



Interim Report and Financial Statements for MGTS AFH Strategic Core Fund

For the six months ended 31 August 2013 (Unaudited)

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(Authorised and regulated by the Financial Conduct Authority)

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Investment Adviser's Report

For the period 01 March to 31 August 2013

Investment Objective

The objective of the Company is to provide capital growth over the longer term from a range of transferable securities, debt instruments and collective investment schemes (both regulated and unregulated). The Company will be actively managed on a medium risk basis and assets may be allocated to any geographical sector through an investment in collective investment schemes (either regulated or unregulated) or directly through investment in eligible markets.

Investment Review

MGTS AFH Strategic Core Acc	3.74%
MGTS AFH Strategic Core R Acc	4.15%

Benchmark:

Composite Benchmark	1.69%
40% - IMA UK Gilt	-3.91%
30% - IMA UK All Companies	8.22%
30% - IMA Global	2.38%

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

This report continues an ongoing theme that centres on the UK government bond market and the distortions caused by Quantitative Easing, or QE for short.

We continue to witness the rare prospect of investors being concerned whether or not governments would be able to pay their way in the world, given the massive debts they have accumulated to bail out the banking sector and to stimulate their economies.

When our investment committee met at the end of November 2009 we noted that there was a growing concern that loose monetary policy was prompting a run up in asset prices that we felt was not justified by fundamentals. With markets expecting a sustainable V-shaped economic recovery combined with low inflation, we felt that there was plenty of scope for disappointment on both the growth and inflation fronts. In such an environment, we decided to adopt a defensive stance, which we have pretty much continued to maintain to this day.

We continue to feel that there is no long-term value for UK gilts given the extremely low level of yields available. As we keep saying, inflation is unlikely to fall as fast as expected. Against the backdrop of rising public inflation expectations, Sterling weakness and ultra-accommodative monetary policy, all of which threaten to raise longer-term inflation risks, we continue to see significant dangers lurking ahead for holders of UK gilts.

Our central macroeconomic view remains one of a "muddling through" low growth scenario with continuing low interest rates. However, it is reassuring to see that some progress has been made to gradually stabilise matters and sentiment has certainly improved considerably, but there is still plenty that needs to be done for us to be more encouraged to greatly increase risk levels.

Overall, we continue to favour quality companies which are not significantly dependent upon the UK economy to grow their profits. However, as there are some attractive opportunities appearing in the more cyclical areas of the market, the tilt toward defensives is not as great as it has been in the past.

In conclusion, we have positioned the portfolio for a rather anaemic growth environment, rather than either an outright recession or strong recovery. Whilst we remain wary, we believe we should generate reasonable, if unspectacular, gains going forward. Caution remains our watch word!

AFH Wealth Management

Investment Adviser

18 October 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

25 October 2013

Authorised Status

The MGTS AFH Strategic Core Fund is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC801 and authorised by the Financial Conduct Authority with effect from 10 November 2009.

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

Significant purchases and sales

For the period ended 31 August 2013

Total purchases for the period	£35,506,009
Purchases	Cost (£)
RBS GLOBAL TSY GBP FUND CLASS B	7,600,000
GOLDMAN SACHS STERLING LIQUID RESERVES ADMIN DIST	4,500,000
INVESCO PERPETUAL TACTICAL BOND Z GROSS ACC	4,381,101
INVESCO PERPETUAL TACTICAL BOND NO TRAIL ACC	2,770,000
ISHARES FTSE 250 GBP	1,900,527
FIDELITY STRATEGIC BOND Y NET	1,828,040
GLG JAPAN CORE ALPHA PROF ACC	1,500,000
HENDERSON UK PROPERTY I ACC	1,320,000
INVESCO PERPETUAL GLOBAL SMALLER COMPANIES Z ACC	1,279,880
BHP BILLITON PLC	1,156,807
IMPERIAL TOBACCO GROUP PLC	1,035,790
MORRISON SUPERMARKET PLC	976,262
Total sales for the period	£16,779,081
Sales	Proceeds (£)
INVESCO PERPETUAL TACTICAL BOND NO TRAIL ACC	4,381,101
BLACKROCK INSTITUTIONAL STERLING LIQUIDITY DIST	3,200,000
FIDELITY STRATEGIC BOND Y NET	1,800,000
INVESCO STERLING LIQUIDITY SELECT CLASS FUND	1,600,000
RECKITT BENCKISER GROUP PLC	1,333,709
INVESCO PERPETUAL GLOBAL SMALLER CO NO TRAIL ACC	1,279,880

