

The top half of the page features a background of soft, out-of-focus green and yellow bokeh lights. Overlaid on this is a dark green horizontal band containing the fund's name in white text.

MFM
UK PRIMARY OPPORTUNITIES FUND

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

for the year ended 31 January 2021

MFM UK PRIMARY OPPORTUNITIES FUND

CONTACT INFORMATION

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised Corporate Director and Registrar

Marlborough Fund Managers Ltd
Marlborough House
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Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Depository

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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

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Directors of Marlborough Fund Managers Ltd

Andrew Staley (Non-Executive)
Nicholas F J Cooling
Allan Hamer
Wayne D Green
Dom Clarke
Helen Derbyshire
Richard Goodall
Geoffrey Hitchin (Non-Executive)
Guy Sears (Independent Non-Executive)
David Kiddie (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

MFM UK PRIMARY OPPORTUNITIES FUND

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MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2021

Percentage change and sector position to 31 January 2021

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>* 01.02.1996</u>
MFM UK Primary Opportunities Fund	17.56%	-0.67%	7.36%	51.89%	570.82%
FTSE All-Share TR Index	12.47%	-7.55%	-1.60%	31.47%	357.12%
IA UK All Companies	15.65%	-4.76%	1.94%	34.82%	358.90%
Quartile Ranking**	2	1	2	1	1

* Launch period ended 31 January 1996.

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

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

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

Performance to 31 January 2021

The period saw a sharp fall in February/March 2020 as the Covid-19 pandemic wreaked major economic havoc, followed by a sharp recovery as positive vaccine results in November provided a pathway out of the damaging cycle of lockdowns and belief of a return to some form of economic normality.

We saw very high levels of equity issuance as companies protected their balance sheets against the uncertainties they faced but increasingly companies have been raising capital for expansion purposes. Apart from the most affected industries such as travel & leisure, companies have largely adapted to the new conditions, such as a workforce working remotely and are now back in growth mode. This has provided us with many attractive opportunities to invest using our primary opportunities approach, adding significant value for our shareholders.

Market background

Unsurprisingly with the Covid-19 pandemic showing no sign of abating, equity markets remained volatile. The UK equity market hit a six month low in October 2020 before enjoying its second best month on record in November (returning over 12%) on positive vaccine results. Whilst the vaccine roll out is not uniformly going smoothly across the world, the UK's vaccination programme is going well which should allow the UK economy to unlock and recover more quickly than other parts of the world.

Purchases

Notable purchases include:

Accrol

Accrol is a tissue paper manufacturer supplying products to the supermarkets and discount retailers. We acquired the shares as part of a placing to acquire a competitor which makes Accrol the UK's second largest tissue manufacturer.

HeiQ

HeiQ (pronounced High Q) is a materials technology company. Its coatings are used by well-known clothing brands and its recently launched Viroblock, an antimicrobial covering, is expected to be in high demand as it helps stop the transmission of Covid-19 and other viruses. We purchased the shares at Initial Public Offering (IPO) which have performed strongly to date.

Bytes Technology

Bytes is an IT and software company providing full service IT such as data storage and security to over 2,000 clients in the UK. We purchased the shares at IPO which have performed strongly to date.

Experian

Experian is a global data company and one of the larger constituents of the FTSE 100. It provides services including credit scores and reports.

Dunelm

Dunelm is a leading UK home furnishings retailer with over 170 stores. The company has adapted well to lockdown by improving its online and click and collect services. We acquired this high quality operator at a 10% discount to the previous night's closing price as part of a placing by the founding family.

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2021

Investment outlook

Equity markets have rallied strongly since late 2020 on positive vaccine news and the subsequent roll out. Whilst we believe the outlook for equity markets looks broadly positive with an economic rebound certain as economies unlock, we acknowledge that given the already strong returns, future gains are likely to be more muted. What is clear to us is the valuation gap between the UK and other developed markets. We expect this to narrow over the coming years and the UK market, given its international nature, is well geared to a global economic rebound. The trade deal with the EU should also provide some clarity and encourage overseas investors who have been eschewing the UK to re-enter.

As active primary opportunity investors, typically investing at the time a company is raising money, we are well positioned to invest in companies seeking to expand in 2021 and beyond. Current conditions provide fertile ground for active investors - those who merely participate in buying passive funds we believe are set to miss out further.

