Interim Short Report and Financial Statements for MGTS Frontier Cautious Fund

For the six months ended 31 October 2013 (Unaudited)

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ACD's Report
For the period ended 31 October 2013

Investment Objective

The investment objective is to provide long term growth and income through a cautious investment strategy using an actively managed portfolio with exposure at any one time to equities, fixed interest investments, money market instruments, cash and property funds (some of which may be unregulated). The Sub-Fund will invest mainly in the United Kingdom and Europe, with the possibility of some exposure to Asia Pacific and other world markets.

Investment Review

MGTS Frontier Cautious Fund Acc	3.27%
MGTS Frontier Cautious Fund R Acc	3.53%
MGTS Frontier Cautious Fund Z Acc	3.71%

(As the Z share classes was launched on 17 June 2013, the annual performance has been calculated in line with IMA methodology by using the track record of the existing retail share class)

Benchmark

IMA Mixed Investment 20-60% Shares Sector	1.96%

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

The MGTS Frontier Cautious fund outperformed the benchmark over the period, driven by an overweight equity allocation and an underweight / short duration position in bonds.

The period has been volatile and driven by central bank policy rather than macro-economic factors. In terms of global stock markets, the US stock market has been the strongest area of investment, providing returns of c. 7.7% over the six month period to the end of October 2013[1]. Emerging Markets stock markets fell in value, recording a fall of c.1.7%[2], illustrating the volatility and inconsistency. The MGTS Frontier Cautious fund provides mainly exposure to UK equities, which performed well over the six month period (6.6%. FTSE 100 TR. Morningstar Direct - 1/5/2013 to 31/10/2013).

During the second quarter of 2013, UK Government Bonds (Gilts) provided their worst quarterly return since 1994[3] as interest rate expectations increased and fell in value by 3.7% during the six month period[4].

In the first part of 2013, it appeared that stock market investors were playing a 'win-win' game with momentum driving returns higher. The 'win-win' game was based on the premise that if economic data was poor then the central banks pumped liquidity into the economy through Quantitative Easing, which pushed up markets; a 'win'. Alternatively, if the data was positive then the recovery justifies a higher value and stock markets also go up; another 'win'.

This was exacerbated when the Japanese Central Bank announced its own increased Quantitative Easing Policy in April 2013.

Quantitative Easing is the process of using printed money to buy assets, normally government debt, and has been used extensively by the US, UK and Eurozone in the aftermath of the credit crisis of 2007/8 in order to increase the money supply, bring down interest rates and stimulate demand to avoid recession. The key risk of QE is that the additional money supply creates inflationary pressures.

Whilst Japan is a relative latecomer to the QE party, they have announced a programme on an entirely larger scale. Japan is targeting to spend $70Bn per month, which compares to the US currently targeting $85Bn per month; however Japan's economy is around a third of the size. Japan's objective is to double the amount of money in circulation with the aim of reversing the deflationary cycle, which Japan has suffered for decades. This plan was initially greeted enthusiastically by the Japanese stock market, whilst the Yen depreciated significantly, which was an intended consequence to produce a boost for Japanese exports.

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[1] Source: MorningStar Direct – 1/5/2013 to 31/10/2013 S&P 500
[2] Source: MorningStar Direct – 1/5/2013 to 31/10/2013 MSCI EM GR
[3] Source: Morningstar Direct – 1/1/1994 to 30/6/2013 FTSE Gilts All Stocks
[4] Source: MorningStar Direct – 1/5/2013 to 31/10/2013 FTSE Gilts All Stocks

ACD's Report (continued)

Investors may be forgiven for observing that central banks have found the magic bullet for all economic woes through the process of QE. Unfortunately this may not be the case. The process creates a number of risks. In the short term, the abundance of cash can create asset bubbles and there is some evidence of this in fixed interest markets, which we continue to believe are generally overvalued, despite recent falls. Longer term, the biggest risk is that inflation increases beyond desirable levels.

Although the announcement of Japanese QE initially led to a significant rally in Japanese stocks, the rally abruptly ended on 22 May 2013, when all major stock markets fell sharply in value. What was unusual about the period following 22 May is that bonds and most other asset classes also fell in value.

It would appear that comments made by Ben Bernanke (The US Federal Reserve Chairman) triggered the selloff when he *hinted* that QE may be tapered this year in the US and the market expected this to happen in September. This coincided with weaker economic data from China.