Portfolio statement

As at 31 August 2013

Holding	Portfolio of Investments	Total Net Assets		
		Value (£)	31.08.13 %	28.02.13 %
	Financials			
352,493	Aviva Plc	1,384,593	1.36	
263,267	DB X-Trackers MSCI World Financials	2,155,499	2.12	
133,315	HSBC Holdings Plc	920,807	0.91	
	iShares S&P Global Financials Sector Index			
13,150	Fund	423,005	0.42	
797,752	RSA Insurance Group Plc	956,505	0.94	
	Total Financials	5,840,409	5.75	5.96
	Energy			
46,993	Amec Plc	492,017	0.48	
117,528	BG Group Plc	1,446,182	1.42	
210,058	BP Plc	934,023	0.92	
21,000	iShares S&P Global Energy Sector Index	542,993	0.53	
49,970	Royal Dutch Shell Plc	1,088,097	1.07	
	Total Energy	4,503,312	4.42	4.17
	Industrials			
92,386	DB X-Trackers MSCI World Industrials	1,303,566	1.28	
21,500	iShares S&P Global Industrials Index Fund	842,968	0.83	
13,963	Siemens AG	970,525	0.95	
80,936	Smiths Group Plc	1,061,071	1.04	
	Total Industrials	4,178,130	4.10	4.62
	Utilities			
260,309	Centrica Plc	1,008,177	0.99	
127,548	National Grid Plc	955,335	0.94	
40,950	Scottish & Southern Energy Plc	643,325	0.63	
	Total Utilities	2,606,837	2.56	2.41
	Consumer Discretionary			
	DB X-Trackers MSCI World Consumer			
137,781	Discretionary	1,685,062	1.66	
	iShares S&P Global Consumer			
4,270	Discretionary Sector Index	200,372	0.20	
153,000	Marks & Spencer Group Plc	736,083	0.72	
20,466	Nestle SA	870,994	0.86	
	Total Consumer Discretionary	3,492,511	3.44	3.73
	Materials			
30,057	DB X-Trackers MSCI World Materials	554,552	0.55	
	iShares S&P Global Materials Exchange			
13,920	Traded Index	507,238	0.50	
	Total Materials	1,061,790	1.05	1.40
	Travel & Leisure			
41,900	Go-Ahead Group Plc	625,567	0.62	
	Total Travel & Leisure	625,567	0.62	-

Portfolio statement (continued)

Holding	Portfolio of Investments	Total Net Assets		
		Value (£)	31.08.13 %	28.02.13 %
	Property			
2,873,540	Henderson UK Property I Acc	2,983,596	2.93	
	Total Property	2,983,596	2.93	1.92
	Tobacco			
75,417	Imperial Tobacco Group Plc	1,616,940	1.59	
20,011	Reynolds American Inc	614,654	0.60	
	Total Tobacco	2,231,594	2.19	-
	Technology			
9,870	Dassault Systems AG	814,795	0.80	
225,966	Henderson Global Technology I Net Acc	1,757,788	1.73	
78,625	Intel Corporation	1,114,667	1.10	
9,762,207	L&G Global Technology Index Trust I Acc	1,749,387	1.72	
192,975	Sage Group Plc	670,202	0.66	
20,604	SAP AG	986,693	0.97	
	Total Technology	7,093,532	6.98	8.08
	Consumer Staples			
20,014	Groupe Danone	966,806	0.95	
	iShares S&P Global Consumer Staples			
20,888	Index Fund	1,072,375	1.05	
372,500	McBride Plc	477,731	0.47	
353,920	Morrison Supermarket Plc	1,027,430	1.01	
18,882	Procter & Gamble Co	948,552	0.93	
251,525	Sainsbury Plc	972,647	0.96	
	Total Consumer Staples	5,465,541	5.37	6.96
	Telecoms			
469,205	BT Group	1,593,889	1.57	
5,785	iShares S&P Global Telecommunications	225,623	0.22	
899,772	Vodafone Group Plc	1,924,612	1.89	
	Total Telecoms	3,744,124	3.68	3.56
	Healthcare			
50,547	AstraZeneca Plc	1,607,900	1.58	
84,522	GlaxoSmithKline Plc	1,409,404	1.39	
	iShares S&P Global Healthcare Sector			
27,050	Index Fund	1,338,107	1.32	
16,411	Johnson & Johnson	914,539	0.90	
20,873	Novartis AG	1,004,970	0.99	
4,970	Roche Holdings AG	813,966	0.80	
19,266	Sanofi SA	1,218,817	1.20	
	Total Healthcare	8,307,703	8.18	9.22
	Global Smaller Companies			
701,429	Invesco Perp Global Smaller Comp Z Acc	1,779,176	1.75	
11,481	Vanguard Global Small Cap Index Acc	1,771,444	1.74	
	Total Global Smaller Companies	3,550,620	3.49	4.08

