



Annual Report and Financial Statements for Sentinel Enterprise Portfolio

For the year ended 31 July 2017

HEAD OFFICE
1 SOVEREIGN COURT
GRAHAM STREET
BIRMINGHAM
B1 3JR

MARGETTS FUND MANAGEMENT LTD

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

DEALING
PO BOX 17067
BIRMINGHAM
B2 2HL

TELEPHONE: 0121 236 2380
FACSIMILE: 0121 236 2330

Authorised and Regulated by
the Financial Conduct Authority

TELEPHONE: 0345 607 6808
FACSIMILE: 0121 236 8990

ACD

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

Tel: 0121 236 2380

Fax: 0121 236 2330

(Authorised and regulated by the Financial Conduct Authority)

Directors of the ACD

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

Depositary

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

(Authorised and regulated by the Financial Conduct Authority)

Administrator and Registrar

Margetts Fund Management Ltd
PO Box 17067
Birmingham
B2 2HL

Tel: 0345 607 6808

Fax: 0121 236 8990

(Authorised and regulated by the Financial Conduct Authority)

Auditors

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

Investment Adviser

Stonehage Fleming Investment Management Ltd
15 Suffolk Street
London
SW1Y 4HG

(Authorised and regulated by the Financial Conduct Authority)

Contents

ACD's Report	1
Certification of Accounts by Directors of the ACD	2
Significant Purchases and Sales	3
Portfolio Statement	4
Statement of ACD's Responsibilities	6
Statement of Depositary's Responsibilities	7
Report of the Depositary	7
Independent Auditors' Report to the Shareholders of the Sentinel Enterprise Fund	8
Net Asset Value per Share and Comparative Tables	12
Financial Statements	
Statement of Total Return	15
Statement of Change in Net Assets Attributable to Shareholders	15
Balance Sheet	16
Notes to the Financial Statements	17
Distribution Table	25
General Information	26

ACD's Report

For the year ended 31 July 2017

Investment Objective and Policy

The investment objective of the Fund is to provide long term capital growth from a portfolio of investments.

The investment policy of the Fund is to invest mainly in units of equity and fixed interest based collective investment schemes, the majority of which will be UK investment funds. The Fund may also invest in equities, fixed interest securities, money market instruments, structured products and other derivative instruments, deposits, warrants, cash and near cash. Investments may be made indirectly in immovable property typically through units in collective investment schemes and/or shares in property companies. The Fund may also invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Fund).

Investment Performance

Sentinel Enterprise A	12.48%
Sentinel Enterprise B	13.32%

Benchmarks

IA OE Flexible	12.81%
----------------	--------

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

Investment Review 01 August 2016 – 31 July 2017

World equity markets experienced another positive 12 months, despite major geopolitical events over the period. The MSCI World Index (including Emerging Markets and dividends) gained +17.1%/17.4% in US\$/UK£ terms. Sterling collapsed immediately after the Brexit referendum, and continued weakening towards March, but then resumed a slow recovery to end stable over the reporting period.

The Brexit referendum result immediately before the reporting period caused major political uncertainty in the UK and the continent, affecting world markets negatively for a while. The US election outcome surprised many of those politically minded, but turned out to have had a positive effect on capital markets. Fears for potentially adverse election outcomes in Austria, the Netherlands and France (and Germany after the reporting period) did not materialise. The Italian election may still cause some uncertainty, but these overall outcomes have generally been well received by capital markets. The threatening and continuing North Korean missile tests and the extreme exchange of threats between their and the US's heads of state have not unnerved markets materially.

The overriding global factor in the world capital markets has been the proverbial Alan Greenspan Goldilocks theme of moderate economic growth accompanied with moderate inflation and low interest rates. This brought less uncertainty and lower volatility in many aspects of the capital markets and favoured equities specifically.

The (moderately) weaker US Dollar currency in the second half of the reporting period played an important role in oiling the wheels of the global economy. It eases the potential for US exports and encourages industrial production and employment in the US itself. It supports world trade and many emerging markets through strengthening their currencies, easing their debt situations and improving commodity prices.

