



MARLBOROUGH UK MULTI-CAP GROWTH FUND

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

For the six month period ended 20th September 2017

MARLBOROUGH UK MULTI-CAP GROWTH FUND

Authorised Fund Manager and Registrar

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Authorised and Regulated by the Financial Conduct Authority.

Trustee

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

Investment Adviser

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Talisman House
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FY4 5FY

Authorised and regulated by the Financial Conduct Authority.

Auditor

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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

MARLBOROUGH UK MULTI-CAP GROWTH FUND

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MARLBOROUGH UK MULTI-CAP GROWTH FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 20 September 2017

Percentage change and sector position to 20 September 2017

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since Aug 05*</u>
Marlborough UK Multi-Cap Growth Fund	15.54%	23.23%	65.04%	118.04%	312.04%
Quartile Ranking **	1	1	1	1	1

* Richard Hallett appointed fund manager

** 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)

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



Richard Hallett

During the six-month period to 20 September 2017, the net asset value of the Fund rose by 15.1 % from 286.3 to 329.5. During the same period, the FTSE 100 fell by 2.1% from 7429.8 to 7271.9 and the FTSE 250 rose by 2.0% from 19151.8 to 19540.8. The FTSE Small Cap rose by 3.8% from 4781.7 to 4964.3. This outperformance reflects the Fund's general policy of investing in a combination of two specific types of stock. There are exceptions of course but the first focus for investment is in highly liquid large cap global corporations such as Rentokil, Royal Dutch Shell, British American Tobacco, and more recently Intercontinental Hotels Group. The characteristics of such stocks are sizeable market shares in their product markets globally coupled the cash generation which should result. Such stocks also provide the UK investor with a hedge against any sterling weakness which might result from any possible political or economic weakness going forward. The second category of stock is that of secular growth companies often from the other end of the spectrum in terms of size but perhaps surprisingly often sharing the same characteristics in terms of cash generation and product strength of their larger brethren, although being at an early stage of product development such stocks clearly have a higher level of risk attached to them.

These latter stocks have in general performed up to best expectations. Examples would be Blue Prism, up 131.7% during the period, Keywords, up 95% during the same period, Boohoo.com up 56.1% and Fevertree up 52.4%. Such secular growth stocks do have many characteristics in common. By way of example, Boohoo.com is a multi-branded global e commerce fashion retailer, catering for both men and women and delivering via the internet, sales growth of around 60% and developing a strong presence in US markets. Ebitda from 2017 to 2019 could grow from £35m to £50m. Clearly such markets are highly competitive but the business is making significant investment in technology and infrastructure as well as broadening the customer proposition and at the same time generating considerable cash

Clearly such secular growth companies because they are targeting global markets are less impacted by the more parochial considerations such as consumer led demand in the UK economy. The same can be said for Fevertree which is a supplier of premium carbonated mixers for alcoholic spirits selling to hotels, restaurants, bars and cafes as well as supermarkets. Again, it is a new product selling worldwide to the point at which only 40% of its sales are now in the UK and this from effectively a standing start in 2012 when sales were around £16m to 2016 when sales had grown to over £100m. Again, Keywords has some similar characteristics. It provides technical services to the video game industry throughout the world. A recent acquisition was that of strongbox, specialists in the production of graphical art assets for video games in China and Indonesia. The Group's largest markets are in Ireland and Canada. Finally, Blue Prism is a provider of software for robotic process automation with sales up 60% last year to £9m of which approximately 30% of product is sold into the US Market.

During the period, the Fund made a number of purchases. Following excellent figures, the Fund added to its holding in Intertek. Intertek is a global market leader in the provision of product testing services ever more critical during a period of increased trade tensions. With an already underleveraged balance sheet, we believe that the Group is capable of creating £500m of excess capital this year and as much as £800m of excess capital by 2018. The Fund also added to its holdings of Prudential, where the merging of its asset management business with its life assurance operations should create £145million of cost savings and provide more of a focus for the Group's Asian business which continues to grow rapidly.