Oliver Brown - Investment Manager
RC Brown Investment Management PLC
29 March 2021

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Distributions (pence per share)

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>A Income</u>					
Income paid 31 March	0.6388	4.0552	2.5981	2.2725	2.9983
Income paid 30 September		2.3343	5.1630	3.4991	3.1663
<u>A Accumulation</u>					
Accumulation paid 31 March	0.9171	5.7221	3.5982	3.1060	4.0340
Accumulation paid 30 September		3.3482	7.1949	4.8047	4.2948
<u>B Income</u>					
Income paid 31 March	1.6288	5.1420	3.6535	3.3356	3.8950
Income paid 30 September		3.2919	6.2215	4.5589	4.1250
<u>B Accumulation</u>					
Accumulation paid 31 March	2.4999	7.7348	5.3690	4.8120	5.5056
Accumulation paid 30 September		5.0761	9.2242	6.6271	5.9497
<u>P Income</u>					
Income paid 31 March	2.1193	5.6733	4.1727	3.8606	4.3344
Income paid 30 September		3.7532	6.7329	5.0770	4.6568
<u>P Accumulation</u>					
Accumulation paid 31 March	2.5309	6.6239	4.7657	4.3040	4.7227
Accumulation paid 30 September		4.4395	7.7437	5.7079	5.1322

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AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2021

Portfolio changes

Largest purchases	Cost (£)
iShares Core FTSE 100 UCITS ETF GBP	2,211,646
iShares FTSE 250 UCITS ETF GBP	879,043
Urban Logistics REIT	550,000
Polypipe Group	434,431
Greencoat UK Wind	409,438
AJ Bell	406,118
Hargreaves Lansdown	389,077
HeiQ	375,282
Hilton Food Group	306,731
Royal Dutch Shell 'B'	299,444
Other purchases	11,172,699
Total purchases for the year	17,433,909
Largest sales	Proceeds (£)
iShares Core FTSE 100 UCITS ETF GBP	2,247,690
iShares FTSE 250 UCITS ETF GBP	1,067,180
AJ Bell	651,077
IMIImobile	637,866
Tritax EuroBox	541,724
AstraZeneca	540,630
Urban Logistics REIT	499,420
Marlowe	486,808
GlaxoSmithKline	468,292
Gateley (Holdings)	457,325
Other sales	16,453,333
Total sales for the year	24,051,345

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 Fund 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 Fund.

Investment objective and policy

The investment objective of the Fund is to outperform the FTSE All Share Index over any 5 year period, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

At least 80% of the Fund will be invested in the shares of companies and investment trusts listed on UK stock markets. These will be incorporated/domiciled in the UK or will have significant business operations in the UK.

This may include through exchange traded funds (ETFs) which themselves offer access to these companies, although this is not expected to exceed 10% of the Fund.

The Fund is actively managed, which means the investment manager decides which investments to buy or sell and when. The investment manager will maintain a concentrated portfolio, typically between 60-80 holdings, including small, medium and large companies operating in a range of different sectors.

The investment manager seeks to buy good quality companies at a discount to the prevailing market price. The Fund aims to take advantage of the discounts typically offered when companies are raising money or when large positions are being sold by existing investors.

The Fund will also invest in companies on the secondary market to take advantage of depressed prices during periods of market weakness and to ensure the Fund's assets are invested.

The Fund may also invest in other securities whose returns are linked to the performance of the company, such as preference shares and bonds which can be converted into shares (known as convertible bonds).

The Fund will typically hold cash to enable the ready settlement of liabilities and for the efficient management of the Fund and in pursuit of the Fund's objectives. In volatile market conditions this may be as high as 20% of the Fund's value although this is expected to be rare.

The Fund will be included in the IA UK All Companies sector.

Rights and terms attaching to each share class

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

Assessment of value

The ACD is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The sub-fund of the Company, MFM UK Primary Opportunities Fund, is assessed and reported on, in a report which the ACD publishes on the website www.marlbroughfunds.com. The latest report was published on 31 March 2021.

Changes in prospectus

No significant changes have made since the last annual report.

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

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Marlborough Fund Managers Ltd, the Authorised Fund Manager (AFM), 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 2020 (the AFM's year-end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	9	818,149	584,012	234,137
Risk takers and other identified staff	3	108,587	91,575	17,012
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.02	3,012	2,150	862
Risk takers and other identified staff	0.01	400	337	63

The total number of staff employed by the AFM was 193 as at 30 September 2020. The total remuneration paid to those staff was £8,734,877 of which £4,591,672 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
DIRECTOR



WAYNE D GREEN
DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
26 May 2021

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 net capital losses for the year.

In preparing those 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 and amended in June 2017;
- 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 Scheme and Report of the Depositary to the Shareholders of the MFM UK Primary Opportunities Fund ("the Company") for the period ended 31st January 2021

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 into 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

26 May 2021

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

Opinion

We have audited the financial statements of Marlborough UK Primary Opportunities Fund ("the Company") for the year ended 31 January 2021, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company set out on pages 20 and 21, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to 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 financial position of the Company comprising its sub-fund as at 31 January 2021 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 below. 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 Financial Reporting Council's (the "FRC") 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

In auditing the financial statements, we have concluded that the ACD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 ACD is responsible for the other information contained in the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our auditor's report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

MFM UK PRIMARY OPPORTUNITIES FUND

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

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA") and the Instrument of Incorporation;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Authorised Corporate Director

As explained more fully in the ACD's responsibilities statement set out on page 6, the ACD 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 ACD 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 ACD 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 ACD either intends to wind up or terminate the Company or to cease operations, or has 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended Practice (the "IMA SORP"), the FCA Collective Investment Schemes Sourcebook, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD, the Investment Manager and the Company's administrators. We corroborated our enquiries through a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through discussions with management and from our knowledge of the business. We also considered the risk of management override, specifically management's propensity to influence the net asset value of the Company and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. Our procedures involved journal entry testing with a focus on manual top side financial statement adjustments. We incorporated unpredictability in our testing by reviewing management's classification of special dividends below our testing threshold as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of the ACD and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations; review of the reporting from the ACD with respect to the application of the documented policies and procedures; and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. 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.

