Annual Report and Financial Statements for MGTS IBOSS 2 Fund

For the year ended 30 November 2016

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the Financial Conduct Authority

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Directors of the ACD

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

Depositary

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Auditors

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IBOSS Asset Management Ltd
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North Yorkshire
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(Authorised and regulated by the Financial Conduct Authority)

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Investment Adviser's Report

For the year ended 30 November 2016

Investment Objectives and Policy

The investment objective of the fund is to achieve returns above the IA Mixed Investment 20% to 60% Shares Index by a combination of capital growth and income. The fund will principally invest into collective investment schemes, exchange traded funds and investment trusts. The remainder will be invested directly or indirectly in cash, fixed interest investments or investment strategies principally targeting lower volatility or low correlation with equity and bond markets. The fund will have a maximum underlying exposure to shares of 60% and a minimum of 30%.

Investment Performance

IBOSS 2	7.68%

Source: Analytics. Performance is NAV to NAV with income reinvested.

Benchmark

IA Mixed Investment 20-60% Shares	10.44%

Market Commentary

The IBOSS fund has underperformed its benchmark over its first 9 Months. Whilst this underperformance is disappointing we continue to be pleased with the risk metrics of the portfolio. With lower than benchmark volatility, max drawdown and a beta significantly below one, the portfolio will and has struggled to keep up in rapidly rising markets. This being said, the fund has performed well in down periods.

This sub one beta figure has been achieved through the combination of a relatively high cash position and very little exposure to traditional longer dated fixed income funds. Additionally the equity portion of the portfolio contains a significant weighting toward absolute return funds which are used to dampen down volatility and improve the defensive characteristics of the portfolio.

With 2016 almost behind us and after a first half of the year encompassing; oil price fluctuations, global emerging market devaluations and our very own global event – Brexit and Britain's decision to leave the European Union, you'd have been forgiven for thinking that the big events of 2016 had already played out. Obviously this was not the case and the second half of the year presented even larger events than the first. In a further political upset, that potentially dwarves Brexit, Donald Trump was voted into the White House. The yields on fixed interest assets finally rose in a meaningful way in September for the first time since 2013 and Italy voted 'no' in their long awaited constitutional referendum, opposing potential reforms in what might be considered a blow to the EU more widely.

Considering all of these unexpected outcomes it would have been reasonable to assume that markets might have suffered, after all markets do not like unexpected outcomes, and oft-times it is these unexpected outcomes which trigger market instability. Again this has not been the case and global markets have reacted positively to the news. The FTSE 100 has continued to perform strongly and the S&P 500 (US Index) rallied sharply following the election announcement and, as mentioned before, risk-off (safety) assets such as bonds have sold off significantly.

In the UK specifically the effects of a Brexit are still widely unknown but heavily theorised. A complete fall out has yet to happen, if it ever will, indeed the International Monetary Fund (IMF) admitted that their "predictions of a post-brexit financial crash has proved to be overly pessimistic" and pegged the UK as being one of the fastest growing economies within the G7 this year.

Investment Adviser's Report (continued)

Despite all of the political noise the one definitive outcome of Brexit thus far is that Sterling devalued aggressively post brexit, and whilst this is bad news for holiday makers it's important to remember that central banks have been trying for years to devalue their own countries currencies. After all a weaker pound is positive for the economy as UK assets look more attractive to foreign buyers. This would go some way to explaining why the FTSE 100 (as mentioned earlier) has done so well. Additionally it is important to note that for the UK investor weak sterling has also acted, thus far, as a significant tailwind to multi asset and multi-geographical portfolios as those foreign assets are subsequently worth more pounds than before.

Looking across to the US, Trump is not seen as good for emerging markets assets and, whether it's bonds or equities, they have been roundly smashed and even Asia more generally has fared little better. The asset class to be long of during November was US small cap equities as these firms are seen as the biggest gainers from the US's soon to be implemented myopic approach to trade negotiation, migration, diplomacy, global warming, fiscal prudence etc. So far, at least as far as the US economy is concerned, we have had the complete opposite of the reaction to Brexit. Whilst it's true that the differences are considerable, in the case of Brexit, most economists and media (both financial industry and mainstream) focused on all the negatives and dismissed any positives.

