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MFM
UK PRIMARY OPPORTUNITIES FUND

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

For the year ended 31st January 2018

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

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MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2018

Percentage change and sector position to 31 January 2018

	<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	4.31%	18.12%	44.49%	66.82%	524.83%
FTSE All-Share TR Index	3.92%	11.28%	27.41%	50.25%	364.55%
Quartile Ranking**	2	1	1	2	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 2018

The Fund continues to perform well aided by a considerable number of primary opportunities. We believe the good quality nature of the portfolio will stand us in good stead as and when market volatility increases.

Market Background

The FTSE All Share rose 11.3% in the period.

Markets enjoyed a strong February 2017 as participants continued to focus on the new US administration and the economic benefits this might bring.

March saw further advances, and concerns over an EU breakup, receded as the far right candidate was defeated in Dutch elections. Prime Minister May formally triggered Article 50, resulting in the start of negotiations for the UK's exit from the European Union.

April saw the market pause for breath as geopolitical tensions in Syria and North Korea heightened. There were also concerns that Trump's fiscal plans might take longer to implement than initially expected.

May saw fresh highs as Emmanuel Macron defeated nationalist Marine Le Pen, averting a risk off scenario.

Markets fell in June with an unexpected UK hung parliament election result proving unhelpful. Oil prices touched 7 month lows on persistent fears production cuts by major producers will not be enough to reduce a global oil glut.

July and August saw markets recover some poise with a strong Q2 earnings season and positive Eurozone employment figures.

September saw tensions heighten again between the US and North Korea as the latter continued its weapons' testing programme. Hurricanes in Florida and the Caribbean saw oil prices hit 2 year highs.

October saw rises as volatility reached record lows and the market seemed largely immune to political issues in Catalonia, instead choosing to focus on growing global growth though the UK suffered in November over the lack of progress in negotiations with the EU and fears that a hard Brexit might come to pass.

December proved the strongest month of the year. Sufficient progress on Britain's exit from the European Union, with a payment of €40-50bn from Britain to the EU agreed, allowed talks to now move onto to the second stage and trade negotiations which are likely to be just as fraught. President Trump's tax bill was passed which has reduced the corporation tax rate in the US, and is hoped will spur the re-shoring of dollars and investment in the US economy spurring further growth.

2018 began with markets at record levels. However, this proved short lived as rising bond yields in anticipation of higher interest rates and inflation resulted in equity market uncertainty.



MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2018

The Portfolio

Ten Largest Holdings

1. **Royal Dutch Shell B 5.53%** - Has performed strongly of late aided by a recovery in the oil price funding hopes of a dividend increase which is already one of the most attractive on the market.
2. **BP 3.75%** - A long term holding that is now a more focused oil explorer and producer following the refocusing of the business since the tragic Macondo incident in 2010.
3. **British American Tobacco 3.32%** - We added to the holding during the period following a sharp fall on the FDA announcement to reduce nicotine in cigarettes. We continue to hold the Company for its defensive characteristics.
4. **HSBC 3.19%** - We reduced the holding in the period following a strong set of results. Remains a core holding given its international earnings and secure dividend.
5. **AstraZeneca 2.98%** - The shares have recovered from weakness early in the period following the failure of a cancer drug to obtain late stage approval.
6. **Vodafone 2.6%** - A long term core holding with international dividends and one of the highest yielding stocks in the FTSE.
7. **GlaxoSmithKline 2.45%** - Has been an unexciting performer though we continue to hold for its dividend and defensive characteristics.
8. **Sanne Group 2.36%** - We first purchased this financial services outsource provider at IPO in 2015. The shares have performed exceptionally strongly and we reduced the holding as a result during the period.
9. **Just Group 2.28%** - We purchased this specialist annuity provider recently following a sell-down by private equity. The shares are modestly valued given their growth prospects.
10. **Dechra Pharmaceuticals – 1.98%** - We added to this long term holding following a placing to raise funds for further acquisitions in the veterinary pharmaceuticals sector. The Company offers strong growth characteristics.

Investment Outlook

The global economy is showing robust growth, led by the US. The recent pullback in markets from record highs we consider to be healthy as areas of the market, notably US technology, looked overbought. Our expectations are for greater volatility after a period of record low volatility as markets adjust to an environment of higher interest rates and inflation.

