



MFM SLATER RECOVERY FUND

Annual Report

For the year ended 30th November 2016



MFM SLATER RECOVERY FUND

Authorised Fund Manager 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.

Trustee

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

Slater Investments Limited
Nicholas House
3 Laurence Pountney Hill
London
EC4R 0EU

Telephone: (020) 7 2209460

Fax: (020) 7 2209469

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

MFM SLATER RECOVERY FUND

CONTENTS

	PAGE
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	5
DIRECTORS' STATEMENT	6
STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES	6
TRUSTEE'S REPORT	7
INDEPENDENT AUDITOR'S REPORT	8
COMPARATIVE TABLE	9
SYNTHETIC RISK AND REWARD INDICATOR	10
PORTFOLIO STATEMENT	11
FINANCIAL STATEMENTS	
Statement of total return	14
Statement of change in net assets attributable to unitholders	14
Balance sheet	15
Notes to the financial statements	16

MFM SLATER RECOVERY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

For the year ended 30 November 2016

Percentage change and sector position to 30 November 2016

	<u>Six Months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch *</u>
MFM Slater Recovery Fund	3.67%	-4.09%	33.25%	62.07%	272.02%
Quartile Ranking **	3	4	1	3	2

* 10 March 2003

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

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

In 2016 the London Stock Exchange recorded one of its worst starts to a New Year. After a period of extreme volatility in February it was not until March that the market began to settle down.

Investor confidence deteriorated in January amidst big stockmarket falls. After almost seven years of bull market conditions for shares, investors became increasingly concerned by the sharp slump in oil prices and about China's growth prospects. In 2015 China posted its slowest growth rate for 25 years.

Markets continued to experience weakness in February, hitting lows around the middle of the month at which point most major stock markets were in bear market territory. Thereafter, indices started to recover. The rally was led by those companies which had been weakest previously, particularly oils and miners. By April, the FTSE 100 had rallied 1,000 points, led by those companies which had performed poorly in recent years. However, a number of companies in the Fund, which had proved to be resilient during the second half of 2015, saw their share prices lag during the month.

The surprise European Union referendum result at the end of the second calendar quarter, however, then became the dominant factor determining the performance of the Fund and led to a further sharp fall in markets which was immediately followed by a violent rally in the largest FTSE 100 constituents. Our experience is that we rarely participate meaningfully in such vertical upwards movements in indices over very short periods. Typically, we catch up over time and then outperform.

Consequently, we were not surprised by the lag in the performance of the Fund during the second quarter and subsequent strong outperformance during the third quarter against its benchmark, especially given that most of the economic data since the referendum surprised on the upside.

Subsequently, while markets did respond positively to Donald Trump's win in November, it nevertheless created some volatility and significant rotation between sectors driven by higher growth and interest rate expectations.

Notwithstanding this, we believe that we are in a period of catch-up with further recovery to come. This is evidenced by the value still to be found in the market. Also, a number of dynamic growth companies are benefiting from secular tail-winds and foreign earnings offering the potential for currency gains.

Against the backdrop of this wildly gyrating stockmarket, a number of the Fund's holdings posted material gains. The top performer amongst the Fund's growth investments was First Derivatives (+1.15% contribution). This rapidly growing fintech company posted strong interim results. Technology trends continue to favour its technology platform, which is world leading in terms of 'big data' processing speeds. Additional growth drivers include the successful branching-out into new markets outside its core capital markets vertical. It also has significant US dollar exposure helping to underpin broker forecasts, which look conservative based on historic growth rates.

There were nine additional contributors of note (+0.40% and above). Restore contributed +1.00%. In what has been a transformation year, via acquisition, the company has established itself as the number two player in the UK records management industry and a leading player in the UK shredding sector. These core business areas are non-cyclical and, therefore, resilient. The company is well-positioned to continue its successful strategy of industry consolidation via bolt-on acquisitions. Greater scale in shredding (seven-fold increase post acquisition) and scanning should lead to significantly higher margins for these businesses in due course.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

Trifast, a global manufacturer of industrial fasteners, contributed +0.92%. The company is successfully leveraging its global footprint as evidenced by Financial Year 2017 interims which confirmed pre-tax profit growth of around 8%. It has established a strong position in the global industrial fasteners market and has preferred supplier status with over 40 original equipment manufacturers, across four growing sectors, including automotive and white goods. The company's end markets are highly fragmented and it is well positioned to capture further global market share, both organically and via acquisition. Aircraft lessor Avation contributed +0.91%. In a recent AGM statement the company confirmed that the current fleet had increased to 38 aircraft with the weighted average age of the fleet down to 3.3 years and the weighted average lease term up to 7.6 years. A further two Airbus jets are scheduled to be delivered to Vietjet Air by the end of the year. One has now been delivered (end of November), the fifth in a series of six new deliveries to that customer. The market appears to be waking up to the company's lowly valuation as evidenced by its share price recently hitting an all-time high.

