Interim Report and Financial Statements for MGTS Future Money Income Fund

For the six months ended 31 January 2014 (Unaudited)

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the Financial Conduct Authority

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Contents

ACD's Report

For the period ended 31 January 2014

Investment Objective

To invest in units / shares in collective investment schemes covering UK and international markets as well as commercial property. The Fund may also invest in equities, fixed interest securities and money market instruments. The bias will be towards dividends and income stream.

The Fund is intended to provide long term capital growth at or above the rate of inflation and an increasing income stream through an actively managed diversified portfolio of investments which on aggregate will be appropriate for an investor seeking income and growth.

Investment Review

MGTS Future Money Income Acc	2.56%
MGTS Future Money Income R Acc	2.94%

Benchmark

Composite Benchmark	0.27%

10% - GBP 3 month LIBOR
35% - FTSE Government Secs All Stocks TR
5% - IPD Property Index
35% - FTSE All Share Index TR
15% - FTSE World Ex UK

Source: Morningstar Direct. Performance growth is bid to bid with income reinvested.

The MGTS Future Money Income Fund has performed ahead of the benchmark during this reporting period. The period has been characterised by increasing volatility as equity markets ended 2013 with high levels of growth but witnessed significant falls at the beginning of this year.

Following the credit crisis which began in 2007 and deepened in 2008, a recovery in global growth, global stock markets and market confidence has been underway. This recovery is now entering into a second phase as we begin 2014 and is an appropriate time to reflect on the credit crisis, the scale of cash injected into the global economy to prevent collapse and our expectations for the next phase which began at the end of this reporting period when the US announced the phased withdrawal of the stimulus package.

The global economy moved into a new cycle in the aftermath of the credit crisis which escalated in 2008. The credit crisis marked the end of the previous cycle which was largely driven by credit and accommodative policy from the Federal Reserve (easy money) which reduced interest rates whenever the economic climate deteriorated. This was often referred to as the *'Greenspan Put'* as Alan Greenspan was the Chairman of the Federal Reserve for much of this period and appeared to boost markets through monetary policy whenever required, providing an effectively free put option. There are echoes of this at present which are discussed later.

'One man's debt is another man's asset' – this quote is particularly relevant to the banking system as the relationship between borrowers and lenders is fundamental to the global financial system. The word *'credit'* is derived from the Latin word *'credo'* which simply means *'I trust'*. During the credit crisis borrowers began to default which wiped out the corresponding assets held by the banks and the result was a monumental breakdown in trust which threatened catastrophic outcomes where savers would lose their deposits on a global scale.

The most relevant lesson in financial history was the collapse of banks in the US in the late 1920s where savers lost deposits and a lengthy depression ensued only reversed by the Second World War. Central banks were keen to avoid this possibility so carried out their duty as lender of last resort in order to protect savers and provide assets to the banking system in order to replace diminished assets and maintain solvency.

ACD's Report (continued)

The effect of this rescue package has been to move debt from the banking system onto the balance sheets of governments. As a consequence the debt to GDP ratios of Western economies have grown considerably and budget deficits have also widened due to the recessionary forces caused by the credit crisis.

During this time of high borrowing requirement, developed central banks have been keen to ensure sufficient demand for the level of debt issuance required whilst maintaining low interest rates. This has been achieved through near zero interest rates and printing money on an industrial scale to purchase government bonds. This strategy has also provided liquidity to markets and had a stimulatory effect to the global economy through reduced borrowing costs for business and consumers.

The US Federal Reserve is expected to print $3 trillion before the current stimulus programme is withdrawn. To put this figure into perspective, the entire output of the UK economy in 2012 was $2.435 trillion and the output of the US economy was $15.68 trillion.

