Interim Report and Financial Statements for Margetts Opes Growth Fund

For the six months ended 31 December 2013 (Unaudited)

HEAD OFFICE
1 SOVEREIGN COURT
GRAHAM STREET
BIRMINGHAM
B1 3JR

TELEPHONE: 0121 236 2380
FACSIMILE: 0121 236 2330

MARGETTS FUND MANAGEMENT LTD

www.margetts.com
VAT No. (GB) 795 0415 16
Registered in England No. 4158249

Authorised and Regulated by
the Financial Conduct Authority

DEALING
PO BOX 12081
BRENTWOOD
CM14 9ND

TELEPHONE: 0845 607 6808
FACSIMILE: 0131 525 9900

Manager

Margetts Fund Management Limited
1 Sovereign Court
Graham Street
Birmingham
B1 3JR

Tel: 0121 236 2380
Fax: 0121 236 2330

(Authorised and regulated by the Financial Conduct Authority)

Directors of the Manager

T J Ricketts
T H Ricketts
A J M Quy
J E J Clay
M D Jealous
A S Weston
G M W Oakley (non-exec)

Trustee

BNY Mellon Trust & Depositary (UK) Ltd
The Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

(Authorised and regulated by the Financial Conduct Authority)

Administrator and Registrar

The Bank of New York Mellon (International) Limited
PO Box 23705
Edinburgh
EH7 5NJ

Tel: 0845 607 6808
Fax: 0131 525 9900

(Authorised and regulated by the Financial Conduct Authority)

Auditors

Shipleys LLP
Chartered Accountants & Statutory Auditors
10 Orange Street
Haymarket
London
WC2H 7DQ

Contents

Fund Manager's Report

For the period ended 31 December 2013

Investment Objective

The objective of the fund is to provide a total return to the investor on a medium risk basis over the medium to longer term. This will be achieved through an actively managed spread of collective investment schemes investing predominantly in equity, equity linked and fixed interest investments in various world markets.

As the objective of the Fund is total return, this will be achieved by holding a diversified portfolio of collective investment schemes investing mainly in equity and equity linked investments from anywhere around the world, as is felt appropriate by the Manager at any given time.

The Fund will be managed through tactical asset allocation with the possibility of high frequency portfolio adjustments.

Investment Review

Margetts Opes Growth Acc	5.44%
Margetts Opes Growth R Acc	5.83%

Benchmarks:

Bank of England Base Rate	0.5%
IMA Global	6.63%
IMA Flexible Investment	6.13%

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

The Margetts Opes Growth Fund has performed strongly throughout this period, providing returns slightly behind the IMA Global sector and Flexible Investment index.

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 enter 2014 and it 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.

Fund Manager'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.

Fund Manager'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. We have discussed historically various asset bubbles (gold, bonds, commodities, Bitcoin) which we believe have been created as a consequence of QE and there is evidence that US stocks are running a little ahead of fair value due to exuberance whilst Asian and Emerging Markets are running behind.

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 with lower quality or higher risk businesses potentially disappointing 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.

Margetts Fund Management Ltd
Manager
23 January 2014

Certification of Accounts by Directors of the Manager

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
11 February 2014

Authorised Status

The fund is an authorised unit trust scheme established on 14 January 2003.

It is a Non UCITS Retail Fund (NURS) authorised under Section 243 of the Financial Services and Markets Act 2000, and the currency of the fund is Pounds Sterling.

