



# MFM MAZE OEIC

## Short Report

For the period 1<sup>st</sup> November 2012 to 31<sup>st</sup> October 2013

**Fund Details**  
**MFM Maze OEIC**

**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

Authorised and regulated by the Financial Conduct Authority

Customer Support: (0808) 145 2500 (FREEPHONE)

**Depository:**  
HSBC Bank plc  
8 Canada Square  
London E14 5HQ

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

**Investment Adviser:**  
MFM Haldex Managed Fund  
Rathbone Investment Management Ltd  
The Stables  
Levens Hall  
Kendal  
Cumbria LA8 0PB

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

## GENERAL INFORMATION

### Investment Objective

The investment objective of the Fund 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 Fund investing in a spread of equity and fixed interest investments to match the liabilities of the Haldex Retirement & Death Benefit Scheme as notified by the scheme Actuary from time to time. The Fund is also permitted to invest in other transferable securities, money market instruments, cash and near cash, warrants and deposits as permitted for non-UCITS retails schemes in accordance with COLL.

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

### Risk Profile

The fund aims to achieve a balance of capital growth and income by investing in a mix of assets primarily in the equity and bond markets. The fund will focus on longer dated fixed interest assets as these more closely match the liabilities of the pension fund but where the investment strategy dictates shorter dated fixed interest assets will be held. The equity content is to be split between the UK and overseas markets with a greater emphasis on the UK market to reduce the currency risk and take advantage of the higher income stream offered by this region. The main risks arising from the investments held are that the fixed interest component may be vulnerable to rising interest rates whilst all the fund's investments will be affected by market price movements. The manager will seek to reduce this risk by spreading the fund's investments.

### 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. Changes in exchange rates between currencies may cause the value of the investment to diminish or increase. Investments in fixed interest securities are subject to market and credit risk and will be impacted by interest rates.

### 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

On 13 December 2013 the prospectus was updated to reflect the changes under the protected cell regime for UK umbrella OEICs. This means the sub-funds of the OEIC are segregated by law. In the unlikely event of one sub-fund having debts, the assets of the other sub-funds may not be used to settle these.

## AUTHORISED INVESTMENT ADVISER'S REPORT

For the six month period ended 31 October 2013

### Percentage change to 31 October 2013

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch**</u>
MFM Haldex Managed Fund	1.91%	10.94%	26.31%	54.25%	53.43%

\*\*9 June 2008

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

2013 has been characterised by rising government bond yields in the UK and around the world. Long dated pension liabilities requires the Haldex fund to hold a bond portfolio biased towards longer dated assets which are inherently more volatile; we have therefore focussed on index linked assets to help protect the pension from the negative influence these rising yields will have on the capital value.

Bonds issued by the peripheral European countries were one of the few bright spots in a year that delivered negative returns for most government bond markets. Meanwhile the stalemate between the US government and congress over the US debt ceiling caused uncertainty in US markets and the talk of quantitative easing tapering made for a jittery summer.

US equity markets overall had a positive year despite the summer anxiety and delivered strong returns followed closely by the UK, Europe and Japan. Emerging markets were the most disappointing markets losing value along with the Asian region, in sterling terms.

Improving economic data in the US and the UK gives cause for optimism although weaker Chinese data is partly to blame for the poor returns in emerging markets. This Chinese data as well as a devaluation of the Argentine Peso along with political tension in the Ukraine and Thailand has driven the flow of funds away from these regions toward the US stock market. Valuation is however everything, the US market is not cheaply valued and is discounting significant earnings growth for the coming year, while a continued correction in the emerging regions will present the fund with an opportunity to invest in these growing regions at a more appealing valuation.

Other peripheral assets such as commodities were adversely affected by less optimistic expectations for China who had previously been the major buyer of industrial commodities. Hedge funds have not managed to deliver any significant returns as there have been few trends from which to profit. These have always played a minor role in the mix of assets and have been reduced over the last 12 months. UK commercial property represents around 4% of the pension assets and these look well supported by the low interest rate environment and an improving economic climate in the UK.

It is our intention to increase the minority holding in emerging markets given their low valuations and look to invest selectively in the US growth story. As bond yields rise we will increase the bond assets to reflect the trustees wish to match the liabilities as far as is reasonably possible.

