



# **Marlborough High Yield Fixed Interest Fund**

**Interim Report and Unaudited Financial Statements**  
for the six month period ended 30<sup>th</sup> June 2017

## **MARLBOROUGH HIGH YIELD FIXED INTEREST 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**

Aberdeen Asset Managers Limited  
10 Queens Terrace  
Aberdeen  
Aberdeenshire  
AB10 1YG

Authorised and regulated by the Financial Conduct Authority.

### **Auditor**

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
Dom M Clarke	Finance Director
Geoffrey Hitchin	Investment Director
Helen Derbyshire	Director – Compliance & Risk
Guy Sears	Non-Executive Director (appointed 10 April 2017)
Keith Ounsworth	Director – Sales (resigned 6 April 2017)
John R Heap	Director – Strategic Development (resigned 9 February 2017)
B John Leyland	Director (resigned 9 February 2017)

## **MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

<b>CONTENTS</b>	<b>PAGE</b>
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	3
DIRECTORS' STATEMENT	3
FUND INFORMATION	
Price and distribution record	4
Number of units in issue/Net asset value per unit	4
Ongoing charges	4
Synthetic risk and reward indicator	5
PORTFOLIO STATEMENT	6
PORTFOLIO TRANSACTIONS	9
<b>UNAUDITED INTERIM FINANCIAL STATEMENTS</b>	
STATEMENT OF TOTAL RETURN	10
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10
BALANCE SHEET	11
NOTES TO THE INTERIM FINANCIAL STATEMENTS	11

## MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 30 June 2017

#### Percentage change and sector position to 30 June 2017

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Marlborough High Yield Fixed Interest Fund	5.16%	12.30%	15.66%	49.96%	100.75%
Quartile Ranking**	1	1	1	1	2

\* launched 8 November 2004

\*\* Based on ranking within The Investment Association £ High Yield sector

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

Class P units first priced on 2 January 2013. In the period to that date, the past performance information for the Class A units has been used.

#### Market Review

2017 has started strongly in Europe. Better than expected economic data has been a key driver of spread tightening, whilst political tail risks have gradually turned into tailwinds. The Dutch election in March passed without the far right Freedom Party winning anywhere near as many votes as expected. Even more importantly, the French election outcome was a market-friendly one as Macron's En Marche party won and Le Pen's Front National fared worse than predicted. Macron also won a majority in Parliament which should help him implement much needed reform in the country. The snap election in the UK in June delivered another unexpected outcome resulting in the Conservative party losing their majority but remaining in power. Although this will likely cause increased uncertainty in the UK it will likely force a "softer" Brexit as the UK's negotiating position has undoubtedly weakened. Some are perceiving this to be a positive for mainland Europe. Either way, we are at the beginning of a long journey with regards to Brexit and the situation remains highly opaque to the market. We did see sterling denominated high yield slightly underperform euro denominated bonds later in the period but we continue to find interesting opportunities and cheaper valuations in that part of the market.

#### Portfolio Review

The Fund performed well in the period, benefitting from a lack of exposure to the three companies that defaulted in the market as well as a carry advantage. The income advantage comes from an overweight to Bs over BBs as well as sterling denominated bonds which command a higher yield over euro denominated bonds. The strongest contributors to performance were Obrascón, Matalan, and Valeant all of which rebounded from stressed prices. Valeant and Obrascón are implementing asset sales, which they are using to pay down debt whilst the distribution problems that hurt Matalan so much in 2015 appear to be behind them.

#### Outlook

The first half of the year generated a slightly stronger return than we expected and for that reason we are guiding that the majority of return for the next six months will come from income rather than capital. It will be interesting to see what the inflation data brings and how government bonds will perform after a difficult period at the end of June. We continue to believe that government bond markets will be more volatile than high yield markets and continue to advocate a shorter duration strategy for that reason. Later in the year, the market will begin to focus more on the Italian election, which is expected to be called in early 2018. Positively, the banking system in that region has been stabilised and support for the populist Five Star Movement appears to be losing steam.