Ad-tech specialist Taptica International contributed +0.73%. The company has been subject to earnings per share upgrades of 78% since the house broker's September 2015 initiation note. Key behind this improvement in performance has been its aggressive repositioning into mobile and social media, with the former now representing 79% of sales (H1 2015: 51%). The company is increasingly seen as differentiated with its end-to-end mobile ad-tech platform integrated with data analytics targeting top tier clients such as Amazon, Sony, Starbucks, ABC, Samsung and Subway. The results are cash-backed as evidenced by the payment of a special dividend and a Financial Year 2016 forecast free cash flow yield of 9.6%. Momentum is said to have continued into the second half with the company confident of revenue growth in line with previously upgraded market expectations.

International specialist communications and digital marketing group Next Fifteen Communications contributed +0.64%. The US continues to drive growth. In interims to end-July sales there grew by 27% to £51m (63% of the group) with organic growth of 17%. The other key highlight was a substantial increase in margin in the UK from 11.5% to 17.8%. Significant new client wins included Johnson & Johnson and Tesco and its two acquisitions are said to be performing ahead of expectations. With the fall in the value of the pound Next Fifteen is also a currency beneficiary. Online lead generator XLMedia contributed +0.57%. The company posted record half-yearly performance and reiterated its profit guidance for Financial Year 2016. Its high margin publishing business was the star of the show and sports superior margins and long-term repeat revenues. With net cash on its balance sheet and strong free cash flow generation the company can continue to make earnings enhancing bolt-on acquisitions. Execution to date has been impeccable. Despite a strong run-up in the share price the company still offers a 5% prospective dividend yield.

Hotel Chocolat contributed +0.57%. In prelims for the year to June the company performed modestly ahead of broker expectations with revenue growth of 12% and pre-tax profit up 91% to £5.6m. All channels achieved growth, whilst a focus on cost efficiency resulted in a 3.4% improvement in margin at the earnings before interest, tax, depreciation and amortisation level. Growth in digital sales was strong at 20%. The main growth driver is still the rollout of stores with the house broker now upgrading this from five per annum to nine. The company has opened its fifth site incorporating a café, which has resulted in an uplift in sales. A focus on cost control resulted in operating expenses as a percentage of sales falling from 56.9% to 53.3%. The launch of the new website is scheduled for 2017, which should bring significant added benefits such as improved content, mobile and tablet compatibility and an "app" for sending gifts.

Support services specialist Marlowe (+0.49% contribution) was added as a new holding after the Fund participated in a secondary placing to help finance the acquisition of H2O Chemicals, a provider of water treatment and hygiene services. The company has adopted a 'buy and build' strategy and has built two platforms for growth on a national basis in the fire safety and water treatment markets. The company sees these large, £2bn plus, fragmented markets as ripe for consolidation, offering a long term growth opportunity. H2O Chemicals has an attractive customer base generating 87% recurring revenues. Its top 10 customers have been clients for an average of 9 years. Email marketing automation group Dotdigital contributed +0.41%. The company posted year-end top-line growth of 26%. Visibility is excellent with recurring revenues now accounting for 78% of the group total. Key metrics were positive with average revenue per client up 29% year on year from £445 to £575. Cash balances stood at £17.3m and strong cash flows generated from operations resulted in free cash flow of £5.6m. International revenues now account for around 14% of the total, which with the weak pound will support broker forecasts.

There were ten detractors of note (-0.40% and above).

Chinese healthcare business Hutchison China MediTech contributed -1.92%. This was despite generating positive news flow regarding the development of potential blockbusters within its drug development pipeline. The company is moving into pivotal trials for one of its drugs under development in the first half of 2017, the first of the company's 'seven shots at pivotal success.' Lakehouse contributed -1.28% following a profit warning. We believe there is significant value in this business and have taken steps to improve the situation. Along with another investor we called an extraordinary general meeting, which resulted in a change of management with 'industry guru' Bob Holt joining the board.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

STV Group contributed -0.46% despite the company posting its sixth consecutive year of growth. Its national airtime revenue is expected to be down for the first three quarters of the calendar year. However, this is being offset by strong growth in its regional and digital markets. The company is piloting one of its production programs with US TV channels, which if successful, could potentially generate strong earnings stateside. On the digital side, Google and Facebook are now advertising partners and have agreed to revenue share as opposed to just hosting content. This is a new area of monetisation of STV content with the Scottish audience. Debt was down 17% demonstrating the cash generative qualities of the business. Marston's contributed -0.57% despite announcing in line full year results. The company's Destination & Premium division generated like-for-like sales growth of 2.3% and opened 22 sites (up 6%) and managed to maintain margins year-on-year. The taverns business grew both like-for-like sales (up 2.7%) and margins. The brewing business, meanwhile, grew profits by around 12%, including the Thwaites acquisition (organic growth 6%). The bottom line is that the company is managing to negotiate industry headwinds successfully, such as the increased costs associated with the national living wage, whilst continuing to reduce its gearing.