In the US, and often now repeated parrot fashion around the globe, we hear about all the good things Trumponomics will bring; but all the bad stuff, i.e. almost the whole of his pre-election ramblings, has been dismissed as unworkable and unlikely to happen. The backdrop to this is a US stock market sitting at record highs and the dollar strength breaking new ground almost daily. Almost every single piece of good news and forecast is within this market and even an almost certain rate hike from the Fed in December can apparently be comfortably taken on board. As long term investors and not traders, the US looks to have just got more expensive without any improvement in the fundamentals, save for some specific sectors.

Another impact exacerbated by the election of Trump is the continuing bond implosion; we say exacerbated because this was already underway, the central banks were already publicly commenting that they were running out of road and some had clearly stated fiscal measures (i.e. governments) needed to now do some of the heavy lifting. All of a sudden holding bonds that were guaranteed to lose you money if you held them to maturity seemed like a barmy idea. That's not to say we won't revisit the lows if global growth remains something of an enigma. Contrary to some of the current euphoria and sycophantic cooing's from some US chairman and CEOs, most of whom did not publicly back Trump, there is much work to be done if the US is going to reach 4% growth. Probably not surprisingly, we remain sceptical and we will carry on avoiding assets that look expensive relative to history but which have a bright new shiny narrative to support them.

To sum up then, markets continued to perform well on the back of loose monetary policy despite Geopolitical turmoil. On a fund level, we think that it is likely that currency will continue to have a larger impact on performance. With globalisation potentially slowing on the back of dissatisfaction from large swathes of the public, which can be seen through the rise of Trump, Le Pen, and at home UKIP, there could be more aggressive currency moves in the future. From a fund perspective you want to remain as geographically diversified as possible.

All considered though, we remain positive on longer term global growth (especially in emerging markets), and whilst Trump might well turn America inward, the second biggest economy in the world and most populous nation, China, will look to step into any breach and take full advantage. There continues to be real opportunity for us, as selective investors, to make real returns over the medium term, however we continue to ensure that the fund retains relatively strong defensive characteristics through high levels of diversification and the avoidance of areas which seem, to us at least, rather expensive.

IBOSS Ltd
Investment Adviser
10 February 2017

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
Date: 13 February 2017

Authorised Status

IBOSS 2 Portfolio is a sub-fund of the MGTS IBOSS Fund ICVC with investment powers equivalent to those of a UCITS Scheme. The umbrella company is the MGTS IBOSS Fund ICVC which is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC001052 and authorised by the Financial Conduct Authority with effect from 16 December 2015.

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 year ended 30 November 2016

Total purchases for the year **£5,095,102**

Purchases	Cost (£)
INVESCO GBP CORPORATE CLASS FUND	329,800
GOLDMAN SACHS GBP INSTL LIQUIDITY FUND	329,800
ETFS PHYSICAL GOLD	199,620
PREMIER DEFENSIVE GROWTH FUND CLASS C NET INCOME	194,100
MARLBOROUGH GLOBAL BOND P ACC	191,900
ARDEVORA GLOBAL EQUITY C	184,800
ARTEMIS STRATEGIC BOND QI ACC	155,300
OLD MUTUAL GLOBAL EQ AR U1 £ HGD ACC	155,300
L&G UK 100 INDEX I ACC	149,400
THREADNEEDLE SHORT DATED CORPORATE BOND INST NET	148,000
BAILLIE GIFFORD CORPORATE BOND B ACC	146,800
RATHBONE INCOME INSTITUTIONAL ACC	146,200
INSIGHT INFLATION LINKED CORP BOND FUND F NET ACC	139,900
FIDELITY GLOBAL SPECIAL SITUATIONS W ACC	132,800
FRANKLIN UK MANAGERS' FOCUS W ACC	129,300
THREADNEEDLE UK ABSOLUTE ALPHA ZNA	126,300
MFM SLATER GROWTH CLASS P ACC	124,600
MAN GLG UK INCOME PROFESSIONAL C ACC	121,900
MI TWENTYFOUR DYNAMIC BOND I GROSS ACC	119,000
OLD MUTUAL GLOBAL EQUITY U1 ACC	112,200
FIRST STATE GLOBAL PROPERTY SEC B ACC	108,200
HERMES GLOBAL EQUITY F ACC	106,700
F&C UK PROPERTY FEEDER 2 GBP ACC	101,900