The UK economy continues to grow, though lags behind other developed markets, hindered by the ongoing Brexit process uncertainty. The sooner an agreement is reached, the better. Despite the ongoing uncertainties, we consider the UK market as relatively defensive compared with other major markets given its lower rating and dividend yield of 3.8% which should provide some downside protection in the event of further falls. Broadly we remain constructive towards the UK equity market though have modestly raised our cash balance as our result of recent market falls, awaiting further economic newsflow. We anticipate a strong pipeline of primary opportunities in 2018 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 2018

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MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 January 2018

Distributions (pence per share)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Class A Income</u>				
Income paid 31 March	2.2725	2.9983	1.8772	1.6397
Income paid 30 September		3.1663	4.2379	2.4557
<u>Class A Accumulation</u>				
Accumulation paid 31 March	3.1060	4.0340	2.4813	2.1383
Accumulation paid 30 September		4.2948	5.6311	3.2189
<u>Class B Income</u>				
Income paid 31 March	3.3356	3.8950	2.7051	2.4297
Income paid 30 September		4.1250	5.0412	3.2844
<u>Class B Accumulation</u>				
Accumulation paid 31 March	4.8120	5.5056	3.7355	3.2968
Accumulation paid 30 September		5.9497	7.0212	4.4907
<u>Class P Income</u>				
Income paid 31 March	3.8606	4.3344	3.1015	2.8179
Income paid 30 September		4.6568	5.4307	3.6888
<u>Class P Accumulation</u>				
Accumulation paid 31 March	4.3040	4.7227	3.3028	2.9314
Accumulation paid 30 September		5.1322	5.8209	3.8715

Material portfolio changes

Major purchases	Cost (£)	Major sales	Proceeds (£)
OneSavings Bank	350,736	On the Beach Group	305,701
Just Group	343,082	Countryside Properties	293,148
Eddie Stobart Logistics	235,413	OneSavings Bank	286,723
Redrow	192,315	Fever-Tree Drinks	255,223
Conviviality	182,062	Renewi	240,155
TI Fluid Systems	176,098	Biffa	230,683
Aldermore Group	172,301	Redrow	200,105
Countryside Properties	165,927	Civitas Social Housing	196,737
Cobham	164,616	Aldermore Group	184,433
Totally	161,250	Midwich Group	182,015
Hargreaves Lansdown	146,017	ConvaTec Group	181,639
IQE	144,603	Hostelworld Group	176,225
Caretech Holdings	137,499	Caretech Holdings	164,455
BT Group	134,152	Cobham	160,452
Ten Lifestyle Group	134,052	SANNE Group	149,162
Supermarket Income REIT	131,032	Telford Homes	139,773
Treant	130,569	1pm	136,479
Empiric Student Property	129,408	Van Elle Holdings	136,131
RPC Group	125,976	Hastings Group Holdings	134,749
Hastings Group Holdings	125,810	IQE	134,689
Other purchases	4,974,406	Other sales	4,823,585
Total purchases for the year	8,457,324	Total sales for the year	8,712,262

MFM UK PRIMARY OPPORTUNITIES FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

MFM UK Primary Opportunities 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 reports and accounts for any fund 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 2017 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	11	748,245	577,465	170,780
Risk takers and other identified staff	5	138,784	112,635	26,149
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior Management	0.01	1,357	1,047	310
Risk takers and other identified staff	2	19,816	19,769	47

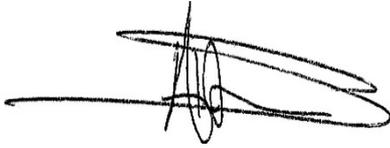
The total number of staff employed by the AFM was 139 as at 30 September 2017. The total remuneration paid to those staff was £5,799,615, of which £3,592,693 is attributable to the AFM.

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 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
15 March 2018

STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

Marlborough Fund Managers Ltd is the Authorised Corporate Director (ACD) of the Company.

The rules contained in the Collective Investment Schemes Sourcebook (COLL) and made by the Financial Conduct Authority pursuant to the Financial Services and Markets Act 2000 require the ACD to prepare financial statements for each annual accounting period, reporting the financial position of the Company as at the end of that period and of its income for the period. In preparing those financial statements the ACD is required to:

- Comply with the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association, the Instrument of Incorporation, and the rules in the COLL.
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 Regulations, the Instrument of Incorporation and the Prospectus.

MFM UK PRIMARY OPPORTUNITIES FUND

DEPOSITARY'S REPORT

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 2018

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

15 March 2018

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 2018 which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet and related notes. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 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.

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 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 fund manager 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.

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.