Political uncertainty has weighed on the share price of specialist recruiter Staffline Group (-0.73% contribution). The company has exposure to the Government's Welfare to Work scheme, which is under review, and there have been concerns following the European Union referendum over changes to the migration rules in relation to placement of temporary staff. Against this, many of the areas that the company operates in are recession-resistant (food picking and packaging) and management continue to target a significant increase in scale. Despite in line interims, social housing IT specialist, Castleton Technology contributed -0.80%. The company sees scope for increasing sales even if local authority budgets in the social housing arena decline. This is because competitor legacy systems may struggle to cope with managing the new universal credits system where social rents are paid direct to the tenant and not to the local authority. Management sees its technology offering as part of the solution to this problem. The company has improved its cash flow, helped by a reduction in its aged debtors' profile, down from 71 days to 55. It also has a minimal capital expenditure requirement going forward, which will help generate more free cash.

Regus contributed -0.96%. Underlying revenue growth slowed in the third quarter to 3.8%, down from 6.4% in the second quarter, whilst revenues from the mature estate fell for the second quarter in a row (-2.6%). This has been attributed to 'softer' trading conditions in some markets and higher closures year to date. However, the company still posted c. 30% growth in operating profit on the back of efficiency gains. NCC Group (-0.89% contribution), Benchmark (-0.62% contribution) and Bonmarche (-0.65% contribution) issued profit warnings.

The Fund sold its positions in All Leisure Group, Augean, Barratt Developments, Benchmark, Eservglobal, Fulham Shore, Parity, Stanley Gibbons, and Walt Disney Co.

A range of investments were reduced. These included British American Tobacco, Castleton Technology, Hutchison China MediTech, Lok'nStore, Matomy, NCC Group, Netplay TV, Next Fifteen Communications, Photo-Me International, Regus, Taptica and XLMedia.

The proceeds were reinvested in a range of existing holdings including Amerisur Resources, dotDigital, Entertainment One, NCC Group and Safestay.

A number of new holdings were also established. These included Clinigen, Hotel Chocolat, Marlowe, Paysafe, Redcentric and Revolution Bars Group. During the period Skyepharma merged with Vectura.

The Fund has performed solidly since inception and continues to offer the potential for medium term capital appreciation. Our focus remains on the underlying operating performance of the businesses we own. With very few exceptions they are trading robustly. If they continue to deliver operationally then we confidently expect their share prices to appreciate meaningfully over the medium term. In the meantime, it is encouraging to see that the share prices of many of our holdings are recovering nicely.

Slater Investments Limited

9 December 2016

This report contains FTSE data. Source: FTSE International Limited ("FTSE") © FTSE 2015. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

MFM SLATER RECOVERY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

Distributions (pence per unit)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Class A Accumulation</u>				
Net income paid 31 January	0.6581	0.1933	0.1715	0.0000
Net income paid 31 July		0.3569	0.2445	0.0000
<u>Class B Accumulation</u>				
Net income paid 31 January	1.1041	0.6308	0.9093	0.2618
Net income paid 31 July		0.8006	0.6504	0.0000
<u>Class P Accumulation</u>				
Net income paid 31 January	1.3306	0.8547	1.2962	0.4075
Net income paid 31 July		1.0309	0.8563	0.0000

Material Portfolio Changes

For the year ended 30 November 2016

Purchases	Cost (£)	Sales	Proceeds (£)
Paysafe Group	884,792	Walt Disney	1,226,713
Alliance Pharma	430,500	Benchmark Holdings	460,281
Redcentric	327,274	Hutchison China MediTech	445,935
Hotel Chocolat Group	310,800	Barratt Developments	415,445
Revolution Bars Group	294,302	Amerisur Resources	330,687
Marlowe	256,999	Augean	330,215
Entertainment One	209,911	Taptica International	276,712
Restore	161,200	XLMedia	237,521
Amerisur Resources	137,500	The Fulham Shore	200,407
dotDigital Group	123,802	Photo-Me International	180,281
NCC Group	99,000	British American Tobacco	146,832
Safestay	84,047	NCC Group	144,422
Clinigen Group	65,499	Matomy Media Group	109,283
		Parity Group	102,043
		Next Fifteen Communications Group	97,560
		Castleton Technology	92,885
		Regus	46,265
		NetPlay TV	38,228
		Lok'nStore Group	29,891
		Stanley Gibbons Group	25,223
		Other sales	42,515
Total purchases for the year	3,385,626	Total sales for the year	4,979,344

MFM SLATER RECOVERY FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised Status

The Fund is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

Nature and Objectives of the Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will invest in companies both in the UK and overseas but concentrating mainly or, where appropriate, exclusively on UK shares. Other investments including bonds, warrants and options, within the limits imposed by the trust deed may also be used where it is considered that they meet the investment objective. It is also intended where appropriate to take advantage of underwritings and placings. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund has powers to borrow as specified in COLL and may invest in derivatives and forward transactions for hedging purposes only.

Rights and Terms Attaching to Each Unit Class

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

Change in Prospectus

No changes have been made since the last report.

Up to date key investor information documents, prospectus and manager's reports and accounts for any fund within the manager's range, can be requested by the investor at any time.

Remuneration Policy

In line with the requirement of UCITS V, Marlborough Fund Managers Ltd is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages. Implementation of the policy remains ongoing and will apply in full for the 2016/17 performance year ended 30 November 2017.