### **Distributions (Accumulation Shares)**

	<b>28.02.2014</b>	<b>28.02.2013</b>	<b>28.02.2012</b>	<b>28.02.2011</b>
Net income paid - Class A	2.8302pps	2.5178pps	2.5530pps	2.0522pps

Richard Dawson  
21 February 2014

**MFM MAZE OEIC**  
**MFM HALDEX MANAGED FUND**

**Material Portfolio Changes**

For the year ended 31 October 2013

Purchases	Cost (£)	Sales	Proceeds (£)
Standard Life 5.5% 04/12/2042	420,037	Lloyds TSB Bank FRN 29/04/2016	339,873
Treasury 1.25% IL 22/11/2055	398,254	Co-operative 5.625% 08/07/2020	283,135
Rabobank Nederland 5.25% 23/05/2041	378,766	Treasury 1.25% IL 22/11/2017	144,025
Liverpool Victoria 6.5% 22/05/2043	288,665	Atkins (WS)	136,690
Templeton Emerging Markets Inv Trust	230,813	Ladbrokes	130,469
Asia Total Return Investment Company	209,281	SIG	45,552
Treasury 1.25% IL 22/11/2027	190,410	Greggs	41,465
Elementis	147,623	Osram	2,415
Serco Group	143,923		
Intel	49,844		
Fidelity Japanese Values	33,000		
Barclays	16,650		
Banco Santander Sub Rts	2,357		
Accumulation dividends	4,591		
Amortisation on bonds	4,100		
Total purchases for the year	2,518,314	Total sales for the year	1,123,624

**TOP TEN HOLDINGS AS AT 31 OCTOBER 2013**

	%
Treasury 4.25% 07.06.2032	3.90
iShares S&P 500	3.71
Treasury 1.25% IL 22.11.2055	3.52
Treasury 1.25% IL 22.11.2027	3.46
Treasury 4.25% 07.12.2046	2.63
Treasury 4.25% 07.12.2027	2.60
Standard Life 5.5% 04.12.2042	2.41
GlaxoSmithKline 5.25% 19.12.2023	2.32
Rabobank Nederland 5.25% 23.05.2041	2.20
Fidelity Japanese Values	2.06

**TOP TEN HOLDINGS AS AT 31 OCTOBER 2012**

	%
Treasury 4.25% 07.06.2032	4.60
iShares S&P 500	3.28
Treasury 4.25% 07.12.2027	3.09
Treasury 4.25% 07.12.2046	3.05
GlaxoSmithKline 5.25% 19.12.2023	2.72
Treasury 1.25% IL 22.11.2027	2.50
European Investment Bank 4.75% 15.10.18	2.25
Nationwide BS 5.625% 09.09.2019	2.18
BH Macro	2.10
Schroder Global High Yield Hedged 'C'	1.95

**MFM MAZE OEIC**  
**MFM HALDEX MANAGED FUND**

**FUND FACTS**

**Launched Accumulation Shares** 9 June 2008 at 100p

**Accounting Dates** (Final) 31 October  
 (Interim-report only) 30 April

**Distribution Dates** (Final) 28 February

**Minimum Investment** Class A Retail £1,000

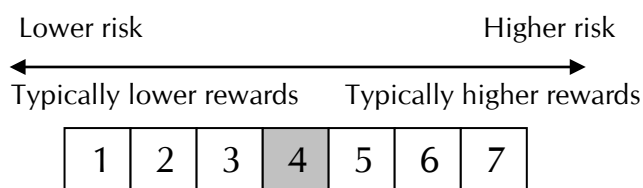
**Ongoing Charge Figure as at 31 October 2013** Class A 1.15%

**Ongoing Charge Figure as at 31 October 2012** Class A 1.14%

The ongoing charge figure is based on expenses for the 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 4 because it has experienced moderate volatility historically.