Steven Logan / Ben Pakenham

24 July 2017

#### **Distributions** (pence per unit)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Class A Income</u>				
Net income paid last day of February	0.781862	0.851886	0.972115	1.131053
Net income paid 31 May	1.057297	0.878642	0.816853	1.002910
Net income paid 31 August	0.953254	0.863459	0.888672	1.027689
Net income paid 30 November		0.839006	0.849448	0.919332
<u>Class B Income</u>				
Net income paid last day of February	0.842579	0.907658	1.022340	1.212809
Net income paid 31 May	1.115241	0.929795	0.912768	1.081334
Net income paid 31 August	1.010799	0.892324	0.946177	1.090598
Net income paid 30 November		1.126662	0.920795	0.974688
<u>Class P Income</u>				
Net income paid last day of February	0.852007	0.931176	1.061046	1.236083
Net income paid 31 May	1.144759	0.957948	0.894842	1.089054
Net income paid 31 August	1.041431	0.904946	0.969933	1.122921
Net income paid 30 November		0.912367	0.931952	1.003103

## MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 30 June 2017

#### Material Portfolio Changes

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
TalkTalk Telecom Group 5.375% 15.01.22	891,380	Assicurazioni Generali 6.416% Perp	784,688
Stonegate Pub Co Financing 4.875%	770,720	Kloeckner Pentaplast of Amer 7.125%	767,133
AMC Entertainment Holdings 6.375%	716,700	ALBA Group 8% 15.05.18	763,553
PGH Capital 4.125% 20.07.22	655,717	Elli Finance UK 8.75% 15.06.19	749,063
Altice Luxembourg 7.25% 15.05.22	646,030	Senvion Holding 6.625% 15.11.20	732,528
KBC Group 5.625% Perp	607,900	Albea Beauty Holdings 8.75% 01.11.19	683,736
Nemean BondCo 7.375% 01.02.24	597,539	PGH Capital 5.75% 07.07.21	679,096
Senvion Holding 3.875% 25.10.22	568,604	Stonegate Pub Co Financing 5.75%	659,347
Trionista TopCo 6.875% 30.04.21	546,822	Oberthur Technologies Group 9.25%	638,068
Vue International Bidco 7.875% 15.07.20	515,645	Boparan Finance 5.25% 15.07.19	593,050
Lloyds Banking Group 7% Perp	505,500	William Hill 4.875% 07.09.23	557,688
Amigo Luxembourg 7.625% 15.01.24	482,050	PortAventura Ent Barcelona 7.25% 01.12.20	548,733
UPC Holding 6.75% 15.03.23	453,449	Moto Finance 6.375% 01.09.20	540,705
SFR Group 5.375% 15.05.22	452,155	International Personal Finance 5.75%	533,698
Virgin Media Finance 7% 15.04.23	433,800	Ladbroke's Group Finance 5.125% 08.09.23	515,535
Avis Budget Finance 4.5% 15.05.25	425,095	Voyage Care Bondco 6.5% 01.08.18	480,686
Selecta Group 6.5% 15.06.20	424,129	TalkTalk Telecom Group 5.375% 15.01.22	464,175
Moto Finance 4.5% 01.10.22	414,000	Virgin Media Secured Finance 6% 15.04.21	458,825
Voyage Care Bondco 5.875% 01.05.23	382,000	Medi-Partenaires 7% 15.05.20	445,631
La Financière Atalian 4% 15.05.24	380,564	Électricité de France 4.25% Perp	441,844
Other purchases	9,231,277	Other sales	5,125,023
Total purchases for the period	20,101,076	Total sales for the period	17,162,805

## **MARLBOROUGH HIGH YIELD FIXED INTEREST 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 provide a high level of income with the opportunity for some long-term capital growth.

The Fund will be invested in a portfolio largely comprising fixed and variable rate and index related securities issued by corporates, government, supranational institutions and local and regional agencies, both in the UK and internationally, as well as other securities deemed to be appropriate by the manager. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund is permitted to invest in derivatives and forward transactions for the purposes of hedging 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.