Consumer confidence and industrial production improved materially in the second half of the reporting period, and specifically so in the US and Europe. In the case of the former, industrial production started growing for the first time in almost two years. This was also the case for the growth in world trade.

ACD's Report (continued)

China deserves a particular mention in our commentary. Despite many fears, their economy continues to grow in excess of 6% per annum. Their consumer market is already a force to be reckoned with – their retail sales are rapidly catching up with the US retail sales (only an 8% discrepancy currently), and is currently growing at 10% per annum in nominal terms. They have also become a force to be reckoned with on the technology front, with two relatively young companies (Alibaba and Tencent) already amongst the 10 largest companies in the world as measured by their market capitalisations. The world's second largest economy has become a stabilising factor in the world, rather than the cause of volatility in capital markets.

Against this positive global economic backdrop, Brexit and the subsequent snap election have dumped the UK in a morass of economic and political uncertainty. The only benefits from the referendum result have been experienced in tourism and export related industries, in essence because of the collapsing currency. These uncertainties are expected to be prolonged as the Brexit implementation process progresses. The Fund's global mandate is of particular value in this context.

The United States ISM PMI (Institute for Supply Management's Purchasing Managers' Index) is one of the most valued economic indicators. Their PMI Services index is currently at a 12-year record high level and the PMI Manufacturing index at a 13-year record high level. The continuing synchronised world economic growth, accompanied with generally low inflation levels, continues to argue in favour of the Equity asset class.

Further Federal Reserve tightening is expected this quarter. Some fear negative sentiment towards equities due to rising interest rates. We believe this is rather an indication of the normalisation of the US capital markets than of high risk of negative effects on the economy. The latter can be expected much later in the cycle of rising rates.

We do not find enough reason to change our constructive stance on equities and plan to stay our course of being fully invested. As always, we will sell any holding when it may become overvalued, but currently continue to see attractive upside in our holdings.

Stonehage Fleming Investment Management Ltd
Investment Advisors
13 October 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
30 November 2017

Authorised Status

The Sentinel Enterprise Fund is a sub-fund of The Sentinel Fund ICVC, which is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC658 and authorised by the Financial Conduct Authority with effect from 1 May 2008.

The fund is classed as a Non-UCITS Retail Fund (NURS) scheme, which complies with the requirements of the FCA FUND and COLL handbooks. Shareholders are not liable for the debts of the fund.

Investor notice

The ACD hereby notifies shareholders that:

- the annual management charge for the Sentinel Enterprise A class shares will be reduced from 1.55% to 1.45% per annum on 01 December 2017 and;
- the annual management charge for the Sentinel Enterprise B class shares will be reduced from 0.80% to 0.70% per annum on 01 December 2017.

Significant purchases and sales

For the year ended 31 July 2017

Total purchases for the year	£16,396,262
Purchases	Cost (£)
ANHEUSER-BUSCH INBEV SA/NV	2,572,492
STARBUCKS CORPORATION	2,447,126
PAYPAL HOLDINGS INC	2,200,243
CIE FINANCIERE RICHEMONT SA	1,233,187
GEBERIT AG REG	1,180,464
WALT DISNEY CO	1,145,258
L BRANDS INC	1,130,412
AIA GROUP LTD	1,002,045
Total sales for the year	£10,481,300
Sales	Proceeds (£)
ANHEUSER-BUSCH INBEV SA	2,472,662
NESTLE SA	1,646,428
PEPSICO INC	1,300,614
L BRANDS INC	791,959
COLGATE PALMOLIVE CO	779,194
3M CO	681,027
NIKE INC B	564,736