The quantitative remuneration disclosures have not been included in the annual report as they are considered not to be relevant, reliable or comparable as described under COLL 4.5.7A. Quantitative remuneration disclosures will be included in next year's Annual Report and Audited Financial Statements as the information will be readily available for the year.

MFM SLATER RECOVERY FUND

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
24 January 2017

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

Marlborough Fund Managers Ltd is the manager of the Fund.

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

- Comply with the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association, the trust deed, 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 Trust will continue in operation.

The authorised fund manager is required to keep proper accounting records and to manage the Trust in accordance with the regulations, the trust deed and the prospectus.

MFM SLATER RECOVERY FUND

TRUSTEE'S REPORT

The Depositary in its capacity as Trustee of the MFM Slater Recovery Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed 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 Trust and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored (this requirement on the Depositary applied from 18 March 2016) and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Report of HSBC Bank plc ("the Trustee") to the Unitholders of the MFM Slater Recovery Fund

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC BANK PLC

LONDON

24 January 2017

MFM SLATER RECOVERY FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE MFM SLATER RECOVERY FUND

We have audited the financial statements of the MFM Slater Recovery Fund for the year ended 30 November 2016 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

This report is made solely to the fund's unitholders, as a body, pursuant to 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 fund's unitholders those matters we are required to state to them in an auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the authorised fund manager and the auditor

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 6, the authorised fund manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the authorised fund manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the fund's affairs as at 30 November 2016 and of its net revenue and net gains or losses of the fund property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- the financial statements 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 trust deed;
- there is nothing to indicate that proper accounting records for the fund have not been kept or that the financial statements are not in agreement with those records;
- 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; and
- the information given in the authorised fund manager's report is consistent with the financial statements.

24 January 2017

BARLOW ANDREWS LLP
CHARTERED ACCOUNTANTS & STATUTORY AUDITOR
78 CHORLEY NEW ROAD
BOLTON

MFM SLATER RECOVERY FUND

COMPARATIVE TABLE

Accumulation units were first offered at 50p on 10 March 2003. On 31 December 2012 the units were reclassified as Class A units and Class B and P units became available for purchase.

<u>Class A accumulation units</u>	Year to	Year to	Year to
Change in net assets per unit	30.11.16	30.11.15	30.11.14
	pence	pence	pence
Opening net asset value per unit	179.55	156.55	131.10
Return before operating charges*	(2.60)	25.60	27.79
Operating charges	(2.69)	(2.60)	(2.34)
Return after operating charges*	(5.29)	23.00	25.45
Closing net asset value per share	174.26	179.55	156.55
Retained distributions on accumulation units	1.02	0.44	0.17
* after direct transaction costs of:	0.05	0.06	0.25
Performance			
Return after charges	-2.95%	14.69%	19.41%
Other information			
Closing net asset value	£16,513,635	£21,596,170	£23,023,438
Closing number of units	9,476,432	12,027,986	14,706,549
Operating charges	1.57%	1.57%	1.58%
Direct transaction costs	0.03%	0.04%	0.17%
Prices			
Highest unit price	196.80p	193.37p	168.25p
Lowest unit price	148.63p	152.58p	130.52p
<u>Class B accumulation units</u>	Year to	Year to	Year to
Change in net assets per unit	30.11.16	30.11.15	30.11.14
	pence	pence	pence
Opening net asset value per unit	182.11	158.02	131.72
Return before operating charges*	(2.56)	25.88	27.91
Operating charges	(1.86)	(1.79)	(1.61)
Return after operating charges*	(4.42)	24.09	26.30
Closing net asset value per unit	177.69	182.11	158.02
Retained distributions on accumulation units	1.90	1.28	0.91
* after direct transaction costs of:	0.05	0.07	0.26
Performance			
Return after charges	-2.43%	15.24%	19.97%
Other information			
Closing net asset value	£4,124,196	£4,993,528	£5,017,412
Closing number of units	2,321,011	2,742,081	3,175,139
Operating charges	1.07%	1.07%	1.06%
Direct transaction costs	0.03%	0.04%	0.17%
Prices			
Highest unit price	191.54p	188.20p	162.95p
Lowest unit price	151.24p	157.39p	133.76p

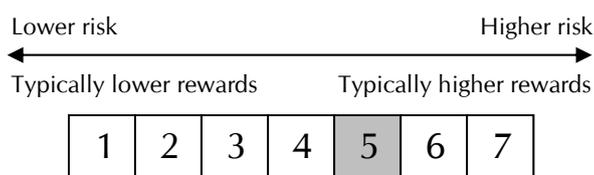
MFM SLATER RECOVERY FUND

COMPARATIVE TABLE (CONTINUED)

Class P accumulation units	Year to	Year to	Year to
Change in net assets per unit	30.11.16	30.11.15	30.11.14
	pence	pence	pence
Opening net asset value per unit	183.32	158.70	131.96
Return before operating charges*	(2.29)	26.01	27.97
Operating charges	(1.44)	(1.39)	(1.23)
Return after operating charges*	(3.73)	24.62	26.74
Closing net asset value per unit	179.59	183.32	158.70
Retained distributions on accumulation units	2.36	1.71	1.30
* after direct transaction costs of:	0.05	0.07	0.25
Performance			
Return after charges	-2.03%	15.51%	20.26%
Other information			
Closing net asset value	£9,842,718	£7,904,802	£5,426,512
Closing number of units	5,480,647	4,311,908	3,419,445
Operating charges	0.82%	0.82%	0.82%
Direct transaction costs	0.03%	0.04%	0.17%
Prices			
Highest unit price	192.82p	189.45p	163.63p
Lowest unit price	152.75p	154.85p	131.71p

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class 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.

