

Maitland

MI Somerset Asia Income Fund

Annual Report 31 December 2022

MI Somerset Asia Income Fund

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*These collectively comprise the Authorised Unit Trust Manager's Report.

Directory

Authorised Unit Trust Manager ('AUTM') & Registrar

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(Authorised and regulated by the Financial Conduct Authority)

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Directors of the Authorised Unit Trust Manager

A.C. Deptford
P.J. Foley-Brickley
C. O'Keeffe
D. Phillips (Non-Executive Director)
J. Thompson (Non-Executive Director)

Investment Manager

Somerset Capital Management LLP
10 Bolt Court, 3rd Floor
London EC4A 3DQ
(Authorised and regulated by the Financial Conduct Authority)

Fund Managers

Mark Williams
Carolyn Chan

Trustee

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

Independent Auditor

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

Statement of the Authorised Unit Trust Manager's Responsibilities

The Collective Investment Schemes Sourcebook published by the FCA, ('the COLL Rules') requires the AUTM to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and net gains or losses on the property of the Fund for the period.

In preparing the financial statements the AUTM is responsible for:

- selecting suitable accounting policies and then apply 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 - Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014 and updated in 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's 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 Fund 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 AUTM is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The AUTM is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the financial statements comply with the Sourcebook. The AUTM 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.

In so far as the AUTM is aware:

- there is no relevant audit information of which the Fund's Auditor is unaware; and
- the AUTM has taken steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of the information.

Certification of the Annual Report by the AUTM

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the COLL Sourcebook') and the Statement of Recommended Practice issued by the Investment Association.



C. O'Keeffe

P.J. Foley-Brickley

Directors

Maitland Institutional Services Limited

27 March 2023

Maitland Institutional Services Ltd operates as AUTM and AIFM for the purpose of the AIFM directive 22 July 2013.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the MI Somerset Asia Income Fund ('the Fund')

for the year ended 31 December 2022

The Trustee must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds Sourcebook, (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 Fund and its investors.

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

The Trustee must ensure that:

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

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

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

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

Northern Trust Investor Services Limited

UK Trustee and Depositary Services

27 March 2023

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

Opinion

We have audited the financial statements of MI Somerset Asia Income Fund ('the Fund') for the year ended 31 December 2022. These financial statements comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, and notes to the financial statements, including a summary of significant accounting policies, and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 as amended in June 2017, the rules of the Collective Investment Schemes Sourcebook and the Trust Deed.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2022 and of the net revenue and net capital gains/(losses) on the scheme property of the Fund for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014 and updated in 2017, the Collective Investment Schemes Sourcebook, and the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Unit Trust Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the AUTM's conclusions, we considered the inherent risks associated with the Fund's business model including effects arising from macro-economic uncertainties such as Ukrainian war and cost of living crisis, we assessed and challenged the reasonableness of estimates made by the AUTM and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the AUTM with respect to going concern are described in the 'Responsibilities of the Manager for the financial statements' section of this report.

Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit, and
- the information given in the Investment Manager'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 the Collective Investment Schemes Sourcebook requires us 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 those accounting records.

Responsibilities of the Manager

As explained more fully in the Statement of the Authorised Unit Trust Manager's Responsibilities, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Fund and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were the Collective Investment Schemes Sourcebook, the Investment Association Statement of Recommended Practice ('SORP') 'Financial Statements of UK Authorised Funds' and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';

Independent Auditor's Report to the Unitholders of MI Somerset Asia Income Fund

continued

- We enquired of the Authorised Unit Trust Manager and management to obtain an understanding of how the Fund is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register.
- In assessing the potential risks of material misstatement, we obtained an understanding of: the Fund's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Fund's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year end for financial statements preparation; and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Fund operates; and
 - understanding of the legal and regulatory frameworks applicable to the Fund.

Use of our report

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. 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.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London, United Kingdom

27 March 2023

Investment Objective and Policy

Investment objective

The Fund aims to deliver a high level of income with potential for capital growth over the long term (5 years or more).

The Fund aims to deliver an annual net target yield of at least 110% of the yield of the MSCI All Countries Asia Pacific Excluding Japan Index.

Investment policy

The Fund is actively managed and will invest in companies which are incorporated, domiciled, listed or conduct significant business in the Asia Pacific region (excluding Japan).

The Fund will typically invest at least 90% (minimum 80%) in equities or equity related derivatives, but may also invest in collective investment schemes (up to 10% of Fund assets) which may be collective investment schemes managed by the Manager or by third party managers, corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits. Exposure to the companies will typically be direct but the Fund may also have limited indirect exposure (through derivatives).

The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes. Please refer to the Prospectus for further details.

Investment Manager's Report

for the year ended 31 December 2022

During the 12-month period ended 31st December 2022, the MI Somerset Asia Income Fund outperformed in a volatile year for Asian equities, returning -6.77% in GBP based on the I Income daily NAV while the MSCI Asia Pacific ex-Japan Index returned -7.08% and the MSCI Asia ex-Japan Index returned -9.55%.