Ernst & Young LLP
Statutory Auditor
Edinburgh

26 May 2021

Notes:

1. The maintenance and integrity of the Marlborough Fund Managers Ltd website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE
A Income shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	437.08	398.31	424.47
Return before operating charges*	(2.01)	54.70	(13.27)
Operating charges	(6.14)	(6.71)	(6.79)
Return after operating charges*	(8.15)	47.99	(20.06)
Distributions on income shares	(2.98)	(9.22)	(6.10)
Closing net asset value per share	425.95	437.08	398.31

* after direct transaction costs of: 0.71 0.80 2.06

Performance

Return after charges -1.86% 12.05% -4.73%

Other information

Closing net asset value	£453,424	£1,018,442	£1,002,700
Closing number of shares	106,451	233,012	251,739
Operating charges	1.62%	1.59%	1.62%
Direct transaction costs	0.19%	0.19%	0.49%

Prices

Highest share price	450.28p	454.71p	440.80p
Lowest share price	299.12p	399.10p	384.43p

A Accumulation shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	622.46	555.32	583.26
Return before operating charges*	(2.42)	76.55	(18.58)
Operating charges	(8.79)	(9.41)	(9.36)
Return after operating charges*	(11.21)	67.14	(27.94)
Distributions on accumulation shares	(4.27)	(12.92)	(8.40)
Retained distributions on accumulation shares	4.27	12.92	8.40
Closing net asset value per share	611.25	622.46	555.32

* after direct transaction costs of: 1.02 1.12 2.84

Performance

Return after charges -1.80% 12.09% -4.79%

Other information

Closing net asset value	£1,633,438	£2,705,025	£2,697,883
Closing number of shares	267,229	434,572	485,827
Operating charges	1.62%	1.59%	1.62%
Direct transaction costs	0.19%	0.19%	0.49%

Prices

Highest share price	645.20p	641.61p	608.25p
Lowest share price	426.41p	556.41p	532.49p

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE
B Income shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	438.20	399.26	425.49
Return before operating charges*	(1.86)	54.91	(13.31)
Operating charges	(4.30)	(4.61)	(4.71)
Return after operating charges*	(6.16)	50.30	(18.02)
Distributions on income shares	(4.92)	(11.36)	(8.21)
Closing net asset value per share	427.12	438.20	399.26

* after direct transaction costs of: 0.72 0.80 2.07

Performance

Return after charges -1.41% 12.60% -4.24%

Other information

Closing net asset value	£424,255	£435,252	£514,139
Closing number of shares	99,328	99,328	128,772
Operating charges	1.12%	1.09%	1.12%
Direct transaction costs	0.19%	0.19%	0.49%

Prices

Highest share price	452.50p	456.94p	442.95p
Lowest share price	300.09p	400.06p	386.17p

B Accumulation shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	666.87	591.97	618.66
Return before operating charges*	(2.37)	81.80	(19.80)
Operating charges	(6.49)	(6.90)	(6.89)
Return after operating charges*	(8.86)	74.90	(26.69)
Distributions on accumulation shares	(7.58)	(16.96)	(12.00)
Retained distributions on accumulation shares	7.58	16.96	12.00
Closing net asset value per share	658.01	666.87	591.97

* after direct transaction costs of: 1.09 1.20 3.02

Performance

Return after charges -1.33% 12.65% -4.31%

Other information

Closing net asset value	£301,019	£1,118,447	£1,002,808
Closing number of shares	45,747	167,716	169,402
Operating charges	1.12%	1.09%	1.12%
Direct transaction costs	0.19%	0.19%	0.49%

Prices

Highest share price	694.46p	687.33p	647.28p
Lowest share price	457.13p	593.14p	567.36p

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE
P Income shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	437.47	398.58	424.76
Return before operating charges*	(1.80)	54.86	(13.27)
Operating charges	(3.34)	(3.56)	(3.66)
Return after operating charges*	(5.14)	51.30	(16.93)
Distributions on income shares	(5.87)	(12.41)	(9.25)
Closing net asset value per share	426.46	437.47	398.58

* after direct transaction costs of: 0.72 0.80 2.06

Performance

Return after charges -1.17% 12.87% -3.99%

Other information

Closing net asset value	£3,431,778	£3,123,025	£3,088,342
Closing number of shares	804,719	713,878	774,844
Operating charges	0.87%	0.84%	0.87%
Direct transaction costs	0.19%	0.19%	0.49%

