

Maitland

**MI Somerset Capital Management Investment Funds
ICVC**

Annual Report 30 September 2018

MI Somerset Capital Management Investment Funds ICVC

Contents

Page

Directory*	1
Statement of the Authorised Corporate Director's Responsibilities	2
Certification of the Annual Report by the Authorised Corporate Director	2
Statement of the Depository's Responsibilities	3
Independent Auditor's Report to the Shareholders of the Company	4
MI Somerset Global Emerging Markets Fund	
Investment Objective and Policy*	6
Investment Manager's report*	6
Portfolio Statement*	8
Comparative Tables*	11
Statement of Total Return	16
Statement of Change in Net Assets Attributable to Shareholders	16
Balance Sheet	17
Notes to the Financial Statements	18
Distribution Tables	29
MI Somerset Global Emerging Markets Dividend Growth Fund	
Investment Objective and Policy*	30
Investment Manager's report*	30
Portfolio Statement*	32
Comparative Tables*	35
Statement of Total Return	41
Statement of Change in Net Assets Attributable to Shareholders	41
Balance Sheet	42
Notes to the Financial Statements	43
Distribution Tables	51
MI Somerset Global Emerging Markets Small Cap Fund	
Investment Objective and Policy*	53
Investment Manager's report*	53
Portfolio Statement*	55
Comparative Tables*	58
Statement of Total Return	61
Statement of Change in Net Assets Attributable to Shareholders	61
Balance Sheet	62
Notes to the Financial Statements	63
Distribution Tables	71
MI Somerset Global Emerging Markets (Screened) Fund	
Investment Objective and Policy*	72
Investment Manager's report*	72
Portfolio Statement*	74
Comparative Tables*	77
Statement of Total Return	79
Statement of Change in Net Assets Attributable to Shareholders	79
Balance Sheet	80
Notes to the Financial Statements	81
Distribution Tables	88
General Information*	89

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

Directory

Authorised Corporate Director (ACD) & Registrar

Maitland Institutional Services Ltd
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Telephone: 01245 398950
Fax: 01245 398951
Website: www.maitlandgroup.com
(Authorised and regulated by the Financial Conduct Authority)

Customer Service Centre

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
Telephone: 0345 026 4282
Fax: 0845 299 1178
E-mail: SomersetCM@maitlandgroup.co.uk
(Authorised and regulated by the Financial Conduct Authority)

Directors of the Authorised Corporate Director

R. Ackermann
J. Clark (appointed 21 December 2017)
P.J. Foley-Brickley
S. Georgala
D. Jones
G. Kok (appointed 30 November 2017)
R.W. Leedham (retired 19 December 2017)

Investment Manager

Somerset Capital Management LLP
Manning House,
22 Carlisle Place,
London SW1P 1JA
(Authorised and regulated by the Financial Conduct Authority)

Lead Investment Managers

Edward Lam
Edward Robertson
Mark Asquith

Co-Lead Investment Manager

Henrietta Seligman

Depositary

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

Independent Auditor

KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London E14 5GL

Statement of the Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD is responsible for:

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

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

Certification of the Annual Report by the Authorised Corporate Director

In accordance with the requirements of the Regulations and COLL Sourcebook, we hereby certify the Report on behalf of the Company, Maitland Institutional Services Ltd.

R. Ackermann

D. Jones

Directors

Maitland Institutional Services Ltd

29 January 2019

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ('the Company')

for the year ended 30 September 2018

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

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

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

The Depositary must ensure that:

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

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

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

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

Northern Trust Global Services SE

29 January 2019

Independent Auditor's Report to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ('the Company')

Opinion

We have audited the financial statements of the Company for the year ended 30 September 2018 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's Sub-funds listed on pages 16 to 29, 41 to 52, 61 to 71 and 79 to 88 and the accounting policies set out on pages 18 to 19.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the Sub-funds as at 30 September 2018 and of the net revenue and the net capital gains/(losses) on the property of each of the Sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter - the impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the continued operation of the Company and provision of services by key outsourcers and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the company's and its sub-funds' business model, including the impact of Brexit, and analysed how those risks might affect the company's and its sub-funds' financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

Independent Auditor's Report to the Shareholders of MI Somerset Capital Management Investment Funds ICVC ('the Company')

continued

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's (Maitland Institutional Services Ltd) responsibilities

As explained more fully in their statement set out on page 2 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Ravi Lamba

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London E14 5GL

29 January 2019

Investment Objective and Policy

Investment objective

The Sub-fund seeks to achieve capital appreciation by mainly investing in an actively managed portfolio of emerging market securities.

Investment policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

Investment Manager's Report

for the year ended 30 September 2018

The Somerset Global Emerging Markets Fund fell in capital terms during the 12 months to 30 September 2018 and saw an underperformance of -7.52% against the MSCI Emerging Markets Index. The Sub-fund's GBP A Accumulation class share price at NAV was down -5.47% whereas the market rose 2.05%. In terms of longer-term positioning, we continue to look for reasonably priced good quality companies.

The last 12 months have been volatile for Global Emerging Markets. Rising US interest rates and growing concerns on the prospect of a China/US trade war caused investors to pull back on their emerging markets exposure.

The Energy sector became a safe-haven for investors and was up +30% over the period as oil prices rose strongly over 2018. Our underweight to the sector (SCM 2% vs index 7%) was a significant detractor to performance.

High oil prices also hurt sentiment in India. Our Indian holdings underperformed the market, mostly as a result of our exposure to Indian Financials. LIC Housing Finance, ICICI Bank and Shriram Transport Finance were particularly weak in September 2018 as sentiment in the non-banking financial sector was hurt as Yes Bank's CEO was removed by the Reserve Bank of India. We believe volatility in the financial sector will subside.

Stock selection in Brazil and Korea were also two of the largest detractors to relative performance over the last 12 months. In particular financials BB Seguridade Participacoes and Shinhan Financial were weak.

In South Africa, the economy has been stagnating. The new government has been slow to implement reforms. Our stocks underperformed as a result of two stock specific issues – MTN and Tiger Brands. MTN was ordered to repatriate \$8bn by the Nigerian Central Bank. Tiger Brands had a food safety issue in Q118 which was compounded by the recession. We conclude, after interaction with senior management, that Tiger Brands is taking the right steps on food safety. In addition the economic cycle in South Africa is close to a trough and Tiger Brands is attractively valued vs history at 12x PE. MTN has been sold from the portfolio.

Investment Manager's Report

continued

Elsewhere in the markets Russian equities were hurt by US sanctions in 2017 and Q218. Turkish stocks were the weakest in the index over the period, falling -40%, having been hit by tensions between the US and President Erdogan, as well as currency weakness.

Stock selection in Mexico was one of the largest contributors to relative performance. Our Mexican financial stocks, Formento Economico Mexicano Sponsored ADR (FEMSA) and Grupo Financiero Banorte were both up c.10% over the period, allowing us to outperform the market which was roughly flat despite a turbulent 12 months. The constant trickle of negative headlines over North American Free Trade Agreement (NAFTA) negotiations and a summer election dampened investor sentiment in the first half of 2018. In the latter half of 2018 the Mexican market re-bounded strongly, as a NAFTA deal was reached and the new president set about implementing fiscally responsible policies.

Our holding in National Bank of Abu Dhabi was the greatest contributor to relative performance, rising 54% vs a falling index. Our underweight to Real Estate (SCM 0% vs index 3%) was also a significant contributor as Real Estate was the worst performing sector over the period (down 13%).

Trade issues, alongside high interest rates, remain the big worry with the (unlikely) prospect of an economic 'sudden stop'. Our base case is that there is a deal to be done, as with NAFTA, but there will be noise.

Valuations are supportive, matching similar levels to the 2015 bear market. The portfolio's overweight in India and Mexico should help balance off our overweight in Consumer Discretionary, should a full blown trade war develop (not our base case). Our underweight in commodities and energy will also help.

Our focus is on adding to holdings in China, India, Brazil and South Africa. We retain our broad exposure to the Emerging Markets consumer. Elections in South Africa and India, early in 2019, should provide clarity. Trade issues need to stop escalating for the next EM rally to develop.

Edward Robertson

Lead Manager

24 October 2018

MI Somerset Global Emerging Markets Fund

Portfolio Statement

as at 30 September 2018

Holding	Security	Market value £	% of total net assets 2018
	OIL & GAS 2.53% (2.95%)		
	Oil & Gas Producers 2.53% (2.95%)		
2,560,269	Bharat Petroleum	10,133,466	2.53
	INDUSTRIALS 0.00% (0.74%)		
	General Industrials 0.00% (0.74%)		
22,972	Nampak	19,058	0.00
	CONSUMER GOODS 30.48% (27.91%)		
	Automobiles & Parts 8.12% (7.14%)		
330,421	Bajaj Auto	9,393,657	2.35
4,345,731	Fuyao Glass Industry	12,321,308	3.08
237,972	Hero MotoCorp	7,384,169	1.84
1,241,640	Tofas Turk Otomobil Fabrikasi	3,388,683	0.85
		32,487,817	8.12
	Beverages 2.05% (3.19%)		
108,187	Fomento Economico Mexicano Sponsored ADR	8,210,465	2.05
	Food Producers 8.05% (9.28%)		
6,169,417	China Mengniu Dairy	15,719,646	3.92
713,263	Gruma SAB de CV	6,958,942	1.74
48,311	M Dias Branco	364,573	0.09
641,732	Tiger Brands	9,195,817	2.30
		32,238,978	8.05
	Household Goods & Home Construction 7.69% (5.64%)		
5,700,805	Haier Electronics	11,843,971	2.96
3,006,079	Midea	13,578,975	3.39
889,329	Zhejiang Supor	5,344,280	1.34
		30,767,226	7.69
	Leisure Goods 2.10% (0.00%)		
92,000	Largan Precision	8,398,988	2.10
	Tobacco 2.47% (2.66%)		
3,133,056	ITC	9,868,397	2.47
	HEALTH CARE 0.97% (1.22%)		
	Pharmaceuticals & Biotechnology 0.97% (1.22%)		
54,664,730	Kalbe Farma	3,882,043	0.97
	CONSUMER SERVICES 5.52% (2.38%)		
	Food & Drug Retailers 2.18% (0.00%)		
204,458	BIM Birlesik Magazalar	2,117,972	0.53
380,880	X5 Retail	6,594,794	1.65
		8,712,766	2.18

MI Somerset Global Emerging Markets Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	Travel & Leisure 3.34% (2.38%)		
3,857,520	Sands China	13,382,484	3.34
	TELECOMMUNICATIONS 0.65% (5.64%)		
	Fixed Line Telecommunications 0.00% (1.09%)		
	Mobile Telecommunications 0.65% (4.55%)		
548,424	MTN	2,600,066	0.65
	FINANCIALS 31.99% (33.56%)		
	Banks 20.06% (20.84%)		
5,851,696	Alpha Bank	6,457,871	1.61
14,944,233	CTBC Financial	8,613,726	2.15
2,112,997	Grupo Financiero Banorte	11,703,249	2.92
4,872,894	ICICI Bank	15,750,557	3.94
1,998,282	Itau Unibanco	16,929,260	4.23
3,389,629	National Bank of Abu Dhabi	10,105,410	2.52
381,327	OTP Bank	10,752,784	2.69
		80,312,857	20.06
	Non-life Insurance 3.84% (5.48%)		
1,419,407	BB Seguridade Participacoes	6,557,651	1.64
1,066,049	Powszechny Zaklad Ubezpieczen	8,800,022	2.20
		15,357,673	3.84
	Life Insurance 3.16% (2.59%)		
2,950,033	Sanlam	12,646,424	3.16
	Financial Services 4.93% (4.65%)		
2,627,937	LIC Housing Finance	11,603,635	2.90
669,730	Shriram Transport Finance	8,154,229	2.03
		19,757,864	4.93
	TECHNOLOGY 25.70% (21.53%)		
	Software & Computer Services 14.98% (9.97%)		
862,257	HCL Technologies	9,922,302	2.48
22,194	HCL Technologies Basic entitlement	258,259	0.06
1,028,407	Infosys	7,942,264	1.99
20,164	NetEase.com ADR	3,527,656	0.88
434,272	Yandex	10,952,539	2.74
312,248	Mail.Ru	6,397,720	1.60
661,528	Tencent Holdings	20,952,936	5.23
		59,953,676	14.98

MI Somerset Global Emerging Markets Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	Technology Hardware & Equipment 10.72% (11.56%)		
585,109	Samsung Electronics	18,788,745	4.69
169,875	SK Hynix	8,584,641	2.15
2,360,505	Taiwan Semiconductor	15,532,485	3.88
		42,905,871	10.72
	Investment assets	391,636,119	97.84
	Net other assets	8,658,783	2.16
	Net assets	400,294,902	100.00

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 30.09.17.