Total sales for the year **£660,068**

Sales	Proceeds (£)
JUPITER EUROPEAN I ACC	82,610
FIDELITY GLOBAL DIVIDEND W ACC	67,356
L&G UK PROPERTY FEEDER I ACC	61,809
L&G UK PROPERTY I ACC	60,982
MI CHELVERTON UK EQUITY GROWTH B ACC	44,013
IP PACIFIC NO TRAIL ACC	42,775
KAMES ABSOLUTE RETURN BOND C GBP ACC	41,494
FRANKLIN UK MANAGERS' FOCUS W ACC	41,000
SCHRODER ASIAN ALPHA PLUS L ACC	37,446
MI TWENTYFOUR DYNAMIC BOND I GROSS ACC	34,000
FP ARGONAUT ABSOLUTE RETURN R GBP ACC	33,272
MAN GLG UK INCOME PROFESSIONAL C ACC	23,800
THREADNEEDLE UK ABSOLUTE ALPHA ZNA	20,800
M&G UK INFLATION LINKED CORPORATE BOND I ACC	19,300
MFM SLATER GROWTH CLASS P ACC	16,800
ARDEVORA GLOBAL EQUITY C	10,800

Portfolio statement

As at 30 November 2016

Holding	Portfolio of Investments	Value (£)	Total Net Assets 30.11.16 %
	UK		
45,171	Franklin UK Managers' Focus W	90,536	1.89
3,561	GVQ UK Focus I	101,565	2.12
64,044	JOHCM UK Dynamic Y	78,070	1.63
71,335	L&G UK 100 Index I	141,886	2.96
48,201	MAN GLG UK Income Professional C	101,753	2.12
26,354	MFM Slater Growth Class P	109,314	2.28
8,415	Old Mutual UK Specialist Equity Fund F	92,040	1.92
87,656	Threadneedle UK Absolute Alpha ZNA	104,381	2.18
72,691	VT UK Infrastructure Income C	79,633	1.66
	Total UK	**899,178**	**18.76**
	Bonds		
170,070	Artemis Strategic Bond Qi	155,648	3.25
75,282	Baillie Gifford Corporate Bond B	147,102	3.07
133,654	Insight Inflation Linked Corp Bond Fund F	140,978	2.94
67,441	M&G UK Inflation Linked Corporate Bond I	80,275	1.68
108,518	Marlborough Global Bond P	194,398	4.06
549	MI Twentyfour Dynamic Bond I	86,976	1.82
78,302	Rathbone Income Institutional	144,897	3.03
139,221	Threadneedle Short Dated Corporate Bond	148,201	3.09
	Total Bonds	**1,098,475**	**22.94**
	Exchange Traded Funds		
2,079	ETFS Physical Gold	185,155	3.87
	Total Exchange Traded Funds	**185,155**	**3.87**
	Europe (excl. UK)		
18,787	SVM Continental Europe Institutional	88,881	1.86
	Total Europe (excl. UK)	**88,881**	**1.86**
	Global		
92,029	Ardevora Global Equity C	191,365	4.00
4,800	Fidelity Global Special Situations W	148,739	3.11
74,969	Fidelity Institutional Emerging Markets W	92,287	1.93
57,980	Hermes Global Equity F	111,160	2.32
55,041	JOHCM Global Opportunities A Inc	97,752	2.04
70,347	JPM Multi-Asset Macro C	89,341	1.87
143,626	Old Mutual Global Eq Ar U1 £ Hgd	158,362	3.31
81,269	Old Mutual Global Equity U1	127,918	2.67
161,092	Premier Defensive Growth Fund Class C Net Income	196,661	4.11
	Total Global	**1,213,585**	**25.36**
	Money Markets		
329,800	Goldman Sachs GBP Instl Liquidity Fund	329,800	6.89
329,800	Invesco GBP Corporate Class Fund	329,800	6.89
	Total Money Markets	**659,600**	**13.78**