We believe that Mr Bernanke's comments were made as a warning to avoid a bubble being formed in stock markets. However, the significant fall in values after his comments illustrate how highly manipulated financial assets have already become in the wake of the credit crisis. The mere hint of a reduction in the amount of money that the US Federal Reserve pumps into the economy, currently $85Bn a month, was enough to set investors into a panic, despite the generally improving economic data.

Mr Bernanke did not say that QE was coming to an end, or that the policy was being reversed, he only hinted that the rate at which the Fed is buying bonds may be reduced as the economy recovers. This would appear to be sensible policy, removing the stimulus as the recovery gathers pace to avoid inflation.

Unexpectedly, the Federal Reserve did not announce any taper in September and they continue to purchase assets at the rate of $85bn per month. This could have significant implications as it may change the relationship between the market and the Federal Reserve. Central banks had entered into a process of forward guidance which effectively broadcasts to markets, changes to interest rates in advance to provide more certainty, which should increase stability. The confusion over taper may undermine confidence in the forward guidance process and there is now considerable uncertainty with regard to when the monetary stimulus will be reduced.

These events were overtaken in October by political brinkmanship between the Democrats and the Republicans in the US, who failed to agree either a budget or to increase the debt ceiling to allow for payments to civil servants and interest payments to investors in US Treasuries to continue. As a consequence, government activities which were considered non-essential were closed down and the US came perilously close to defaulting on debt which would have had disastrous repercussions for the entire global economy.

The issue which has become a source of hostility between the parties is President Obama's healthcare reforms, which are intended to provide lower cost access to healthcare for millions of Americans. Extreme elements of the Republican Party are bitterly opposed to this legislation, due to the expense which they believe is unaffordable and will lead to increased taxation.
Unusually, stock markets were remarkably calm given the potential for disaster and this is likely because investors believed that an agreement had to be reached given the consequences would otherwise be devastating.

An agreement was reached on 17 October 2013 and the concerns seem to have quickly dissipated, despite the fact that the agreement only extends the problem until 07 February 2014 for borrowing and 15 January 2014 for government funding. The deep rifts between the two parties have shown no signs of reduction and therefore a similar situation is likely to reoccur, although the Republicans may take a different approach after most opinion polls hold them responsible for the October shutdown.

In recent years, the US stock market has attracted a premium due to the perceived strength and safety of the US economy which has been partially to the detriment of other global markets. The recent brinkmanship and remaining political difficulties could undermine that premium and there has been some evidence of this in recent market behaviour with IMA Asia and Emerging Market indices outperforming the IMA North America index during October, reversing the previous trend.

ACD's Report (continued)

The US Government shutdown lasted for 16 days and will have had a negative effect on GDP which is estimated by S&P to be the equivalent of 0.6% reduction in the annualised growth rate for the last quarter of 2013. This reduction in growth will provide further reasons for the Federal Reserve to delay tapering the monetary stimulus and this seems to be providing some further comfort to stock markets.

The looming risk is that taper will need to begin at some point and borrowing costs have already risen from a low of under 1.55% to a recent high of 3% measured by US 10 year treasury yields. This suggests that the ability of the fiscal stimulus to reduce borrowing costs is waning and the act of tapering could accelerate this position. At present it seems likely that tapering may be considered again in January 2014, which will coincide with the resumption of political hostilities connected to the budget and debt ceiling.

In summary we expect the recent increase in borrowing costs to continue whilst the stimulatory action taken by the US and Japan (in particular) will increase long term inflation expectations. We believe that the stimulatory action is working and economic activity is increasing at a faster rate than official figures currently indicate. In the longer term, high debt economies and companies will suffer from increasing borrowing costs and their growth in value will be reduced as a consequence.

Therefore, the manager intends to maintain an underweight allocation to bonds and focus on holdings with short duration and inflation protection. This should help to mitigate the effects of increasing interest rates and inflation expectations.

In relation to the equity allocation, the manager believes that stocks and shares in companies that have strong cash flows and low debt offer the best value. However, the team will monitor valuations and will reduce the allocation should the stock market continue to rise to unsustainable levels.

Margetts Fund Management Ltd
ACD
02 December 2013

Certification of Accounts by Directors of the ACD

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

T J Ricketts **M D Jealous**
Margetts Fund Management Ltd
10 December 2013

Authorised Status

The MGTS Frontier Cautious Fund is a sub-fund of the MGTS Frontier ICVC with investment powers equivalent to those of a Non-UCITS Scheme. The umbrella company is MGTS Frontier ICVC which is an open-ended investment company with variable capital incorporated in England and Wales under registration number IC575 and authorised by the Financial Conduct Authority on 17 August 2007.