In addition to the tools above, central banks have introduced a further method of influencing borrowing costs called *'forward guidance'.* Rather than simply announcing changes to interest rates on a monthly basis, central banks are providing the market with their view on when and why interest rate changes are likely to be made. At present the Federal Reserve and the Bank of England have made clear their intention to maintain near zero interest rates throughout 2014 and are considering employment levels and inflation rates as the key influences to future decisions. This guidance is intended to maintain low interest rates along the yield curve.

The post credit crisis strategy implemented by central banks has been successful in restoring confidence and safeguarding deposits. Economic growth has returned to the global economy and the consequences of printing money have been limited, so far, to a few valuation bubbles in areas such as commodities, gold, government bonds and Japanese equities which are in various stages of inflating/deflating. Perhaps surprisingly, inflation has recently been falling as this is the negative outcome usually associated with printing money.

As we begin the New Year, the post credit crisis cycle is entering a new phase as the Federal Reserve has announced its intention to scale back the quantitative easing programme by $10bn per month from the current level of $85bn per month beginning in January 2014. This decision is based on improving economic growth which exceeded 4% on an annualised basis in Q3 and an improving job market. The Federal Reserve has reassured markets that it remains willing to accelerate or reverse the exit programme depending on economic data.

From a consensus perspective, the US market appears to start 2014 with something resembling the *'Greenspan Put'* mentioned previously. Economic growth is improving and the Federal Reserve stands willing to step in should the position deteriorate. Low inflation provides plenty of flexibility for further stimulus if required and indications are that confidence is increasing. The success of fracking has greatly improved the ability of the US to generate oil and gas from its own resources and this is improving the trade deficit position which should ultimately strengthen the dollar. With a stronger currency, little wage inflation and no anticipated increases in energy or food costs it is difficult to see inflation becoming a problem in the short term.

Whilst many investors are beginning the year with an overweight to US equities or highly correlated UK equities, there is a note of caution to be struck. The favourable fundamentals have already been priced in to some extent as a result of the 20% plus increase during 2013. The current favourable dynamics may have more relevance to explaining the returns during 2013 rather than setting the tone for 2014. Whilst company earnings in the US have risen recently this has been mainly due to share buy backs and cost cutting rather than revenue growth. Economic growth now needs to filter through into top line revenue growth for the upward momentum to continue.

ACD's Report (continued)

The benign view on inflation seems firm in the short term but we have a sense of unease that the effect of QE will not ultimately be inflationary. If the money supply is artificially increased, as has been the case, without a corresponding increase in output then inflation becomes probable. It appears that we are not alone as the cost of insurance against rises in inflation is increasing in the US market. If inflation begins to rise then the *'Greenspan Put'* or *'Yellen Put'* as it may now be known would be withdrawn as there would be reduced scope for supportive monetary policy.

Higher inflation is likely to be supportive for equity markets in commodity related markets such as Emerging Markets and Asia. These markets had a very difficult 2013 with the performance differential between US equities and Emerging Markets being more than 30%. The IMA North America Index rose 24.49% whilst the IMA Global Emerging Markets Index fell 8.41% which held back the fund's holdings in these areas. The majority of the differential arose following the initial indication in May from the Federal Reserve that QE would be tapered in September and investors believed that this would lead to capital flows from the US to these regions to reverse.

This level of differential performance is uncomfortably high given that a recovering US economy is likely to increase demand globally including for goods and services from other economies. We do not expect this level of differential to continue throughout 2014 and there are signs that real earnings are improving faster in Asia and Emerging Markets than within the US.

The lack of inflation being enjoyed by developed economies is partly due to the slowing of growth in China and a reduction in their consumption of raw materials. If growth continues to improve globally, as we expect, commodity price weakness will be short lived and US equity market performance will be reduced.

Whilst the outlook for equities is generally good with the discussion focusing on the most appropriate asset allocation, the outlook for fixed interest investments remains difficult. Bond valuations formed a bubble as interest rates fell and this was particularly noticeable in 2011 where the interest rate for German bunds turned negative creating the position where investors paid to lend money to Germany.