Portfolio statement (continued)

Holding	Portfolio of Investments	Value (£)	Total Net Assets 30.11.16 %
	Far East (excl Japan)		
22,708	Baillie Gifford Developed Asia Pacific B	102,188	2.13
7,210	Fidelity South East Asia W	74,337	1.55
	Total Far East (excl Japan)	**176,525**	**3.68**
	Property		
158,195	F&C UK Property Feeder	103,966	2.17
53,483	First State Global Property Sec B	111,100	2.32
	Total Property	**215,066**	**4.49**
	Portfolio of Investments	**4,536,460**	**94.71**
	Net Current Assets	**253,339**	**5.29**
	Net Assets	**4,789,799**	**100**

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

Statement of ACD's Responsibilities

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL") requires the Authorised Corporate Director to ensure that the financial statements for each accounting period give a true and fair view of the financial affairs of the Scheme and of the net income / expenses and of the net gains / losses on the property of the Scheme for that year.

In preparing the financial statements the ACD is required to:

- select suitable accounting policies, as described in the attached financial statements, and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- comply with the Prospectus, generally accepted accounting principles and applicable accounting standards subject to any material departures which are required to be disclosed and explained in the financial statements;
- comply with the disclosure requirements of the Statement of Recommended Practice for Financial Statements and Authorised Funds;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme and to enable them to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. This function is performed by the ACD and references to the ACD include the AIFM as applicable.

In so far as the ACD is aware:

- There is no relevant audit information of which the Scheme's auditors are unaware; and
- The ACD has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the MGTS IBOSS 2 Fund of the IBOSS Fund (“the Company”) for the Year Ended 30 November 2016

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority’s Collective Investment Schemes Sourcebook, and, from the 22nd July 2014 the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together “the Regulations”), the Company’s Instrument of Incorporation and Prospectus (together “the Scheme documents”) as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company’s cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company’s assets is remitted to the Company within the usual time limits;
- the Company’s income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (“the AIFM”) are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company’s shares and the application of the Company’s income in accordance with the Regulations and the Scheme documents of the Company; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company in accordance with the Regulations and Scheme documents of the Company.

For and on behalf of
BNY Mellon Trust & Depositary (UK) Limited
160 Queen Victoria Street
London EC4V 4LA

Manager
Date: 13 February 2017

Independent auditors' report to the shareholders of MGTS IBOSS 2 fund

We have audited the financial statements of MGTS IBOSS 2 fund for the year ended 30 November 2016, which comprise the statement of total return, the balance sheet, the statement of change in net assets attributable to shareholders, together with the related notes and the distribution table. The financial reporting framework that has been applied in their preparations is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's shareholders as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the ACD and auditors

As explained more fully in the ACD's Responsibilities Statement set out on page 7, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 30 November 2016 and of the net income and the net gains on the property of the Fund for the year then ended; and

- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds; the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the collective investment scheme sourcebook

- The information given in the ACD's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- we have received all the information and explanations we require for our audit.

Independent auditors' report to the shareholders of MGTS IBOSS 2 fund (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, where we are required to report, if in our opinion:

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns.