Significant purchases and sales

For the period ended 31 December 2013

Total purchases for the period **£6,491,000**

Purchases	Cost (£)
FIDELITY AMERICAN SPECIAL SITS W ACC	875,000
JPM US SMALLER COMPANIES C ACC	875,000
IP EUROPEAN EQUITY INCOME Z ACC	875,000
BLACKROCK EUROPEAN DYNAMIC D ACC	870,000
ECCLESIASTICAL UK EQUITY GROWTH B	736,000
SCHRODER RECOVERY Z ACC	730,000
MGTS ARDEVORA UK INCOME A INST ACC	730,000

Total sales for the period **£7,816,778**

Sales	Proceeds (£)
FIRST STATE ASIA PACIFIC LEADERS INST B	1,548,641
FIRST STATE GLOBAL EMERGING MARKETS LEADERS B	1,102,793
NEWTON ASIAN INCOME INSTL W NET ACC	990,496
TROJAN INCOME O ACC	862,503
HSBC AMERICAN INDEX C ACC	852,880
ABERDEEN EMERGING MARKETS I ACC	792,973
LIONTRUST SPECIAL SITUATIONS INST INC	698,454
VANGUARD US EQUITY INDEX GBP ACC	517,377

Portfolio statement

As at 31 December 2013

Holding	Portfolio of Investments	Value (£)	Total Net Assets 31.12.13 %	Total Net Assets 30.06.13 %
	United Kingdom			
370,931	Cazenove UK Opportunities X	1,665,963	9.78	
365,079	Ecclesiastical UK Equity Growth B	830,921	4.88	
524,651	MGTS Ardevora UK Income A Inst Acc	799,044	4.69	
948,421	Schroder Recovery Z Acc	838,120	4.92	
336,050	Trojan Income O Acc	771,974	4.53	
	Total United Kingdom	**4,906,022**	**28.80**	**21.54**
	Europe (excl. UK)			
255,431	Blackrock European Dynamic D Acc	937,689	5.50	
320,806	Invesco Perpetual Euro Equity Income Z Acc	983,946	5.77	
	Total Europe (excl. UK)	**1,921,635**	**11.27**	**-**
	Global			
467,457	Polar Capital Global Insurance F GBP Acc	1,563,178	9.17	
	Total Global	**1,563,178**	**9.17**	**8.64**
	Emerging Markets			
	Aberdeen Emerging Markets I Acc			
156,694	First State Global Emerging Markets Ldrs B	666,533	3.91	
279,129	PFS Somerset Emerging Div Growth A Acc	330,908	1.94	
48,342	Polar Capital Emerging Markets Income I Acc	329,213	1.93	
	Total Emerging Markets	**1,326,654**	**7.78**	**14.89**
	Asia Pacific (excl. Japan)			
237,490	First State Asia Pacific Leaders Inst B	1,006,507	5.91	
908,085	Newton Asian Income Institutional W Acc	970,835	5.70	
1,543,855	Schroder Asian Income Z Acc	906,861	5.32	
	Total Asia Pacific (excl. Japan)	**2,884,203**	**16.93**	**31.40**
	United States			
179,372	HSBC American Index C Acc	486,098	2.85	
111,238	Fidelity American Special Situations W Acc	883,232	5.18	
751,507	JPM US Equity Income C Acc	1,052,862	6.18	
252,817	JPM US Smaller Companies C Acc	916,209	5.38	
3,974	Vanguard US Equity Index Acc	894,903	5.25	
	Total United States	**4,233,304**	**24.84**	**23.77**
	Portfolio of Investments	**16,834,996**	**98.79**	**100.24**
	Net Current Assets	**206,027**	**1.21**	**(0.24)**
	Net Assets	**17,041,023**	**100**	**100**

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

Net Asset Value per Unit and Comparative Tables

Price and Income History

Accumulation

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2009	197.31	129.96	0.5756
2010	238.57	177.10	-
2011	239.91	180.05	-
2012	235.95	195.92	-
2013	277.08	223.35	0.3206

R Accumulation †

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2012	224.72	221.60	-
2013	264.59	223.35	1.1729

† The R share class was launched on 03 December 2012.

Net Asset Value

Date	Class of Unit	Net Asset Value (£)	Units in Issue	Net Asset Value (Pence per unit)
30.06.2011	Acc	20,412,148	9,393,665	217.30
30.06.2012	Acc	16,395,251	7,879,449	208.08
30.06.2013	Acc	16,874,711	6,853,823	246.21
30.06.2013	R Acc	190,111	76,947	247.07
31.12.2013	Acc	16,499,486	6,355,380	259.62
31.12.2013	R Acc	541,537	207,105	261.48

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 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.

