



# MFM MAZE OEIC

## Short Report

For the period 1<sup>st</sup> November 2012 to 30<sup>th</sup> April 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 Financial Conduct 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

**MFH HALDEX MANAGED FUND**

**SHORT REPORT**

**FOR THE PERIOD FROM 1 NOVEMBER 2012 TO 30 APRIL 2013**

## **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 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.

### **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 funds investments will be affected by market price movements. The manager will seek to reduce this risk by spreading the fund's investments.

### **Change in prospectus**

No changes have been made since the last report.

### **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.

## **AUTHORISED INVESTMENT ADVISER'S REPORT**

**For the six month period ended 30 April 2013**

### Percentage change to 30 April 2013

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>Since launch**</u>
MFM Haldex Managed Fund	8.86%	13.37%	28.40%	50.55%

\*\*9 June 2008

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

The Haldex portfolio continues to grow in value through a combination of income accrual and capital growth. The portfolio contains a broad mix of fixed income and index-linked loan stock combined with equity assets, commercial property and hedge funds.

Over the 6 month period western stock markets were some of the best performing, but all were eclipsed by the Japanese TOPIX which delivered a 50% rise in 6 months. Conventional and index-linked bonds delivered very different returns as investors sold conventional, fixed interest assets and drove up the price of index-linked assets. In such an environment the longer duration of the Haldex bond portfolio will act as a drag on the performance of the account as the prices of these longer dated assets will be more volatile than the benchmark. The decision to weight the bond assets to longer dated issuance is to more closely mirror the liabilities of the scheme than the benchmark.

In December, Rathbones attempted to take advantage of these weaker bond prices by reducing the cash position and acquiring an additional bond asset with 30 year life. Shares in the chip manufacturer, Intel Corp, were also added having seen their share price fall some 30% from the recent high; we are confident this company offers a way of increasing our exposure to the improving US economic cycle at a cheap rating.

There were no disposals made during this valuation period.

The recent announcement from the Federal Reserve concerning the reduction in future Quantitative Easing has led to rising bond yields. It was agreed at our last meeting that in such a scenario we would look to increase the bond content, again focussing on longer dated assets to reflect the long dated liabilities of the pension scheme.

An improving economy in the United States should also result in higher bond yields whilst also benefitting stock markets in the medium term. The development of shale oil and gas in the US has had a very positive impact on cutting energy costs which should ultimately provide a strong competitive advantage for US business. The equity assets of the scheme are biased towards UK and US stock markets enabling the portfolio to benefit from this developing theme. Further economic and company news flow should provide evidence on whether the early stage recovery we are witnessing is taking root; but we will continue to invest in other asset classes that can offer a diversifying influence.

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

	<b>28.02.2013</b>	<b>28.02.2012</b>	<b>28.02.2011</b>	<b>28.02.10</b>
Net income paid - Class A	2.5178pps	2.5530pps	2.0522pps	1.2932pps

Richard Dawson  
18 June 2013

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

**Material Portfolio Changes**

For the six month period ended 30 April 2013

Purchases	Cost (£)	Sales	Proceeds (£)
Standard Life 5.5% 04/12/2042	420,037		
Intel	49,844		
Fidelity Japanese Values	33,000		
Accumulation dividends	661		
Amortisation on bonds	4,632		
Total purchases for the period	508,174	Total sales for the period	0

**TOP TEN HOLDINGS AS AT 30 APRIL 2013**

	%
Treasury 4.25% 07.06.2032	4.31
iShares S&P 500	3.54
Treasury 4.25% 07.12.2046	2.88
Treasury 4.25% 07.12.2027	2.87
Treasury 1.25% IL 22.11.2027	2.57
GlaxoSmithKline 5.25% 19.12.2023	2.53
Standard Life 5.5% 04.12.2042	2.50
BH Macro	2.18
Fidelity Japanese Values	2.13
European Investment Bank 4.75% 15.10.2018	2.07

**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

**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 30 April 2013** Class A 1.15%

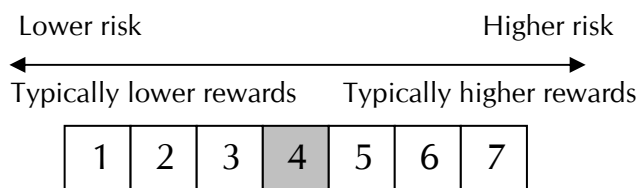
**Ongoing Charge Figure as at 31 October 2012** Class A 1.14%

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.