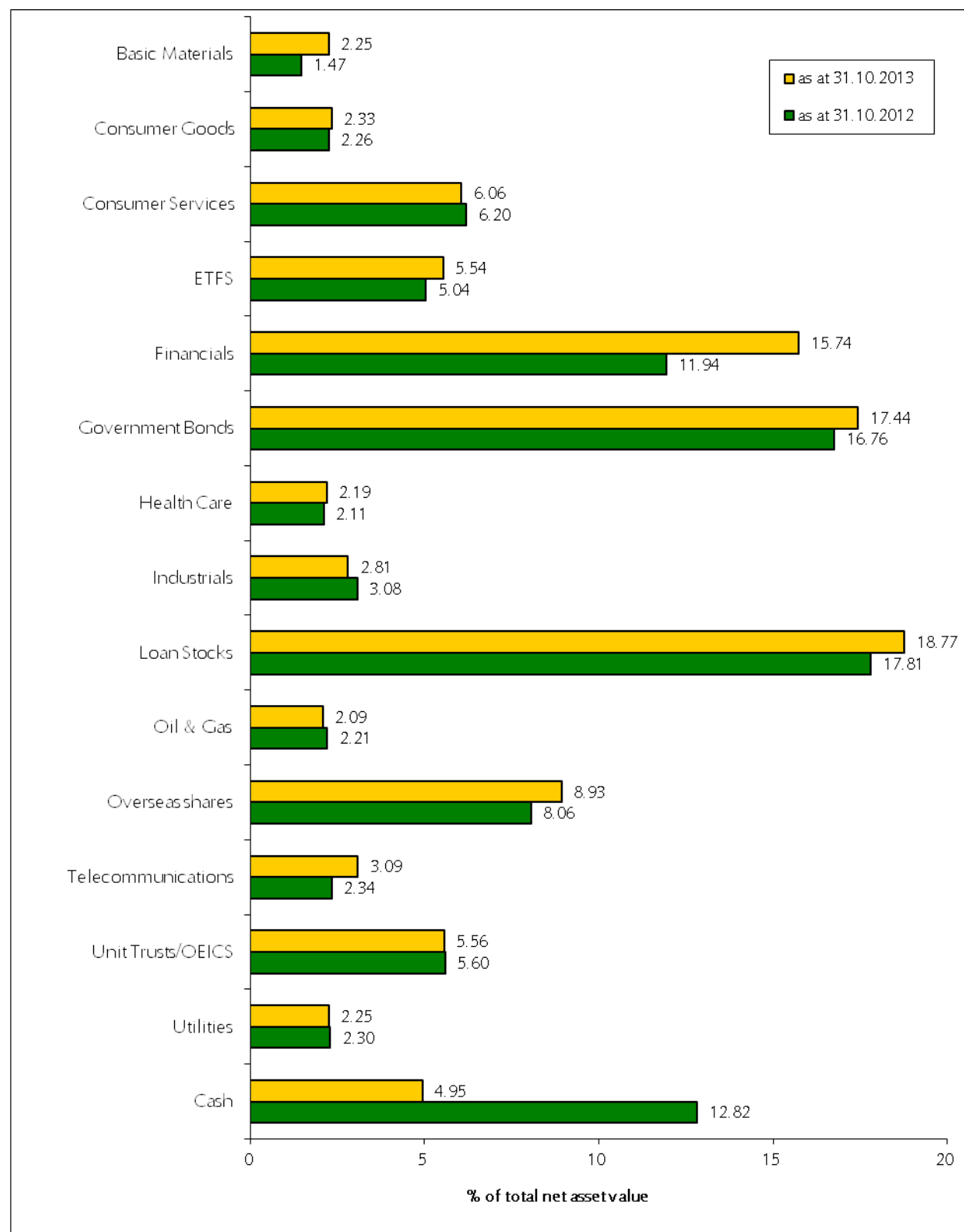
**SUMMARY OF FUND PERFORMANCE**

Share Class	Share Type	Year	Highest Price	Lowest Price	Distribution Per Share
Class A	Accumulation	2008	101.87p	97.13p	0.8901p
Class A	Accumulation	2009	112.76p	97.16p	1.2932p
Class A	Accumulation	2010	125.08p	110.44p	2.0522p
Class A	Accumulation	2011	129.24p	119.87p	2.5530p
Class A	Accumulation	2012	139.99p	129.44p	2.5178p
Class A	Accumulation	2013*	154.80p	140.21p	2.8302p

\* up to 31 October 2013

		Net Asset Value Of Scheme Property	Net Asset Value Per Accumulation Share
31 October 2011	Class A	£14,643,753	127.08p
31 October 2012	Class A	£16,081,333	138.13p
31 October 2013	Class A	£17,717,431	153.28 p

## PORTFOLIO BREAKDOWN



Marlborough Fund Managers Limited  
Marlborough House  
59 Chorley New Road  
Bolton  
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