Annual Report and Financial Statements for Margetts Venture Strategy Fund

For the year ended 30 June 2020

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Manager

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Directors of the Manager

T J Ricketts
M D Jealous
A S Weston
A J M Quy (non-exec)
J M Vessey (non-exec)
A Nugent (non-exec)
T H Ricketts *– resigned 01 August 2020*

Trustee

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Auditors

Shipleys LLP
Chartered Accountants & Statutory Auditors
10 Orange Street
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Fund Manager's Report

For the year ended 30 June 2020

Investment Objective
The objective of the Margetts Venture Strategy Fund is to provide long term (more than 5 years) capital growth through a portfolio of regulated collective investment schemes, that focuses on shares in high growth geographical areas.

Capital is at risk and there is no guarantee that the objective will be achieved.

Investment Review

Venture Strategy Fund	-3.32%
Venture Strategy Fund R	-2.56%

Benchmarks:
The Fund does not have a performance target and is not constrained by any index, IA sector or similar factor. The IA (Investment Association) Global Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the Fund is a member of this sector, which is made up of funds with a similar strategy as defined by the IA.

IA Flexible Investment	-0.31%

Source: Analytics; Performance growth in the period is bid to bid with income reinvested.

The Margetts Venture Strategy fund has fallen slightly behind the benchmark, due to the lower risk composition of the peer group benchmark during a period of high market volatility.

During 2020, equity markets fell sharply and then rebounded strongly, despite economic data deteriorating rapidly as official figures reflected the impact of economic lockdowns across the world. Just as equity markets fell in anticipation of the economic impact from Covid-19, investors now appear to be pricing in a rapid 'V' shaped recovery later this year and into 2021.

The widespread economic lockdowns applied to control the spread of Covid-19 have been remarkable. Under normal circumstances this action would have triggered a collapse in economic output and global stock markets. However, the potential temporary nature of the lockdown, coupled with an extraordinary level of stimulus, has created the metaphorical equivalent of putting your head in the freezer and feet in the oven so being, on average, at the right temperature, but very uncomfortable. Some markets, such as the UK, remain well below previous highs whereas others, like the tech orientated NASDAQ have reached new highs.

Investors could be forgiven for scratching their heads and wondering what will happen next. There are several puzzling trends, for example the rapid rise in the price of gold indicates inflationary pressures are increasing, perhaps due to the fiscal stimulus applied, while record low long-term government bond yields suggest the opposite. Banks have been making big provisions for bad debts, pointing to a deep recession, whilst technology stocks have risen indicating strong earnings growth will continue. Meanwhile, airline stocks have become little more than a bet that an effective Covid-19 vaccine will be deployed within the next six months.

It feels as through the global economy has become a 'Covid Casino' due to the high level of uncertainty that presently exists, especially in the short term. Although challenging, we believe we have been able to develop a cohesive investment strategy, based on detailed observations and carefully considered expectations, as set out below.

Covid-19 infections have been controlled in many economies including China, South Korea, Italy, Portugal, UK, Sweden and many more. A further increase in infections has been recorded in the US and Spain with new outbreaks in India and South America. Although detected infections have risen significantly above the initial peak in March, deaths have remained below peak levels, indicating that the initial global wave of infections is continuing to mature.

Fund Manager's Report (continued)

Although economic shutdowns have been financially damaging, the fiscal stimulus to date exceeds 15% of global GDP at approximately $10 trillion and continuing to rise. The size of the stimulus is difficult to exaggerate being 3 times larger than the stimulus applied in response to the credit crisis actioned eight times more quickly and has offset a large proportion of the economic damage inflicted to date.

The learning curve in response to Covid-19 is steep with economies ramping up social distancing policies, testing and treatments to the point where economies can reach around 90% of output and rising, whilst managing Covid-19 risks. The prospect of a successful vaccine is likely, although not certain, with several potential drugs in final trials having reported encouraging earlier results. A successful vaccine would boost equity markets whilst downside risks appear to be subsiding as conventional management strategies evolve limiting further economic pain. Russia recently announced they would be beginning their vaccine programme in October with the UK leading the western world response, looking to deploy a vaccine before the end of the year.

We are holding an overweight allocation to equities as we believe downside risks are lower, and falling, while upside prospects are attractive and supported by on-going stimulus.

Much of the stimulus applied to the global economy has resulted in the borrowing requirements of governments increasing to record levels. Ordinarily, the cost of borrowing increases as more borrowing is required, however the response to the 2008/9 credit crisis created a downward spiral in the cost of debt which has been further exacerbated by Covid-19 fiscal measures.

Inflation is a significant factor which markets could be under-pricing. We have discussed that the surging gold price is signalling higher future inflation and there is evidence to support this. The inflationary effects of post credit crisis measures were surprisingly limited given the level of money created by central banks and pushed into the economy. At the time, central banks were careful to move money in global bond markets to avoid direct spending to reduce inflation risk. This time the approach appears more complacent with cash injected more quickly and directly to people and businesses, creating a hard transmission route into the economy, increasing inflation risk.

