

Maitland

MI Discretionary Unit Fund

Annual Report 30 April 2017

MI Discretionary Unit Fund

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Authorised Unit Trust Manager (AUTM) & 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 305 4213
Fax: 0845 280 0109
Email: discretionary@maitlandgroup.co.uk
(Authorised and regulated by the Financial Conduct Authority)

Directors of the Authorised Unit Trust Manager

R.A. Ackermann (appointed 30 December 2016)
P.J. Foley-Brickley
S. Georgala
D. Jones
R.W. Leedham
D.W. Munting (retired 14 October 2016)

Investment Manager

To 20 September 2016: Discretionary Unit Fund Managers Limited
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

From 21 September 2016: Thornbridge Investment Management LLP
1 Fore Street, London, EC2Y 9DT
(Authorised and regulated by the Financial Conduct Authority)

Trustee

To 30 September 2016: National Westminster Bank Plc
From 1 October 2016: The Northern Trust Global Services Limited
50 Bank Street, Canary Wharf, 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 Unit Trust Manager's Responsibilities

The Authorised Unit Trust Manager is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practices.

The Financial Conduct Authority's Collective Investment Schemes sourcebook ("the COLL sourcebook") requires the Authorised Unit Trust Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the net revenue and of the net gains on the property of the Fund for that year. In preparing the financial statements the Authorised Unit Trust Manager is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, including Financial Reporting Standard 102 'The financial reporting standard applicable in the United Kingdom and the Republic of Ireland' (FRS102) and in accordance with the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014, subject to any material departures, which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Authorised Unit Trust Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to ensure that the financial statements comply with the COLL Sourcebook. The Authorised Unit Trust Manager is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

In so far as the Authorised Unit Trust Manager is aware:

- there is no relevant audit information of which the Scheme's auditors are unaware; and
- the Authorised Unit Trust Manager has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Certification of the Annual Report by the Authorised Unit Trust Manager

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

R.W. Leedham

D. Jones

Directors

Maitland Institutional Services Ltd

22 June 2017

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the MI Discretionary Unit Fund ("the Trust") for the Year Ended 30th April 2017.

The Trustee in its capacity as Trustee of MI Discretionary Unit Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits the Trust'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 Trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

Northern Trust Global Services Limited

UK Trustee and Depositary Services
22 June 2017

Independent Auditors' Report to the Unitholders of MI Discretionary Unit Fund

We have audited the financial statements of the Fund for the year ended 30 April 2017 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Unitholders, the Balance Sheets, the Related Notes and Distribution Tables listed on pages 13 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Fund's unitholders, 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 Fund's unitholders 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 Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Authorised Unit Trust Manager ('the AUTM') Maitland Institutional Services Ltd and the Auditor

As explained more fully in the Statement of AUTM's Responsibilities set out on page 2 the AUTM is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Fund as at 30 April 2017 and of the net revenue and the net capital gains on the property of the Fund 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.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Authorised Unit Trust Manager's Report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purpose of our audit.

Independent Auditors' Report to the Unitholders of MI Discretionary Unit Fund
continued

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

Ravi Lamba

for and on behalf of KPMG, Statutory Auditor

Chartered Accountants

15 Canada Square, Canary Wharf, London E14 5GL

22 June 2017

Investment Objective

The investment objective of the Scheme is to provide maximum appreciation with above average yield for a growth fund.

Investment Policy

It is envisaged that the Scheme will normally be fully invested subject to market considerations. The Scheme is to concentrate on smaller and medium sized UK companies. The policy does not envisage hedging either against price or currency fluctuations.

Smaller and medium sized companies display characteristics of lower liquidity and investors should therefore recognise that the Manager reserves the right to control the rate of investment of new monies. The consequence of this is that from time to time the Scheme may hold liquidity in the range of 0% – 10%.

Investment Manager's Report

for the year ended 30 April 2017

The last year saw buoyant conditions in the UK equity market with the FTSE All-Share Index rising by 16%. Volatility immediately after the EU Referendum was followed by a strong rally, a period of consolidation around the calendar year end and then a continuation of the rally in 2017. The FTSE Small Cap index rose 20% in the year ending April 30th 2017 with the FTSE Fledgling Index up a little over 25% in the same period.