As the QE programme in the US is withdrawn, it is difficult to see investors increasing demand at the rate of $10bn per month and consequently we expect interest rates to continue to gradually rise. High yield areas such as property funds and some corporate bonds could make progress but the risks are high for the potential rewards.

In summary we expect the global recovery to continue in 2014 with global growth gradually rising. The high expectations for US and Western stock markets are not fully justified and there is scope for Asia and Emerging Markets to outperform especially if medium term inflation expectations continue to rise. Importantly we expect markets to be more selective with strong business models retaining and adding to recent gains whilst lower quality or higher risk businesses will potentially disappoint if earnings growth does not materialise. This could favour active management over the passive styles which have been popular in recent years.

Increasing bond yields are likely to bring debt back into focus and those economies with the highest levels of debt (Japan, US and UK) could see a reduction in confidence as the long term cost of servicing debt increases, especially as budget deficits are only reducing slowly. We continue to favour low duration fixed interest instruments and are underweight in this area compared to the benchmark.

Margetts Fund Management Ltd
ACD
28 February 2014

Certification of Accounts by Directors of the ACD

This report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook (COLL) as issued and amended by the Financial Conduct Authority.

T J Ricketts **M D Jealous**

Margetts Fund Management Ltd
12 March 2014

Authorised Status

The MGTS Future Money Income Fund is a sub-fund of the MGTS Future Money ICVC with investment powers equivalent to those of a UCITS Scheme. The umbrella company is MGTS Future Money ICVC which is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC706 and authorised by the Financial Conduct Authority with effect from 23 September 2008.

It is a Non-UCITS Retail Fund (NURS) as classified under the FCA's Collective Investment Schemes Sourcebook. Shareholders are not liable for the debts of the fund.

Significant purchases and sales

For the period ended 31 January 2014

Total purchases for the period	**£23,599,095**
Purchases	**Cost (£)**
MAJEDIE ASSET UK INCOME X ACC	2,570,000
BLACKROCK CONTINENTAL EUROPEAN INC D ACC	2,540,000
MGTS ARDEVORA UK INCOME A INST ACC	2,540,000
STANDARD LIFE EUROPEAN EQ INC INST ACC	2,530,000
SMITH & WILLIAMSON SHORT-DATED CORP BOND B	1,890,000
M&G UK INFLATION LINKED CORPORATE BOND I ACC	1,850,000
GOLDMAN SACHS STERLING LIQUID RESERVES ADMIN DIST	1,800,000
THREADNEEDLE UK EQUITY ALPHA INCOME ZNI	1,729,230
JPM STERLING LIQUIDITY PREMIER DIST	1,700,000
IFDS BROWN SHIPLEY STERLING BOND I ACC	1,510,000
SCHRODER ASIAN INCOME MAXIMISER Z INC	1,410,000

Total sales for the period	**£19,452,531**
Sales	**Proceeds (£)**
BLACKROCK CONTINENTAL EUROPEAN INC D ACC	2,549,506
INVESCO PERPETUAL INCOME Z INCOME	2,258,954
AXA US SHORT DURATION HIGH YIELD I INC GROSS	2,074,000
SWIP ABSOLUTE RETURN BOND B GROSS INC	1,874,938
VERITAS GLOBAL EQUITY INCOME GBP D	1,618,598
FIDELITY STRATEGIC BOND GROSS Y	1,511,901
ARDEVORA UK INCOME C	1,455,190
NEWTON GLOBAL HIGHER INCOME INST W INC	1,393,625
THREADNEEDLE UK EQUITY ALPHA INC NET INST GBP	1,312,688
JPM STERLING LIQUIDITY PREMIER DIST	1,000,000
F&C COMMERCIAL PROPERTY TRUST LTD	996,369

