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MFM
UK PRIMARY OPPORTUNITIES FUND

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

for the year ended 31 January 2019

MFM UK PRIMARY OPPORTUNITIES FUND

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised Corporate Director and Registrar

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Depository

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Adviser

RC Brown Investment Management PLC
1 The Square
Temple Quay
Bristol
BS1 6DG

Authorised and regulated by the Financial Conduct Authority.

Auditor

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

MFM UK PRIMARY OPPORTUNITIES FUND

CONTENTS	PAGE
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	4
AUTHORISED CORPORATE DIRECTOR'S STATEMENT	5
STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES	5
STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY	6
INDEPENDENT AUDITOR'S REPORT	7
COMPARATIVE TABLE	9
SYNTHETIC RISK AND REWARD INDICATOR	12
PORTFOLIO STATEMENT	13
FINANCIAL STATEMENTS	
STATEMENT OF TOTAL RETURN	17
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	17
BALANCE SHEET	18
NOTES TO THE FINANCIAL STATEMENTS	19

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2019

Percentage change and sector position to 31 January 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
MFM UK Primary Opportunities Fund	-7.69%	-4.35%	35.33%	42.58%	497.66%
FTSE All-Share TR Index	-8.44%	-3.83%	28.49%	31.24%	346.76%
Quartile Ranking**	1	2	1	1	1

* 5 January 1996.

** Based on ranking within The Investment Association's UK All Companies sector.

External Source of Economic Data: Morningstar (Class P Inc - mid to mid, net income reinvested).

Class P shares first priced on 2 January 2013. In the period to that date, past performance information for the Class A shares has been used.

Performance to 31 January 2019

In a difficult period for equities, the Fund has more than held its own in its sector though a negative return is never welcome. The longer term performance of the Fund remains pleasing – substantially ahead of the FTSE All Share.

Market Background

The FTSE All Share fell 3.8% in the period.

The period began poorly as the low volatility that had been prevalent in markets for a number of years came to an abrupt end – the catalyst being strong US payroll data which led to a belief that rates would have to rise faster than anticipated. Protectionist rhetoric from president Trump – very much a feature during the period, was also unhelpful.



April 2018 saw a sharp recovery and May saw the FTSE hit record highs as trade tensions subsided and weaker sterling spurred the market higher.

The second half of the period began calmly enough with a Chinese economic stimulus being well received and ongoing Brexit negotiations, although unhelpful for the UK economy, led to sterling weakness which has a positive effect on the FTSE given its overseas earnings profile.

October, November and December saw sharp market falls. Global trade war tensions between the US and China sent tremors through markets with the US intent on raising interest rates and 10 year US treasury yields increasing to over 3%. This resulted in money flowing out of equity markets as investors began to appreciate the returns from investing in a safe haven global currency.

January 2019 at least saw a market snap back from oversold levels. Hopes of a thawing of trade tensions and an anticipated pause in US rate rises, gave some respite.

Purchases

We were active in the primary markets, albeit the Initial Public Offering (IPO) market proved quiet in the second half of the period as the market downturn dissuaded new companies from coming to the market.

Notable purchases include:

Phoenix Group Holdings

Phoenix is a consolidator of closed life assurance funds. The shares were acquired as part of a rump placing following a rights issue to help fund the £1.97bn purchase of Standard Life Assurance. The shares offer a stable income stream and dividend yield over 6%.

Creo Medical Group Plc

One of the stars of our portfolio since its IPO in 2016. We added to our holding as a result of a fundraising to extend their product roll out and provide capital for potential acquisitions.

Reckitt Benckiser Group Plc

It is unusual for us to go into the secondary market and buy a new position in a company. However, we felt this merited with the re-introduction of a global consumer goods company, best known for brands including Durex, Nurofen and Vanish. We took advantage of market weakness and like the stability, global exposure and solid dividend this stock provides.

International Public Partnerships Ltd

INPP is an operator of infrastructure projects across the UK, US, Canada and Australia. We acquired the shares as part of a fundraising to reduce debt following a recent expansion of its portfolio. The shares offer stability and income.

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2019

Mears Group Plc

Mears is a social housing repairs, maintenance and care provider to local authorities and social landlords in the UK. The shares were acquired as part of a fundraising to purchase Mitie's social housing unit.

Grainger Plc

Having sub underwritten the rights issue, we participated in the rump placing following the £364m rights issue to purchase 75% of a private landlord vehicle. Given the 30% discount to NAV, we considered this an attractive entry point. Grainger is the largest private landlord in the UK.

Investment Outlook

2018 was clearly a poor year for equity markets and indeed all asset classes. It was the first year since 1901 that all major asset classes have fallen in value together. The reasons for this are complex, but are undoubtedly linked to the gradual withdrawal of excess liquidity, which was used to drag world economies out of the financial crisis 10 years ago.

We see a number of uncertainties looking forward. The growing trend of nationalism and any breakdown of trade between the US and China are of concern. Globalisation has brought economic prosperity to many and any threat to this growing trend will have negative consequences for global growth and equity valuations.

Our base case however, is that global growth continues and we do not anticipate a recession in 2019. We are at near full employment in the UK and other major economies which should lead to rising wages and hence more money in the pockets of consumers. Whilst interest rates have risen significantly in the US, the Federal Reserve has recently indicated the rate of increase is likely to slow. UK and European interest rates are set to remain low which is broadly supportive for equities as the yields available on fixed interest remains low.