Chinese equity markets saw sharp sell-offs throughout the year as rises in Covid cases combined with a relentless adherence to Xi Jinping's zero-Covid policy wreaked havoc on all parts of the economy. At the same time economic growth concerns were compounded by property developer defaults and ongoing geopolitical tensions between China and the United States.

Our view had always been that the zero-Covid policy was unsustainable in China, as it had proven to be in every other country that had taken a similar approach. While we had no clarity as to the mechanics or timing that would bring the policy to an end, we believed it was most likely that the situation would have improved in twelve months' time.

Despite this we were surprised by the speed and scale of policy reversals in China that came before the end of the year. The most important was with Covid, where early in Q4 2022 33,000 new Covid cases a day meant that China's lockdowns were affecting cities estimated by CLSA to account for 75% of GDP. By December, despite prevalent Covid infections, most restrictions were reduced at least partially. Property measures also continued to be implemented, encouraging banks to give mortgages, loosening the capital constraints for developers and allowing government guaranteed bond issuances to improve working capital issues. International politics too took a turn for the better, with Xi Jinping holding constructive talks with Joe Biden in Bali. The US said the two sides would resume cooperation on issues including climate change and food security, and the two jointly chastised the Kremlin for talks of nuclear war over Ukraine. China and Australia's respective foreign ministers also met in Beijing in a bid to restore their high-level political contacts (this was Australia's first senior political visit to China in four years). Intentions to improve relations were summarised by Australia's foreign minister, Penny Wong, who said "we believe it's in Australia's interest for our relationship with China to be stabilised".

The combination of these factors led to a rally in Chinese equities into the end of the year, which we believe is likely to continue into 2023 as China's acceleration in growth and easing monetary policies mark it out from most of the other major economies in the world.

The main driver of the Fund's outperformance over the year was our technology exposure in Taiwan. Our holdings Lotes (electronic connector manufacturing) and Wistron (electronics manufacturing) had strong returns while the index fell c.25% in GBP as the semiconductor market was hit by slowing demand post-Covid and excessive inventories. Despite volatility in China throughout the year, our exposure to China was a positive contributor to relative returns. Our two top performing stocks were Chinese holdings CNOOC (China's international oil exploration and production company) and Sands China (which runs casinos in Macau).

Investment Manager's Report

continued

Our Chinese property developer, CIFI, was our worst performing stock over the period. We sold out of CIFI as news came through that the company was struggling to make a cash distribution due on an offshore bond. The issue purportedly arose as increased regulatory restrictions on the proceeds from pre-sold housing meant that CIFI cannot access a large proportion of their RMB30bn cash pile. Slow property sales exacerbated this issue but the company believes it remains capable of repaying all liabilities. The company was recently included in a list of those able to issue bonds, effectively backed by Chinese government guarantee, but is still not currently fulfilling its international debt obligations. We changed our view that the risk of equity loss now outweighed massive potential upside (which still remains). Over the 12-month period we also sold out of Chinese baked goods company Dali Foods as it became vulnerable to soft commodity input costs in an era of rising inflation, and low margins and uranium producer NAC KazAtomProm GDR due to connections to Russia amid rising geopolitical risks.

We made a number of purchases for the Fund over the year including Techtronic Industries, a Hong Kong based company exporting power tools, largely to the developed world. We expect double digit profit growth to be supported by innovative new product launches, capacity growth, geographical expansion and increased penetration. In addition, we bought two stocks in China, Wuxi Aptec, China's leading provider of outsourcing services for the global pharmaceutical industry and Milkyway Chemical Supply Chain Service A ('Milkyway'), the largest private chemical logistics company in China.

Wuxi Aptec is benefitting from high customer retention and a business model that allows the company to engage in the whole drug development process. Milkyway should benefit from an increasing usage of outsourced chemical logistics, which is low at 26% compared to nearer 80% in developed markets. We also believe Milkyway will gain share as it is a well-run private player that mainly competes against SOEs who are not incentivised to grow in hazardous chemical logistics and its licensing barriers in storage are hard to challenge with high switching costs.

Looking forward to 2023, China's recovery should benefit the rest of the region. As Chinese tourists begin to resume international travel we think that the pent up demand there will lead to a similar resurgence in demand as we have seen elsewhere in the world when lockdowns eased. One of the biggest regional beneficiaries of this is likely to be Thailand, where tourism has historically contributed approximately 18% of GDP and the biggest source of tourists has been China. Elsewhere we remain positive on selective areas of technology, which we largely own via Taiwanese exposure, and the rest of our portfolio remains almost entirely domestically focused, attempting to capture the region's growth via well managed companies at reasonable valuations. We continue to find plentiful opportunities to do so in the current environment.