Portfolio statement (continued)

Holding	Portfolio of Investments	Total Net Assets		
		Value (£)	31.08.13 %	28.02.13 %
	UK			
1,762,336	CF Miton UK Multi Cap Income Instl B Acc	2,779,733	2.73	
248,400	iShares FTSE 250 GBP	3,601,800	3.54	
661,874	Liontrust Special Situations Inst Inc	1,704,591	1.68	
280,302	Marlborough UK Micro Cap Growth P Acc	998,998	0.98	
	Total UK	9,085,122	8.93	6.59
	Japan			
1,335,708	GLG Japan Core Alpha Prof Acc	1,374,443	1.35	
	Total Japan	1,374,443	1.35	-
	Emerging Markets			
225,094	Aberdeen Emerging Markets I Acc	1,226,967	1.21	
	Total Emerging Markets	1,226,967	1.21	1.75
	Total UK Smaller Companies	-	-	0.95
	Global			
12,058	Veritas Global Equity Income C GBP Acc	2,021,832	1.99	
	Total Global	2,021,832	1.99	2.46
	Zeros			
109,000	Electra Private Equity Invest Plc	152,055	0.15	
135,000	EW&PO Finance Plc	194,400	0.19	
	Total Zeros	346,455	0.34	0.41
	Fixed Interest			
4,037,293	Fidelity Strategic Bond Y Net	4,667,110	4.59	
4,947	FundLogic FTSE 100 Acc Income I	524,832	0.52	
7,623	FundLogic FTSE 100 Acc Income II	823,384	0.81	
2,230,938	Invesco Perp Tactical Bond Z Gross Acc	4,696,348	4.62	
500,000	National Grid 1.25% Linked Bond 06/10/21	564,250	0.55	
	Total Fixed Interest	11,275,924	11.09	10.36
	Mining			
62,098	BHP Billiton Plc	1,203,149	1.18	
	Total Mining	1,203,149	1.18	-
	Money Markets			
7,700,000	Goldman Sachs Sterling Liquid Reserves	7,700,000	7.57	
7,600,000	RBS Global Tsy GBP Fund Class B	7,600,000	7.47	
	Total Money Markets	15,300,000	15.04	9.65
	Portfolio of Investments	97,519,158	95.89	91.29
	Net Current Assets	4,185,821	4.11	8.71
	Net Assets	101,704,979	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

Income shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	101.22	99.56	-
2010	110.70	97.26	0.7077
2011	114.59	101.53	1.6314
2012	115.25	106.12	1.5727
2013*	129.32	114.69	0.8567

Accumulation shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	101.22	99.56	-
2010	111.50	97.27	0.7032
2011	116.09	103.72	1.6460
2012	119.52	109.34	1.6128
2013*	134.46	118.94	0.8862

R Income shares †

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2012	115.27	113.54	-
2013*	129.55	114.73	1.5580

R Accumulation shares †

Calendar Year	Highest Price (p)	Lowest Price (p)	Net Income (p per share)
2012	119.54	117.75	-
2013*	134.97	118.97	1.6248

* As at 31 August 2013

Net Asset Value

Date	Share Class	Net Asset Value (£)	Shares in Issue	Net Asset Value (Pence per share)
28.02.2011	Income	19,063,222	17,210,768	110.76
	Accumulation	21,988,386	19,595,182	112.21
29.02.2012	Income	29,455,738	26,370,455	111.70
	Accumulation	26,125,772	22,701,427	115.08
28.02.2013	Income	52,461,614	43,129,759	121.64
	Accumulation	30,233,004	23,903,418	126.48
31.08.2013	R Income †	107,863	88,664	121.65
	R Accumulation †	63,497	50,102	126.73
	Income	68,601,139	54,516,694	125.84
	Accumulation	31,322,467	23,838,796	131.40
	R Income †	189,582	150,633	125.86
	R Accumulation †	1,591,791	1,204,276	132.18

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

Risk Warning

An investment in an open-ended investment company (OEIC) should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates, which can be favourable or unfavourable.