Prices per Unit

Date	Class of Unit	Buying Price (Pence)	Selling Price (Pence)	Yield (%)
02.01.2014	Acc	272.87	259.61	0.12
	R Acc	261.75	261.48	0.45

Fund Performance

The performance of the fund is shown in the Fund Manager’s Report.

Net Asset Value per Unit and Comparative Tables (continued)

Ongoing charges figure	**31.12.13**	**30.06.13**
	%	**%**
Annual Management Charge	1.475	1.475
Other expenses	0.16	0.17
Total Expense Ratio	**1.64**	**1.65**
Synthetic TER	0.83	0.73
Complete OCF	**2.47**	**2.38**

Ongoing charges figure - R Class		
Annual Management Charge	0.75	0.75
Other expenses	0.16	0.17
Total Expense Ratio	**0.91**	**0.92**
Synthetic TER	0.83	0.73
Complete OCF	**1.74**	**1.65**

Financial statements

Statement of total return

For the period ended 31 December 2013

	Notes		31.12.13		31.12.12
Income		£	£	£	£
Net capital gains	4		933,598		1,153,479
Revenue	6	122,981		154,119	
Expenses	7	(141,538)		(135,167)	
Finance costs: Interest	9	(1,605)		(750)	
Net expense before taxation		(20,162)		18,202	
Taxation	8	-		-	
Net expense after taxation			(20,162)		18,202
Total return before distributions			**913,436**		**1,171,681**
Change in net assets attributable to unitholders from investment activities			**913,436**		**1,171,681**

Statement of change in net assets attributable to unitholders

For the period ended 31 December 2013

		£	£	£	£
Opening net assets attributable to unitholders			17,064,822		16,395,251
Amounts receivable on issue of units		719,237		165,867	
Amounts payable on cancellation of units		(1,655,462)		(1,372,730)	
			(936,225)		(1,206,863)
Stamp duty reserve tax	1(f)		(1,010)		(1,460)
Change in net assets attributable to unitholders from investment activities			913,436		1,171,681
Closing net assets attributable to unitholders			**17,041,023**		**16,358,609**

Balance sheet

As at 31 December 2013

	Notes		31.12.13		30.06.13
Assets		**£**	**£**	**£**	**£**
Investment assets			16,834,996		17,106,302
Debtors	10	3,407		25,732	
Cash and bank balances		909,891		544,787	
Total other assets			**913,298**		**570,519**
Total assets			**17,748,294**		**17,676,821**
Liabilities					
Creditors	11	29,599		89,262	
Bank overdrafts		677,672		522,737	
Total other liabilities			**707,271**		**611,999**
Net assets attributable to unitholders			**17,041,023**		**17,064,822**

Notes to the financial statements

As at 31 December 2013

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 Manager's periodic charge is deducted from Income. 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 unitholder 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 units is deducted from capital.

2 Distribution policy

Income arising from investments accumulates during each accounting period. Surplus income is allocated to unitholders in accordance with the COLL regulations. In order to conduct a controlled dividend flow to unitholders, interim distributions will be made at the Manager'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 Manager'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 units 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 Manager'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 Trust Deed.

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

	31.12.13	31.12.12
	£	£
Net gains on non-derivative securities	933,598	1,153,479
Net capital gains	**933,598**	**1,153,479**

5 Purchases, sales and transaction charges

	31.12.13	31.12.12
Purchases excluding transaction costs	6,491,000	5,514,284
Trustee transaction charges *	100	60
Purchases including transaction costs	**6,491,100**	**5,514,344**
Sales excluding transaction costs	7,821,112	7,187,759
Other charges	(4,334)	(126)
Trustee transaction charges *	(110)	(370)
Sales net of transaction costs	**7,816,668**	**7,187,263**
Transaction handling charges	**210**	**430**

