



Margetts Opes Growth Fund

Interim Financial Statements

For the six months ended 31 December 2023 (Unaudited)

Manager

Margetts Fund Management Limited
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Birmingham
B1 3JR

Tel: 0121 236 2380

Fax: 0121 236 2330

Company Registration No: 4158249

VAT No: (GB) 795 0415 16

(Authorised and regulated by the Financial Conduct Authority)

Directors of the Manager

T J Ricketts

M D Jealous

A Ogunnowo

J M Vessey (non-exec)

N Volpe (non-exec)

Trustee

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

(Authorised by the Prudential Regulation Authority

and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Administrator and Registrar

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

Tel: 0121 236 2380

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(Authorised and regulated by the Financial Conduct Authority)

Auditors

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

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Fund Manager's Report

For the period ended 31 December 2023

Investment Objective

The objective of the Margetts Opes Growth Fund is to provide capital growth over any seven-year period.

Investment Policy

The Fund is actively managed via a diversified portfolio of collective investment schemes with exposure mainly to units in any economic sector or geographic area as is felt appropriate by the Manager at any given time.

A minimum of 70% of the portfolio will be invested into collective investment schemes (which may include schemes operated by the manager, associates, or controllers of the manager). Normally, the Fund will be fully invested in collective investment schemes, save for an amount to enable ready settlement of liabilities (including redemption of units) and efficient management.

Overall exposure to units will be between 50% and 100%. Usually, the allocation to units will be closer to the upper limit, with bonds and cash representing the balance.

Cash may vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Fund, there may be times when the Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 50% and six months respectively.

Performance Comparison

There are three types of benchmarks which can be used:

1. A target - an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation.
2. A constraint - an index or similar factor that fund managers use to limit or constrain how they construct a fund's portfolio.
3. A comparator - an index or similar factor against which a fund manager invites investors to compare a fund's performance.

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 strategy results in a risk profile which is expected to be similar to the sector. The manager has greater scope to increase cash and defensive assets, or to invest more in the UK than the sector definition allows. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

Investment Review

Margetts Opes Growth Fund Acc	6.20%
Margetts Opes Growth Fund R Acc	6.62%

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

Fund Manager's Report (continued)

Benchmarks

IA Global 5.61%

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

The Margetts Opes Growth fund has provided a positive return over the period and rose in value by 6.62% ('R' share class). The fund performance is ahead of the reference peer group, the IA Global sector, which rose by 5.61%.

During this reporting period all major markets provided positive returns following comments from the Federal Reserve that interest rates were near peak levels and that cuts were anticipated from May 2024.

The Magnificent Seven (Amazon, Apple, Alphabet, Meta, Microsoft, Nvidia and Tesla) have continued to lead the returns of US markets. The level of concentration within these stocks is a source of concern and investors should carefully consider the potential risk to capital caused by concentration within highly valued stocks.

Before considering the concentration risk within equity stocks, a review of bond market performance in recent years provides useful context. During the low interest rate period following the Global Financial Crisis and Covid-19 pandemic, the yield on 20-year gilts reached a low of approximately 0.5% during 2020. The capital value of these stocks is very sensitive to interest rates and this historically low yield presented a material risk to capital if interest rate expectations rose, which subsequently occurred.

Index based investors place confidence in the market to determine prices accurately however, inflation expectations appear to have been based on complacency built over a decade and failed to reflect the reality of excess money and a failing geo-political environment. Inflation expectations rose continually from September 2020 to March 2022, leading central banks to increase interest rates aggressively. The consequential fall in the value of the IA Gilts sector from 22 May 2020 to the 11 October 2022 low was approximately 34% and similar losses occurred within US treasury markets.

Active managers appear to have anticipated these risks and protected capital more effectively than equivalent index tracking strategies. During the period from 10 December 2021 to 14 October 2022, which represents the violent sell-off in government bonds, the Vanguard Life Strategy 20% Equity Fund (a tracker strategy) fell by over 20%, whereas the relevant active IA peer group fell around 14%.

This experience illustrates that whilst stock markets can be relied upon to value assets effectively over the long run, there remains significant scope for peaks and troughs to occur, especially when long standing expectations change. This risk is increased when long standing trends change, in this case a sustained increase for inflation expectations.

Within equity markets there has been a long and sustained increase in the use of index-based (passive) investment strategies which track well known indices such as the S&P 500 or MSCI World Index. The general concept of passive investment is that active investors create effective price discovery within the market which is accessed without bearing the burden of any research, cost, or effort, by holding a relevant index to provide diversification.