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

15 March 2018

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 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	367.67	315.70	315.78
Return before operating charges*	68.89	66.02	9.61
Operating charges	(6.65)	(6.81)	(5.36)
Return after operating charges*	62.24	59.21	4.25
Distribution on income shares	(5.44)	(7.24)	(4.33)
Closing net asset value per share	424.47	367.67	315.70
* after direct transaction costs of:	1.45	1.48	0.50
Performance			
Return after charges	16.93%	18.76%	1.35%
Other information			
Closing net asset value	£1,067,160	£1,043,171	£1,036,282
Closing number of shares	251,413	283,721	328,248
Operating charges	1.63%	1.65%	1.65%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	435.99p	375.68p	342.02p
Lowest share price	368.93p	290.97p	304.96p
<u>Class A accumulation shares</u>	Year to 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	498.74	419.42	413.93
Return before operating charges*	93.58	88.43	12.54
Operating charges	(9.06)	(9.11)	(7.05)
Return after operating charges*	84.52	79.32	5.49
Distributions	(7.40)	(9.67)	(5.70)
Retained distributions on accumulation shares	7.40	9.67	5.70
Closing net asset value per share	583.26	498.74	419.42
* after direct transaction costs of:	1.97	1.98	0.66
Performance			
Return after charges	16.95%	18.91%	1.33%
Other information			
Closing net asset value	£3,101,136	£2,948,359	£2,816,991
Closing number of shares	531,692	591,156	671,646
Operating charges	1.63%	1.65%	1.65%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	595.90p	505.48p	448.32p
Lowest share price	500.44p	386.55p	402.76p

MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE

<u>Class B income shares</u>	Year to 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	368.38	316.24	316.32
Return before operating charges*	69.12	65.31	9.67
Operating charges	(4.55)	(4.23)	(3.76)
Return after operating charges*	64.57	61.08	5.91
Distribution on income shares	(7.46)	(8.94)	(5.99)
Closing net asset value per share	425.49	368.38	316.24
* after direct transaction costs of:	1.43	1.32	0.50
Performance			
Return after charges	17.53%	19.31%	1.87%
Other information			
Closing net asset value	£563,296	£2,193,785	£1,960,167
Closing number of shares	132,389	595,515	619,833
Operating charges	1.13%	1.15%	1.15%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	438.00p	377.23p	343.14p
Lowest share price	369.66p	291.50p	305.61p
<u>Class B accumulation shares</u>	Year to 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	526.38	440.47	432.51
Return before operating charges*	98.93	91.85	13.12
Operating charges	(6.65)	(5.94)	(5.16)
Return after operating charges*	92.28	85.91	7.96
Distributions	(10.76)	(12.53)	(8.23)
Retained distributions on accumulation shares	10.76	12.53	8.23
Closing net asset value per share	618.66	526.38	440.47
* after direct transaction costs of:	2.09	1.86	0.69
Performance			
Return after charges	17.53%	19.50%	1.84%
Other information			
Closing net asset value	£1,001,271	£858,664	£861,991
Closing number of shares	161,846	163,127	195,696
Operating charges	1.13%	1.15%	1.15%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	631.90p	533.38p	469.17p
Lowest share price	528.18p	406.01p	422.05p

