



# Marlborough Balanced Fund

## Short Report

For the period from 1st March 2013 to 28th February 2014

## **Fund Details**

### **Marlborough Balanced Fund**

## **Manager and Registrar**

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

Customer 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**

Marlborough Investment Management Limited  
PO Box 1852  
Lichfield  
Staffordshire  
WS13 8XU

Authorised and regulated by the Financial Conduct Authority.

## **Auditors**

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

## **Directors of Marlborough Fund Managers Limited**

Andrew Staley	Chairman
Nicholas F J Cooling	Deputy Chairman
Allan Hamer	Joint Managing Director
Wayne D Green	Joint Managing Director
B John Leyland	Finance Director
Geoffrey Hitchin	Investment Director
Keith Ounsworth	Director - Sales
John R Heap	Director - Strategic Development

## GENERAL INFORMATION

### Investment Objective

The investment objective is to provide medium to long term capital growth on a medium risk basis.

It is intended that this objective will be achieved by the Scheme investing primarily in a diversified portfolio of units/shares of collective investment schemes, (including, but not restricted to, Exchange Traded Funds, collective investment schemes which themselves invest in property and/or the shares of property companies, and index-linked collective investment schemes), and transferable securities (including, but not restricted to, shares in investment companies including investment trusts which themselves invest in equities, property and/or the shares of property investment companies, and equity linked transferable securities and fixed interest investments), on a global basis. The Scheme is also permitted to invest in money market instruments, government and public securities, cash and near cash, warrants and deposits as permitted for non-UCITS retail Schemes in accordance with COLL.

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

It is intended that the assets of the Scheme will be managed such that it is eligible for quotation within the Investment Management Association's Mixed Investment 40-85% Shares, further details of which may be found via the IMA's website at [www.investmentfunds.org.uk](http://www.investmentfunds.org.uk).

### Risk Profile

The Fund aims to achieve capital growth over time by a spread of investments covering a mixture of equities, both in the UK and overseas with fixed interest stocks also included. This aim is mainly to be achieved by investing in other collective investments schemes. This gives a wide spread of investments which may help to mitigate the risks. The main risks arising from the financial instruments held are foreign currency, interest rate and market price. These risks are monitored by the Managers in pursuance of the investment objective and policy set out in the prospectus. There is considered to be little exposure to either liquidity risk as the assets are mainly readily realisable or credit risk.

### Risk Warning

The past is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and the investor may not get back the amount originally invested. The Fund is subject to an initial charge and, consequently, charges are not made uniformly throughout the period of the investment. The Fund's underlying investments may include emerging market, smaller company and commodity funds which may be higher risk than other asset classes. The Fund may invest in fixed interest funds which will be impacted by changes in interest rates. Changes in exchange rates between currencies may cause the value of the investment to diminish or increase.

### Reports and Accounts

The purpose of sending this Short Report is to present you with a summary of how the Fund has performed during the accounting period in accordance with the FCA rules. If you wish to request further information, the more detailed long form report is available. For a copy please write to Marlborough Fund Managers Ltd, Marlborough House, 59 Chorley New Road, Bolton BL1 4QP or telephone customer services on 0808 145 2500.

### Change in Prospectus

No changes have been made since the last report.

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

# AUTHORISED INVESTMENT ADVISER'S REPORT

For the year ended 28 February 2014

## Percentage change and sector position to 28 February 2014

	Six months	1 year	3 years	5 years	Since launch**
Marlborough Balanced Fund	6.93%	6.63%	12.92%	71.66%	216.19%
Quartile Ranking*	1	3	4	4	3

\*Based on ranking within IMA Mixed Investment 40-85% Shares

\*\* Launched 01.03.1993

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



Over the twelve months to 28<sup>th</sup> February 2014 the ex- dividend accumulation unit bid price of the Marlborough Balanced fund has risen by 6.63%. This compares to an increase of 8.81% by the IMA Mixed Investment 40-85% Shares sector average.