The Fund also took a position in Rentokil a market leader in pest control, hygiene, work ware and medical services. The European Union Commission has recently cleared a joint venture deal with Franz Haniel GMBH which should result in considerable cost savings as well as increased pricing power.

Underperformers during the month included Paddy Power, due to regulatory concerns and Melrose as fears rose over demand levels in the Group's oil and gas servicing business.

MARLBOROUGH UK MULTI-CAP GROWTH FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 20 September 2017

In terms of markets, the continued low level of inflation globally and the current lack of pricing power for labour despite rising employment levels, has led to investors being relatively sanguine about the outlook for higher inflation levels. As a result, markets remain at relatively high valuation levels although the alternatives to equity investment continue to look unattractive. The key in the immediate future remains the terms of the proposed US corporate tax reduction and the feasibility and financing of Trump's proposed infrastructure investment programme. In addition, the retirement and replacement of the US Fed chairman is another key uncertainty as it will affect monetary policy going forward.

Hargreave Hale Ltd
29 September 2017

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Distributions (pence per unit)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Class A</u>				
Net Income paid 20 May	0.0000	0.0000	0.0000	0.0277
Net Income paid 20 November	0.6873	1.1086	1.5939	0.9065
<u>Class B</u>				
Net Income paid 20 May	0.4100	0.4545	0.3365	0.5552
Net Income paid 20 November	1.4913	1.7290	2.1930	1.4323
<u>Class P</u>				
Net Income paid 20 May	0.7410	0.7472	0.6000	0.8168
Net Income paid 20 November	1.8710	2.0343	2.4894	1.6947

Material portfolio changes

Major purchases	Cost (£)	Major sales	Proceeds (£)
Prudential	4,907,813	British American Tobacco	3,161,645
Renishaw	4,393,905	BT Group	2,819,332
Scottish Mortgage Investment Trust	3,813,081	BP	2,813,207
Worldpay Group	2,986,439	Standard Chartered	2,759,158
Rentokil Initial	2,679,491	Smart Metering Systems	2,653,089
Alfa Financial Software Holdings	2,619,667	Hargreaves Lansdown	2,414,854
GVC Holdings	2,443,802	Domino's Pizza Group	2,413,628
Intertek Group	2,412,630	Shire	1,788,028
InterContinental Hotels Group	2,213,721	Ladbroke's Coral Group	1,711,070
British American Tobacco	2,142,443	Sage Group	1,692,564
Antofagasta	2,120,784	Scapa Group	1,507,792
Ascential	1,877,080	4imprint Group	1,431,673
Just Group	1,801,009	Melrose Industries	1,180,268
Scapa Group	1,780,529	Gamma Communications	1,094,250
Smith & Nephew	1,764,323	Restore	1,070,243
Burford Capital	1,748,634	RPC Group	1,029,520
Royal Dutch Shell 'B'	1,524,815	Royal Dutch Shell 'B'	969,911
Dechra Pharmaceuticals	1,458,863	Blue Prism Group	953,141
Restore	1,411,827	JD Sports Fashion	909,098
Reckitt Benckiser Group	1,304,193	Fever-Tree Drinks	852,694
Other purchases	15,500,627	Other sales	4,879,056
Total purchases for the period	62,905,676	Total sales for the period	40,104,221

MARLBOROUGH UK MULTI-CAP GROWTH 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 operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

Investment objective

The investment objective of the Fund is to provide medium to long term capital growth.

The Manager intends to invest in an actively managed portfolio of small, medium and large cap UK equities, principally in companies which are amongst the leading companies in their business sector. 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.

Changes 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 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
3 November 2017

MARLBOROUGH UK MULTI-CAP GROWTH FUND

FUND INFORMATION

Income units were first offered at 50p on 3 July 1995. On 2 December 2011, the units were reclassified as Class A units and Class B units were first issued on this date. On 31 December 2012, Class P units became available for purchase.