Portfolio statement

As at 31 July 2017

Holding	Portfolio of Investments	Total Net Assets		
		Value (£)	31.07.17 %	31.07.16 %
	Beverages			
24,573	Anheuser-Busch InBev	2,232,612	3.44	
104,291	Diageo PLC	2,540,007	3.91	
26,696	Pepsico Inc	2,355,874	3.63	
	Total Beverages	7,128,493	10.98	13.17
	Consumer Discretionary			
49,288	Industria De Diseno Textil	1,482,869	2.29	
5,064	International Flavors & Fragrances Inc	510,347	0.79	
37,946	Nestle	2,427,557	3.74	
	Total Consumer Discretionary	4,420,773	6.82	9.56
	Consumer Staples			
32,691	Colgate Palmolive Co	1,786,070	2.75	
84,458	Coty Inc Class A	1,308,254	2.02	
38,604	Estee Lauder Companies Cl A	2,914,216	4.49	
55,470	Nike Inc B	2,478,627	3.82	
35,879	Reckitt Benckiser Group PLC	2,646,436	4.07	
	Total Consumer Staples	11,133,603	17.15	22.12
	Financial Services			
531,600	AIA Group Ltd	3,187,420	4.91	
23,892	CIE Financiere Richemont	1,536,891	2.37	
60,758	PayPal Holdings Inc	2,691,926	4.15	
57,238	Visa Inc Class A	4,312,666	6.65	
	Total Financial Services	11,728,903	18.08	9.00
	Healthcare			
23,790	Becton Dickinson & Co	3,626,738	5.59	
45,874	Fresenius SE & Co KGaA	2,957,781	4.56	
	Total Healthcare	6,584,519	10.15	10.65
	Industrials			
15,461	3M Co	2,353,722	3.63	
3,514	Geberit AG	1,280,547	1.97	
	Total Industrials	3,634,269	5.60	5.02
	Media			
29,501	Walt Disney Co	2,454,510	3.78	
	Total Media	2,454,510	3.78	2.19
	Restaurants			
27,731	Mcdonald S Corp	3,255,744	5.02	
55,831	Starbucks Corporation	2,280,981	3.52	
	Total Restaurants	5,536,725	8.54	4.37

Portfolio statement (continued)

Holding	Portfolio of Investments	Total Net Assets		
		Value (£)	31.07.17 %	31.07.16 %
	Technology			
36,562	Accenture Plc A	3,564,345	5.49	
5,408	Alphabet Inc	3,807,903	5.87	
134,100	Tencent Holdings Ltd	4,083,868	6.29	
	Total Technology	11,456,116	17.65	16.80
	Portfolio of Investments	64,077,911	98.75	92.87
	Net Current Assets	808,374	1.25	7.13
	Net Assets	64,886,285	100	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. The 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 Sentinel Enterprise Fund of the Sentinel Fund ("the Company") for the Period Ended 31 July 2017

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
30 November 2017

Independent Auditor's Report

To the shareholders of Sentinel Enterprise Fund

Opinion

We have audited the financial statements of Sentinel Enterprise Fund (the Fund), for the year ending 31 July 2017 which comprise the Statement of Change in Net Assets Attributable to shareholders, the Balance Sheet, the Statement of Total Return, the related notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

This report is made solely to the shareholders of the fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA).

Our audit work has been undertaken so that we might state to the 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 31 July 2017 and of the net income and net capital gains on the property of the Fund for the year then ended;
- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the ACD's report and the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the ACD's report and the ACD's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the fund and its environment obtained in the course of the audit, we have not identified material misstatements in the ACD's report or the ACD's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Alternative Investment ACD remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Independent Auditor's Report (continued)

Responsibilities of Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
- Conclude on the appropriateness of the ACD's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Robert Wood
Senior Statutory Auditor
For and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditors
10 Orange Street
Haymarket
London
WC2H 7DQ

12 December 2017

Net Asset Value per Share and Comparative Tables

Accumulation share class

Change in net assets per share	31/07/2017	31/07/2016	31/07/2015
Opening net asset value per share	122.1576	115.3900	112.3600
Return before operating charges *	17.5025	8.3376	4.6600
Operating charges	-2.2600	-1.5700	-1.6300
Return after operating charges	15.2425	6.7676	3.0300
Distribution on income shares	0.0000	0.0000	0.0000
Closing NAV per share	137.4001	122.1576	115.3900
Retained distribution on acc shares	0.0000	0.3153	0.5673
 * After direct transaction costs of	 0.7012	 0.0733	 0.0066