In theory, if investment moves from active strategies to passive strategies, or vice versa, there is little global effect as active strategies, on average, hold the entire market as do passive strategies. However, this theory could be seriously flawed when you look at the patterns within actively managed funds. Unsurprisingly, if you look at fund flows for active funds which are outperforming, they are generally positive whilst flows for underperforming funds are negative. This creates higher active demand for the stocks which are outperforming and is believed to contribute to momentum trends in stock prices.

Place a passive strategy in the background and it becomes the transistor in a radio, potentially amplifying the market pulses, creating a larger signal and causing momentum trends to increase. The larger the passive strategy is, the greater the amplification of the active management processes which increasingly relies on fewer market participants. To what extent can passive investors look to benefit from efficient markets, without contribution of work or cost, before the efficiency is compromised, or to put it another way, when does the metaphorical tail wag the metaphorical dog?

Fund Manager's Report (continued)

According to Bloomberg, passively held assets will exceed actively held assets by 2026 with the current split estimated to be around 45% / 55% in favour of active. Could this be driving recent trends of market concentration? The US market has risen from around 32% of global market capitalisation in the mid-1980s to approximately 70% today with less than 5% of the global population. The S&P 500 has nearly 30% exposure to the Magnificent Seven whose value exceeds the total value of the Japanese, UK, Chinese and French stock markets.

As bond yields in the early 2020s appeared too low from an active management perspective, equity markets now appear too concentrated in one market and a few number stocks. The US market is currently more expensive on a traditional price/earnings measure than other global markets and the only major market to be above its long-term average. According to J P Morgan, the US has never been more expensive on a comparative basis and the discount to the UK is around 45% and over 50% to China.

Although the arguments above indicate a possible reversal of recent trends, this is likely to require a catalyst. The first crack may have appeared as Tesla acknowledged that earnings for 2024 would be lower due to competition from Chinese electric vehicles resulting in a 10% plus fall in share price. This trend could widen as US investors are expecting strong earnings this year coupled with lower interest rates as inflation moderates. This outcome is difficult as higher earnings generally reflect higher prices and therefore higher inflation. If earnings are realised, inflation is likely to surprise on the upside or vice versa. Given the high valuations, any earnings downgrades could trigger a strong reaction leading to the momentum also reversing.

Encouragingly, the global economy has avoided a widely predicted recession in 2023 and inflation is now moderating providing some scope for interest rate reductions as discussed previously. Although in December the Federal Reserve suggested three 0.25% rate cuts could occur in 2024, markets seemed to price in five or six which appears a little optimistic. We expect that some of the gains in bond markets will reverse over this year favouring shorter and medium dated bonds over longer durations which provide higher yields and lower capital sensitivity as expectations moderate.

With attractive valuations being offered by many of the major equity markets outside of the US, we continue to believe that diversification offers many benefits, including higher potential returns and lower risk. The post Covid-19 era is beginning to become more defined and market distortions more apparent. Although it remains entirely possible the US equity market could continue to increase in value, we expect the rest of the world to correlate more closely with better prospects of outperformance.

Strategy

Equities with attractive valuations and able to benefit from a 'higher for longer' inflationary environment remain favoured, particularly in the UK, Asia and Emerging Markets.

We are underweighting US mega-cap stocks due to the potential downside risks discussed within this update.

We currently favour the 'value' style which are generally cash generative businesses rather than those with debt or that require further borrowing.

Margetts Fund Management Limited

Manager

14th February 2024

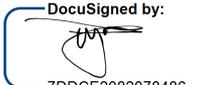
Authorised Status

The Margetts Opes Growth Fund is an Authorised Unit Trust established on 14 January 2003.

The Fund is classed as a Non-UCITS Retail Scheme, which complies with the requirements of the FCA FUND and COLL handbooks. Unitholders are not liable for the debts of the Fund.

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.

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M D Jealous

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A Ogunnowo

Margetts Fund Management Limited
 28 February 2024

Value for Money Assessment

A detailed value assessment report for the can be found by visiting our website, <https://investors.mgtsfunds.com/>, and selecting the Literature and Prices tab.

Investor Notification

Investors Notification Details	Effective Date	Notification to Investors	Event Classification
Compulsory conversion of non-advised shareholders from Legacy Class to R Class	02-Jan-24	30-Oct-23	Pre-Notifiable

