Interim Report and Financial Statements for Margetts Providence Strategy Fund

For the six months ended 31 December 2013 (Unaudited)

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the Financial Conduct Authority

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Fund Manager's Report

For the period ended 31 December 2013

Investment Objective

To provide a balance of long term capital growth and increasing income by investment in any economic sector in any geographic area in regulated collective investment schemes investing in a wide range of assets including equities, fixed interest and cash type instruments.

The Fund is designed with a cautious investment strategy and a risk rating of 2 to 3 on a scale of 1 to 10 (with 10 being highest risk). The Fund typically invests in equity income and fixed interest funds with a bias towards the UK market and is intended to comply with the requirements of the Investment Management Association (IMA) Mixed Investment 20-60% Shares sector.

Investment Review

Providence Strategy Acc	5.53%
Providence Strategy R Acc	5.92%
Benchmarks	
IMA OE Mixed Investment 20-60% Share	4.32%
Composite Benchmark	3.06%
50% - FTSE 350 Higher Yield TR	
50% - FTSE A British Govt All Stock TR	

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

The Margetts Providence fund has performed strongly throughout this period providing returns considerably ahead of the IMA benchmark and the average of the FTSE 350 High Yield and FTSE Government All Stocks indices.

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 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.

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.

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

Fund Manager's Report (continued)

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.

In summary we expect the global recovery to continue in 2014 with global growth gradually rising. Equity markets seem likely to provide further growth but a focus on stock picking now seems important as not all companies are likely to meet the high earnings expectations.

Fixed Interest markets continue to present difficulties as rising interest rates create the environment for capital losses especially where the capital repayment is some years away. This risk is further compounded by increasing inflation prospects and therefore we continue to maintain a high cash position and hold fixed interest stocks which generally are short dated and high yielding.

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
06 February 2014

Authorised Status

The fund is an authorised unit trust scheme established on 10 February 1995.

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	**£18,489,800**
Purchases	**Cost (£)**
THREADNEEDLE UK EQUITY INCOME ZNI	£7,413,800
NEWTON ASIAN INCOME INSTL W NET ACC	£2,065,000
INVESCO STERLING LIQUIDITY SELECT CLASS FUND	£2,000,000
GOLDMAN SACHS STERLING LIQUID RESERVES ADMIN DIST	£2,000,000
CAZENOVE UK EQUITY INCOME X INC	£740,000
AVIVA UK EQUITY INCOME SC 2	£695,000
STANDARD LIFE EUROPEAN EQ INC INST ACC	£680,000

Total sales for the period	**£6,585,099**
Sales	**Proceeds (£)**
THREADNEEDLE UK EQUITY INCOME C2	6,585,099

Portfolio statement

As at 31 December 2013

			Total Net Assets	
Holding	**Portfolio of Investments**	**Value (£)**	**31.12.13 %**	**30.06.13 %**
	United Kingdom			
4,233,724	Artemis Income Institutional Income	9,104,201	6.23	
6,999,630	Aviva UK Equity Income SC 2	9,527,897	6.52	
5,444,044	Cazenove UK Equity Income X Inc	9,430,718	6.46	
6,414,931	MGTS Ardevora UK Income A Inst Acc	9,769,940	6.69	
1,369,026	Royal London Equity Inc B	9,476,404	6.49	
7,651,552	Threadneedle UK Equity Income C2	9,517,766	6.52	
	Total United Kingdom	**56,826,926**	**38.91**	**38.46**
	Bonds			
2,557,667	Blackrock Corporate Bond D Acc	6,667,839	4.57	
5,886,629	IFDS Brown Shipley Sterling Bond I Acc	7,308,250	5.00	
6,678,842	M&G UK Inflation Linked Corp Bond I Acc	7,762,151	5.31	
6,819,642	Smith & Williamson Short-Dated Corp Bnd B	6,826,462	4.67	
4,167,101	Standard Global Index Linked Bond Inst Inc	5,563,080	3.81	
	Total Bonds	**34,127,782**	**23.36**	**26.92**
	Europe (excl. UK)			
10,327,035	Standard Life European Eq Inc Inst Acc	10,036,846	6.87	
	Total Europe (excl. UK)	**10,036,846**	**6.87**	**6.92**
	Asia Pacific (excl. Japan)			
9,110,314	Newton Asian Income Instl W Net Acc	9,739,837	6.67	
	Total Asia Pacific (excl. Japan)	**9,739,837**	**6.67**	**6.67**
	USA			
4,492,873	Jupiter North American Income Acc	4,034,600	2.76	
	Total USA	**4,034,600**	**2.76**	**2.67**
	Money Markets			
10,340,000	Goldman Sachs Sterling Liquid Reserves Admin Dist	10,340,000	7.09	
10,270,000	Invesco Sterling Liquidity Select Class Fund	10,270,000	7.03	
	Total Money Markets	**20,610,000**	**14.12**	**13.58**
	Portfolio of Investments	**135,375,991**	**92.69**	**95.22**
	Net Current Assets	**10,678,079**	**7.31**	**4.78**
	Net Assets	**146,054,070**	**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