Portfolio Statement

As at 31 January 2014

Holding	Portfolio of Investments	Value (£)	Total Net Assets 31.01.14 %	Total Net Assets 31.07.13 %
	UK			
1,776,863	Aviva UK Equity Income SC 2	2,355,588	6.39	
1,534,162	CF Miton UK Multi Cap Income Inst B Inc	2,510,043	6.81	
1,823,443	Majedie Asset UK Income X Acc	2,631,411	7.14	
1,754,635	MGTS Ardevora UK Income A Inst Acc	2,593,702	7.04	
525,000	River And Mercantile UK Equity Income B	2,494,013	6.77	
1,974,777	Threadneedle UK Equity Alpha Income ZNI	2,565,630	6.96	
	Total UK	**15,150,387**	**41.11**	**35.10**
	Bonds			
2,670,000	Baillie Gifford Corporate Bond Inc B	2,137,602	5.81	
1,601,036	Henderson Strategic Bond I Net Inc	2,145,389	5.83	
1,217,055	IFDS Brown Shipley Sterling Bond I Acc	1,526,430	4.15	
2,500,000	Legal & General Dynamic Bond Trust I Inc	1,704,750	4.63	
2,021,351	Legg Mason Income Optimiser X Inc	2,237,636	6.07	
1,594,965	M&G UK Inflation Linked Corp Bond I Acc	1,848,884	5.02	
1,894,357	Smith & Williamson Short-Dated Corporate Bond B	1,893,599	5.14	
	Total Bonds	**13,494,290**	**36.65**	**40.46**
	Europe (excl. UK)			
2,725,412	Standard Life European Eq Inc Inst Acc	2,533,270	6.88	
	Total Europe (excl. UK)	**2,533,270**	**6.88**	
	US			
604,146	JPM US Equity Income C Inc	1,065,109	2.89	
	Total US	**1,065,109**	**2.89**	**1.27**
	Asia Pacific			
4,093,096	Schroder Asian Income Maximiser Z Inc	2,012,575	5.46	
	Total Asia Pacific	**2,012,575**	**5.46**	**2.47**
	Total Property	**-**	**-**	**4.90**
	Total Global	**-**	**-**	**8.86**
	Money Markets			
1,800,000	Goldman Sachs Sterling Liquid Reserves Admin Dist	1,800,000	4.89	
700,000	JPM Sterling Liquidity Premier Dist	700,000	1.90	
	Total Money Markets	**2,500,000**	**6.79**	**0.88**
	Portfolio of Investments	**36,755,631**	**99.78**	**93.94**
	Net Current Assets	**81,118**	**0.22**	**6.06**
	Net Assets	**36,836,749**	**100**	**100**

The investments have been valued in accordance with note 1(b) and are authorised Collective Investment Schemes.

Net Asset Value per Share and Comparative Tables

Price and Income History

Income shares

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2009	112.16	93.29	1.8152
2010	117.83	107.76	4.2210
2011	119.38	105.28	5.0984
2012	119.07	110.21	4.7108
2013	128.62	118.80	4.7041
2014*	130.15	125.26	2.2759

Accumulation shares

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2009	114.19	93.29	1.8149
2010	124.63	111.76	4.3413
2011	128.94	116.36	5.4487
2012	137.20	122.56	5.2608
2013	153.97	136.89	5.4757
2014*	155.81	152.59	2.7038

R Income shares †

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2012	119.07	117.80	-
2013	131.02	118.80	4.6463
2014*	131.38	126.50	2.2773

R Accumulation shares †

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2012	137.20	135.73	-
2013	155.03	136.89	5.3488
2014*	156.93	153.71	2.7083

* To 31 January 2014
† The R share classes were launched on 03 December 2012.