The risk within debt markets has transferred from the borrower to the lender due to the sub-inflation yield, and so we are holding reduced exposure to this asset class and focussing on short term, high quality debt providing returns ahead of inflation.

Although equity markets appear to have provided strong returns over the past decade, since 2015 the returns have been driven by the US markets and particularly higher growth, technology and/or innovation businesses. Over the past 5 years there has been a significant divergence between old economy stocks and new economy stocks with 5 companies (Apple, Alphabet, Amazon, Facebook and Microsoft) now representing 20% by value of the S&P 500 which in turn represents around 55% of equity markets globally.

Covid-19 has provided a further surge to this dramatic existing trend as businesses have been forced to embrace 5 years of technology behavioural change in five weeks to meet social distancing requirements. Investors have been keen to buy stocks which have increased earnings despite valuations becoming expensive. Tesla is perhaps the best example of a stock price surge as its share price has increased fourfold since the end of 2019.

Whilst history does not repeat itself, it does often rhyme and there are clear similarities to the late 1990s. During this period technology stocks surged well beyond their fair value as future expectations were very high. For example, in the UK Vodafone became 12% of the FTSE 100 index before falling dramatically in value.

This time around businesses are much stronger with very significant earnings, but with regulation on the horizon and the potential drop in on-line demand if Covid-19 abates, there is a risk that these stocks are now overcrowded especially with passive funds adopting the concentration levels of the index.

Fund Manager's Report (continued)

In the early 2000s technology stocks led major indices down significantly and this bear market was particularly unusual as economic growth remained positive. The experience of the recent Wirecard collapse suggests investors may be getting carried away as this stock price was buoyant despite press warnings of massive misappropriation of funds. The stock only collapsed when the firm admitted around $2bn of missing assets. Were investors blinded to reality by the popular Fintech nature of the stock and could this be happening elsewhere?

With much of the market and index trackers now biased towards growth stock, we are maintaining a broader growth/value balance due to the possibility of a potentially dramatic trend reversal. On this occasion, the risk of a tech crash seems low but a melt-up of attractively valued, out of favour, old economy stocks is possible and would favour markets such as the UK and Europe, which have fewer growth stock listings.

The approaches taken by companies during the Q2 reporting season have differed widely. Contrasted with growth companies keen to squeeze out profit to show their strength in the face of adversity, businesses clearly affected by Covid-19 have opted to show the pain in full with banks, for example, dramatically increasing their bad loan reserves and lowering future forecasts. We suspect that companies able to blame Covid-19 for problems will be tempted to lower expectations based on this external threat to provide the best prospects for recovery, which management can attribute to their stewardship later. In effect, Covid-19 affected companies might be compressing their potential, providing the opportunity for upside surprises in the future.

Following the trend of other countries which have emerged from Covid-19, the UK recently posted strong figures showing that manufacturing in the UK has returned to growth. We also expect to see strong spending for Q3 as many families have been forced, or chosen, to take holidays at home. Considering the current attractive UK equity valuations, the possibility of a Covid-19 recovery, strong consumer spending and possible Brexit outcome, the UK stock market offers attractive upside potential in our view.

The encouraging outlook for the UK is also matched with an improving position for European markets. The EU reached a historic agreement in recent weeks to provide a 750 bn Euro bailout fund. The EU failed to act swiftly following the credit crisis in 2008/09 and became dogged with wealthier members refusing to bailout countries such as Greece and Portugal. When agreement came it was years too late and too little, leading to a slower than optimal recovery in the European economy. Although tense, the negotiation and response to Covid-19 has been far quicker and led to a boost in confidence for equities and the EU.

The strength of the US economy in the recent cycle was born from their quick and effective response to the 2008/9 credit crisis taking a 'first out of the block' advantage that has been maintained and developed further. The tables have turned with Covid-19 as Asia and Europe seem to have recovered more effectively than the US, which went backwards in terms of Covid-19 infections and is now seeing a slower economic recovery. We see evidence that the long-term outperformance of US markets could reverse going forward and this is further compounded by the odds rising that Donald Trump will be replaced by the less business friendly Joe Biden.

Strategy

As detailed above, we have an overweight position in equities with a high level of diversification between growth and value stocks.

Fixed interest positions are generally tilted towards shorter dated, high quality bonds avoiding both perceived inflation and interest rate risks.

Margetts Fund Management Ltd
Manager
15 October 2020

Value Assessment
Fund Range – Margetts Risk Rated Fund Range

Comprising the Margetts Providence Strategy, Select Strategy, International Strategy and Venture Strategy Funds (the Risk Rated funds)

Introduction

Margetts Fund Management Ltd (Margetts) as the Authorised Fund Manager (AFM) of the Margetts Risk Rated funds is required to conduct an assessment of the overall value delivered to investors, at least annually. The assessment considers whether the payments out of the scheme property, as set out in the prospectus, are justified in the context of the overall value delivered to investors as required by COLL 6.6.20. The assessment has been carried out at a share class level.