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

Significant purchases and sales

For the period ended 31 October 2013

Total purchases for the period **£5,873,250**

Purchases	Cost (£)
THREADNEEDLE UK EQUITY INCOME ZNI	2,119,452
GOLDMAN SACHS STERLING LIQUID RESERVES ADMIN DIST	1,800,000
JUPITER NORTH AMERICAN INCOME I ACC	1,453,797
SMITH & WILLIAMSON SHORT-DATED CORP BOND B	400,000
M&G UK INFLATION LINKED CORPORATE BOND I ACC	100,000

Total sales for the period **£5,943,250**

Sales	Proceeds (£)
THREADNEEDLE UK EQUITY INCOME C2	2,189,452
JUPITER NORTH AMERICAN INCOME ACC	1,453,797
INVESCO STERLING LIQUIDITY SELECT CLASS FUND	1,000,000
ARTEMIS INCOME INSTITUTIONAL ACC	340,000
MGTS ARDEVORA UK INCOME A INST ACC	320,000
AVIVA UK EQUITY INCOME SC 2	220,000
THREADNEEDLE UK EQUITY INCOME ZNI	200,000
NEWTON ASIAN INCOME INSTL W NET ACC	120,000
TROJAN INCOME O ACC	100,000

Portfolio statement

As at 31 October 2013

Holding	Portfolio of Investments	Value (£)	Total Net Assets 31.10.13 %	Total Net Assets 30.04.13 %
	UK			
951,514	Artemis Income Institutional Acc	3,163,692	7.16	
2,321,647	Aviva UK Equity Income SC 2	3,134,688	7.09	
2,217,687	MGTS Ardevora UK Income A Inst Acc	3,257,561	7.37	
2,617,912	Threadneedle UK Equity Income C2	3,240,190	7.33	
1,424,222	Trojan Income O Acc	3,226,006	7.30	
	Total UK	**16,022,137**	**36.25**	**35.67**
	Bonds			
2,618,601	IFDS Brown Shipley Sterling Bond I Acc	3,235,805	7.32	
1,680,415	M&G Optimal Income I Acc	3,095,494	7.00	
2,718,041	M&G UK Inflation Linked Corp Bond I Acc	3,153,200	7.13	
2,716,580	Smith & Williamson Short-dated Corp Bond B	2,743,746	6.21	
1,396,132	Standard Global Index Linked Bond Inst Acc	2,254,754	5.10	
	Total Bonds	**14,482,999**	**32.76**	**31.54**
	Europe (excl. UK)			
3,467,752	Standard Life European Eq Inc Inst Acc	3,349,849	7.58	
	Total Europe (excl. UK)	**3,349,849**	**7.58**	**6.97**
	Asia Pacific (excl. Japan)			
2,436,863	Newton Asian Income Institutional W Acc	2,853,324	6.46	
	Total Asia Pacific (excl. Japan)	**2,853,324**	**6.46**	**7.10**
	North America			
2,630,220	Jupiter North American Income Acc	2,384,295	5.39	
	Total North America	**2,384,295**	**5.39**	**5.08**
	Money Markets			
1,800,000	Goldman Sachs Sterling Liquid Reserves	1,800,000	4.07	
2,200,000	Invesco Sterling Liquidity Select Class Fund	2,200,000	4.98	
	Total Money Markets	**4,000,000**	**9.05**	**7.20**
	Portfolio of Investments	**43,092,604**	**97.49**	**93.56**
	Net Current Assets	**1,110,173**	**2.51**	**6.44**
	Net Assets	**44,202,777**	**100**	**100**

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

Net Asset Value per Share and Comparative Tables

Price and Income History

Income shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	96.78	79.27	3.5211
2010	102.03	91.82	3.3377
2011	103.06	92.00	3.5927
2012	103.01	94.93	3.8807
2013*	112.54	101.68	3.2009

Accumulation shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	104.62	83.14	3.7327
2010	113.80	101.80	3.6624
2011	117.98	106.43	4.0847
2012	124.18	112.37	4.5819
2013*	138.57	123.70	3.9160

R Income shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	97.76	79.84	3.4623
2010	103.59	93.11	3.3201
2011	104.90	93.98	3.6113
2012	105.68	97.24	3.9539
2013*	116.12	104.50	3.3079