Performance

Return after charges	12.48%	5.86%	2.70%
----------------------	--------	-------	-------

Other Information

Closing net asset value (£)	5,886,533	5,862,855	7,385,848
Closing number of shares	4,284,228	4,799,420	6,400,790
OCF	1.75%	1.41%	2.26%
Direct transaction costs	0.54%	0.07%	0.01%

Prices

Highest share price (pence)	140.86	123.00	128.16
Lowest share price (pence)	117.72	103.00	108.28

Income share class

Change in net assets per share	31/07/2017	31/07/2016	31/07/2015
Opening net asset value per share	122.0723	114.9700	112.0100
Return before operating charges *	16.7978	8.6123	4.5900
Operating charges	0.0000	-1.5100	-1.6300
Return after operating charges	16.7978	7.1023	2.9600
Distribution on income shares	0.0000	0.0000	0.0000
Closing NAV per share	138.8701	122.0723	114.9700
 * After direct transaction costs of	 0.0695	 0.0685	 0.0092

Performance

Return after charges	13.76%	6.18%	2.64%
----------------------	--------	-------	-------

Other Information

Closing net asset value (£)	11	10	14,994
Closing number of shares	8	8	13,042
OCF	1.75%	1.41%	2.26%
Direct transaction costs	0.05%	0.06%	0.01%

Prices

Highest share price (pence)	140.58	122.99	128.51
Lowest share price (pence)	117.49	102.13	107.95

Net Asset Value per Share and Comparative Tables (continued)

R Accumulation share class

Change in net assets per share	31/07/2017	31/07/2016	31/07/2015
Opening net asset value per share	126.2790	118.4000	114.4100
Return before operating charges *	18.1686	8.6290	4.7500
Operating charges	-1.3400	-0.7500	-0.7600
Return after operating charges	16.8286	7.8790	3.9900
Distribution on income shares	0.0000	0.0000	0.0000
Closing NAV per share	143.1076	126.2790	118.4000
Retained distribution on acc shares	0.6311	1.1997	1.4718

* After direct transaction costs of

	0.0790	0.0758	0.0051
--	--------	--------	--------

Performance

Return after charges	13.33%	6.65%	3.49%
----------------------	--------	-------	-------

Other Information

Closing net asset value (£)	58,382,912	48,518,176	51,115,572
Closing number of shares	40,796,525	38,421,409	43,173,667
OCF	1.00%	0.66%	1.51%
Direct transaction costs	0.06%	0.07%	0.00%

Prices

Highest share price (pence)	146.59	127.37	131.20
Lowest share price (pence)	122.01	105.57	110.43

R Income share class

Change in net assets per share	31/07/2017	31/07/2016	31/07/2015
Opening net asset value per share	123.4228	116.9100	114.4100
Return before operating charges *	17.7556	8.4328	4.3731
Operating charges	-1.3100	-0.7400	-0.5200
Return after operating charges	16.4456	7.6928	3.8531
Distribution on income shares	-0.6167	-1.1800	-1.3531
Closing NAV per share	139.2517	123.4228	116.9100

* After direct transaction costs of

	0.0773	0.0748	0.0010
--	--------	--------	--------

Performance

Return after charges	13.32%	6.58%	3.37%
----------------------	--------	-------	-------

Other Information

Closing net asset value (£)	616,829	513,518	440,914
Closing number of shares	442,959	416,064	377,140
OCF	1.00%	0.66%	1.51%
Direct transaction costs	0.06%	0.07%	0.00%

Prices

Highest share price (pence)	143.27	124.94	131.06
Lowest share price (pence)	119.25	104.40	112.28

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.