Margetts have set out below the assessment based on the quality of service, performance, AFM costs, economies of scale, comparable market rates, comparable services and classes of shares available. The review considers the following questions:

Quality of service – are we setting and meeting appropriate standards?

Performance – has the fund performed in line with expectations?

General costs of the authorised fund manager (AFM) – are the fees charged to the fund reasonable and justified?

Comparable market rates – how do fees compare against similar products from other providers?

Comparable services – how do the fees we charge this fund compare with what we charge clients for similar products?

Economies of scale – are savings being made and passed on to investors?

Classes of shares available – are different share class charging structures appropriate and can you access the best share class for you?

Please note that all figures are provided to the annual accounting date of 30th June unless otherwise stated.

The Margetts Risk Rated funds are unit trusts which are individual legal structures. These funds are 'fund of funds' and are required to hold at least 70% in collective investment schemes, although generally all assets within the funds, except for cash, have been held in collective investment schemes.

The Risk Rated funds have been established to provide an actively managed, diversified portfolio of assets appropriate for a wide variety of investors. The design and management of the funds are based on investment risk with the expectation that higher risk provides higher long term returns but also the possibility of greater short-term losses during periods of market stress.

The level of risk exposure increases in the following order; Providence, Select, International and Venture. This is denoted by the minimum and maximum equity exposure limits which increase in the same order.

There are currently three classes of units (referred to as share classes) available which are standard, R and S. The standard share class predates the retail distribution review (RDR) with an annual management charge (AMC) of 1.475% and includes servicing commission paid to an appointed agent of 0.75% in most cases. The R share class was introduced in response to RDR with an AMC of 0.695% and the S class has a lower AMC of 0.35% but is the only share class with an initial charge of 0.5%. The S class was launched on 7th May 2019 and is aimed at long term investors who will benefit from the reduced AMC to mitigate the initial charge within approximately 18 months. The standard share class is no longer available however investors can switch between R and S without any restriction.

Value Assessment (continued)

Quality of Service

There are various services and features provided by Margetts related to the fund. The services and features will differ from client to client, as will the value they believe is reasonable to pay. Key features and benefits of those we believe are most important are listed below, together with comments to help investors assess the value provided or consider where benefits and services have no value or may be resulting in a cost that could be mitigated.

Governance – Margetts has an overarching obligation to maintain appropriate systems and controls including conducting regular self-assessment of the quality of oversight, review and supervisory activities. In addition, Margetts is subject to scrutiny by third parties involved within the operation of the fund such as the auditor and depository. Their findings have also been considered as part of this value assessment.
Fund Management Process – Margetts undertakes ongoing reviews of the quality of services provided which includes a review of qualifications, on-going training, policies, processes, insurances, systems and controls. Any remedial action required is notified and monitoring put in place to ensure that actions are carried out.

Security – Margetts believes that investors are concerned about the risk of fraudulent transactions which could diminish the value of their savings, and therefore places a significant value on systems and controls which mitigate this risk. Margetts operates a multi-layered approach to investor security which requires significant resources to ensure that all investment instructions are legitimate, and funds are transferred securely back to investors when required.

Direct Access – Margetts has identified that many investors incur unnecessary charges through the use of platforms and provides a number of tools to replace the benefit of using a platform to allow direct investment achieving overall lower costs. Margetts provides direct ISAs, child ISAs, general investment accounts, facilitation of adviser charging, regular withdrawals, regular savings, capital gain tax calculations and online valuations.

Client Services – Margetts provides access to a well-resourced client services team to assist investors and their advisers with all aspects of administration as required. Margetts ensures regular communication with investors including six monthly valuations, tax vouchers, market commentary, changes of client situation and any changes relevant to the sub-funds. Any potential expression of dissatisfaction is referred to the Margetts complaints panel and investigated with findings circulated to the other Margetts governance functions.

Systems and Controls – Margetts operates on a fully insourced basis including client services, fund accounting, transfer agency, cash reconciliations, fund pricing and risk management. This insourced business model allows greater control of costs and the quality of the services provided. Margetts has implemented a full range of policies, procedures and controls for the benefit of investors. Margetts also currently meets the ISAE3402 requirements which is an international service organisation assurance standard, provided to help customers make better decisions.

Performance

A summary of the fund objectives, minimum recommended holding period, minimum and maximum allocation to shares and benchmark are shown in the table below. In each case, the benchmark is a comparator used for reference purposes and based on a relevant peer group compiled by the Investment Association (IA).

Value Assessment (continued)

Fund	Summarised Objective	Min and Max Allocation to Shares	Comparator Benchmark
Providence	A balance of long-term capital growth and increasing income	30% - 60%	IA Mixed 20-60% Shares
Select	Long term capital growth	40% - 85%	IA Mixed 40-85% Shares
International	Long term capital growth	60% - 100%	IA Global
Venture	Long term capital growth	40% - 100%	IA Flexible

Note: Long term is defined as greater than 5 years.