I am therefore delighted to report that the value of the units in the fund have risen by 33% (based on bid to bid valuation price) for the year ended April 30th 2017. The total distribution for the income units was 25.7p for the year ended April 30th 2017 up from 20.7p the previous year. The main reason for this success continues to be the solid corporate performances from across the portfolio.

Markets and currencies have been volatile over the past year buffeted by a succession of geopolitical events including the EU Referendum and the US election as well as other political events across Europe. Uncertainty around Britain leaving the EU will persist but we remain confident that the fund is well positioned and the investments sufficiently robust to prosper through a range of macroeconomic scenarios. The portfolio comprises well managed companies with good business models spread over wide geographies. The management teams will undoubtedly adapt their strategies to a new environment.

Review of Investment Activities

There have been some excellent stock performances in the portfolio over the last year led by Treatt and Chamberlin. There were also strong performances from some of the portfolios larger positions such as Scapa and Electrocomponents. There were few disappointments with Laird being the only notable faller over the past six months.

The holding in Treatt has been trimmed following a very strong run to avoid the holding exceeding 10% of the portfolio by value. Scapa was also trimmed as the shares rose strongly as was RPC. The position in Low & Bonar was added too.

Portfolio Statement

as at 30 April 2017

Holding	Security	Market value £	% of total net assets 2017
Chemicals 16.31% (14.90%)			
555,000	Scapa*	2,189,475	4.60
1,172,500	Treatt	4,607,925	9.68
335,000	Zotefoams	964,800	2.03
		7,762,200	16.31
Construction & Materials 9.23% (8.30%)			
700,000	Boot (Henry)	1,750,000	3.68
1,750,000	Low & Bonar	1,526,875	3.21
812,758	Titon	1,113,478	2.34
		4,390,353	9.23
General Industrials 9.35% (17.91%)			
2,480,000	Coral Products*	365,800	0.77
4,430,000	Macfarlane	2,857,350	6.00
151,566	RPC	1,226,927	2.58
		4,450,077	9.35
Electronic & Electrical Equipment 4.11% (4.33%)			
330,000	Dewhurst 'A' Non Voting*	1,567,500	3.29
60,000	Dewhurst*	390,000	0.82
		1,957,500	4.11
Industrial Engineering 15.08% (12.82%)			
300,000	Castings	1,410,000	2.96
500,000	Chamberlin*	750,000	1.58
150,000	Fenner	504,750	1.06
150,000	Hill & Smith	1,990,500	4.18
2,595,198	Renold	1,609,023	3.38
15,900	Spirax-Sarco Engineering	826,005	1.74
10,000	Vitec	84,600	0.18
		7,174,878	15.08
Support Services 15.64% (15.57%)			
400,000	Electrocomponents	2,072,000	4.36
271,428	Menzies (John)	1,872,853	3.94
107,500	SIG	128,463	0.27
400,000	VP	3,366,000	7.07
1,900	WYG*	1,767	0.00
		7,441,083	15.64

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2017
	Food Producers 0.81% (0.95%)		
275,000	Carr's	385,688	0.81
	Household Goods & Home Construction 8.72% (9.30%)		
232,101	Churchill China*	2,460,271	5.17
375,000	Colefax*	1,687,500	3.55
		4,147,771	8.72
	Leisure Goods 0.26% (0.36%)		
400,000	Hornby*	126,000	0.26
	General Retailers 1.52% (1.84%)		
13,600	Findel	27,200	0.06
2,000,000	Pendragon	695,000	1.46
		722,200	1.52
	Real Estate Investment & Services 0.00% (0.00%)		
600,000	Dyson**	–	–
	Equity Investment Instruments 9.74% (8.10%)		
232,000	Rights & Issues Investment Trust	4,635,360	9.74
	Software & Computer Services 0.09% (0.24%)		
100,000	Elecosoft*	44,000	0.09
	Technology Hardware & Equipment 1.49% (2.39%)		
472,500	Laird	708,750	1.49
	Investment assets	43,945,860	92.35
	Net other assets	3,639,599	7.65
	Net assets	47,585,459	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 30.04.16.

* Quoted on the Alternative Investment Market.