Portfolio Statement

As at 31 December 2023

HOLDING	INVESTMENT	VALUE (£)	% OF NET ASSETS	
			31.12.2023	30.06.2023
COLLECTIVE INVESTMENT SCHEMES				
ASIA PACIFIC EXCLUDING JAPAN				
49,109	BAILLIE GIFFORD PACIFIC B ACC	540,204	3.05	
301,763	FSSA ASIA FOCUS FUND B GBP ACC	654,614	3.70	
	TOTAL ASIA PACIFIC EXCLUDING JAPAN	1,194,818	6.75	6.73
EUROPE EXCLUDING UK				
516,731	BLACKROCK EUROPEAN DYNAMIC FUND FX ACCUMULATION	1,371,558	7.74	
	TOTAL EUROPE EXCLUDING UK	1,371,558	7.74	7.56
GLOBAL EMERGING MARKETS				
332,727	BNY MELLON GLOBAL EMERGING MARKETS OPPORTUNITIES FUND INSTITUTIONAL W ACCUMULATION	698,926	3.95	
700,000	JPM EMERGING MARKETS INCOME FUND C ACCUMULATION	723,800	4.08	
	TOTAL GLOBAL EMERGING MARKETS	1,422,726	8.03	4.84
HEALTHCARE				
14,153	POLAR CAPITAL HEALTHCARE OPPORTUNITIES FUND I INC	791,856	4.47	
	TOTAL HEALTHCARE	791,856	4.47	4.58
NORTH AMERICA				
23,826	X TRACKERS S&P 500 EQUAL WEIGHT UCITS ETF IC (GBP)	1,590,118	8.98	
277,402	ARTEMIS US SELECT FUND I ACC GBP	954,650	5.39	
307,188	FIDELITY INDEX US FUND P ACCUMULATION	1,216,313	6.87	
211,713	FRANKLIN US OPPORTUNITIES FUND W(ACC)	1,018,764	5.75	
146,228	JPM US SELECT C - NET ACCUMULATION	1,309,034	7.39	
	TOTAL NORTH AMERICA	6,088,879	34.38	31.83
NORTH AMERICAN SMALLER COMPANIES				
149,615	ARTEMIS US SMALLER COMPANIES FUND I ACC GBP	499,818	2.82	
	TOTAL NORTH AMERICAN SMALLER COMPANIES	499,818	2.82	-
SPECIALIST				
140,873	POLAR CAPITAL GLOBAL INSURANCE FUND I ACC	1,461,928	8.25	
	TOTAL SPECIALIST	1,461,928	8.25	8.60
TECHNOLOGY				
46,305	POLAR CAPITAL AUTOMATION AND ARTIFICIAL INTELLIGENCE FUND I ACC	694,119	3.92	
	TOTAL TECHNOLOGY	694,119	3.92	3.44
UK ALL COMPANIES				
215,229	EDENTREE UK EQUITY GROWTH FUND B INCOME	636,863	3.60	
217,717	ISHARES UK EQUITY INDEX FUND (UK) D ACC	614,268	3.47	
191,624	JUPITER UK SPECIAL SITUATIONS I ACC	615,170	3.47	
1,194,123	LEGAL & GENERAL UK MID CAP INDEX C ACC	744,774	4.20	
46,760	POLAR CAPITAL UK VALUE OPPORTUNITIES I GBP ACC	615,362	3.47	
	TOTAL UK ALL COMPANIES	3,226,437	18.21	26.14
USA				
10,282	LYXOR NASDAQ-100 UCITS ETF ACC GBP	545,658	3.08	
	TOTAL USA	545,658	3.08	3.03
	PORTFOLIO OF INVESTMENTS	17,297,797	97.65	96.75
	NET CURRENT ASSETS	417,020	2.35	3.25
	TOTAL NET ASSETS	17,714,817	100.00	100.00

The investments have been valued in accordance with note 1(b).

Financial Statements

Statement of Total Return

For the period ended 31 December 2023

		31.12.23		31.12.22
	£	£	£	£
Income				
Net capital gains		973,062		374,219
Revenue	139,610		109,455	
Expenses	(89,244)		(101,687)	
Net revenue before taxation	50,366		7,768	
Net revenue after taxation		50,366		7,768
Total return before distributions		1,023,428		381,987
Finance costs: Distributions		(50,598)		-
Change in net assets attributable to unitholders from investment activities		972,830		381,987

Statement of Change in Net Asset Attributable to Unitholders

For the period ended 31 December 2023

		31.12.23		31.12.22
	£	£	£	£
Opening net assets attributable to unitholders		18,369,214		17,732,871
Amounts receivable on issue of units	46,824		525,782	
Amounts payable on cancellation of units	(1,721,286)		(423,106)	
Dilution adjustment	(2,007)		-	
		(1,676,469)		102,676
Change in net assets attributable to unitholders from investment activities		972,830		381,987
Retained distribution on accumulation units		49,242		-
Closing net assets attributable to unitholders		17,714,817		18,217,534

Balance Sheet

As at 31 December 2023

		31.12.23		30.06.23
Assets	£	£	£	£
Investment assets		17,297,797		17,772,182
Debtors	100		19,607	
Cash and bank balances	461,629		628,345	
Total other assets		461,729		647,952
Total assets		17,759,526		18,420,134
Liabilities				
Creditors	44,709		50,920	
Total other liabilities		44,709		50,920
Net assets attributable to unitholders		17,714,817		18,369,214