Net Asset Value

Date	Share Class	Net Asset Value (£)	Shares in Issue	Net Asset Value (Pence per share)
31.07.2011	Income	17,574,204	15,356,223	114.44
	Accumulation	10,155,987	8,029,170	126.49
31.07.2012	Income	17,815,506	15,733,622	113.23
	Accumulation	9,783,572	7,498,439	130.48
31.07.2013	Income	19,914170	16,001,246	124.46
	Accumulation	12,897,352	8,655,834	149.01
	R Income	926,692	740,216	125.20
	R Accumulation	391,040	261,481	149.55
31.01.2014	Income	18,755,019	14,955,102	125.41
	Accumulation	14,784,963	9,672,969	152.85
	R Income	1,535,308	1,212,334	126.64
	R Accumulation	1,761,459	1,143,905	153.99

Risk Warning

An investment in an open-ended investment company (OEIC) should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income 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 fluctuations in exchange rates, which can be favourable or unfavourable.

Net Asset Value per Share and Comparative Tables (continued)

Prices per Share

Date	Share Class	Price (Pence)	Yield (%)
03.02.2014	Income	125.44	3.50
	Accumulation	152.88	3.50
	R Income	126.67	3.40
	R Accumulation	154.02	3.40

Fund Performance

The performance of the fund is shown in the ACD's Report.

Ongoing charges figure	**31.01.14**	**31.07.13**
	%	**%**
ACD's Annual Management Charge	1.50	1.50
Other expenses	0.15	0.14
Total Expense Ratio	**1.65**	**1.64**
Synthetic TER	0.73	0.80
Complete OCF	**2.38**	**2.44**
Ongoing charges - R Class		
ACD's Annual Management Charge	0.75	0.75
Other expenses	0.15	0.14
Total Expense Ratio	**0.90**	**0.89**
Synthetic TER	0.73	0.80
Complete OCF	**1.63**	**1.69**

Financial statements

Statement of total return

For the period ended 31 January 2014

	Notes		31.01.14		31.01.13
Income		£	£	£	£
Net capital gains	4		540,251		1,717,886
Revenue	6	660,428		648,346	
Expenses	7	(288,220)		(234,099)	
Finance costs: Interest	9	(29)		-	
Net revenue before taxation		372,179		414,247	
Taxation	8	79		(32,639)	
Net revenue after taxation			372,258		381,608
Total return before distributions			**912,509**		**2,099,494**
Finance costs: Distribution	9		(634,574)		(596,187)
Change in net assets attributable to shareholders from investment activities			**277,935**		**1,503,307**

Statement of change in net assets attributable to shareholders

For the period ended 31 January 2014

		£	£	£	£
Opening net assets attributable to shareholders			34,129,254		27,599,078
Amounts receivable on issue of shares		5,003,109		1,997,273	
Amounts payable on cancellation of shares		(2,859,879)		(1,622,566)	
			2,143,230		374,707
Stamp duty reserve tax	1(f)		(6,188)		(3,370)
Change in net assets attributable to shareholders from investment activities			277,935		1,503,307
Retained distribution on accumulation shares			292,518		227,374
Closing net assets attributable to shareholders			**36,836,749**		**29,701,096**

Balance sheet

As at 31 January 2014

	Notes		31.01.14		31.07.13
Assets		**£**	**£**	**£**	**£**
Investment assets			36,755,631		32,062,510
Debtors	10	2,800,978		1,329,386	
Bank balances		484,782		2,150,930	
Total other assets			**3,285,760**		**3,480,316**
Total assets			**40,041,391**		**35,542,826**
Liabilities					
Creditors	11	2,836,670		1,019,935	
Distribution payable on income shares		367,972		393,637	
Total other liabilities			**3,204,642**		**1,413,572**
Net assets attributable to shareholders			**36,836,749**		**34,129,254**

Notes to the financial statements

As at 31 January 2014

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 the revised Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010. No changes to the Net Asset Value of the fund have arisen from the adoption of the SORP.

b) Basis of valuation of investments

The investments are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period.

c) Foreign 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 middle exchange rates ruling on that date.

d) Revenue

All income allocations and distributions declared by the managers of the underlying funds up to the accounting date are included in Income, net of attributable tax credits. The net allocations which are retained in Income are included in the fund's own income allocation. Bank and other interest receivable is accrued up to the accounting date. Equalisation on distributions received is deducted from the cost of the investment and not included in the fund's income available for distribution.

e) Expenses

The ACD's periodic charge is deducted from Capital. All of the other expenses are charged against Income except for costs associated with the purchase and sale of investments which are charged against Capital.

f) Taxation

(i) The fund is treated as a corporate shareholder with respect to its underlying holdings and its income is subject to streaming into franked and unfranked.