Much of the underperformance occurred in the first quarter of the year between March and June and, as referred to in the previous report, to combat this we set about a programme of reducing our exposure to International Equities generally, but US, Asia ex Japan, Europe and Emerging Markets in particular. This was balanced through increased exposure to the excellent performance being produced by UK Equities. In this respect we increased an established exposure to Marlborough Multi-Cap Income, Ardevora UK Equity Income and Ardevora UK Equity Growth. Elsewhere we reduced or sold entirely the exposure to global agriculture and gold. Further with the prospect of imminent tapering having little or no impact on bonds we marginally increased the exposure to UK and International Fixed Income Securities. The net result of these asset allocation manoeuvres was that in the second half of the year the ex-dividend accumulation unit bid price of the Marlborough Balanced Fund rose by 6.93% placing it in the top twenty five percent of its peer group which over the same period rose by only 5.49%.

We are confident that the fund is now positioned appropriately to produce above average returns over the coming year and additionally are pleased to report that we have been able to negotiate reduced charges from the underlying funds into which Marlborough Balanced is invested and that this has resulted in an overall cost reduction over the year. This in turn will improve the prospects of outperforming in future.

## Distributions

Net income paid 30 April	Year 2014	Year 2013	Year 2012	Year 2011
Class A	0.1213ppu	0.0000ppu	0.0000ppu	0.0000ppu
Class B	0.9325ppu	0.0578ppu		
Class P	1.1740ppu	0.0958ppu		

Nicholas F J Cooling BA (Hons)  
Deputy Chairman  
9 April 2014

# MARLBOROUGH BALANCED FUND

## AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

### Material Portfolio Changes

For the year ended 28 February 2014

Purchases	Cost (£)	Sales	Proceeds (£)
Marlborough Multi Cap Income P Acc	13,570,000	Marlborough UK Multi-Cap Growth 'A'	17,330,850
Treligga Ardevora UK Equity 'C'	4,150,000	Allianz RCM Continental Euro 'C' (Acc)	7,737,996
Old Mutual Global Abs Rtn 'R' (Acc)	4,100,685	Wells Fargo US All Cap Growth 'A' USD	4,826,274
Marlborough High Yield Fixed Interest 'P'	3,588,443	Old Mutual Global Abs Rtn 'R' (Acc)	4,154,301
Henderson European Special Sits Inst(Acc)	3,285,000	Marlborough Global Bond 'A' (Acc)	3,588,443
Blackrock European Dynamic D Acc	3,285,000	Marlborough North American Fund	3,000,000
SWIP Absolute Return Bond 'D' (Acc)	2,600,000	iShares MSCI Europe (Ex UK)	2,742,448
GLG Japan CoreAlpha Equity I H GBP	2,590,000	Aberdeen Japan Growth	2,694,500
DB X-Trackers MSCI Japan	2,589,985	SWIP Absolute Return Bond 'D' (Acc)	2,604,753
F&C European Smallcap I Income	2,111,093	Newton Asian Income Inst (Acc)	1,808,758
Marlborough Cash Trust	900,000	ETFS Physical Gold	1,413,807
Marlborough Emerging Markets Trust	626,340	Marlborough Multi Cap Income P Acc	1,000,000
Marlborough Special Situations 'P'	500,000	Marlborough Cash Trust	950,000
Marlborough Far East Growth 'B' (Acc)	381,104	Allianz Global Agriculture 'A' GBP	924,142
Treligga Ardevora UK Equity Income 'C'	22,640	Marlborough Special Situations 'B'	738,103
Accumulation Dividends	550,383	Marlborough Special Situations 'P'	523,565
Equalisation on Dividends	(56,365)	DB X-Trackers MSCI Japan	500,279
		Henderson European Special Sits Inst (Acc)	500,000
Total purchases for the year	44,794,308	Total sales for the year	57,038,219