The table below provides one-year, three-year and five-year performance of each fund and the comparator benchmark to the 30th June 2020 based on the 'R' share class.

Fund	1-year fund performance	1-year comparator performance	1-year added value	3-year fund performance	3-year comparator performance	3-year added value	5-year fund performance	5-year comparator performance	5-year added value
Providence	-6.49%	-0.63%	-5.86%	-3.60%	4.74%	-8.34%	9.30%	19.35%	-10.05%
Select	-3.90%	-0.11%	-3.79%	1.15%	8.53%	-7.38%	21.28%	28.44%	-7.16%
International	1.03%	5.36%	-4.33%	12.68%	23.58%	-10.90	48.8%	63.09%	-14.29%
Venture	-2.31%	0.31%	-2.00%	7.88%	8.48%	-0.60%	43.99%	29.48%	+14.51%

Value Assessment (continued)

Distributions from Providence

The table below shows the annual distributions per share from the Providence fund over the past 20 years. The table demonstrates that the annual distribution has steadily increased over time, meeting the stated objective.

Year	Dividend (£)	Change
2020	11.5355	-1.40
2019	12.9373	2.39
2018	10.5449	0.24
2017	10.3073	0.48
2016	9.8232	1.12
2015	8.7064	0.03
2014	8.678	4.33
2013	4.3516	-4.48
2012	8.8314	1.08
2011	7.7515	-0.43
2010	8.1834	-1.00
2009	9.1831	0.25
2008	8.9352	1.32
2007	7.6113	-0.31
2006	7.917	2.30
2005	5.6174	-0.42
2004	6.04	0.02
2003	6.02	-0.88
2002	6.9	2.76
2001	4.1443	
	Total	**7.39**

Risk Statistics

Sub-fund	Comparator Benchmark	3-year max drawdown	Comparator 3-year max drawdown	Difference	3-year annualised volatility	Comparator 3-year annualised volatility	Difference
Providence	IA 20-60% Shares	-20.71%	-16.67%	-4.04%	10.21%	8.20%	2.01%
Select	IA 40-85% Shares	-22.16%	-19.93%	-2.23%	13.08%	10.75%	2.33%
International	IA Global	-23.66%	-21.61%	-2.05%	16.44%	14.72%	1.72%
Venture	IA Flexible	-22.96%	-19.53%	-3.43%	15.43%	10.76%	4.67%

Please note that the performance and volatility figures have been sourced from FE analytics.

Value Assessment (continued)

General Costs of the Authorised Fund Manager / Comparable Market Rates and Comparable Services

Ongoing Charge Figure (OCF)

The overall OCF is made up of the following components and totalled below.

	Providence %			Select %			International %			Venture %		
Share class	Std	R	S*	Std	R	S*	Std	R	S*	Std	R	S*
Annual Management Charge (including fund accounting)	1.475	0.695	0.35	1.475	0.695	0.35	1.475	0.695	0.35	1.475	0.695	0.35
Depositary, Custody, Audit and Administration Costs	0.07	0.07	0.07	0.08	0.08	0.08	0.09	0.09	0.09	0.11	0.11	0.11
Underlying Fund Synthetic OCFs*	0.46	0.46	0.46	0.51	0.51	0.51	0.44	0.44	0.44	0.53	0.53	0.53
Total	2.01	1.23	0.88	2.07	1.29	0.94	2.01	1.23	0.88	2.12	1.34	0.99
Average OCF for fund of funds in the same sector	N/A	1.16	1.16	N/A	1.22	1.22	N/A	1.28	1.28	N/A	1.30	1.30
Difference	N/A	0.06	-0.28	N/A	0.07	-0.28	N/A	-0.05	-0.40	N/A	0.04	-0.31

Notes:

Synthetic OCF is the cost of the underlying funds within the portfolio and not the fund itself.
The standard share class has not been compared to the sector because the annual management charge includes advisor servicing commission and cannot be compared on a like for like basis.

The S share class has an initial charge of 0.5%.

Portfolio Turnover and Transaction Costs

	Providence	**Select**	**International**	**Venture**
Portfolio Turnover (European calculation)	14.42%	0.00%	0.00%	0.00%
Portfolio Turnover (US calculation)	21.96%	10.49%	14.35%	3.15%
Transaction costs	0.11%	0.18%	0.19%	0.19%
Transaction costs for fund of funds in the same sector	0.13%	0.13%	0.19%	0.14%
Transaction Cost Difference	**-0.02%**	**0.05%**	**0.00%**	**0.05%**

Portfolio turnover is relevant to transaction costs as the higher the turnover the more transaction costs will be incurred. The European calculation adjusts for inflows and outflows, where investors buy or sell the fund. The US calculation simply looks at underlying sales divided by the average value of the fund. The European calculation can result in a negative number where the combined inflows and outflows exceed the combined purchases and sales made within the fund. In this case a figure of 0.00% is recorded.