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 significant volatility historically.

MFM SLATER RECOVERY FUND

PORTFOLIO STATEMENT

as at 30 November 2016

Holding or Nominal value as at 30 Nov 16	Bid value £	Percentage of total net assets %
Electricity (1.49%, Nov 2015 - 1.71%)		
676,839 OPG Power Ventures	453,482	1.49
Total Electricity	<u>453,482</u>	<u>1.49</u>
Financial Services (2.00%, Nov 2015 - 1.70%)		
180,000 City of London Investment Group	610,200	2.00
Total Financial Services	<u>610,200</u>	<u>2.00</u>
Food Producers (1.72%, Nov 2015 - Nil)		
210,000 Hotel Chocolat Group	525,000	1.72
Total Food Producers	<u>525,000</u>	<u>1.72</u>
General Retailers (0.37%, Nov 2015 - 1.21%)		
120,000 Bonmarché Holdings	112,800	0.37
Total General Retailers	<u>112,800</u>	<u>0.37</u>
Household Goods & Home Construction (8.80%, Nov 2015 - 9.96%)		
45,000 Bellway	1,107,450	3.63
57,000 Bovis Homes Group	466,260	1.53
36,000 Galliford Try	453,960	1.49
160,000 Redrow	655,840	2.15
Total Household Goods & Home Construction	<u>2,683,510</u>	<u>8.80</u>
Industrial Engineering (3.07%, Nov 2015 - 1.73%)		
500,000 Trifast	935,000	3.07
Total Industrial Engineering	<u>935,000</u>	<u>3.07</u>
Industrial Transportation (5.89%, Nov 2015 - 4.14%)		
550,000 Avation	1,078,000	3.54
295,348 Mercantile Ports & Logistics	30,273	0.10
70,000 Ocean Wilsons Holdings	686,000	2.25
Total Industrial Transportation	<u>1,794,273</u>	<u>5.89</u>
Leisure Goods (2.09%, Nov 2015 - 2.48%)		
445,000 Photo-Me International	636,350	2.09
Total Leisure Goods	<u>636,350</u>	<u>2.09</u>
Media (12.37%, Nov 2015 - 10.56%)		
465,000 Entertainment One	1,018,815	3.34
229,410 Matomy Media Group	275,292	0.90
280,000 Next Fifteen Communications Group	873,600	2.87
185,001 STV Group	643,803	2.11
145,125 Taptica International	217,687	0.71
750,000 XLMedia	742,500	2.44
Total Media	<u>3,771,697</u>	<u>12.37</u>
Oil & Gas Producers (0.97%, Nov 2015 - 1.18%)		
1,100,000 Amerisur Resources	297,000	0.97
Total Oil & Gas Producers	<u>297,000</u>	<u>0.97</u>

MFM SLATER RECOVERY FUND

PORTFOLIO STATEMENT

as at 30 November 2016

Holding or Nominal value as at 30 Nov 16	Bid value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology (13.92%, Nov 2015 - 15.46%)		
2,200,000 Alliance Pharma	979,000	3.21
10,000 Clinigen Group	75,400	0.25
134,500 Hutchison China MediTech	2,663,100	8.74
357,207 Vectura Group	524,023	1.72
Total Pharmaceuticals & Biotechnology	<u>4,241,523</u>	<u>13.92</u>
Real Estate Investment & Services (4.57%, Nov 2015 - 4.15%)		
256,675 Lok'nStore Group	1,052,368	3.45
241,277 Market Tech Holdings	340,804	1.12
Total Real Estate Investment & Services	<u>1,393,172</u>	<u>4.57</u>
Real Estate Investment Trusts (2.24%, Nov 2015 - 2.01%)		
203,415 NewRiver Retail	680,932	2.24
Total Real Estate Investment Trusts	<u>680,932</u>	<u>2.24</u>
Software & Computer Services (12.55%, Nov 2015 - 11.12%)		
1,224,710 Castleton Technology	722,579	2.37
1,225,000 dotDigital Group	686,000	2.25
75,000 First Derivatives	1,578,000	5.18
350,000 NCC Group	646,450	2.12
211,982 Redcentric	190,254	0.63
Total Software & Computer Services	<u>3,823,283</u>	<u>12.55</u>
Support Services (20.14%, Nov 2015 - 17.41%)		
960,000 Communisis	345,600	1.13
730,000 Lakehouse	206,225	0.68
151,176 Marlowe	430,852	1.41
140,000 Mears Group	663,250	2.18
220,000 Paysafe Group	866,360	2.84
310,000 Regus	719,510	2.36
507,000 Restore	1,926,600	6.32
44,500 Staffline Group	384,925	1.26
596,000 WYG	596,000	1.96
Total Support Services	<u>6,139,322</u>	<u>20.14</u>
Technology Hardware & Equipment (1.79%, Nov 2015 - 1.49%)		
147,500 CML Microsystems	545,750	1.79
Total Technology Hardware & Equipment	<u>545,750</u>	<u>1.79</u>
Tobacco (0.89%, Nov 2015 - 1.02%)		
6,000 British American Tobacco	271,050	0.89
Total Tobacco	<u>271,050</u>	<u>0.89</u>
Travel & Leisure (4.67%, Nov 2015 - 4.73%)		
560,000 Marston's	754,320	2.48
1,554,055 NetPlay TV	116,554	0.38
170,000 Revolution Bars Group	306,000	1.00
620,000 Safestay	248,000	0.81
Total Travel & Leisure	<u>1,424,874</u>	<u>4.67</u>