Mark Williams

Carolyn Chan

Co-Managers

20 January 2023

MI Somerset Asia Income Fund

Portfolio Statement

as at 31 December 2022

Holding	Security	Market value £	% of total net assets 2022
Australia 5.77% (6.82%)			
327,625	Dexus REIT	1,431,443	1.59
695,098	Downer EDI	1,453,836	1.62
313,783	Transurban	2,296,146	2.56
		5,181,425	5.77
China 23.27% (22.22%)			
277,727	ANTA Sports Products	3,026,167	3.37
5,474,194	Bank of China	1,655,914	1.84
4,104,634	China Communications Services	1,246,001	1.39
2,092,959	CNOOC	2,224,797	2.48
2,070,000	CSPC Pharmaceutical	1,807,937	2.01
4,649,718	Industrial & Commercial Bank of China	1,990,911	2.22
1,130,252	Jiangsu Expressway	855,941	0.95
97,993	Milkyway Chemical Supply Chain Service A	1,366,385	1.52
790,031	Minth	1,775,521	1.98
103,168	Shenzhen Kedali Industry	1,465,809	1.63
1,652,000	Weichai Power	1,844,041	2.05
169,600	WuXi AppTec	1,642,821	1.83
		20,902,245	23.27
Hong Kong 16.65% (15.27%)			
5,580,423	Beijing Enterprises Water	1,188,766	1.32
233,805	China Mobile	1,288,734	1.44
1,917,412	China State Construction International	1,780,865	1.98
3,050,212	Far East Horizon	1,981,796	2.21
51,100	Hong Kong Exchanges and Clearing	1,834,214	2.04
2,762,566	Lee & Man Paper Manufacturing	1,009,267	1.12
2,675,373	Pacific Textiles	729,497	0.81
1,342,949	SITC International	2,480,320	2.76
160,500	Techtronic Industries	1,488,992	1.66
758,470	Xinyi Glass	1,173,017	1.31
		14,955,468	16.65
India 5.36% (5.55%)			
48,959	HCL Technologies	511,304	0.57
163,466	HCL Technologies - P Note 30.06.24	1,694,589	1.89
12,222	Housing Development Finance	323,934	0.36
39,932	Housing Development Finance - P Note 30.06.25	1,050,335	1.17
85,026	Mindspace Business Parks REIT	285,632	0.32
284,597	Mindspace Business Parks REIT - P Note 07.08.25	948,736	1.05
		4,814,530	5.36
Kazakhstan 0.00% (1.47%)			
Macau 2.08% (0.68%)			
676,941	Sands China	1,867,453	2.08

MI Somerset Asia Income Fund

Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2022
	New Zealand 1.51% (1.15%)		
478,676	Spark New Zealand	1,357,759	1.51
	Singapore 5.95% (4.91%)		
2,467,039	CDL Hospitality Trusts	1,896,193	2.11
5,482,702	Lendlease Global Commercial REIT	2,378,907	2.65
1,252,935	Suntec REIT	1,071,748	1.19
		5,346,848	5.95
	South Korea 9.26% (9.54%)		
88,367	KB Financial ADR's	2,839,292	3.16
13,761	LG Chemical Preference Shares	2,510,512	2.80
89,432	Samsung Electronics Preference Shares	2,963,281	3.30
		8,313,085	9.26
	Taiwan 19.70% (21.90%)		
1,137,502	ASE Technology	2,885,913	3.21
606,055	Lite-On Technology	1,045,830	1.17
194,900	Lotes	4,349,046	4.84
588,883	Merry Electronics	1,267,857	1.41
2,319,583	Taiwan Cement	2,111,170	2.35
279,772	Taiwan Semiconductor Manufacturing	3,393,868	3.78
3,323,726	Wistron	2,638,527	2.94
		17,692,211	19.70
	Thailand 8.29% (7.45%)		
4,109,791	Digital Telecoms Infrastructure Fund	1,302,106	1.45
7,617,739	Jasmine Broadband Infrastructure Fund	1,471,887	1.64
596,400	Kasikornbank	2,111,457	2.35
1,856,924	Land & Houses	441,247	0.49
124,900	Siam Cement	1,025,277	1.14
809,106	Thai Oil	1,092,397	1.22
		7,444,371	8.29
	Investment assets	87,875,395	97.84
	Net other assets	1,941,199	2.16
	Net assets	89,816,594	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 31.12.21.