Income Units

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2009	145.10	110.41	5.5622
2010	152.08	129.60	4.7482
2011	153.47	136.77	4.3468
2012	156.05	135.01	4.7980
2013	170.45	145.74	4.3028
2014*	-	-	2.2033

Accumulation Units

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2009	247.95	185.02	9.1831
2010	269.18	229.53	8.1834
2011	278.15	249.53	7.7515
2012	294.85	250.49	8.8314
2013	331.40	279.38	8.1845
2014*	-	-	4.2840

R Income Units †

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2012	148.64	146.52	-
2013	163.37	145.78	2.2805
2014*	-	-	2.2000

R Accumulation Units†

Calendar Year	Highest Buying Price (p)	Lowest Selling Price (p)	Net Income (p per unit)
2012	280.86	276.84	-
2013	317.65	279.46	4.3516
2014*	-	-	4.2639

*As at 28 February 2014

Net Asset Value

Date	Class of Unit	Net Asset Value (£)	Units in Issue	NAV (p per unit)
30.06.2011	Income	7,827,093	5,490,305	142.56
	Accumulation	82,533,398	31,734,340	260.08
30.06.2012	Income	9,484,178	6,889,833	137.66
	Accumulation	85,576,868	32,906,048	260.07
30.06.2013	Income	11,829,015	7,732,807	152.98
	Accumulation	102,843,297	34,577,512	297.43
	R Income	1,184,900	771,398	153.61
	R Accumulation	6,474,006	2,167,722	298.66
31.12.2013	Income	11,808,041	7,416,090	159.23
	Accumulation	105,245,394	33,531,355	313.88
	R Income	2,744,753	1,710,266	160.49
	R Accumulation	26,255,882	8,300,618	316.32

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

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.

Net Asset Value per Unit and Comparative Tables (continued)

Prices per Unit

Date	Class of Unit	Buying Price (p)	Selling Price (p)	Yield (%)
02.01.2014	Income	167.36	159.22	2.62
	Accumulation	329.91	313.86	2.62
	R Income	160.67	160.49	2.72
	R Accumulation	316.66	316.31	2.72

Fund Performance

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

Ongoing charges figure	**31.12.13**	**30.06.13**
	%	**%**
Annual Management Charge	1.475	1.475
Other expenses	0.10	0.11
Total Expense Ratio	**1.58**	**1.59**
Synthetic TER	0.67	0.64
Complete OCF	**2.25**	**2.23**
Ongoing charges figure - R Class		
Annual Management Charge*	0.725	0.75
Other expenses	0.10	0.11
Total Expense Ratio	**0.83**	**0.86**
Synthetic TER	0.67	0.64
Complete OCF	**1.50**	**1.50**

* From the 01 August 2013, the R share class AMC was reduced to 0.725%

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		6,233,546		6,432,924
Revenue	6	1,891,137		1,467,707	
Expenses	7	(1,003,705)		(800,692)	
Finance costs: Interest	9	-		(140)	
Net revenue before taxation		887,432		666,875	
Taxation	8	-		-	
Net revenue after taxation			887,432		666,875
Total return before distributions			**7,120,978**		**7,099,799**
Finance costs: Distributions	9		(1,821,779)		(1,410,860)
Change in net assets attributable to unitholders from investment activities			**5,299,199**		**5,688,939**

Statement of change in net assets attributable to unitholders

For the period ended 31 December 2013

		£	£	£	£
Opening net assets attributable to unitholders			122,331,217		95,061,046
Amounts receivable on issue of units		26,754,802		9,303,357	
Amounts payable on cancellation of units		(10,098,729)		(4,418,047)	
			16,656,073		4,885,310
Stamp duty reserve tax	1(f)		(22,832)		(25,941)
Change in net assets attributable to unitholders from investment activities			5,299,199		5,688,939
Retained distribution on accumulation units			1,790,413		1,320,154
Closing net assets attributable to unitholders			**146,054,070**		**106,929,508**

Balance sheet

As at 31 December 2013

	Notes		31.12.13		30.06.13
Assets		£	£	£	£
Investment assets			135,375,991		116,475,170
Debtors	10	974,940		1,025,497	
Cash and bank balances		10,372,110		5,258,320	
Total other assets			**11,347,050**		**6,283,817**
Total assets			**146,723,041**		**122,758,987**
Liabilities					
Creditors	11	467,946		234,288	
Distribution payable on income units		201,025		193,482	
Total other liabilities			**668,971**		**427,770**
Net assets attributable to unitholders			**146,054,070**		**122,331,217**

