



Interim Report and Financial Statements for MGTS AFH Tactical Core Fund

For the six months ended 31 August 2021 (Unaudited)

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Directors of the ACD

T T J Ricketts

M D Jealous

J M Vessey (non-exec)

N Volpe (non-exec)

A Nugent (non-exec) – *resigned 28 February 2021*

A S Weston – *resigned 10 July 2021*

A J M Quy (non-exec) – *resigned 30 September 2021*

Depositary

The Bank of New York Mellon (International) Limited
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Administrator and Registrar

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Investment Advisers

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Investment Adviser's Report

For the period ended 31 August 2021

Investment Objective

The objective of the Company is to achieve (but not guarantee) capital growth through an actively managed and diversified portfolio of investments on a medium risk basis.

Investment Review

MGTS AFH Tactical Core R	9.95%
MGTS AFH Tactical Core	9.50%

Benchmark:

The Fund does not have a performance target and is not constrained by any index, IA sector or similar factor. The composite benchmark of 40% IA (Investment Association) UK Gilt, 30% IA UK All Companies and 30% IA Global may be used as a comparator. This benchmark represents the expected strategic (long term) asset allocation of the fund and therefore this is considered to be an appropriate performance comparison.

Composite Benchmark	9.94%
40% - IA UK Gilt	
30% - IA UK All Companies	
30% - IA Global	

Source: Morningstar Direct. Performance growth in the period is bid to bid with income reinvested.

Global equity markets continued to rally over the period, fuelled by accelerated roll-out of vaccines and the reopening of economies. Year-over-year inflation figures unsurprisingly rose significantly as much of the economy was shut down following the COVID-19 outbreak. Supply chain breakdowns caused shortages in certain products, driving up costs. Central Banks expected this to occur and forecasted that any period of high inflation would be transitory. Financial markets participants have since begun to anticipate that Central Banks may well raise interest rates to prevent the economy from overheating.

No asset allocation changes were made during the period as portfolio positioning reflected the views of the Investment Committee ("IC"). All asset classes generated positive returns, with European, UK and US equities being the leading contributors to performance. Equities holdings, including Xtrackers S&P Europe Ex UK, Vanguard FTSE 250 and iShares Core S&P 500 delivered strong returns as their respective benchmarks reached all-time highs during the period. European equity performance was driven by the financial services and industrial sectors. In the US, technology and financial stocks were the primary contributors to performance. UK equity performance was driven by industrial, financial services, and energy sectors.

The Fund is and will continue to be used to as an asset allocation tool for our client portfolios. The IC continues to have a moderately positive view on risk assets however we are cognisant of market risks that remain. Persistent high inflation and the possible resurgence of COVID-19 present the biggest risk to markets and is likely to act as a headwind in the near term.


AFH Independent Financial Services Limited

Investment Adviser

26 October 2021

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.

DocuSigned by:

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T J Ricketts

DocuSigned by:

7DDCE2082078486...
M D Jealous

Margetts Fund Management Ltd
28 October 2021

Authorised Status

The MGTS AFH Tactical Core Fund is an open-ended investment company with variable capital incorporated in England and Wales under regulation number IC801 and authorised by the Financial Conduct Authority with effect from 10 November 2009.

