Interim Report and Financial Statements for MGTS Clarion Meridian Fund

For the six months ended 31 July 2013 (Unaudited)

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Investment Adviser's Report

For six months ended 31 July 2013

Investment Objective & Policy

The objective of the Fund is to deliver total returns. The Fund will achieve its objective by investing in a portfolio of assets which the Investment Adviser considers to be medium and high risk investments targeted for both income and capital growth with the intention of generating medium to long term returns.

Investment Review

MGTS Clarion Meridian Portfolio R Acc	7.40%
MGTS Clarion Meridian Portfolio L Acc	7.13%
Benchmark	
IMA Mixed Investment 40-85% Shares Sector	6.69%

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

The MGTS Clarion Meridian fund has outperformed the benchmark over the period, driven by an overweight equity allocation and an underweight / short duration position in bonds.

The period has been volatile and driven by central bank policy rather than macro-economic factors. Overall, the US stock market has been the strongest area of investment, providing returns of c. 19% over the six month period to the end of July 2013. However, Emerging Markets stock markets fell in value, recording a fall of c.6.5%.

In addition, during the second quarter of 2013, UK Government Bonds (Gilts) provided their worst quarterly return since 1994[1] as interest rate expectations increased.

It appeared that stock market investors were playing a 'win-win' game with momentum driving returns higher during the first part of 2013. The 'win-win' game was based on the premise that if economic data was poor then the central banks pumped liquidity into the economy through quantitative easing, which pushed up markets, a 'win'. Alternatively, if the data was positive then the recovery justifies a higher value and stock markets also go up, another 'win'.

This was exacerbated when the Japanese Central Bank announced its own increased Quantitative Easing Policy in April 2013.

Quantitative easing is the process of using printed money to buy assets, normally government debt, and has been used extensively by the US, UK and Eurozone in the aftermath of the credit crisis of 2007/8 in order to increase the money supply, bring down interest rates and stimulate demand to avoid recession. The key risk of QE is that the additional money supply creates inflationary pressures.

Whilst Japan is a relative latecomer to the QE party, they have announced a programme on an entirely larger scale. Japan is targeting to spend $70Bn per month, which compares to the US currently targeting $85Bn per month; however Japan's economy is around a third of the size. Japan's objective is to double the amount of money in circulation with the aim of reversing the deflationary cycle, which Japan has suffered for decades. This plan was initially greeted enthusiastically by the Japanese stock market, whilst the Yen depreciated significantly, an intended consequence to produce a boost for Japanese exports.

Investors may be forgiven for observing that central banks have found the magic bullet for all economic woes through the process of QE. Unfortunately this may not be the case. The process creates a number of risks, in the short term the abundance of cash can create asset bubbles and there is some evidence of this in fixed interest markets, which we continue to believe are generally overvalued, despite recent falls. Longer term, the biggest risk is that inflation increases beyond desirable levels.

Following the Japanese QE announcement, the yield on Japanese debt started to rise, contra to the effect QE has had in the UK, Europe and US, where the cost of government borrowing fell.

[1] Source: Morningstar Direct – 1/1/1994 to 30/6/2013 FTSE Gilts All Stocks

Investment Adviser's Report (continued)

The fact that yields increased may negate some of the benefits from QE. In other economies yields have fallen as the central bank is prepared to pay any price for the government's debt and the high level of demand for this type of asset drives up the price, causing yields to fall. Lower government yields tend to feed through to other bonds and loans, like mortgages, reducing the burden of debt in the economy and generating more demand.

Japan's government debt to GDP is over 200%, so any increase in the cost of borrowing from high yields will have a significant effect on the public finances. To put this into perspective the UK and US government debt to GDP is c. 80%, which is also considered high. Above 100% is considered to be unsustainable.

Although the announcement of Japanese QE initially led to a significant rally in Japanese stocks, the rally abruptly ended on 22 May 2013, when all major stock markets fell sharply in value. What was unusual about the period following 22nd May is that bonds and most other asset classes also fell in value.

