b>			
<b>Telecommunications Equipment 1.71% (2.27%)</b>			
2,500,000	Aferian*	287,500	0.04
8,500,000	Spirent Communications	13,906,000	1.67
		14,193,500	1.71
<b>Telecommunications Service Providers 2.07% (1.63%)</b>			
1,500,000	Gamma Communications*	17,130,000	2.06
184,091	Zegona Communications	82,841	0.01
		17,212,841	2.07
<b>HEALTH CARE 5.76% (6.78%)</b>			
<b>Health Care Providers 1.37% (0.81%)</b>			
691,500	Craneware*	9,196,950	1.10
4,510,000	Induction Healthcare*	902,000	0.11

# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>Health Care Providers (continued)</b>			
1,050,232	Renalytix AI*	1,155,255	0.14
2,819,230	Trellus Health*	155,058	0.02
		<hr/>	
		11,409,263	1.37
<b>Medical Equipment and Services 1.97% (2.08%)</b>			
3,721,500	Advanced Medical Solutions*	8,391,982	1.01
7,500,000	Creo Medical*	2,625,000	0.32
5,681,818	GENinCode*	653,409	0.08
8,500,000	Polarean Imaging*	1,997,500	0.24
7,030,442	Venture Life*	2,636,416	0.32
		<hr/>	
		16,304,307	1.97
<b>Pharmaceuticals and Biotechnology 2.42% (3.89%)</b>			
7,500,000	Angle*	937,500	0.11
1,425,000	Arecor Therapeutics*	3,135,000	0.38
3,187,595	Chiesi Farma 1**	-	-
3,187,595	Chiesi Farma 2**	-	-
17,067	Dechra Pharmaceuticals	628,748	0.08
5,000,000	Eco Animal Health*	5,000,000	0.60
12,500,000	Evgen Pharma*	375,000	0.05
7,250,000	Futura Medical*	4,263,000	0.51
15,000,000	Immupharma*	331,500	0.04
2,727,273	Immupharma Warrants 23.12.31	-	-
925,000	MaxCyte*	3,191,250	0.38
100,000,000	MGC Pharmaceuticals	270,000	0.03
3,007,500	Oncimmune*	451,125	0.05
7,957,311	Ondine Biomedical*	954,877	0.11
5,000,000	Oxford Biodynamics*	675,000	0.08
		<hr/>	
		20,213,000	2.42
<b>FINANCIALS 17.71% (15.40%)</b>			
<b>Finance and Credit Services 1.27% (0.88%)</b>			
5,000,000	Lendinvest*	3,350,000	0.40
1,225,000	Mortgage Advice Bureau*	7,203,000	0.87
		<hr/>	
		10,553,000	1.27
<b>Investment Banking and Brokerage Services 13.46% (11.85%)</b>			
1,589,773	AJ Bell	5,103,171	0.61
700,000	Alpha Group International*	14,700,000	1.77
566,500	Aquis Exchange*	2,152,700	0.26
3,052,500	Argentex*	3,846,150	0.46
683,000	Brooks Macdonald*	14,001,500	1.68
1,250,000	Curtis Banks*	3,925,000	0.47
10,000,000	Duke Royalty*	3,200,000	0.38
4,695,000	Foresight	20,329,350	2.44
716,000	JTC	5,072,860	0.61
725,000	Liontrust Asset Management	5,191,000	0.62
3,500,000	Man	7,644,000	0.92
1,811,000	Mattioli Woods*	11,047,100	1.33
20,000,000	Mercia Asset Management*	4,880,000	0.59
1,635,000	Tatton Asset Management*	7,210,350	0.87
2,500,000	TP ICAP	3,780,000	0.45
		<hr/>	
		112,083,181	13.46



## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>Open-End and Miscellaneous Investment Vehicles 0.58% (0.45%)</b>			
6,000,000	AdvancedAdvT	4,800,000	0.58
<b>Nonlife Insurance 2.40% (2.22%)</b>			
2,850,000	Conduit	13,138,500	1.58
13,534,910	Randall & Quilter Investment*	6,794,525	0.82
		19,933,025	2.40
<b>REAL ESTATE 1.29% (1.21%)</b>			
<b>Real Estate Investment and Services Development 1.29% (1.21%)</b>			
11,199,000	Inland Homes*	895,920	0.11
3,511,000	LSL Property Services	9,830,800	1.18
		10,726,720	1.29
<b>CONSUMER DISCRETIONARY 13.03% (13.10%)</b>			
<b>Automobiles and Parts 0.34% (0.39%)</b>			
10,000,000	Surface Transforms*	2,800,000	0.34
<b>Leisure Goods 0.67% (1.84%)</b>			
5,000,000	Devolver Digital*	1,100,000	0.13
1,273,750	Team17*	4,458,125	0.54
		5,558,125	0.67
<b>Personal Goods 0.31% (0.12%)</b>			
300,000	Inspecks*	318,000	0.04
7,300,000	Revolution Beauty*	2,277,600	0.27
		2,595,600.00	0.31
<b>Media 8.02% (7.04%)</b>			
1,750,000	Dianomi*	1,312,500	0.16
5,250,000	Ebiquity*	2,415,000	0.29
1,400,000	Future	9,450,000	1.13
1,600,000	Globaldata*	19,200,000	2.31
7,500,000	LBG Media*	6,990,000	0.84
1,250,000	Next Fifteen Communications*	8,487,500	1.02
6,750,000	Pebble*	6,210,000	0.75
2,250,000	Tremor International*	6,367,500	0.76
2,300,000	Wilmington	6,302,000	0.76
		66,734,500	8.02
<b>Retailers 2.65% (2.84%)</b>			
5,000,000	CMO*	1,100,000	0.13
5,875,000	DFS Furniture	6,345,000	0.76
2,712,500	Itsarm	6,781	0.00
8,873,966	Topps Tiles	4,259,504	0.51
8,500,000	Wickes	10,412,500	1.25
		22,123,785	2.65
<b>Travel and Leisure 1.04% (0.87%)</b>			
165,639	Best Of The Best*	861,323	0.10
4,361,764	Safestay*	1,090,441	0.13
2,395,000	Ten Entertainment	6,706,000	0.81
		8,657,764	1.04

# MI Chelverton UK Equity Growth Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>CONSUMER STAPLES 2.80% (2.87%)</b>		
	<b>Food Producers 2.80% (2.87%)</b>		
692,244	MP Evans*	4,831,863	0.58
14,500,000	Premier Foods	18,473,000	2.22
		<b>23,304,863</b>	<b>2.80</b>
	<b>INDUSTRIALS 24.86% (26.10%)</b>		
	<b>Construction and Materials 10.80% (9.65%)</b>		
1,050,000	Balfour Beatty	3,578,400	0.43
1,850,000	Breedon*	6,031,000	0.72
4,250,000	Eurocell	4,675,000	0.56
2,102,279	Genuit	6,170,189	0.74
3,324,583	Kier	2,493,437	0.30
235,214	Marshalls	565,925	0.07
737,500	Renew*	5,487,000	0.66
14,257,156	Severfield	9,694,866	1.17
47,286,417	SigmaRoc*	26,858,685	3.23
6,750,000	Stelrad	8,235,000	0.99
6,250,000	Tyman	16,031,250	1.93
		<b>89,820,752</b>	<b>10.80</b>
	<b>Aerospace and Defense 0.21% (0.92%)</b>		
625,000	Chemring	1,765,625	0.21
	<b>Electronic and Electrical Equipment 0.50% (0.91%)</b>		
1,421,726	Morgan Advanced Materials	3,895,529	0.47
12,500	XP Power	245,750	0.03
		<b>4,141,279</b>	<b>0.50</b>
	<b>General Industrials 0.58% (0.00%)</b>		
6,875,000	Coats	4,785,000	0.58
	<b>Industrial Engineering 2.81% (3.29%)</b>		
2,000,000	Somero Enterprises*	5,500,000	0.66
2,625,000	Vesuvius	10,458,000	1.26
1,072,181	Videndum	7,419,493	0.89
		<b>23,377,493</b>	<b>2.81</b>
	<b>Industrial Support Services 8.10% (9.98%)</b>		
3,375,000	Alpha Financial Markets*	12,993,750	1.56
8,175,000	Equals*	7,521,000	0.90
529,412	Essentra	858,706	0.10
1,118,000	FRP Advisory*	1,375,140	0.17
1,500,000	Inchcape	11,662,500	1.40
100,000	Keystone Law*	395,000	0.05
4,500,000	Public Policy*	5,850,000	0.70
3,700,000	Restore*	8,510,000	1.02
4,500,000	RWS*	10,593,000	1.27
1,500,000	Sthree	5,122,500	0.62
1,975,000	Trifast	1,548,400	0.19
244,792	Water Intelligence*	1,003,647	0.12
		<b>67,433,643</b>	<b>8.10</b>