Robert Wood
Senior Statutory Auditor
For and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditors
15 February 2017

Net Asset Value per Share and Comparative Tables

	R Accumulation share class	R Income share class
Change in net assets per share	**30/11/2016**	**30/11/2016**
Opening net asset value per share	100.0000	100.0000
Return before operating charges *	7.9907	7.9557
Operating charges	-0.3800	-0.3700
Return after operating charges	7.6107	7.5857
Distribution on income shares	0.0000	-0.9415
Closing NAV per share	107.6107	106.6442
Retained distribution on acc shares	0.9560	0.9560
* After direct transaction costs of	0.0235	0.0233
Performance		
Return after charges	7.61%	7.59%
Other Information		
Closing net asset value (£)	3,916,788	12,783
Closing number of shares	3,639,777	11,987
OCF	1.05%	1.05%
Direct transaction costs	0.02%	0.02%
Prices		
Highest share price (pence)	109.50	109.48
Lowest share price (pence)	99.33	99.33

	X Accumulation share class	X Income share class
Change in net assets per share	**30/11/2016**	**30/11/2016**
Opening net asset value per share	100.0000	100.0000
Return before operating charges *	7.8978	7.7998
Operating charges	-0.2700	-0.1800
Return after operating charges	7.6278	7.6198
Distribution on income shares	0.0000	0.0000
Closing NAV per share	107.6278	107.6198
Retained distribution on acc shares	0.9823	0.9823
* After direct transaction costs of	0.0232	0.0229
Performance		
Return after charges	7.63%	7.62%
Other Information		
Closing net asset value (£)	859,101	1,126
Closing number of shares	798,215	1,047
OCF	0.95%	0.95%
Direct transaction costs	0.02%	0.02%
Prices		
Highest share price (pence)	109.51	109.50
Lowest share price (pence)	99.33	99.33

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. Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates, which can be favourable or unfavourable.

Financial statements

Statement of total return

For the year ended 30 November 2016

	Notes		30.11.16
Income		**£**	**£**
Net capital gains/(losses)	4		90,737
Revenue	6	13,791	
Expenses	7	(6,048)	
Finance costs: Interest	9	(5)	
Net revenue before taxation		7,738	
Taxation	8	(561)	
Net revenue after taxation			7,177
Total return before distributions			**97,914**
Finance costs: Distribution	9		(7,165)
Change in net assets attributable to shareholders from investment activities			**90,749**

Statement of change in

For the year ended 30 November 2016

		£	£
Opening net assets attributable to shareholders			-
Amounts receivable on issue of shares		4,702,423	
Amounts payable on cancellation of shares		(46,010)	
			4,656,413
Stamp duty reserve tax	1(f)		-
Change in net assets attributable to shareholders from investment activities			90,749
Retained distribution on accumulation shares			42,637
Closing net assets attributable to shareholders			**4,789,799**

Balance sheet

As at 30 November 2016

	Notes		30.11.16
Assets		**£**	**£**
Investment assets			4,536,460
Debtors	10	1,750	
Bank balances		283,900	
Total other assets			**285,650**
Total assets			**4,822,110**
Liabilities			
Creditors	11	32,198	
Distribution payable on income shares		113	
Total other liabilities			**32,311**
Net assets attributable to shareholders			**4,789,799**

Notes to the financial statements
As at 30 November 2016

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis, in accordance with Financial Reporting Standard (FRS 102), 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 Association in May 2014. No changes to the Net Asset Value of the fund have arisen from the adoption of the SORP.

b) Basis of valuation of investments

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

c) Foreign exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing middle exchange rates ruling on that date.

d) Revenue

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

e) Expenses

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

f) Taxation

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

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

(iii) The charge for deferred tax is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

2 Distribution policy

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

3 Risk management policies

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Net capital gains

	30.11.16
	£
Proceeds from sales on investments during the year	660,068
Original cost of investments sold during the year	(652,299)
Gains realised on investments sold during the year	7,769
Net depreciation thereon already recognised in prior periods	-
Net realised appreciation for the year	7,769
Net unrealised appreciation for the year	83,054
Unrealised gain/loss on derivatives	-
Realised gain/loss on derivatives	(86)
Net losses on derivatives	(86)
Net gains on non-derivative securities	90,823
Net capital gains on investments	**90,737**