MFM SLATER RECOVERY FUND

PORTFOLIO STATEMENT

as at 30 November 2016

Holding or Nominal value as at 30 Nov 16	Bid value £	Percentage of total net assets %
OVERSEAS SECURITIES (Nil, Nov 2015 - 3.78%)		
Total Overseas Securities	0	0.00
UNQUOTED SECURITIES (0.17%, Nov 2015 - 0.64%)		
1,653,028 Genagro	52,668	0.17
Total Unquoted Securities	52,668	0.17
Portfolio of investments	30,391,886	99.71
Net current assets	88,663	0.29
Net assets	30,480,549	100.00

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

For the year ended 30 November 2016

Statement of total return

	Notes	30 November 2016		30 November 2015	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		(1,297,282)		4,300,353
Revenue	6	675,506		600,580	
Expenses	7	<u>(394,287)</u>		<u>(440,992)</u>	
Net revenue/(expense) before taxation		281,219		159,588	
Taxation	8	<u>(4,644)</u>		<u>(4,002)</u>	
Net revenue/(expense) after taxation			<u>276,575</u>		<u>155,586</u>
Total return before distributions			(1,020,707)		4,455,939
Distributions	9		(276,575)		(155,586)
Change in net assets attributable to unitholders from investment activities			<u>(1,297,282)</u>		<u>4,300,353</u>

Statement of change in net assets attributable to unitholders

	30 November 2016		30 November 2015	
	£	£	£	£
Opening net assets attributable to unitholders		34,494,500		33,467,362
Amounts receivable on issue of units	1,477,077		2,938,333	
Amounts payable on cancellation of units	(4,462,727)		(6,365,072)	
Amounts payable on unit class conversions	<u>(5,772)</u>		<u>(2,260)</u>	
		(2,991,422)		(3,428,999)
Change in net assets attributable to unitholders from investment activities		(1,297,282)		4,300,353
Retained distribution on accumulation units		274,753		155,784
Closing net assets attributable to unitholders		<u>30,480,549</u>		<u>34,494,500</u>

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS
as at 30 November 2016

Balance sheet

	Notes	30 November 2016	30 November 2015
		£	£
Assets:			
Fixed Assets:			
Investments		30,391,886	33,278,719
Current Assets:			
Debtors	10	21,038	107,866
Cash and bank balances	11	174,930	1,148,930
Total assets		<u>30,587,854</u>	<u>34,535,515</u>
Liabilities:			
Creditors:			
Bank overdrafts		9,589	0
Other creditors	12	97,716	41,015
Total liabilities		<u>107,305</u>	<u>41,015</u>
Net assets attributable to unitholders		<u><u>30,480,549</u></u>	<u><u>34,494,500</u></u>

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

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.

These financial statements for the year ended 30 November 2016 are the first financial statements of MFM Slater Recovery Fund prepared in accordance with FRS102. The date of transition to FRS102 was 1 December 2014. The reported financial position and financial performance for the previous year are not affected by the transition to FRS 102.

b Going concern

The authorised fund manager 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 equities are recognised when the security is quoted ex-dividend. 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 30 November 2016. 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 authorised fund manager believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the authorised fund manager's best estimate of a fair and reasonable value for that investment. The fair value excludes any element of accrued interest.

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

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 and bank overdrafts. Bank overdrafts are shown within creditors in liabilities.

i Financial assets

The authorised fund manager 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 units, 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 units 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 unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

b Apportionment to multiple unit classes

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

FINANCIAL STATEMENTS

Notes to the financial statements

DISTRIBUTION POLICIES

c Stock dividends

In the case of an ordinary stock dividend the whole amount is recognised as revenue. In the case of an enhanced stock dividend, the value of the enhancement, calculated as the amount by which the total market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is treated as capital. The balance is treated as revenue.

d Equalisation

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

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 5, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities, 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 Fund's financial instruments and the authorised fund manager'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 manager in pursuance of the investment objective and policy as set out in the

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.