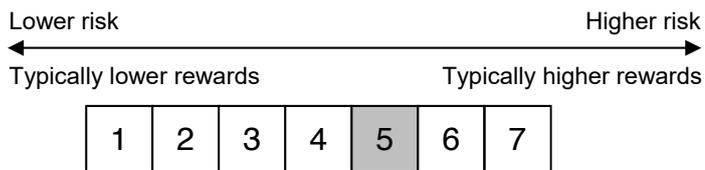
MFM UK PRIMARY OPPORTUNITIES FUND
COMPARATIVE TABLE

<u>Class P income shares</u>	Year to 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	367.85	315.75	315.81
Return before operating charges*	69.07	64.96	9.63
Operating charges	(3.64)	(3.09)	(2.90)
Return after operating charges*	65.43	61.87	6.73
Distribution on income shares	(8.52)	(9.77)	(6.79)
Closing net asset value per share	424.76	367.85	315.75
* after direct transaction costs of:	1.47	1.23	0.50
Performance			
Return after charges	17.79%	19.59%	2.13%
Other information			
Closing net asset value	£3,105,222	£1,464,414	£1,436,328
Closing number of shares	731,059	398,097	454,897
Operating charges	0.88%	0.90%	0.90%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	437.73p	377.10p	342.87p
Lowest share price	369.13p	291.07p	305.18p
<u>Class P accumulation shares</u>	Year to 31.01.2018	Year to 31.01.2017	Year to 31.01.2016
Change in net assets per share	pence	pence	pence
Opening net asset value per share	405.47	338.44	331.46
Return before operating charges*	76.30	70.37	10.04
Operating charges	(4.03)	(3.34)	(3.06)
Return after operating charges*	72.27	67.03	6.98
Distributions	(9.44)	(10.54)	(7.17)
Retained distributions on accumulation shares	9.44	10.54	7.17
Closing net asset value per share	477.74	405.47	338.44
* after direct transaction costs of:	1.63	1.33	0.52
Performance			
Return after charges	17.82%	19.81%	2.11%
Other information			
Closing net asset value	£1,155,944	£533,541	£476,563
Closing number of shares	241,961	131,585	140,812
Operating charges	0.88%	0.90%	0.90%
Direct transaction costs	0.35%	0.36%	0.15%
Prices			
Highest share price	487.89p	410.82p	359.84p
Lowest share price	406.86p	311.98p	323.92p

Operating charges are the same as the ongoing charges and are the total expenses paid by the Fund in the year. Direct transaction costs are the total charges for the year, 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 year and the average units in issue for the pence per unit figures.

MFM UK PRIMARY OPPORTUNITIES FUND

SYNTHETIC RISK AND REWARD INDICATOR



The 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.

This Fund has been measured as 5 because it has experienced moderate to high volatility historically.

MFM UK PRIMARY OPPORTUNITIES FUND
PORTFOLIO STATEMENT

as at 31 January 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE & DEFENCE (Nil, Jan 2017 - 1.06%)		
Total Aerospace & Defence	0	0.00
AUTOMOBILES & PARTS (1.76%, Jan 2017 - Nil)		
69,058 TI Fluid Systems	176,098	1.76
Total Automobiles & Parts	176,098	1.76
BANKS (5.97%, Jan 2017 - 8.92%)		
42,039 HSBC Holdings	318,361	3.19
201,520 Lloyds Banking Group	141,346	1.41
16,690 Standard Chartered	136,608	1.37
Total Banks	596,315	5.97
BEVERAGES (2.21%, Jan 2017 - 2.02%)		
3,926 Diageo	99,328	1.00
4,946 Fever-Tree Drinks	121,177	1.21
Total Beverages	220,505	2.21
CHEMICALS (1.32%, Jan 2017 - 0.84%)		
31,846 Treatt	132,161	1.32
Total Chemicals	132,161	1.32
CONSTRUCTION & MATERIALS (0.88%, Jan 2017 - 2.42%)		
38,611 Melrose Industries	87,879	0.88
Total Construction & Materials	87,879	0.88
ELECTRICITY (0.60%, Jan 2017 - Nil)		
24,265 ContourGlobal	59,692	0.60
Total Electricity	59,692	0.60
ELECTRONIC & ELECTRICAL EQUIPMENT (1.26%, Jan 2017 - 1.01%)		
51,600 Luceco	37,874	0.38
61,764 Strix Group	88,323	0.88
Total Electronic & Electrical Equipment	126,197	1.26
FINANCIAL SERVICES (7.91%, Jan 2017 - 3.64%)		
28,009 Charter Court Financial Services Group	89,769	0.90
226,798 Duke Royalty	89,358	0.89
4,513 Hargreaves Lansdown	84,438	0.85
2,660 London Stock Exchange Group	105,416	1.06
236,000 Mercia Technologies	90,624	0.91
18,750 OneSavings Bank	75,338	0.75
34,409 Premier Asset Management Group	85,334	0.85
91,814 Xafinity	169,856	1.70
Total Financial Services	790,133	7.91
FIXED LINE TELECOMMUNICATIONS (1.18%, Jan 2017 - Nil)		
46,256 BT Group	118,346	1.18
Total Fixed Line Telecommunications	118,346	1.18
FOOD & DRUG RETAILERS (1.58%, Jan 2017 - Nil)		
48,550 Conviviality	158,273	1.58
Total Food & Drug Retailers	158,273	1.58