Comparative Tables

Change in net assets per unit

	A Income		
	31.12.22 p	31.12.21 p	31.12.20 p
Opening net asset value per unit	136.17	135.77	125.29
Return before operating charges [^]	-7.40	8.02	16.90
Operating charges	-1.62	-1.75	-1.44
Return after operating charges [^]	-9.02	6.27	15.46
Distributions	-6.10	-5.87	-4.98
Closing net asset value per unit	121.05	136.17	135.77
[^] After direct transaction costs of	-0.10	-0.10	-0.11
Performance			
Return after charges	-6.63%	4.62%	12.34%
Other information			
Closing net asset value	£53,246	£59,898	£102,000
Closing number of units	43,988	43,988	75,079
Operating charges	1.27%	1.24%	1.20%
Direct transaction costs	0.08%	0.07%	0.09%
Prices			
Highest unit price	141.05	147.53	137.23
Lowest unit price	109.27	133.19	95.33

	I Income		
	31.12.22 p	31.12.21 p	31.12.20 p
Opening net asset value per unit	145.14	144.38	132.83
Return before operating charges [^]	-7.60	8.46	18.06
Operating charges	-1.39	-1.48	-1.21
Return after operating charges [^]	-8.99	6.98	16.85
Distributions	-6.50	-6.22	-5.30
Closing net asset value per unit	129.65	145.14	144.38
[^] After direct transaction costs of	-0.11	-0.10	-0.12
Performance			
Return after charges	-6.20%	0.53%	12.69%
Other information			
Closing net asset value	£88,828,845	£87,669,994	£94,428,000
Closing number of units	68,514,541	60,403,364	65,404,560
Operating charges	1.02%	0.99%	0.95%
Direct transaction costs	0.08%	0.07%	0.09%
Prices			
Highest unit price	150.35	156.93	146.12
Lowest unit price	116.94	141.88	101.30

Comparative Tables

continued

	I Accumulation	
	31.12.22 p	31.12.21† p
Opening net asset value per unit	97.50	100.00
Return before operating charges [^]	-5.10	-1.76
Operating charges	-0.95	-0.74
Return after operating charges [^]	-6.05	-2.50
Distributions	-4.44	-0.17
Retained distributions on accumulation units	4.44	0.17
Closing net asset value per unit	91.45	97.50
[^] After direct transaction costs of	-0.07	-0.07
Performance		
Return after charges	-6.21%	-2.50%
Other information		
Closing net asset value	£68,788	£24,374
Closing number of units	75,221	25,000
Operating charges	1.02%	0.76%
Ongoing operating charges	1.02%	0.99%
Direct transaction costs	0.08%	0.07%
Prices		
Highest unit price	101.22	100.00
Lowest unit price	82.14	96.44

†Launched 15 December 2021. Launch price of 100p

	R Income		
	31.12.22 p	31.12.21 p	31.12.20 p
Opening net asset value per unit	129.34	128.83	119.39
Return before operating charges [^]	-7.06	7.34	16.12
Operating charges	-1.24	-1.32	-1.94
Return after operating charges [^]	-8.30	6.02	14.18
Distributions	-5.80	-5.51	-4.74
Closing net asset value per unit	115.24	129.34	128.83
[^] After direct transaction costs of	-0.10	-0.09	-0.10
Performance			
Return after charges	-6.42%	4.67%	11.88%
Other information			
Closing net asset value	£865,715	£1,029,582	£2,543,000
Closing number of units	751,253	796,216	1,973,787
Operating charges	1.02%	0.99%	1.70%
Direct transaction costs	0.08%	0.07%	0.09%
Prices			
Highest unit price	133.89	139.55	130.34
Lowest unit price	103.97	126.37	90.89

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 opening Net Asset Value per unit as a % of the opening Net Asset Value per unit. The basis of valuation of investments used to calculate Net Asset Value per unit is described in notes to the Financial Statements (1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published dual prices, in which listed investments are valued at 12:00 mid prices.

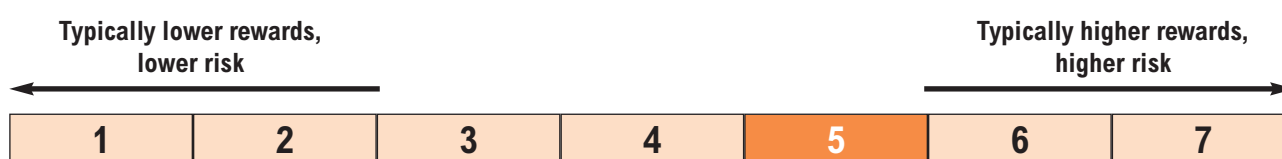
Comparative Tables

continued

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 Fund's ranking on the risk and reward indicators.



This Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund:

- 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 or increase.
- The level of targeted income is not guaranteed and may not be achieved.
- This Fund can use derivatives in order to meet its investment objectives or to protect from price and currency movement. This may result in losses or gains that are greater than the original amount invested.
- The Fund's charges are deducted from the capital of the Fund. This may allow more income to be paid but it may also restrict capital growth and may result in capital erosion.
- 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 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.
- For further risk information please see the prospectus.

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.