The next time I write this report we may have some clarity on the Brexit situation – which of course is fluid and unpredictable. This uncertainty has seen significant amounts of foreign capital being withdrawn from UK markets. Our view is that, almost irrespective of the political settlement, foreign investors have already discounted a worse scenario. This means that when the dust settles and global asset allocators return to looking at the UK from an investment case built on fundamentals (rather than negative sentiment), capital should start to flow back into UK equities, aiding valuations and closing the valuation discount of the UK market relative to other major markets. With more than 30% of FTSE 100 Companies now yielding more than 5%, higher than at any point since 1991, there is value available and whilst we wait for some of the current uncertainties to pass, we are being paid to wait.

We anticipate a healthy pipeline of primary opportunities going forward and will continue to focus on buying good quality companies at a discount to the prevailing market price which has stood us in good stead since the Fund was launched in 1996.

Oliver Brown - R C Brown Investment Management PLC

Investment Manager

22 February 2019

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MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2019

Distributions (pence per share)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Class A Income</u>				
Income paid 31 March	2.5981	2.2725	2.9983	1.8772
Income paid 30 September		3.4991	3.1663	4.2379
<u>Class A Accumulation</u>				
Accumulation paid 31 March	3.5982	3.1060	4.0340	2.4813
Accumulation paid 30 September		4.8047	4.2948	5.6311
<u>Class B Income</u>				
Income paid 31 March	3.6535	3.3356	3.8950	2.7051
Income paid 30 September		4.5589	4.1250	5.0412
<u>Class B Accumulation</u>				
Accumulation paid 31 March	5.3690	4.8120	5.5056	3.7355
Accumulation paid 30 September		6.6271	5.9497	7.0212
<u>Class P Income</u>				
Income paid 31 March	4.1727	3.8606	4.3344	3.1015
Income paid 30 September		5.0770	4.6568	5.4307
<u>Class P Accumulation</u>				
Accumulation paid 31 March	4.7657	4.3040	4.7227	3.3028
Accumulation paid 30 September		5.7079	5.1322	5.8209

Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Royal Dutch Shell 'B'	799,967	BBGI SICAV	498,111
HSBC Holdings	691,461	Just Group	249,636
GlaxoSmithKline	577,655	Sabre Insurance Group	241,992
BP	570,833	LXi REIT	238,156
International Public Partnerships	500,001	JTC	232,263
Vodafone Group	488,883	Blue Prism Group	228,986
BBGI SICAV	476,000	International Public Partnerships	200,451
Reckitt Benckiser Group	475,759	Dechra Pharmaceuticals	194,442
LXi REIT	444,834	SANNE Group	186,166
Prudential	439,996	Charter Court Financial Services Group	185,301
Other purchases	15,978,180	Other sales	6,915,687
Total purchases for the year	21,443,569	Total sales for the year	9,371,191

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

MFM UK Primary Opportunities Fund (the Fund) is an investment company with variable capital incorporated under the Open Ended Investment Company (OEIC) Regulations 2001. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Company is incorporated in England and Wales with the registration number IC000054 and is authorised and regulated by the Financial Conduct Authority with effect from 21 December 1999. The shareholders are not liable for the debts of the Company.

Investment objective

The Fund aims to provide you with a total return* that is greater than that provided by the FTSE All-Share Index by investing in a concentrated portfolio of companies carefully selected from the full range listed on the London Stock Exchange, or its equivalent successor.

The Fund may invest in derivatives and forward transactions for the purposes of hedging only.

* Investors should be aware that there is no guarantee that this objective will be achieved over this (or any) time period and that your capital is in fact at risk.

Rights and terms attaching to each share class

Each share of each class represents a proportional entitlement to the assets of the scheme. The allocation of income and taxation and the rights of each share in the event the scheme is wound up are on the same proportional basis.

Changes in prospectus

No significant changes have been made since the last report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the manager's range can be requested by the investor at any time.

Remuneration policy

In line with the requirement of UCITS V, Marlborough Fund Managers Ltd is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2018 are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the Authorised Fund Manager (AFM) who have a material impact on the risk profile of the Fund				
Senior management	8	676,276	489,569	186,707
Risk takers and other identified staff	5	142,708	114,518	28,190
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.01	1,943	1,407	536
Risk takers and other identified staff	2.01	20,353	20,272	81

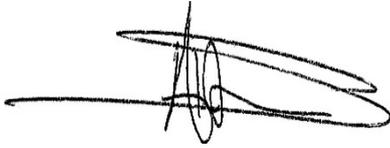
The total number of staff employed by the AFM was 148 as at 30 September 2018. The total remuneration paid to those staff was £6,491,736, of which £3,831,649 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFM's. The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund. The way these disclosures are calculated may change in the future.

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED CORPORATE DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



**ALLAN HAMER
JOINT MANAGING DIRECTOR**



**G R HITCHIN
INVESTMENT DIRECTOR**

**MARLBOROUGH FUND MANAGERS LTD
11 March 2019**

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company and of its net revenue and the net gains/(losses) for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL rules, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

MFM UK PRIMARY OPPORTUNITIES FUND

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Company and Report of the Depositary to the Shareholders of MFM UK Primary Opportunities Fund ("the Company") for the period ended 31 January 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC BANK PLC

LONDON

11 March 2019

MFM UK PRIMARY OPPORTUNITIES FUND

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MFM UK PRIMARY OPPORTUNITIES FUND

Opinion

We have audited the financial statements of MFM UK Primary Opportunities Fund (the 'company') for the year ended 31 January 2019 which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its net revenue and net capital gains or losses on the company property for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by The Investment Association, the rules contained in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

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

- the information given in the report of the authorised corporate director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

MFM UK PRIMARY OPPORTUNITIES FUND

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MFM UK PRIMARY OPPORTUNITIES FUND

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the fund and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the authorised corporate director.