It would appear that comments made by Ben Bernanke (The US Federal Reserve Chairman) triggered the selloff when he hinted that quantitative easing may be tapered this year in the US. This coincided with weaker economic data from China.

We believe that Mr Bernanke's comments were made as a warning to avoid a bubble being formed in stock markets. However, the significant fall in values after his comments illustrate how highly manipulated financial assets have already become in the wake of the credit crisis. The mere hint of a reduction in the amount of money that the US Federal Reserve pumps into the economy, currently $85Bn a month, was enough to set investors into a panic, despite the generally improving economic data.

Mr Bernanke did not say that QE was coming to an end, or that the policy was being reversed, he only indicated that the rate at which the Fed is buying bonds may be reduced as the economy recovers. This would appear to be sensible policy, removing the stimulus as the recovery gathers pace to avoid inflation.

We expect the rhetoric from central banks to continue to swing with the economic data, which is currently improving. If the economy starts to slow, or if borrowing costs to home owners increase then we would not be surprised if the Fed later announces that it will increase the QE programme, rather than initiate tapering. However, we think it is sensible that investors do not come to rely on QE regardless of the economic conditions and thereby the statement was useful in removing exuberance.

Investors are being left with few options and many are being forced to take more risk in order to generate income. In addition, comments from central bankers and other policy makers are having a greater effect on markets than the fundamental economics, which is increasing volatility as speculation grows.

Whilst the policy decisions of central bankers will have a short term effect on stock and bond markets, the investment team focus on value and fundamentals in the global economy. In the short term, central bank action in the US, UK, Europe and Japan is causing stock markets in the developed markets to grow quickly.

There have been few changes to the portfolio over the period. The Fidelity MoneyBuilder Income fund was sold and replaced with Kames Investment Grade Bond fund. Despite a strong track record, the Fidelity fund was sold due to the investment team's concerns over liquidity in bond markets and the Kames fund is significantly smaller in size. In addition, Kames has a shorter duration and can invest overseas, which decreased duration in the portfolio and increased liquidity.

The manager also reduced the exposure to equities, selling part of the Royal London US tracker fund. This decision was taken during a period of strong momentum as the team wished to increase the defensive qualities of the portfolio should markets fall and reduce exposure to the US markets, where sentiment has been strongly positive.

Clarion Investment Management Ltd
Investment Adviser
20 September 2013

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
23 September 2013

Authorised Status

The MGTS Clarion Meridian Fund is a sub-fund of the MGTS Clarion Portfolio ICVC with investment powers equivalent to those of a UCITS Scheme. The umbrella company is MGTS Clarion Portfolio ICVC which is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC590 and authorised by the Financial Conduct Authority with effect from 28 November 2007.

The fund is classed as a Non-UCITS Retail Fund (NURS) scheme. Shareholders are not liable for the debts of the fund.

Significant purchases and sales

For the period ended 31 July 2013

Total purchases for the period	**£6,305,612**
Purchases	**Cost (£)**
VANGUARD FTSE UK EQUITY INCOME INDEX GBP ACC	1,749,609
GOLDMAN SACHS STERLING LIQUID RESERVES ADMIN DIST	1,650,000
KAMES INVESTMENT GRADE BOND B ACC	1,400,000
M&G RECOVERY I ACC	1,381,003

Total sales for the period	**£5,156,766**
Sales	**Proceeds (£)**
M&G UK GROWTH A INC	1,732,252
M&G RECOVERY A ACC	1,381,003
FIDELITY MONEYBUILDER INCOME	1,367,767
ROYAL LONDON US TRACKER TRUST	675,000