5 Purchases, sales and transaction costs

Collective Investment Schemes	
Purchases excluding transaction costs	4,235,882
Purchases including transaction costs	**4,235,882**
Sales excluding transaction costs	660,068
Sales including transaction costs	**660,068**
Debt Securities	
Purchases excluding transaction costs	659,600
Purchases including transaction costs	**659,600**
Equities/ETFs	
Purchases excluding transaction costs	199,221
Commissions: 0.20%	399
Purchases including transaction costs	**199,620**

Trustee transaction charges have been deducted in determining net capital

Transaction charges are displayed as percentage of purchase/sale

Total commissions: 0.02%	399

Total charges displayed as percentage of average net asset value

Average portfolio dealing spread : 0.12%

6 Revenue

UK franked dividends	4,935
UK unfranked dividends	1,154
Bond interest	5,245
Gross bond interest	2,388
Rebate of annual management charges / renewal commission	76
Bank interest	(7)
Total revenue	**13,791**

7 Expenses

	30.11.16 £
Payable to the ACD, associates of the ACD and agents of either:	
ACD's periodic charge	6,048
Total expenses	**6,048**

8 Taxation

a) Analysis of the tax charge for the year:

UK Corporation tax	561
Irrecoverable income tax	-
Current tax charge (note 8b)	561
Total tax charge	**561**

b) Factors affecting the tax charge for the year:

Net income before taxation	7,738
Corporation tax at 20%	1,548
Effects of:	
UK dividends	(987)
Corporation tax charge	561
Irrecoverable income tax	-
Current tax charge for the year (note 8a)	**561**

c) Provision for deferred taxation

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

9 Finance costs

	30.11.16 £
Distributions	
Final	42,750
	42,750
Amounts deducted on cancellation of shares	394
Amounts received on issue of shares	(35,979)
Finance costs: Distributions	7,165
Finance costs: Interest	5
Total finance costs	**7,170**

Represented by:

Net revenue after taxation	7,177
Balance of revenue carried forward	(12)
Finance costs: Distributions	**7,165**

10 Debtors

	30.11.16
	£
Amounts receivable for issue of shares	10
Accrued income:	
Bond interest	177
Gross bond interest	130
	307
Other receivables	76
Taxation recoverable	1,357
Total debtors	**1,750**

11 Creditors

Amounts payable for investment securities purchased	30,000
Accrued expenses:	
Amounts payable to the ACD, associates and agents:	
ACD's periodic charge	1,637
Taxation payable:	
Corporation tax	561
Total creditors	**32,198**

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

13 Related party transactions

Margetts Fund Management Ltd as ACD, is a related party, and acts as principal in respect of all transactions of shares in the Company. The aggregate monies received through issues, and paid on cancellations are disclosed in the statement of change in net assets attributable to shareholders and note 9.

Amounts paid to Margetts Fund Management Ltd in respect of management services are disclosed in note 7 and amounts due at the end of the year in note 11.

14 Shareholders' funds

	Acc	Inc	R Acc	R Inc
Opening number of shares	-	-	-	-
Shares issued	3,668,860	11,987	813,765	1,047
Shares converted	-	-	-	-
Shares redeemed	(29,083)		(15,550)	
Closing number of shares	3,639,777	11,987	798,215	1,047

15 Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

16 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:

	30.11.16
	£
Floating rate assets (pounds sterling):	283,900
Assets on which interest is not paid (pounds sterling):	4,353,055
Assets on which interest is not paid (dollars):	185,155
Liabilities on which interest is not paid (pounds sterling):	(32,311)
Net Assets	**4,789,799**

ii. Currency risk	**30.11.16**
	£
GBP	4,604,644
US Dollars	185,155
Net Assets	**4,789,799**

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.

17 Fair Value Techniques

Assets	**30.11.16**
	£
Quoted prices for identical instruments in active markets	4,536,460
Prices of recent transactions for identical instruments	-
Valuation techniques using observable data	-
Valuation techniques using non-observable data	-
	4,536,460

Liabilities	
	£
Quoted prices for identical instruments in active markets	-
Prices of recent transactions for identical instruments	-
Valuation techniques using observable data	-
Valuation techniques using non-observable data	-
	-

18 Periodic Disclosure

Margetts Fund Management Ltd is required to disclose certain information periodically in relation to the Fund which is shown below.