MI Somerset Global Emerging Markets Fund

Comparative Tables

Change in net assets per share

	A Income GBP		A Accumulation GBP		
	30.09.16 p ^{^^}	30.09.15 p	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	154.34	180.50	250.00	211.96	160.16
Return before operating charges [^]	-153.46	-12.24	-11.13	42.11	55.02
Operating charges	-0.88	-3.23	-4.25	-4.07	-3.22
Return after operating charges [^]	-154.34	-15.47	-15.38	38.04	51.80
Distributions	0.00	-10.69	-2.15	-2.60	-0.64
Retained distributions on accumulation shares	n/a	n/a	2.15	2.60	0.64
Closing net asset value per share	0.00	154.34	234.62	250.00	211.96
[^] After direct transaction costs of	0.00	0.30	0.15	0.09	0.02
Performance					
Return after charges	-100.00%	-8.57%	-6.15%	17.95%	32.34%
Other information					
Closing net asset value	–	£128,116	£606,176	£676,968	£419,880
Closing number of shares	–	83,010	258,369	270,792	198,098
Operating charges	1.81%	1.83%	1.67%	1.72%	1.81%
Ongoing operating charges	–	1.83%	1.67%	1.70%	1.78%
Direct transaction costs	-0.01%	-0.17%	-0.06%	-0.04%	-0.01%
Prices					
Highest share price	161.84	196.28	275.05	262.64	217.92
Lowest share price	144.78	147.56	227.98	204.96	150.23

^{^^} On 22 January 2016, as part of the Retail Distribution Review, the A Income GBP share class was transferred to the B Income share class. The return after charges at the date of transfer was 4.91%

	B Income GBP		
	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	235.58	201.76	154.19
Return before operating charges [^]	-10.46	40.04	52.44
Operating charges	-2.21	-2.19	-1.81
Return after operating charges [^]	-12.67	37.85	50.63
Distributions	-3.81	-4.03	-3.06
Closing net asset value per share	219.10	235.58	201.76
[^] After direct transaction costs of	0.14	0.09	0.02
Performance			
Return after charges	-5.38%	18.76%	32.84%
Other information			
Closing net asset value	£15,936,220	£20,478,273	£68,140,974
Closing number of shares	7,273,340	8,692,634	33,772,719
Operating charges	0.92%	0.97%	1.06%
Ongoing operating charges	0.92%	0.95%	1.03%
Direct transaction costs	-0.06%	-0.04%	-0.01%
Prices			
Highest share price	259.77	249.92	209.58
Lowest share price	215.36	195.39	145.00

MI Somerset Global Emerging Markets Fund

Comparative Tables

continued

Change in net assets per share

	B Accumulation GBP		
	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	260.93	219.64	165.21
Return before operating charges [^]	-11.60	43.68	56.38
Operating charges	-2.46	-2.39	-1.95
Return after operating charges [^]	-14.06	41.29	54.43
Distributions	-4.21	-4.44	-3.29
Retained distributions on accumulation shares	4.21	4.44	3.29
Closing net asset value per share	246.87	260.93	219.64
[^] After direct transaction costs of	0.16	0.10	0.02
Performance			
Return after charges	-5.39%	18.80%	32.95%
Other information			
Closing net asset value	£199,906,062	£107,586,748	£42,618,809
Closing number of shares	80,977,738	41,231,767	19,404,342
Operating charges	0.92%	0.97%	1.06%
Ongoing operating charges	0.92%	0.95%	1.03%
Direct transaction costs	-0.06%	-0.04%	-0.01%
Prices			
Highest share price	287.73	273.90	225.56
Lowest share price	239.82	212.69	155.37

	B Income USD	
	30.09.17 \$c ^{^^}	30.09.16 \$c
Opening net asset value per share	262.08	233.55
Return before operating charges [^]	-259.51	35.18
Operating charges	-2.57	-2.57
Return after operating charges [^]	-262.08	32.61
Distributions	0.00	-4.08
Closing net asset value per share	0.00	262.08
[^] After direct transaction costs of	0.11	0.02
Performance		
Return after charges	-100.00%	13.96%
Other information		
Closing net asset value	–	\$102,406
Closing number of shares	–	39,075
Operating charges	0.97%	1.06%
Ongoing operating charges	–	1.03%
Direct transaction costs	-0.04%	-0.01%
Prices		
Highest share price	268.74	273.38
Lowest share price	259.94	204.62

^{^^} B Income USD share class disinvested on 11 November 2016. The return after charges at the date of disinvestment was (0.27)%

MI Somerset Global Emerging Markets Fund

Comparative Tables

continued

Change in net assets per share

	B Accumulation USD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	116.76	95.16	83.47
Return before operating charges [^]	-8.31	22.61	12.61
Operating charges	-1.10	-1.01	-0.92
Return after operating charges [^]	-9.41	21.60	11.69
Distributions	-1.41	-1.92	-1.46
Retained distributions on accumulation shares	1.41	1.92	1.46
Closing net asset value per share	107.35	116.76	95.16
[^] After direct transaction costs of	0.07	0.04	0.01
Performance			
Return after charges	-8.06%	22.70%	14.01%
Other information			
Closing net asset value	\$77,857,761	\$121,503,319	\$97,792,958
Closing number of shares	72,526,952	104,058,078	102,765,146
Operating charges	0.92%	0.97%	1.06%
Ongoing operating charges	0.92%	0.95%	1.03%
Direct transaction costs	-0.06%	-0.04%	-0.01%
Prices			
Highest share price	135.19	120.03	98.14
Lowest share price	104.00	89.27	73.13

The foreign exchange rate used to calculate the net asset value and the net distribution per share as at 30 September 2018 was \$1.3041.

	B Accumulation EUR		
	30.09.18 €c	30.09.17 €c	30.09.16 €c
Opening net asset value per share	118.68	101.75	89.85
Return before operating charges [^]	-6.51	18.03	12.90
Operating charges	-1.11	-1.10	-1.00
Return after operating charges [^]	-7.62	16.93	11.90
Distributions	-1.68	-2.04	-1.56
Retained distributions on accumulation shares	1.68	2.04	1.56
Closing net asset value per share	111.06	118.68	101.75
[^] After direct transaction costs of	0.07	0.05	0.01
Performance			
Return after charges	-6.42%	16.64%	13.24%
Other information			
Closing net asset value	€1,869,936	€2,622,225	€2,248,127
Closing number of shares	1,683,738	2,209,428	2,209,428
Operating charges	0.92%	0.97%	1.06%
Ongoing operating charges	0.92%	0.95%	1.03%
Direct transaction costs	-0.06%	-0.04%	-0.01%
Prices			
Highest share price	131.30	121.26	104.70
Lowest share price	107.91	99.73	80.50

The foreign exchange rate used to calculate the net asset value and the net distribution per share as at 30 September 2018 was €1.1227.

Comparative Tables

continued

Change in net assets per share

	B Accumulation DKK		
	30.09.18 ore	30.09.17 ore	30.09.16 ore
Opening net asset value per share	2,378.49	2,039.19	1,803.27
Return before operating charges [^]	-125.83	359.81	254.91
Operating charges	-20.45	-20.51	-18.99
Return after operating charges [^]	-146.28	339.30	235.92
Distributions	-4.80	-42.40	-23.56
Retained distributions on accumulation shares	4.80	42.40	23.56
Closing net asset value per share	2,232.21	2,378.49	2,039.19
[^] After direct transaction costs of	1.46	0.91	0.19
Performance			
Return after charges	-6.15%	16.64%	13.08%
Other information			
Closing net asset value	kr.1,025,451,908	kr.1,092,652,037	kr.1,115,147,490
Closing number of shares	45,938,897	45,938,897	54,685,814
Operating charges	0.84%	0.91%	1.01%
Ongoing operating charges	0.84%	0.89%	0.98%
Direct transaction costs	-0.06%	-0.04%	-0.01%
Prices			
Highest share price	2,632.34	2,428.07	2,097.20
Lowest share price	2,169.21	1,997.94	1,617.20

The foreign exchange rate used to calculate the net asset value and the net distribution per share as at 30 September 2018 was kr. 8.3725.

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 year.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

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

Comparative Tables

continued

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.

← Typically lower rewards, lower risk					Typically higher rewards, higher risk →	
1	2	3	4	5	6	7

The 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 your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- 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.
- For further risk information please see the prospectus.

Risk warning

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

MI Somerset Global Emerging Markets Fund

Statement of Total Return

for the year ended 30 September 2018

	Note	£	30.09.18 £	£	30.09.17 £
Income					
Net capital (losses)/gains	2		(37,760,746)		47,510,196
Revenue	3	11,278,650		9,115,054	
Expenses	4	(3,604,266)		(3,014,643)	
Interest payable and similar charges	4	(1,128)		(2,275)	
Net revenue before taxation		7,673,256		6,098,136	
Taxation	5	(724,043)		(490,024)	
Net revenue after taxation			6,949,213		5,608,112
Total return before distributions			(30,811,533)		53,118,308
Distributions	6		(6,949,177)		(5,608,131)
Change in net assets attributable to Shareholders from investment activities			(37,760,710)		47,510,177

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2018

		£	30.09.18 £	£	30.09.17 £
Opening net assets attributable to Shareholders			350,990,117		318,048,023
Amounts receivable on issue of shares		152,683,216		93,991,375	
Less: Amounts payable on cancellation of shares		(72,951,499)		(65,024,299)	
Less: Amounts paid on cancellation of shares in relation to inspecie transfer		—		(49,373,809)	
			79,731,717		(20,406,733)
Dilution levy			635,203		459,944
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)			(37,760,710)		47,510,177
Retained distribution on accumulation shares			6,698,575		5,378,706
Closing net assets attributable to Shareholders			400,294,902		350,990,117

The notes on pages 18 to 28 form an integral part of these Financial Statements.

MI Somerset Global Emerging Markets Fund

Balance Sheet

as at 30 September 2018

	Note	£	30.09.18 £	£	30.09.17 £
ASSETS					
Fixed Assets					
Investments			391,636,119		336,707,875
Current Assets					
Debtors	7	2,146,300		4,220,873	
Cash and bank balances	9	7,841,346		12,536,317	
Total current assets			9,987,646		16,757,190
Total assets			401,623,765		353,465,065
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(187,783)		(217,742)	
Other creditors	8	(1,141,080)		(2,257,206)	
Total creditors			(1,328,863)		(2,474,948)
Total liabilities			(1,328,863)		(2,474,948)
Net assets attributable to Shareholders			400,294,902		350,990,117

The notes on pages 18 to 28 form an integral part of these Financial Statements.

Notes to the Financial Statements

for the year ended 30 September 2018

1. Accounting Policies

(a) Basis of accounting

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

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

The authorised Status and head office of the Sub-fund can be found within the general information starting on page 89.

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

(b) Recognition of revenue

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

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

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

(c) Treatment of stock and special dividends

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

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

(d) Treatment of expenses

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

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

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

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

(f) Taxation

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

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

(g) Distribution policy

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

At the year end, there were no items of a capital nature.

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

Notes to the Financial Statements

continued

(g) Distribution policy (continued)

For the purpose of enhancing revenue entitlement, the annual management fee payable to the Investment Manager for MI Somerset Emerging Markets Dividend Growth Fund and the performance fees payable to the Investment Manager for MI Somerset Emerging Markets Small Cap Fund are allocated to capital. This will reduce the capital growth of the Sub-fund. All other expenses (except for those relating to the purchase and sale of investments and stamp duty reserve tax), are charged against revenue for the year.

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

(h) Basis of valuation of investments

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

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

The fair value of open forward foreign currency contracts is calculated with reference to the changes in the spot rate, changes in interest rate differential and the reduced term left to maturity.

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

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

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

(i) Exchange rates

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

(j) Dilution levy

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

MI Somerset Global Emerging Markets Fund

Notes to the Financial Statements

continued

2. Net Capital (Losses)/Gains	30.09.18	30.09.17
	£	£
Non-derivative securities	(37,469,492)	47,660,309
Currency losses	(243,747)	(97,672)
Transaction charges	(47,507)	(52,441)
Net capital (losses)/gains	(37,760,746)	47,510,196
3. Revenue	30.09.18	30.09.17
	£	£
Overseas dividends	10,758,054	8,194,624
Taxable overseas dividends	519,874	919,074
Bank interest	720	1,356
Sundry	2	–
Total revenue	11,278,650	9,115,054
4. Expenses	30.09.18	30.09.17
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	294,728	198,577
Registration fees	78,533	79,929
	<u>373,261</u>	<u>278,506</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	<u>2,970,013</u>	<u>2,332,483</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	89,101	82,914
Safe custody and other bank charges	124,509	229,551
	<u>213,610</u>	<u>312,465</u>

Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.18 £	30.09.17 £
Other expenses:		
Audit fee (including VAT)	7,200	7,380
Audit fee (including VAT): taxation services	1,500	1,308
FCA fee	156	–
Legal fees	35,054	80,676
Printing costs	3,472	1,825
	47,382	91,189
Expenses	3,604,266	3,014,643
Interest payable and similar charges	1,128	2,275
Total	3,605,394	3,016,918

5. Taxation	30.09.18 £	30.09.17 £
(a) Analysis of charge in the year:		
Overseas tax	724,043	490,024
Total tax charge (note 5b)	724,043	490,024
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	7,673,256	6,098,136
Corporation tax at 20%	1,534,651	1,219,627
Effects of:		
Movement in surplus management expenses	632,557	439,233
Overseas tax expensed	724,043	490,024
Unutilised double taxation relief	(15,596)	(19,935)
Non-taxable overseas earnings	(2,151,612)	(1,638,925)
Total tax charge (note 5a)	724,043	490,024

(c) Deferred tax

At the year end there is a potential deferred tax asset of £2,069,645 (2017: £1,437,088) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

MI Somerset Global Emerging Markets Fund

Notes to the Financial Statements

continued

6. Distributions

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

		30.09.18	30.09.17
		£	£
Interim distribution	31.03.18	2,281,464	1,985,001
Final distribution	30.09.18	4,720,635	3,737,306
		<hr/> 7,002,099	<hr/> 5,722,307
Revenue deducted on cancellation of shares		432,496	155,643
Revenue deducted on cancellation of shares in relation to inspecie transfer		–	79,907
Revenue received on issue of shares		(485,418)	(349,726)
Distributions		<hr/> 6,949,177	<hr/> 5,608,131

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		6,949,213	5,608,112
Undistributed revenue brought forward		91	110
Undistributed revenue carried forward		(127)	(91)
Distributions		<hr/> 6,949,177	<hr/> 5,608,131

7. Debtors

		30.09.18	30.09.17
		£	£
Amounts receivable on issues		1,360,565	2,406,354
Currency deals outstanding		53,138	1,055,676
Sales awaiting settlement		5,698	363,954
Accrued income:			
Dividends receivable		522,265	316,271
Overseas tax recoverable		198,763	72,341
Prepaid expenses:			
Legal fee		5,871	6,277
Total debtors		<hr/> 2,146,300	<hr/> 4,220,873

MI Somerset Global Emerging Markets Fund

Notes to the Financial Statements

continued

8. Other Creditors	30.09.18	30.09.17
	£	£
Amounts payable on cancellations	755,817	189,456
Currency deals outstanding	53,675	1,057,411
Purchases awaiting settlement	–	688,947
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	25,275	21,333
Registration fees	5,729	5,858
	<u>31,004</u>	<u>27,191</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	242,315	211,687
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	15,826	15,723
Safe custody and other bank charges	25,588	37,591
	<u>41,414</u>	<u>53,314</u>
Other expenses:		
Audit fee (including VAT)	7,199	7,200
Audit fee (including VAT): taxation services	4,500	3,000
Legal fees	3,600	18,000
Printing costs	1,556	1,000
	<u>16,855</u>	<u>29,200</u>
Total other creditors	<u>1,141,080</u>	<u>2,257,206</u>
9. Cash and Bank Balances	30.09.18	30.09.17
	£	£
Cash and bank balances	7,841,346	12,536,317
Cash and bank balances	<u>7,841,346</u>	<u>12,536,317</u>

Notes to the Financial Statements

continued

10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Somerset Capital Management LLP (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Funds ICVC.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

12. Risk Management Policies and Disclosures

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

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

The Sub-fund may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the Fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

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

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

Market price risk

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

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

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to shareholders would increase or decrease by approximately £39,163,612 (2017: £33,670,788).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

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

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

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

Currency	30.09.18 Total £	30.09.17 Total £
Brazilian real	23,857,320	35,386,236
Chinese renminbi	31,244,563	1,585,707
Euro	6,457,871	–
Hong Kong dollar	61,899,037	46,025,080
Hungarian forint	10,752,784	9,149,147
Indian rupee	90,411,484	72,033,744
Indonesian rupiah	3,882,043	4,292,835
Malaysian ringgit	–	4,456,971
Mexican peso	18,662,191	15,741,365
Polish zloty	9,488,016	17,527,539
Pound sterling	7,611,488	13,376,603
South African rand	24,474,363	27,947,876
South Korean won	27,373,386	34,786,742
Taiwanese dollar	32,545,199	17,690,953
Turkish lira	5,506,655	10,542,486
United Arab Emirates dirham	10,105,410	5,998,442
United States dollar	36,023,092	34,448,391
	400,294,902	350,990,117

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to shareholders would increase or decrease by approximately £39,268,341 (2017: £33,761,351).