COLL 6.6.21 requires Margetts to consider costs on the basis of comparable market rates and comparable services. At this time, the availability of comparable market rate data is limited and therefore the readily available total OCF and ex-post transaction data has been used, grouped by the relevant IA peer group. Following the introduction of the value assessment requirements we expect that further data may become available breaking down costs so that the various elements of the OCF can be compared.

Value Assessment (continued)

Margetts does not offer any comparable services as the Risk Rated funds are the only funds independently managed and operated by Margetts. The Risk Rated funds can be compared with each other however the charging structure is identical, and any differences are explained by the fund size or underlying holdings.

We have considered the cost of the Risk Rated funds against other similar umbrella structures operated by the AFM. Different funds and sub-funds have varying OCFs, reflecting the types of assets and the complexity of each fund or sub-fund. We have reviewed the costs of these Sub-funds relative to other sub-funds operated by the AFM and are satisfied that the differences in OCF do not reflect detrimental pricing between investors.

<u>Economies of Scale</u>

In considering economies of scale, we have identified the following areas and provided commentary detailing how these have been used to reduce overall costs. We have not identified any economies of scale which are not being exploited at present.

- Margetts has used its overall asset base to negotiate terms with the depositary and custodian for the benefit of the Risk Rated funds. During the course of the year Margetts has engaged a third-party firm who reviewed the current fee agreement and confirmed it represents a competitive fee level.
- Margetts, as the authorised fund manager, have used their aggregate deal size to achieve discounts from the underlying fund providers.
- Margetts has insourced all administration functions which has reduced costs. This reduction has been passed onto investors through the termination of automatic RPI/AEI indexing of fixed costs.

<u>Classes of Shares Available</u>

During this reporting period there have been three share classes available. The standard share class is not available for new investors and is being phased out.
The ‘R’ share class charges are in-line with other similar funds. The ‘S’ share class provides the opportunity for long term investors to considerably reduce costs to a level materially below equivalent other funds.

The ‘S’ share class is part of an on-going commitment to reduce fees with further reductions likely to occur in the future. This is planned through a gradual reduction of the initial charge from the current level of 0.5% representing approximately 18 months of the difference in the annual management charge between the ‘S’ and ‘R’ share classes.

<u>Conclusion</u>

Margetts has considered the information obtained from analysing each of the criteria above, other information available (such as commercially sensitive information which cannot be disclosed here) and has provided the Board with an opportunity to independently challenge the results.

Following this process, a summary of the overall value assessment is shown below:

	Providence	**Select**	**International**	**Venture**
Quality of Service	A	A	A	A
Performance	B/C	B/C	B/C	A/B
AFM Costs	A/B	A/B	A/B	A/B
Comparable Market Rates	B	B	B	B
Comparable Services	A	A	A	A
Economies of Scale	A	A	A	A
Classes of Shares	A	A	A	A
Overall Assessment	**B**	**B**	**B**	**A/B**

Value Assessment (continued)

Scoring key
A – Clear evidence of value being provided
B – No evidence that value has not been achieved
C – Evidence that value may not have been achieved
D – Evidence that payments out of the scheme (as listed in the prospectus) are not justified in the context of value being provided.

Margetts are satisfied that the direct and indirect costs, paid from the scheme property, are justified in the context of overall value delivered to investors.

This conclusion has been reached given the range of services provided to investors, the economies of scale achieved through underlying fund discounts and the funds meeting their stated objectives.

It has been noted that the 'R' share class costs are in-line with the market average however the 'S' share class provides the option for long term investors to further reduce their investment costs. The standard share class is being phased out and has not been offered to new investors since the retail distribution review prevented trail commission payments in December 2012. This share class continues to be required to support third party legacy platforms and products. Margetts does not restrict investors from switching between any of the share classes offered.

Performance has met the stated objectives but generally been below the peer group over all time periods while volatility and maximum loss has been higher over all periods. The benchmark is a comparator and the differences are generally due to the funds having a higher neutral allocation to the UK during a period where the UK market has materially underperformed other global markets, particularly the US.

Certification of Accounts by Directors of the Manager

This report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook (COLL) as issued and amended by the Financial Conduct Authority.

T J Ricketts **M D Jealous**

Margetts Fund Management Ltd
30 October 2020

Authorised Status

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

It is a Non UCITS Retail Fund (NURS) authorised under Section 243 of the Financial Services and Markets Act 2000, and the currency of the fund is Pounds Sterling.