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

Portfolio statement

As at 31 August 2021

Holding	Portfolio of Investments	Value (£)	Total Net Assets	
			31.08.21 %	28.02.21 %
	Bond			
164,188	iShares £ Ultrashort Bond ETF GBP Dist	16,486,117	2.89	
26,157,243	L&G Short Dated Sterling Corp Bond Fund	15,830,364	2.77	
814,725	Neuberger Berman Shrt Dur HY Bd Ins	11,235,062	1.97	
599,423	PIMCO GIS Divers Inc Dur H Ins GBP H	8,817,506	1.54	
8,534,007	Royal London Shrt Dur Glb HY Bd Z	9,444,585	1.65	
13,413,076	Schroder Strategic Credit Fund Z	8,809,708	1.54	
	Total Bonds	70,623,342	12.36	13.02
	Asia Ex Japan			
77,196	iShares MSCI All Country Asia ex Japan ETF	4,975,664	0.87	
	Total Asia Ex Japan	4,975,664	0.87	0.99
	Europe			
583,182	Vanguard FTSE Developed Europe ex UK ETF	18,959,247	3.32	
703,818	Xtrackers S&P EUROPE EX UK	40,701,795	7.13	
	Total Europe	59,661,042	10.45	13.76
	North America			
166,934	iShares Core S&P 500 USD	56,012,666	9.81	
133,645	iShares Core S&P Mid-Cap	26,716,374	4.68	
120,742	iShares Core S&P Small-Cap	9,861,182	1.73	
1,149,015	SPDR Russell 2000 US Small Cap ETF GBP	53,225,448	9.32	
176,153	Vanguard S&P 500 ETF	53,150,583	9.30	
227,095	Xtrackers Russell 2000 UCITS ETF 1C (EUR)	53,550,019	9.37	
	Total North America	252,516,272	44.21	34.31
	UK			
7,427	HSBC FTSE 100 UCITS ETF	526,574	0.09	
3,345,810	iShares Core FTSE 100 GBP Dist	23,705,064	4.12	
148,826	iShares FTSE 100 UCITS ETF GBP	18,394,894	3.23	
43,579	iShares MSCI UK Small Cap GBP	11,692,246	2.05	
380,832	SPDR FTSE UK All Share	21,536,050	3.77	
1,392,708	Vanguard FTSE 250 UCITS ETF	52,748,816	9.23	
	Total UK	128,603,644	22.49	22.35
	Commodities - Precious Metals			
111,554	ETFS Physical Silver	1,806,672	0.32	
100,685	Invesco Phy Gold	12,842,457	2.25	
499,180	iShares Physical Gold ETC	12,836,835	2.25	
977,035	Royal Mint Physical Gold ETC	12,828,910	2.25	
628,828	Xtrackers IE Physical Gold ETC Securities	12,777,639	2.24	
72,256	Xtrackers IE Physical Silver ETC Securities	1,809,551	0.32	
	Total Commodities - Precious Metals	54,902,064	9.63	9.54

Portfolio statement (continued)*As at 31 August 2021*

Holding	Portfolio of Investments	Value (£)	Total Net Assets	
			31.08.21 %	28.02.21 %
	Portfolio of Investments	571,282,028	100.01%	93.97
	Net Current Assets	-73,797	-0.01%	6.03
	Net Assets	571,208,230	100.00	100.00

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

Net Asset Value per Share and Comparative Tables

Accumulation share class

Change in net assets per share	31/08/2021	28/02/2021	29/02/2020	28/02/2019
Opening net asset value per share	167.8007	150.3520	150.7170	155.1953
Return before operating charges *	17.2323	19.6487	1.9350	-2.1783
Operating charges	-1.2900	-2.2000	-2.3000	-2.3000
Return after operating charges	15.9423	17.4487	-0.3650	-4.4783
Distribution on income shares	0.0000	0.0000	0.0000	0.0000
Closing NAV per share	183.7430	167.8007	150.3520	150.7170
Retained distribution on acc shares	0.1232	3.5352	0.4929	0.6913

* After direct transaction costs of

	0.0014	0.0549	0.0578	0.4021
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Performance

Return after charges	9.50%	11.61%	-0.24%	-2.89%
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Other Information

Closing net asset value (£)	9,093,647	8,916,968	10,331,196	10,690,520
Closing number of shares	4,949,112	5,314,022	6,871,341	7,093,109
OCF	1.65%	1.66%	1.66%	1.62%
Direct transaction costs	0.00%	0.04%	0.04%	0.26%

Prices

Highest share price (pence)	183.82	171.77	165.07	163.18
Lowest share price (pence)	166.68	125.25	150.21	146.34

Income share class

Change in net assets per share	31/08/2021	28/02/2021	29/02/2020	28/02/2019
Opening net asset value per share	150.1570	137.4371	138.2029	142.9351
Return before operating charges *	15.4236	17.9644	1.7921	-1.9875
Operating charges	-1.1600	-2.0100	-2.1100	-2.1100
Return after operating charges	14.2636	15.9544	-0.3179	-4.0975
Distribution on income shares	-0.1093	-3.2345	-0.4479	-0.6347
Closing NAV per share	164.3113	150.1570	137.4371	138.2029