Prices

Highest share price	452.28p	456.72p	442.74p
Lowest share price	299.69p	399.38p	385.92p

P Accumulation shares

Change in net assets per share	Year to 31.01.2021 pence	Year to 31.01.2020 pence	Year to 31.01.2019 pence
Opening net asset value per share	517.57	458.29	477.74
Return before operating charges*	(1.56)	63.41	(15.37)
Operating charges	(3.95)	(4.13)	(4.08)
Return after operating charges*	(5.51)	59.28	(19.45)
Distributions on accumulation shares	(6.97)	(14.37)	(10.47)
Retained distributions on accumulation shares	6.97	14.37	10.47
Closing net asset value per share	512.06	517.57	458.29

* after direct transaction costs of: 0.85 0.93 2.30

Performance

Return after charges -1.06% 12.94% -4.07%

Other information

Closing net asset value	£13,680,842	£20,660,197	£14,731,634
Closing number of shares	2,671,751	3,991,806	3,214,494
Operating charges	0.87%	0.84%	0.87%
Direct transaction costs	0.19%	0.19%	0.49%

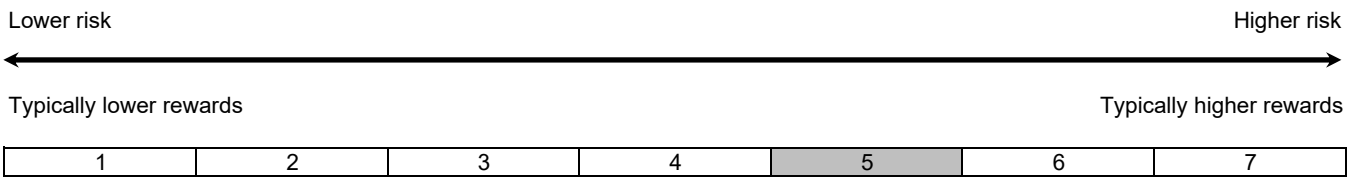
Prices

Highest share price	540.38p	533.42p	500.67p
Lowest share price	354.91p	459.20p	439.13p

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 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENSE (31 January 2020 - 1.13%)		
34,577 BAE Systems	160,264	0.80
Total Aerospace and Defense	<u>160,264</u>	<u>0.80</u>
ALTERNATIVE ENERGY (31 January 2020 - Nil)		
278,277 Ecofin US Renewables Infrastructure Trust	207,316	1.04
23,540 ITM Power	130,882	0.66
Total Alternative Energy	<u>338,198</u>	<u>1.70</u>
BANKS (31 January 2020 - 7.18%)		
130,085 HSBC Holdings	501,803	2.52
1,207,751 Lloyds Banking Group	395,599	1.98
Total Banks	<u>897,402</u>	<u>4.50</u>
BEVERAGES (31 January 2020 - 2.23%)		
17,961 Diageo	528,143	2.65
Total Beverages	<u>528,143</u>	<u>2.65</u>
CHEMICALS (31 January 2020 - 0.81%)		
289,049 HeiQ	476,931	2.39
Total Chemicals	<u>476,931</u>	<u>2.39</u>
CLOSED END INVESTMENTS (31 January 2020 - 1.08%)		
Total Closed End Investments	<u>-</u>	<u>-</u>
CONSTRUCTION AND MATERIALS (31 January 2020 - 3.29%)		
13,206 Ricardo	50,051	0.25
Total Construction and Materials	<u>50,051</u>	<u>0.25</u>
CONSUMER SERVICES (31 January 2020 - Nil)		
18,135 Compass Group	238,294	1.20
Total Consumer Services	<u>238,294</u>	<u>1.20</u>
FOOD PRODUCERS (31 January 2020 - Nil)		
29,038 Hilton Food Group	297,349	1.49
Total Food Producers	<u>297,349</u>	<u>1.49</u>
GAS, WATER AND MULTI-UTILITIES (31 January 2020 - 2.06%)		
547,979 InfraStrata	241,111	1.21
25,157 National Grid	213,935	1.07
Total Gas, Water and Multi-utilities	<u>455,046</u>	<u>2.28</u>
GENERAL INDUSTRIALS (31 January 2020 - 0.41%)		
103,014 Melrose Industries	174,866	0.88
Total General Industrials	<u>174,866</u>	<u>0.88</u>
HEALTH CARE PROVIDERS (31 January 2020 - 0.99%)		
247,064 Diaceutics	345,890	1.74
438,245 Open Orphan	100,796	0.51
60,245 Renalytix AI 'Reg S'	524,132	2.63
Total Health Care Providers	<u>970,818</u>	<u>4.88</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 January 2020 - 0.64%)		
36,959 Countryside Properties	157,224	0.79
122,799 Taylor Wimpey	181,251	0.91
Total Household Goods and Home Construction	<u>338,475</u>	<u>1.70</u>
INDUSTRIAL METALS AND MINING (31 January 2020 - 4.37%)		
8,011 Anglo American	196,350	0.98
24,046 BHP Group	489,697	2.46
265,054 Capital	161,683	0.81