We have nothing to report in respect of the following matters to which the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with those records.

Responsibilities of the authorised corporate director

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 5, the authorised corporate director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the authorised corporate director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Barlow Andrews LLP
Chartered Accountants
Statutory Auditor
Carlisle House
78 Chorley New Road
Bolton

11 March 2019

MFM UK PRIMARY OPPORTUNITIES FUND

COMPARATIVE TABLE

Income and Accumulation shares were first offered at 100p on 5 January 1996. On 31 December 2012, Class P shares became available for purchase.

<u>Class A income shares</u>	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
Change in net assets per share	pence	pence	pence
Opening net asset value per share	424.47	367.67	315.70
Return before operating charges*	(13.27)	68.89	66.02
Operating charges	(6.79)	(6.65)	(6.81)
Return after operating charges*	(20.06)	62.24	59.21
Distributions on income shares	(6.10)	(5.44)	(7.24)
Closing net asset value per share	398.31	424.47	367.67
* after direct transaction costs of:	2.06	1.45	1.48
Performance			
Return after charges	-4.73%	16.93%	18.76%
Other information			
Closing net asset value	£1,002,700	£1,067,160	£1,043,171
Closing number of shares	251,739	251,413	283,721
Operating charges	1.62%	1.63%	1.65%
Direct transaction costs	0.49%	0.35%	0.36%
Prices			
Highest share price	440.80p	435.99p	375.68p
Lowest share price	384.43p	368.93p	290.97p
<u>Class A accumulation shares</u>			
Change in net assets per share	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
	pence	pence	pence
Opening net asset value per share	583.26	498.74	419.42
Return before operating charges*	(18.58)	93.58	88.43
Operating charges	(9.36)	(9.06)	(9.11)
Return after operating charges*	(27.94)	84.52	79.32
Distributions on accumulation shares	(8.40)	(7.40)	(9.67)
Retained distributions on accumulation shares	8.40	7.40	9.67
Closing net asset value per share	555.32	583.26	498.74
* after direct transaction costs of:	2.84	1.97	1.98
Performance			
Return after charges	-4.79%	16.95%	18.91%
Other information			
Closing net asset value	£2,697,883	£3,101,136	£2,948,359
Closing number of shares	485,827	531,692	591,156
Operating charges	1.62%	1.63%	1.65%
Direct transaction costs	0.49%	0.35%	0.36%
Prices			
Highest share price	608.25p	595.90p	505.48p
Lowest share price	532.49p	500.44p	386.55p

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE

<u>Class B income shares</u>	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
Change in net assets per share	pence	pence	pence
Opening net asset value per share	425.49	368.38	316.24
Return before operating charges*	(13.31)	69.12	65.31
Operating charges	(4.71)	(4.55)	(4.23)
Return after operating charges*	(18.02)	64.57	61.08
Distributions on income shares	(8.21)	(7.46)	(8.94)
Closing net asset value per share	399.26	425.49	368.38

* after direct transaction costs of: 2.07 1.43 1.32

Performance

Return after charges -4.24% 17.53% 19.31%

Other information

Closing net asset value	£514,139	£563,296	£2,193,785
Closing number of shares	128,772	132,389	595,515
Operating charges	1.12%	1.13%	1.15%
Direct transaction costs	0.49%	0.35%	0.36%

Prices

Highest share price	442.95p	438.00p	377.23p
Lowest share price	386.17p	369.66p	291.50p

Class B accumulation shares

Change in net assets per share	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
	pence	pence	pence
Opening net asset value per share	618.66	526.38	440.47
Return before operating charges*	(19.80)	98.93	91.85
Operating charges	(6.89)	(6.65)	(5.94)
Return after operating charges*	(26.69)	92.28	85.91
Distributions on accumulation shares	(12.00)	(10.76)	(12.53)
Retained distributions on accumulation shares	12.00	10.76	12.53
Closing net asset value per share	591.97	618.66	526.38

* after direct transaction costs of: 3.02 2.09 1.86

Performance

Return after charges -4.31% 17.53% 19.50%

Other information

Closing net asset value	£1,002,808	£1,001,271	£858,664
Closing number of shares	169,402	161,846	163,127
Operating charges	1.12%	1.13%	1.15%
Direct transaction costs	0.49%	0.35%	0.36%

Prices

Highest share price	647.28p	631.90p	533.38p
Lowest share price	567.36p	528.18p	406.01p

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE

<u>Class P income shares</u>	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
Change in net assets per share	pence	pence	pence
Opening net asset value per share	424.76	367.85	315.75
Return before operating charges*	(13.27)	69.07	64.96
Operating charges	(3.66)	(3.64)	(3.09)
Return after operating charges*	(16.93)	65.43	61.87
Distributions on income shares	(9.25)	(8.52)	(9.77)
Closing net asset value per share	398.58	424.76	367.85