At the end of the reporting period the percentage of the Fund's assets subject to special arrangements arising from their illiquid nature was 0%.

There have been no new arrangements introduced for managing the liquidity of the Fund. The risk characteristics of the Fund are explained in the Prospectus.

In order to assess the sensitivity of the Fund's portfolio to the risks to which the Fund is or could be exposed, Margetts Fund Management Ltd monitors relative value at risk, commitment, gross leverage and the results of stress tests.

Margetts Fund Management Ltd has set limits considered appropriate to the risk profile of the fund. Any breaches of these limits are investigated by the Margetts risk committee and appropriate action taken if necessary.

During the reporting period there have been no changes to the maximum level of leverage that the Fund can employ or any right of reuse of collateral or any guarantee granted under leveraging arrangements.

At the end of the reporting period the total amount of leverage, expressed as a ratio, calculated using the commitment approach was 1:0.93 and using the gross method was 1:0.93.

Leverage is limited to overdraft use and the gross exposure from EPM techniques. Although the ACD may use derivatives for EPM, no collateral arrangements are currently in place and no asset re-use arrangements are in place.

The maximum leverage expressed as the ratio of the exposure to net asset value using the commitment method is 1.1:1.0 and using the gross method 3.3:1.0. Please note that the maximum leverage under the gross method is theoretical and would only occur if market risk and currency risk were hedged across the entire Fund whilst it was using the maximum borrowing facility of 10%. It is not anticipated that both market risk and currency risk would be simultaneously hedged and therefore the likely maximum leverage which would be used in normal circumstances using the commitment method is 1.1:1.0 and using the gross method 2.2:1.0.

The fund does not engage in securities financing transactions or loan securities or commodities to third parties.

19 Remuneration

In accordance with the requirements of FUND 3.3.5(5) the total amount of remuneration paid by the ACD to its staff for the financial year ended 30 September 2016 is:

	£
Fixed Remuneration	1,351,756
Variable Remuneration	1,573,101
Total Remuneration	**2,924,857**
Full Time Equivalent number of staff	**38**
Analysis of senior management	
Senior management	1,813,059
Staff whose actions may have a material impact on the funds	-
Other	-
	1,813,059

19 Remuneration (continued)

The remuneration for senior management has been calculated in accordance with the Remuneration Policy and is reviewed annually. The remuneration policy and, where required by the FCA, how benefits are calculated together with details of the remuneration committee can be found on the website: www.margetts.com. A paper copy of this is available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR. No material changes were made to the Policy or irregularities reported at the last review.

20 Securities Financing Transactions (SFT) and Total Return Swaps (TRS)

As at the Balance Sheet date, the amount of securities and commodities on loan as a proportion of total lendable assets is 0.00%

Distribution table

For the year ended 30 November 2016 – in pence per share

Final
Group 1 – shares purchased prior to 01 June 2016
Group 2 – shares purchased on or after 01 June 2016

R Accumulation shares

Units	Net Income	Equalisation	Allocating 31.01.17	Allocated 31.01.16
Group 1	0.9560	-	0.9560	-
Group 2	0.1298	0.8262	0.9560	-

R Income shares

Units	Net Income	Equalisation	Payable 31.01.17	Paid 31.01.16
Group 1	0.9415	-	0.9415	-
Group 2	0.3314	0.6101	0.9415	-

X Accumulation shares

Units	Net Income	Equalisation	Allocating 31.01.17	Allocated 31.01.16
Group 1	0.9823	-	0.9823	-
Group 2	0.1858	0.7965	0.9823	-

X Income shares

Units	Net Income	Equalisation	Payable 31.01.17	Paid 31.01.16
Group 1	-	-	-	-
Group 2	-	-	-	-

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 12.00pm 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 17067, Birmingham, B2 2HL or by telephone on 0345 607 6808. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

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

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

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

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

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

The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £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 Exchange Tower, 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.