* After direct transaction costs of

	0.0013	0.0502	0.0529	0.3702
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Performance

Return after charges	9.50%	11.61%	-0.23%	-2.87%
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Other Information

Closing net asset value (£)	296,413	341,822	409,017	596,497
Closing number of shares	180,397	227,643	297,603	431,610
OCF	1.65%	1.66%	1.66%	1.62%
Direct transaction costs	0.00%	0.04%	0.04%	0.26%

Prices

Highest share price (pence)	164.38	157.02	150.89	150.28
Lowest share price (pence)	149.16	114.49	137.74	134.39

Net Asset Value per Share and Comparative Tables (continued)

R accumulation share class

Change in net assets per share	31/08/2021	28/02/2021	29/02/2020	28/02/2019
Opening net asset value per share	178.5887	159.0191	158.1311	161.5313
Return before operating charges *	18.3771	20.6296	1.9880	-2.3002
Operating charges	-0.6200	-1.0600	-1.1000	-1.1000
Return after operating charges	17.7571	19.5696	0.8880	-3.4002
Distribution on income shares	0.0000	0.0000	0.0000	0.0000
Closing NAV per share	196.3458	178.5887	159.0191	158.1311
Retained distribution on acc shares	-0.8900	4.4875	1.7706	2.0235

* After direct transaction costs of

	0.0015	0.0587	0.0608	0.4189
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Performance

Return after charges	9.94%	12.31%	0.56%	-2.10%
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Other Information

Closing net asset value (£)	133,933,477	134,692,430	146,445,492	141,925,577
Closing number of shares	68,213,066	75,420,471	92,093,030	89,751,835
OCF	0.85%	0.86%	0.86%	0.82%
Direct transaction costs	0.00%	0.04%	0.04%	0.26%

Prices

Highest share price (pence)	196.43	182.92	174.55	170.51
Lowest share price (pence)	177.41	132.53	157.62	153.32

R income share class

Change in net assets per share	31/08/2021	28/02/2021	29/02/2020	28/02/2019
Opening net asset value per share	150.5950	137.5640	138.2844	143.0136
Return before operating charges *	15.5050	17.8165	1.7850	-1.9730
Operating charges	-0.5300	-0.9200	-0.9600	-0.9700
Return after operating charges	14.9750	16.8965	0.8250	-2.9430
Distribution on income shares	-0.7510	-3.8655	-1.5454	-1.7862
Closing NAV per share	164.8189	150.5950	137.5640	138.2844

* After direct transaction costs of

	0.0013	0.0511	0.0529	0.3697
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Performance

Return after charges	9.94%	12.28%	0.60%	-2.06%
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Other Information

Closing net asset value (£)	427,884,693	384,358,990	397,944,473	315,830,185
Closing number of shares	259,608,944	255,226,987	289,279,446	228,391,839
OCF	0.85%	0.86%	0.86%	0.82%
Direct transaction costs	0.00%	0.04%	0.04%	0.26%

Prices

Highest share price (pence)	164.89	157.92	151.57	150.96
Lowest share price (pence)	149.61	114.65	137.84	134.82

Net Asset Value per Share and Comparative Tables (continued)

Risk Warning

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

Fund Performance

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

Synthetic Risk and Reward Indicator

Typically Lower Returns

Typically Higher Returns

1	2	3	4	5	6	7
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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.

Financial statements

Statement of total return

For the period ended 31 August 2021

	Notes		31.08.21		31.08.20
		£	£	£	£
Income					
Net capital gains/(losses)	4		49,457,988		18,742,797
Revenue	6	4,435,028		2,889,792	
Expenses	7	(1,870,010)		(1,792,699)	
Finance costs: Interest	9	(2,878)		(188)	
Net revenue before taxation		2,562,140		1,096,905	
Net revenue after taxation			2,562,140		1,096,905
Total return before distributions			52,020,128		19,839,702
Finance costs: Distribution	9		(2,562,376)		(1,115,112)
Change in net assets attributable to shareholders from investment activities			49,457,752		18,724,590