MFM UK PRIMARY OPPORTUNITIES FUND
PORTFOLIO STATEMENT

as at 31 January 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
INDUSTRIAL METALS AND MINING (continued)		
8,744 Rio Tinto	494,561	2.48
Total Industrial Metals and Mining	<u>1,342,291</u>	<u>6.73</u>
INDUSTRIAL SUPPORT SERVICES (31 January 2020 - 5.35%)		
138,842 Anexo Group	176,329	0.88
64,315 Elixirr International	192,945	0.97
3,294 Experian	84,590	0.42
253,765 Fonix Mobile	329,894	1.66
160,304 Johnson Service Group	211,601	1.06
61,658 Marlowe	351,451	1.76
60,647 Midwich Group	278,370	1.40
Total Industrial Support Services	<u>1,625,180</u>	<u>8.15</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 January 2020 - 11.54%)		
15,336 Hargreaves Lansdown	262,629	1.32
31,414 IntegraFin Holdings	171,835	0.86
318,254 IP Group	296,931	1.49
2,828 London Stock Exchange Group	243,208	1.22
82,066 M&G	148,416	0.74
350,129 MJ Hudson Group	161,059	0.81
Total Investment Banking and Brokerage Services	<u>1,284,078</u>	<u>6.44</u>
LEISURE GOODS (31 January 2020 - 0.62%)		
19,768 Team17 Group	156,167	0.78
Total Leisure Goods	<u>156,167</u>	<u>0.78</u>
LIFE INSURANCE (31 January 2020 - 5.29%)		
63,577 Aviva	214,254	1.07
84,905 Legal & General Group	210,989	1.06
22,238 Prudential	266,411	1.34
Total Life Insurance	<u>691,654</u>	<u>3.47</u>
MEDIA (31 January 2020 - 3.46%)		
11,430 RELX	208,769	1.05
Total Media	<u>208,769</u>	<u>1.05</u>
MEDICAL EQUIPMENT AND SERVICES (31 January 2020 - 3.07%)		
188,492 Abingdon Health	182,837	0.92
195,218 Creo Medical Group	394,340	1.98
69,444 SourceBio International	152,777	0.77
184,752 Venture Life Group	158,887	0.80
Total Medical Equipment and Services	<u>888,841</u>	<u>4.47</u>
OIL, GAS AND COAL (31 January 2020 - 8.84%)		
168,001 BP	462,339	2.32
57,572 Royal Dutch Shell 'B'	747,860	3.75
Total Oil, Gas and Coal	<u>1,210,199</u>	<u>6.07</u>
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 January 2020 - 0.72%)		
Total Open End and Miscellaneous Investment Vehicles	<u>-</u>	<u>-</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 January 2020 - 4.66%)		
492,124 Accrol Group Holdings	290,353	1.46
30,471 IG Design Group	156,621	0.79
10,918 Ocado Group	307,560	1.54
4,348 Reckitt Benckiser Group	268,706	1.35
35,000 THG	254,275	1.28
8,304 Unilever	354,249	1.78
Total Personal Care, Drug and Grocery Stores	<u>1,631,764</u>	<u>8.20</u>

MFM UK PRIMARY OPPORTUNITIES FUND
PORTFOLIO STATEMENT

as at 31 January 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
PERSONAL GOODS (31 January 2020 - Nil)		
15,000 Dr. Martens	63,750	0.32
39,030 Watches of Switzerland Group	246,279	1.24
Total Personal Goods	<u>310,029</u>	<u>1.56</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 January 2020 - 7.41%)		
8,352 AstraZeneca	633,416	3.18
5,312 Dechra Pharmaceuticals	195,375	0.98
25,676 GlaxoSmithKline	351,248	1.76
5,894 Hikma Pharmaceuticals	141,574	0.71
78,593 Verici Dx	58,945	0.30
Total Pharmaceuticals and Biotechnology	<u>1,380,558</u>	<u>6.93</u>
REAL ESTATE INVESTMENT AND SERVICES (31 January 2020 - 2.85%)		
70,255 Grainger	186,176	0.93
Total Real Estate Investment and Services	<u>186,176</u>	<u>0.93</u>
REAL ESTATE INVESTMENT TRUSTS (31 January 2020 - 2.25%)		
Total Real Estate Investment Trusts	<u>-</u>	<u>-</u>
RETAILERS (31 January 2020 - 2.78%)		
3,570 ASOS	160,364	0.80
6,858 WHSmith	106,025	0.53
Total Retailers	<u>266,389</u>	<u>1.33</u>
SOFTWARE AND COMPUTER SERVICES (31 January 2020 - 1.47%)		
6,200 AVEVA Group	226,610	1.14
90,156 Bytes Technology Group	324,021	1.63
167,298 essensys	234,217	1.18
133,389 Kape Technologies	252,105	1.27
Total Software and Computer Services	<u>1,036,953</u>	<u>5.22</u>
TELECOMMUNICATIONS SERVICE PROVIDERS (31 January 2020 - 3.03%)		
20,303 Gamma Communications	318,757	1.60
276,370 Vodafone Group	348,171	1.75
Total Telecommunications Service Providers	<u>666,928</u>	<u>3.35</u>
TOBACCO (31 January 2020 - 4.11%)		
16,279 British American Tobacco	438,800	2.20
Total Tobacco	<u>438,800</u>	<u>2.20</u>
TRAVEL AND LEISURE (31 January 2020 - 2.83%)		
16,515 easyJet	120,923	0.61
75,000 Hollywood Bowl Group	146,250	0.73
30,962 SSP Group	91,090	0.46
81,394 Ten Entertainment Group	162,788	0.82
72,349 The Gym Group	153,742	0.77
24,169 Wetherspoon (J D)	279,394	1.40
7,264 Whitbread	204,046	1.02
Total Travel and Leisure	<u>1,158,233</u>	<u>5.81</u>
UNQUOTED SECURITIES (31 January 2020 - Nil)		
48,550 Conviviality	-	-
Total Unquoted Securities	<u>-</u>	<u>-</u>
Portfolio of investments	19,408,846	97.41
Net other assets	515,910	2.59
Total net assets	<u>19,924,756</u>	<u>100.00</u>