### **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**  
10 August 2017

## MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### FUND INFORMATION

#### Price and distribution record

Income units were first offered at 100p on 8 November 2004. On 31 December 2012 the units were reclassified as Class A units and Class B and P units became available for purchase.

Financial year to	Highest price	Lowest price	Net income per unit
<u>Class A Income</u>			
31 December 2014	82.46p	72.61p	3.922046p
31 December 2015	79.66p	71.87p	3.406859p
31 December 2016	79.20p	69.49p	3.362969p
31 December 2017*	80.93p	73.66p	2.010551p
<u>Class B Income</u>			
31 December 2014	82.63p	73.16p	4.168960p
31 December 2015	80.03p	72.38p	3.687398p
31 December 2016	79.79p	70.08p	3.791360p
31 December 2017*	81.69p	74.41p	2.126040p
<u>Class P Income</u>			
31 December 2014	79.65p	73.52p	4.276124p
31 December 2015	77.18p	72.62p	3.727903p
31 December 2016	77.11p	70.36p	3.627268p
31 December 2017*	79.05p	74.79p	2.186190p

\* six month period to 30 June 2017

#### Number of units in issue/Net asset value per unit

	Net asset value of scheme property	Number of units in issue	Net asset value per unit
<u>Class A Income</u>			
31 December 2014	£25,869,140	35,610,472	72.64p
31 December 2015	£17,896,103	24,891,501	71.90p
31 December 2016	£20,299,547	27,619,170	73.50p
30 June 2017	£24,761,877	32,970,700	75.10p
<u>Class B Income</u>			
31 December 2014	£393,297	538,602	73.02p
31 December 2015	£816,335	1,126,747	72.45p
31 December 2016	£203,986	274,729	74.25p
30 June 2017	£168,054	221,199	75.97p
<u>Class P Income</u>			
31 December 2014	£25,048,502	34,220,472	73.20p
31 December 2015	£29,922,151	41,149,175	72.72p
31 December 2016	£33,780,737	45,270,575	74.62p
30 June 2017	£37,320,241	48,853,337	76.39p

#### Ongoing charges

	<u>Class A</u>	<u>Class B</u>	<u>Class P</u>
31 December 2016	1.60%	1.10%	0.85%
31 June 2017	1.59%	1.09%	0.84%

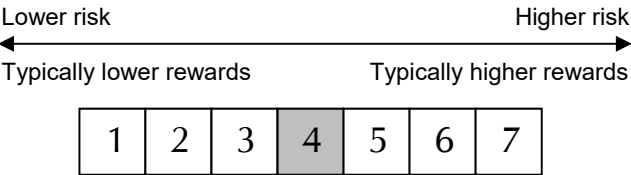
The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- 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.

MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

FUND INFORMATION

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.



# MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

## PORTFOLIO STATEMENT

as at 30 June 2017

Holding or nominal value		Bid Value £	Percentage of total net assets %
<b>STERLING</b> (38.77%, Dec 2016 - 41.30%)			
891,000	AMC Entertainment Holdings 6.375% 15.11.24	952,951	1.53
469,000	Amigo Luxembourg 7.625% 15.01.24	486,592	0.78
716,730	Annington Finance No.5 13% 15.01.23	834,525	1.34
134,000	Ardagh Packaging Finance 4.75% 15.07.27	133,865	0.22
155,000	Arrow Global Finance 5.125% 15.09.24	160,450	0.26
200,000	Barclays 7.875% Perp	215,744	0.35
333,000	BHP Billiton Finance 6.5% 22.10.77	382,141	0.61
497,000	Boparan Finance 5.5% 15.07.21	481,484	0.77
550,000	BrightHouse Group 7.875% 15.05.18	372,922	0.60
170,000	Cabot Financial Luxembourg 6.5% 01.04.21	175,115	0.28
300,000	Cabot Financial Luxembourg 8.375% 01.08.20	315,477	0.51
238,000	CPUK Finance 4.25% 28.08.22	239,628	0.38
430,000	CYBG 5% 09.02.26	435,229	0.70
460,000	CYBG 8% Perp	463,413	0.74
273,000	Entertainment One 6.875% 15.12.22	298,943	0.48
150,000	Galaxy Bidco FRN 15.11.19	150,383	0.24
675,000	Galaxy Finco 7.875% 15.11.21	691,875	1.11
350,000	Garfunkelux Holdco 3 8.5% 01.11.22	374,899	0.60
420,000	Jaguar Land Rover Automotive 5% 15.02.22	465,935	0.75
110,266	Keystone Financing 9.5% 15.10.19	115,239	0.19
341,000	Ladbroke's Group Finance 5.125% 08.09.23	335,998	0.54
450,000	Lloyds Bank 13% Step-Up Perp	845,204	1.36
750,000	Lloyds Banking Group 7% Perp	778,748	1.25
120,000	Marlin Intermediate Holdings 10.5% 01.08.20	127,356	0.20
1,000,000	Matalan Finance 6.875% 01.06.19	934,920	1.50
539,790	Mizzen Bondco 7% 01.05.21	563,406	0.91
414,000	Moto Finance 4.5% 01.10.22	420,214	0.68
570,000	Moy Park BondCo 6.25% 29.05.21	586,217	0.94
200,000	Nationwide Building Society 6.875% Perp	205,806	0.33
600,000	Nemean BondCo 7.375% 01.02.24	599,964	0.96
100,000	New Look Secured Issuer 6.5% 01.07.22	73,576	0.12
202,000	Ocado Group 4% 15.06.24	198,394	0.32
185,000	Paragon Group of Companies 7.25% 09.09.26	198,383	0.32
651,000	PGH Capital 4.125% 20.07.22	675,224	1.08
1,006,000	PGH Capital 6.625% 18.12.25	1,149,083	1.85
150,000	PizzaExpress Financing 2 6.625% 01.08.21	149,064	0.24
391,000	REA Finance 9.5% 31.12.17	390,769	0.63
339,000	Saga 3.375% 12.05.24	336,291	0.54
1,000,000	Société Générale FRN Perp	1,062,780	1.71
500,000	Standard Chartered Bank 7.75% Perp	577,260	0.93
767,000	Stonegate Pub Co Financing 4.875% 15.03.22	781,481	1.26
450,000	TalkTalk Telecom Group 5.375% 15.01.22	463,869	0.75
400,000	Telefónica Europe 6.75% Perp	442,180	0.71
325,000	TES Finance 6.75% 15.07.20	236,438	0.38
200,000	TES Finance FRN 15.07.20	137,906	0.22
650,000	Tesco 6.125% 24.02.22	744,991	1.20
680,000	Travis Perkins 4.5% 07.09.23	698,360	1.12
368,100	TVL Finance 8.5% 15.05.23	408,006	0.66
240,000	Virgin Media Finance 6.375% 15.10.24	257,887	0.41
400,000	Virgin Media Finance 7% 15.04.23	426,312	0.68
200,000	Virgin Media Secured Finance 5% 15.04.27	205,926	0.33
382,000	Voyage Care Bondco 5.875% 01.05.23	399,117	0.64

# MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

## PORTFOLIO STATEMENT

as at 30 June 2017

Holding or nominal value		Bid Value £	Percentage of total net assets %
<b>STERLING</b> (continued)			
160,000	Voyage Care Bondco 10% 01.11.23	165,600	0.27
500,000	Vue International Bidco 7.875% 15.07.20	511,715	0.82
285,000	William Hill 4.875% 07.09.23	293,208	0.47
		<b>24,128,463</b>	<b>38.77</b>
<b>EURO</b> (54.83%, Dec 2016 - 56.38%)			
292,000	Adient Global Holdings 3.5% 15.08.24	260,936	0.42
170,000	Aldesa Financial Services 7.25% 01.04.21	130,781	0.21
270,000	Alliance Automotive Finance 6.25% 01.12.21	248,861	0.40
180,000	Alliance Automotive Finance FRN 01.12.21	159,519	0.26
830,000	Alliance Data Systems 5.25% 15.11.23	777,650	1.25
340,000	Altice Luxembourg 6.25% 15.02.25	325,675	0.52
1,745,000	Altice Luxembourg 7.25% 15.05.22	1,623,714	2.61
955,000	ARD Finance 6.625% 15.09.23	895,798	1.44
211,000	Ardagh Packaging Finance 6.75% 15.05.24	207,036	0.33
497,000	Avis Budget Finance 4.5% 15.05.25	428,139	0.69
100,000	Axalta Coating Systems 4.25% 15.08.24	93,611	0.15
500,000	Barclays 6.5% Perp	454,694	0.73
145,800	BiSoho 5.875% 01.05.23	139,288	0.22
510,000	Bormioli Rocco Holdings 10% 01.08.18	455,157	0.73
100,000	Cirsa Funding Luxembourg 5.75% 15.05.21	93,142	0.15
193,000	Cirsa Funding Luxembourg 5.875% 15.05.23	178,119	0.29
448,000	Codere Finance 2 (Luxembourg) 6.75% 01.11.21	403,462	0.65
250,000	Colfax 3.25% 15.05.25	223,975	0.36
505,000	Corral Petroleum Holdings 11.75% 15.05.21	483,492	0.78
465,000	Cott 5.5% 01.07.24	440,644	0.71
330,000	Crown European Holdings 3.375% 15.05.25	299,977	0.48
516,000	DEA Finance 7.5% 15.10.22	484,874	0.78
360,000	Dufry Finance 4.5% 01.08.23	336,664	0.54
175,000	Dufry Finance 4.5% 15.07.22	159,060	0.26
200,000	Électricité de France 4.25% Perp	186,396	0.30
297,000	Elis 3% 30.04.22	267,625	0.43
100,000	Empark Funding FRN 15.12.19	88,194	0.14
350,000	Fiat Chrysler Automobiles 3.75% 29.03.24	323,745	0.52
290,000	Fiat Chrysler Finance Europe 4.75% 15.07.22	282,625	0.45
290,000	Fiat Chrysler Finance Europe 4.75% 22.03.21	280,643	0.45
616,000	Galapagos 5.375% 15.06.21	548,395	0.88
112,000	Gamenet Group 6% 15.08.21	103,349	0.17
638,000	HomeVi 6.875% 15.08.21	581,990	0.93
375,000	HP Pelzer Holding 4.125% 01.04.24	340,388	0.55
400,000	Impera Holdings 5.375% 15.09.22	364,631	0.59
335,000	INEOS Group Holdings 5.375% 01.08.24	311,872	0.50
280,000	International Game Technology 4.75% 15.02.23	268,085	0.43
390,000	InterXion Holding 6% 15.07.20	354,192	0.57
370,000	Intralot Capital Luxembourg 6% 15.05.21	332,826	0.53
293,000	Intralot Capital Luxembourg 6.75% 15.09.21	271,783	0.44
700,000	KBC Group 5.625% Perp	634,223	1.02
448,000	La Financière Atalian 4% 15.05.24	406,973	0.65
610,000	LGE Holdco VI 7.125% 15.05.24	600,534	0.96
977,000	Lincoln Finance 6.875% 15.04.21	918,760	1.48
330,000	Lion/Seneca France 2 7.875% 15.04.19	288,963	0.46
125,000	Loxam 4.25% 15.04.24	115,780	0.19
200,000	Monitchem HoldCo 2 6.875% 15.06.22	175,384	0.28
300,000	Nassa Topco 2.875% 06.04.24	271,127	0.44

# MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

## PORTFOLIO STATEMENT

as at 30 June 2017

Holding or nominal value		Bid Value £	Percentage of total net assets %
<b>EURO (continued)</b>			
233,000	NewCo Sab MidCo 5.375% 15.04.25	215,307	0.35
275,000	Nomad Foods Bondco 3.25% 15.05.24	245,626	0.39
520,000	Novafives 4.5% 30.06.21	462,729	0.74
318,000	Nuovo Trasporto Viaggiatori FRN 01.06.23	283,304	0.46
370,000	Obrascón Huarte Lain 4.75% 15.03.22	279,949	0.45
850,000	Obrascón Huarte Lain 5.5% 15.03.23	642,879	1.03
350,000	Onex Wizard Acquisition Co III 7.75% 15.02.23	327,359	0.53
388,000	Paprec Holding 5.25% 01.04.22	357,923	0.57
111,000	Paprec Holding 7.375% 01.04.23	105,703	0.17
420,000	Petrobras Global Finance 4.75% 14.01.25	376,725	0.61
220,000	Picard Bondco 7.75% 01.02.20	201,755	0.32
382,000	PrestigeBidCo 6.25% 15.12.23	363,092	0.58
528,095	Safari Holding Verwaltungs 8.25% 15.02.21	483,756	0.78
260,000	Sappi Papier Holding 3.375% 01.04.22	234,268	0.38
705,000	Selecta Group 6.5% 15.06.20	628,500	1.01
673,000	Senvion Holding 3.875% 25.10.22	601,983	0.97
174,000	SES 4.625% Perp	164,037	0.26
500,000	SFR Group 5.375% 15.05.22	458,012	0.74
850,000	SFR Group 5.625% 15.05.24	802,191	1.29
311,000	Silgan Holdings 3.25% 15.03.25	279,256	0.45
200,000	Smurfit Kappa Acquisitions 2.375% 01.02.24	179,498	0.29
300,000	Techem Energy Metering Service 7.875% 01.10.20	273,354	0.44
540,000	Telenet Finance VI Luxembourg 4.875% 15.07.27	517,737	0.83
215,000	THOM Europe 7.375% 15.07.19	192,849	0.31
259,000	Thomas Cook Group 6.25% 15.06.22	244,721	0.39
325,000	Trinseo Materials Operating 6.375% 01.05.22	304,090	0.49
600,000	Trionista TopCo 6.875% 30.04.21	546,830	0.88
650,000	United Group 7.875% 15.11.20	593,273	0.95
650,000	Unitymedia Hessen 4.625% 15.02.26	619,004	0.99
990,000	UPC Holding 6.75% 15.03.23	928,219	1.49
1,364,000	Valeant Pharmaceuticals International 4.5% 15.05.23	979,867	1.57
187,000	WEPA Hygieneprodukte 3.75% 15.05.24	170,746	0.27
1,583,000	Wind Acquisition Finance 7% 23.04.21	1,448,103	2.33
231,000	WMG Acquisition 4.125% 01.11.24	214,141	0.34
314,000	Worldpay Finance 3.75% 15.11.22	300,574	0.48
571,000	Ziggo Secured Finance 4.25% 15.01.27	530,726	0.85
1,080,000	Zinc Capital 8.875% 15.05.18	954,344	1.53
		<b>34,135,181</b>	<b>54.83</b>
<b>UNLISTED/UNQUOTED (0.02%, Dec 2016 - 0.03%)</b>			
132	Ceva Newco	15,247	0.02
353,137	Hellas Telecommunications Luxembourg III 8.5% 15.10.13	0	0.00
624,641	Sazka 9% 12.07.21	0	0.00
		<b>15,247</b>	<b>0.02</b>
<b>Portfolio of stock investments</b>		<b>58,278,891</b>	<b>93.62</b>

## MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### PORTFOLIO STATEMENT

as at 30 June 2017

Holding or nominal value			Bid Value £	Percentage of total net assets %
<b>Foreign Currency Hedges</b>				
EU 10,636,000	Sell Euro for Sterling - 7 July 2017	BNP	(31,334)	(0.05)
EU 10,636,000	Sell Euro for Sterling - 7 July 2017	Citibank	(24,165)	(0.04)
EU 10,636,000	Sell Euro for Sterling - 7 July 2017	Goldman Sachs	(29,632)	(0.05)
EU 10,636,000	Sell Euro for Sterling - 7 July 2017	HSBC	(33,195)	(0.05)
<b>Net value of all derivative positions</b>			<b>(118,326)</b>	<b>(0.19)</b>
<b>Portfolio of investments and derivative positions</b>			<b>58,160,565</b>	<b>93.43</b>
<b>Net current assets (excluding derivative positions)</b>			<b>4,089,607</b>	<b>6.57</b>
<b>Net assets</b>			<b>62,250,172</b>	<b>100.00</b>

The investments of the Fund have been valued at their fair value at 12 noon on 20 June 2017. 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.