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**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.

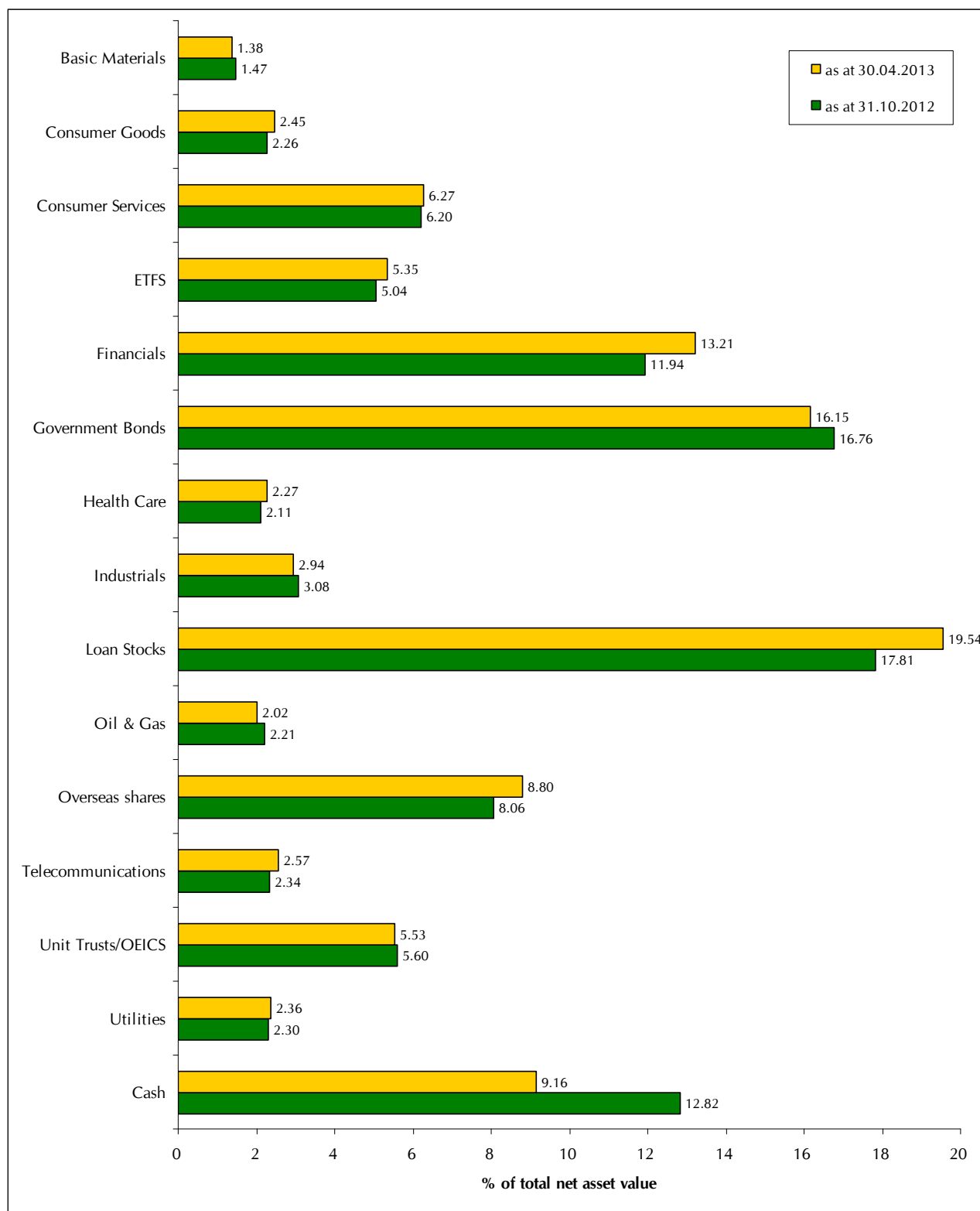
**SUMMARY OF FUND PERFORMANCE**

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*	150.55p	140.21p	-

\* up to 30 April 2013

		Net Asset Value Of Scheme Property	Net Asset Value Per Accumulation Share
31 October 2010	Class A	£13,978,849	121.31p
31 October 2011	Class A	£14,643,753	127.08p
31 October 2012	Class A	£16,081,333	138.13p
30 April 2013	Class A	£17,384,327	150.40p

## PORTFOLIO BREAKDOWN





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

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**Authority and a member of IMA**