** Delisted

Comparative Tables

Change in net assets per unit

	Income Units		
	30.04.17 p	30.04.16 p	30.04.15 p
Opening net asset value per unit	1,670.28	1,458.12	1,460.30
Return before operating charges [^]	618.21	251.14	35.13
Operating charges	-20.90	-18.30	-16.10
Return after operating charges [^]	597.31	232.84	19.03
Distributions	-25.73	-20.68	-21.21
Closing net asset value per unit	2,241.86	1,670.28	1,458.12
[^] After direct transaction costs of	-0.92	-0.64	-0.28
Performance			
Return after charges	35.76%	15.97%	1.30%
Other Information			
Closing net asset value	£32,230,543	£26,587,942	£25,598,842
Closing number of units	1,437,667	1,591,824	1,755,604
Operating charges	1.14%	1.15%	1.13%
Ongoing operating charges*	1.11%		
Direct transaction costs	0.05%	0.04%	0.02%
Prices			
Highest unit price	2,241.07	1,681.57	1,547.70
Lowest unit price	1,541.40	1,476.60	1,301.20

	Accumulation Units		
	30.04.17 p	30.04.16 p	30.04.15 p
Opening net asset value per unit	6,345.34	5,470.73	5,400.78
Return before operating charges [^]	2,369.73	943.52	129.64
Operating charges	-79.85	-68.91	-59.69
Return after operating charges [^]	2,289.88	874.61	69.95
Distributions	-98.04	-77.80	-78.70
Retained distributions on accumulation units	98.04	77.80	78.70
Closing net asset value per unit	8,635.22	6,345.34	5,470.73
[^] After direct transaction costs of	-3.50	-2.39	-1.06
Performance			
Return after charges	36.09%	15.99%	1.30%
Other Information			
Closing net asset value	£15,354,916	£11,701,714	£10,880,235
Closing number of units	177,817	184,414	198,881
Operating charges	1.14%	1.15%	1.13%
Ongoing operating charges*	1.11%		
Direct transaction costs	0.05%	0.04%	0.02%
Prices			
Highest unit price	8,602.81	6,336.34	5,724.10
Lowest unit price	5,856.10	5,540.05	4,812.50

Comparative Tables

continued

Change in net assets per unit (continued)

* The net asset value of the Fund increased from £38,172,000 to £47,509,000 and there has been a reduction in Trustee fees during the year. Taking an average of the daily net asset values for the last month of the year has the effect of reducing Operating charges by 0.03%. The AUTM believes this to be more representative of the charges going forward.

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

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

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

Risk and reward profile

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



The Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. During the period under review the category changed from 5 to 4, this is due to the price volatility of the Sub-fund. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund:

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

Comparative Tables

continued

Risk warning

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

Statement of Total Return

for the year ended 30 April 2017

	Note	30.04.17		30.04.16	
		£	£	£	£
Income					
Net capital gains	2		12,331,034		5,076,826
Revenue	3	1,030,397		939,431	
Expenses	4	(462,138)		(444,206)	
Interest payable and similar charges	4	—		—	
Net revenue before taxation		568,259		495,225	
Taxation	5	—		—	
Net revenue after taxation			568,259		495,225
Total return before distributions			12,899,293		5,572,051
Distributions	6		(568,260)		(495,395)
Change in net assets attributable to Unitholders from investment activities			12,331,033		5,076,656

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 30 April 2017

		30.04.17		30.04.16	
		£	£	£	£
Opening net assets attributable to Unitholders			38,289,656		36,479,077
Amounts receivable on issue of units		400,661		207,590	
Less: Amounts payable on cancellation of units		(3,621,194)		(3,623,250)	
			(3,220,533)		(3,415,660)
Change in net assets attributable to Unitholders from investment activities (see Statement of Total Return above)			12,331,033		5,076,656
Retained distribution on accumulation units			177,639		145,992
Unclaimed distributions			7,664		3,591
Closing net assets attributable to Unitholders			47,585,459		38,289,656

The notes on pages 15 to 26 form an integral part of these Financial Statements.