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
GAS, WATER & MULTIUTILITIES (1.66%, Jan 2017 - 3.50%)		
14,082 National Grid	113,388	1.13
7,124 United Utilities Group	52,931	0.53
Total Gas, Water & Multiutilities	<u>166,319</u>	<u>1.66</u>
GENERAL RETAILERS (1.27%, Jan 2017 - 5.16%)		
24,430 Joules Group	78,176	0.78
34,380 Quiz	49,163	0.49
Total General Retailers	<u>127,339</u>	<u>1.27</u>
HEALTH CARE EQUIPMENT & SERVICES (2.40%, Jan 2017 - 3.63%)		
128,656 Creo Medical Group	90,059	0.90
54,039 Medica Group	86,570	0.87
162,038 Totally	63,195	0.63
Total Health Care Equipment & Services	<u>239,824</u>	<u>2.40</u>
HOUSEHOLD GOODS & HOME CONSTRUCTION (1.25%, Jan 2017 - 7.17%)		
1,824 Reckitt Benckiser Group	125,254	1.25
Total Household Goods & Home Construction	<u>125,254</u>	<u>1.25</u>
INDUSTRIAL TRANSPORTATION (1.34%, Jan 2017 - Nil)		
97,133 Eddie Stobart Logistics	134,044	1.34
Total Industrial Transportation	<u>134,044</u>	<u>1.34</u>
LEISURE GOODS (1.13%, Jan 2017 - Nil)		
106,343 Sumo Group	112,724	1.13
Total Leisure Goods	<u>112,724</u>	<u>1.13</u>
LIFE INSURANCE (7.13%, Jan 2017 - 4.07%)		
15,270 Aviva	78,702	0.79
74,580 GBGI	111,870	1.12
152,409 Just Group	228,309	2.28
9,201 Prudential	175,785	1.76
9,898 St. James's Place	118,281	1.18
Total Life Insurance	<u>712,947</u>	<u>7.13</u>
MEDIA (Nil, Jan 2017 - 1.39%)		
Total Media	<u>0</u>	<u>0.00</u>
MINING (4.80%, Jan 2017 - 3.83%)		
6,879 BHP Billiton	107,890	1.08
44,000 Glencore	180,026	1.80
4,868 Rio Tinto	191,507	1.92
Total Mining	<u>479,423</u>	<u>4.80</u>
MOBILE TELECOMMUNICATIONS (3.84%, Jan 2017 - 3.08%)		
18,513 Gamma Communications	124,037	1.24
115,905 Vodafone Group	259,627	2.60
Total Mobile Telecommunications	<u>383,664</u>	<u>3.84</u>
NONLIFE INSURANCE (2.26%, Jan 2017 - Nil)		
63,388 Randall & Quilter Investment Holdings	91,279	0.91
50,000 Sabre Insurance Group	135,000	1.35
Total Industrial Transportation	<u>226,279</u>	<u>2.26</u>

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
OIL & GAS PRODUCERS (10.06%, Jan 2017 - 9.74%)		
74,002 BP	375,190	3.75
3,142 Royal Dutch Shell 'A'	77,780	0.78
21,971 Royal Dutch Shell 'B'	552,351	5.53
Total Oil & Gas Producers	<u>1,005,321</u>	<u>10.06</u>
PERSONAL GOODS (1.68%, Jan 2017 - 1.50%)		
4,180 Unilever	167,785	1.68
Total Personal Goods	<u>167,785</u>	<u>1.68</u>
PHARMACEUTICALS & BIOTECHNOLOGY (7.41%, Jan 2017 - 6.94%)		
6,000 AstraZeneca	297,990	2.98
8,251 Dechra Pharmaceuticals	197,859	1.98
18,318 GlaxoSmithKline	244,545	2.45
Total Pharmaceuticals & Biotechnology	<u>740,394</u>	<u>7.41</u>
REAL ESTATE INVESTMENT & SERVICES (0.83%, Jan 2017 - 0.51%)		
24,985 Palace Capital	82,450	0.83
Total Real Estate Investment & Services	<u>82,450</u>	<u>0.83</u>
REAL ESTATE INVESTMENT TRUSTS (3.78%, Jan 2017 - 3.70%)		
101,471 AEW UK REIT	101,471	1.02
67,510 Residential Secure Income	68,523	0.69
96,032 Supermarket Income REIT	96,992	0.97
107,153 Warehouse REIT	110,368	1.10
Total Real Estate Investment Trusts	<u>377,354</u>	<u>3.78</u>
SOFTWARE & COMPUTER SERVICES (3.73%, Jan 2017 - 2.09%)		
13,334 Alfa Financial Software Holdings	69,337	0.69
8,929 Blue Prism Group	125,542	1.26
15,027 Eagle Eye Solutions Group	31,557	0.32
9,636 FDM Group (Holdings)	91,542	0.92
30,119 PROACTIS Holdings	54,214	0.54
Total Software & Computer Services	<u>372,192</u>	<u>3.73</u>
SUPPORT SERVICES (6.88%, Jan 2017 - 9.72%)		
25,491 Clipper Logistics	113,435	1.14
33,143 Marlowe	141,189	1.41
20,320 Midwich Group	115,824	1.16
18,907 RWS Holdings	80,922	0.81
31,900 SANNE Group	235,741	2.36
Total Support Services	<u>687,111</u>	<u>6.88</u>
TOBACCO (4.21%, Jan 2017 - 4.42%)		
6,835 British American Tobacco	331,839	3.32
3,072 Imperial Brands	89,288	0.89
Total Tobacco	<u>421,127</u>	<u>4.21</u>