R Accumulation shares

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2009	105.58	83.63	3.6651
2010	115.36	103.00	3.6566
2011	119.88	108.25	4.1033
2012	127.12	114.47	4.6532
2013*	142.45	126.64	4.0358

Z Income shares ^

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2013*	116.34	107.68	1.8710

Z Accumulation shares ^

Calendar Year	Highest Price (Pence)	Lowest Price (Pence)	Net Income (Pence per share)
2013*	142.69	132.10	2.3104

* To 31 October 2013

Net Asset Value per Share and Comparative Tables (continued)

Net Asset Value

Date	Share Class	Net Asset Value (£)	Shares in Issue	Net Asset Value (Pence per share)
30.04.11	Income	595,931	588,264	101.30
30.04.11	Accumulation	11,043,573	9,482,611	116.46
30.04.11	R Income	1,381,854	1,339,621	103.15
30.04.11	R Accumulation	29,186,338	24,685,217	118.23
30.04.12	Income	272,748	278,179	98.05
30.04.12	Accumulation	11,155,281	9,536,753	116.95
30.04.12	R Income	1,165,540	1,160,866	100.40
30.04.12	R Accumulation	27,529,244	23,065,722	119.35
30.04.13	Income	435,188	400,491	108.66
30.04.13	Accumulation	12,525,125	9,360,797	133.80
30.04.13	R Income	1,101,319	984,693	111.84
30.04.13	R Accumulation	30,348,216	22,118,763	137.21
31.10.13	Income	444,380	402,766	110.33
31.10.13	Accumulation	10,838,475	7,844,525	138.17
31.10.13	R Income	998,505	877,031	113.85
31.10.13	R Accumulation	26,834,405	18,892,445	142.04
31.10.13	Z Income ^	106,673	93,451	114.15
31.10.13	Z Accumulation ^	4,980,339	3,499,609	142.31

^ The Z share class was launched on 17 June 2013.

Risk Warning

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

Prices per Share

Date	Share Class	Price (Pence)	Yield (%)
01.11.2013	Income	110.38	2.83
	Accumulation	138.22	2.83
	R Income	113.90	2.84
	R Accumulation	142.10	2.84
	Z Income	114.20	2.79
	Z Accumulation	142.37	2.79

Fund Performance

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

Net Asset Value per Share and Comparative Tables (continued)

Ongoing charges figure	31.10.13	30.04.13
	%	%
ACD's Annual Management Charge	1.85	1.85
Other expenses	0.13	0.10
Total Expense Ratio	**1.98**	**1.95**
Synthetic TER	0.71	0.72
Complete OCF	**2.69**	**2.67**
Ongoing charges - R Class		
ACD's Annual Management Charge	1.35	1.35
Other expenses	0.13	0.10
Total Expense Ratio	**1.48**	**1.45**
Synthetic TER	0.71	0.72
Complete OCF	**2.19**	**2.17**
Ongoing charges - Z Class ^		
ACD's Annual Management Charge	0.75	-
Other expenses	0.13	-
Total Expense Ratio	**0.88**	**n/a**
Synthetic TER	0.71	-
Complete OCF	**1.59**	**n/a**

^ The Z share class was launched on 17 June 2013.

Financial statements

Statement of total return

For the period ended 31 October 2013

	Notes		31.10.13		31.10.12
Income		£	£	£	£
Net capital gains	4		1,098,356		1,236,402
Revenue	6	754,296		804,487	
Expenses	7	(350,651)		(320,186)	
Finance costs: Interest	9	(54)		-	
Net revenue before taxation		403,591		484,301	
Taxation	8	(1,946)		(6,862)	
Net revenue after taxation			401,645		477,439
Total return before distributions			**1,500,001**		**1,713,841**
Finance costs: Distribution	9		(752,290)		(797,631)
Change in net assets attributable to shareholders from investment activities			**747,711**		**916,210**

Statement of change in net assets attributable to shareholders

For the period ended 31 October 2013

		£	£	£	£
Opening net assets attributable to shareholders			44,409,848		40,122,812
Amounts receivable on issue of shares		6,336,944		2,428,846	
Amounts payable on cancellation of shares		(7,993,083)		(3,242,174)	
			(1,656,139)		(813,328)
Stamp duty reserve tax	1(f)		(10,389)		(10,136)
Change in net assets attributable to shareholders from investment activities			747,711		916,210
Retained distribution on accumulation shares			711,746		756,543
Closing net assets attributable to shareholders			**44,202,777**		**40,972,101**