(ii) Corporation tax is provided at 20% on income, other than the franked portion of distributions from collective investment schemes, after deduction of expenses.

(iii) The charge for deferred tax is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, 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.

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

2 Distribution policy

Income arising from investments accumulates during each accounting period. Surplus income is allocated to shareholders in accordance with the COLL regulations. In order to conduct a controlled dividend flow to shareholders, interim distributions will be made at the ACD's discretion, up to a maximum of the distributable income available for the period. All remaining income is distributed in accordance with the COLL regulations.

3 Risk management policies

In pursuing the investment objective, a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors, that arise directly from operations. Derivatives, such as futures or forward foreign exchange contracts, may be utilised for efficient portfolio management purposes.

Political and economic events in the major economies of the world, such as the United States, Japan and the European Union, will influence stock and securities markets worldwide.

The main risks from the fund's holding of financial instruments with the ACD's policy for managing these risks are set out below:

i. **Credit Risk** – The fund may find that collective investment schemes in which it invests fail to settle their debts or deliver the investments purchased on a timely basis.

ii. **Interest Rate Risk** – Debt securities may be held by the underlying investments of the fund. The Interest Rate Risk of these securities is managed by the relevant manager.

iii. **Foreign Currency Risk** – Although the net assets of the fund are denominated in sterling, a proportion of the fund's investments in collective investment schemes have currency exposure with the effect that the balance sheet and total return can be affected by currency movements.

iv. **Liquidity Risk** – The main liability of the fund is the cancellation of any shares that investors want to sell. Securities may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

   Smaller companies by their nature, tend to have relatively modest traded share capital, and the market in such shares can, at times, prove illiquid. Shifts in investor sentiment, or the announcement of new price-sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

   The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information and insufficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with the low dealing volumes, can restrict the ACD's ability to execute substantial deals.

v. **Market Price Risk** – Market Price Risk is the risk that the value of the fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. The Market Price Risk arises primarily from uncertainty about the future prices of financial instruments that the fund holds.

   Market Price Risk represents the potential loss the fund may suffer through holding market positions in the face of price movements. This risk is generally regarded as consisting of two elements – Stock Specific Risk and Market Risk. The fund's exposure to Stock Specific Risk is reduced for equities and bonds through the holding of a diversified portfolio in accordance with the investment and borrowing powers set out in the Instrument of Incorporation.

vi. **Counterparty Risk** – Transactions in securities entered into by the fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction.

vii. **Fair Value of Financial Assets and Financial Liabilities** – There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

4 Net capital gains

	31.01.14	31.01.13
	£	£
Net gains on non-derivative securities	540,251	1,717,886
Net capital gains on investments	**540,251**	**1,717,886**

5 Purchases, sales and transaction costs

	31.01.14	31.01.13
Purchases excluding transaction costs	23,599,095	2,748,229
Commissions	-	296
Trustee transaction charges *	295	240
Purchases including transaction costs	**23,599,390**	**2,748,765**
Sales excluding transaction costs	19,453,299	3,119,818
Commissions	(768)	-
Trustee transaction charges *	(120)	(120)
Sales including transaction costs	**19,452,411**	**3,119,698**
Transaction handling charges	**415**	**360**

* These have been deducted in determining net capital gains/(losses)