Balance Sheet

as at 30 April 2017

	Note	30.04.17		30.04.16	
		£	£	£	£
ASSETS					
Fixed Assets					
Investments			43,945,860		37,145,810
Current Assets					
Debtors	7	114,640		115,910	
Cash and bank balances	9	3,704,364		1,349,119	
Total current assets			3,819,004		1,465,029
Total assets			47,764,864		38,610,839
LIABILITIES					
Investment liabilities			–		–
Creditors					
Distribution payable		(109,790)		(217,719)	
Other creditors	8	(69,615)		(103,464)	
Total creditors			(179,405)		(321,183)
Total liabilities			(179,405)		(321,183)
Net assets attributable to Unitholders			47,585,459		38,289,656

The notes on pages 15 to 26 form an integral part of these Financial Statements.

Notes to the Financial Statements

for the year ended 30 April 2017

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 28.

The Certification of the Annual Report by the Authorised Unit Trust Manager 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) 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.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

Notes to the Financial Statements

continued

1. Accounting Policies (continued)

(f) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to Unitholders 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.

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

(g) 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.

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

Amendments to FRS 102 - Fair value hierarchy disclosures, amends paragraphs 34.22 and 34.42 of FRS 102, revising the disclosure requirements for financial instruments held at fair value and aligning the disclosures with those required by EU-adopted IFRS. There are no accounting policy or disclosure changes as a result of this adoption.

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 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

(h) 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.

Notes to the Financial Statements

continued

2. Net Capital Gains	30.04.17	30.04.16
	£	£
Non-derivative securities	12,332,228	5,077,046
Transaction charges	(1,194)	(220)
Net capital gains	12,331,034	5,076,826
3. Revenue	30.04.17	30.04.16
	£	£
UK dividends: Ordinary	1,030,397	939,302
Bank interest	–	129
Total revenue	1,030,397	939,431

Notes to the Financial Statements

continued

4. Expenses	30.04.17	30.04.16
	£	£
Payable to the Authorised Unit Trust Manager, associates of the Authorised Unit Trust Manager and agents of either of them:		
Registration fee	11,770	7,924
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	407,347	390,864
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	18,268	29,376
Safe custody and other bank charges	6,715	3,133
	24,983	32,509
Other expenses:		
Audit fee (including VAT)	7,380	7,680
Audit fee (including VAT): taxation services	1,500	1,500
FCA fee	200	(48)
Legal fees	4,440	–
Printing costs	4,518	3,777
	18,038	12,909
Expenses	462,138	444,206
Interest payable and similar charges	–	–
Total	462,138	444,206

Notes to the Financial Statements

continued

5. Taxation

	30.04.17	30.04.16
	£	£
(a) Analysis of charge in the year:		
Total tax charge (note 5b)	–	–
<hr/>		
(b) Factors affecting taxation charge for the year		
Net revenue before taxation	568,259	495,225
Corporation tax at 20%	113,652	99,045
Effects of:		
UK dividends	(206,079)	(187,860)
Movement in surplus management expenses	92,427	88,815
Total tax charge (note 5a)	–	–

(c) Deferred tax

At the year end there is a potential deferred tax asset of £1,262,997 (2016: £1,170,570) in relation to surplus management expenses. It is unlikely that the 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.

Notes to the Financial Statements

continued

6. Distributions

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

		30.04.17	30.04.16
		£	£
Interim distribution	31.10.2016	395,193	169,525
Final distribution	30.04.2017	161,918	312,761
		<hr/> 557,111	<hr/> 482,286
Revenue deducted on cancellation of Units		12,413	14,345
Revenue received on issue of Units		(1,264)	(1,236)
Distributions		<hr/> 568,260	<hr/> 495,395

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		568,259	495,225
Undistributed revenue brought forward		2	172
Undistributed revenue carried forward		(1)	(2)
Distributions		<hr/> 568,260	<hr/> 495,395

7. Debtors

	30.04.17	30.04.16
	£	£
Amounts receivable on issues	7,400	–
Accrued income:		
Dividends receivable	107,015	115,910
Prepaid expenses:		
Legal fee	225	–
Total debtors	<hr/> 114,640	<hr/> 115,910