* after direct transaction costs of: 2.06 1.47 1.23

Performance

Return after charges -3.99% 17.79% 19.59%

Other information

Closing net asset value	£3,088,342	£3,105,222	£1,464,414
Closing number of shares	774,844	731,059	398,097
Operating charges	0.87%	0.88%	0.90%
Direct transaction costs	0.49%	0.35%	0.36%

Prices

Highest share price	442.74p	437.73p	377.10p
Lowest share price	385.92p	369.13p	291.07p

Class P accumulation shares

Change in net assets per share	Year to 31.01.2019	Year to 31.01.2018	Year to 31.01.2017
	pence	pence	pence
Opening net asset value per share	477.74	405.47	338.44
Return before operating charges*	(15.37)	76.30	70.37
Operating charges	(4.08)	(4.03)	(3.34)
Return after operating charges*	(19.45)	72.27	67.03
Distributions on accumulation shares	(10.47)	(9.44)	(10.54)
Retained distributions on accumulation shares	10.47	9.44	10.54
Closing net asset value per share	458.29	477.74	405.47

* after direct transaction costs of: 2.30 1.63 1.33

Performance

Return after charges -4.07% 17.82% 19.81%

Other information

Closing net asset value	£14,731,634	£1,155,944	£533,541
Closing number of shares	3,214,494	241,961	131,585
Operating charges	0.87%	0.88%	0.90%
Direct transaction costs	0.49%	0.35%	0.36%

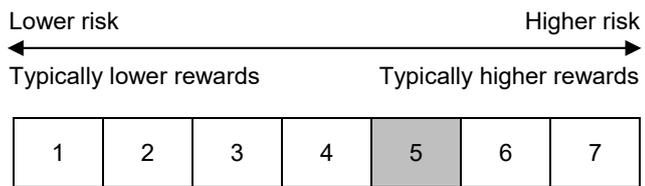
Prices

Highest share price	500.67p	487.89p	410.82p
Lowest share price	439.13p	406.86p	311.98p

Operating charges are the same as the ongoing charges and are the total expenses paid by each share class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

MFM UK PRIMARY OPPORTUNITIES FUND

SYNTHETIC RISK AND REWARD INDICATOR



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

The Fund has been measured as 5 because it has experienced moderate to high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE & DEFENCE (0.89%, January 2018 - Nil)		
39,655 BAE Systems	204,382	0.89
Total Aerospace & Defence	<u>204,382</u>	<u>0.89</u>
AUTOMOBILES & PARTS (1.32%, January 2018 - 1.76%)		
7,456 Aston Martin Lagonda Global Holdings	91,008	0.40
110,500 TI Fluid Systems	211,387	0.92
Total Automobiles & Parts	<u>302,395</u>	<u>1.32</u>
BANKS (7.89%, January 2018 - 5.97%)		
147,156 HSBC Holdings	943,564	4.10
835,298 Lloyds Banking Group	484,222	2.10
160,895 Royal Bank of Scotland Group	390,009	1.69
Total Banks	<u>1,817,795</u>	<u>7.89</u>
BEVERAGES (2.21%, January 2018 - 2.21%)		
14,926 Diageo	432,033	1.88
2,946 Fever-Tree Drinks	76,066	0.33
Total Beverages	<u>508,099</u>	<u>2.21</u>
CHEMICALS (Nil, January 2018 - 1.32%)		
Total Chemicals	<u>0</u>	<u>0.00</u>
CONSTRUCTION & MATERIALS (2.04%, January 2018 - 0.88%)		
45,704 Kier Group	238,346	1.03
137,627 Melrose Industries	233,003	1.01
Total Construction & Materials	<u>471,349</u>	<u>2.04</u>
ELECTRICITY (Nil, January 2018 - 0.60%)		
Total Electricity	<u>0</u>	<u>0.00</u>
ELECTRONIC & ELECTRICAL EQUIPMENT (Nil, January 2018 - 1.26%)		
Total Electronic & Electrical Equipment	<u>0</u>	<u>0.00</u>
EQUITY INVESTMENT INSTRUMENTS (2.38%, January 2018 - Nil)		
202,696 International Public Partnerships	311,746	1.35
255,385 Tritax EuroBox	238,019	1.03
Total Equity Investment Instruments	<u>549,765</u>	<u>2.38</u>
FINANCIAL SERVICES (6.57%, January 2018 - 7.91%)		
29,103 Amigo Holdings	72,336	0.31
21,794 ASA International Group	96,558	0.42
17,293 Burford Capital	323,379	1.40
507,905 Duke Royalty	203,162	0.88
9,784 Hargreaves Lansdown	161,142	0.70
5,696 London Stock Exchange Group	260,478	1.13
89,707 Quilter	110,537	0.48
81,643 Standard Life Aberdeen	206,598	0.90
54,543 XPS Pensions Group	80,451	0.35
Total Financial Services	<u>1,514,641</u>	<u>6.57</u>
FIXED LINE TELECOMMUNICATIONS (Nil, January 2018 - 1.18%)		
Total Fixed Line Telecommunications	<u>0</u>	<u>0.00</u>
FOOD & DRUG RETAILERS (Nil, January 2018 - 1.58%)		
Total Food & Drug Retailers	<u>0</u>	<u>0.00</u>