Interest rate risk

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

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

In the opinion of the ACD there is no significant interest rate risk to the Sub-fund.

Credit risk

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

There are no net borrowings or unlisted securities and the ACD considers that the Sub-fund has little exposure to credit risk.

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Liquidity risk

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

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

The ACD considers that there is little exposure to liquidity risk.

Counterparty risk

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

Derivatives

The Sub-fund may enter into derivative contracts for Efficient Portfolio Management (EPM) purposes. The purposes of EPM must be to achieve reduction of risk, the reduction of cost, or the generation of additional income or capital with an acceptably low level of risk and the use of these instruments must not cause the Sub-fund to stray from its investment objectives.

Any EPM transaction must be economically appropriate and the exposure fully covered. The ACD monitors the use of derivatives to ensure EPM rules are satisfied.

In the opinion of the ACD there is no sophisticated derivative use within the Sub-fund and accordingly a sensitivity analysis is not presented.

Fair value of financial assets and liabilities

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

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

30.09.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	192,228,997	141,537	0.07	111,971	0.06	191,975,489
Corporate actions	303,691	–	0.00	–	0.00	303,691
Total purchases after commissions and tax	192,532,688					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	100,133,931	73,521	0.07	79,552	0.08	100,287,004
Total sales after commissions and tax	100,133,931					
Commission as a % of average net assets	0.05%					
Taxes as a % of the average net assets	0.05%					

30.09.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	94,336,487	82,167	0.09	79,575	0.08	94,174,745
Corporate actions	(212,386)	–	0.00	–	0.00	(212,386)
Total purchases after commissions and tax	94,124,101					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	62,773,999	64,516	0.10	116,468	0.19	62,954,983
In-specie	46,899,740	–	0.00	–	0.00	46,899,740
Total sales after commissions and tax	109,673,739					
Commission as a % of average net assets	0.05%					
Taxes as a % of the average net assets	0.06%					

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 11 to 15. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

Notes to the Financial Statements

continued

14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2018 is 0.14% (2017: 0.15%).

15. Fair Value Disclosure

Valuation technique	30.09.18		30.09.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	391,636,119	–	336,707,875	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	391,636,119	–	336,707,875	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	A Accumulation GBP	B Income GBP	B Accumulation GBP
Opening number of shares	270,792	8,692,634	41,231,767
Shares issued	938,029	1,200,793	50,443,590
Shares cancelled	(950,452)	(2,620,087)	(10,697,619)
Closing number of Shares	258,369	7,273,340	80,977,738

	B Accumulation USD	B Accumulation EUR	B Accumulation DKK
Opening number of shares	104,058,078	2,209,428	45,938,897
Shares issued	11,242,889	3,624	–
Shares cancelled	(42,774,015)	(529,314)	–
Closing number of Shares	72,526,952	1,683,738	45,938,897

MI Somerset Global Emerging Markets Fund

Distribution Tables

for the year ended 30 September 2018

Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2018	Distribution paid 2017
B GBP	Interim	Group 1	1.2325p	–	1.2325p	1.5236p
		Group 2	1.0737p	0.1588p	1.2325p	1.5236p
	Final	Group 1	2.5818p	–	2.5818p	2.5049p
		Group 2	0.9303p	1.6515p	2.5818p	2.5049p

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
A GBP	Interim	Group 1	0.3495p	–	0.3495p	0.8902p
		Group 2	0.3344p	0.0151p	0.3495p	0.8902p
	Final	Group 1	1.8032p	–	1.8032p	1.7070p
		Group 2	–	1.8032p	1.8032p	1.7070p
B GBP	Interim	Group 1	1.3315p	–	1.3315p	1.6934p
		Group 2	0.6588p	0.6727p	1.3315p	1.6934p
	Final	Group 1	2.8786p	–	2.8786p	2.7513p
		Group 2	1.3871p	1.4915p	2.8786p	2.7513p
B USD	Interim	Group 1	0.6276\$c	–	0.6276\$c	0.6944\$c
		Group 2	0.5657\$c	0.0619\$c	0.6276\$c	0.6944\$c
	Final	Group 1	1.2497\$c	–	1.2497\$c	1.2293\$c
		Group 2	0.5319\$c	0.7178\$c	1.2497\$c	1.2293\$c
B EUR	Interim	Group 1	0.6002€ c	–	0.6002€ c	0.7952€ c
		Group 2	0.6002€ c	–	0.6002€ c	0.7952€ c
	Final	Group 1	1.1533€ c	–	1.1533€ c	1.2490€ c
		Group 2	1.1533€ c	–	1.1533€ c	1.2490€ c
B DKK	Interim	Group 1	13.3570ore	–	13.3570ore	16.6101ore
		Group 2	13.3570ore	–	13.3570ore	16.6101ore
	Final	Group 1	3.2276ore	–	3.2276ore	25.7897ore
		Group 2	3.2276ore	–	3.2276ore	25.7897ore

Interim period: 01.10.17 - 31.03.18

Final period: 01.04.18 - 30.09.18

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation

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

Investment Objective and Policy

Investment objective

The Sub-fund seeks to achieve capital appreciation and income growth by mainly investing in an actively managed portfolio of dividend-paying emerging market securities.

Investment policy

The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2 of the Prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Fund. Use may also be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

The Sub-fund is a master UCITS Fund. The Sub-fund is not a feeder UCITS fund and will not hold units of a feeder UCITS fund.

Investment Manager's Report

for the year ended 30 September 2018

During the twelve months to 30 September 2018 the Sub-fund underperformed the MSCI Emerging Markets Index by 12.16%. The Sub-fund's GBP accumulation share class fell by -9.12% in sterling terms, versus the Index which rose by 2.05%.

In the fourth quarter of 2018 the Sub-fund generated positive absolute performance (+2.45%) but lagged a fast-rising index (+6.55%) which was driven by Chinese internet tech companies while our semiconductor stocks suffered a correction. Q1 2018 was a period of outperformance (+1.87%) as emerging markets began a slide which accelerated in the two subsequent quarters. The second half was characterised by elevated levels of geopolitical risk, which saw fears over mooted U.S. sanctions hit our Russian exposure, in addition to key portfolio holding SK Hynix being caught up in the Sino-U.S. trade dispute. Consequently, the Sub-fund underperformed a falling market over the period by -7.66%.

Annual turnover for the last 12 months was 15.90% on a NAV basis. The last six months has seen a pickup in portfolio activity from the first half. Firstly, we tilted the portfolio towards some opportunities in cyclical growth companies such as our position in container shipping company Hapag-Lloyd. Secondly, given the current elevated levels of foreign policy risk hitting global markets, we rotated our position in Russian oil company Lukoil with China's CNOOC, while pursuing sustainable growth opportunities in markets like India with positions in Maruti Suzuki India and non-bank lender Housing Development Finance Corporation.

UAE and Brazil were the biggest contributors to performance at a country level, led by Brazilian auto insurer Porto Seguro (its stock up +68.45%) and the UAE's National Bank of Abu Dhabi (+48.44%) rising strongly over the period. Elsewhere, the Sub-fund's position in Russian LNG company Novatek (+59.68%) was another leading contributor to the 12 month return. The biggest stock detractors were X5 Retail GDR (-47.90%) and Turk Telekom (-45.30), which were hit by uncertainty stemming from geopolitical risk in Russia and Turkey respectively.

Investment Manager's Report

continued

The strongest performing sector was Energy which made a +1.65% contribution to the Sub-fund's return. The most significant contributions came from Russian energy players Novatek (+0.70% contribution) and Lukoil (+0.29), as well as China's CNOOC (+0.44) which have all been beneficiaries of improving pricing dynamics in oil and gas markets. Amongst the weakest sectors, Consumer Discretionary and Consumer Staples were the most significant detractors with X5 Retail GDR (-1.91% contribution), Maruti Suzuki India (-0.60%) and Ambev (-0.60%) dragging on performance.

While our view remains that the U.S. Twin Deficits signal a potential major inflection point for Emerging Markets, President Trump's aggressive economic warfare puts the EM bull market on hold. Despite the Sub-fund's performance being hit by the elevated foreign policy risk throughout most of 2018, we believe that the portfolio is both attractively valued and well-positioned to the key long-term risk in China's inflated monetary balance. As such, the Sub-fund is structurally underweight Chinese banks, construction and property, though we may look to other exposures. Overall, politics aside, the long term picture based on valuations and earnings looks good for many of our companies.

Edward Lam

Lead Manager

31 October 2018

MI Somerset Emerging Markets Dividend Growth Fund

Portfolio Statement

as at 30 September 2018

Holding	Security	Market value £	% of total net assets 2018
	OIL & GAS 8.72% (5.20%)		
	Oil & Gas Producers 7.80% (5.20%)		
18,961,703	CNOOC	28,802,775	2.47
4,657,090	Mol Hungarian Oil and Gas	38,268,095	3.28
170,717	NovaTek OAO Sponsored GDR	23,956,147	2.05
		<hr/>	
		91,027,017	7.80
	Oil Equipment, Services & Distribution 0.92% (0.00%)		
999,900	Transocean	10,695,963	0.92
	BASIC MATERIALS 1.10% (1.66%)		
	Chemicals 1.10% (1.66%)		
10,073,334	Aksa Akrilik Kimya Sanayii	12,884,527	1.10
	INDUSTRIALS 1.11% (0.53%)		
	Industrial Transportation 0.62% (0.00%)		
251,616	Hapag-Lloyd	7,288,280	0.62
	Support Services 0.49% (0.53%)		
30,586,922	AKR Corporindo TBK	5,760,907	0.49
	CONSUMER GOODS 16.31% (21.50%)		
	Automobiles & Parts 4.89% (3.06%)		
585,676	Hero MotoCorp	18,173,274	1.56
341,804	Maruti Suzuki India	26,568,681	2.27
1,882,328	Nexen Tire	12,440,232	1.06
		<hr/>	
		57,182,187	4.89
	Beverages 10.78% (7.05%)		
6,773,004	Ambev	23,852,086	2.04
1,441,633	Coca-Cola HBC	37,669,870	3.22
3,732,913	Compania Cervecerais Unidas	39,753,207	3.40
304,019	Kweichow Moutai	24,734,346	2.12
		<hr/>	
		126,009,509	10.78
	Food Producers 0.08% (2.26%)		
5,834	Nongshim	982,066	0.08
	Leisure Goods 0.56% (4.86%)		
21,386	NCSOFT	6,519,938	0.56

MI Somerset Emerging Markets Dividend Growth Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	Personal Goods 0.00% (2.70%)		
	Tobacco 0.00% (1.57%)		
	CONSUMER SERVICES 8.08% (9.91%)		
	Food & Drug Retailers 7.39% (9.25%)		
1,890,877	X5 Retail GDR	32,739,823	2.80
161,721	Eurocash	607,938	0.05
720,317	Jeronimo Martins	8,138,613	0.70
2,716,000	President Chain Store	24,454,211	2.09
1,969,460	Shoprite	20,445,928	1.75
		<hr/>	
		86,386,513	7.39
	Travel & Leisure 0.69% (0.66%)		
2,389,871	Formosa International Hotels	8,102,946	0.69
	TELECOMMUNICATIONS 0.00% (5.64%)		
	Fixed Line Telecommunications 0.00% (5.64%)		
	UTILITIES 2.50% (4.48%)		
	Electricity 2.42% (3.27%)		
11,749,612	Aboitiz Power	5,578,139	0.48
11,347,956	Power Grid Corporation of India	22,616,490	1.94
		<hr/>	
		28,194,629	2.42
	Gas, Water & Multiutilities 0.08% (1.21%)		
779,860	Inversiones Aguas Metropolitanas	885,183	0.08
	FINANCIALS 35.81% (33.04%)		
	Banks 18.05% (18.54%)		
596,417,389	Access Bank	10,222,715	0.88
19,391,296	Alpha Bank	21,400,032	1.83
12,523,276	National Bank of Abu Dhabi	37,335,306	3.20
2,773,728	HSBC (Hong Kong Reg)	18,810,280	1.61
1,232,865	HSBC	8,257,730	0.71
1,985,614	OTP Bank	55,990,995	4.79
3,218,339	Piraeus Bank	5,386,353	0.46
4,403,690	Sberbank PJSC Sponsored ADR	42,615,266	3.65
10,460,907	Union National Bank	10,766,879	0.92
		<hr/>	
		210,785,556	18.05
	Non-life Insurance 8.63% (9.43%)		
5,270,254	Porto Seguro	59,990,909	5.14
1,851,603	Powszechny Zaklad Ubezpieczen	15,284,613	1.31
129,778	Samsung Fire & Marine	25,434,864	2.18
		<hr/>	
		100,710,386	8.63

MI Somerset Emerging Markets Dividend Growth Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	Life Insurance 3.43% (3.01%)		
12,846,560	Anadolu Hayat Emeklilik	10,659,276	0.91
441,611	Aviva	644,338	0.06
6,708,855	Sanlam	28,760,026	2.46
		40,063,640	3.43
	Real Estate Investment & Services 1.89% (0.94%)		
5,717,884	Henderson Land Development	22,021,819	1.89
	Financial Services 3.81% (1.12%)		
15,906,118	AFB Habitat	17,327,180	1.48
1,468,418	Housing Development Finance	27,253,968	2.33
		44,581,148	3.81
	TECHNOLOGY 19.67% (14.87%)		
	Software & Computer Services 3.67% (3.27%)		
3,727,964	HCL Technologies	42,899,026	3.67
	Technology Hardware & Equipment 16.00% (11.60%)		
1,801,000	eMemory Technology	13,004,280	1.11
1,585,375	Samsung Electronics	50,908,818	4.36
1,725,252	SK Hynix	87,185,689	7.46
1,615,250	Taiwan Semiconductor	10,628,593	0.91
7,472,034	Win Semiconductors	25,240,378	2.16
		186,967,758	16.00
	Investment assets	1,089,948,998	93.30
	Net other assets	78,265,364	6.70
	Net assets	1,168,214,362	100.00

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 30.09.17.