6 Revenue

	31.01.14	31.01.13
UK franked dividends	293,646	251,054
UK unfranked dividends	33,748	327
Bond interest	235,352	162,663
Gross bond interest	17,214	131,547
Overseas gross unfranked income	74,691	90,330
Rebate of annual management charges / renewal commission	5,163	12,425
Bank interest	614	-
Total revenue	**660,428**	**648,346**

7 Expenses

	31.01.14	31.01.13
Payable to the ACD, associates of the ACD and agents of either:		
ACD's periodic charge	262,306	214,601
Payable to the Depositary associates of the Depositary and agents of either:		
Depositary's fee	10,692	8,586
Safe custody	2,982	2,199
	13,674	10,785
Other expenses:		
FCA fee	281	129
Audit fee	3,630	3,327
Registration fees	708	314
Sundry charges	-	94
Transfer agency fee	5,536	3,349
Distribution costs	2,085	1,500
Total expenses	**288,220**	**234,099**

8 Taxation

	31.01.14	31.01.13
	£	£
a) Analysis of the tax charge for the period:		
UK Corporation tax	15,707	32,639
Under accrual prior tax year	(15,829)	-
Irrecoverable income tax	43	-
Current tax charge (note 8b)	(79)	32,639
Deferred tax (note 8c)	-	-
Total tax charge	**(79)**	**32,639**
b) Factors affecting the tax charge for the period:		
Net income before taxation	372,179	414,247
Corporation tax at 20%	74,436	82,850
Effects of:		
UK dividends	(58,729)	(50,211)
Corporation tax charge	15,707	32,639
Irrecoverable income tax	43	-
Current tax charge for the period (note 8a)	**15,750**	**32,639**
c) Provision for deferred taxation		
Provision at start of period	-	(900)
Deferred tax charge in period	-	-
Provision at end of period	**-**	**(900)**

9 Finance costs

	31.01.14	31.01.13
	£	£
Distributions		
Interim	660,490	607,119
	660,490	607,119
Amounts deducted on cancellation of shares	30,403	19,970
Amounts received on issue of shares	(56,319)	(30,902)
Finance costs: Distributions	634,574	596,187
Finance costs: Interest	29	-
Total finance costs	**634,603**	**596,187**
Represented by:		
Net revenue after taxation	372,258	381,608
Expenses charged to capital		
ACD's periodic charge	262,306	214,601
Balance of revenue brought forward	22	5
Balance of revenue carried forward	(12)	(27)
Finance costs: Distributions	**634,574**	**596,187**

10 Debtors

	31.01.14	31.07.13
	£	£
Amounts receivable for issue of shares	97,853	168,175
Amounts receivable for investment securities sold	2,549,506	816,000
Accrued income:		
UK franked dividends	-	28,725
Bond interest	25,296	25,943
Gross bond interest	83	99,543
	25,379	154,211
Prepayments	113	394
Other receivables	3,033	7,623
Taxation recoverable	125,094	182,983
Total debtors	**2,800,978**	**1,329,386**

11 Creditors

Amounts payable for cancellation of shares	162,487	6,000
Amounts payable for investment securities purchased	2,530,000	793,113
Accrued expenses:		
Amounts payable to the ACD, associates and agents:		
ACD's periodic charge	44,451	41,918
Amounts payable to the Depositary, associates and agents:		
Depositary's fees	1,857	1,708
Transaction charges	-	115
Safe custody fee	457	581
	2,314	2,404
Other expenses	9,812	12,200
Taxation payable:		
Corporation tax	87,606	164,300
Total creditors	**2,836,670**	**1,019,935**

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date [31.07.13 : £Nil].

13 Related party transactions

The ACD's fee payable to Margetts Fund Management Ltd (the ACD) is disclosed in Note 7 and amounts prepaid and outstanding at the period end in notes 10 & 11.