MI Somerset Asia Income Fund

Statement of Total Return

for the year ended 31 December 2022

	Note	£	31.12.22 £	£	31.12.21 £
Income					
Net capital (losses)/gains	2		(8,691,750)		1,472,931
Revenue	3	4,331,599		4,481,241	
Expenses	4	(843,652)		(963,637)	
Interest payable and similar charges	4	(539)		(306)	
Net revenue before taxation		3,487,408		3,517,298	
Taxation	5	(347,957)		(402,950)	
Net revenue after taxation			3,139,451		3,114,348
Total return before distributions			(5,552,299)		4,587,279
Distributions	6		(3,837,930)		(3,971,167)
Change in net assets attributable to Unitholders from investment activities			(9,390,229)		616,112

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 December 2022

	£	31.12.22 £	£	31.12.21 £
Opening net assets attributable to Unitholders		88,784,118		97,072,831
Amounts receivable on issue of units	41,274,835		18,223,139	
Less: Amounts payable on cancellation of units	(30,855,473)		(27,127,358)	
		10,419,362		(8,904,219)
Dilution levy		–		(648)
Change in net assets attributable to Unitholders from investment activities (see Statement of Total Return above)		(9,390,229)		616,112
Retained distributions on accumulation units		3,343		42
Closing net assets attributable to Unitholders		89,816,594		88,784,118

The notes on pages 16 to 26 form an integral part of these Financial Statements.

MI Somerset Asia Income Fund

Balance Sheet

as at 31 December 2022

	Note	£	31.12.22 £	£	31.12.21 £
ASSETS					
Fixed Assets					
Investments			87,875,395		86,080,917
Current Assets					
Debtors	7	367,580		236,128	
Cash and bank balances	9	21,682,772		13,507,042	
Total current assets			22,050,352		13,743,170
Total assets			109,925,747		99,824,087
LIABILITIES					
Creditors					
Bank overdrafts	9	(18,052,460)		(10,497,256)	
Distribution payable		(421,697)		(389,005)	
Other creditors	8	(1,634,996)		(153,708)	
Total creditors			(20,109,153)		(11,039,969)
Total liabilities			(20,109,153)		(11,039,969)
Net assets attributable to Unitholders			89,816,594		88,784,118

The notes on pages 16 to 26 form an integral part of these Financial Statements.

Notes to the Financial Statements

for the year ended 31 December 2022

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, as amended in 2017.

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

The Authorised Status and head office of the Fund can be found within the general information starting on page 29.

The Certification of the Annual Report by the AUTM 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 are charged against capital for the year on an accruals basis.

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

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 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 Manager's discretion and the balance of revenue is distributed in accordance with the regulations.

For the purpose of enhancing revenue entitlement, all expenses (including those relating to the purchase and sale of investments) are allocated to capital for the year on an accruals basis. This will reduce the capital growth of the Fund.

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

Notes to the Financial Statements

continued

1. Accounting Policies (continued)

(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 AUTM taking into account where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Derivative instruments are valued at the cost of closing out the contract at the balance sheet date.

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 AUTM may require a dilution levy on the purchase and redemption of units if, in its opinion, the existing unitholders (for purchases) or remaining Unitholders (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 Units to a size exceeding 5% of the Net Asset Value of the Fund); in any case where the AUTM is of the opinion that the interests of remaining unitholders require the imposition of a dilution levy.

MI Somerset Asia Income Fund

Notes to the Financial Statements

for the year ended 31 December 2022

2. Net Capital (Losses)/Gains	31.12.22	31.12.21
	£	£
Non-derivative securities	(8,882,008)	1,597,730
Currency gains/(losses)	209,868	(121,066)
Transaction charges	(19,610)	(3,733)
Net capital (losses)/gains	(8,691,750)	1,472,931
3. Revenue	31.12.22	31.12.21
	£	£
Overseas dividends	3,602,937	3,953,026
Property income distributions	471,385	255,998
Taxable overseas dividends	239,702	272,155
Bank interest	17,575	62
Total revenue	4,331,599	4,481,241
4. Expenses	31.12.22	31.12.21
	£	£
Payable to the Authorised Unit Trust Manager ('AUTM'), associates of the AUTM and agents of either of them:		
AUTM's fee	67,572	33,581
Administration fees	–	88,143
Registration fees	65,020	37,729
	132,592	159,453
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	632,973	728,773
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	20,150	12,347
Safe custody and other bank charges	18,739	12,770
	38,889	25,117
Auditor's remuneration*:		
Audit fee	10,157	9,270
Tax compliance services	2,225	1,916
	12,382	11,186

Notes to the Financial Statements

continued

4. Expenses (continued)	31.12.22 £	31.12.21 £
Other expenses:		
Legal fees	21,151	34,796
Printing costs	5,665	4,312
	26,816	39,108
Expenses	843,652	963,637
Interest payable and similar charges	539	306
Total	844,191	963,943