Statement of change in net assets attributable to shareholders

For the period ended 31 August 2021

		£	£	£	£
Opening net assets attributable to shareholders			528,310,210		555,130,178
Amounts receivable on issue of shares		29,752,597		19,629,142	
Amounts payable on cancellation of shares		(36,925,523)		(74,042,493)	
Dilution levy		-		84,009	
			(7,172,926)		(54,329,342)
Change in net assets attributable to shareholders from investment activities			49,457,752		18,724,590
Retained distribution on accumulation shares			613,194		286,690
Closing net assets attributable to shareholders			571,208,230		519,812,116

Balance sheet*As at 31 August 2021*

	Notes		31.08.21		28.02.21
		£	£	£	£
Assets					
Investment assets			571,282,027		496,429,556
Debtors	10	304,151		858,027	
Bank balances		18,758,348		47,218,276	
Total other assets			19,062,499		48,076,303
Total assets			590,344,526		544,505,859
Liabilities					
Creditors	11	854,088		2,500,738	
Distribution payable on income shares		1,949,860		9,220,467	
Bank overdrafts		16,332,348		4,474,444	
Total other liabilities			19,136,296		16,195,649
Net assets attributable to shareholders			571,208,230		528,310,210

Notes to the financial statements

As at 31 August 2021

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis in accordance with Financial Reporting Standard (FRS) 102, as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

b) Basis of valuation of investments

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

c) Foreign exchange rates

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

d) Revenue

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

e) Expenses

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

f) Taxation

- (i) The fund is treated as a corporate shareholder with respect to its underlying holdings and its income is subject to streaming into franked and unfranked.
- (ii) Corporation tax is provided at 20% on income, other than the franked portion of distributions from collective investment schemes, after deduction of expenses.
- (iii) The charge for deferred tax is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

2 Distribution policy

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

3 Risk management policies

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

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

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

- i. **Credit Risk** – The fund may find that collective investment schemes in which it invests fail to settle their debts or deliver the investments purchased on a timely basis.
- ii. **Interest Rate Risk** – Debt securities may be held by the underlying investments of the fund. The Interest Rate Risk of these securities is managed by the relevant manager.
- iii. **Foreign Currency Risk** – Although the net assets of the fund are denominated in sterling, a proportion of the fund's investments in collective investment schemes have currency exposure with the effect that the balance sheet and total return can be affected by currency movements.
- iv. **Liquidity Risk** – The main liability of the fund is the cancellation of any shares that investors want to sell. Securities may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

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

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

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

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

- vi. **Counterparty Risk** – Transactions in securities entered into by the fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction.
- vii. **Fair Value of Financial Assets and Financial Liabilities** – There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

4 Net capital gains

	31.08.21 £	31.08.20 £
Proceeds from sales on investments during the period	40,626,274	183,886,408
Original cost of investments sold during the period	(40,962,770)	(182,883,672)
(Losses)/gains realised on investments sold during the period	(336,496)	1,002,736
Net (appreciation)/depreciation thereon already recognised in prior periods	(714,503)	3,070,684
Net realised (depreciation)/appreciation for the period	(1,050,999)	4,073,420
Net unrealised appreciation for the period	50,516,453	14,936,401
Net gains on non-derivative securities	49,460,971	19,009,821
Net realised exchange losses	(7,466)	(266,941)
Net capital gains/(losses) on investments	49,457,988	18,475,856

5 Purchases, sales and transaction costs**Equities/ETF Schemes**

Purchases excluding transaction costs	13,025,801	136,103,012
Commissions: 0.00% [0.02%]	-	33,869
Stamp duty & other charges: 0.00% [0.00%]	-	34
Trustee transaction charges: 0.00% [0.00%]	18	527
Purchases including transaction costs	13,025,819	136,137,442

Sales excluding transaction costs	27,403,783	(142,669,551)
Commissions: 0.02% [0.03%]	(4,310)	(49,722)
Stamp duty & other charges: 0.00% [0.00%]	(3)	(49)
Trustee transaction charges: 0.00% [0.00%]	(180)	(774)
Sales including transaction costs	27,399,290	(142,720,096)

Collective Investment Schemes

Purchases excluding transaction costs	13,226,805	5,575,095
Trustee transaction charges: 0.00% [0.00%]	18	67
Purchases including transaction costs	13,226,823	5,575,162