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
GAS, WATER & MULTIUTILITIES (2.02%, January 2018 - 1.66%)		
56,285 National Grid	466,209	2.02
Total Gas, Water & Multiutilities	<u>466,209</u>	<u>2.02</u>
GENERAL INDUSTRIALS (1.06%, January 2018 - Nil)		
70,305 Smith (DS)	243,466	1.06
Total General Industrials	<u>243,466</u>	<u>1.06</u>
GENERAL RETAILERS (1.47%, January 2018 - 1.27%)		
114,523 Angling Direct	83,602	0.36
19,342 Applegreen	100,578	0.44
24,430 Joules Group	63,274	0.27
9,926 Motorpoint Group	19,554	0.08
58,233 TheWorks.co.uk	72,803	0.32
Total General Retailers	<u>339,811</u>	<u>1.47</u>
HEALTH CARE EQUIPMENT & SERVICES (1.28%, January 2018 - 2.40%)		
81,598 Creo Medical Group	184,411	0.80
247,303 Venture Life Group	111,286	0.48
Total Health Care Equipment & Services	<u>295,697</u>	<u>1.28</u>
HOUSEHOLD GOODS & HOME CONSTRUCTION (2.41%, January 2018 - 1.25%)		
24,501 IG Design Group	125,935	0.55
7,329 Reckitt Benckiser Group	429,479	1.86
Total Household Goods & Home Construction	<u>555,414</u>	<u>2.41</u>
INDUSTRIAL TRANSPORTATION (0.38%, January 2018 - 1.34%)		
3,005,500 Mercantile Ports & Logistics	87,160	0.38
Total Industrial Transportation	<u>87,160</u>	<u>0.38</u>
LEISURE GOODS (0.22%, January 2018 - 1.13%)		
40,652 Sumo Group	50,205	0.22
Total Leisure Goods	<u>50,205</u>	<u>0.22</u>
LIFE INSURANCE (8.24%, January 2018 - 7.13%)		
79,343 Aviva	331,495	1.44
107,595 Legal & General Group	282,007	1.22
52,789 Phoenix Group Holdings	337,850	1.47
36,762 Prudential	549,408	2.38
41,968 St. James's Place	398,192	1.73
Total Life Insurance	<u>1,898,952</u>	<u>8.24</u>
MEDIA (0.42%, January 2018 - Nil)		
38,465 Tarsus Group	96,163	0.42
Total Media	<u>96,163</u>	<u>0.42</u>
MINING (5.66%, January 2018 - 4.80%)		
25,860 BHP Group	439,568	1.91
146,262 Glencore	450,706	1.96
9,844 Rio Tinto	413,153	1.79
Total Mining	<u>1,303,427</u>	<u>5.66</u>
MOBILE TELECOMMUNICATIONS (3.17%, January 2018 - 3.84%)		
20,303 Gamma Communications	165,266	0.72
401,136 Vodafone Group	565,120	2.45
Total Mobile Telecommunications	<u>730,386</u>	<u>3.17</u>

MFM UK PRIMARY OPPORTUNITIES FUND
PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
NONLIFE INSURANCE (0.88%, January 2018 - 2.26%)		
71,800 Sabre Insurance Group	202,476	0.88
Total Industrial Transportation	<u>202,476</u>	<u>0.88</u>
OIL & GAS PRODUCERS (10.90%, January 2018 - 10.06%)		
178,505 BP	930,011	4.04
5,154 Royal Dutch Shell 'A'	121,763	0.53
51,797 Royal Dutch Shell 'B'	1,230,179	5.34
868,564 Savannah Petroleum	228,432	0.99
Total Oil & Gas Producers	<u>2,510,385</u>	<u>10.90</u>
PERSONAL GOODS (1.95%, January 2018 - 1.68%)		
11,419 Unilever	450,080	1.95
Total Personal Goods	<u>450,080</u>	<u>1.95</u>
PHARMACEUTICALS & BIOTECHNOLOGY (7.39%, January 2018 - 7.41%)		
12,038 AstraZeneca	665,340	2.89
25,887 Clinigen Group	203,213	0.88
56,589 GlaxoSmithKline	833,443	3.62
Total Pharmaceuticals & Biotechnology	<u>1,701,996</u>	<u>7.39</u>
REAL ESTATE INVESTMENT & SERVICES (2.41%, January 2018 - 0.83%)		
145,517 Grainger	340,801	1.48
77,372 Urban&Civic	215,094	0.93
Total Real Estate Investment & Services	<u>555,895</u>	<u>2.41</u>
REAL ESTATE INVESTMENT TRUSTS (1.04%, January 2018 - 3.78%)		
194,531 LXi REIT	240,246	1.04
Total Real Estate Investment Trusts	<u>240,246</u>	<u>1.04</u>
SOFTWARE & COMPUTER SERVICES (2.45%, January 2018 - 3.73%)		
61,867 Avast	178,424	0.77
274,553 CentralNic Group	137,277	0.60
9,636 FDM Group (Holdings)	82,388	0.36
6,158,196 Shearwater Group	166,271	0.72
Total Software & Computer Services	<u>564,360</u>	<u>2.45</u>
SUPPORT SERVICES (7.10%, January 2018 - 6.88%)		
2,413 DCC	152,864	0.66
38,469 Knights Group Holdings	94,364	0.41
68,863 Marlowe	254,793	1.11
124,571 Mears Group	391,153	1.70
20,320 Midwich Group	108,712	0.47
252,968 Premier Technical Services Group	366,804	1.59
223,753 Rosenblatt Group	170,052	0.74
57,667 The SimplyBiz Group	97,169	0.42
Total Support Services	<u>1,635,911</u>	<u>7.10</u>
TOBACCO (3.18%, January 2018 - 4.21%)		
16,378 British American Tobacco	428,203	1.86
12,252 Imperial Brands	303,114	1.32
Total Tobacco	<u>731,317</u>	<u>3.18</u>