*Included within the auditors remuneration is irrecoverable VAT

5. Taxation	31.12.22 £	31.12.21 £
(a) Analysis of charge in the year:		
Overseas tax	347,957	402,950
Total tax charge (note 5b)	347,957	402,950
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	3,487,408	3,517,298
Corporation tax at 20%	697,482	703,460
Effects of:		
Movement in surplus management expenses	23,106	87,145
Overseas tax expensed	347,957	402,950
Non-taxable overseas earnings	(720,588)	(790,605)
Total tax charge (note 5a)	347,957	402,950

(c) Deferred tax

At the year end there is a potential deferred tax asset of £614,885 (2021: £591,779) in relation to surplus management expenses of £3,074,425 (2021: £2,958,895). 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:

		31.12.22	31.12.21
		£	£
First interim distribution	31.03.22	393,676	537,468
Second interim distribution	30.06.22	1,112,733	1,323,309
Third interim distribution	30.09.22	2,081,457	1,682,457
Final distribution	31.12.22	422,019	389,047
		4,009,885	3,932,281
Revenue deducted on cancellation of units		99,644	101,081
Revenue received on issue of units		(271,599)	(62,195)
Distributions		3,837,930	3,971,167

Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		3,139,451	3,114,348
Expenses allocated to capital		843,653	962,165
Relief on expenses allocated to capital		(145,731)	(105,288)
Capital overdraft interest		534	–
Undistributed revenue brought forward		58	–
Undistributed revenue carried forward		(35)	(58)
Distributions		3,837,930	3,971,167

7. Debtors

		31.12.22	31.12.21
		£	£
Amounts receivable on issues		165,679	62,819
Currency deals outstanding		–	52
Accrued income:			
Dividends receivable		201,070	172,680
Prepaid expenses:			
Legal fees		831	577
Total debtors		367,580	236,128

Notes to the Financial Statements

continued

8. Other Creditors	31.12.22	31.12.21
	£	£
Amounts payable on cancellations	188,206	65,410
Currency deals outstanding	1,487	–
Purchases awaiting settlement	1,350,999	–
Accrued expenses:		
Amounts payable to the AUTM, associates of the AUTM and agents of either of them:		
AUTM's fee	6,351	5,975
Registration fees	5,769	5,011
	<u>12,120</u>	<u>10,986</u>
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	57,589	57,268
Amounts payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee (including VAT)	5,341	3,503
Safe custody and other bank charges	4,926	3,378
	<u>10,267</u>	<u>6,881</u>
Auditor's remuneration*:		
Audit fee	10,065	9,270
Tax compliance services	2,163	1,916
	<u>12,228</u>	<u>11,186</u>
Other accrued expenses:		
Printing costs	2,100	1,977
Total other creditors	<u>1,634,996</u>	<u>153,708</u>

*Included within the auditors remuneration is irrecoverable VAT

9. Cash and Bank Balances	31.12.22	31.12.21
	£	£
Cash and bank balances	21,682,772	13,507,042
Overdraft positions	(18,052,460)	(10,497,256)
Cash and bank balances	<u>3,630,312</u>	<u>3,009,786</u>

Notes to the Financial Statements

continued

10. Related Party Transactions

Maitland Institutional Services Limited ('MISL') is regarded as a related party by virtue of having the ability to act in respect of the operations of the Fund in its capacity as the AUTM.

AUTM and other fees payable to MISL 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 units and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: 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 AUTM accepts market price risk and currency risk in relation to the investment portfolio and foreign cash positions.

The 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 AUTM.

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

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 Fund 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 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 £8,787,540 (2021: £8,608,092).

Notes to the Financial Statements

continued

12. Risk Management Policies and Disclosures (continued)

Currency risk

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

Currency risk is the risk that the value of the Fund's investments will fluctuate as a result of changes in currency exchange rates. For Funds where a proportion of the net assets of the Fund is denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The Fund monitors the currency exposure of the 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	31.12.22 Total £	31.12.21 Total £
Australian dollar	5,363,651	6,113,236
Chinese renminbi	4,475,015	1,543,279
Hong Kong dollar	33,250,151	32,446,111
Indian rupee	1,120,870	–
New Zealand dollar	1,357,759	1,018,027
Pound sterling	(391,856)	(391,101)
Singapore dollar	5,346,848	4,363,384
South Korean won	5,574,632	5,958,981
Taiwanese dollar	17,708,240	19,457,676
Thai baht	7,444,371	6,612,210
United States dollar	8,566,913	11,662,315
	89,816,594	88,784,118

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 Unitholders would increase or decrease by approximately £9,020,845 (2021: £8,917,522).

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.

A risk limit system is employed to monitor the risks related to the investment types, concentration and diversification of the Funds portfolio.

There is no material interest rate exposure in the Fund (2021: none).

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.

Stress testing and scenario analysis is carried out on a regular basis.