Sales excluding transaction costs	13,226,804	(41,216,857)
Trustee transaction charges: 0.00% [0.00%]	(9)	(192)
Sales including transaction costs	13,226,795	(41,217,049)

Trustee transaction charges have been deducted in determining net capital

Transaction charges are displayed as percentage of purchase/sale

Total commission charges : 0.00% [0.02%]	4,310	83,591
Total stamp duty & other charges : 0.00% [0.00%]	3	83
Total trustee transaction charges : 0.00% [0.00%]	225	1,560

Total charges displayed as percentage of average net asset value

Average portfolio dealing spread : 0.08% [0.09%]

6 Revenue	31.08.21	31.08.20
	£	£
UK franked dividends	1,097,680	177,960
Bond interest	318,937	155,739
Overseas franked income	2,119,494	2,427,921
Overseas gross unfranked income	905,018	127,147
Bank interest	(6,101)	1,025
Total revenue	4,435,028	2,889,792

7 Expenses

<i>Payable to the ACD, associates of the ACD and agents of either:</i>		
ACD's periodic charge	1,706,005	1,628,617
<i>Payable to the Depositary associates of the Depositary and agents of either:</i>		
Depositary's fee	51,516	49,851
Safe custody	64,146	64,443
	115,662	114,294
<i>Other expenses:</i>		
FCA fee	72	72
Audit fee	4,990	3,962
Registration fees	891	891
Transfer agency fee	39,703	42,738
Professional Fees	562	-
Distribution costs	2,125	2,125
Total expenses	1,870,010	1,792,699

8 Taxation

a) Analysis of the tax charge for the period:

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

b) Factors affecting the tax charge for the period:

Net income before taxation	2,562,140	1,096,905
Corporation tax at 20%	512,429	219,381
<i>Effects of:</i>		
UK dividends	(643,435)	(521,176)
Movement in income accruals	-	4,366
Utilisation of excess management expenses	131,006	297,429
Corporation tax charge	-	-
Irrecoverable income tax	-	-
Current tax charge for the period (note 8a)	-	-

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 £6,198,729 (prior year £5,543,699). The fund does not expect to be able to utilise this in the foreseeable future.

9 Finance costs	31.08.21	31.08.20
	£	£
Distributions		
Interim	2,563,054	1,053,444
	<u>2,563,054</u>	<u>1,053,444</u>
Amounts deducted on cancellation of shares	47,644	86,068
Amounts received on issue of shares	(48,322)	(24,400)
Finance costs: Distributions	<u>2,562,376</u>	<u>1,115,112</u>
Finance costs: Interest	2,878	188
Total finance costs	<u>2,565,254</u>	<u>1,115,300</u>
Represented by:		
Net revenue after taxation	2,562,140	1,096,905
<i>Expenses charged to capital</i>		
ACD's periodic charge	-	629
Distribution shortfall	-	17,873
Balance of revenue brought forward	317	23
Balance of revenue carried forward	(81)	(318)
Finance costs: Distributions	<u>2,562,376</u>	<u>1,115,112</u>
10 Debtors	31.08.21	28.02.21
	£	£
Amounts receivable for issue of shares	295,464	854,496
Prepayments	5,129	-
Taxation recoverable	3,558	3,531
Total debtors	<u>304,151</u>	<u>858,027</u>
11 Creditors		
Amounts payable for cancellation of shares	416,626	702,169
Amounts payable for investment securities purchased	-	1,489,127
<i>Accrued expenses:</i>		
<i>Amounts payable to the ACD, associates and agents:</i>		
ACD's periodic charge	283,956	255,703
<i>Amounts payable to the Depositary, associates and agents:</i>		
Depositary's fees	8,526	7,762
Transaction charges	(293)	228
Safe custody fee	(4,836)	21,853
	<u>3,397</u>	<u>29,843</u>
Other creditors	52,437	23,896
<i>Taxation payable:</i>		
Corporation tax	97,672	-
Total creditors	<u>854,088</u>	<u>2,500,738</u>