Hellas Telecom and Saska 9% are considered to be valueless by the fund manager.

Ceva Newco is being valued by the fund manager based on the best available company information received.

### PORTFOLIO SPLIT BY INVESTMENT GRADE\*

	Bid Value £	Percentage of total net assets %
Investments of investment grade	2,783,708	4.47
Investments below investment grade:		
BB+	7,318,620	11.76
BB	4,757,353	7.64
BB-	5,511,823	8.85
B+	9,436,749	15.16
B	17,302,501	27.80
B-	5,597,454	8.99
CCC+	4,014,095	6.45
CCC	372,922	0.60
Unrated	1,183,666	1.90
<b>Portfolio of stock investments</b>	<b>58,278,891</b>	<b>93.62</b>
<b>Net value of all derivative positions</b>	<b>(118,326)</b>	<b>(0.19)</b>
<b>Net current assets (excluding derivative positions)</b>	<b>4,089,607</b>	<b>6.57</b>
<b>Net assets</b>	<b>62,250,172</b>	<b>100.00</b>

\*source Bloomberg

### PORTFOLIO TRANSACTIONS

for the six month period ended 30 June 2017

	£
Total purchases, including transaction charges	20,101,076
Total sales proceeds, net of transaction charges	17,162,805

# MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

## STATEMENT OF TOTAL RETURN

for the six month period ended 30 June 2017

	30 June 2017		30 June 2016	
	£	£	£	£
Income:				
Net capital gains/(losses)		1,398,304		(426,566)
Revenue	1,837,841		1,658,823	
Expenses	<u>(331,036)</u>		<u>(262,616)</u>	
Net revenue/(expense) before taxation	1,506,805		1,396,207	
Taxation	<u>0</u>		<u>0</u>	
Net revenue/(expense) after taxation		<u>1,506,805</u>		<u>1,396,207</u>
Total return before distributions		2,905,109		969,641
Distributions		(1,660,451)		(1,517,863)
Change in net assets attributable to unitholders from investment activities		<u>1,244,658</u>		<u>(548,222)</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 30 June 2017

	30 June 2017		30 June 2016	
	£	£	£	£
Opening net assets attributable to unitholders		* 54,284,270		48,634,589
Amounts receivable on issue of units	8,949,976		3,281,861	
Amounts payable on cancellation of units	(2,228,757)		(2,701,526)	
Amounts payable on unit class conversions	<u>25</u>		<u>(1,302)</u>	
		6,721,244		579,033
Change in net assets attributable to unitholders from investment activities		1,244,658		(548,222)
Closing net assets attributable to unitholders		<u>62,250,172</u>		* <u>48,665,400</u>

\* These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

## MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### BALANCE SHEET

as at 30 June 2017

	30 June 2017	31 December 2016
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	58,278,891	53,045,876
<b>Current Assets:</b>		
Debtors	1,476,359	990,512
Cash and bank balances	3,681,779	1,683,644
Total assets	<u>63,437,029</u>	<u>55,720,032</u>
<b>Liabilities:</b>		
Investment liabilities	118,326	322,262
<b>Creditors:</b>		
Bank overdrafts	179,657	23,906
Distribution payable	825,304	749,813
Other creditors	63,570	339,781
Total liabilities	<u>1,186,857</u>	<u>1,435,762</u>
<b>Net assets attributable to unitholders</b>	<u><u>62,250,172</u></u>	<u><u>54,284,270</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2017

#### Basis for preparation

The interim 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.

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016 and are described in those annual financial statements.

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