There are no net borrowings or unlisted securities and the AUTM considers that the 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 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.

The AUTM manages the Fund's cash to ensure they can meet their liabilities. In addition, the Manager monitors market liquidity of all securities, seeking to ensure the Fund maintains sufficient liquidity to meet known and potential redemption activity. The fund's cash balances are monitored daily by the AUTM and the Investment Manager. All of the fund's financial liabilities are payable on demand or in less than one year.

MISL conducts regular monitoring to ensure the liquidity profile of the Fund's investments comply with their underlying obligations, particularly their ability to meet redemption requests.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of each fund.

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 counterparties.

Derivatives

The Fund may enter into derivative contracts for Efficient Portfolio Management ('EPM') and for investment 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 Fund to stray from its investment objectives.

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

In the opinion of the AUTM there is no sophisticated derivative use within the 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

31.12.22

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction costs £
		£	%	£	%	
Equities	30,266,247	10,722	0.04	20,874	0.07	30,234,651
Corporate actions	506,931	–	0.00	–	0.00	506,931
Total purchases after commissions and tax	30,773,178					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction costs £
		£	%	£	%	
Equities	20,096,692	9,205	0.05	27,098	0.13	20,132,995
Total sales after commissions and tax	20,096,692					
Commission as a % of average net assets	0.02%					
Taxes as a % of average net assets	0.06%					

31.12.21

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction costs £
		£	%	£	%	
Equities	15,145,145	8,510	0.06	7,499	0.05	15,129,136
Corporate actions	376,633	–	0.00	–	0.00	376,633
Total purchases after commissions and tax	15,521,778					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction costs £
		£	%	£	%	
Equities	27,188,460	18,365	0.07	28,855	0.11	27,235,680
Total sales after commissions and tax	27,188,460					
Commission as a % of average net assets	0.03%					
Taxes as a % of average net assets	0.04%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 11 to 13. 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 31 December 2022 is 0.31% (2021: 0.42%).

Notes to the Financial Statements

continued

15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

16. Fair Value Disclosure

Valuation technique	31.12.22		31.12.21	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 [^]	87,875,395	–	86,080,917	–
Level 2 ^{^^}	–	–	–	–
Level 3 ^{^^^}	–	–	–	–
	87,875,395	–	86,080,917	–

[^]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.

17. Units in issue

	A Income	I Income	I Accumulation	R Income
Opening number of units	43,988	60,403,364	25,000	796,216
Units issued	–	30,570,234	50,221	48,374
Units cancelled	–	(22,474,443)	–	(75,939)
Units converted	–	15,386	–	(17,398)
Closing number of units	43,988	68,514,541	75,221	751,253

MI Somerset Asia Income Fund

Distribution Tables

for the year ended 31 December 2022

Income Unit Distributions

Unit class	Distribution	Units	Net revenue p	Equalisation p	Distribution payable 2022 p	Distribution paid 2021 p
A Income	First interim	Group 1	0.6249	–	0.6249	0.7792
		Group 2^	0.6249	–	0.6249	0.7792
	Second interim	Group 1	2.0867	–	2.0867	1.9807
		Group 2^	2.0867	–	2.0867	1.9807
Third interim	Group 1	2.8163	–	2.8163	2.5098	
	Group 2^	2.8163	–	2.8163	2.5098	
Final	Group 1	0.5690	–	0.5690	0.5969	
	Group 2^	0.5690	–	0.5690	0.5969	
I Income	First interim	Group 1	0.6667	–	0.6667	0.8299
		Group 2	0.3253	0.3414	0.6667	0.8299
	Second interim	Group 1	2.2284	–	2.2284	2.0815
		Group 2	1.4582	0.7702	2.2284	2.0815
Third interim	Group 1	2.9932	–	2.9932	2.6700	
	Group 2	1.8475	1.1457	2.9932	2.6700	
Final	Group 1	0.6092	–	0.6092	0.6361	
	Group 2	0.4338	0.1754	0.6092	0.6361	
R Income	First interim	Group 1	0.5935	–	0.5935	0.7396
		Group 2	0.1737	0.4198	0.5935	0.7396
	Second interim	Group 1	1.9828	–	1.9828	1.8230
		Group 2	1.3547	0.6281	1.9828	1.8230
Third interim	Group 1	2.6795	–	2.6795	2.3757	
	Group 2	0.4456	2.2339	2.6795	2.3757	
Final	Group 1	0.5399	–	0.5399	0.5672	
	Group 2	0.2478	0.2921	0.5399	0.5672	