12 Contingent liabilities and commitments

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

13 Related party transactions

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

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

14 Shareholders' funds

	Acc	Inc	R Acc	R Inc
Opening number of shares	5,314,022	227,643	75,420,471	255,226,987
Shares issued	55,511	2,893	5,586,473	28,200,028
Shares converted	-	(25)	-	24
Shares redeemed	(420,421)	(50,114)	(12,793,878)	(23,818,095)
Closing number of shares	<u>4,949,112</u>	<u>180,397</u>	<u>68,213,066</u>	<u>259,608,944</u>

15 Post balance sheet events

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

16 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	31.08.21 £	28.02.21 £
Floating rate assets (pounds sterling):	16,611,337	47,196,777
Floating rate assets (euro):	1,360,968	6,254
Floating rate assets (swedish krona):	15,197	15,245
Floating rate assets (dollars):	770,845	-
Floating rate liabilities (pounds sterling):	(14,207,430)	(2,079,081)
Floating rate liabilities (dollars):	(770,170)	(2,395,363)
Floating rate liabilities (euro):	(1,354,748)	-
Assets on which interest is not paid (pounds sterling):	259,192,178	257,499,275
Assets on which interest is not paid (dollars):	258,843,981	186,156,663
Assets on which interest is not paid (euro):	53,550,019	53,631,645
Liabilities on which interest is not paid (pounds sterling):	(2,803,948)	(11,721,205)
Net Assets	<u>571,208,230</u>	<u>528,310,210</u>

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

Risk disclosure (continued)

ii. Currency risk	31.08.21	28.02.21
	£	£
GBP	258,792,137	290,895,766
US Dollars	258,260,079	183,761,300
Euro	54,140,817	53,637,899
Swedish Krona	15,197	15,245
Net Assets	571,208,230	528,310,210

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

17 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%

18 Fair Value Techniques

Assets	31.08.21	28.02.21
	£	£
Quoted prices for identical instruments in active markets	571,282,027	496,429,556
Prices of recent transactions for identical instruments	-	-
Valuation techniques using observable data	-	-
Valuation techniques using non-observable data	-	-
	571,282,027	496,429,556

19 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 1:1 and using the gross method was 1:1.

Periodic disclosure (continued)

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

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

20 Remuneration

In accordance with the requirements of COLL 4.5.7(7) total amount of remuneration paid by the ACD to its staff for the financial year ended 30 September 2020 is:

	£
Fixed Remuneration	2,833,780
Variable Remuneration	803,035
Total Remuneration	<u>3,636,815</u>
Full Time Equivalent number of staff	51
Analysis of senior management	
Senior management	1,710,897
Staff whose actions may have a material impact on the funds	-
Other	-
	<u>1,710,897</u>

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

Distribution Table

For the period ended 31 August 2021 – in pence per share

Interim payment/allocation date 31 October 2021

Group 1 – shares purchased prior to 01 March 2021

Group 2 – shares purchased on or after 01 March 2021

Accumulation shares

Units	Net Income	Equalisation	Allocating 31.10.21	Allocated 31.10.20
Group 1	0.1232	-	0.1232	-
Group 2	0.1232	-	0.1232	-

Income shares

Units	Net Income	Equalisation	Payable 31.10.21	Paid 31.10.20
Group 1	0.1093	-	0.1093	-
Group 2	0.1093	-	0.1093	-

R Accumulation shares

Units	Net Income	Equalisation	Allocating 31.10.21	Allocated 31.10.20
Group 1	0.8900	-	0.8900	0.3399
Group 2	0.8237	0.0663	0.8900	0.3399

R Income shares

Units	Net Income	Equalisation	Payable 31.10.21	Paid 31.10.20
Group 1	0.7510	-	0.7510	0.2940
Group 2	0.5898	0.1612	0.7510	0.2940

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

General Information

Valuation Point

The Valuation Point of the fund is at 12 noon each business day. Valuations may be made at other times with the Depositary's approval.

Buying and Selling of Shares

The ACD will accept orders to buy or sell shares on normal business days between 9.00am and 5.00pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be made either in writing to: Margetts Fund Management Ltd, PO Box 17067, Birmingham, B2 2HL or by telephone on 0345 607 6808. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Prices

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

Other Information

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

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

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

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

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

Shareholders who have any complaints about the operation of the fund should contact the ACD or the Depositary in the first instance. In the event that a 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.