MFM UK PRIMARY OPPORTUNITIES FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 January 2021

	Notes	31 January 2021		31 January 2020	
		£	£	£	£
Income:					
Net capital(losses)/gains	4		(1,430,615)		2,435,405
Revenue	6	535,321		1,011,795	
Expenses	7	<u>(205,455)</u>		<u>(256,834)</u>	
Net revenue before taxation		329,866		754,961	
Taxation	8	<u>(1,523)</u>		<u>(2,180)</u>	
Net revenue after taxation			<u>328,343</u>		<u>752,781</u>
Total return before distributions			(1,102,272)		3,188,186
Distributions	9		(328,343)		(752,781)
Change in net assets attributable to shareholders from investment activities			<u>(1,430,615)</u>		<u>2,435,405</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2021

	31 January 2021		31 January 2020	
	£	£	£	£
Opening net assets attributable to shareholders		29,060,388		23,037,506
Amounts receivable on issue of shares	2,658,914		6,828,752	
Amounts payable on cancellation of shares	<u>(10,575,876)</u>		<u>(3,889,644)</u>	
Amounts payable on share class conversions	<u>(3,954)</u>		<u>(97)</u>	
		(7,920,916)		2,939,011
Change in net assets attributable to shareholders from investment activities		(1,430,615)		2,435,405
Retained distributions on accumulation shares		215,899		648,466
Closing net assets attributable to shareholders		<u>19,924,756</u>		<u>29,060,388</u>

MFM UK PRIMARY OPPORTUNITIES FUND**BALANCE SHEET**

as at 31 January 2021

	Notes	31 January 2021 £	31 January 2020 £
Assets:			
Fixed Assets:			
Investments	17	19,408,846	27,453,761
Current Assets:			
Debtors	10	257,243	364,049
Cash and bank balances		390,143	1,354,546
Total assets		<u>20,056,232</u>	<u>29,172,356</u>
Liabilities:			
Creditors:			
Distributions payable on income shares		19,353	55,057
Other creditors	11	112,123	56,911
Total liabilities		<u>131,476</u>	<u>111,968</u>
Net assets attributable to shareholders		<u><u>19,924,756</u></u>	<u><u>29,060,388</u></u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2021

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017.

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.

There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and, following the consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

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

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple share classes, with the exception of the Authorised Corporate Director's (ACD) periodic charge, which is directly attributable to individual share classes, is allocated to share classes pro-rata to the value of the assets of the relevant share class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 29 January 2021 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the ACD's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 29 January 2021 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

2 DISTRIBUTION POLICIES

The distribution policy of the sub-fund is to distribute or accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2021

DISTRIBUTION POLICIES

Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the sub-fund holds a number of financial instruments. The sub-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 creations and payable for redemptions and debtors for accrued income.

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

The sub-fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the sub-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 sub-fund holds. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-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 Instrument of Incorporation, the Prospectus and in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the sub-fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The ACD has identified three principal areas where foreign currency risk could impact the sub-fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements in the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the sub-fund. The sub-fund converts all receipts of income, received in currency, into sterling on the day of receipt.