Portfolio statement

As at 31 July 13

			Total Net Assets	
Holding	Portfolio of Investments	Value (£)	31.07.13 %	31.01.13 %
	UK			
1,276,297	Cazenove UK Equity Income X Inc	2,090,702	8.15	
608,284	M&G Recovery I Acc	1,815,120	7.08	
481,008	Majedie Asset UK Equity A Acc	2,007,247	7.82	
652,324	Old Mutual UK Dynamic Equity I GBP	1,594,670	6.22	
9,814	Vanguard FTSE UK Equity Index Acc	1,829,262	7.13	
9,268	Vanguard FTSE UK Equity Income Index GBP Acc	1,901,350	7.40	
	Total UK	**11,238,351**	**43.80**	**44.44**
	European			
691,324	Jupiter European Special Situations I Acc	2,059,040	8.03	
	Total European	**2,059,040**	**8.03**	**8.14**
	Asia Pacific			
393,891	First State Asia Pacific Leaders Inst B	1,756,793	6.85	
805,582	Aberdeen Asia Pacific C Acc	1,689,466	6.59	
	Total Asia Pacific	**3,446,259**	**13.44**	**14.64**
	Bond			
950,183	Kames Investment Grade Bond B Acc	1,377,480	5.37	
1,181,526	M&G Optimal Income I Inc	1,648,583	6.43	
	Total Bond	**3,026,063**	**11.80**	**13.03**
	US			
763,840	Royal London US Tracker Trust	1,294,710	5.05	
6,655	Vanguard US Equity Index GBP Acc	1,479,552	5.77	
	Total US	**2,774,262**	**10.82**	**13.36**
	Money Markets			
1,650,000	Goldman Sachs Sterling Liquid Reserves Admin Dist	1,650,000	6.42	
	Total Money Markets	**1,650,000**	**6.42**	**-**
	Portfolio of Investments	**24,193,975**	**94.31**	**93.61**
	Net Current Assets	**1,460,994**	**5.69**	**6.39**
	Net Assets	**25,654,969**	**100**	**100**

The investments have been valued in accordance with note 1(b).

Net Asset Value per Share and Comparative Tables

Price and Income History

L Income shares (Legacy)

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2011	120.54	102.15	0.1245
2012	122.03	109.91	0.8188
2013*	139.42	121.56	0.5814

L Accumulation shares (Legacy)

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2011	121.24	103.21	0.1252
2012	124.99	111.05	0.4963
2013*	143.40	124.51	0.5887

R Income shares (RDR)

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2011	119.83	101.56	0.1270
2012	121.53	109.28	0.3330
2013*	139.00	121.07	0.4401

R Accumulation shares (RDR)

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2011	122.91	104.76	0.1270
2012	127.65	112.85	1.3951
2013*	146.73	127.16	1.2622

* To 31 July 2013

Net Asset Value

Date	Share Class	Net Asset Value (£)	Shares in Issue	Net Asset Value (Pence per share)
31.01.11	L Income	165,925	141,658	117.13
31.01.11	L Accumulation	10,861,427	9,245,008	117.48
31.01.11	R Income	235	202	116.34
31.01.11	R Accumulation	7,568,450	6,368,509	118.84
31.01.12	L Income	1,098,432	972,931	112.90
31.01.12	L Accumulation	11,318,910	9,868,916	114.69
31.01.12	R Income	228	202	112.70
31.01.12	R Accumulation	7,198,706	6,173,427	116.61
31.01.13	L Income	1,235,948	965,675	127.99
31.01.13	L Accumulation	12,806,699	9,769,025	131.09
31.01.13	R Income	258	202	127.50
31.01.13	R Accumulation	8,579,524	6,405,373	133.94
31.07.13	L Income	1,318,953	961,229	137.22
31.07.13	L Accumulation	12,551,786	8,885,364	141.26
31.07.13	R Income	277	202	137.02
31.07.13	R Accumulation	11,783,953	8,144,113	144.69

Net Asset Value per Share and Comparative Tables (continued)

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.

Prices per Share

Date	Share Class	Price (Pence)	Yield (%)
01.08.2013	L Income	137.24	0.48
01.08.2013	L Accumulation	141.29	0.48
01.08.2013	R Income	137.04	1.18
01.08.2013	R Accumulation	144.72	1.18

Fund Performance

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

Ongoing charges figure - L Class	**31.07.13**	**31.01.13**
	%	**%**
ACD's Annual Management Charge	1.50	1.50
Other expenses	0.17	0.17
Total Expense Ratio	**1.67**	**1.67**
Synthetic TER	0.74	0.74
Complete OCF	**2.41**	**2.41**

