



MFM  
UK PRIMARY OPPORTUNITIES FUND

**INTERIM REPORT  
AND UNAUDITED FINANCIAL STATEMENTS**

for the six month period ended 31 July 2018

## **MFM UK PRIMARY OPPORTUNITIES FUND**

### **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

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

### **Depository**

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**

RC Brown Investment Management PLC  
1 The Square  
Temple Quay  
Bristol  
BS1 6DG

Authorised and regulated by the Financial Conduct Authority.

### **Auditor**

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

## **MFM UK PRIMARY OPPORTUNITIES FUND**

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## MFM UK PRIMARY OPPORTUNITIES FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 July 2018

#### Percentage change and sector position to 31 July 2018

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
MFM UK Primary Opportunities Fund	3.62%	8.09%	44.00%	63.75%	547.44%
FTSE All-Share TR Index	5.04%	8.62%	27.88%	48.03%	369.50%
Quartile Ranking**	3	3	1	1	1

\* 5 January 1996.

\*\* Based on ranking within The Investment Association's UK All Companies sector.

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

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

#### **Performance to 31 July 2018**



The Fund has continued to see a good flow of primary opportunities in markets that have been relatively buoyant albeit with a bout of volatility in February which saw global equities fall. This proved short-lived as the UK market recovered to hit record highs. The long term performance of the Fund remains pleasing – top decile over three years and top quartile over five years compared to peers and a return substantially above that of the FTSE All Share.

#### **Market Background**

The FTSE All-Share rose 5% in the period.

The start of the period proved difficult for global markets as an end to low volatility came to an abrupt end – the catalyst being strong US payroll data amid belief US rates will need to rise faster than expected. President Trump's protectionist talk over steel and aluminium tariffs also proved unhelpful. A Chinese retaliation saw further falls in March amid concerns a full blown trade war could harm global growth.

April saw a sharp recovery, rising by over 6%, as the FTSE enjoyed its first positive month of 2018 and its best month for nearly 5 years. Whilst trade tensions between the US and China remained, the market instead focused on rising global growth, the oil price being a major beneficiary as it hit \$75 – a level not seen for more than 3 years.

May saw further gains as dollar strength (50% of FTSE earnings are in dollars) saw the FTSE hit record highs though this proved short lived on concerns over political turmoil in Italy that some commentators believed could put the country's EU membership at way.

June saw a two way pull, the positive being a perceived thawing of tensions between the US and North Korea as the leaders met in a highly staged environment in Singapore. The European Central Bank announced that it would end its QE bond buying by year end. This gave the market confidence of a stronger European economy. On the negative side, President Trump announced a further \$200bn of tariffs on Chinese goods.

Markets were relatively stable in July rising modestly and within striking distance of recent highs. Chinese economic stimulus was well received, particularly by miners, aimed at boosting a slowing economy. The UK political situation remains fraught with uncertainty over whether a Conservative government can agree on a deal to present to the EU. Sterling remains under pressure which is in effect a boost to the FTSE given its overseas earnings.

Global M&A activity was a particular feature during the period. The UK market remains unloved offering relative value and its constituents subject to opportunistic bids from overseas buyers.

## MFM UK PRIMARY OPPORTUNITIES FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 July 2018

#### The Portfolio

##### Ten Largest Holdings

1. **Royal Dutch Shell B 5.81%** - Performed strongly during the period as oil hit 3 year highs. Having modestly added to our holding early in the period during a period of market weakness, we had reduced by period end following exceptional strength in oil companies.
2. **BP 4.24%** - Performed strongly during the period on oil price strength which is expected to see rising dividends in the sector.
3. **HSBC 3.58%** - We added modestly to the holding at a time of market weakness. Remains a core holding given its international exposure, modest valuation and attractive dividend.
4. **AstraZeneca 3.43%** - A strong performer in the period and offers an attractive dividend and the potential of being a takeover target.
5. **Vodafone 3.07%** - We added to the holding during the period but remains a lacklustre performer on concerns over growth in its key markets. It is one of the highest yielding stocks in the FTSE.
6. **GlaxoSmithKline 2.85%** - After a long period of unexciting performance, the shares have enjoyed a strong period as investors expectations for growth rise.
7. **British American Tobacco 2.84%** - A disappointing performer though we continue to hold for its defensive characteristics and yield.
8. **Urban & Civic 2.30%** - A property development Company we purchased during the period following the sale of the largest holder's 27% stake.
9. **Glencore 2.18%** - A very strong performer for the Fund since purchase in 2016. We added modestly to the holding during the period at a time of market weakness and concerns over its holding in Rusal which we considered overdone.
10. **Rio Tinto 2.00%** - Has joined our top 10 holdings courtesy of a strong performance in the period. We consider the valuations and cash generation of the large mining companies as attractive.