### TOP TEN HOLDINGS AS AT 28 FEBRUARY 2014

	%
Marlborough Multi Cap Income 'P'	14.52
Marlborough UK Multi Cap Growth 'A'	11.45
Ardevora UK Equity Income 'C'	10.90
Marlborough North American	8.97
Marlborough Bond Income 'A'	5.86
Marlborough Emerging Markets 'A'	4.86
EEA Life Settlements Sterling 'C'	4.75
Marlborough North American Trust 'A'	4.51
Ardevora UK Equity 'C'	4.46
Marlborough Far East Growth 'B'	3.91

### TOP TEN HOLDINGS AS AT 28 FEBRUARY 2013

	%
Marlborough UK Leading Companies	23.57
Marlborough North American	10.01
Ardevora UK Income 'C'	8.45
Allianz RCM Continental European 'C'	7.06
Marlborough Bond Income	5.51
EEA Life Settlements Sterling 'C'	5.27
Marlborough Emerging Markets	5.03
Wells Fargo US All Cap Growth 'A' USD	4.19
Marlborough Far East Growth 'B'	4.09
Marlborough North American Trust 'A'	3.77

## MARLBOROUGH BALANCED FUND

### FUND FACTS

#### Launched Accumulation Units

1 March 1993 at 50p

On 31 December 2012 Class B and Class P units became available for purchase.

<b>Accounting Dates</b>	(Final) (Interim-report only)	Last day of February 31 August
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<b>Distribution Dates</b>	(Final)	30 April
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<b>Minimum Investment:</b>	Class A	£1,000
	Class B	£50,000
	Class P	£1,000,000

<b>IMA Sector</b>	Mixed Investment 40-85% Shares
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**Ongoing Charge Figures as at 28 February 2014**      Class A 2.64%    Class B 2.14%    Class P 1.89%

**Ongoing Charge Figures as at 28 February 2013**      Class A 2.74%    Class B 2.17%\*    Class P 1.92%\*

\* period 31 December 2012 to 28 February 2013

The ongoing charge figure is based on expenses for the year, except as indicated above, where the ongoing charge figure has been annualised to give a more accurate representation of the true costs over one year. This figure may vary from year to year. It excludes:

- Performance fees
- Portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling units in another collective investment scheme.