Balance sheet

As at 31 October 2013

	Notes		31.10.13		30.04.13
Assets		**£**	**£**	**£**	**£**
Investment assets			43,092,604		41,551,045
Debtors	10	360,681		3,765,192	
Bank balances		1,114,811		2,712,401	
Total other assets			**1,475,492**		**6,477,593**
Total assets			**44,568,096**		**48,028,638**
Liabilities					
Creditors	11	287,720		3,600,022	
Distribution payable on income shares		26,328		18,768	
Bank overdrafts		51,271		-	
Total other liabilities			**365,319**		**3,618,790**
Net assets attributable to shareholders			**44,202,777**		**44,409,848**

Notes to the financial statements

As at 31 October 2013

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010. No changes to the Net Asset Value of the fund have arisen from the adoption of the SORP.

b) Basis of valuation of investments

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

c) Foreign exchange rates

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

d) Revenue

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

e) Expenses

All of the expenses, including the ACD's periodic charge, are charged against Capital.

f) Taxation

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

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

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

(iv) Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

2 Distribution policy

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

3 Risk management policies

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Net capital gains

	31.10.13	31.10.12
	£	£
Net gains on non-derivative securities	1,098,356	1,236,402
Net capital gains on investments	**1,098,356**	**1,236,402**

5 Purchases, sales and transaction costs

Purchases excluding transaction costs	5,873,250	8,808,867
Commissions	-	14,677
Trustee transaction charges *	70	90
Purchases including transaction costs	**5,873,320**	**8,823,634**
Sales excluding transaction costs	5,943,752	9,691,179
Dilution levy	(502)	-
Trustee transaction charges *	(160)	(100)
Sales including transaction costs	**5,943,090**	**9,691,079**
Transaction handling charges	**230**	**190**

* These have been deducted in determining net capital gains

6 Revenue

UK franked dividends	539,735	502,854
UK unfranked dividends	1,856	9,439
Bond interest	140,433	226,090
Gross bond interest	1,842	3,211
Overseas gross unfranked income	54,222	24,166
Rebate of annual management charges / renewal commission	15,836	38,532
Bank interest	372	195
Total revenue	**754,296**	**804,487**

7 Expenses

Payable to the ACD, associates of the ACD and agents of either:		
ACD's periodic charge	322,935	304,204
Payable to the Depositary associates of the Depositary and agents of either:		
Depositary's fee	13,222	12,227
Safe custody	3,776	3,313
	16,998	15,540
Other expenses:		
FCA fee	101	156
Audit fee	3,930	3,256
Registration fees	3,261	2,701
Printing costs	341	-
Distribution costs	3,085	(5,671)
Total expenses	**350,651**	**320,186**

8 Taxation

	31.10.13	31.10.12
	£	£
a) Analysis of the tax charge for the period:		
UK Corporation tax	-	-
Irrecoverable income tax	1,946	6,862
Current tax charge (note 8b)	1,946	6,862
Deferred tax (note 8c)	-	-
Total tax charge	**1,946**	**6,862**
b) Factors affecting the tax charge for the period:		
Net income before taxation	403,591	484,301
Corporation tax at 20%	80,719	96,861
Effects of:		
UK dividends	(107,947)	(100,571)
Utilisation of excess management expenses	27,228	3,710
Corporation tax charge	-	-
Irrecoverable income tax	1,946	6,862
Current tax charge for the period (note 8a)	**1,946**	**6,862**

c) Provision for deferred taxation

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

d) Factors that may affect future tax changes

The fund has unutilised management expenses of £403,525 (prior year £267,385). The fund does not expect to be able to utilise this in the forseeable future.

9 Finance costs

	31.10.13	31.10.12
	£	£
Distributions		
Interim	738,074	786,908
	738,074	786,908
Amounts deducted on cancellation of shares	84,083	35,822
Amounts received on issue of shares	(69,867)	(25,099)
Finance costs: Distributions	752,290	797,631
Finance costs: Interest	54	-
Total finance costs	**752,344**	**797,631**
Represented by:		
Net revenue after taxation	401,645	477,439
Expenses charged to capital		
ACD's periodic charge	322,935	304,204
Other capital expenses	27,717	15,982
Balance of revenue brought forward	6	12
Balance of revenue carried forward	(13)	(6)
Finance costs: Distributions	**752,290**	**797,631**