Price and distribution record

Financial year to	Highest price	Lowest price	Net income per unit
<u>Class A Income</u>			
20 March 2015	248.53p	188.04p	0.9065p
20 March 2016	263.34p	221.56p	1.5939p
20 March 2017	303.58p	229.94p	1.1086p
20 March 2018*	356.95p	280.66p	0.6873p
<u>Class B Income</u>			
20 March 2015	249.13p	188.14p	1.7688p
20 March 2016	263.63p	222.93p	2.6475p
20 March 2017	305.06p	230.54p	2.1390p
20 March 2018*	359.25p	281.62p	1.4913p
<u>Class P Income</u>			
20 March 2015	239.62p	188.92p	2.2947p
20 March 2016	253.45p	224.02p	3.2366p
20 March 2017	293.17p	231.64p	2.7753p
20 March 2018*	345.04p	282.53p	1.8710p

* six month period to 20 September 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>			
20 March 2015	£51,608,802	21,989,319	234.70p
20 March 2016	£40,547,968	16,888,833	240.09p
20 March 2017	£46,893,092	16,403,729	285.87p
20 September 2017	£56,773,834	17,529,247	328.95p
<u>Class B Income</u>			
20 March 2015	£1,034,443	440,324	234.93p
20 March 2016	£637,792	265,252	240.45p
20 March 2017	£686,387	239,263	286.87p
20 September 2017	£735,439	222,664	330.29p
<u>Class P Income</u>			
20 March 2015	£38,704,896	16,494,755	234.65p
20 March 2016	£63,741,034	26,540,612	240.16p
20 March 2017	£95,368,997	33,310,127	286.31p
20 September 2017	£133,730,572	40,589,497	329.47p

Ongoing charges

	<u>Class A</u>	<u>Class B</u>	<u>Class P</u>
20 March 2017	1.58%	1.08%	0.83%
20 September 2017	1.57%	1.07%	0.82%

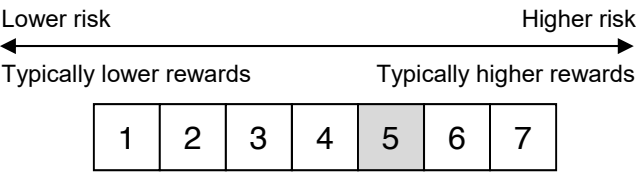
The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- 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 UK MULTI-CAP GROWTH 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 5 because it has experienced moderate to high volatility historically. During the year the synthetic risk and reward indicator changed from 6 to 5.

MARLBOROUGH UK MULTI-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 20 September 2017