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
<b>Industrial Transportation 1.86% (1.35%)</b>			
287,500	Clarkson	8,510,000	1.02
1,200,000	VP	7,020,000	0.84
		<b>15,530,000</b>	<b>1.86</b>
<b>BASIC MATERIALS 1.85% (2.83%)</b>			
<b>Industrial Metals and Mining 0.85% (0.69%)</b>			
1,190,378	Adriatic Metals	1,992,693	0.24
199,090	Bodycote	1,276,167	0.15
82,500,000	Savannah Resources*	3,795,000	0.46
		<b>7,063,860</b>	<b>0.85</b>
<b>Precious Metals and Mining 0.28% (0.69%)</b>			
4,900,000	Amaroq Minerals*	2,058,000	0.25
69,000	Atalaya Mining*	220,110	0.03
		<b>2,278,110</b>	<b>0.28</b>
<b>Chemicals 0.72% (1.45%)</b>			
2,482,669	Elementis	2,527,357	0.30
4,750,000	Synthomer	3,462,750	0.42
		<b>5,990,107</b>	<b>0.72</b>
<b>ENERGY 3.37% (3.89%)</b>			
<b>Oil, Gas and Coal 2.64% (3.25%)</b>			
2,771,901	Ashtead Technologies*	10,505,505	1.26
7,750,000	Diversified Energy	6,839,375	0.82
1,750,000	Kistos*	4,112,500	0.49
461,576,116	Reabold Resources*	553,891	0.07
		<b>22,011,271</b>	<b>2.64</b>
<b>Alternative Energy 0.73% (0.64%)</b>			
10,075,000	AFC Energy*	1,269,450	0.15
47,200,000	Inspired*	4,814,400	0.58
		<b>6,083,850</b>	<b>0.73</b>
<b>Investment assets</b>		<b>801,889,239</b>	<b>96.37</b>
<b>Net other assets</b>		<b>30,162,147</b>	<b>3.63</b>
<b>Net assets</b>		<b>832,051,386</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 31.12.22.

\*Quoted on AIM.

\*\*Contingent Value Rights from corporate event.

\*\*\*This is a suspended security and has been valued at the Managers best assessment of their fair value.

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

Total purchases for the period: £106,999,640

Total sales for the period: £192,777,993

# MI Chelverton UK Equity Growth Fund

## Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charge Figure*
A Accumulation	£1,388,254	654,658	212.06p	1.61%
B Income	£124,241,154	45,535,777	272.84p	0.86%
B Accumulation	£706,421,978	240,715,866	293.47p	0.86%

\*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 by annualising the expenses incurred against the average Net Asset Value for the accounting period.

## 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. 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:

- 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.

## Statement of Total Return

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
Income				
Net capital losses		(58,218,447)		(361,780,151)
Revenue	12,713,137		14,904,416	
Expenses	(4,065,576)		(6,154,579)	
Interest payable and similar charges	(3)		–	
Net revenue before taxation	8,647,558		8,749,837	
Taxation	(273,367)		(206,671)	
Net revenue after taxation		8,374,191		8,543,166
<b>Total return before distributions</b>		<b>(49,844,256)</b>		<b>(353,236,985)</b>
Distributions		(451,737)		(472,506)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(50,295,993)</b>		<b>(353,709,491)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>1,003,779,746</b>		<b>1,745,931,470</b>
Amounts receivable on issue of shares	85,011,342		266,874,760	
Less: Amounts payable on cancellation of shares	(206,443,709)		(458,235,666)	
		(121,432,367)		(191,360,906)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(50,295,993)		(353,709,491)
<b>Closing net assets attributable to Shareholders</b>		<b>832,051,386</b>		<b>1,200,861,073</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Chelverton UK Equity Growth Fund