Portfolio statement

As at 30 June 2020

Holding	Portfolio of Investments	Value (£)	Total Net Assets 30.06.20 %	Total Net Assets 30.06.19 %
	UK			
31,460	Vanguard Ftse Uk All Share Index Unit Trust	5,714,275	7.23	
1,237,019	L&G UK Index C	3,468,602	4.39	
7,981,095	L&G Mid Cap Index C	3,874,821	4.91	
	Total UK	**13,057,698**	**16.53**	**16.49**
	Emerging Markets			
3,384,592	Fidelity Institutional Emerging Markets W	5,557,502	7.04	
6,990,950	JP Morgan Emerging Markets Income C	5,562,699	7.04	
3,997,892	Threadneedle Global Emerging Markets Equity ZNA	5,531,084	7.00	
6,647,735	UBS Global Emerging Markets Equity C	5,727,023	7.25	
	Total Emerging Markets	**22,378,308**	**28.33**	**28.00**
	Asia Pacific (excl. Japan)			
931,373	Fidelity Institutional South East Asia	5,854,612	7.41	
3,772,576	Aberdeen Asia Pacific Enhanced B	6,053,853	7.66	
6,887,849	Schroder Asian Income L	5,780,283	7.32	
359,154	Schroder Institutional Pacific	5,789,558	7.33	
698,703	Stewart Investors Asia Pacific Leaders Inst B	5,547,979	7.02	
	Total Asia Pacific (excl. Japan)	**29,026,285**	**36.74**	**36.95**
	Global			
3,525,416	Fidelity Index Emerging Markets P	5,631,500	7.13	
	Total Global	**5,631,500**	**7.13**	**7.06**
	US			
12,745	Vanguard US Equity Index GBP	6,924,250	8.77	
	Total US	**6,924,250**	**8.77**	**8.96**
	Portfolio of Investments	**77,018,041**	**97.50**	**97.46**
	Net Current Assets	**1,974,470**	**2.50**	**2.54**
	Net Assets	**78,992,511**	**100.00**	**100.00**

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

Statement of Manager's responsibilities

The Manager 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 Manager to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the net revenue / expenses and of the net gains / losses on the property of the Fund for that year.

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

In so far as the Manager is aware:

- There is no relevant audit information of which the Fund's auditors are unaware; and
- The Manager 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 Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Margetts Venture Strategy fund ("the Trust") for the Period Ended 30th June 2020.

The Trustee in its capacity as Trustee of Margetts Venture Strategy fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

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

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

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

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

For and on behalf of
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

Manager
30 October 2020

Independent Auditor’s Report

To the unitholders of Margetts Venture Strategy fund

Opinion

We have audited the financial statements of Margetts Venture Strategy Fund (the Fund), for the year ending 30 June 2020 which comprise the Statement of Change in Net Assets Attributable to unitholders, 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 unitholders 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 unitholders 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 unitholders 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 30 June 2020 and of the net income and net capital losses 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 Fund Manager’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Fund Manager 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 Fund Manager 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 Fund Manager's report and the Fund Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Fund Manager's report and the Fund Manager'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 Fund Manager's report or the Fund Manager'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 Fund Manager 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 Fund Manager's responsibilities statement, the Fund Manager 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 Fund Manager 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 Fund Manager 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 Fund Manager 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 Fund Manager.

- Conclude on the appropriateness of the Fund Manager'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

30 October 2020

Net Asset Value per Unit and Comparative Tables

Accumulation share class

Change in net assets per share	**30/06/2020**	**30/06/2019**	**30/06/2018**
Opening net asset value per share	545.5500	523.4800	497.5800
Return before operating charges *	-6.8900	30.1800	34.2400
Operating charges	-8.3800	-8.1100	-8.3400
Return after operating charges	-15.2700	22.0700	25.9000
Closing NAV per share	530.2800	545.5500	523.4800
Retained distribution on acc shares	3.6305	1.5301	1.2866
* After direct transaction costs of	0.0021	0.0021	0.0037
Performance			
Return after charges	-2.80%	4.22%	5.21%
Other Information			
Closing net asset value (£)	29,950,857	34,586,109	37,911,985
Closing number of shares	5,648,166	6,339,693	7,242,426
OCF	2.11%	2.11%	2.24%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	608.67	572.82	571.56
Lowest share price (pence)	418.30	478.68	496.50

R accumulation share class

Change in net assets per share	**30/06/2020**	**30/06/2019**	**30/06/2018**
Opening net asset value per share	574.1700	546.6600	515.5600
Return before operating charges *	-7.2100	31.8100	35.5500
Operating charges	-4.4900	-4.3000	-4.4500
Return after operating charges	-11.7000	27.5100	31.1000
Closing NAV per share	562.4700	574.1700	546.6600
Retained distribution on acc shares	3.6305	1.5301	1.2866
* After direct transaction costs of	0.0022	0.0022	0.0039
Performance			
Return after charges	-2.04%	5.03%	6.03%
Other Information			
Closing net asset value (£)	37,627,265	52,943,986	50,860,599
Closing number of shares	6,689,725	9,221,095	9,304,067
OCF	1.33%	1.33%	1.46%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price (pence)	612.76	574.17	566.36
Lowest share price (pence)	442.75	500.96	514.52

Net Asset Value per Unit and Comparative Tables (continued)