##### Investment Outlook

The global economy and notably the US, is in rude health with rising corporate profits and record profit margins. We acknowledge that we appear to be late in what has been the longest bull market in history – though it must be noted that this was from a low base post the great financial crisis of 2008-9. Rhetoric around trade wars between the US and China or Turkey or anywhere is destabilising and knocks investor confidence. The market has so far taken this rhetoric in its stride and we expect it to continue to assuming relations do not worsen significantly further. Nevertheless, we continue to monitor economic data for clues that global growth may be slowing.

The UK continues to grow, albeit at a slower rate than other developed markets. The protracted EU negotiations and the uncertainty this has caused, are partly to blame. Whilst we do not propose to position the portfolio for a certain outcome, we are minded to emphasise companies which are moderately rated and prefer those with international exposure which should help mitigate any disruptions that may occur in the event of a 'no deal Brexit'. We consider the UK market attractively valued compared with other developed markets albeit we acknowledge there are reasons for its lower rating. Nevertheless, with a dividend yield of 3.7% this should provide some downside protection in the event of a market downturn.

We anticipate a strong pipeline of primary opportunities in the final quarter of 2018 and will continue to focus on buying good quality companies at a discount to the prevailing market price which has stood us in good stead since the Fund was launched in 1996.

#### Oliver Brown - R C Brown Investment Management PLC

Investment Manager

23 August 2018

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## MFM UK PRIMARY OPPORTUNITIES FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 July 2018

#### Distributions (pence per share)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Class A Income</u>				
Income paid 31 March	2.2725	2.9983	1.8772	1.6397
Income paid 30 September	3.4991	3.1663	4.2379	2.4557
<u>Class A Accumulation</u>				
Accumulation paid 31 March	3.1060	4.0340	2.4813	2.1383
Accumulation paid 30 September	4.8047	4.2948	5.6311	3.2189
<u>Class B Income</u>				
Income paid 31 March	3.3356	3.8950	2.7051	2.4297
Income paid 30 September	4.5589	4.1250	5.0412	3.2844
<u>Class B Accumulation</u>				
Accumulation paid 31 March	4.8120	5.5056	3.7355	3.2968
Accumulation paid 30 September	6.6271	5.9497	7.0212	4.4907
<u>Class P Income</u>				
Income paid 31 March	3.8606	4.3344	3.1015	2.8179
Income paid 30 September	5.0770	4.6568	5.4307	3.6888
<u>Class P Accumulation</u>				
Accumulation paid 31 March	4.3040	4.7227	3.3028	2.9314
Accumulation paid 30 September	5.7079	5.1322	5.8209	3.8715

#### Material portfolio changes

Major purchases	Cost (£)	Major sales	Proceeds (£)
Urban&Civic	237,401	Just Group	249,636
Avast	185,824	Charter Court Financial Services Group	185,301
Royal Bank of Scotland Group	181,915	Primary Health Properties	168,619
JTC	174,943	Unite Group	165,442
Primary Health Properties	159,243	Treatt	149,005
Unite Group	157,139	Eddie Stobart Logistics	145,553
Urban Exposure	140,877	easyHotel	140,545
Cineworld Group	136,535	John Laing Group	137,978
TalkTalk Telecom Group	133,233	Galliford Try	130,238
easyHotel	130,662	Blue Prism Group	128,825
Phoenix Group Holdings	129,703	Dechra Pharmaceuticals	128,179
John Laing Group	124,455	TalkTalk Telecom Group	124,454
Galliford Try	122,002	JTC	115,402
Alliance Pharma	119,095	SANNE Group	114,571
Smith (DS)	116,953	Fulcrum Utility Services	109,474
Diversified Gas & Oil	114,260	Warehouse REIT	107,226
Motorpoint Group	113,661	Reckitt Benckiser Group	102,396
Vodafone Group	102,619	Sumo Group	101,696
Ten Entertainment Group	101,498	AEW UK REIT	100,643
Provident Financial	101,081	Sabre Insurance Group	99,918
Other purchases	2,634,446	Other sales	3,049,252
Total purchases for the period	5,417,545	Total sales for the period	5,754,353

## **MFM UK PRIMARY OPPORTUNITIES FUND**

### **AUTHORISED STATUS AND GENERAL INFORMATION**

#### **Authorised status**

MFM UK Primary Opportunities Fund is an investment company with variable capital incorporated under the Open Ended Investment Company (OEIC) Regulations 2001. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL). The Company is incorporated in England and Wales with the registration number IC000054 and is authorised and regulated by the Financial Conduct Authority with effect from 21 December 1999. The shareholders are not liable for the debts of the Company.

#### **Investment objective**

The Fund aims to provide you with a total return\* that is greater than that provided by the FTSE All-Share Index by investing in a concentrated portfolio of companies carefully selected from the full range listed on the London Stock Exchange, or its equivalent successor.

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

\* Investors should be aware that there is no guarantee that this objective will be achieved over this (or any) time period and that your capital is in fact at risk.