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

6 Revenue

	31.12.13	31.12.12
UK franked dividends	122,057	144,951
UK unfranked dividends	-	1,034
Rebate of annual management charges	923	8,134
Bank interest	1	-
Total revenue	**122,981**	**154,119**

7 Expenses

	31.12.13	31.12.12
Payable to the Manager, associates of the Manager and agents of either:		
Manager's periodic charge	127,949	122,298
Payable to the Trustee associates of the Trustee and agents of either:		
Trustee's fee	5,249	4,975
Safe custody	1,524	1,407
	6,773	6,382
Other expenses:		
FCA fee	220	181
Audit fee	3,630	3,306
Registration fees	2,966	3,000
Total expenses	**141,538**	**135,167**

8 Taxation

	31.12.13	31.12.12
	£	£
a) Analysis of the tax charge for the period:		
UK Corporation tax	-	-
Irrecoverable income tax	-	-
Current tax charge (note 8b)	-	-
Deferred tax (note 8c)	-	-
Total tax charge	**-**	**-**
b) Factors affecting the tax charge for the period:		
Net expense before taxation	(20,162)	18,202
Corporation tax at 20%	(4,033)	3,641
Effects of:		
UK dividends	(24,411)	(28,990)
Utilisation of excess management expenses	28,444	25,349
Corporation tax charge	-	-
Irrecoverable income tax	-	-
Current tax charge for the period (note 8a)	**-**	**-**

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current or prior accounting year.

d) Factors that may affect future tax changes

The fund has unutilised management expenses of £1,315,020 (prior year £1,172,800). The fund does not expect to be able to utilise this in the forseeable future.

9 Finance costs

	31.12.13	31.12.12
	£	£
Distributions		
Finance costs: Distribution	-	-
Finance costs: Interest	1,605	750
Total finance costs	**1,605**	**750**

10 Debtors

	31.12.13	30.06.13
	£	£
Amounts receivable for issue of units	2,768	12,000
Accrued revenue:		
UK franked dividends	-	10,420
	-	10,420
Prepayments	173	-
Other receivables	466	3,124
Taxation recoverable	-	188
Total debtors	**3,407**	**25,732**

11 Creditors

	£	£
Amounts payable for cancellation of units	3,153	59,076
Accrued expenses:		
Amounts payable to the Manager, associates and agents:		
Manager's periodic charge	20,292	19,086
Amounts payable to the Trustee, associates and agents:		
Trustee's fees	837	780
Transaction charges	10	130
Safe custody fee	176	787
	1,023	1,697
Other expenses	5,131	9,403
Total creditors	**29,599**	**89,262**

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date [30.06.13 : £Nil].

13 Related party transactions

Management fees payable to Margetts Fund Management Ltd (the Manager) 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 Manager through the issue and cancellation of units is disclosed in the Statement of Change in Unitholders' Net Assets and amounts outstanding in notes 10 & 11.

Trustee 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 £232,219 [30.06.13 : £22,050]. Net interest paid was £1,604 [30.06.13 : £1,151].

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 11 February 2014, the Net Asset Value per R Acc share, on a bid-basis, has changed by -1.99% since the period end.

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:

	31.12.13	30.06.13
	£	£
Floating rate assets (pounds sterling):	909,891	544,787
Floating rate liabilities (pounds sterling):	(677,672)	(522,737)
Assets on which interest is not paid (pounds sterling):	16,838,403	17,132,034
Liabilities on which interest is not paid (pounds sterling):	(29,599)	(89,262)
Net Assets	**17,041,023**	**17,064,822**

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

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

General information

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

Buying and Selling of Units
The Manager will accept orders to buy or sell units 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 shares 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 bid prices of units are published on the Margetts website at www.margettsfundmanagement.com. The associated cancellation price is available on request from the Manager.

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

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

Unitholders who have any complaints about the operation of the fund should contact the Manager or the Trustee in the first instance. In the event that a unitholder 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.

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.

The prospectus has been amended to include the minimum initial and subsequent investment amount of £100 for regular savers.

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

This page has been intentionally left blank.