S accumulation share class

Change in net assets per share	30/06/2020	30/06/2019
Opening net asset value per share	574.1500	546.6600
Return before operating charges *	-7.2500	27.8100
Operating charges	-2.4800	-0.3200
Return after operating charges	-9.7300	27.4900
Closing NAV per share	564.4200	574.1500
Retained distribution on acc shares	10.1480	5.7983
* After direct transaction costs of	0.0015	0.0019
Performance		
Return after charges	-1.69%	5.03%
Other Information		
Closing net asset value (£)	11,414,389	458,630
Closing number of shares	2,022,305	79,881
OCF	0.99%	0.99%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	617.02	577.04
Lowest share price (pence)	443.87	541.30

Risk Warning

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

Synthetic Risk and Reward Indicator

Typically Lower Returns — Typically Higher Returns

1	2	3	4	**5**	6	7

Lower Risk — Higher Risk

The risk and reward score is based on past performance and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile.

Fund Performance

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

Financial statements

Statement of total return

For the year ended 30 June 2020

	Notes		30.06.20		30.06.19
Income		£	£	£	£
Net capital (losses)/gains	4		(2,952,899)		3,280,036
Revenue	6	1,874,464		1,623,843	
Expenses	7	(879,993)		(958,526)	
Finance costs: Interest	9	405		(40)	
Net revenue before taxation		994,876		665,277	
Net revenue after taxation			994,876		665,277
Total return before distributions			**(1,958,023)**		**3,945,313**
Finance costs: Distributions	9		(994,876)		(665,279)
Change in net assets attributable to unitholders from investment activities			**(2,952,899)**		**3,280,034**

Statement of change in net assets attributable to unitholders

For the year ended 30 June 2020

	£	£	£	£
Opening net assets attributable to unitholders		87,988,725		88,772,584
Amounts receivable on issue of units	12,617,028		5,616,152	
Amounts payable on cancellation of units	(19,617,963)		(10,316,347)	
		(7,000,935)		(4,700,195)
Change in net assets attributable to unitholders from investment activities		(2,952,899)		3,280,034
Retained distribution on accumulation units		957,620		636,302
Closing net assets attributable to unitholders		**78,992,511**		**87,988,725**

Balance sheet

As at 30 June 2020

	Notes		30.06.20		30.06.19
Assets		**£**	**£**	**£**	**£**
Investment assets			77,018,041		85,757,113
Debtors	10	81,562		725,558	
Cash and bank balances		13,202,979		11,447,029	
Total other assets			**13,284,541**		**12,172,587**
Total assets			**90,302,582**		**97,929,700**
Liabilities					
Creditors	11	471,986		629,739	
Bank overdrafts		10,838,085		9,311,236	
Total other liabilities			**11,310,071**		**9,940,975**
Net assets attributable to unitholders			**78,992,511**		**87,988,725**

Notes to the financial statements
As at 30 June 2020

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

f) Taxation

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

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

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

2 Distribution policy

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

3 Risk management policies

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Net capital losses

	30.06.20	30.06.19
	£	£
Proceeds from sales on investments during the year	10,570,000	35,562,164
Original cost of investments sold during the year	(8,287,238)	(28,780,739)
Gains realised on investments sold during the year	2,282,762	6,781,425
Net appreciation thereon already recognised in prior periods	(2,635,424)	(7,642,344)
Net realised depreciation for the year	(352,662)	(860,919)
Net unrealised (depreciation)/appreciation for the year	(2,599,924)	4,141,309
Trustee transaction charge	(313)	(354)
Net (losses)/gains on non-derivative securities	(2,952,899)	3,280,036
Net capital losses	**(2,952,899)**	**3,280,036**

5 Purchases, sales and transaction charges

Purchases excluding transaction costs	2,918,000	31,324,043
Trustee transaction charges 0.00% [0.00%]	52	149
Purchases including transaction costs	**2,918,052**	**31,324,192**
Sales excluding transaction costs	10,570,000	35,562,164
Trustee transaction charges 0.00% [0.00%]	(261)	(205)
Sales net of transaction costs	**10,569,739**	**35,561,959**

Trustee transaction charges have been deducted in determining net capital

Transaction charges are displayed as percentage of purchase/sale

Total trustee transaction charges : 0.00% [0.00%]	**313**	**354**

Total charges displayed as percentage of average net asset value

6 Revenue

UK franked dividends	1,853,845	1,565,074
UK unfranked dividends	1,825	8,976
Rebate of annual management charges	17,485	49,780
Bank interest	1,309	13
Total revenue	**1,874,464**	**1,623,843**

7 Expenses

Payable to the Manager, associates of the Manager and agents of either:		
Manager's periodic charge	794,115	869,934
Payable to the Trustee associates of the Trustee and agents of either:		
Trustee's fee	35,421	36,440
Safe custody	7,898	6,326
	43,319	42,766
Other expenses:		
FCA fee	143	142
Audit fee	4,644	7,716
Registration fees	37,772	37,968
Total expenses	**879,993**	**958,526**

8 Taxation

	30.06.20	30.06.19
	£	£
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 revenue before taxation	994,876	665,277
Corporation tax at 20%	198,976	133,056
Effects of:		
UK dividends	(370,769)	(313,015)
Utilisation of excess management expenses	171,793	179,959
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 £10,642,862 (prior year £9,783,897). The fund does not expect to be able to utilise this in the forseeable future.