Ongoing charges figure - R Class		
ACD's Annual Management Charge	1.00	1.00
Other expenses	0.17	0.17
Total Expense Ratio	**1.17**	**1.17**
Synthetic TER	0.74	0.74
Complete OCF	**1.91**	**1.91**

Financial statements

Statement of total return

For the period ended 31 July 2013

	Notes		31.07.13		31.01.13
Income		£	£	£	£
Net capital gains	4		1,740,356		2,726,476
Revenue	6	220,641		447,238	
Expenses	7	(173,653)		(294,388)	
Finance costs: Interest	9	-		-	
Net revenue before taxation		46,988		152,850	
Taxation	8	-		(50)	
Net revenue after taxation			46,988		152,800
Total return before distributions			**1,787,344**		**2,879,276**
Finance costs: Distribution	9		(46,979)		(152,802)
Change in net assets attributable to shareholders from investment activities			**1,740,365**		**2,726,474**

Statement of change in net assets attributable to shareholders

For the period ended 31 July 2013

		£	£	£	£
Opening net assets attributable to shareholders			22,635,482		19,616,276
Amounts receivable on issue of shares		2,600,734		1,501,277	
Amounts payable on cancellation of shares		(1,369,800)		(1,362,679)	
			1,230,934		138,598
Stamp duty reserve tax	1(f)		(3,544)		(3,567)
Change in net assets attributable to shareholders from investment activities			1,740,365		2,726,474
Retained distribution on accumulation shares			51,732		144,648
Closing net assets attributable to shareholders			**25,654,969**		**22,622,429**

Balance sheet

As at 31 July 2013

	Notes		31.07.13		31.01.13
Assets		**£**	**£**	**£**	**£**
Investment assets			24,193,974		21,193,662
Debtors	10	973,521		329,116	
Bank balances		809,170		1,201,971	
Total other assets			**1,782,691**		**1,531,087**
Total assets			**25,976,665**		**22,724,749**
Liabilities					
Creditors	11	320,426		97,980	
Distribution payable on income shares		1,270		4,340	
Total other liabilities			**321,696**		**102,320**
Net assets attributable to shareholders			**25,654,969**		**22,622,429**

Notes to the financial statements
As at 31 July 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 ACD'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 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 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

	31.07.13	31.01.13
	£	£
Net gains on non-derivative securities	1,740,356	2,726,476
Net capital gains on investments	**1,740,356**	**2,726,476**

5 Purchases, sales and transaction costs

	31.07.13	31.01.13
Purchases excluding transaction costs	6,305,612	3,786,000
Trustee transaction charges *	204	-
Purchases including transaction costs	**6,305,816**	**3,786,000**
Sales excluding transaction costs	5,157,388	3,656,996
Stamp duty and other charges	(622)	-
Trustee transaction charges *	(80)	-
Sales including transaction costs	**5,156,686**	**3,656,996**
Transaction handling charges	**284**	**1,887**

* These have been deducted in determining net capital gains

6 Revenue

	31.07.13	31.01.13
UK franked dividends	152,362	278,646
Bond interest	42,265	119,781
Gross bond interest	142	-
Overseas franked income	15,199	14,832
Rebate of annual management charges / renewal commission	10,383	30,680
Bank interest	290	3,299
Total revenue	**220,641**	**447,238**

7 Expenses

	31.07.13	31.01.13
Payable to the ACD, associates of the ACD and agents of either:		
ACD's periodic charge	153,866	269,465
Payable to the Depositary associates of the Depositary and agents of either:		
Depositary's fee	7,069	12,000
Safe custody	1,822	2,883
	8,891	14,883
Other expenses:		
FCA fee	(63)	272
Audit fee	3,608	6,900
Registration fees	1,541	2,534
Legal fees	336	-
Printing costs	32	-
Price publication fee	-	334
Transfer agency fee	3,942	-
Distribution costs	1,500	-
Total expenses	**173,653**	**294,388**