Holding or nominal value		Bid value £	Percentage of total net assets %
BANKS (1.84%, Mar 2017 - 4.46%)			
105,000	Metro Bank	3,521,700	1.84
	Total Banks	3,521,700	1.84
BEVERAGES (2.35%, Mar 2017 - 2.22%)			
200,000	Fever-Tree Drinks	4,504,000	2.35
	Total Beverages	4,504,000	2.35
CONSTRUCTION & MATERIALS (0.86%, Mar 2017 - 2.13%)			
800,000	Melrose Industries	1,636,000	0.86
	Total Construction & Materials	1,636,000	0.86
ELECTRONIC & ELECTRICAL EQUIPMENT (2.80%, Mar 2017 - Nil)			
112,500	Renishaw	5,353,875	2.80
	Total Electronic & Electrical Equipment	5,353,875	2.80
EQUITY INVESTMENT INSTRUMENTS (2.20%, Mar 2017 - Nil)			
1,000,000	Scottish Mortgage Investment Trust	4,206,000	2.20
	Total Equity Investment Instruments	4,206,000	2.20
FINANCIAL SERVICES (4.59%, Mar 2017 - 4.89%)			
440,000	Burford Capital	4,954,400	2.59
100,000	London Stock Exchange Group	3,820,000	2.00
	Total Financial Services	8,774,400	4.59
FIXED LINE TELECOMMUNICATIONS (Nil, Mar 2017 - 2.11%)			
	Total Fixed Line Telecommunications	0	0.00
FORESTRY & PAPER (1.60%, Mar 2017 - 2.03%)			
150,000	Mondi	3,051,000	1.60
	Total Forestry & Paper	3,051,000	1.60
GENERAL INDUSTRIALS (3.51%, Mar 2017 - 4.66%)			
725,000	RPC Group	6,709,875	3.51
	Total General Industrials	6,709,875	3.51
GENERAL RETAILERS (6.32%, Mar 2017 - 6.68%)			
85,000	ASOS	4,862,850	2.54
2,050,000	Boohoo.com	5,114,750	2.67
550,000	JD Sports Fashion	2,122,450	1.11
	Total General Retailers	12,100,050	6.32
HEALTH CARE EQUIPMENT & SERVICES (4.06%, Mar 2017 - 3.05%)			
140,000	NMC Health	3,777,200	1.97
300,000	Smith & Nephew	3,990,000	2.09
	Total Health Care Equipment & Services	7,767,200	4.06
HOUSEHOLD GOODS & HOME CONSTRUCTION (2.22%, Mar 2017 - 2.35%)			
62,500	Reckitt Benckiser Group	4,255,625	2.22
	Total Household Goods & Home Construction	4,255,625	2.22
INDUSTRIAL TRANSPORTATION (1.49%, Mar 2017 - 2.13%)			
950,000	BBA Aviation	2,851,900	1.49
	Total Industrial Transportation	2,851,900	1.49

MARLBOROUGH UK MULTI-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 20 September 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
LIFE INSURANCE (4.81%, Mar 2017 - 1.56%)		
2,850,000 Just Group	4,312,050	2.25
275,000 Prudential	4,890,875	2.56
Total Life Insurance	9,202,925	4.81
MEDIA (3.00%, Mar 2017 - 3.43%)		
525,000 Ascential	1,906,275	1.00
235,000 RELX	3,835,200	2.00
Total Media	5,741,475	3.00
MINING (3.99%, Mar 2017 - 2.35%)		
200,000 Antofagasta	1,879,000	0.98
775,000 KAZ Minerals	5,762,125	3.01
Total Mining	7,641,125	3.99
MOBILE TELECOMMUNICATIONS (Nil, Mar 2017 - 0.75%)		
Total Mobile Communications	0	0.00
OIL & GAS PRODUCERS (1.89%, Mar 2017 - 4.17%)		
165,000 Royal Dutch Shell 'B'	3,606,075	1.89
Total Oil & Gas Producers	3,606,075	1.89
PHARMACEUTICALS & BIOTECHNOLOGY (5.56%, Mar 2017 - 6.01%)		
450,000 Abcam	4,608,000	2.41
300,000 Dechra Pharmaceuticals	6,018,000	3.15
Total Pharmaceuticals & Biotechnology	10,626,000	5.56
REAL ESTATE INVESTMENT & SERVICES (1.90%, Mar 2017 - 1.56%)		
950,000 Purplebricks Group	3,629,000	1.90
Total Real Estate Investment & Services	3,629,000	1.90
SOFTWARE & COMPUTER SERVICES (12.45%, Mar 2017 - 11.27%)		
220,000 accesso Technology Group	3,993,000	2.09
650,000 Alfa Financial Software Holdings	3,158,350	1.65
410,000 Blue Prism Group	4,346,000	2.27
175,000 Craneware	2,275,000	1.19
1,325,000 GB Group	4,925,687	2.58
208,418 Micro Focus International	5,106,241	2.67
Total Software & Computer Services	23,804,278	12.45
SUPPORT SERVICES (20.76%, Mar 2017 - 19.04%)		
180,000 Experian	2,669,400	1.40
710,000 HomeServe	5,715,500	2.99
115,000 Intertek Group	5,623,500	2.94
325,000 Keywords Studios	3,906,500	2.04
925,000 Paysafe Group	5,388,125	2.82
900,000 Rentokil Initial	2,645,100	1.38
250,000 Restore	1,392,500	0.73
875,000 RWS Holdings	3,475,938	1.82
350,000 SANNE Group	2,689,750	1.41
1,525,000 Worldpay Group	6,186,925	3.23
Total Support Services	39,693,238	20.76
TOBACCO (1.82%, Mar 2017 - 3.53%)		
75,000 British American Tobacco	3,479,625	1.82
Total Tobacco	3,479,625	1.82