Fund Performance

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

Financial statements

Statement of total return

For the year ended 31 July 2017

	Notes	31.07.17	31.07.16
Income		£	£
Net capital gains/(losses)	4	7,175,236	2,803,056
Revenue	6	879,882	906,077
Expenses	7	(640,608)	(392,468)
Finance costs: Interest	9	(5,741)	(6,266)
Net revenue before taxation		233,533	507,343
Net revenue after taxation		233,533	507,343
Total return before distributions		7,408,769	3,310,399
Finance costs: Distribution	9	(248,839)	(507,531)
Change in net assets attributable to shareholders from investment activities		7,159,930	2,802,868

Statement of change in net assets attributable to shareholders

For the year ended 31 July 2017

	£	£
Opening net assets attributable to shareholders	54,894,557	58,957,328
Amounts receivable on issue of shares	6,631,936	5,395,630
Amounts payable on cancellation of shares	(4,057,605)	(12,746,489)
	2,574,331	(7,350,859)
Change in net assets attributable to shareholders from investment activities	7,159,930	2,802,868
Retained distribution on accumulation shares	257,467	485,220
Closing net assets attributable to shareholders	64,886,285	54,894,557

Balance sheet

As at 31 July 2017

	Notes		31.07.17		31.07.16
		£	£	£	£
Assets					
Investment assets			64,077,911		50,979,461
Debtors	10	162,972		17,382	
Bank balances		<u>3,802,221</u>		<u>6,025,771</u>	
Total other assets			3,965,193		6,043,153
Total assets			<u>68,043,104</u>		<u>57,022,614</u>
Liabilities					
Creditors	11	65,953		101,830	
Distribution payable on income shares		2,732		1,835	
Bank overdrafts		<u>3,088,134</u>		<u>2,024,390</u>	
Total other liabilities			3,156,819		2,128,055
Net assets attributable to shareholders			<u>64,886,285</u>		<u>54,894,559</u>

Notes to the financial statements

As at 31 July 2017

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.

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.

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

	31.07.17 £	31.07.16 £
Proceeds from sales on investments during the year	10,481,300	95,702,120
Original cost of investments sold during the year	(10,621,177)	(89,250,518)
Losses realised on investments sold during the year	(139,877)	6,451,602
Net depreciation thereon already recognised in prior periods	4,619	(3,825,177)
Net realised (depreciation)/appreciation for the year	(135,258)	2,626,425
Net unrealised appreciation for the year	7,333,768	276,700
Net gains on non-derivative securities	7,198,510	2,903,125
Net losses on derivatives	(23,274)	(100,069)
Net capital gains on investments	7,175,236	2,803,056

5 Purchases, sales and transaction costs

Collective Investment Schemes

Purchases excluding transaction costs	-	23,239,664
Trustee transaction charges: 0.00% [0.00%]	-	80
Purchases including transaction costs	-	23,239,744

Sales excluding transaction costs	-	85,882,538
Dilution levy: 0.00% [0.02%]	-	(15,397)
Trustee transaction charges: 0.00% [0.00%]	-	(710)
Sales including transaction costs	-	85,866,431

Debt Securities

Purchases excluding transaction costs	-	5,045,334
Trustee transaction charges: 0.00% [0.00%]	-	10
Purchases including transaction costs	-	5,045,344

Sales excluding transaction costs	-	5,084,388
Trustee transaction charges: 0.00% [0.00%]	-	(10)
Sales including transaction costs	-	5,084,378

Equity Securities

Purchases excluding transaction costs	16,367,589	58,112,358
Commissions: 0.18% [0.05%]	28,673	29,391
Trustee transaction charges: 0.01% [0.00%]	1,810	700
Purchases including transaction costs	16,398,072	58,142,449

Sales excluding transaction costs	10,484,381	4,750,591
Commissions: 0.03% [0.07%]	(3,091)	(3,420)
Trustee transaction charges: 0.01% [0.00%]	(1,218)	(40)
Sales including transaction costs	10,480,072	4,747,131

Trustee transaction charges have been deducted in determining net capital

Transaction charges are displayed as percentage of purchase/sale

Total dilution levy: 0.00% [0.03%]	-	15,397
Total commission: 0.05% [0.06%]	31,764	32,810
Total trustee transaction charges : 0.01% [0.00%]	3,028	1,550

Total charges displayed as percentage of average net asset value

Average portfolio dealing spread : 0.03% [0.03%]