MFM UK PRIMARY OPPORTUNITIES FUND

PORTFOLIO STATEMENT

as at 31 January 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
TRAVEL & LEISURE (7.26%, Jan 2017 - 5.26%)		
211,984 Arena Events Group	120,831	1.21
58,042 Everyman Media Group	121,888	1.22
43,000 Hollywood Bowl Group	88,150	0.88
18,387 On the Beach Group	96,164	0.96
35,523 Ten Entertainment Group	90,939	0.91
100,039 Ten Lifestyle Group	160,062	1.60
19,246 The Gym Group	47,634	0.48
Total Travel & Leisure	<u>725,668</u>	<u>7.26</u>
Portfolio of investments	9,752,818	97.59
Net current assets	241,211	2.41
Total net assets	<u>9,994,029</u>	<u>100.00</u>

MFM UK PRIMARY OPPORTUNITIES FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 January 2018

	Notes	31 January 2018		31 January 2017	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		1,359,750		1,333,440
Revenue	6	286,166		333,021	
Expenses	7	<u>(120,575)</u>		<u>(112,485)</u>	
Net revenue/(expense) before taxation		165,591		220,536	
Taxation	8	<u>0</u>		<u>27</u>	
Net revenue/(expense) after taxation			<u>165,591</u>		<u>220,563</u>
Total return before distributions			1,525,341		1,554,003
Distributions	9		(165,591)		(220,563)
Change in net assets attributable to shareholders from investment activities			<u>1,359,750</u>		<u>1,333,440</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2018

	31 January 2018		31 January 2017	
	£	£	£	£
Opening net assets attributable to shareholders		9,041,934		8,588,321
Amounts receivable on issue of shares	402,828		121,969	
Amounts payable on cancellation of shares	(886,939)		(1,096,863)	
Amounts payable on share class conversions	<u>(2,660)</u>		<u>(101)</u>	
		(486,771)		(974,995)
Change in net assets attributable to shareholders from investment activities		1,359,750		1,333,440
Retained distribution on accumulation shares		79,058		95,088
Unclaimed distributions		58		80
Closing net assets attributable to shareholders		<u>9,994,029</u>		<u>9,041,934</u>

MFM UK PRIMARY OPPORTUNITIES FUND**BALANCE SHEET**

as at 31 January 2018

	Notes	31 January 2018	31 January 2017
		£	£
Assets:			
Fixed Assets:			
Investments	15	9,752,818	8,645,652
Current Assets:			
Debtors	10	17,515	13,817
Cash and bank balances		384,360	446,169
Total assets		<u>10,154,693</u>	<u>9,105,638</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		38,353	48,958
Other creditors	11	122,311	14,746
Total liabilities		<u>160,664</u>	<u>63,704</u>
Net assets attributable to shareholders		<u>9,994,029</u>	<u>9,041,934</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

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 2018. 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 2018

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 2018

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 2018	31 January 2017
	£	£
Non-derivative securities	1,362,391	1,336,501
Transaction charges	(2,641)	(3,061)
Net capital gains/(losses)	1,359,750	1,333,440

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

5 PURCHASES, SALES AND TRANSACTION COSTS

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

	31 January 2018	31 January 2017
	£	£
Purchases excluding transaction costs	3,419,113	3,715,724
Corporate actions	5,019,210	3,569,616
	<u>8,438,323</u>	<u>7,285,340</u>
Commissions	6,140	6,529
Taxes and other charges	12,862	11,527
Total purchase transaction costs	<u>19,002</u>	<u>18,056</u>
Purchases including transaction costs	<u><u>8,457,325</u></u>	<u><u>7,303,396</u></u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.18%	0.18%
Taxes and other charges	0.38%	0.31%
Sales excluding transaction costs	8,727,742	7,769,400
Corporate actions	0	291,456
	<u>8,727,742</u>	<u>8,060,856</u>
Commissions	(15,357)	(13,259)
Taxes and other charges	(123)	(108)
Total sale transaction costs	<u>(15,480)</u>	<u>(13,367)</u>
Sales net of transaction costs	<u><u>8,712,262</u></u>	<u><u>8,047,489</u></u>
Sale transaction costs expressed as a percentage of the principal amount:		
Commissions	0.18%	0.17%
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	0.22%	0.23%
Taxes and other charges	0.13%	0.13%
	<u>0.35%</u>	<u>0.36%</u>