Credit and counterparty risk

Certain transactions in securities that the sub-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 sub-fund has fulfilled its responsibilities. The sub-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 sub-fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

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

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2021

4 NET CAPITAL (LOSSES)/GAINS

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

	31 January 2021 £	31 January 2020 £
Non-derivative securities (losses)/gains	(1,427,479)	2,437,639
Transaction charges	(3,136)	(2,234)
Net capital (losses)/gains	<u>(1,430,615)</u>	<u>2,435,405</u>

5 PURCHASES, SALES AND TRANSACTION COSTS

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

	31 January 2021 £	31 January 2020 £
Purchases excluding transaction costs	7,879,833	9,580,818
Corporate actions	9,530,544	7,342,220
	<u>17,410,377</u>	<u>16,923,038</u>
Commissions	5,361	7,691
Taxes and other charges	18,171	34,755
Total purchase transaction costs	<u>23,532</u>	<u>42,446</u>
Purchases including transaction costs	<u>17,433,909</u>	<u>16,965,484</u>

Purchase transaction costs expressed as a percentage of the principal amount:

Commissions	0.07%	0.08%
Taxes and other charges	0.23%	0.36%

Sales excluding transaction costs

Corporate actions	24,065,528	11,686,890
	<u>2,586</u>	<u>724,700</u>
	24,068,114	12,411,590

Commissions	(16,562)	(8,789)
Taxes and other charges	(207)	(102)
Total sale transaction costs	<u>(16,769)</u>	<u>(8,891)</u>
Sales net of transaction costs	<u>24,051,345</u>	<u>12,402,699</u>

Sale transaction costs expressed as a percentage of the principal amount:

Commissions	0.07%	0.08%
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%	0.06%
Taxes and other charges	0.09%	0.13%
	<u>0.19%</u>	<u>0.19%</u>

Transaction handling charges

These are charges payable to the depositary in respect each transaction.

<u>£3,136</u>	<u>£2,234</u>
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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>1.19%</u>	<u>0.77%</u>
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6 REVENUE

	31 January 2021 £	31 January 2020 £
UK dividends	500,921	916,701
UK dividends (unfranked)	14,802	18,474
Overseas dividends	18,979	73,467
Underwriting commission	340	-
Bank interest	279	3,153
Total revenue	<u>535,321</u>	<u>1,011,795</u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2021

7 EXPENSES

	31 January 2021 £	31 January 2020 £
Payable to the ACD or associate:		
ACD's periodic charge	183,161	235,217
Registration fees	2,559	2,644
	<u>185,720</u>	<u>237,861</u>
Other expenses:		
Depositary's fees	7,739	9,771
Safe custody fees	1,204	1,543
Financial Conduct Authority fee	170	158
FTSE license fee	3,221	-
Audit fee	7,401	7,501
	<u>19,735</u>	<u>18,973</u>
Total expenses	<u><u>205,455</u></u>	<u><u>256,834</u></u>

8 TAXATION

	31 January 2021 £	31 January 2020 £
a Analysis of the tax charge for the year		
Overseas tax	1,523	2,180
Total tax charge (see note 8(b))	<u><u>1,523</u></u>	<u><u>2,180</u></u>

b Factors affecting the tax charge for the year

The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net revenue before taxation	329,866	754,961
Corporation tax at 20% (2019: 20%)	65,973	150,992
Effects of:		
Revenue not subject to taxation	(103,980)	(198,033)
Unrelieved excess management expenses	38,007	47,041
Overseas tax	1,523	2,180
Total tax charge (see note 8(a))	<u><u>1,523</u></u>	<u><u>2,180</u></u>

At 31 January 2021 the Fund has deferred tax assets of £880,708 (2020: £842,763) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 January 2021 £	31 January 2020 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim	181,631	416,769
Final	90,567	357,311
Amounts deducted on cancellation of shares	80,567	45,003
Amounts added on issue of shares	(20,466)	(66,204)
Equalisation on conversions	(3,954)	(96)
Revenue brought forward	(2)	(2)
Distributions	<u><u>328,343</u></u>	<u><u>752,781</u></u>

10 DEBTORS

	31 January 2021 £	31 January 2020 £
Amounts receivable for issue of shares	35	7,389
Sales awaiting settlement	231,065	312,601
Accrued income	25,354	42,781
Taxation recoverable	789	1,278
Total debtors	<u><u>257,243</u></u>	<u><u>364,049</u></u>

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11 OTHER CREDITORS

	31 January 2021	31 January 2020
	£	£
Amounts payable for cancellation of shares	20,232	26,389
Purchases awaiting settlement	64,115	-
ACD's periodic charge and registration fees	15,042	21,924
Accrued expenses	12,734	8,598
Total other creditors	<u>112,123</u>	<u>56,911</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 January 2021 (2020: nil).

13 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 9. Amounts due to/from the ACD in respect of share transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the ACD in respect of the ACD's periodic charge and registration fees are disclosed in note 7. Amounts due to the ACD at the year end are as follows:

	31 January 2021	31 January 2020
	£	£
Marlborough Fund Managers Ltd	35,239	40,924

14 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

A Income	1.50%
A Accumulation	1.50%
B Income	1.00%
B Accumulation	1.00%
P Income	0.75%
P Accumulation	0.75%

15 SHAREHOLDERS' FUNDS RECONCILIATION

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

	A Income	A Accumulation	B Income
Opening shares in issue at 1 February 2020	<u>233,012</u>	<u>434,572</u>	<u>99,328</u>
Share issues	177	32,215	-
Share cancellations	(16,133)	(44,814)	-
Share conversions	(110,605)	(154,744)	-
Closing shares in issue at 31 January 2021	<u>106,451</u>	<u>267,229</u>	<u>99,328</u>