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 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 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	6,233,546	6,432,924
Net capital gains	**6,233,546**	**6,432,924**

5 Purchases, sales and transaction charges

Purchases excluding transaction costs	18,489,800	15,622,179
Other charges	-	10,809
Trustee transaction charges *	220	120
Purchases including transaction costs	**18,490,020**	**15,633,108**
Sales excluding transaction costs	6,585,099	12,583,631
Trustee transaction charges *	(20)	(100)
Sales net of transaction costs	**6,585,079**	**12,583,531**
Transaction handling charges	**240**	**220**

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

6 Revenue

UK franked dividends	1,334,381	1,042,746
UK unfranked dividends	5,133	2,086
Bond interest	366,564	353,471
Gross bond interest	9,528	-
Overseas gross bond interest	136,117	-
Rebate of annual management charges	38,858	69,404
Bank interest	556	-
Total revenue	**1,891,137**	**1,467,707**

7 Expenses

Payable to the Manager, associates of the Manager and agents of either:		
Manager's periodic charge	934,337	743,953
Payable to the Trustee associates of the Trustee and agents of either:		
Trustee's fee	33,273	27,136
Safe custody	7,489	5,172
	40,762	32,308
Other expenses:		
FCA fee	220	181
Audit fee	3,630	3,306
Registration fees	24,756	20,944
Total expenses	**1,003,705**	**800,692**

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 revenue before taxation	887,432	666,875
Corporation tax at 20%	177,487	133,375
Effects of:		
UK dividends	(266,876)	(208,549)
Utilisation of excess management expenses	89,389	75,174
Corporation tax charge	-	-
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 period.

d) Factors that may affect future tax changes

The fund has unutilised management expenses of £2,093,980 (prior year £1,647,035). 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		
Interim	1,991,438	1,469,147
	1,991,438	1,469,147
Amounts deducted on cancellation of units	109,788	28,490
Amounts received on issue of units	(279,447)	(86,777)
Finance costs: Distribution	1,821,779	1,410,860
Finance costs: Interest	-	140
Total finance costs	**1,821,779**	**1,411,000**
Represented by:		
Net revenue after taxation	887,432	666,875
Expenses charged to capital		
Manager's periodic charge	934,337	743,953
Balance of revenue brought forward	20	61
Balance of revenue carried forward	(10)	(29)
Finance costs: Distribution	**1,821,779**	**1,410,860**

10 Debtors

	31.12.13	30.06.13
	£	£
Amounts receivable for issue of units	570,337	545,159
Accrued revenue:		
UK franked dividends	164,000	184,455
Gross bond interest	1,834	1,492
	165,834	185,947
Prepayments	173	-
Other receivables	21,652	38,440
Taxation recoverable	216,944	255,951
Total debtors	**974,940**	**1,025,497**

11 Creditors

	£	£
Amounts payable for cancellation of units	289,966	67,374
Accrued expenses:		
Amounts payable to the Manager, associates and agents:		
Manager's periodic charge	156,069	134,360
Amounts payable to the Trustee, associates and agents:		
Trustee's fees	5,692	4,753
Transaction charges	50	120
Safe custody fee	1,096	3,131
	6,838	8,004
Other expenses	15,073	24,550
Total creditors	**467,946**	**234,288**

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 £10,372,110 [30.06.13 : £5,258,320]. Net interest received / (paid) was £556 [30.06.13 : (£140)].

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 06 February 2014, the Net Asset Value per share, on a bid-basis, has changed by -1.23% legacy class and -1.16% R class 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):	10,372,110	5,258,320
Assets on which interest is not paid (pounds sterling):	136,350,931	117,500,667
Liabilities on which interest is not paid (pounds sterling):	(668,971)	(427,770)
Net Assets	**146,054,070**	**122,331,217**

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 December 2013 – in pence per unit

Interim
Group 1 – units purchased prior to 01 July 2013
Group 2 – units purchased on or after 01 July 2013

Income Units

Units	Net Income	Equalisation	Payable 28.02.14	Paid 28.02.13
Group 1	2.2033	-	2.2033	2.0282
Group 2	1.0861	1.1172	2.2033	2.0282

Accumulation Units

Units	Net Income	Equalisation	Allocating 28.02.14	Allocated 28.02.13
Group 1	4.2840	-	4.2840	3.8323
Group 2	2.6028	1.6812	4.2840	3.8323

R Income Units†

Units	Net Income	Equalisation	Payable 28.02.14	Paid 28.02.13
Group 1	2.2000	-	2.2000	-
Group 2	0.5552	1.6448	2.2000	-

R Accumulation Units†

Units	Net Income	Equalisation	Allocating 28.02.14	Allocated 28.02.13
Group 1	4.2639	-	4.2639	-
Group 2	0.9569	3.3070	4.2639	-

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

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

General information

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 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 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.