Distribution Table

For the period ended 31 December 2023 – in pence per unit

Interim payment/allocation date 28 February 2024

Group 1 – units purchased prior to 01.07.2023

Group 2 – units purchased on or after 01.07.2023

Margetts Opes Growth Fund Acc Units

Units	Net Income	Equalisation	Allocating 28.02.2024	Allocating 28.02.2023
Group 1	-	-	-	-
Group 2	-	-	-	-

Margetts Opes Growth Fund R Acc Units

Units	Net Income	Equalisation	Allocating 28.02.2024	Allocating 28.02.2023
Group 1	1.9654	-	1.9654	-
Group 2	1.8879	0.0775	1.9654	-

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.

Net Asset Value per Unit and Comparative Tables

Accumulation

Change in net assets per share	31/12/2023	30/06/2023	30/06/2022	30/06/2021
Opening net asset value per share	465.8600	435.6100	518.8800	406.7300
Return before operating charges *	30.5700	37.8700	(75.0700)	119.4800
Operating charges	(3.8200)	(7.6200)	(8.2000)	(7.3300)
Return after operating charges	26.7500	30.2500	(83.2700)	112.1500
Distribution	0.0000	0.0000	0.0000	0.0000
Retained distribution on acc shares	0.0000	0.0000	0.0000	0.0000
Closing NAV per share	492.6100	465.8600	435.6100	518.8800
* After direct transaction costs of	0.0144	0.0253	0.0010	0.0007

Performance

Return after charges	5.74%	6.94%	-16.05%	27.57%
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Other Information

Closing net asset value (£)	4,330,088	4,223,306	4,311,992	5,371,647
Closing number of shares	879,010	906,560	989,886	1,035,250
OCF	2.21%	2.23%	2.19%	2.22%
Direct transaction costs	0.00%	0.01%	0.00%	0.00%

Prices

Highest share price (pence)	490.61	482.49	579.41	546.84
Lowest share price (pence)	447.81	428.91	423.71	405.91

R Accumulation

Change in net assets per share	31/12/2023	30/06/2023	30/06/2022	30/06/2021
Opening net asset value per share	503.2300	466.8900	551.7900	429.4100
Return before operating charges *	33.1300	40.7200	(80.3700)	126.6100
Operating charges	(2.1400)	(4.3800)	(4.5300)	(4.2300)
Return after operating charges	30.9900	36.3400	(84.9000)	122.3800
Distribution	(1.9654)	(1.2959)	0.0000	0.0000
Retained distribution on acc shares	1.9654	1.2959	0.0000	0.0000
Closing NAV per share	534.2200	503.2300	466.8900	551.7900
* After direct transaction costs of	0.0157	0.0272	0.0011	0.0008

Performance

Return after charges	6.16%	7.78%	-15.39%	28.50%
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Other Information

Closing net asset value (£)	13,384,729	14,145,908	13,420,879	15,854,814
Closing number of shares	2,505,468	2,811,026	2,874,528	2,873,368
OCF	1.43%	1.45%	1.41%	1.49%
Direct transaction costs	0.00%	0.01%	0.00%	0.00%

Prices

Highest share price (pence)	532.01	518.32	588.60	553.81
Lowest share price (pence)	484.98	460.64	454.03	428.55

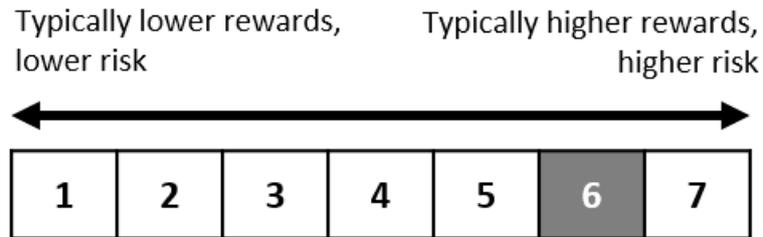
Risk Warning

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.

Fund Performance

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

Synthetic Risk and Reward Indicator



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.

General Information

Valuation Point

The Valuation Point of the Fund is at 08:30 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 Limited, 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 prices of shares are published on the Margetts website at <https://investors.mgtsfunds.com/>, selecting the Literature and Prices tab.

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 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.

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 unit capital of the Company is currently £10,000,000,000 and the minimum is £1,000. Units in the Company have no par value and therefore the unit capital of the Company at all times equals the Company's current net asset value.

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.

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 2023 is:

	£
Fixed Remuneration	3,605,521
Variable Remuneration	978,774
Total	4,584,295
Full Time Equivalent number of staff	69

Analysis of senior management

	£
Senior management	1,519,482
Staff whose actions may have a material impact on the funds	-
Other	-

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.