MARLBOROUGH UK MULTI-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 20 September 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
TRAVEL & LEISURE (7.76%, Mar 2017 - 9.13%)		
134,615 Compass Group	2,174,032	1.13
325,000 GVC Holdings	2,769,000	1.45
50,000 InterContinental Hotels Group	1,873,000	0.98
425,000 Merlin Entertainments	1,895,925	0.99
525,000 On the Beach Group	2,177,438	1.14
32,500 Paddy Power Betfair	2,331,875	1.22
175,000 Playtech	1,622,250	0.85
Total Travel & Leisure	14,843,520	7.76
UNQUOTED SECURITIES (0.00%, Mar 2017 - 0.00%)		
15,032 Govett Strategic Investment Trust	0	0.00
Total Unquoted Securities	0	0.00
Portfolio of investments	186,998,886	97.78
Net current assets on capital account	4,240,959	2.22
Net assets	191,239,845	100.00

PORTFOLIO TRANSACTIONS

for the six month period ended 20 September 2017

	£
Total purchases, including transaction charges	62,905,676
Total sales proceeds, net of transaction charges	40,104,221

MARLBOROUGH UK MULTI-CAP GROWTH FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 20 September 2017

	20 September 2017		20 September 2016	
	£	£	£	£
Income:				
Net capital gains/(losses)		21,937,725		12,645,710
Revenue	1,633,808		1,385,412	
Expenses	<u>(862,245)</u>		<u>(620,574)</u>	
Net revenue/(expense) before taxation	771,563		764,838	
Taxation	<u>0</u>		<u>(14,157)</u>	
Net revenue/(expense) after taxation		<u>771,563</u>		<u>750,681</u>
Total return before distributions		22,709,288		13,396,391
Distributions		(771,563)		(750,681)
Change in net assets attributable to unitholders from investment activities		<u>21,937,725</u>		<u>12,645,710</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 20 September 2017

	20 September 2017		20 September 2016	
	£	£	£	£
Opening net assets attributable to unitholders		* 142,948,476		104,926,794
Amounts receivable on issue of units	28,637,497		7,009,218	
Amounts payable on cancellation of units	(2,292,277)		(3,099,245)	
Amounts payable on unit class conversions	<u>(1,947)</u>		<u>(2,852)</u>	
		26,343,273		3,907,121
Change in net assets attributable to unitholders from investment activities		21,937,725		12,645,710
Unclaimed distributions		10,371		0
Closing net assets attributable to unitholders		<u>191,239,845</u>		* <u>121,479,625</u>

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

MARLBOROUGH UK MULTI-CAP GROWTH FUND

BALANCE SHEET

as at 20 September 2017

	20 September 2017	20 March 2017
	£	£
Assets:		
Fixed Assets:		
Investments	186,998,886	142,254,594
Current Assets:		
Debtors	2,054,423	1,033,191
Cash and bank balances	3,415,014	330,111
Total assets	<u>192,468,323</u>	<u>143,617,896</u>
Liabilities:		
Creditors:		
Distribution payable	881,421	247,820
Other creditors	347,057	421,600
Total liabilities	<u>1,228,478</u>	<u>669,420</u>
Net assets attributable to unitholders	<u>191,239,845</u>	<u>142,948,476</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 20 September 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 20 March 2017 and are described in those annual financial statements.



Marlborough

— Fund Managers —

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