### 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.



## MARLBOROUGH BALANCED FUND

### SUMMARY OF FUND PERFORMANCE

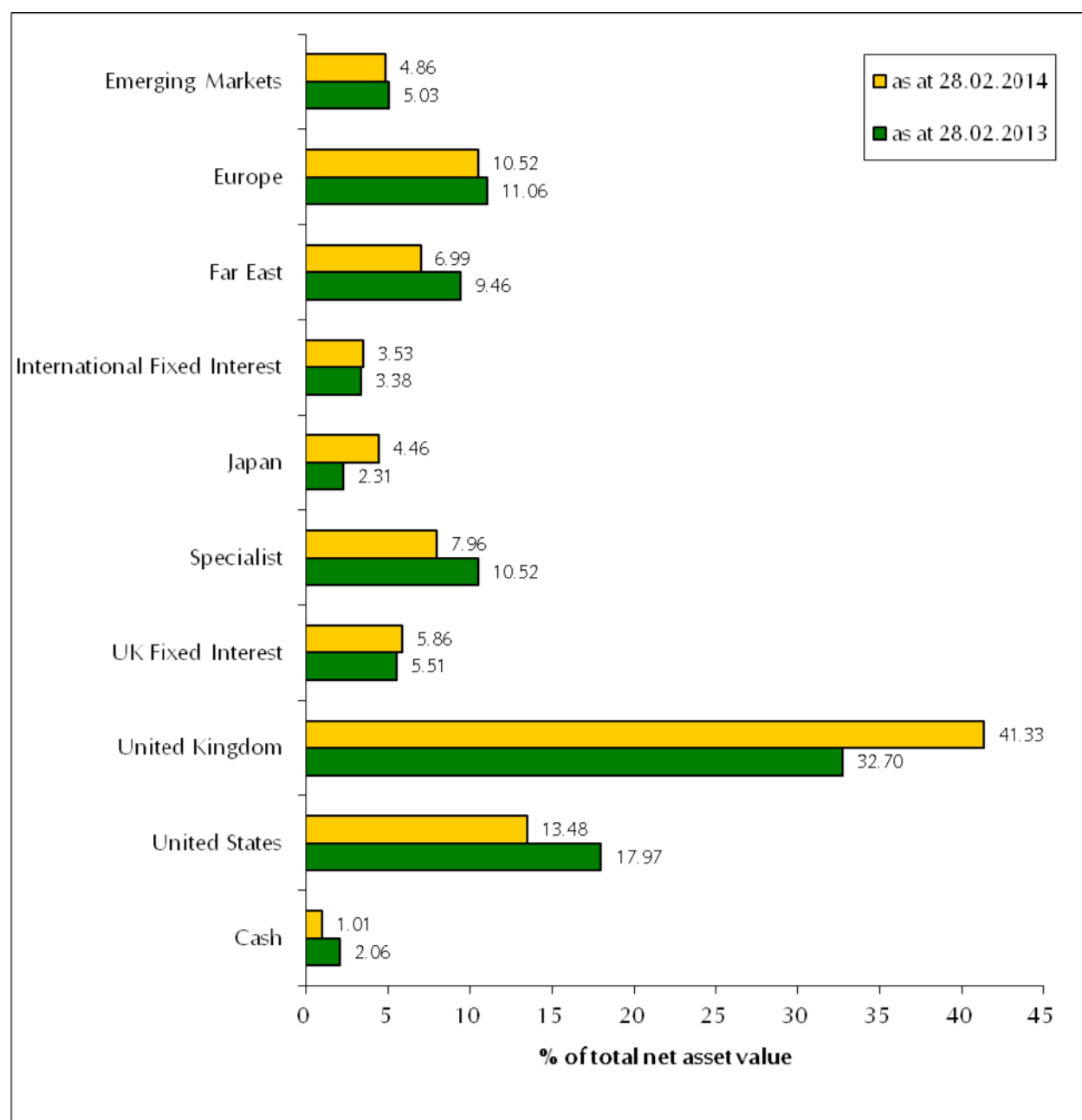
Unit Type	Year	Highest Offer Price	Lowest Bid Price	Distribution Per Unit
<b>Class A</b>				
Accumulation	2009	124.94p	84.45p	1.3164p
Accumulation	2010	143.28p	111.03p	0.9079p
Accumulation	2011	144.67p	114.02p	0.0000p
Accumulation	2012	138.14p	118.51p	0.0000p
Accumulation	2013	157.86p	130.93p	0.0000p
Accumulation	2014*	159.21p	144.74p	0.1213p
<b>Class B</b>				
Accumulation	2013	157.67p	130.93p	0.0578p
Accumulation	2014*	159.59p	145.51p	0.9325p
<b>Class P</b>				
Accumulation	2013	151.67p	131.48p	0.0958p
Accumulation	2014*	153.69p	146.06p	1.1740p

\*up to 28 February 2014

		Net Asset Value of Scheme Property	Number of Accumulation units in issue	Net Asset Value Per Accumulation Unit
29 February 2012		£122,212,282	95,136,399	128.46p
28 February 2013	Class A	£109,384,112	77,646,167	140.88p
28 February 2013	Class B	£1,170	830	140.99p
28 February 2013	Class P	£33,104	23,474	141.02p
28 February 2014	Class A	£100,401,215	66,839,686	150.21p
28 February 2014	Class B	£1,254	830	151.03p
28 February 2014	Class P	£2,210,433	1,461,755	151.22p

## MARLBOROUGH BALANCED FUND

### PORTFOLIO BREAKDOWN





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

Customer

Support: 0808 145 2500

Intermediary

Support: 0808 145 2502

Dealing: 0808 145 2501

Fax: 01204 533045

Email: [enquiries@marlboroughfunds.com](mailto:enquiries@marlboroughfunds.com)

Website: [www.marlboroughfunds.com](http://www.marlboroughfunds.com)

Marlborough Fund Managers Limited  
Registered in England No. 2061177  
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