Comparative Tables

Change in net assets per share

	A Income GBP		
	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	150.08	128.40	103.83
Return before operating charges [^]	-11.32	26.62	28.50
Operating charges	-1.70	-1.66	-1.46
Return after operating charges [^]	-13.03	24.97	27.04
Distributions	-4.09	-3.29	-2.47
Closing net asset value per share	132.96	150.08	128.40
[^] After direct transaction costs of	0.28	0.22	0.20
Performance			
Return after charges	-8.68%	19.45%	26.04%
Other information			
Closing net asset value	£508,653,848	£460,088,643	£332,437,004
Closing number of shares	382,555,438	306,571,581	258,909,085
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	158.17	156.75	132.78
Lowest share price	132.75	123.94	98.83

	A Accumulation GBP		
	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	180.98	151.39	119.99
Return before operating charges [^]	-13.80	31.55	33.10
Operating charges	-2.06	-1.96	-1.70
Return after operating charges [^]	-15.86	29.59	31.40
Distributions	-4.96	-3.90	-2.87
Retained distributions on accumulation shares	4.96	3.90	2.87
Closing net asset value per share	165.12	180.98	151.39
[^] After direct transaction costs of	0.34	0.27	0.23
Performance			
Return after charges	-8.76%	19.55%	26.17%
Other information			
Closing net asset value	£475,736,698	£709,505,135	£641,724,587
Closing number of shares	288,121,038	392,038,650	423,880,366
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	190.73	186.59	154.62
Lowest share price	161.45	146.13	114.22

Comparative Tables

continued

Change in net assets per share

	B Income EUR		
	30.09.18 €c	30.09.17 €c	30.09.16 €c
Opening net asset value per share	150.13	130.72	124.10
Return before operating charges [^]	-12.89	24.41	10.86
Operating charges	-1.70	-1.67	-1.64
Return after operating charges [^]	-14.59	22.74	9.22
Distributions	-4.07	-3.33	-2.60
Closing net asset value per share	131.47	150.13	130.72
[^] After direct transaction costs of	0.28	0.23	0.23
Performance			
Return after charges	-9.72%	17.40%	7.43%
Other information			
Closing net asset value	€657,232	€1,848,234	€2,387,164
Closing number of shares	499,910	1,231,055	1,826,124
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	156.89	152.75	135.48
Lowest share price	131.34	127.60	113.71

	B Accumulation EUR		
	30.09.18 €c	30.09.17 €c	30.09.16 €c
Opening net asset value per share	173.46	147.79	137.51
Return before operating charges [^]	-14.93	27.57	12.11
Operating charges	-1.97	-1.90	-1.83
Return after operating charges [^]	-16.90	25.67	10.28
Distributions	-4.73	-3.79	-2.89
Retained distributions on accumulation shares	4.73	3.79	2.89
Closing net asset value per share	156.56	173.46	147.79
[^] After direct transaction costs of	0.33	0.26	0.25
Performance			
Return after charges	-9.74%	17.37%	7.48%
Other information			
Closing net asset value	€50,351,006	€66,131,721	€126,288,734
Closing number of shares	32,161,353	38,125,409	85,448,804
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	181.42	174.34	151.28
Lowest share price	153.17	144.26	126.01

The foreign exchange rate used to calculate the net asset value and the net distribution per share as at 30 September 2018 was €1.1227.

Comparative Tables

continued

Change in net assets per share

	B Income USD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	105.78	87.72	82.71
Return before operating charges [^]	-10.61	21.43	7.72
Operating charges	-1.21	-1.11	-1.09
Return after operating charges [^]	-11.82	20.32	6.63
Distributions	-2.87	-2.26	-1.62
Closing net asset value per share	91.09	105.78	87.72
[^] After direct transaction costs of	0.20	0.15	0.15
Performance			
Return after charges	-11.17%	23.16%	8.02%
Other information			
Closing net asset value	\$3,120,306	\$4,265,412	\$3,539,890
Closing number of shares	3,425,683	4,032,525	4,035,502
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	115.44	108.95	90.53
Lowest share price	91.08	82.17	74.07

	B Accumulation USD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	125.99	102.04	94.31
Return before operating charges [^]	-12.82	25.24	8.98
Operating charges	-1.44	-1.29	-1.25
Return after operating charges [^]	-14.26	23.95	7.73
Distributions	-3.44	-2.65	-2.01
Retained distributions on accumulation shares	3.44	2.65	2.01
Closing net asset value per share	111.73	125.99	102.04
[^] After direct transaction costs of	0.24	0.18	0.17
Performance			
Return after charges	-11.32%	23.47%	8.20%
Other information			
Closing net asset value	\$76,371,966	\$106,672,716	\$71,412,954
Closing number of shares	68,356,085	84,668,834	69,986,934
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	137.50	128.09	104.16
Lowest share price	109.41	95.59	84.46

The foreign exchange rate used to calculate the net asset value and net distribution per share as at 30 September 2018 was US\$1.3041.

MI Somerset Emerging Markets Dividend Growth Fund

Comparative Tables

continued

Change in net assets per share

	B Accumulation AUD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	116.34	96.62	97.36
Return before operating charges [^]	-3.09	20.95	0.49
Operating charges	-1.37	-1.23	-1.23
Return after operating charges [^]	-4.46	19.72	-0.74
Distributions	-3.38	-2.47	-1.87
Retained distributions on accumulation shares	3.38	2.47	1.87
Closing net asset value per share	111.88	116.34	96.62
[^] After direct transaction costs of	0.23	0.17	0.17
Performance			
Return after charges	-3.83%	20.41%	-0.76%
Other information			
Closing net asset value	\$6,162,153	\$8,816,102	\$7,321,436
Closing number of shares	5,507,744	7,577,711	7,577,711
Operating charges	1.15%	1.18%	1.30%
Ongoing operating charges	1.15%	1.16%	1.26%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	127.83	116.39	99.64
Lowest share price	110.19	91.80	87.93

	C Accumulation AUD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	177.94	146.06	145.23
Return before operating charges [^]	-4.85	31.88	0.84
Operating charges	0.00	0.00	-0.01
Return after operating charges [^]	-4.85	31.88	0.83
Distributions	-5.46	-4.03	-3.24
Retained distributions on accumulation shares	5.46	4.03	3.24
Closing net asset value per share	173.09	177.94	146.06
[^] After direct transaction costs of	0.35	0.25	0.25
Performance			
Return after charges	-2.73%	21.83%	0.57%
Other information			
Closing net asset value	\$122,791,493	\$309,456,135	\$195,037,699
Closing number of shares	70,940,482	173,910,081	133,532,881
Operating charges	0.00%	0.00%	0.01%
Direct transaction costs	-0.19%	-0.16%	-0.18%
Prices			
Highest share price	196.55	178.00	148.78
Lowest share price	170.39	138.99	131.78

The foreign exchange rate used to calculate the net asset value and net distribution per share as at 30 September 2018 was AU\$1.8023.

Comparative Tables

continued

Change in net assets per share

	F Income GBP
	30.09.18†
	p
Opening net asset value per share	100.00
Return before operating charges [^]	-8.33
Operating charges	-0.14
Return after operating charges [^]	-8.47
Distributions	-1.95
Closing net asset value per share	89.58
[^] After direct transaction costs of	-
Performance	
Return after charges	-8.47%
Other information	
Closing net asset value	£5,885,127
Closing number of shares	6,569,628
Operating charges	0.15%
Direct transaction costs	-0.19%
Prices	
Highest share price	101.64
Lowest share price	89.39

† Launched 23 March 2018.

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 these tables have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

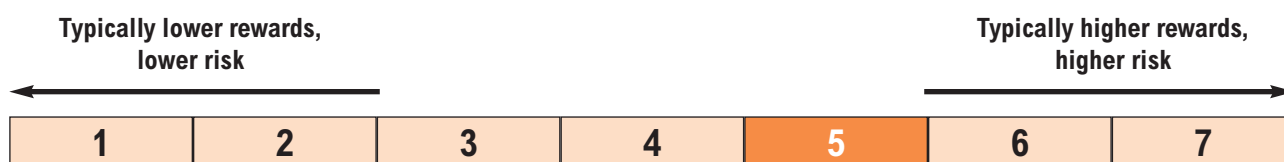
Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within these tables have been calculated against the average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

Comparative Tables

continued

Risk and reward profile

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



The Sub-fund is ranked at 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 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 your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- 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.
- For further information please see the prospectus.

Risk warning

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

MI Somerset Emerging Markets Dividend Growth Fund

Statement of Total Return

for the year ended 30 September 2018

	Note	£	30.09.18 £	£	30.09.17 £
Income					
Net capital (losses)/gains	2		(142,527,024)		221,547,507
Revenue	3	44,440,973		38,555,433	
Expenses	4	(14,646,966)		(14,481,280)	
Interest payable and similar charges	4	(1,248)		(588)	
Net revenue before taxation		29,792,759		24,073,565	
Taxation	5	(4,794,348)		(3,462,433)	
Net revenue after taxation			24,998,411		20,611,132
Total return before distributions			(117,528,613)		242,158,639
Distributions	6		(37,836,472)		(32,864,448)
Change in net assets attributable to Shareholders from investment activities			(155,365,085)		209,294,191

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2018

	£	30.09.18 £	£	30.09.17 £
Opening net assets attributable to Shareholders		1,498,313,039		1,262,393,064
Amounts receivable on issue of shares	412,934,887		439,967,224	
Less: Amounts payable on cancellation of shares	(612,941,795)		(439,737,081)	
		(200,006,908)		230,143
Dilution levy		4,134,893		3,545,145
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(155,365,085)		209,294,191
Retained distribution on accumulation shares		21,138,423		22,850,496
Closing net assets attributable to Shareholders		1,168,214,362		1,498,313,039

The notes on pages 43 to 50 form an integral part of these Financial Statements.

MI Somerset Emerging Markets Dividend Growth Fund

Balance Sheet

as at 30 September 2018

	Note	30.09.18		30.09.17	
		£	£	£	£
ASSETS					
Fixed Assets					
Investments			1,089,948,998		1,450,861,996
Current Assets					
Debtors	7	15,841,923		16,000,638	
Cash and bank balances	9	78,111,254		55,468,275	
Total current assets			93,953,177		71,468,913
Total assets			1,183,902,175		1,522,330,909
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(10,923,567)		(6,083,061)	
Other creditors	8	(4,764,246)		(17,934,809)	
Total creditors			(15,687,813)		(24,017,870)
Total liabilities			(15,687,813)		(24,017,870)
Net assets attributable to Shareholders			1,168,214,362		1,498,313,039

The notes on pages 43 to 50 form an integral part of these Financial Statements.

MI Somerset Emerging Markets Dividend Growth Fund

Notes to the Financial Statements

for the year ended 30 September 2018

1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 18 to 19.

2. Net Capital Gains

	30.09.18	30.09.17
	£	£
Non-derivative securities	(141,616,930)	220,999,875
Currency (losses)/gains	(760,646)	629,732
Transaction charges	(149,448)	(82,100)
Net capital (losses)/gains	(142,527,024)	221,547,507

3. Revenue

	30.09.18	30.09.17
	£	£
Overseas dividends	43,583,517	35,284,090
Taxable overseas dividends	872,963	3,293,649
Bank interest	(15,507)	(22,306)
Total revenue	44,440,973	38,555,433

4. Expenses

	30.09.18	30.09.17
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	631,447	672,186
Registration fees	340,112	401,684
	<u>971,559</u>	<u>1,073,870</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	12,837,580	12,253,283
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	209,882	208,833
Safe custody and other bank charges	614,350	1,109,041
	<u>824,232</u>	<u>1,317,874</u>

Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.18	30.09.17
	£	£
Other expenses:		
Audit fee (including VAT)	7,200	7,380
Audit fee (including VAT): taxation services	1,596	1,500
FCA fee	156	–
Legal fees	148,127	112,713
Printing costs	9,896	5,299
	166,975	126,892
Manager's rebate against AUD Class C Accumulation share	(153,380)	(290,639)
Expenses	14,646,966	14,481,280
Interest payable and similar charges	1,248	588
Total	14,648,214	14,481,868

5. Taxation	30.09.18	30.09.17
	£	£
(a) Analysis of charge in the year:		
Overseas tax	4,794,348	3,462,433
Total tax charge (note 5b)	4,794,348	3,462,433
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	29,792,759	24,073,565
Corporation tax at 20%	5,958,552	4,814,713
Effects of:		
Movement in surplus management expenses	2,784,340	2,340,914
Overseas tax expensed	4,794,348	3,462,433
Unutilised double taxation relief	(26,189)	(98,809)
Non-taxable overseas earnings	(8,716,703)	(7,056,818)
Total tax charge (note 5a)	4,794,348	3,462,433

(c) Deferred tax

At the year end there is a potential deferred tax asset of £11,507,102 (2017: £8,722,762) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

MI Somerset Emerging Markets Dividend Growth Fund

Notes to the Financial Statements

continued

6. Distributions

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

		30.09.18	30.09.17
		£	£
Interim distribution	31.03.18	11,919,446	13,178,048
Final distribution	30.09.18	24,422,822	19,580,832
		<hr/> 36,342,268	<hr/> 32,758,880
Revenue deducted on cancellation of shares		4,048,255	2,633,399
Revenue received on issue of shares		(2,554,051)	(2,527,832)
Realised currency on prior year distributions		–	1
Distributions		<hr/> 37,836,472	<hr/> 32,864,448

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		24,998,411	20,611,132
Expenses allocated to capital		12,837,580	12,253,283
Undistributed revenue brought forward		589	622
Undistributed revenue carried forward		(108)	(589)
Distributions		<hr/> 37,836,472	<hr/> 32,864,448

7. Debtors

		30.09.18	30.09.17
		£	£
Amounts receivable on issues		5,117,966	6,322,791
Currency deals outstanding		728,317	6,393,469
Sales awaiting settlement		6,639,859	24,642
Accrued income:			
Dividends receivable		2,406,933	2,652,105
Manager's rebate		–	25,052
Overseas tax recoverable		926,787	576,750
Prepaid expenses:			
Legal fee		6,119	5,829
TER rebates		15,942	–
Total debtors		<hr/> 15,841,923	<hr/> 16,000,638

MI Somerset Emerging Markets Dividend Growth Fund

Notes to the Financial Statements

continued

8. Other Creditors	30.09.18	30.09.17
	£	£
Amounts payable on cancellations	2,161,380	3,607,576
Currency deals outstanding	736,724	6,396,703
Purchases awaiting settlement	739,907	6,499,455
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	48,554	54,082
Registration fees	25,689	27,292
	<u>74,243</u>	<u>81,374</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	903,268	1,096,154
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	31,655	38,159
Safe custody and other bank charges	100,722	201,304
	<u>132,377</u>	<u>239,463</u>
Other expenses:		
Audit fee (including VAT)	7,200	7,200
Audit fee (including VAT): taxation services	4,788	3,192
Printing costs	4,359	3,692
	<u>16,347</u>	<u>14,084</u>
Total other creditors	<u>4,764,246</u>	<u>17,934,809</u>
9. Cash and Bank Balances	30.09.18	30.09.17
	£	£
Cash and bank balances	78,111,254	55,468,275
Cash and bank balances	<u>78,111,254</u>	<u>55,468,275</u>

Notes to the Financial Statements

continued

10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Somerset Capital Management LLP (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

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

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in Note 12 on pages 24 to 26.