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
TRAVEL & LEISURE (1.85%, January 2018 - 7.26%)		
274,670 Arena Events Group	104,375	0.45
67,548 Cineworld Group	180,894	0.79
29,440 Ten Entertainment Group	68,301	0.30
35,275 The Gym Group	71,785	0.31
Total Travel & Leisure	<u>425,355</u>	<u>1.85</u>
UNQUOTED SECURITIES (0.00%, January 2018 - Nil)		
48,550 Conviviality	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
Portfolio of investments	20,453,337	88.78
Net current assets	<u>2,584,169</u>	<u>11.22</u>
Total net assets	<u>23,037,506</u>	<u>100.00</u>

MFM UK PRIMARY OPPORTUNITIES FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 January 2019

	Notes	31 January 2019		31 January 2018	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		(1,371,083)		1,359,750
Revenue	6	386,977		286,166	
Expenses	7	<u>(153,037)</u>		<u>(120,575)</u>	
Net revenue/(expense) before taxation		233,940		165,591	
Taxation	8	<u>(903)</u>		<u>0</u>	
Net revenue/(expense) after taxation			<u>233,037</u>		<u>165,591</u>
Total return before distributions			(1,138,046)		1,525,341
Distributions	9		(233,037)		(165,591)
Change in net assets attributable to shareholders from investment activities			<u><u>(1,371,083)</u></u>		<u><u>1,359,750</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Opening net assets attributable to shareholders		9,994,029		9,041,934
Amounts receivable on issue of shares	15,364,221		402,828	
Amounts payable on cancellation of shares	(1,177,900)		(886,939)	
Amounts payable on share class conversions	<u>(70)</u>		<u>(2,660)</u>	
		14,186,251		(486,771)
Change in net assets attributable to shareholders from investment activities		(1,371,083)		1,359,750
Retained distribution on accumulation shares		228,309		79,058
Unclaimed distributions		0		58
Closing net assets attributable to shareholders		<u><u>23,037,506</u></u>		<u><u>9,994,029</u></u>

MFM UK PRIMARY OPPORTUNITIES FUND**BALANCE SHEET**

as at 31 January 2019

	Notes	31 January 2019	31 January 2018
		£	£
Assets:			
Fixed Assets:			
Investments	15	20,453,337	9,752,818
Current Assets:			
Debtors	10	123,337	17,515
Cash and bank balances		2,542,298	384,360
Total assets		<u>23,118,972</u>	<u>10,154,693</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		43,578	38,353
Other creditors	11	37,888	122,311
Total liabilities		<u>81,466</u>	<u>160,664</u>
Net assets attributable to shareholders		<u>23,037,506</u>	<u>9,994,029</u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

1 ACCOUNTING POLICIES

a Basis of preparation

The financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

b Going concern

The Authorised Corporate Director (ACD) has at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

c Revenue

Dividends from shares are recognised when the security is quoted ex-dividend.

Stock dividends, received as shares to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue.

Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. The tax treatment follows the accounting treatment of the principal amount.

Bank interest is accounted for on an accruals basis.

d Expenses

All expenses are accounted for on an accruals basis and, other than those relating to purchase and sale of investments, are charged against income as shown in these accounts.

e Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on net revenue for the year. The taxable amount differs from net revenue as reported in the Statement of Total Return (SOTR) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the SOTR. Deferred tax assets and liabilities are offset when the Fund has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

f Valuation of investments

The investments of the Fund have been valued at their fair value at 12 noon on 31 January 2019. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the ACD believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the ACD's best estimate of a fair and reasonable value for that investment.

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

ACCOUNTING POLICIES

g Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange ruling at the date of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the net capital gains/(losses) for the period.

h Cash and bank balances

Cash and bank balances include deposits held at call with banks. Bank overdrafts are shown within creditors in liabilities.

i Financial assets

The ACD has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of the Fund's financial instruments.

Financial assets are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include amounts receivable for the issue of shares, accrued income and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition, less any reduction for impairment or uncollectability.

Basic financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOTR.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

j Financial liabilities

Financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

Basic financial liabilities, which include amounts payable for cancellation of shares and accrued expenses, are initially measured at transaction price. Other financial liabilities are measured at fair value.

Financial liabilities are derecognised when, and only when, the Fund's obligations are discharged, cancelled, or they expire.

2 DISTRIBUTION POLICIES

a Basis of distribution

The policy of the Fund is to distribute any net revenue shown as such in the statement of total return. Revenue attributable to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

b Apportionment to multiple share classes

The ACD's periodic charge is directly attributable to individual share classes. All other income and expenses are allocated to the share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

DISTRIBUTION POLICIES

c Equalisation

Equalisation applies only to shares purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the shares for UK capital gains tax purposes.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 4, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty.

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any shares that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the ACD.