## Balance Sheet

as at 30 June 2023

	£	30.06.23	£	£	31.12.22	£
<b>ASSETS</b>						
<b>Fixed Assets</b>						
Investments			801,889,239			954,779,567
<b>Current Assets</b>						
Debtors	5,348,161			3,336,425		
Cash and bank balances	29,347,435			52,478,456		
<b>Total current assets</b>			<b>34,695,596</b>			<b>55,814,881</b>
<b>Total assets</b>			<b>836,584,835</b>			<b>1,010,594,448</b>
<b>LIABILITIES</b>						
<b>Creditors</b>						
Distribution payable	-			(1,857,247)		
Other creditors	(4,533,449)			(4,957,455)		
<b>Total creditors</b>			<b>(4,533,449)</b>			<b>(6,814,702)</b>
<b>Total liabilities</b>			<b>(4,533,449)</b>			<b>(6,814,702)</b>
<b>Net assets attributable to Shareholders</b>			<b>832,051,386</b>			<b>1,003,779,746</b>

## 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 Appendix 2 of the Prospectus.

## Investment Manager's Report

for the period ended 30 June 2023

### Summary

In the six months to 30 June 2023, the Sub-fund was +3.9%. The MSCI Europe ex-UK Index was +9.7%. Our performance broadly mirrored the performance of the dominant part of our portfolio, small caps - the MSCI Europe Ex-UK Small Cap Index was +3.7% over the half year.

We think the following three observations are worth emphasising:

1. Our portfolio companies are performing well, and we think will continue to do so - over the coming years, we expect double digit compounding growth in both sales and cash flow.
2. The valuation / growth / financial risk equation is very attractive. A c.6-7% Free Cash Flow Yield for double digit growth and a very safe Balance Sheet will eventually be recognised by the market.
3. The long-term trend of small company outperformance is on our side and once economic fears recede; we expect this trend to reassert itself.

When your asset class is out of favour it is generally a time when portfolio turnover levels drop, and research time can be very productive. And so it has been. We have spent much of the last six months or so on various research projects. We comment on two of these below: reviewing the operating leverage of the portfolio and specifically asking our holdings about their views on Generative AI.

### Strong Cash Flow Growth Expected

Growth is defined in different ways by different investors. We have consistently reported on the 3-year expected sales growth of our portfolio in these reports - see chart at end of report. We view sales growth as an excellent proxy for the type of business we are investing in – clean and easy to understand, suffers less from base effects and is more stable from a forecast perspective than earnings or cash flows.

Sales growth is often an important driver of value, but it isn't as important as cash flow growth. No sense in generating sales growth if it's too costly to generate and sustain. We have looked very closely at how much of the sales growth of the portfolio translates into free cash flow growth. In other words, how much operating leverage does our portfolio have.

These are the key findings from this exercise:

	3-year sales cagr*	3-year ebit cagr**	3-year FCF cagr***
Portfolio	11.6%	18.6%	16.4%
Market	6.1%	8.1%	8.6%

\*3-year sales annual growth rate

\*\*3-year earnings before interest and taxes annual growth rate

\*\*\*3-year Free Cash Flow annual growth rate

Encouraging and in line with what we expected. From our portfolio's double-digit sales growth, we do expect margin expansion and cash flow leverage leading to mid-teens like cash flow growth. With a moderate starting valuation, we believe this encouraging for future portfolio returns.

# MI Chelverton European Select Fund

## Investment Manager's Report

continued

### Impact of Generative AI

Readers will be aware that one of our larger portfolio exposures has been the IT services sector – 19.2% of the portfolio as at 30 June 2023. Our investment case is relatively simple – we like digitalisation as a theme, Europe is generally underinvested in technology and the sector has been a good way of getting cheap exposure to this megatrend. We have viewed our investment in the sector as a broad play on key technology themes such as: cloud computing, big data analytics and cybersecurity. We have long included Artificial Intelligence ('AI') as part of this investment case, i.e., our IT Service holdings have the expertise to help their clients negotiate all the developments in AI.

The release by OpenAI of their latest version of ChatGPT has caused a fair amount of hype and we have taken the chance to speak to the Chief Technology Officers (or equivalent) in a range of our holdings to get a sense of their thinking on risks and opportunities.

We mostly heard positive things from our IT service holdings around productivity improvements and opportunities to help their clients speed up digitalisation. Unsurprisingly though, most said it is too early to make confident predictions. Companies cited a combination of regulatory, ethical and privacy considerations whilst noting that the cultural understanding in the language models is largely Silicon Valley based – meaning European authorities and companies need to proceed with an element of caution.

All our investments in the sector emphasised they have been working with their clients for many years and this deep domain knowledge we expect to be a positive factor as they help them implement AI based solutions.