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

Market price risk

At the balance sheet date, if the price of the investments held by the Fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £108,944,900 (2017: £145,086,200).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

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

Currency	30.09.18 £	30.09.17 £
Australian dollar	48,102,596	1,149
Brazilian real	84,581,595	86,338,825
Chilean peso	58,089,925	72,277,484
Chinese renminbi	24,734,346	–
Euro	42,363,669	27,929,975
Hong Kong dollar	70,136,600	77,021,326
Hungarian forint	94,678,282	125,476,033
Indian rupee	143,502,795	142,851,342
Indonesian rupiah	5,760,907	47,922,154
Nigerian naira	10,504,937	9,674,295
Philippine peso	5,641,206	29,554,014
Polish zloty	17,374,945	57,337,539
Pound sterling	107,255,604	83,374,615
South African rand	49,235,730	51,310,113
South Korean won	187,384,763	298,679,705
Taiwanese dollar	81,430,408	125,159,408
Turkish lira	24,188,141	89,489,158
United Arab Emirates	–	40,616,483
United States dollar	113,247,913	133,299,421
	1,168,214,362	1,498,313,039

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £93,159,387 (2017: £141,493,842).

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

30.09.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	205,043,551	188,129	0.09	145,710	0.07	204,709,712
Corporate actions	706,302	–	0.00	–	0.00	706,302
Total purchases after commissions and tax	205,749,853					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	423,633,320	447,748	0.11	695,542	0.16	424,776,610
Total sales after commissions and tax	423,633,320					
Commission as a % of average net assets	0.05%					
Taxes as a % of the average net assets	0.06%					

30.09.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	346,344,425	347,089	0.10	171,346	0.05	345,825,990
Corporate actions	58,220	–	0.00	–	0.00	58,220
Total purchases after commissions and tax	346,402,645					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	292,670,771	316,294	0.11	540,731	0.18	293,527,796
Total sales after commissions and tax	292,670,771					
Commission as a % of average net assets	0.05%					
Taxes as a % of the average net assets	0.05%					

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 35 to 39. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

Notes to the Financial Statements

continued

14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2018 is 0.25% (2017: 0.30%).

15. Fair Value Disclosure

Valuation technique	30.09.18		30.09.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	1,089,948,998	–	1,450,861,996	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	1,089,948,998	–	1,450,861,996	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	A Income GBP	A Accumulation GBP	B Income EUR	B Accumulation EUR
Opening number of Shares	306,571,582	392,038,650	1,231,055	38,125,409
Shares issued	96,027,475	113,125,193	118,210	15,954,375
Shares cancelled	(66,606,189)	(178,755,987)	(849,355)	(21,918,431)
Shares converted	46,562,571	(38,286,818)	–	–
Closing number of Shares	382,555,439	288,121,038	499,910	32,161,353

	B Income USD	B Accumulation USD	B Accumulation AUD	C Accumulation AUD
Opening number of Shares	4,032,525	84,668,834	7,577,711	173,910,081
Shares issued	693,206	5,550,914	26,896	30,396,457
Shares cancelled	(1,300,048)	(21,863,663)	(2,096,863)	(133,366,056)
Shares converted	–	–	–	–
Closing number of Shares	3,425,683	68,356,085	5,507,744	70,940,482

	F Income GBP
Opening number of Shares	–
Shares issued	6,569,628
Shares cancelled	–
Shares converted	–
Closing number of Shares	6,569,628

MI Somerset Emerging Markets Dividend Growth Fund

Distribution Tables

for the year ended 30 September 2018

Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2018	Distribution paid 2017
A GBP	Interim	Group 1 Group 2	1.2839p 0.8952p	– 0.3887p	1.2839p 1.2839p	1.3282p 1.3282p
	Final	Group 1 Group 2	2.8065p 1.5963p	– 1.2102p	2.8065p 2.8065p	1.9637p 1.9637p
B EUR	Interim	Group 1 Group 2	1.2910€ c 0.6875€ c	– 0.6035€ c	1.2910€ c 1.2910€ c	1.3691€ c 1.3691€ c
	Final	Group 1 Group 2	2.7742€ c 0.4729€ c	– 2.3013€ c	2.7742€ c 2.7742€ c	1.9632€ c 1.9632€ c
B USD	Interim	Group 1 Group 2	0.9467\$c 0.3079\$c	– 0.6388\$c	0.9467\$c 0.9467\$c	0.8737\$c 0.8737\$c
	Final	Group 1 Group 2	1.9224\$c 0.7361\$c	– 1.1863\$c	1.9224\$c 1.9224\$c	1.3848\$c 1.3848\$c
F GBP	Interim	Group 1 Group 2	0.0546p 0.0546p	– –	0.0546p 0.0546p	– –
	Final	Group 1 Group 2	1.8920p 0.9689p	– 0.9231p	1.8920p 1.8920p	– –

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
A GBP	Interim	Group 1 Group 2	1.5481p 1.0578p	– 0.4903p	1.5481p 1.5481p	1.5662p 1.5662p
	Final	Group 1 Group 2	3.4128p 1.5585p	– 1.8543p	3.4128p 3.4128p	2.3380p 2.3380p
B EUR	Interim	Group 1 Group 2	1.4914€ c 1.2384€ c	– 0.2530€ c	1.4914€ c 1.4914€ c	1.5460€ c 1.5460€ c
	Final	Group 1 Group 2	3.2354€ c 1.8122€ c	– 1.4232€ c	3.2354€ c 3.2354€ c	2.2403€ c 2.2403€ c
B USD	Interim	Group 1 Group 2	1.1274\$c 0.7151\$c	– 0.4123\$c	1.1274\$c 1.1274\$c	1.0164\$c 1.0164\$c
	Final	Group 1 Group 2	2.3092\$c 0.5716\$c	– 1.7376\$c	2.3092\$c 2.3092\$c	1.6286\$c 1.6286\$c
B AUD	Interim	Group 1 Group 2	1.0647\$c 1.0647\$c	– –	1.0647\$c 1.0647\$c	0.9652\$c –
	Final	Group 1 Group 2	2.3122\$c 0.2774\$c	– 2.0348\$c	2.3122\$c 2.3122\$c	1.5028\$c –
C AUD	Interim	Group 1 Group 2	1.7553\$c 1.2692\$c	– 0.4861\$c	1.7553\$c 1.7553\$c	1.5895\$c 1.5895\$c
	Final	Group 1 Group 2	3.7052\$c 1.8730\$c	– 1.8322\$c	3.7052\$c 3.7052\$c	2.4433\$c 2.4433\$c

Interim period: 01.10.17 - 31.03.18

Final period: 01.04.18 - 30.09.18

Distribution Tables

continued

Group 1: Shares purchased prior to a distribution period
Group 2: Shares purchased during a distribution period

Equalisation

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

Investment Objective and Policy

Investment objective

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

Investment policy

The Sub-fund seeks capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation does not exceed US\$ 2.5 billion at the time of the initial investment. The Sub-fund may also invest in other investment funds in order to gain exposure to specific markets or the expertise of specific managers. The Sub-fund generally seeks to maintain a diversified portfolio in order to reduce its dependence on specific companies or industry sectors.

The Sub-fund may invest in cash and near cash, and in shares in other collective investment schemes subject to the limits set out in Prospectus, however, investment by the Fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

Investment Manager's Report

for the year ended 30 September 2018

During the 12 months to 30 September 2018, the GBP Institutional Accumulation units underperformed by -6.26% against the MSCI Emerging Markets Index. The Sub-fund's share price at NAV fell -4.21% in sterling terms whereas the wider MSCI Global Emerging Market Equity Market Index was up +2.05% (MSCI Emerging Market Small Cap Index fell -1.44%). In terms of longer term positioning, our core approach remains the same and we continue to look for reasonably priced good quality companies.

Over the period, there were six new purchases for the Sub-fund. Burger King Brazil is the master franchisee of the Burger King brand in Brazil, where it operates almost 700 Burger King branded restaurants, some of which are owned and run by the company and some by independent sub-franchisees. Burgers are the fastest growing segment of the fast food industry in Brazil and penetration remains very low by regional standards: Burger restaurants account for only 1.5% of total restaurants in Brazil, compared with 18% in Colombia, 12% in Peru and 5% in Mexico and Argentina. As well as strong structural growth, the market should also benefit from cyclical support as the Brazilian economy and consumer start to recover from a deep recession. The company plans to capitalise on these tailwinds by increasing its restaurant base by 70% over the next five years; combined with strong same store sales growth, this should underpin significant growth in revenues.

The company's main competitor is Arcos Dorados, which holds the McDonald's franchise in Brazil. McDonald's has been in the country much longer but Burger King has rapidly closed the gap in respect of brand recognition and preference with a concerted marketing campaign. The market opportunity is large enough for two strong players and neither has shown any appetite for engaging in irrational price competition. Burger King Brazil's margins are currently depressed by the costs associated with its rapid expansion and the company only moved into profitability last year. As the restaurant base starts to mature, profitability should improve materially. The current valuation, at less than 10x EV/EBITDA, does not, in our view, give sufficient credit for the company's prospects for improving returns and long term growth.

We also purchased My E.G. Services in July 2018, a Malaysian company that is the de-facto monopoly provider of e-services to seven government agencies. It also develops ancillary commercial services such as auto and worker insurance platforms. The stock has de-rated by more than 50% in the past six months from more than 40x earnings, allowing us to start buying at 17x earnings, which is cheap given an ROE in excess of 35%.

My E.G. Services was due to be hired to implement a monitoring system for the goods and sales tax, but the project was rendered obsolete when a new government entered office and restored the former sales tax regime. The derating has more

Investment Manager's Report

continued

than priced this in, and it may be possible to transform the project into a sales tax monitoring service. The market was additionally concerned about connections to the former government, but corruption is unlikely as the company receives payment directly from users and not from the government agencies.

The lack of competition, switching costs and a lengthy two year lead time to develop rival infrastructure creates high barriers to entry. Also, the convenience of e-services to citizens who don't have to visit government counters in person mean that My E.G. Services is unlikely to lose its licences. My E.G. Services can defend its position by reducing user fees to zero and subsidising the concession business with the more profitable ancillary businesses. Growth will be driven by a commercial job-matching service that leverages the work permit renewal service for the government and new commercial services such as vehicle telematics. There is also potential value from overseas expansion as the company has entered the Philippines with a local partner.

Elsewhere in the portfolio, we sold our position in Air Arabia after losing trust in the management team. The company unwillingly admitted that 88% of its investment book and 10% of total assets were exposed to Abraaj Capital, a Dubai private equity house where a compliance breach has resulted in a loss of investor confidence and the firm is in the process of being liquidated. We had discussed the investment book with management on several calls, including before purchasing the stock where they had reassured us that the majority of these investments lay with smaller banks in Sharjah offering better rates than the larger ones and that they consisted primarily of fixed term deposits with guaranteed rates. This was misleading given that Abraaj is not a bank and it is Dubai-based.

This is disappointing as Air Arabia was at an inflection point where fuel hedges at lower oil prices in a rising price environment, rising ticket prices and the end of an investment phase meant that an attractive double digit free cash flow yield would have increased further.

Air Arabia's investments may be recovered, particularly if they are invested in the funds over which many western private equity firms are now competing to take over. However, the initial reluctance to confirm Air Arabia's exposure, the lack of disclosure about the nature of the investments, the possibility that they include a high yielding loan made to the firm and, most importantly, our loss of trust in management, informed a decision to sell the stock on high governance risk.

The dollar bull market will continue until foreign exchange borrowers like Turkey, Argentina and Indonesia have started to repay their dollar liabilities. There is still a lot of dollar debt in Asia that needs to be cleared. This is yet to happen (the Indonesian central bank raising rates locally looks only to have prompted Indonesian corporates to borrow more offshore) but once it is done, historically cheap emerging markets will be in a position to outperform over the next decade. This has happened before. It is likely that those markets first into this correction will be first out and it would be a dangerous mistake to hop from one area of apparent danger into another of apparent safety.

Ultimately holding good companies at attractive valuations and riding out the macro volatility is what leads to strong long term performance. This is easy to say in a period of calm but harder during the turbulence. It's therefore important that we keep a careful eye on turnover and make sure we aren't getting pushed out of positions.

The portfolio valuations are already attractive and further selling pressure will only make them more so. The median fcf yield is now 4.7%, p/e is 14x and dividend yield is 3.7% for companies with an 18% weighted average ROE and net cash balance sheets. Although many of the emerging economies have foreign currency debt, our holdings have almost none.

21% of the portfolio is made up of exporters or dollar beneficiaries, which may provide some support during the tail end of the dollar bull market. Assessing cyclicalities is always difficult as most companies are cyclical to one degree or another but we probably have 41% of the portfolio in cyclical companies. Although these often suffer more in a downturn, many are cheap, economically depressed already and showing signs of growth, which makes us question if they will do as badly as more expensive names in the universe.

We believe the portfolio is attractively valued with a number of inflection points visible in the short and medium term.

Since 1st January 2018, my colleague Henrietta Seligman, has been formerly supporting the strategy having been promoted to Co-Manager of the MI Somerset Emerging Markets Small Cap Fund.