Notes to the Financial Statements

continued

8. Other creditors	30.04.17	30.04.16
	£	£
Amounts payable on cancellations	10,000	55,763
Accrued expenses:		
Amounts payable to the Authorised Unit Trust Manager, associates of the Authorised Unit Trust Manager and agents of either of them:		
Registration fee	1,180	1,016
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	38,238	31,795
Amounts payable to the Trustee associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	5,206	1,891
Safe custody and other bank charges	3,291	2,479
	8,497	4,370
Other expenses:		
Audit fee (including VAT)	7,200	7,020
Audit fee (including VAT): taxation services	3,000	1,500
Printing costs	1,500	2,000
	11,700	10,520
Total other creditors	69,615	103,464
9. Cash and Bank Balances	30.04.17	30.04.16
	£	£
Cash and bank balances	3,704,364	1,349,119
Cash and bank balances	3,704,364	1,349,119

Notes to the Financial Statements

continued

10. Related Party Transactions

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

Fees payable to Discretionary Unit Fund Managers Ltd (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

Trustee and other fees payable to Northern Trust Global Services Ltd are disclosed in note 4 and amounts due at the year end are shown in note 8.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: none).

12. Risk Management Policies and Disclosures

In pursuing its investment objectives, the 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 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 Authorised Unit Trust Manager accepts market price risk in relation to the investment portfolio.

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

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 Fund in the context of all their investments.

The Fund's investment portfolio is exposed to market price fluctuations, which are monitored by the Authorised Unit Trust Manager as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Fund will be exposed.

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 Unitholders would increase or decrease by approximately £4,394,586 (2016: £3,714,581).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

The majority of the Fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Fund are not affected by currency movements.

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 Fund's assets comprise equity shares which neither pay interest nor have a maturity date.

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

Credit risk

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

There are no net borrowings or unlisted securities and the Manager considers that the Fund has little exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that a 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 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 Fund, the 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 units.

Counterparty risk

The risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the 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.

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

30.04.17

Analysis of purchases	Net purchase cost £	Commissions paid £	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	1,087,757	2,084	0.19%	5,041	0.46%	1,080,632
Total purchases after commissions and tax	1,087,757					

Analysis of sales	Net sale proceeds £	Commissions paid £	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	6,358,312	13,556	0.21%	28	0.00%	6,371,896
Total sales after commissions and tax	6,358,312					

Commission as a % of average net assets 0.04%

Taxes as a % of average net assets 0.01%

30.04.16

Analysis of purchases	Net purchase cost £	Commissions paid £	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	417,539	1,346	0.32	2,074	0.50	414,119
Total purchases after commissions and tax	417,539					

Analysis of sales	Net sale proceeds £	Commissions paid £	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	4,405,718	13,018	0.30	30	0.00	4,418,766
Total sales after commissions and tax	4,405,718					

Commission as a % of average net assets 0.04%

Taxes as a % of average net assets 0.01%

Notes to the Financial Statements

continued

13. Portfolio Transaction Costs (continued)

Commissions and taxes as a % of the average net assets form part of the direct transactions costs stated within the comparative tables on page 10. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 April 2017 is 1.86% (2016: 2.59%).

15. Fair Value Disclosure

Valuation technique	30.04.17		30.04.16		
	Assets	Liabilities	Assets	Liabilities	
	£	£	£	£	£
Level 1 [^]	43,945,860	–	37,145,810	–	–
Level 2 ^{^^}	–	–	–	–	–
Level 3 ^{^^^}	–	–	–	–	–
	43,945,860	–	37,145,810	–	–

[^] Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

^{^^} Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

^{^^^} Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Notes to the Financial Statements

continued

16. Unitholders Funds

	Income	Accumulation
Opening number of Units	1,591,824	184,414
Units issued	5,375	4,013
Units cancelled	(158,309)	(10,919)
Units converted	(1,223)	309
Closing number of Units	1,437,667	177,817

Distribution Tables

For the year ended 30 April 2017

Income Unit Distribution

Distribution	Units	Net revenue p	Equalisation p	Distribution payable 2017 p	Distribution paid 2016 p
Interim	Group 1	18.0891	–	18.0891	7.0000
	Group 2	–	18.0891	18.0891	7.0000
Final	Group 1	7.6367	–	7.6367	13.6773
	Group 2	5.3265	2.3102	7.6367	13.6773

Accumulation Unit Distribution

Distribution	Units	Net revenue p	Equalisation p	Amount reinvested 2017 p	Amount reinvested 2016 p
Interim	Group 1	68.7241	–	68.7241	26.2633
	Group 2	21.4764	47.2477	68.7241	26.2633
Final	Group 1	29.3150	–	29.3150	51.5374
	Group 2	18.1446	11.1704	29.3150	51.5374

Interim period: 01.05.16 - 31.10.16

Final period: 01.11.16 - 30.04.17

Group 1: Units purchased prior to a distribution period

Group 2: Units purchased during a distribution period

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents accrued revenue included in the purchase price of the units. 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 units for capital gains tax purposes.