Foreign currency risk

The income and capital value of the 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 authorised fund manager has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during 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 Fund. The Fund converts all receipts of income received in currency, into sterling on the day of receipt.

Credit 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 authorised fund manager 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 units 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 authorised fund manager.

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

4 NET CAPITAL GAINS/(LOSSES)	30 November 2016	30 November 2015
	£	£
The net gains/(losses) on investments during the year comprise:		
Non-derivative securities	(1,293,116)	4,303,985
Currency gains/(losses)	(1,539)	0
Transaction charges	(2,627)	(3,632)
Net capital gains/(losses)	(1,297,282)	4,300,353
5 PURCHASES, SALES AND TRANSACTION COSTS	30 November 2016	30 November 2015
(All purchases and sales are in the equity asset class)	£	£
Purchases excluding transaction costs	1,986,214	2,070,096
Corporate actions	1,395,999	2,322,917
	<u>3,382,213</u>	<u>4,393,013</u>
Commissions	1,935	3,204
Taxes and other charges	1,478	2,222
Total purchase transaction costs	<u>3,413</u>	<u>5,426</u>
Purchases including transaction costs	<u>3,385,626</u>	<u>4,398,439</u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.10%	0.15%
Taxes and other charges	0.07%	0.11%
Sales excluding transaction costs	4,979,014	6,194,005
Corporate actions	5,140	8,360
	<u>4,984,154</u>	<u>6,202,365</u>
Commissions	(4,737)	(7,188)
Taxes and other charges	(73)	(93)
Total sale transaction costs	<u>(4,810)</u>	<u>(7,281)</u>
Sales net of transaction costs	<u>4,979,344</u>	<u>6,195,084</u>
Sales transaction costs expressed as a percentage of the principal amount:		
Commissions	0.10%	0.12%
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:		
	<u>0.03%</u>	<u>0.04%</u>
Transaction handling charges	<u>2,627</u>	<u>3,632</u>
Average portfolio dealing spread		
This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.		
Average portfolio dealing spread at the balance sheet date	<u>1.77%</u>	<u>1.77%</u>
6 REVENUE	30 November 2016	30 November 2015
	£	£
UK dividends	536,726	459,621
UK dividends (unfranked)	39,666	43,531
Overseas dividends	98,932	94,663
Bank interest	182	2,765
Total revenue	<u>675,506</u>	<u>600,580</u>

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

7 EXPENSES	30 November 2016	30 November 2015
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	375,018	421,623
Registration fees	1,544	1,511
	<u>376,562</u>	<u>423,134</u>
Payable to the trustee or associate:		
Trustee's fees	11,251	11,782
Safe Custody fees	2,562	2,652
Interest	441	93
	<u>14,254</u>	<u>14,527</u>
Other expenses:		
Financial Conduct Authority fee	194	163
Audit fee	3,277	3,168
	<u>3,471</u>	<u>3,331</u>
Total expenses	<u><u>394,287</u></u>	<u><u>440,992</u></u>

8 TAXATION	30 November 2016	30 November 2015
	£	£
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	0	0
Overseas tax	4,644	4,002
Total tax charge	<u><u>4,644</u></u>	<u><u>4,002</u></u>
b Factors affecting the tax charge for the year		
Net revenue before taxation	281,219	159,588
Corporation tax at 20%	56,244	31,918
Effects of:		
Revenue not subject to taxation	(127,132)	(110,857)
Unrelieved excess management expenses	70,888	78,939
Overseas tax	4,644	4,002
Current tax charge	<u><u>4,644</u></u>	<u><u>4,002</u></u>

At 30 November 2016 the Fund has deferred tax assets of £1,356,486 (30.11.15 - £1,285,598) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS	30 November 2016	30 November 2015
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	113,846	78,378
Final	160,924	77,419
Amounts deducted on cancellation of units	10,198	9,696
Amounts added on issue of units	(2,604)	(7,634)
Equalisation on conversions	(5,772)	(2,260)
Revenue brought forward	(17)	(13)
Distributions	<u><u>276,575</u></u>	<u><u>155,586</u></u>

Details of the distribution per unit are set out in the distribution table in note 18.

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

10 DEBTORS	30 November 2016	30 November 2015
	£	£
Amounts receivable for issue of units	0	84,605
Accrued income	20,748	22,971
Taxation recoverable	290	290
Total debtors	<u>21,038</u>	<u>107,866</u>

11 CASH AND BANK BALANCES	30 November 2016	30 November 2015
	£	£
Capital bank account	0	1,054,527
Revenue bank account	174,930	94,403
Total cash and bank balances	<u>174,930</u>	<u>1,148,930</u>

12 OTHER CREDITORS	30 November 2016	30 November 2015
	£	£
Amounts payable for cancellation of units	63,048	0
Accrued expenses	34,668	41,015
Total other creditors	<u>97,716</u>	<u>41,015</u>

13 COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 November 2016 there were contingent liabilities in respect of a placing in Tasty (£300,150).

14 RELATED PARTIES

The manager is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders.