Net Asset Value per Share and Comparative Tables (continued)

Prices per Share

Date	Share Class	Price (Pence)	Yield (%)
02.09.2013	Income	125.79	0.67
	Accumulation	131.35	0.67
	R Income	125.82	1.67
	R Accumulation	132.14	1.67

Fund Performance

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

Ongoing charges figure

31.08.13

28.02.13

	%	%
ACD's Annual Management Charge	1.40	1.40
Other expenses	0.11	0.11
Total Expense Ratio	1.51	1.51
Synthetic TER	0.41	0.40
Complete OCF	1.92	1.91

Ongoing charges - R Class

ACD's Annual Management Charge	0.65	0.65
Other expenses	0.11	0.11
Total Expense Ratio	0.76	0.76
Synthetic TER	0.41	0.40
Complete OCF	1.17	1.16

Financial statements

Statement of total return

For the period ended 31 August 2013

	Notes		31.08.13		31.08.12
Income		£	£	£	£
Net capital gains	4		2,933,790		39,349
Revenue	6	1,100,044		836,962	
Expenses	7	(707,230)		(453,733)	
Finance costs: Interest	9	-		(141)	
Net revenue before taxation		392,814		383,088	
Taxation	8	-		-	
Net revenue after taxation			392,814		383,088
Total return before distributions			3,326,604		422,437
Finance costs: Distribution	9		(392,832)		(383,088)
Change in net assets attributable to shareholders from investment activities			2,933,772		39,349

Statement of change in net assets attributable to shareholders

For the period ended 31 August 2013

		£	£	£	£
Opening net assets attributable to shareholders			82,877,209		55,581,510
Amounts receivable on issue of shares		17,845,666		13,289,113	
Amounts payable on cancellation of shares		(2,071,073)		(2,534,273)	
			15,774,593		10,754,840
Stamp duty reserve tax	1(f)		(23,740)		(20,261)
Change in net assets attributable to shareholders from investment activities			2,933,772		39,349
Retained distribution on accumulation shares			143,145		175,245
Closing net assets attributable to shareholders			101,704,979		66,530,683

Balance sheet

As at 31 August 2013

	Notes		31.08.13		28.02.13
		£	£	£	£
Assets					
Investment assets			97,519,157		75,659,555
Debtors	10	664,243		397,890	
Bank balances		4,026,048		8,037,937	
Total other assets			4,690,291		8,435,827
Total assets			102,209,448		84,095,382
Liabilities					
Creditors	11	214,999		354,997	
Distribution payable on income shares		289,470		142,172	
Bank overdrafts		-		721,004	
Total other liabilities			504,469		1,218,173
Net assets attributable to shareholders			101,704,979		82,877,209

Notes to the financial statements

As at 31 August 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	31.08.13	31.08.12
	£	£
Net losses on derivatives	(57,826)	(7,470)
Net gains on non-derivative securities	2,991,616	46,819
Net capital gains on investments	2,933,790	39,349
5 Purchases, sales and transaction costs		
Purchases excluding transaction costs	35,465,539	22,208,446
Commissions	13,042	3,893
Stamp duty and other charges	27,428	15,438
Trustee transaction charges *	590	395
Purchases including transaction costs	35,506,599	22,228,172
Sales excluding transaction costs	16,780,599	7,542,771
Commissions	(1,518)	(5,348)
Trustee transaction charges *	(110)	(280)
Sales including transaction costs	16,778,971	7,537,143
Transaction handling charges	700	675
* These have been deducted in determining net capital gains		
6 Revenue		
UK franked dividends	638,004	528,697
UK unfranked dividends	13,322	345
Bond interest	130,968	107,108
Gross bond interest	7,446	27,104
Overseas franked income	269,683	132,724
Overseas gross unfranked income	40,090	40,090
Rebate of annual management charges / renewal commission	101	607
Bank interest	430	287
Total revenue	1,100,044	836,962
7 Expenses		
<i>Payable to the ACD, associates of the ACD and agents of either:</i>		
ACD's periodic charge	652,800	410,732
<i>Payable to the Depositary associates of the Depositary and agents of either:</i>		
Depositary's fee	25,526	17,096
Safe custody	9,975	7,362
	35,501	24,458
<i>Other expenses:</i>		
FCA fee	32	147
Audit fee	3,950	3,176
Registration fees	813	572
Printing costs	154	-
Transfer agency fee	11,965	9,761
Distribution costs	2,015	4,887
Total expenses	707,230	453,733

8 Taxation

a) Analysis of the tax charge for the period:

	31.08.13 £	31.08.12 £
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 income before taxation	392,814	383,088
Corporation tax at 20%	78,563	76,618
<i>Effects of:</i>		
UK dividends	(181,537)	(132,284)
Utilisation of excess management expenses	102,974	55,666
Corporation tax charge	-	-
Irrecoverable income tax	-	-
Current tax charge for the year (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 £1,531,295 (prior year £1,016,425). The fund does not expect to be able to utilise this in the foreseeable future.