10 Debtors

	31.10.13	30.04.13
	£	£
Amounts receivable for issue of shares	153,712	460,464
Amounts receivable for investment securities sold	-	3,090,402
Accrued income:		
UK franked dividends	89,389	43,330
Gross bond interest	357	188
	89,746	43,518
Prepayments	292	-
Other receivables	-	6,340
Taxation recoverable	116,931	164,468
Total debtors	**360,681**	**3,765,192**

11 Creditors

	31.10.13	30.04.13
Amounts payable for cancellation of shares	223,943	443,479
Amounts payable for investment securities purchased	-	3,090,402
Accrued expenses:		
Amounts payable to the ACD, associates and agents:		
ACD's periodic charge	52,543	52,651
Amounts payable to the Depositary, associates and agents:		
Depositary's fees	2,215	2,104
Transaction charges	40	30
Safe custody fee	657	617
	2,912	2,751
Other expenses	8,322	10,739
Total creditors	**287,720**	**3,600,022**

12 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date [30.04.13 : £Nil].

13 Related party transactions

The ACD’s fee payable to Margetts Fund Management Ltd (the ACD) is disclosed in Note 7 and amounts prepaid and outstanding at the period end in notes 10 & 11.

The aggregate monies received and paid by the ACD through the issue and cancellation of shares is disclosed in the Statement of change in net assets attributable to shareholders and amounts outstanding in notes 10 & 11.

Depositary and other fees payable to BNY Mellon Trust and Depositary (UK) Limited are also disclosed in note 7 and amounts prepaid and outstanding at the period end in notes 10 & 11.

The net cash balances on deposit with The Bank of New York Mellon (an associated company of BNY Mellon Trust and Depositary (UK) Limited) at the balance sheet date were £1,063,540 [30.04.13 : £2,712,401]. Net interest received / (paid) was £318 [30.04.13 : (£281)].

All other amounts paid to, or received from, the related parties, together with the outstanding balances are disclosed in the financial statements.

14 Post balance sheet events

As at 10 December 2013, the Z class Net Asset Value per share, on a mid basis, has changed by -1.69% since the period end.

15 Risk disclosures – interest risk

Debt securities may be held by the underlying investments of the fund. The Interest Rate Risk of these securities is managed by the relevant manager. The table below shows the Interest Rate Risk profile at the balance sheet date:

	31.10.13	30.04.13
	£	£
Floating rate assets (pounds sterling):	1,114,811	2,712,401
Floating rate liabilities (pounds sterling):	(51,271)	-
Assets on which interest is not paid (pounds sterling):	43,453,285	45,316,237
Liabilities on which interest is not paid (pounds sterling):	(314,048)	(3,618,790)
Net Assets	**44,202,777**	**44,409,848**

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

There are no material amounts of non-interest bearing financial assets and liabilities, other than collective investment schemes, which do not have maturity dates.

Distribution Table

For the period ended 31 October 2013 – in pence per share

Interim
Group 1 – shares purchased prior to 01 May 2013
Group 2 – shares purchased on or after 01 May 2013

Income Shares

Shares	Net Income	Equalisation	Payable 31.12.13	Paid 31.12.12
Group 1	1.8823	-	1.8823	1.9769
Group 2	0.7692	1.1131	1.8823	1.9769

Accumulation Shares

Shares	Net Income	Equalisation	Allocating 31.12.13	Allocated 31.12.12
Group 1	2.3168	-	2.3168	2.3541
Group 2	1.2940	1.0228	2.3168	2.3541

R Income Shares

Shares	Net Income	Equalisation	Payable 31.12.13	Paid 31.12.12
Group 1	1.9382	-	1.9382	2.0053
Group 2	1.3861	0.5521	1.9382	2.0053

R Accumulation Shares

Shares	Net Income	Equalisation	Allocating 31.12.13	Allocated 31.12.12
Group 1	2.3774	-	2.3774	2.3831
Group 2	1.6157	0.7617	2.3774	2.3831

Z Income Shares

Shares	Net Income	Equalisation	Payable 31.12.13	Paid 31.12.12
Group 1	1.8710	-	1.8710	n/a
Group 2	1.8710	-	1.8710	n/a

Z Accumulation Shares

Shares	Net Income	Equalisation	Allocating 31.12.13	Allocated 31.12.12
Group 1	2.3104	-	2.3104	n/a
Group 2	0.9109	1.3995	2.3104	n/a

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

General Information

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

Buying and Selling of Shares
The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be made either in writing to: Margetts Fund Management Ltd, PO Box 12081, Brentwood CM14 9ND or by telephone on 0845 607 6808. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

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

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

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

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

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

The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current net asset value.

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

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

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

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