Transaction handling charges

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

<u>£2,641</u>	<u>£3,061</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>1.21%</u>	<u>0.70%</u>
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6 REVENUE

	31 January 2018	31 January 2017
	£	£
UK dividends	225,714	299,309
UK dividends (unfranked)	2,735	14,961
Overseas dividends	11,290	2,841
Stock dividends	46,105	14,633
Bank interest	79	68
Underwriting commission	243	1,209
Total revenue	<u><u>286,166</u></u>	<u><u>333,021</u></u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

7 EXPENSES

	31 January 2018	31 January 2017
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	110,384	102,111
Registration fees	2,957	3,102
	<u>113,341</u>	<u>105,213</u>
Payable to the Depositary or associate:		
Depositary's fees	3,499	3,151
Safe Custody fees	355	669
	<u>3,854</u>	<u>3,820</u>
Other expenses:		
Financial Conduct Authority Fee	102	165
Audit fee	3,278	3,287
	<u>3,380</u>	<u>3,452</u>
Total expenses	<u><u>120,575</u></u>	<u><u>112,485</u></u>

8 TAXATION

	31 January 2018	31 January 2017
	£	£
a Analysis of the tax charge for the year		
Overseas tax	0	(27)
Total tax charge	<u><u>0</u></u>	<u><u>(27)</u></u>
b Factors affecting the tax charge for the year		
Net revenue before taxation	165,591	220,536
Corporation tax at 20%	33,118	44,107
Effects of:		
Revenue not subject to taxation	(56,622)	(63,357)
Unrelieved excess management expenses	23,504	19,250
Overseas tax	0	(27)
Current tax charge	<u><u>0</u></u>	<u><u>(27)</u></u>

At 31 January 2018 the Fund has deferred tax assets of £767,037 (31.01.17 - £743,388) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 January 2018	31 January 2017
	£	£
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim	92,330	122,978
Final	73,070	88,001
Amounts deducted on cancellation of shares	5,355	10,813
Amounts added on issue of shares	(2,503)	(1,126)
Equalisation on conversions	(2,660)	(101)
Revenue brought forward	(1)	(2)
Distributions	<u><u>165,591</u></u>	<u><u>220,563</u></u>

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

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

10 DEBTORS

	31 January 2018	31 January 2017
	£	£
Amounts receivable for issue of shares	835	1,000
Accrued income	16,477	12,817
Taxation recoverable	203	0
Total debtors	<u>17,515</u>	<u>13,817</u>

11 OTHER CREDITORS

	31 January 2018	31 January 2017
	£	£
Amounts payable for cancellation of shares	9,194	1,371
Purchases awaiting settlement	99,935	0
Accrued expenses	13,182	13,375
Total other creditors	<u>122,311</u>	<u>14,746</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 2018	31 January 2017
	£	£
Marlborough Fund Managers Ltd	18,082	9,672

In addition to the above, some shares in the Fund are owned by directors of Marlborough Fund Managers Ltd as set out below:

Proportion of shares owned by directors of Marlborough Fund Managers Ltd:	0.08%	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 2017	283,721	595,515	398,097
Share issues	315	0	12,265
Share cancellations	(14,140)	(14,334)	(96,958)
Share conversions	(18,483)	(448,792)	417,655
Closing shares in issue at 31 January 2018	<u>251,413</u>	<u>132,389</u>	<u>731,059</u>
Accumulation shares	Class A	Class B	Class P
Opening shares in issue at 1 February 2017	591,156	163,127	131,586
Share issues	21,244	6,919	41,133
Share cancellations	(43,269)	(11,764)	(17,147)
Share conversions	(37,439)	3,564	86,389
Closing shares in issue at 31 January 2018	<u>531,692</u>	<u>161,846</u>	<u>241,961</u>

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

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 £487,641 (31.01.17 - £432,283). 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 2018	31 January 2017
	£	£
Within one year:		
Distribution payable on income shares	38,353	48,958
Other creditors	122,311	14,746
	<u>160,664</u>	<u>63,704</u>