4 NET CAPITAL GAINS/(LOSSES)

The net gains/(losses) on investments during the year comprise:

	31 January 2019 £	31 January 2018 £
Non-derivative securities	(1,371,859)	1,362,391
Underwriting commission	4,452	0
Transaction charges	(3,676)	(2,641)
Net capital gains/(losses)	(1,371,083)	1,359,750

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

5 PURCHASES, SALES AND TRANSACTION COSTS

(All purchases and sales are in the equity asset class)

	31 January 2019 £	31 January 2018 £
Purchases excluding transaction costs	12,011,072	3,419,113
Corporate actions	9,371,191	5,019,210
	<u>21,382,263</u>	<u>8,438,323</u>
Commissions	6,164	6,140
Taxes and other charges	55,142	12,862
Total purchase transaction costs	<u>61,306</u>	<u>19,002</u>
Purchases including transaction costs	<u><u>21,443,569</u></u>	<u><u>8,457,325</u></u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.05%	0.18%
Taxes and other charges	0.46%	0.38%
Sales excluding transaction costs	9,379,411	8,727,742
	<u>9,379,411</u>	<u>8,727,742</u>
Commissions	(8,021)	(15,357)
Taxes and other charges	(199)	(123)
Total sale transaction costs	<u>(8,220)</u>	<u>(15,480)</u>
Sales net of transaction costs	<u><u>9,371,191</u></u>	<u><u>8,712,262</u></u>
Sale transaction costs expressed as a percentage of the principal amount:		
Commissions	0.09%	0.18%
Taxes and other charges	0.00%	0.00%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Commissions	0.10%	0.22%
Taxes and other charges	0.39%	0.13%
	<u>0.49%</u>	<u>0.35%</u>
Transaction handling charges		
These are charges payable to the depositary in respect each transaction.	<u>£3,676</u>	<u>£2,641</u>

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

<u>0.69%</u>	<u>1.21%</u>
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6 REVENUE

	31 January 2019 £	31 January 2018 £
UK dividends	330,354	225,714
UK dividends (unfranked)	1,367	2,735
Overseas dividends	30,491	11,290
Stock dividends	17,251	46,105
Bank interest	1,849	79
Underwriting commission	5,665	243
Total revenue	<u><u>386,977</u></u>	<u><u>286,166</u></u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

7 EXPENSES

	31 January 2019 £	31 January 2018 £
Payable to the ACD or associate:		
ACD's periodic charge	139,387	110,384
Registration fees	2,917	2,957
	<u>142,304</u>	<u>113,341</u>
Payable to the Depositary or associate:		
Depositary's fees	5,083	3,499
Safe Custody fees	752	355
	<u>5,835</u>	<u>3,854</u>
Other expenses:		
Financial Conduct Authority Fee	124	102
Audit fee	4,774	3,278
	<u>4,898</u>	<u>3,380</u>
Total expenses	<u><u>153,037</u></u>	<u><u>120,575</u></u>

8 TAXATION

	31 January 2019 £	31 January 2018 £
a Analysis of the tax charge for the year		
Overseas tax	903	0
Total tax charge	<u><u>903</u></u>	<u><u>0</u></u>

There is no corporation tax charge for the year (31.01.18 - Nil)

b Factors affecting the tax charge for the year

Net revenue before taxation	233,940	165,591
Corporation tax at 20%	46,788	33,118
Effects of:		
Revenue not subject to taxation	(75,619)	(56,622)
Unrelieved excess management expenses	28,831	23,504
Overseas tax	903	0
Current tax charge	<u><u>903</u></u>	<u><u>0</u></u>

At 31 January 2019 the Fund has deferred tax assets of £795,868 (31.01.18 - £767,037) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 January 2019 £	31 January 2018 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim	100,617	92,330
Final	223,348	73,070
Amounts deducted on cancellation of shares	9,549	5,355
Amounts added on issue of shares	(100,407)	(2,503)
Equalisation on conversions	(70)	(2,660)
Revenue brought forward	0	(1)
Distributions	<u><u>233,037</u></u>	<u><u>165,591</u></u>

Details of the distribution per share are set out in the distribution table in note 16.

10 DEBTORS

	31 January 2019 £	31 January 2018 £
Amounts receivable for issue of shares	42,805	835
Sales awaiting settlement	56,583	0
Accrued income	23,104	16,477
Taxation recoverable	845	203
Total debtors	<u><u>123,337</u></u>	<u><u>17,515</u></u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

11 OTHER CREDITORS

	31 January 2019 £	31 January 2018 £
Amounts payable for cancellation of shares	16,754	9,194
Purchases awaiting settlement	0	99,935
Accrued expenses	21,134	13,182
Total other creditors	<u>37,888</u>	<u>122,311</u>

12 RELATED PARTIES

The ACD is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders.

Amounts paid to the ACD in respect of the ACD's periodic charge and registration fees are disclosed in note 7. The total amounts due to/(from) the ACD at the year end were as follows:

	Outstanding at year end	
	31 January 2019 £	31 January 2018 £
Marlborough Fund Managers Ltd	(9,084)	18,082

In addition to the above, some shares in the Fund are owned by directors of Marlborough Fund Managers Ltd or directors of UFC Fund Management plc, the ultimate parent company of Marlborough Fund Managers Ltd, as set out below:

Proportion of units owned by directors of Marlborough Fund Managers Ltd or UFC Fund Management plc	0.03%	0.08%
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Distributions were payable on the above holdings at the rates applicable to other shareholders.