General Information

Authorised Status

The MI Discretionary Unit Fund (the “Scheme”) is an authorised unit trust scheme and UCITS scheme operating under chapter 5 of COLL. The Scheme was established on 8 August 1963.

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

Unitholders are not liable for the debts of the Scheme.

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 Scheme of notices or other documents required or authorised to be served on it.

Base Currency

The base currency of the Scheme is Pounds Sterling.

Units

The Scheme may issue both Income and Accumulation Units.

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

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

Valuation Point

The scheme property of the Scheme will normally be valued at 10:00 on each dealing day for the purpose of calculating the price at which units in the Scheme 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 Manager is open for the buying and selling of units. The Manager may at any time during a business day carry out an additional valuation of the property of the scheme if the Manager considers it desirable to do so, with the Trustee’s approval.

General Information

continued

Buying, Redeeming and Switching of Units

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

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

Or by telephone to:

0345 305 4213

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

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

Pricing Basis

The Scheme will value the scheme property using the dual pricing method. The Manager calculates prices at which investors buy and sell units, in accordance with the dual-pricing method set out below.

The basis of the calculation is the value of the underlying assets of the Scheme.

The Scheme is valued either on a bid basis or on an offer basis, as appropriate. The maximum permitted spread is wider than the spread the Manager normally quotes for dealing, but the Manager may deal at any prices calculated in accordance with the provisions set out below and notified to the Trustee.

The maximum offer price may not be more than the issue price plus any preliminary charge and the maximum bid price may not be less than the cancellation price.

The Scheme will be valued on a net asset value basis to determine the price of the units ('NAV price'). Units will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Scheme.

The prices of units are published daily on the Managers' website at www.maitlandgroup.com. Neither the Manager nor the Scheme can be held responsible for any errors in the publication of the prices.

The units in the Scheme 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

Copies of the Trust Deed and of any Supplemental Deeds of the Scheme, the Prospectus and the most recent annual and half-yearly reports may be inspected at the head office of the AUTM at the address set out in the Directory and copies may be obtained free of charge upon application.

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

General Information

continued

Remuneration of the Authorised Unit Trust Manager

Following recent changes to the rules applicable to UCITS management companies, the AUTM, Maitland Institutional Services Ltd, adopted on 18 March 2016 a revised remuneration policy which is consistent with the new remuneration principles applicable to UCITS management companies.

Its purpose is to ensure that the remuneration of the staff of the AUTM 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 Scheme) and does not impair the AUTM's compliance with its duty to act in the best interests of the UCITS it manages.

Further information is available in the Manager'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 Manager free of charge.

30 April 2017	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration
Total remuneration paid by the AUTM during the year	64	£67,073	£67,073
Remuneration paid to employees of the AUTM who have material impact on the risk profile of the Fund	6	£14,085	£14,085

The table has been calculated based on the total remuneration paid to the Manager as Manager fees in the period as contained within these financial statements. 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 year which has resulted in no material changes to the Policy.

Significant Information

Following executed Deed of Novation dated 21 September 2016, Discretionary Unit Fund Managers Limited transferred all rights, obligations and liabilities under the Sponsorship Agreement of 1 November 2015, to Thornbridge Investment Management LLP. Thornbridge Investment Management LLP is now the Investment Manager of the MI Discretionary Unit Fund, as of the above effective date.

On 1 October 2016 the Trustee changed from National Westminster Bank Plc to Northern Trust Global Services Limited.

General Information

continued

Risk Warning

An investment in a Unit Trust should be regarded as a medium to long-term investment. Investors should be aware that the price of units 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

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