We are also speaking to our larger holdings across a range of other sectors to help us understand what their data science / AI strategy specifically is. Companies that have been investing in, and gathering data for some time will likely be the ones best placed to take advantage we think.

By owning 'pick and shovel' plays on digitalisation, including AI, we think we have good, and relatively cheap, optionality in the portfolio to benefit from AI. Outside of IT Services, we have other holdings that are likely beneficiaries of AI. Most notable is BE Semiconductor Industries, and ASM International – two companies involved in the manufacture of semiconductor capital equipment. In addition, companies such as TXT e-solutions, Neosperience and Huddly have long talked of their inclusion of versions of AI as part of their core offering.

The area is fast moving and perhaps stating the obvious we will continue to monitor closely as much for disruptive impacts as for beneficiaries.

### Events in the Half

We would pick out the following companies for comment. Last year, when software companies were being sharply derated we started investing in four or five companies. SignUp Software was one of these, an integrator of accounts payable modules into wider enterprise software. Unfortunately, the company was bid for before we got a full position size, nevertheless, private equity interest in the area was worthy of note. La Francaise de l'Energie was another recent addition to the portfolio, this time in the first quarter. The company recovers trapped gas in disused coal mines and converts into electricity. Various other projects are funded from these cash flows and there was positive news at one of these projects when they announced the discovery of potentially material amount of natural hydrogen.

Two companies from the underperformers with negative news were Recticel and Huddly. We have owned Recticel for years and watched current management transform company from a broader industrial concern into a pure-play insulation company. The last step in this transformation was a disposal of a foams business. Poor trading at this business caused the price to be renegotiated materially downwards. We support the long-term transformation of the group and are happy to back management as they embark on a new phase with a strong net cash balance sheet. Huddly (video cameras for meeting rooms) has been a problem child for some time. We have backed the company as we think they have the most innovative products in a very large addressable market. Supply chain and a poor go-to-market strategy have caused major issues though. A recent company visit supported the long term, if less so the short term. It's a high risk, high reward situation and for now we will run with a low position size.

### Conclusion

To boil it all down to just one sentence, I'd say the necessary condition for the existence of bargains is that perception has to be considerably worse than reality. That means the best opportunities are usually found among things most others won't do. After all, if everyone feels good about something and is glad to join in, it won't be bargain-priced.

Howard Marks  
4 July 2023



## Portfolio Statement

as at 30 June 2023

Holding	Security	Market value £	% of total net assets 2023
<b>TECHNOLOGY 36.11% (32.50%)</b>			
<b>Software and Computer Services 29.31% (29.62%)</b>			
799,546	4C	1,837,688	1.01
37,761	All For One	1,355,324	0.74
2,026,000	Avensia	1,173,756	0.64
667,000	Bouvet	3,178,686	1.74
197,284	CAG	1,404,946	0.77
683,000	CTAC	2,216,847	1.21
1,525,888	Cyberoo	3,969,982	2.18
33,000	Digital Value	1,680,319	0.92
324,900	Digital360	1,456,275	0.80
96,000	EQS	2,242,143	1.23
140,000	Fabasoft	2,278,035	1.25
81,000	Infotel	4,006,182	2.20
1,180,790	Innofactor	1,211,613	0.66
900,000	Neosperience	1,522,411	0.83
760,000	Ordina	3,693,629	2.02
2,100,000	Pagero	2,329,060	1.28
369,977	Serviceware	2,643,147	1.45
266,867	Silli Solutions	3,643,470	2.00
448,122	SmartCraft	750,254	0.41
105,715	Sword	3,712,643	2.03
187,000	TXT e-solutions	3,572,686	1.96
140,000	Visiativ	3,606,388	1.98
		53,485,484	29.31
<b>Technology Hardware and Equipment 6.80% (2.88%)</b>			
9,000	ASM International	3,001,159	1.65
36,000	BE Semiconductor Industries	3,068,934	1.68
629,217	EuroGroup Laminations	3,546,977	1.94
1,123,484	Zaptec	2,783,486	1.53
		12,400,556	6.80
<b>TELECOMMUNICATIONS 1.68% (2.81%)</b>			
<b>Telecommunications Equipment 1.68% (2.81%)</b>			
7,750,000	Huddly	842,249	0.46
88,863	Traffic Systems	2,235,691	1.22
		3,077,940	1.68
<b>HEALTH CARE 4.83% (4.31%)</b>			
<b>Pharmaceuticals and Biotechnology 4.83% (4.31%)</b>			
11,010	Limes Schlosskliniken	3,233,230	1.77
31,000	Novartis	2,452,259	1.35
13,000	Roche	3,125,440	1.71
		8,810,929	4.83
<b>FINANCIALS 1.08% (5.77%)</b>			
<b>Banks 0.00% (4.80%)</b>			
<b>Investment Banking and Brokerage Services 1.08% (0.97%)</b>			
127,000	JDC	1,962,906	1.08