Mark Asquith **Henrietta Seligman**
Lead Manager Co-Lead Manager
24 October 2018

MI Somerset Emerging Markets Small Cap Fund

Portfolio Statement

as at 30 September 2018

Holding	Security	Market value £	% of total net assets 2018
INDUSTRIALS 24.07% (18.47%)			
Construction & Materials 4.91% (2.28%)			
1,888,610	Raubex	2,266,864	3.16
66,033	Titan Cement	1,255,727	1.75
		<hr/>	
		3,522,591	4.91
Electronic & Electrical Equipment 5.08% (4.62%)			
2,400,170	G Shank Enterprise	1,467,830	2.05
2,321,667	Hana Microelectronics	2,174,510	3.03
		<hr/>	
		3,642,340	5.08
Industrial Engineering 7.85% (8.00%)			
565,363	NAK Sealing Technologies	1,116,053	1.56
525,109	Sinmag	1,826,560	2.55
301,193	Sung Kwang Bend	2,686,024	3.74
		<hr/>	
		5,628,637	7.85
Support Services 6.23% (3.57%)			
5,726,000	My E.G. Services	1,856,748	2.59
467,000	Sunny Friend Environmental Technology	2,615,511	3.64
		<hr/>	
		4,472,259	6.23
CONSUMER GOODS 23.41% (29.88%)			
Automobiles & Parts 2.79% (2.45%)			
1,859,509	Metair Investment	1,476,201	2.06
2,371,795	Xingda International	527,629	0.73
		<hr/>	
		2,003,830	2.79
Beverages 1.86% (0.00%)			
676,213	Stock Spirits	1,332,140	1.86
Food Producers 0.32% (2.16%)			
1,149,551	Tukas Gida Sanayi ve Ticaret	227,451	0.32
Household Goods & Home Construction 3.96% (4.31%)			
292,911	Adel Kalemcilik	514,496	0.72
4,269,256	Consortio Ara Sab	1,173,026	1.64
2,552,911	Kaulin Manufacturing	1,150,893	1.60
		<hr/>	
		2,838,415	3.96
Personal Goods 14.48% (20.96%)			
754,936	Cia Hering	2,574,535	3.59
373,772	Forus	784,520	1.09
1,478,572	Grendene	1,910,747	2.67
3,470,215	Pacific Textiles	2,268,337	3.16
2,614,037	Padini	2,848,084	3.97
		<hr/>	
		10,386,223	14.48

MI Somerset Emerging Markets Small Cap Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	CONSUMER SERVICES 12.80% (14.82%)		
	Food & Drug Retailers 2.02% (2.58%)		
152,918	Clicks	1,447,724	2.02
	Media 3.15% (3.80%)		
598,442	D.B. Corporation	1,350,012	1.88
766,068	Navneet Education	909,257	1.27
		2,259,269	3.15
	Travel & Leisure 7.63% (8.44%)		
444,188	BK Brasil Operacao e Assessoria a Restaurantes	1,147,189	1.60
230,351	City Lodge Hotels	1,716,336	2.39
14,412	Do & Co	971,372	1.35
32,877	Formosa International Hotels	111,471	0.16
178,999	Herfy Food Services	1,528,107	2.13
		5,474,475	7.63
	UTILITIES 1.87% (0.00%)		
	Gas, Water & Multiutilities 1.87% (0.00%)		
154,913	Mahanagar Gas	1,339,110	1.87
	FINANCIALS 27.67% (26.65%)		
	Banks 9.78% (11.05%)		
1,472,017	City Union Bank	2,767,892	3.86
1,709,906	Karur Vysya Bank	1,405,465	1.96
497,079	Security Bank	1,086,465	1.51
788,129	Security Bank Preferred Shares*	–	–
38,933,884	Zenith Bank	1,756,359	2.45
		7,016,181	9.78
	Non-life Insurance 6.86% (5.68%)		
204,825	Porto Seguro	2,331,508	3.25
1,270,896	Qualitas Controladora	2,591,846	3.61
		4,923,354	6.86
	Real Estate Investment & Services 1.40% (1.62%)		
311,100	EZ Tec Empreendimentos e Participacoes	1,002,990	1.40
	Financial Services 9.63% (8.30%)		
328,175	JSE	2,827,206	3.94
92,884	Shriram City Union Finance	1,624,547	2.27
267,907	Warsaw Stock Exchange	2,452,289	3.42
		6,904,042	9.63

MI Somerset Emerging Markets Small Cap Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	TECHNOLOGY 3.52% (5.48%)		
	Software & Computer Services 1.01% (3.60%)		
12,894	Accelya Kale Solutions	137,580	0.19
134,011	Logo Yazilim Sanayi Ve Ticar	590,526	0.82
		728,106	1.01
	Technology Hardware & Equipment 2.51% (1.88%)		
157,379	Kortek	1,800,612	2.51
		66,949,749	93.34
	Investment assets		
	Net other assets	4,776,412	6.66
	Net assets	71,726,161	100.00

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 30.09.17.

* Unlisted

MI Somerset Emerging Markets Small Cap Fund

Comparative Tables

Change in net assets per share

	B Accumulation GBP		
	30.09.18 p	30.09.17 p	30.09.16 p
Opening net asset value per share	147.12	132.90	93.89
Return before operating charges [^]	-3.38	17.35	42.39
Operating charges	-2.72	-3.13	-3.38
Return after operating charges [^]	-6.10	14.22	39.01
Distributions	-2.21	-2.35	-1.38
Retained distributions on accumulation shares	2.21	2.35	1.38
Closing net asset value per share	141.02	147.12	132.90
[^] After direct transaction costs of	0.06	0.09	0.16
Performance			
Return after charges	-4.15%	10.70%	41.55%
Other information			
Closing net asset value	£30,568,535	£33,962,614	£27,158,773
Closing number of shares	21,676,358	23,085,680	20,435,126
Operating charges	1.62%	1.71%	1.82%
Ongoing operating charges*	1.60%	1.60%	1.78%
Performance fee	0.18%	0.48%	1.31%
Direct transaction costs	-0.04%	-0.06%	-1.50%
Prices			
Highest share price	163.48	154.94	134.50
Lowest share price	136.46	125.25	91.98

	B Accumulation EUR		
	30.09.18 €c	30.09.17 €c	30.09.16 €c
Opening net asset value per share	144.41	132.74	109.57
Return before operating charges [^]	-5.03	14.58	25.33
Operating charges	-2.39	-2.91	-2.16
Return after operating charges [^]	-7.42	11.67	23.17
Distributions	-2.16	-2.32	-1.42
Retained distributions on accumulation shares	2.16	2.32	1.42
Closing net asset value per share	136.99	144.41	132.74
[^] After direct transaction costs of	0.06	0.09	0.18
Performance			
Return after charges	-5.14%	8.79%	21.15%
Other information			
Closing net asset value	€9,160,376	€9,656,681	€8,876,278
Closing number of shares	6,687,062	6,687,062	6,687,062
Operating charges	1.62%	1.71%	1.82%
Ongoing operating charges*	1.60%	1.66%	1.78%
Performance fee	0.00%	0.34%	0.58%
Direct transaction costs	-0.04%	-0.06%	-0.15%
Prices			
Highest share price	159.38	151.93	134.29
Lowest share price	132.77	128.26	103.23

The foreign exchange rate used to calculate the net asset value and net distribution per share as at 30 September 2018 was €1.227.

MI Somerset Emerging Markets Small Cap Fund

Comparative Tables

continued

Change in net assets per share

	B Accumulation USD		
	30.09.18 \$c	30.09.17 \$c	30.09.16 \$c
Opening net asset value per share	123.17	107.92	88.03
Return before operating charges [^]	-6.31	17.94	21.62
Operating charges	-2.08	-2.69	-1.73
Return after operating charges [^]	-8.39	15.25	19.89
Distributions	-1.83	-1.94	-1.16
Retained distributions on accumulation shares	1.83	1.94	1.16
Closing net asset value per share	114.78	123.17	107.92
[^] After direct transaction costs of	0.05	0.07	0.14
Performance			
Return after charges	-6.81%	14.13%	22.59%
Other information			
Closing net asset value	\$43,033,199	\$54,272,526	\$38,982,516
Closing number of shares	37,491,914	44,062,944	36,121,446
Operating charges	1.62%	1.71%	1.82%
Ongoing operating charges*	1.60%	1.60%	1.78%
Performance fee	0.02%	0.66%	0.00%
Direct transaction costs	-0.04%	-0.06%	-0.15%
Prices			
Highest share price	142.10	127.29	109.63
Lowest share price	111.20	98.80	81.35

The foreign exchange rate used to calculate the net asset value and net distribution per share as at 30 September 2018 was \$1.3041.

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 these tables have been calculated against the average Net Asset Value for the accounting year.

* The net asset value of the Sub-fund decreased from £83,425,000 to £71,698,000 during the year. The ACD believes there will be a decrease in Legal fees. Taking an average daily net asset values for the last month of the period has the effect of decreasing Operating charges by 0.02%. The ACD believes this to be more representative of the charges going forward.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

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

Performance fees (where applicable), are charged in accordance to the terms detailed in the prospectus of the Sub-fund, and are charged when the overall performance is in excess of the given benchmark from which it is calculated. Full details of the performance fee are available from the ACD.

Comparative Tables

continued

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.

Typically lower rewards, lower risk				Typically higher rewards, higher risk		
←					→	
1	2	3	4	5	6	7

The Sub-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 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 your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- Investing in other funds may expose investors to increased risk due to restrictions on withdrawals, less strict regulations and the use of derivatives.
- The other funds can invest in specific companies or markets. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Fund.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- 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.
- For further risk information please see the prospectus.

Risk warning

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

MI Somerset Emerging Markets Small Cap Fund

Statement of Total Return

for the year ended 30 September 2018

	Note	£	30.09.18 £	£	30.09.17 £
Income					
Net capital (losses)/gains	2		(5,061,955)		6,865,623
Revenue	3	2,884,324		2,660,549	
Expenses	4	(1,394,380)		(1,735,485)	
Interest payable and similar charges	4	(73)		(1)	
Net revenue before taxation		1,489,871		925,063	
Taxation	5	(231,669)		(52,953)	
Net revenue after taxation			1,258,202		872,110
Total return before distributions			(3,803,753)		7,737,733
Distributions	6		(1,283,617)		(1,310,037)
Change in net assets attributable to Shareholders from investment activities			(5,087,370)		6,427,696

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2018

	£	30.09.18 £	£	30.09.17 £
Opening net assets attributable to Shareholders		82,922,020		64,847,513
Amounts receivable on issue of shares	12,861,416		16,980,429	
Less: Amounts payable on cancellation of shares	(20,291,926)		(6,783,542)	
		(7,430,510)		10,196,887
Dilution levy		160,844		119,278
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		(5,087,370)		6,427,696
Retained distribution on accumulation shares		1,161,177		1,330,646
Closing net assets attributable to Shareholders		71,726,161		82,922,020

The notes on pages 63 to 70 form an integral part of these Financial Statements.

MI Somerset Emerging Markets Small Cap Fund

Balance Sheet

as at 30 September 2018

	Note	£	30.09.18	£	30.09.17	£
ASSETS						
Fixed Assets						
Investments			66,949,749		79,025,192	
Current Assets						
Debtors	7	310,000		175,245		
Cash and bank balances	9	4,700,473		4,387,975		
Total current assets			5,010,473		4,563,220	
Total assets			71,960,222		83,588,412	
LIABILITIES						
Investment liabilities			–		–	
Creditors						
Other creditors	8	(234,061)		(666,392)		
Total creditors			(234,061)		(666,392)	
Total liabilities			(234,061)		(666,392)	
Net assets attributable to Shareholders			71,726,161		82,922,020	

The notes on pages 63 to 70 form an integral part of these Financial Statements.

MI Somerset Emerging Markets Small Cap Fund

Notes to the Financial Statements

for the year ended 30 September 2018

1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 18 to 19.

2. Net Capital (Losses)/Gains	30.09.18	30.09.17
	£	£
Non-derivative securities	(5,087,951)	6,827,684
Currency gains	65,662	117,133
Transaction charges	(39,666)	(79,194)
Net capital (losses)/gains	(5,061,955)	6,865,623

3. Revenue	30.09.18	30.09.17
	£	£
UK dividends: Ordinary	17,700	–
Overseas dividends	2,638,062	2,368,786
Taxable overseas dividends	228,477	291,690
Bank interest	85	73
Total revenue	2,884,324	2,660,549

4. Expenses	30.09.18	30.09.17
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	87,421	92,897
Registration fees	25,130	20,561
	<u>112,551</u>	<u>113,458</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	1,088,154	996,674
Performance fees	25,390	437,948
	<u>1,113,544</u>	<u>1,434,622</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	31,472	29,201
Safe custody and other bank charges	35,372	66,150
	<u>66,844</u>	<u>95,351</u>

Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.18 £	30.09.17 £
Other expenses:		
Audit fee (including VAT)	7,200	7,380
Audit fee (including VAT): taxation services	1,500	1,308
FCA fee	155	–
Legal fees	90,948	81,954
Printing costs	1,638	1,412
	101,441	92,054
Expenses	1,394,380	1,735,485
Interest payable and similar charges	73	1
Total	1,394,453	1,735,486

5. Taxation	30.09.18 £	30.09.17 £
(a) Analysis of charge in the year:		
Overseas tax	231,669	52,953
Total tax charge (note 5b)	231,669	52,953

(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,489,871	925,063
Corporation tax at 20%	297,974	185,013
Effects of:		
Adjustments in respect of prior periods	(3,540)	–
Movement in surplus management expenses	240,032	297,495
Overseas tax expensed	231,669	52,953
Unutilised double taxation relief	(6,854)	(8,751)
Non-taxable overseas earnings	(527,612)	(473,757)
Total tax charge (note 5a)	231,669	52,953

(c) Deferred tax

At the year end there is a potential deferred tax asset of £1,556,827 (2017: £1,316,795) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

MI Somerset Emerging Markets Small Cap Fund

Notes to the Financial Statements

continued

6. Distributions

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

		30.09.18	30.09.17
		£	£
Interim distribution	31.03.18	268,583	314,723
Final distribution	30.09.18	892,594	1,015,923
		<hr/> 1,161,177	<hr/> 1,330,646
Revenue deducted on cancellation of shares		151,060	23,712
Revenue received on issue of shares		(28,620)	(44,321)
Distributions		<hr/> 1,283,617	<hr/> 1,310,037

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		1,258,202	872,110
Expenses allocated to capital		25,390	437,948
Undistributed revenue brought forward		62	41
Undistributed revenue carried forward		(37)	(62)
Distributions		<hr/> 1,283,617	<hr/> 1,310,037

7. Debtors

		30.09.18	30.09.17
		£	£
Amounts receivable on issues		12,088	7,348
Currency deals outstanding		82,754	6,835
Sales awaiting settlement		102,111	–
Accrued income:			
Dividends receivable		48,141	113,832
Overseas tax recoverable		64,906	44,540
Prepaid expenses:			
Legal fee		–	2,690
Total debtors		<hr/> 310,000	<hr/> 175,245

MI Somerset Emerging Markets Small Cap Fund

Notes to the Financial Statements

continued

8. Other Creditors	30.09.18	30.09.17
	£	£
Amounts payable on cancellations	8,473	49,038
Currency deals outstanding	82,904	6,852
Purchases awaiting settlement	–	28,664
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	6,833	7,189
Registration fees	1,773	1,306
	<u>8,606</u>	<u>8,495</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	76,883	87,324
Performance fees	25,390	437,948
	<u>102,273</u>	<u>525,272</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	5,055	5,143
Safe custody and other bank charges	6,431	11,728
	<u>11,486</u>	<u>16,871</u>
Other expenses:		
Audit fee (including VAT)	7,200	7,200
Audit fee (including VAT): taxation services	4,500	3,000
Legal fees	7,655	20,000
Printing costs	964	1,000
	<u>20,319</u>	<u>31,200</u>
Total other creditors	<u>234,061</u>	<u>666,392</u>
9. Cash and Bank Balances	30.09.18	30.09.17
	£	£
Cash and bank balances	4,700,473	4,387,975
Cash and bank balances	<u>4,700,473</u>	<u>4,387,975</u>

Notes to the Financial Statements

continued

10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the ACD) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Fees payable to Somerset Capital Management LLP (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

At the year end the Sub-fund did not hold any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in Note 12 on pages 24 to 26.