Distribution Tables

continued

Accumulation Unit Distributions

Unit class	Distribution	Units	Net revenue p	Equalisation p	Amount reinvested 2022 p	Amount reinvested 2021 p
I Accumulation [†]	First interim	Group 1	0.4450	–	0.4450	–
		Group 2	0.4350	0.0100	0.4450	–
	Second interim	Group 1	1.5055	–	1.5055	–
		Group 2 [^]	1.5055	–	1.5055	–
	Third interim	Group 1	2.0659	–	2.0659	–
		Group 2 [^]	2.0659	–	2.0659	–
	Final	Group 1	0.4279	–	0.4279	0.1696
		Group 2 [^]	0.4279	–	0.4279	0.1696

[†]Launched 15 December 2021

[^]No group 2 units held in the distribution period

Further information

First interim period: 01.01.22 - 31.03.22

Second interim period: 01.04.22 - 30.06.22

Third interim period: 01.07.22 - 30.09.22

Final period: 01.10.22 - 31.12.22

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

MI Somerset Asia Income Fund (the 'Fund') is an Authorised Unit Trust Scheme and UCITS scheme operating under chapter 5 of COLL.

The Fund is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") as a UCITS Retail Scheme under the COLL Sourcebook.

The Fund was incorporated in England and Wales on 09 October 2009 under registration number 470343. The Unitholders are not liable for the debts of the Fund.

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

Head Office

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

Address for Service

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

Base Currency

The base currency of the Fund is Pounds Sterling.

Units

The Trust Deed allows the Fund to issue different classes of units in respect of the Fund.

The Fund currently has the following classes of units available for investment:

A Income
I Income
I Accumulation
R Income

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 unit class.

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 Fund will normally be valued at 12:00 on each dealing day for the purpose of calculating the price at which units in the Fund 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 AUTM is open for the buying and selling of units. The AUTM may at any time during a business day carry out an additional valuation of the property of the Fund if the AUTM considers it desirable to do so, with the Trustee's approval.

Buying, Redeeming and Switching of Units

The AUTM 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:

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY

Or by telephone to:

0345 026 4282

The AUTM 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 AUTM. Certificates will not be issued in respect of units. Ownership of units will be evidenced by an entry on the register of unitholders.

General Information

continued

Pricing Basis

There is a dual price for buying, selling and switching units in a Fund which represents the Net Asset Value of the Fund concerned. The unit 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 AUTM.

The prices of units are published daily on www.maitlandgroup.com. Neither the Fund nor the AUTM can be held responsible for any errors in the publication of the prices. The units in the Fund 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 Trust Deed, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Fund which is also the Head Office of the Fund. Copies may be obtained free of charge upon application. They are also available from the website of the Fund, the details of which are given in the directory of this report.

Unitholders who have complaints about the operation of the Fund 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.

Significant Information

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

AUTM Value Assessment

The AUTM is required to provide an annual statement for the Fund, attesting that in the opinion of the AUTM the services provided to the Fund and any fees chargeable to the scheme properly represent value for money, taking into account the following criteria as set out by the Regulator under COLL 6.6.20R:

- Quality of Service
- Performance
- Economies of Scale
- Comparable Services and Market Rates
- Classes of units

This statement references services provided directly by the AUTM and those services delegated by the AUTM to third parties such as, but not limited to, investment management, depositary services, custody and settlement, audit provision, legal services, printing services, KIID production and maintenance, and other costs as may be set out or allowable in the scheme documentation.

The AUTM Value Assessment is published on the Maitland website.

Remuneration of the AUTM

The AUTM is subject to a remuneration policy that meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive ('UCITS') as set out in SYSC 19E of the FCA handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or Trust Deed of the funds managed, and does not impair the AUTM's compliance with its duty to act in the best interests of the funds it manages.

The AUTM has reviewed the remuneration policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include portfolio management activities as these are undertaken by various third party investment managers appointed by the AUTM. The investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The AUTM is required to disclose the total remuneration it pays to its staff during the financial period of the Company, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the AUTM itself. This includes executives, senior risk and compliance staff and certain senior managers.

As the AUTM provides UCITS and non-UCITS services, the remuneration figures have been prorated by the Net Asset Value of all the UCITS funds it manages as a percentage of the total assets under management.

General Information

continued

	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the AUTM during the year	16	£1,552,755	£516,969	£2,069,724
Remuneration paid to employees of the AUTM who are material risk takers	6	£771,845	£437,876	£1,209,721

Further information is available in the AUTM's Remuneration Policy Statement, which can be obtained from www.maitlandgroup.com or, on request free of charge, by writing to the registered office of the AUTM.

Due to the size and structure of Maitland Institutional Services Ltd, it is determined that employees of the AUTM who have a material impact on the risk profile of the AIF include the Board and the Head of Risk and Compliance.

The delegated Investment Manager is subject to regulatory requirements on remuneration that Maitland Institutional Services Ltd deem to be equally as effective as those detailed in the Alternative Investment Fund Managers Directive, which would include the Capital Requirements Directive or Markets in Financial Instruments Directive.

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 Institutional Services Limited

Registered in England No 470343. Authorised and regulated by the Financial Conduct Authority.