# MI Chelverton European Select Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>CONSUMER DISCRETIONARY 9.32% (9.84%)</b>		
	<b>Automobiles and Parts 1.71% (1.20%)</b>		
22,500	D'ieteren	3,127,898	1.71
	<b>Consumer Services 1.08% (1.24%)</b>		
235,000	ALD	1,978,512	1.08
	<b>Household Goods and Home Construction 1.43% (1.79%)</b>		
112,045	Kaufman & Broad	2,602,453	1.43
	<b>Leisure Goods 1.58% (1.83%)</b>		
1,450,000	Enad Global 7	2,883,051	1.58
	<b>Personal Goods 0.83% (0.96%)</b>		
3,500	Kering	1,519,191	0.83
	<b>Media 2.69% (2.82%)</b>		
247,881	Alkemy	2,464,762	1.35
69,000	Kinepolis	2,443,972	1.34
		4,908,734	2.69
	<b>CONSUMER STAPLES 1.14% (0.96%)</b>		
	<b>Personal Care, Drug and Grocery Stores 1.14% (0.96%)</b>		
51,000	Unilever	2,083,617	1.14
	<b>INDUSTRIALS 24.74% (29.37%)</b>		
	<b>Construction and Materials 6.83% (7.82%)</b>		
82,000	Arcadis	2,693,904	1.48
84,000	Assystem	3,397,218	1.85
34,000	Deme	3,649,322	2.00
124,000	Signify	2,732,131	1.50
		12,472,575	6.83
	<b>Aerospace and Defense 1.97% (1.79%)</b>		
16,700	Rheinmetall	3,596,394	1.97
	<b>General Industrials 2.37% (3.95%)</b>		
266,000	Recticel	2,489,610	1.36
14,000	Siemens	1,833,728	1.01
		4,323,338	2.37
	<b>Industrial Engineering 6.65% (7.98%)</b>		
89,000	AMG Advanced Metallurgical	3,628,473	1.99
164,000	ErreDue	1,309,634	0.72
145,000	Sandvik	2,221,801	1.22
350,000	Tecnicas Reunidas	2,507,943	1.37
113,000	Valmet	2,472,300	1.35
		12,140,151	6.65
	<b>Industrial Support Services 5.77% (6.54%)</b>		
38,000	Amadeus Fire	3,615,319	1.98
450,000	Brunel International	4,605,873	2.53
219,998	Rejlers	2,303,501	1.26
		10,524,693	5.77

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2023
	<b>Industrial Transportation 1.15% (1.29%)</b>		
89,610	Frequentis	2,100,595	1.15
	<b>BASIC MATERIALS 4.96% (3.94%)</b>		
	<b>Industrial Metals and Mining 1.73% (2.18%)</b>		
340,000	Vallourec	3,154,474	1.73
	<b>Precious Metals and Mining 3.23% (1.76%)</b>		
107,000	Boliden	2,432,368	1.33
113,000	Imerys	3,463,936	1.90
		5,896,304	3.23
	<b>ENERGY 10.47% (8.99%)</b>		
	<b>Oil, Gas and Coal 5.84% (7.18%)</b>		
424,500	NorAm Drilling	1,555,447	0.85
57,000	Schoeller-Bleckmann Oilfield Equipment	2,584,235	1.42
380,000	TGS-NOPEC Geophysical	4,453,419	2.44
965,000	Var Energi	2,068,419	1.13
		10,661,520	5.84
	<b>Alternative Energy 4.63% (1.81%)</b>		
79,414	La Française de l'Energie	3,290,164	1.80
970,000	OX2	5,152,534	2.83
		8,442,698	4.63
	<b>Investment assets</b>	<b>172,154,013</b>	<b>94.33</b>
	<b>Net other assets</b>	<b>10,353,552</b>	<b>5.67</b>
	<b>Net assets</b>	<b>182,507,565</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 31.12.22.