The aggregate monies received and paid by the ACD through the issue and cancellation of shares is disclosed in the Statement of change in net assets attributable to shareholders and amounts outstanding in notes 10 & 11.

Depositary and other fees payable to BNY Mellon Trust and Depositary (UK) Limited are also disclosed in note 7 and amounts prepaid and outstanding at the period end in notes 10 & 11.

The net cash balances on deposit with The Bank of New York Mellon (an associated company of BNY Mellon Trust and Depositary (UK) Limited) at the balance sheet date were £484,782 [31.07.13 : £2,150,930]. Net interest received was £585 [31.07.13 : £Nil].

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

14 Post balance sheet events

As at 12 March 2014, there were no material post balance sheet events which have a bearing on the understanding of the financial statements.

15 Risk disclosures – interest risk

Debt securities may be held by the underlying investments of the fund. The Interest Rate Risk of these securities is managed by the relevant manager. The table below shows the Interest Rate Risk profile at the balance sheet date:

	31.01.14	31.07.13
	£	£
Floating rate assets (pounds sterling):	484,782	2,150,930
Assets on which interest is not paid (pounds sterling):	39,556,609	33,391,896
Assets on which interest is paid (pounds sterling):	-	400,000
Liabilities on which interest is not paid (pounds sterling):	(3,204,642)	(1,413,572)
Net Assets	**36,836,749**	**34,529,254**

The floating rate financial assets and liabilities comprise bank balances, which earn or pay interest at rates linked to the UK base rate.

Fixed rate financial assets have a weighted average yield of Nil% [31.07.13 : 8.5%] and a weighted average period for which income is fixed of Nil years [31.07.13 : 1.22 years].

There are no material amounts of non-interest bearing financial assets and liabilities, other than collective investment schemes, which do not have maturity dates.

Distribution Table

For the period ended 31 January 2014 - in pence per share

Interim

Group 1 – shares purchased prior to 01 August 2013
Group 2 – shares purchased on or after 01 August 2013

Income shares

Units	Net Income	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	2.2759	-	2.2759	2.4590
Group 2	1.4277	0.8482	2.2759	2.4590

Accumulation shares

Units	Net Income	Equalisation	Allocating 31.03.14	Allocated 31.03.13
Group 1	2.7038	-	2.7038	2.8355
Group 2	1.2258	1.4780	2.7038	2.8355

R Income shares †

Units	Net Income	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	2.2773	-	2.2773	-
Group 2	-	2.2773	2.2773	-

R Accumulation shares †

Units	Net Income	Equalisation	Allocating 31.03.14	Allocated 31.03.13
Group 1	2.7083	-	2.7083	2.8220
Group 2	0.9420	1.7763	2.7083	2.8220

† The R share classes were launched on 03 December 2012.

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

General Information

Valuation Point
The Valuation Point of the fund is at 8.30am each business day. Valuations may be made at other times with the Depositary's approval.

Buying and Selling of Shares
The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell units may be made either in writing to: Margetts Fund Management Ltd, PO Box 12081, Brentwood, CM14 9ND or by telephone on 0845 607 6808. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Prices
The most recent mid prices of shares are published on the Margetts website at www.margettsfundmanagement.com.

Other Information
The Instrument of Incorporation, Prospectus, Key Investor Information Document, Supplementary Information Document and the latest annual and interim reports may be inspected at the offices of the ACD, with a copy available, free of charge, on written request.

The register of shareholders can be inspected by shareholders during normal business hours at the offices of the Administrator.

The Head Office of the Company is at 1 Sovereign Court, Graham Street, Birmingham B1 3JR and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

The base currency of the Company is pounds (£) sterling.

The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £1000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current net asset value.

The prospectus has been updated to state that The Bank of New York Mellon's charges for transfer agency services are now subject to annual inflationary increases, capped at 3% per annum.

Shareholders who have any complaints about the operation of the fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory, they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Data Protection Act
Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties, to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD, requesting their removal from any such mailing list.