	B Accumulation	P Income	P Accumulation
Opening shares in issue at 1 February 2020	<u>167,716</u>	<u>713,878</u>	<u>3,991,806</u>
Share issues	2,636	14,835	564,870
Share cancellations	(36,488)	(34,169)	(2,183,618)
Share conversions	(88,117)	110,175	298,693
Closing shares in issue at 31 January 2021	<u>45,747</u>	<u>804,719</u>	<u>2,671,751</u>

MFM UK PRIMARY OPPORTUNITIES FUND

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16 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 £970,442 (2020: £1,372,688). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

Foreign currency exposure at 31 January 2021:

	Investments £	Net current assets £	Total £
Euro	-	13,720	13,720
US dollar	-	348	348
	-	14,068	14,068

Foreign currency exposure at 31 January 2020:

	Investments £	Net current assets £	Total £
Euro	-	15,916	15,916
	-	15,916	15,916

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £686 (2020: £796). A five per cent increase would have an equal and opposite effect.

Interest rate risk

The interest rate risk profile of financial assets and liabilities for the year ended 31 January 2020 consists of the following:

	31 January 2021 £	31 January 2020 £
Financial assets floating rate	390,143	1,354,546
Financial assets non-interest bearing instruments	19,666,089	27,817,810
Financial liabilities non-interest bearing instruments	(131,476)	(111,968)
	19,924,756	29,060,388

As most of the sub-fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

Liquidity risk

The following table provides a maturity analysis of the sub-fund's financial liabilities:

	31 January 2021 £	31 January 2020 £
Within one year:		
Distribution payable on income shares	19,353	55,057
Other creditors	112,123	56,911
	131,476	111,968

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2021

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 January 2021		31 January 2020	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	19,408,846	-	27,453,761	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>19,408,846</u>	<u>-</u>	<u>27,453,761</u>	<u>-</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 sub-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; and

Level 3 - Valuation techniques using unobservable inputs.

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

18 POST BALANCE SHEET EVENTS

Since 31 January 2021, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 January 2021 *	24 May 2021	Movement (%)
A Income	429.12	486.52	13.38%
A Accumulation	614.88	698.14	13.54%
B Income	431.29	488.64	13.30%
B Accumulation	661.90	752.70	13.72%
P Income	431.10	488.25	13.26%
P Accumulation	515.07	586.20	13.81%

* These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

MFM UK PRIMARY OPPORTUNITIES FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 February 2020 to 31 July 2020

Group 1: shares purchased prior to 1 February 2020

Group 2: shares purchased on or after 1 February 2020

		Net revenue 31 July 2020 pence per share	Equalisation 31 July 2020 pence per share	Distribution paid 30 September 2020 pence per share	Distribution paid 30 September 2019 pence per share
A Income	Group 1	2.3343p	-	2.3343p	5.1630p
	Group 2	0.5247p	1.8096p	2.3343p	5.1630p
A Accumulation	Group 1	3.3482p	-	3.3482p	7.1949p
	Group 2	0.9603p	2.3879p	3.3482p	7.1949p
B Income	Group 1	3.2919p	-	3.2919p	6.2215p
	Group 2	3.2919p	-	3.2919p	6.2215p
B Accumulation	Group 1	5.0761p	-	5.0761p	9.2242p
	Group 2	2.3492p	2.7269p	5.0761p	9.2242p
P Income	Group 1	3.7532p	-	3.7532p	6.7329p
	Group 2	1.1285p	2.6247p	3.7532p	6.7329p
P Accumulation	Group 1	4.4395p	-	4.4395p	7.7437p
	Group 2	1.0318p	3.4077p	4.4395p	7.7437p

Final distribution for the period from 1 August 2020 to 31 January 2021

Group 1: shares purchased prior to 1 August 2020

Group 2: shares purchased on or after 1 August 2020

		Net revenue 31 January 2021 pence per share	Equalisation 31 January 2021 pence per share	Distribution paid 31 March 2021 pence per share	Distribution paid 31 March 2020 pence per share
A Income	Group 1	0.6388p	-	0.6388p	4.0552p
	Group 2	-	0.6388p	0.6388p	4.0552p
A Accumulation	Group 1	0.9171p	-	0.9171p	5.7221p
	Group 2	-	0.9171p	0.9171p	5.7221p
B Income	Group 1	1.6288p	-	1.6288p	5.1420p
	Group 2	1.6288p	-	1.6288p	5.1420p
B Accumulation	Group 1	2.4999p	-	2.4999p	7.7348p
	Group 2	0.6935p	1.8064p	2.4999p	7.7348p
P Income	Group 1	2.1193p	-	2.1193p	5.6733p
	Group 2	0.7195p	1.3998p	2.1193p	5.6733p
P Accumulation	Group 1	2.5309p	-	2.5309p	6.6239p
	Group 2	0.4347p	2.0962p	2.5309p	6.6239p

Marlborough

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