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

Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £6,694,975 (2017: £7,902,519).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

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

Currency	30.09.18 Total £	30.09.17 Total £
Brazilian real	9,010,796	12,402,427
Chilean peso	784,520	1,833,325
Czech koruna	–	224,005
Euro	1,265,811	(19,667)
Hong Kong dollar	2,795,966	1,315,122
Indian rupee	9,551,680	13,270,293
Malaysian ringgit	4,717,945	6,256,654
Mexican peso	3,764,872	3,278,559
Nigerian naira	1,756,359	1,175,072
Philippine peso	1,086,465	2,538,932
Polish zloty	2,504,394	2,778,747
Pound sterling	5,962,401	3,971,528
Saudi Arabian riyal	1,528,132	1,636,239
South African rand	9,737,048	11,343,541
South Korean won	4,486,636	3,248,542
Taiwanese dollar	8,328,749	9,449,011
Thai baht	2,174,510	2,382,285
Turkish lira	2,303,845	4,456,602
United Arab Emirates dirham	–	1,626,907
United States dollar	(33,968)	(246,104)
	71,726,161	82,922,020

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £6,576,376 (2017: £7,895,049).

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

30.09.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	24,787,022	27,350	0.11	31,274	0.13	24,728,398
Corporate actions	232,094	–	0.00	–	0.00	232,094
Total purchases after commissions and tax	25,019,116					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	32,006,608	31,014	0.10	36,173	0.11	32,073,795
Total sales after commissions and tax	32,006,608					
Commission as a % of average net assets	0.07%					
Taxes as a % of the average net assets	0.08%					

30.09.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	25,654,220	28,980	0.11	20,975	0.08	25,604,265
Corporate actions	(36,017)	–	0.00	–	0.00	(36,017)
Total purchases after commissions and tax	25,618,203					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	14,806,458	17,083	0.12	8,375	0.06	14,831,916
Total sales after commissions and tax	14,806,458					
Commission as a % of average net assets	0.06%					
Taxes as a % of the average net assets	0.04%					

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on pages 58 to 60. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

Notes to the Financial Statements

continued

14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2018 is 0.56% (2017: 0.55%).

15. Fair Value Disclosure

Valuation technique	30.09.18		30.09.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	66,949,749	–	61,385,763	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	66,949,749	–	61,385,763	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	B Accumulation GBP	B Accumulation EUR	B Accumulation USD
Opening number of shares	23,085,680	6,687,062	44,062,944
Shares issued	1,747,025	–	10,761,565
Shares cancelled	(3,156,347)	–	(17,332,595)
Closing number of Shares	21,676,358	6,687,062	37,491,914

MI Somerset Emerging Markets Small Cap Fund

Distribution Tables

for the year ended 30 September 2018

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017
B GBP	Interim	Group 1	0.4598p	–	0.4598p	0.5464p
		Group 2	0.4598p	–	0.4598p	0.5464p
	Final	Group 1	1.7552p	–	1.7552p	1.8006p
		Group 2	0.7811p	0.9741p	1.7552p	1.8006p
B EUR	Interim	Group 1	0.4534€ c	–	0.4534€ c	0.5516€ c
		Group 2 [^]	–	–	–	–
	Final	Group 1	1.7050€ c	–	1.7050€ c	1.7674€ c
		Group 2 [^]	–	–	–	–
B USD	Interim	Group 1	0.4029\$c	–	0.4029\$c	0.4278\$c
		Group 2	0.1905\$c	0.2124\$c	0.4029\$c	0.4278\$c
	Final	Group 1	1.4281\$c	–	1.4281\$c	1.5106\$c
		Group 2	0.6912\$c	0.7369\$c	1.4281\$c	1.5106\$c

[^]There were no Group 2 shares held in B EUR Accumulation share class.

Interim period: 01.10.17 - 31.03.18

Final period: 01.04.18 - 30.09.18

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation

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

Investment Objective and Policy

Investment objective

The Sub-fund seeks to achieve capital appreciation by primarily investing in an actively managed portfolio of emerging market securities but excluding investments in either the tobacco industry or casinos and gaming sub-industry.

Investment policy

The portfolio will consist primarily of quoted equity securities, issued by companies established or operating in emerging market countries, primarily in Asia, Eastern Europe, the Middle East, Africa and Latin America. The portfolio will not invest in companies classified as being in the tobacco industry by the Global Industry Classification Standard. This is not intended to exclude companies with incidental revenues from tobacco, such as supermarkets.

The Sub-fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Sub-fund may also invest in shares in other collective investment schemes subject to the limits set out in prospectus, however, investment by the Sub-fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Sub-fund. Use may also be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FCA Rules.

The Company permits the use of derivatives for investment purposes by the Sub-fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Sub-fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives

The Sub-fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Sub-fund and therefore may adversely affect its risk profile.

Investment Manager's Report

for the year ended 30 September 2018

The MI Somerset Global Emerging Markets Screened Fund fell in capital terms during the 12 months to 30 September 2018 by -5.99% and saw an underperformance of -8.03% against the MSCI Emerging Markets Index. The Sub-fund's A Accumulation GBP class share price at NAV was down -5.99% whereas the market rose +2.05%. In terms of longer-term positioning, we continue to look for reasonably priced good quality companies.

The last 12 months have been volatile for Global Emerging Markets. Rising US interest rates and growing concerns on the prospect of a China/US trade war caused investors to pull back on their emerging markets exposure.

The Energy sector became a safe-haven for investors and was up +30% over the period as oil prices rose strongly over 2018. Our underweight to the sector (SCM 3% vs index 7%) was a significant detractor to performance.

High oil prices also hurt sentiment in India. Our Indian holdings underperformed the market, mostly as a result of our exposure to Indian Financials. LIC Housing Finance, ICICI Bank and Shriram Transport Finance were particularly weak in September 2018 as sentiment in the non-banking financial sector was hurt as Yes Bank's CEO was removed by the Reserve Bank of India. We believe volatility in the financial sector will subside.

Stock selection in Brazil and Korea were also two of the largest detractors to relative performance over the last 12 months. In particular financials BB Seguridade Participacoes and Shinhan Financial were weak.

In South Africa, the economy has been stagnating. The new government has been slow to implement reforms. Our stocks underperformed as a result of two stock specific issues – MTN and Tiger Brands. MTN was ordered to repatriate \$8bn by the Nigerian Central Bank. Tiger Brands had a food safety issue in Q118 which was compounded by the recession. We conclude, after interaction with senior management, that Tiger Brands is taking the right steps on food safety. In addition the economic cycle in South Africa is close to a trough and Tiger is attractively valued vs history at 12x PE. MTN has been sold from the portfolio.

Investment Manager's Report

continued

Elsewhere in the markets Russian equities were hurt by US sanctions in 2017 and Q218. Turkish stocks were the weakest in the index over the period, falling -42%, having been hit by tensions between the US and President Erdogan, as well as currency weakness.

Stock selection in Mexico was one of the largest contributors to relative performance. Our Mexican financial stocks, Formento Economico Mexicano Sponsored ADR (FEMSA) and Grupo Financiero Banorte were both up c.10% over the period, allowing us to outperform the market which was roughly flat despite a turbulent 12 months. The constant trickle of negative headlines over North American Free Trade Agreement (NAFTA) negotiations and a summer election dampened investor sentiment in the first half of 2018. In the latter half of 2018 the Mexican market re-bounded strongly, as a NAFTA deal was reached and the new president set about implementing fiscally responsible policies.

Our holding in National Bank of Abu Dhabi was the greatest contributor to relative performance, rising 50% vs a falling index. Our underweight to Real Estate (SCM 0% vs index 3%) was also a significant contributor as Real Estate was the worst performing sector over the period (down 16%).

Trade issues, alongside high interest rates, remain the big worry with the (unlikely) prospect of an economic 'sudden stop'. Our base case is that there is a deal to be done, as with NAFTA, but there will be noise.

Valuations are supportive, matching similar levels to the 2015 bear market. The portfolio's overweight in India and Mexico should help balance off our overweight in Consumer Discretionary, should a full blown trade war develop (not our base case). Our underweight in commodities and energy will also help.

Our focus is on adding to holdings in China, India, Brazil and South Africa. We retain our broad exposure to the Emerging Markets consumer. Elections in South Africa and India, early in 2019, should provide clarity. Trade issues need to stop escalating for the next EM rally to develop.

Edward Robertson

Lead Fund Manager

1 November, 2018

MI Somerset Global Emerging Markets Screened Fund

Portfolio Statement

as at 30 September 2018

Holding	Security	Market value £	% of total net assets 2018
	OIL & GAS 2.69% (3.08%)		
	Oil & Gas Producers 2.69% (3.08%)		
342,567	Bharat Petroleum	1,355,870	2.69
	INDUSTRIALS 0.01% (0.79%)		
	General Industrials 0.01% (0.79%)		
3,895	Nampak	3,231	0.01
	CONSUMER GOODS 30.48% (27.00%)		
	Automobiles & Parts 8.73% (8.09%)		
39,856	Bajaj Auto	1,133,081	2.25
560,337	Fuyao Glass Industry	1,588,705	3.15
39,727	Hero MotoCorp	1,232,712	2.45
161,586	Tofas Turk Otomobil Fabrikasi	441,000	0.88
		4,395,498	8.73
	Beverages 3.17% (3.43%)		
21,051	Fomento Economico Mexicano Sponsored ADR	1,597,590	3.17
	Food Producers 8.20% (9.39%)		
801,000	China Mengniu Dairy Company	2,040,944	4.05
97,039	Gruma SAB de CV Common B	946,760	1.88
13,800	M Dias Branco	104,140	0.21
72,400	Tiger Brands	1,037,469	2.06
		4,129,313	8.20
	Household Goods & Home Construction 7.66% (6.09%)		
727,458	Haier Electronics	1,511,364	3.00
369,354	Midea	1,668,435	3.31
113,106	Zhejiang Supor	679,692	1.35
		3,859,491	7.66
	Leisure Goods 2.72% (0.00%)		
15,000	Largan Precision	1,369,400	2.72
	HEALTH CARE 1.06% (1.31%)		
	Pharmaceuticals & Biotechnology 1.06% (1.31%)		
7,528,000	Kalbe Farma	534,605	1.06
	CONSUMER SERVICES 2.03% (0.00%)		
	Food & Drug Retailers 2.03% (0.00%)		
25,756	BIM Birlesik Magazalar	266,805	0.53
43,645	X5 Retail	755,697	1.50
		1,022,502	2.03

MI Somerset Global Emerging Markets Screened Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	TELECOMMUNICATIONS 0.85% (6.25%)		
	Fixed Line Telecommunications 0.00% (1.19%)		
	Mobile Telecommunications 0.85% (5.06%)		
90,036	MTN	426,859	0.85
	FINANCIALS 34.84% (36.71%)		
	Banks 21.51% (21.79%)		
787,168	Alpha Bank	868,710	1.72
2,173,000	CTBC Financial	1,252,498	2.48
509,452	First Abu Dhabi Bank	1,518,816	3.02
271,500	Grupo Financiero Banorte	1,503,756	2.99
618,621	ICICI Bank	1,999,556	3.97
261,245	Itau Unibanco	2,213,243	4.39
52,513	OTP Bank	1,480,779	2.94
		10,837,358	21.51
	Non-life Insurance 4.59% (5.82%)		
239,637	BB Seguridade Participacoes	1,107,121	2.20
146,207	Powszechny Zaklad Ubezpiezen	1,206,910	2.39
		2,314,031	4.59
	Life Insurance 4.57% (3.49%)		
847,300	Bangkok Life Assurance	652,958	1.29
385,058	Sanlam	1,650,696	3.28
		2,303,654	4.57
	Financial Services 4.17% (5.61%)		
220,800	LIC Housing Finance	974,941	1.94
92,229	Shriram Transport Finance	1,122,925	2.23
		2,097,866	4.17
	TECHNOLOGY 27.24% (23.00%)		
	Software & Computer Services 15.44% (10.42%)		
3,135	HCL Technologies Basic entitlement	36,480	0.06
118,968	HCL Technologies	1,369,008	2.72
141,624	Infosys	1,093,745	2.17
40,718	Mail.Ru	834,280	1.66
2,636	NetEase.com ADR	461,164	0.92
80,408	Tencent Holdings	2,546,806	5.06
56,985	Yandex	1,437,188	2.85
		7,778,671	15.44

MI Somerset Global Emerging Markets Screened Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2018
	Technology Hardware & Equipment 11.80% (12.00%)		
80,100	Samsung Electronics	2,572,134	5.10
22,607	SK Hynix	1,142,446	2.27
339,000	Taiwan Semiconductor	2,230,672	4.43
		<hr/> 5,945,252	<hr/> 11.80
	Investment assets	49,971,191	99.20
	Net other assets	400,946	0.80
	Net assets	50,372,137	100.00

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 30.09.17.

Comparative Tables

Change in net assets per share

	A Income GBP		A Accumulation GBP	
	30.09.18 p	30.09.17^^ p	30.09.18 p	30.09.17^^ p
Opening net asset value per share	104.68	100.00	104.22	100.00
Return before operating charges^	-5.08	7.93	-5.12	5.32
Operating charges	-1.01	-1.11	-1.01	-1.10
Return after operating charges^	-6.09	6.82	-6.13	4.22
Distributions	-2.40	-2.14	-2.41	-1.47
Retained distributions on accumulation shares	n/a	n/a	2.41	1.47
Closing net asset value per share	96.19	104.68	98.09	104.22
^After direct transaction costs of	-0.06	-0.08	-0.06	-0.08
Performance				
Return after charges	-5.81%	6.82%	-5.88%	4.22%
Other information				
Closing net asset value	£48,004,960	£51,958,132	£2,367,177	£692,103
Closing number of shares	49,906,188	49,633,378	2,413,273	664,101
Operating charges	0.95%	1.06%	0.95%	1.06%
Ongoing operating charges	0.95%	1.04%	0.95%	1.04%
Direct transaction costs	0.06%	0.08%	0.06%	0.08%
Prices				
Highest share price	114.47	111.67	113.96	109.67
Lowest share price	94.50	99.07	94.94	97.78

^^ A Income GBP share class launched 20 February 2017 and A Accumulation GBP share class launched 24 March 2017.

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 year.

The return after charges is calculated as the closing net asset value per share plus the distributions on income shares minus the opening net asset value per share as a % of the opening net asset value per share.