8 Taxation

	31.07.13	31.01.13
	£	£
a) Analysis of the tax charge for the period:		
UK Corporation tax	-	-
Irrecoverable income tax	-	-
Current tax charge (note 8b)	-	50
Deferred tax (note 8c)	-	-
Total tax charge	**-**	**50**
b) Factors affecting the tax charge for the period:		
Net income before taxation	46,988	152,850
Corporation tax at 20%	9,398	30,570
Effects of:		
UK dividends	(33,512)	(58,696)
Utilisation of excess management expenses	24,114	28,126
Corporation tax charge	-	-
Irrecoverable income tax	-	50
Current tax charge for the year (note 8a)	**-**	**50**

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 £517,245 (prior year £396,675). The fund does not expect to be able to utilise this in the forseeable future.

9 Finance costs

	31.07.13	31.01.13
	£	£
Distributions		
Final	-	98,252
Interim	53,002	52,694
	53,002	150,946
Amounts deducted on cancellation of shares	2,497	2,624
Amounts received on issue of shares	(8,520)	(768)
Finance costs: Distributions	46,979	152,802
Finance costs: Interest	-	-
Total finance costs	**46,979**	**152,802**
Represented by:		
Net revenue after taxation	46,988	152,800
Balance of revenue brought forward	-	10
Balance of revenue carried forward	(9)	(8)
Finance costs: Distributions	**46,979**	**152,802**

10 Debtors

	31.07.13 £	31.01.13 £
Amounts receivable for issue of shares	911,237	-
Amounts receivable for investment securities sold	-	220,000
Accrued income:		
Gross bond Interest	142	-
Overseas franked dividends	15,199	73,122
	15,341	73,122
Prepayments	-	40
Other receivables	21,169	10,786
Taxation recoverable	25,774	25,168
Total debtors	**973,521**	**329,116**

11 Creditors

	31.07.13 £	31.01.13 £
Amounts payable for cancellation of shares	34,293	13,239
Amounts payable for investment securities purchased	250,000	50,342
Accrued expenses:		
Amounts payable to the ACD, associates and agents:		
ACD's periodic charge	26,700	25,620
Amounts payable to the Depositary, associates and agents:		
Depositary's fees	1,245	1,180
Safe custody fee	351	220
	1,596	1,400
Other expenses	7,837	7,315
Taxation payable:		
Corporation tax	-	64
Total creditors	**320,426**	**97,980**

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date. [31.01.13: £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 £809,170 [31.01.13: £1,201,971]. Net interest received was £290 [31.01.13: £3,299].

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 17 September, the Net Asset Value per share, on a mid-basis, has changed by -0.50% (L Acc) and -0.42% (R Acc) since the period end.

15 Risk disclosures – interest risk

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:

	31.07.13	**31.01.13**
	£	**£**
Floating rate assets (pounds sterling):	809,170	1,201,971
Assets on which interest is not paid (pounds sterling):	25,167,495	21,522,778
Liabilities on which interest is not paid (pounds sterling):	(321,696)	(102,320)
Net Assets	**25,654,969**	**22,622,429**

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.

Distribution Table

For the period ended 31 July 2013 – in pence per share

Interim

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

L Income Shares

Units	Net Income	Equalisation	Payable 30.09.13	Paid 30.09.12
Group 1	0.1321	-	0.1321	0.4493
Group 2	0.1321	-	0.1321	0.4493

L Accumulation Shares

Units	Net Income	Equalisation	Allocating 30.09.13	Allocated 30.09.12
Group 1	0.1352	-	0.1352	0.4535
Group 2	0.0457	0.0895	0.1352	0.4535

R Income Shares

Units	Net Income	Equalisation	Payable 30.09.13	Paid 30.09.12
Group 1	-	-	-	0.4401
Group 2	-	-	-	0.4401

R Accumulation Shares

Units	Net Income	Equalisation	Allocating 30.09.13	Allocated 30.09.12
Group 1	0.4877	-	0.4877	0.7745
Group 2	0.0464	0.4413	0.4877	0.7745

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 12 noon 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 shares may be made either in writing to: Margetts Fund Management Ltd, PO Box 23705, Edinburgh EH7 5NJ 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, Simplified Prospectus 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 £1,000. 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.

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.

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