9 Finance costs

	30.06.20	30.06.19
	£	£
Distributions		
Final	957,620	636,302
	957,620	636,302
Amounts deducted on cancellation of units	202,821	74,304
Amounts received on issue of units	(165,565)	(45,327)
Finance costs: Distribution	994,876	665,279
Finance costs: Interest	(405)	40
Total finance costs	**994,471**	**665,319**
Represented by:		
Net revenue after taxation	994,876	665,277
Expenses charged to capital		
Balance of revenue brought forward	8	10
Balance of revenue carried forward	(8)	(8)
Finance costs: Distribution	**994,876**	**665,279**

10 Debtors

	30.06.20	30.06.19
	£	£
Amounts receivable for issue of units	81,562	527
Amounts receivable for investment securities sold	-	707,000
Prepayments	-	3
Other receivables	-	18,028
Total debtors	**81,562**	**725,558**

11 Creditors

	£	£
Amounts payable for cancellation of units	400,560	282,980
Amounts payable for investment securities purchased	-	265,000
Accrued expenses:		
Amounts payable to the Manager, associates and agents:		
Manager's periodic charge	56,998	66,166
Amounts payable to the Trustee, associates and agents:		
Trustee fees	2,787	2,850
Transaction charges	180	140
Safe custody fee	604	1,430
	3,571	4,420
Other creditors	10,857	11,173
Total creditors	**471,986**	**629,739**

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 manager, 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 Unitholders' funds

	Acc	R Acc	S Acc
Opening number of units	6,339,693	9,221,095	79,881
Units issued	17,438	691,275	2,033,772
Units converted	(63,982)	60,533	-
Units redeemed	(644,983)	(3,283,178)	(91,348)
Closing number of units	5,648,166	6,689,725	2,022,305

15 Risk disclosures

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:

i. interest risk	30.06.20	30.06.19
	£	£
Floating rate assets (pounds sterling):	13,202,979	11,447,029
Floating rate liabilities (pounds sterling):	(10,838,085)	(9,311,236)
Assets on which interest is not paid (pounds sterling):	77,099,603	86,482,671
Liabilities on which interest is not paid (pounds sterling):	(471,986)	(629,739)
Net Assets	**78,992,511**	**87,988,725**

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.

16 Post balance sheet events

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

17 Fair Value Techniques

Assets	30.06.20	30.06.19
	£	£
Quoted prices for identical instruments in active markets	77,018,041	85,757,113
Prices of recent transactions for identical instruments	-	-
Valuation techniques using observable data	-	-
Valuation techniques using non-observable data	-	-
	77,018,041	**85,757,113**

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.

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 0.98:1 and using the gross method was 0.98:1.

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 Sub-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.

There have been no arrangements made by the Depositary to discharge itself of contractual liability.

19 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%

20 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 2019 is:

	£
Fixed Remuneration	3,747,526
Variable Remuneration	1,129,255
Total Remuneration	**4,876,781**
Full Time Equivalent number of staff	**51**
Analysis of senior management	
Senior management	1,952,276
Staff whose actions may have a material impact on the funds	-
Other	-
	1,952,276

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.

Distribution table

For the year ended 30 June 2020 – in pence per unit

Final
Group 1 – units purchased prior to 01 January 2020
Group 2 – units purchased on or after 01 January 2020

Accumulation Units

Units	Net Income	Equalisation	Allocating 31.08.20	Allocated 31.08.19
Group 1	3.6305	-	3.6305	1.5301
Group 2	0.8621	2.7684	3.6305	1.5301

R Accumulation Units

Units	Net Income	Equalisation	Allocating 31.08.20	Allocated 31.08.19
Group 1	8.1818	-	8.1818	5.7983
Group 2	4.2391	3.9427	8.1818	5.7983

S *Accumulation Units*

Units	Net Income	Equalisation	Allocating 31.08.20	Allocated 31.08.19
Group 1	10.1480	-	10.1480	5.7983
Group 2	0.4387	9.7093	10.1480	5.7983

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

General information

Valuation Point
The Valuation Point of the fund is 8.30am on each business day. Valuations may be made at other times with the Trustee's approval.

Buying and Selling of Units
The Manager will accept orders to buy or sell units on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell units may be made either in writing to: Margetts Fund Management Ltd, PO Box 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 bid prices of units are published on the Margetts website at www.margetts.com. The associated cancellation price is available on request from the Manager.

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

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

Unitholders who have any complaints about the operation of the fund should contact the Manager or the Trustee in the first instance. In the event that a unitholder finds the response unsatisfactory, they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR or email to: complaint.info@financial-ombudsman.org.uk or by telephone to 0800 023 4567.