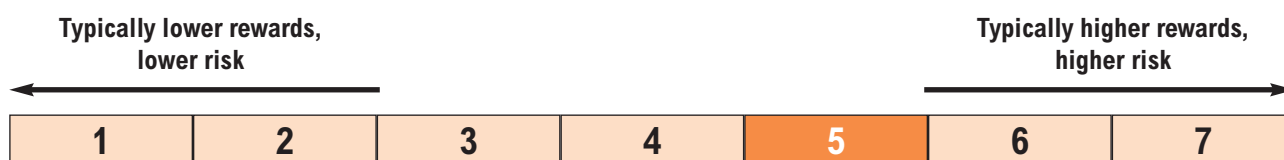
Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net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

Comparative Tables

continued

Risk and reward profile

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



The Sub-fund is ranked at 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 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 your investment to decrease and increase.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- 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.
- For further risk information please see the prospectus.

Risk warning

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

MI Somerset Global Emerging Markets Screened Fund

Statement of Total Return

for the year ended 30 September 2018

	Note	01.10.17 to 30.09.18		20.02.17 to 30.09.17	
		£	£	£	£
Income					
Net capital (losses)/gains	2		(4,089,675)		2,634,035
Revenue	3	1,471,726		1,161,544	
Expenses	4	(513,737)		(328,739)	
Interest payable and similar charges	4	—		—	
Net revenue before taxation		957,989		832,805	
Taxation	5	(119,993)		(83,121)	
Net revenue after taxation			837,996		749,684
Total return before distributions			(3,251,679)		3,383,719
Distributions	6		(1,248,423)		(989,370)
Change in net assets attributable to Shareholders from investment activities			(4,500,102)		2,394,349

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2018

		01.10.17 to 30.09.18		20.02.17 to 30.09.17	
		£	£	£	£
Opening net assets attributable to Shareholders			52,650,235		—
Amounts receivable on issue of shares		2,322,693		871,595	
Amounts received on issue of shares in relation to inspecie transfer		—		49,373,809	
Less: Amounts payable on cancellation of shares		(163,291)		(1,186)	
			2,159,402		50,244,218
Dilution levy			7,494		2,189
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)			(4,500,102)		2,394,349
Retained distribution on accumulation shares			55,108		9,479
Closing net assets attributable to Shareholders			50,372,137		52,650,235

The notes on pages 81 to 87 form an integral part of these Financial Statements.

MI Somerset Global Emerging Markets Screened Fund

Balance Sheet

as at 30 September 2018

	Note	£	30.09.18 £	£	30.09.17 £
ASSETS					
Fixed Assets					
Investments			49,971,191		51,719,254
Current Assets					
Debtors	7	166,678		318,110	
Cash and bank balances	9	1,035,357		1,625,852	
Total current assets			1,202,035		1,943,962
Total assets			51,173,226		53,663,216
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(723,290)		(711,991)	
Other creditors	8	(77,799)		(300,990)	
Total creditors			(801,089)		(1,012,981)
Total liabilities			(801,089)		(1,012,981)
Net assets attributable to Shareholders			50,372,137		52,650,235

The notes on pages 81 to 87 form an integral part of these Financial Statements.

MI Somerset Global Emerging Markets Screened Fund

Notes to the Financial Statements

for the period ended 30 September 2018

1. Accounting Policies

The Sub-fund's Financial statements have been prepared on the same basis as the Accounting Policies stated on pages 18 to 19.

2. Net Capital (Losses)/Gains	01.10.17 to 30.09.18	20.02.17 to 30.09.17
	£	£
Non-derivative securities	(4,035,469)	2,676,239
Currency losses	(44,577)	(19,488)
Transaction charges	(9,629)	(22,716)
Net capital (losses)/gains	(4,089,675)	2,634,035

3. Revenue	01.10.17 to 30.09.18	20.02.17 to 30.09.17
	£	£
Overseas dividends	1,392,781	1,095,153
Taxable overseas dividends	78,926	66,304
Bank interest	19	87
Total revenue	1,471,726	1,161,544

4. Expenses	01.10.17 to 30.09.18	20.02.17 to 30.09.17
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	43,838	25,425
Registration fees	7,644	4,998
	<u>51,482</u>	<u>30,423</u>
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	410,421	239,694
Payable to the Depositary associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	19,727	11,803
Safe custody and other bank charges	16,161	21,158
	<u>35,888</u>	<u>32,961</u>

Notes to the Financial Statements

continued

4. Expenses (continued)	01.10.17 to 30.09.18	20.02.17 to 30.09.17
	£	£
Other expenses:		
Audit fee (including VAT)	7,200	7,200
Audit fee (including VAT): taxation services	1,500	1,500
FCA fee	155	–
Legal fees	6,881	15,426
Printing costs	210	1,535
	<hr/> 15,946	<hr/> 25,661
Expenses	513,737	328,739
Interest payable and similar charges	–	–
Total	513,737	328,739

5. Taxation	01.10.17 to 30.09.18	20.02.17 to 30.09.17
	£	£
(a) Analysis of charge in the period:		
Overseas tax	119,993	83,121
Total tax charge (note 5b)	119,993	83,121
(b) Factors affecting taxation charge for the period:		
Net revenue before taxation	957,989	832,805
Corporation tax at 20%	191,598	166,561
Effects of:		
Movement in surplus management expenses	89,327	54,458
Overseas tax expensed	119,993	83,121
Unutilised double taxation relief	(2,369)	(1,988)
Non-taxable overseas earnings	(278,556)	(219,031)
Total tax charge (note 5a)	119,993	83,121

(c) Deferred tax

At the year end there is a potential deferred tax asset of £143,785 (2017: £54,458) in relation to surplus management expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

MI Somerset Global Emerging Markets Screened Fund

Notes to the Financial Statements

continued

6. Distributions

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

		01.10.17 to 30.09.18	20.02.17 to 30.09.17
		£	£
Interim distribution	31.03.18	493,936	353,135
Final distribution	30.09.18	758,425	721,435
		1,252,361	1,074,570
Revenue deducted on cancellation of shares		467	13
Revenue received on issue of shares		(4,405)	(5,306)
Revenue received on issue of shares in relation to inspecie transfer		–	(79,907)
Distributions		1,248,423	989,370

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		837,996	749,684
Expenses allocated to capital		410,421	239,694
Undistributed revenue brought forward		8	–
Undistributed revenue carried forward		(2)	(8)
Distributions		1,248,423	989,370

7. Debtors

		30.09.18	30.09.17
		£	£
Amounts receivable on issues		762	64,000
Currency deals outstanding		25,346	135,784
Sales awaiting settlement		44,151	61,861
Accrued income:			
Dividends receivable		61,870	50,945
Overseas tax recoverable		33,729	5,520
Prepaid expenses:			
Legal fee		820	–
Total debtors		166,678	318,110

MI Somerset Global Emerging Markets Screened Fund

Notes to the Financial Statements

continued

8. Other Creditors	30.09.18	30.09.17
	£	£
Currency deals outstanding	25,379	135,922
Purchases awaiting settlement	–	104,910
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's fee	3,426	3,681
Registration fees	628	2,514
	<u>4,054</u>	<u>6,195</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	31,236	33,584
Amounts payable to the Depositary associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	3,211	3,298
Safe custody and other bank charges	3,227	6,181
	<u>6,438</u>	<u>9,479</u>
Other expenses:		
Audit fee (including VAT)	7,200	7,200
Audit fee (including VAT): taxation services	3,000	1,500
Legal fees	–	1,000
Printing costs	492	1,200
	<u>10,692</u>	<u>10,900</u>
Total other creditors	<u>77,799</u>	<u>300,990</u>
9. Cash and Bank Balances	30.09.18	30.09.17
	£	£
Cash and bank balances	1,035,357	1,625,852
Cash and bank balances	<u>1,035,357</u>	<u>1,625,852</u>

10. Related Party Transactions

Authorised Corporate Director and other fees payable to Maitland Institutional Services Ltd (the Company) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Fees payable to Somerset Capital Management LLP (the Investment Manager) are disclosed in note 4 and amounts due at the period end are shown in note 8.

Notes to the Financial Statements

continued

10. Related Party Transactions (continued)

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

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the MI Somerset Capital Management Investment Funds ICVC.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2017: none).

12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in Note 12 on pages 24 to 26.

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

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

Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £4,997,119 (2017: £5,171,925).

Currency risk

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

Currency	30.09.18 Total £	30.09.17 Total £
Brazilian real	3,426,800	5,205,402
Chinese renminbi	3,936,832	256,616
Euro	868,710	–
Hong Kong dollar	6,099,114	5,805,018
Hungarian forint	1,480,779	1,473,834
Indian rupee	10,318,318	691,531
Indonesian rupiah	534,605	10,768,148
Malaysian ringgit	–	766,351
Mexican peso	2,450,516	2,390,025
Polish zloty	1,298,255	2,620,078
Pound sterling	286,575	831,203
South African rand	3,120,028	4,231,994
South Korean won	3,714,580	5,671,538
Taiwanese dollar	4,852,570	2,969,641
Thai baht	652,958	526,512
Turkish lira	707,805	1,828,393
United Arab Emirates dirham	1,518,816	1,054,595
United States dollar	5,104,876	5,559,356
	50,372,137	52,650,235

At the balance sheet date, if the value of sterling increased or decreased by 10%, with all other variables held constant, then the net assets attributable to Shareholders would increase or decrease by approximately £5,008,556 (2017: £5,181,903).

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs

01.10.17 to
30.09.18

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	14,496,740	12,893	0.09	5,274	0.04	14,478,573
Corp actions	50,898	–	0.00	–	0.00	50,898
Total purchases after commissions and tax	14,547,638					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	12,262,064	9,185	0.07	10,336	0.08	12,281,585
Total sales after commissions and tax	12,262,064					

Commission as a % of average net assets 0.04%
Taxes as a % of the average net assets 0.03%

20.02.17 to
30.09.17

Analysis of purchases	Net purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	32,127,161	19,608	0.06	15,779	0.05	32,091,774
Corporate actions	(34,586)	–	0.00	–	0.00	(34,586)
In-specie	20,169,170	–	0.00	–	0.00	20,169,170
Total purchases after commissions and tax	52,261,745					

Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	3,299,672	2,628	0.08	5,049	0.15	3,307,349
Total sales after commissions and tax	3,299,672					

Commission as a % of average net assets 0.04%
Taxes as a % of the average net assets 0.04%

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on page 77. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

Notes to the Financial Statements

continued

14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2018 is 0.15% (2017: 0.15%).

15. Fair Value Disclosure

Valuation technique	30.09.18		30.09.17	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	49,971,191	–	51,719,254	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	49,971,191		51,719,254	–

[^] Level 1: Unadjusted quoted price in an active market for an identical instrument.

^{^^} Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

^{^^^} Level 3: Valuation techniques using unobservable inputs.

16. Shareholders Funds

	A Income GBP	A Accumulation GBP
Opening number of shares	49,633,378	644,101
Shares issued	426,778	1,769,172
Shares cancelled	(153,968)	–
Closing number of shares	49,906,188	2,413,273

MI Somerset Global Emerging Markets Screened Fund

Distribution Tables

for the year ended 30 September 2018

Income Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Distribution payable 2018	Distribution paid 2017	
A GBP	Interim	Group 1	0.9538	–	0.9538	–	
		Group 2	0.8764	0.0774	0.9538	0.7140	
	Final	Group 1	1.4493	–	–	1.4493	1.4345
		Group 2	1.1114	1.1114	0.3379	1.4493	1.4345

Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue	Equalisation	Amount reinvested 2018	Amount reinvested 2017	
A GBP	Interim	Group 1	0.9514	–	0.9514	–	
		Group 2	0.8625	0.0889	0.9514	0.0566	
	Final	Group 1	1.4559	–	–	1.4559	1.4221
		Group 2	0.7915	0.7915	0.6644	1.4559	1.4221

Interim period: 01.10.17 - 31.03.18

Final period: 01.04.18 - 30.09.18

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 Somerset Capital Management Investment Funds ICVC

General Information

Authorised Status

MI Somerset Capital Management Investment Funds ICVC (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 17 October 2008 under registration number IC000713. The Shareholders are not liable for the debts of the Company.

The Company currently has 4 Sub-funds, which are detailed below:

MI Somerset Global Emerging Markets Fund (Launched 17.11.08)

MI Somerset Emerging Markets Dividend Growth Fund (Launched 29.03.10)

MI Somerset Emerging Markets Small Cap Fund (Launched 01.11.10)

MI Somerset Global Emerging Markets Screened Fund (Launched 20.02.17)

Head Office

Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Address for Service

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

Base Currency

The base currency of the Company is Pounds Sterling.

Share Capital

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

Classes of Shares

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

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

Sub-fund	Share Class																		
	A GBP		B GBP		B USD		B EUR		B AUD		B DKK		B SGD		C AUD		F GBP		
	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc	
MI Somerset Global Emerging Markets Fund	-	✓	✓	✓	✓*	✓	✓*	✓	-	-	-	✓	-	-	-	-	-	-	-
MI Somerset Emerging Markets Dividend Growth Fund	✓	✓	-	-	✓	✓	✓	✓	-	✓	-	-	-	✓	✓*	✓	✓	✓	-
MI Somerset Emerging Markets Small Cap Fund	-	-	-	✓	-	✓	-	✓	-	-	-	-	-	-	-	-	-	-	-
MI Somerset Global Emerging Markets Screened Fund	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

General Information

continued

*These share classes have no investment at the date of this report.

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.

Valuation Point

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

For the purpose of the pricing of units, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the 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:

Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW

Or by telephone to:

0345 026 4282

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 Fund which represents the Net Asset Value of the Fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on www.maitlandgroup.com. Neither the Company 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.

Remuneration of the Authorised Corporate Director

Its purpose is to ensure that the remuneration of the staff of the ACD is consistent with and promotes sound and effective risk management, does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of itself and the UCITS it manages (including the Company) and does not impair the ACD's compliance with its duty to act in the best interests of the UCITS it manages.

Further information is available in the ACD's Remuneration Policy document which can be obtained from www.maitlandgroup.com. A paper copy of the remuneration policy is available on request from the registered office of the Authorised Corporate Director free of charge.

General Information

continued

Remuneration of the Authorised Corporate Director (continued)

30.09.18	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration
Total remuneration paid by the ACD during the year	77	£1,057,434	£1,057,434
Remuneration paid to employees of the ACD who have material impact on the risk profile of the Fund	6	£219,418	£219,418

The table has been calculated based on the total remuneration paid to the ACD as ACD fees in the period as contained within these accounts. The total remuneration has been apportioned between the code staff and general staff by way of a percentage based assessment.

The management has reviewed the general principles of the Remuneration Policy and its application in the last years which has resulted in no material changes to the Policy.

Risk Warning

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

Maitland

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