9 Finance costs

Distributions

Interim	432,615	435,753
	432,615	435,753
Amounts deducted on cancellation of shares	4,702	5,777
Amounts received on issue of shares	(44,485)	(58,442)
Finance costs: Distributions	392,832	383,088
Finance costs: Interest	-	141
Total finance costs	392,832	383,229

Represented by:

Net revenue after taxation	392,814	383,088
Balance of revenue brought forward	33	44
Balance of revenue carried forward	(15)	(44)
Finance costs: Distributions	392,832	383,088

10 Debtors	31.08.13	28.02.13
	£	£
Amounts receivable for issue of shares	521,294	174,811
<i>Accrued income:</i>		
UK franked dividends	31,141	72,435
Bond interest	2,551	2,517
Gross bond interest	1,134	638
Overseas franked dividends	14,495	-
	49,321	75,590
Prepayments	394	32
Other receivables	-	212
Taxation recoverable	93,234	147,245
Total debtors	664,243	397,890

11 Creditors

Amounts payable for cancellation of shares	75,875	242,228
<i>Accrued expenses:</i>		
<i>Amounts payable to the ACD, associates and agents:</i>		
ACD's periodic charge	119,750	88,029
<i>Amounts payable to the Depositary, associates and agents:</i>		
Depositary's fees	4,652	3,481
Transaction charges	160	50
Safe custody fee	3,423	1,235
	8,235	4,766
Other expenses	11,139	14,582
<i>Taxation payable:</i>		
Stamp duty reserve tax	-	5,392
Total creditors	214,999	354,997

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date [28.02.13 : £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 £4,026,048 [28.02.13 : £7,316,933]. Net interest received was £430 [28.02.13 : £92].

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 24 October 2013, there were no material post balance sheet events which have a bearing on the understanding of the financial statements.

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:

	31.08.13 £	28.02.13 £
Floating rate assets (pounds sterling):	4,590,298	8,588,437
Floating rate assets (us dollars):	-	5,000,000
Floating rate liabilities (pounds sterling):	-	(5,721,004)
Assets on which interest is not paid (pounds sterling):	81,226,491	54,242,740
Assets on which interest is not paid (dollars):	8,745,092	9,093,715
Assets on which interest is not paid (euro):	4,957,636	9,726,466
Assets on which interest is not paid (swiss francs):	2,689,931	2,444,024
Liabilities on which interest is not paid (pounds sterling):	(504,469)	(497,169)
Net Assets	101,704,979	82,877,209

ii.	Currency risk	31.08.13 £	28.02.13 £
	GBP	85,312,320	56,613,004
	US Dollars	8,745,092	14,093,715
	Euro	4,957,636	9,726,466
	Swiss Franc	2,689,931	2,444,024
	Net Assets	101,704,979	82,877,209

Benchmark rates for index-linked stocks	31.08.13
GBP	%
Retail Pricing Index	1.125

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 August 2013 – in pence per share

Interim

Group 1 – shares purchased prior to 01 March 2013

Group 2 – shares purchased on or after 01 March 2013

Income shares

Units	Net Income	Equalisation	Payable 31.10.13	Paid 31.10.12
Group 1	0.5282	-	0.5282	0.7316
Group 2	0.2864	0.2418	0.5282	0.7316

Accumulation shares

Units	Net Income	Equalisation	Allocating 31.10.13	Allocated 31.10.12
Group 1	0.5475	-	0.5475	0.7535
Group 2	0.4214	0.1261	0.5475	0.7535

R Income shares

Units	Net Income	Equalisation	Payable 31.10.13	Paid 31.10.12
Group 1	1.0043	-	1.0043	n/a
Group 2	0.7860	0.2183	1.0043	n/a

R Accumulation shares

Units	Net Income	Equalisation	Allocating 31.10.13	Allocated 31.10.12
Group 1	1.0486	-	1.0486	n/a
Group 2	0.4655	0.5831	1.0486	n/a

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.

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

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

Data Protection Act

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