13 SHAREHOLDERS' FUNDS

The Company currently has three share classes; Class A (minimum investment £1,000), Class B (minimum investment £25,000), Class P (minimum investment £1,000,000). There are income and accumulation shares available in each class. The annual management charges are 1.5% and 1.0% and 0.75% respectively.

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

Income shares	Class A	Class B	Class P
Opening shares in issue at 1 February 2018	<u>251,413</u>	<u>132,389</u>	<u>731,059</u>
Share issues	2,081	0	54,040
Share cancellations	(7,411)	(3,646)	(14,635)
Share conversions	5,656	29	4,380
Closing shares in issue at 31 January 2019	<u>251,739</u>	<u>128,772</u>	<u>774,844</u>
Accumulation shares	Class A	Class B	Class P
Opening shares in issue at 1 February 2018	<u>531,692</u>	<u>161,846</u>	<u>241,961</u>
Share issues	14,710	10,146	3,139,275
Share cancellations	(48,593)	(2,820)	(172,158)
Share conversions	(11,982)	230	5,416
Closing shares in issue at 31 January 2019	<u>485,827</u>	<u>169,402</u>	<u>3,214,494</u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £1,022,667 (31.01.18 - £487,641). A five per cent decrease would have an equal and opposite effect.

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

	31 January 2019 £	31 January 2018 £
Within one year:		
Distribution payable on income shares	43,578	38,353
Other creditors	37,888	122,311
	<u>81,466</u>	<u>160,664</u>

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 January 2019		31 January 2018	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	20,453,337	0	9,752,818	0
Level 2 - Observable market data	0	0	0	0
Level 3 - Unobservable data	0	0	0	0
	<u>20,453,337</u>	<u>0</u>	<u>9,752,818</u>	<u>0</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:-

Level 1 - Unadjusted quoted price in an active market for an identical instrument.

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3 - Valuation techniques using unobservable inputs.

Conviviality is in administration and valued at zero until further information is received.

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

16 DISTRIBUTION TABLE

For the period from 1 February 2018 to 31 July 2018

INCOME SHARES

Group 1: shares purchased prior to 1 February 2018

Group 2: shares purchased on or after 1 February 2018

		Net revenue to 31-Jul-18 pence per share	Equalisation to 31-Jul-18 pence per share	Distribution payable 30-Sep-18 pence per share	Distribution paid 30-Sep-17 pence per share
Class A	Group 1	3.4991p	0.0000p	3.4991p	3.1663p
	Group 2	1.6680p	1.8311p	3.4991p	3.1663p
Class B	Group 1	4.5589p	0.0000p	4.5589p	4.1250p
	Group 2	1.2181p	3.3408p	4.5589p	4.1250p
Class P	Group 1	5.0770p	0.0000p	5.0770p	4.6568p
	Group 2	2.5618p	2.5152p	5.0770p	4.6568p

ACCUMULATION SHARES

Group 1: shares purchased prior to 1 February 2018

Group 2: shares purchased on or after 1 February 2018

		Net revenue to 31-Jul-18 pence per share	Equalisation to 31-Jul-18 pence per share	Distribution payable 30-Sep-18 pence per share	Distribution paid 30-Sep-17 pence per share
Class A	Group 1	4.8047p	0.0000p	4.8047p	4.2948p
	Group 2	2.0449p	2.7598p	4.8047p	4.2948p
Class B	Group 1	6.6271p	0.0000p	6.6271p	5.9497p
	Group 2	3.7610p	2.8661p	6.6271p	5.9497p
Class P	Group 1	5.7079p	0.0000p	5.7079p	5.1322p
	Group 2	2.2699p	3.4380p	5.7079p	5.1322p

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2019

DISTRIBUTION TABLE

For the period from 1 August 2018 to 31 January 2019

INCOME SHARES

Group 1: shares purchased prior to 1 August 2018

Group 2: shares purchased on or after 1 August 2018

		Net revenue to 31-Jan-19 pence per share	Equalisation to 31-Jan-19 pence per share	Distribution payable 31-Mar-19 pence per share	Distribution paid 31-Mar-18 pence per share
Class A	Group 1	2.5981p	0.0000p	2.5981p	2.2725p
	Group 2	0.1877p	2.4104p	2.5981p	2.2725p
Class B	Group 1	3.6535p	0.0000p	3.6535p	3.3356p
	Group 2	0.5049p	3.1486p	3.6535p	3.3356p
Class P	Group 1	4.1727p	0.0000p	4.1727p	3.8606p
	Group 2	1.1201p	3.0526p	4.1727p	3.8606p

ACCUMULATION SHARES

Group 1: shares purchased prior to 1 August 2018

Group 2: shares purchased on or after 1 August 2018

		Net revenue to 31-Jan-19 pence per share	Equalisation to 31-Jan-19 pence per share	Distribution payable 31-Mar-19 pence per share	Distribution paid 31-Mar-18 pence per share
Class A	Group 1	3.5982p	0.0000p	3.5982p	3.1060p
	Group 2	0.8305p	2.7677p	3.5982p	3.1060p
Class B	Group 1	5.3690p	0.0000p	5.3690p	4.8120p
	Group 2	1.4014p	3.9676p	5.3690p	4.8120p
Class P	Group 1	4.7657p	0.0000p	4.7657p	4.3040p
	Group 2	1.6294p	3.1363p	4.7657p	4.3040p

Marlborough

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