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

	30 November 2016	30 November 2015
	£	£
Marlborough Fund Managers Ltd	93,191	(48,416)

15 UNITHOLDERS' FUNDS

The Fund currently has three unit classes: Class 'A' (minimum investment £3,000); Class 'B' (minimum investment £100,000); and Class 'P' (minimum investment £5,000,000). The annual management charges are 1.5%, 1% and 0.75% respectively.

During the year the authorised fund manager has issued, cancelled and converted units from one unit class to another as set out below:

	Class A	Class B	Class P
Opening units in issue at 1 December 2015	<u>12,027,986</u>	<u>2,742,081</u>	<u>4,311,908</u>
Units issues	62,888	103,365	658,508
Units cancellations	(575,753)	(509,531)	(1,497,670)
Units conversions	(2,038,690)	(14,904)	2,007,901
Closing units in issue at 30 November 2016	<u>9,476,431</u>	<u>2,321,011</u>	<u>5,480,647</u>

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 £1,519,594 (30.11.15 - £1,663,936). A five per cent decrease would have an equal and opposite effect.

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

Foreign currency risk

At the year end date a portion of the net assets of the 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. These net assets consist of the following:

Foreign currency exposure at 30 November 2016:

	Investments £	Net current assets £	Total £
Brazilian Real	52,668	0	52,668
	<u>52,668</u>	<u>0</u>	<u>52,668</u>

Foreign currency exposure at 30 November 2015:

	Investments £	Net current assets £	Total £
Brazilian Real	220,922	0	220,922
Canadian Dollar	0	290	290
US Dollar	1,304,075	0	1,304,075
	<u>1,524,997</u>	<u>290</u>	<u>1,525,287</u>

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 £2,633 (30.11.15 - £76,264). A five per cent increase would have an equal and opposite effect.

Liquidity risk

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

	30 November 2016 £	30 November 2015 £
Other creditors		
1 week	63,048	0
1 month	31,226	37,732
6 months	3,442	3,283
	<u>97,716</u>	<u>41,015</u>

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

17 FAIR VALUE DISCLOSURE

Fair value hierarchy as at 30 November 2016

Valuation technique	30 November 2016		30 November 2015	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	30,339,218	0	33,057,797	0
Level 2	0	0	0	0
Level 3	52,668	0	220,922	0
	<u>30,391,886</u>	<u>0</u>	<u>33,278,719</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.

Genagro is being priced, based on the latest shareholder update from the company.

MFM SLATER RECOVERY FUND

FINANCIAL STATEMENTS

Notes to the financial statements

18 DISTRIBUTION TABLE

ACCUMULATION UNITS

For the period 1 December 2015 to 31 May 2016

Group 1: units purchased prior to 1 December 2015

Group 2: units purchased on or after 1 December 2015

		Net revenue to 31-May-16 pence per unit	Equalisation to 31-May-16 pence per unit	Distribution payable 31-Jul-16 pence per unit	Distribution paid 31-Jul-15 pence per unit
Class 'A'	Group 1	0.3569p	0.0000p	0.3569p	0.2445p
	Group 2	0.2315p	0.1254p	0.3569p	0.2445p
Class 'B'	Group 1	0.8006p	0.0000p	0.8006p	0.6504p
	Group 2	0.5926p	0.2080p	0.8006p	0.6504p
Class 'P'	Group 1	1.0309p	0.0000p	1.0309p	0.8563p
	Group 2	0.6936p	0.3373p	1.0309p	0.8563p

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

Franked	93.95%	Unfranked	6.05%
---------	--------	-----------	-------

£0.00 is the trustee's net liability to corporation tax in respect of the gross revenue.

0.0000p is the trustee's net liability to corporation tax per unit.

For the period 1 June 2016 to 30 November 2016

Group 1: units purchased prior to 1 June 2016

Group 2: units purchased on or after 1 June 2016

		Net revenue to 30-Nov-16 pence per unit	Equalisation to 30-Nov-16 pence per unit	Distribution payable 31-Jan-17 pence per unit	Distribution paid 31-Jan-16 pence per unit
Class 'A'	Group 1	0.6581p	0.0000p	0.6581p	0.1933p
	Group 2	0.3420p	0.3161p	0.6581p	0.1933p
Class 'B'	Group 1	1.1041p	0.0000p	1.1041p	0.6308p
	Group 2	0.2970p	0.8071p	1.1041p	0.6308p
Class 'P'	Group 1	1.3306p	0.0000p	1.3306p	0.8547p
	Group 2	0.7879p	0.5427p	1.3306p	0.8547p

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

Franked	94.24%	Unfranked	5.76%
---------	--------	-----------	-------

£0.00 is the trustee's net liability to corporation tax in respect of the gross revenue.

0.0000p is the trustee's net liability to corporation tax per unit.

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

Investor Support: (0808) 145 2500 (FREEPHONE)
Dealing: (0808) 145 2501 (FREEPHONE)
Fax: (01204) 533 045
Email: investorsupport@marlboroughfunds.com
Website: www.marlboroughfunds.com

Marlborough Fund Managers Ltd
Registered in England No. 2061177
Authorised and regulated by the Financial Conduct Authority and a
member of The Investment Association.