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

Total purchases for the period: £44,231,408

Total sales for the period: £28,367,574

# MI Chelverton European Select Fund

## Net Asset Value and Shares in Issue

Class	Net Asset Value	Shares in issue	Net Asset Value per share	Operating Charge Figure*
A Income	£10,812,912	7,025,342	153.91p	0.51%
A Accumulation	£66,020,312	56,470,547	116.91p	0.51%
B Income	£18,139,704	13,597,569	133.40p	0.96%
B Accumulation	£87,534,637	58,452,272	149.75p	0.96%

\*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 by annualising the expenses incurred against the average Net Asset Value for the accounting period.

## 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. 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.

## Statement of Total Return

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
Income				
Net capital gains/(losses)		4,083,516		(29,782,301)
Revenue	3,816,026		4,095,594	
Expenses	(652,018)		(662,529)	
Interest payable and similar charges	(2)		–	
Net revenue before taxation	3,164,006		3,433,065	
Taxation	(320,959)		(323,443)	
Net revenue after taxation		2,843,047		3,109,622
<b>Total return before distributions</b>		<b>6,926,563</b>		<b>(26,672,679)</b>
Distributions		(2,843,001)		(3,109,587)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>4,083,562</b>		<b>(29,782,266)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period ended 30 June 2023

	30.06.23		30.06.22	
	£	£	£	£
<b>Opening net assets attributable to Shareholders</b>		<b>154,457,785</b>		<b>187,380,156</b>
Amounts receivable on issue of shares	41,892,990		17,886,800	
Less: Amounts payable on cancellation of shares	(20,492,775)		(14,481,874)	
Dilution levy	57,088		–	
		21,457,303		3,404,926
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		4,083,562		(29,782,266)
Retained distribution on accumulation shares		2,508,915		2,917,211
<b>Closing net assets attributable to Shareholders</b>		<b>182,507,565</b>		<b>163,920,027</b>

The opening net assets attributable to Shareholders for the current period do not equal the closing net assets attributable to Shareholders for the comparative period as they are not consecutive periods.

# MI Chelverton European Select Fund

## Balance Sheet

as at 30 June 2023

	£	30.06.23	£	£	31.12.22	£
<b>ASSETS</b>						
<b>Fixed Assets</b>						
Investments		172,154,013			152,124,707	
<b>Current Assets</b>						
Debtors	982,456			13,352,785		
Cash and bank balances	10,326,267			3,201,488		
<b>Total current assets</b>		<b>11,308,723</b>			<b>16,554,273</b>	
<b>Total assets</b>		<b>183,462,736</b>			<b>168,678,980</b>	
<b>LIABILITIES</b>						
<b>Creditors</b>						
Bank overdrafts	(287,325)			(247,177)		
Distribution payable	(474,662)			(12,461)		
Other creditors	(193,184)			(13,961,557)		
<b>Total creditors</b>		<b>(955,171)</b>			<b>(14,221,195)</b>	
<b>Total liabilities</b>		<b>(955,171)</b>			<b>(14,221,195)</b>	
<b>Net assets attributable to Shareholders</b>		<b>182,507,565</b>			<b>154,457,785</b>	

## Distribution Tables

for the period ended 30 June 2023

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2023 p	Distribution paid 2022 p
A	Interim	Group 1	2.7511	–	2.7511	3.0693
		Group 2	2.0128	0.7383	2.7511	3.0693
B	Interim	Group 1	2.0694	–	2.0694	2.3534
		Group 2	1.6502	0.4192	2.0694	2.3534

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2023 p	Amount reinvested 2022 p
A	Interim	Group 1	2.0486	–	2.0486	2.2201
		Group 2	1.6245	0.4241	2.0486	2.2201
B	Interim	Group 1	2.3131	–	2.3131	2.5458
		Group 2	1.5059	0.8072	2.3131	2.5458

Interim period: 01.01.23 - 30.06.23

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 and structure of the Company

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 the Company 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:

Sub-fund	Share Class					
	A		B		C	
	Inc	Acc	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 12:00pm 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 a 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.fundrock.com](http://www.fundrock.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.

### Significant Information

Effective 13 July 2023 Maitland Institutional Services Limited changed name to Apex Fundrock Limited.

The ACD has assessed the Russia-Ukraine war implications and although the Company has no direct exposure to Russian or Ukrainian assets the crisis has and will have a wider impact in terms of market performance.

### 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.