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

Fair value hierarchy as at 31 January 2018

Valuation technique	31 January 2018		31 January 2017	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	9,752,818	0	8,645,652	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<u>9,752,818</u>	<u>0</u>	<u>8,645,652</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 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

16 DISTRIBUTION TABLE

For the period from 1 February 2017 to 31 July 2017

INCOME SHARES

Group 1: shares purchased prior to 1 February 2017

Group 2: shares purchased on or after 1 February 2017

		Net revenue to 31-Jul-17 pence per share	Equalisation to 31-Jul-17 pence per share	Distribution payable 30-Sep-17 pence per share	Distribution paid 30-Sep-16 pence per share
Class 'A'	Group 1	3.1663p	0.0000p	3.1663p	4.2379p
	Group 2	0.2370p	2.9293p	3.1663p	4.2379p
Class 'B'	Group 1	4.1250p	0.0000p	4.1250p	5.0412p
	Group 2	4.1250p	0.0000p	4.1250p	5.0412p
Class 'P'	Group 1	4.6568p	0.0000p	4.6568p	5.4307p
	Group 2	1.6104p	3.0464p	4.6568p	5.4307p

ACCUMULATION SHARES

Group 1: shares purchased prior to 1 February 2017

Group 2: shares purchased on or after 1 February 2017

		Net revenue to 31-Jul-17 pence per share	Equalisation to 31-Jul-17 pence per share	Distribution payable 30-Sep-17 pence per share	Distribution paid 30-Sep-16 pence per share
Class 'A'	Group 1	4.2948p	0.0000p	4.2948p	5.6311p
	Group 2	1.6226p	2.6722p	4.2948p	5.6311p
Class 'B'	Group 1	5.9497p	0.0000p	5.9497p	7.0212p
	Group 2	4.0320p	1.9177p	5.9497p	7.0212p
Class 'P'	Group 1	5.1322p	0.0000p	5.1322p	5.8209p
	Group 2	1.0746p	4.0576p	5.1322p	5.8209p

For Corporate Shareholders the percentage split between Franked and Unfranked income relating to this distribution was:

Franked	100.00%	Unfranked	0.00%
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£0.00 is the depositary's net liability to corporation tax in respect of the gross revenue.

0.0000p is the depositary's net liability to corporation tax per share.

MFM UK PRIMARY OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2018

DISTRIBUTION TABLE

For the period from 1 August 2017 to 31 January 2018

INCOME SHARES

Group 1: shares purchased prior to 1 August 2017

Group 2: shares purchased on or after 1 August 2017

		Net revenue to 31-Jan-18 pence per share	Equalisation to 31-Jan-18 pence per share	Distribution payable 31-Mar-18 pence per share	Distribution paid 31-Mar-17 pence per share
Class 'A'	Group 1	2.2725p	0.0000p	2.2725p	2.9983p
	Group 2	0.1428p	2.1297p	2.2725p	2.9983p
Class 'B'	Group 1	3.3356p	0.0000p	3.3356p	3.8950p
	Group 2	0.5599p	2.7757p	3.3356p	3.8950p
Class 'P'	Group 1	3.8606p	0.0000p	3.8606p	4.3344p
	Group 2	2.6327p	1.2279p	3.8606p	4.3344p

ACCUMULATION SHARES

Group 1: shares purchased prior to 1 August 2017

Group 2: shares purchased on or after 1 August 2017

		Net revenue to 31-Jan-18 pence per share	Equalisation to 31-Jan-18 pence per share	Distribution payable 31-Mar-18 pence per share	Distribution paid 31-Mar-17 pence per share
Class 'A'	Group 1	3.1060p	0.0000p	3.1060p	4.0340p
	Group 2	0.1207p	2.9853p	3.1060p	4.0340p
Class 'B'	Group 1	4.8120p	0.0000p	4.8120p	5.5056p
	Group 2	1.4609p	3.3511p	4.8120p	5.5056p
Class 'P'	Group 1	4.3040p	0.0000p	4.3040p	4.7227p
	Group 2	1.4367p	2.8673p	4.3040p	4.7227p

For Corporate Shareholders the percentage split between Franked and Unfranked income relating to this distribution was:

Franked	100.00%	Unfranked	0.00%
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£0.00 is the depositary's net liability to corporation tax in respect of the gross revenue.

0.0000p is the depositary's net liability to corporation tax per share.

Marlborough

— Fund Managers —

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