6 Revenue	31.07.17	31.07.16
	£	£
UK franked dividends	103,746	881,825
UK unfranked dividends	-	822
Overseas franked income	656,402	11,914
Overseas gross unfranked income	106,590	153
Rebate of annual management charges / renewal commission	5,762	11,369
Bank interest	7,382	(6)
Total revenue	879,882	906,077

7 Expenses

Payable to the ACD, associates of the ACD and agents of either:

ACD's periodic charge	514,815	283,040
<i>Payable to the Depositary associates of the Depositary and agents of either:</i>		
Depositary's fee	34,237	31,320
Safe custody	25,218	8,045
	59,455	39,365

Other expenses:

FCA fee	165	68
Audit fee	7,570	7,460
Registration fees	20,496	9,927
Sundry charges	6,615	-
Printing costs	919	(5,700)
Transfer agency fee	23,949	48,446
Direct AMC charge	4,513	8,236
Distribution costs	2,111	1,626
Total expenses	640,608	392,468

8 Taxation

a) Analysis of the tax charge for the year:

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

b) Factors affecting the tax charge for the year:

Net income before taxation	233,533	507,343
Corporation tax at 20%	46,707	101,469
<i>Effects of:</i>		
UK dividends	(152,030)	(178,748)
Expenses not allowable	903	1,647
Movement in income accruals	12	-
Utilisation of excess management expenses	104,408	75,632
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 year.

d) Factors that may affect future tax changes

The fund has unutilised management expenses of £4,815,660 (prior year £4,285,385). The fund does not expect to be able to utilise this in the foreseeable future.

9 Finance costs

	31.07.17 £	31.07.16 £
Distributions		
Interim	-	315,535
Final	260,199	174,745
	260,199	490,280
Amounts deducted on cancellation of shares	6,940	33,427
Amounts received on issue of shares	(18,300)	(16,176)
Finance costs: Distributions	248,839	507,531
Finance costs: Interest	5,741	6,266
Total finance costs	254,580	513,797
Represented by:		
Net revenue after taxation	233,533	507,343
<i>Expenses charged to capital</i>		
Shortfall of income	15,320	-
Balance of revenue brought forward	4	193
Balance of revenue carried forward	(21)	(4)
Finance costs: Distributions	248,836	507,532

10 Debtors

	31.07.17 £	31.07.16 £
Amounts receivable for issue of shares	149,808	8,437
<i>Accrued income:</i>		
Bank interest	-	62
	-	62
Prepayments	1	5
Other receivables	-	8,878
Taxation recoverable	13,163	-
Total debtors	162,972	17,382

11 Creditors

Amounts payable for cancellation of shares	3,884	33,416
<i>Accrued expenses:</i>		
<i>Amounts payable to the ACD, associates and agents:</i>		
ACD's periodic charge	44,486	24,772
<i>Amounts payable to the Depositary, associates and agents:</i>		
Depositary's fees	2,931	2,745
Transaction charges	-	1,130
Safe custody fee	1,781	1,634
	4,712	5,509
Other expenses	12,871	38,133
Total creditors	65,953	101,830

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date [31.07.16: £Nil].

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	4,799,420	8	38,421,409	416,064
Share issued	59,603	-	7,226,799	54,025
Shares converted	(49,555)	-	47,893	-
Shares redeemed	(525,240)	-	(4,899,576)	(27,130)
Closing number of shares	<u>4,284,228</u>	<u>8</u>	<u>40,796,525</u>	<u>442,959</u>

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 Fair Value Techniques

Assets	31.07.17	31.07.16
	£	£
Quoted prices for identical instruments in active markets	64,077,911	50,979,461
Prices of recent transactions for identical instruments	-	-
Valuation techniques using observable data	-	-
Valuation techniques using non-observable data	-	-
	<u>64,077,911</u>	<u>50,979,461</u>

17 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:

	31.07.17 £	31.07.16 £
Floating rate assets (pounds sterling):	3,423,420	3,445,990
Floating rate assets (us dollars):	296,975	2,009,314
Floating rate assets (euros):	77,744	566,979
Floating rate assets (hong kong dollars):	3,455	3,488
Floating rate assets (swiss francs):	627	-
Floating rate liabilities (pounds sterling):	(3,088,134)	(2,022,602)
Floating rate liabilities (swiss francs):	-	(1,788)
Assets on which interest is not paid (pounds sterling):	5,349,415	3,966,758
Assets on which interest is not paid (us dollars):	39,701,923	33,411,513
Assets on which interest is not paid (euros):	6,673,262	5,712,810
Assets on which interest is not paid (hong kong dollars):	7,271,288	3,883,831
Assets on which interest is not paid (swiss francs):	5,244,995	4,021,931
Liabilities on which interest is not paid (pounds sterling):	(68,685)	(103,665)
Net Assets	64,886,285	54,894,559

ii. Currency risk	31.07.17 £	31.07.16 £
GBP	5,616,016	5,286,483
US Dollars	39,998,898	35,420,826
Euro	6,751,006	6,279,789
HKD	7,274,743	3,887,318
CHF	5,245,622	4,020,143
Net Assets	64,886,285	54,894,559

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

The fund has no interest bearing securities with maturity dates, other than collective investment schemes, which do not have maturity dates.

18 Periodic disclosure

As required by FUND 3.2.5R the ACD 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% of the NAV.

There have been no new arrangements introduced for managing the liquidity of the Fund.

Periodic disclosure (continued)

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.

The ACD 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 1:0.99 and using the gross method was 1:0.99.

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 Fund does not currently, and does not envisage in the future, intentionally employing leverage as a part of its investment strategy. However it does invest in some instruments, such as convertible bonds and structured products, which embed derivatives and it utilises derivative hedging instruments. Some of these hedging instruments do not meet all the commitment leverage methodology requirements for them to be offset against the positions they are hedging. The majority of derivative hedging instruments are held to offset interest rate, currency and general equity exposures, reducing the risks the Fund is exposed to. In addition, the Fund may experience a small amount of leverage when using its permitted 10% of net asset value short term borrowing facility used in the course of the routine settlement of positions. Consequently, the maximum leverage of the Fund calculated using the 'commitment leverage' methodology and "gross leverage" methodology has therefore been set at 1.5:1 and 2:1 respectively.

19 Remuneration

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

	£
Fixed Remuneration	1,351,756
Variable Remuneration	1,573,101
Total Remuneration	<u>2,924,857</u>

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	-
	<u>1,813,059</u>

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 31 July 2017 - in pence per share

Interim

Group 1 – shares purchased prior to 01 August 2016

Group 2 – shares purchased on or after 01 August 2016

A Accumulation shares

Units	Net Income	Equalisation	Allocated 31.03.17	Allocated 31.03.16
Group 1	-	-	-	0.3125
Group 2	-	-	-	0.3125

B Accumulation shares

Units	Net Income	Equalisation	Allocated 31.03.17	Allocated 31.03.16
Group 1	-	-	-	0.7500
Group 2	-	-	-	0.7500

B Income shares

Units	Net Income	Equalisation	Paid 31.03.17	Paid 31.03.16
Group 1	-	-	-	0.7390
Group 2	-	-	-	0.7390

Final

Group 1 – shares purchased prior to 01 February 2017

Group 2 – shares purchased on or after 01 February 2017

A Accumulation shares

Units	Net Income	Equalisation	Allocating 30.09.17	Allocated 30.09.16
Group 1	-	-	-	0.0027
Group 2	-	-	-	0.0027

B Accumulation share

Units	Net Income	Equalisation	Allocating 30.09.17	Allocated 30.09.16
Group 1	0.6311	-	0.6311	0.4497
Group 2	0.3076	0.3235	0.6311	0.4497

B Income share

Units	Net Income	Equalisation	Payable 30.09.17	Paid 30.09.16
Group 1	0.6167	-	0.6167	0.4410
Group 2	0.0000	0.6167	0.6167	0.4410

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.margetts.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 £100,000,000,000 and the minimum is £1000. 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 or email to: complaint.info@financial-ombudsman.org.uk or by telephone to 0800 023 4567.

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.