#### **Rights and terms attaching to each share class**

Each share of each class represents a proportional entitlement to the assets of the scheme. The allocation of income and taxation and the rights of each share in the event the scheme is wound up are on the same proportional basis.

#### **Changes in prospectus**

No significant changes have been made since the last report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the manager's range can be requested by the investor at any time.

### **AUTHORISED 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**  
14 September 2018

## MFM UK PRIMARY OPPORTUNITIES FUND

### COMPARATIVE TABLE

Income and Accumulation shares were first offered at 100p on 5 January 1996. On 31 December 2012, Class P shares became available for purchase.

<b><u>Class A income shares</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per share</b>	<b>31.07.2018</b>	<b>31.01.2018</b>	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	424.47	367.67	315.70	315.78
Return before operating charges*	18.00	68.89	66.02	9.61
Operating charges	(3.51)	(6.65)	(6.81)	(5.36)
Return after operating charges*	14.49	62.24	59.21	4.25
Distribution on income shares	(3.50)	(5.44)	(7.24)	(4.33)
Closing net asset value per share	435.46	424.47	367.67	315.70
* after direct transaction costs of:	0.54	1.45	1.48	0.50
<b>Performance</b>				
Return after charges	3.41%	16.93%	18.76%	1.35%
<b>Other information</b>				
Closing net asset value	£1,073,525	£1,067,160	£1,043,171	£1,036,282
Closing number of shares	246,526	251,413	283,721	328,248
Operating charges	**1.67%	1.63%	1.65%	1.65%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%
<b>Prices</b>				
Highest share price	440.80p	435.99p	375.68p	342.02p
Lowest share price	395.74p	368.93p	290.97p	304.96p
<b><u>Class A accumulation shares</u></b>				
<b>Change in net assets per share</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
	<b>31.07.2018</b>	<b>31.01.2018</b>	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	583.26	498.74	419.42	413.93
Return before operating charges*	24.73	93.58	88.43	12.54
Operating charges	(4.82)	(9.06)	(9.11)	(7.05)
Return after operating charges*	19.91	84.52	79.32	5.49
Distributions	(4.80)	(7.40)	(9.67)	(5.70)
Retained distributions on accumulation shares	4.80	7.40	9.67	5.70
Closing net asset value per share	603.17	583.26	498.74	419.42
* after direct transaction costs of:	0.75	1.97	1.98	0.66
<b>Performance</b>				
Return after charges	3.41%	16.95%	18.91%	1.33%
<b>Other information</b>				
Closing net asset value	£3,072,466	£3,101,136	£2,948,359	£2,816,991
Closing number of shares	509,390	531,692	591,156	671,646
Operating charges	**1.67%	1.63%	1.65%	1.65%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%
<b>Prices</b>				
Highest share price	605.70p	595.90p	505.48p	448.32p
Lowest share price	543.78p	500.44p	386.55p	402.76p

\*\* These figures have been annualised.



**MFM UK PRIMARY OPPORTUNITIES FUND**
**COMPARATIVE TABLE**

<b><u>Class B income shares</u></b>	<b>Period to 31.07.2018</b>	<b>Year to 31.01.2018</b>	<b>Year to 31.01.2017</b>	<b>Year to 31.01.2016</b>
<b>Change in net assets per share</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	425.49	368.38	316.24	316.32
Return before operating charges*	18.09	69.12	65.31	9.67
Operating charges	(2.47)	(4.55)	(4.23)	(3.76)
Return after operating charges*	15.62	64.57	61.08	5.91
Distribution on income shares	(4.56)	(7.46)	(8.94)	(5.99)
Closing net asset value per share	436.55	425.49	368.38	316.24
* after direct transaction costs of:	0.55	1.43	1.32	0.50
<b>Performance</b>				
Return after charges	3.67%	17.53%	19.31%	1.87%
<b>Other information</b>				
Closing net asset value	£577,952	£563,296	£2,193,785	£1,960,167
Closing number of shares	132,391	132,389	595,515	619,833
Operating charges	**1.17%	1.13%	1.15%	1.15%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%
<b>Prices</b>				
Highest share price	442.95p	438.00p	377.23p	343.14p
Lowest share price	396.97p	369.66p	291.50p	305.61p
<b><u>Class B accumulation shares</u></b>				
<b>Change in net assets per share</b>	<b>Period to 31.07.2018</b>	<b>Year to 31.01.2018</b>	<b>Year to 31.01.2017</b>	<b>Year to 31.01.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	618.66	526.38	440.47	432.51
Return before operating charges*	26.29	98.93	91.85	13.12
Operating charges	(3.59)	(6.65)	(5.94)	(5.16)
Return after operating charges*	22.70	92.28	85.91	7.96
Distributions	(6.63)	(10.76)	(12.53)	(8.23)
Retained distributions on accumulation shares	6.63	10.76	12.53	8.23
Closing net asset value per share	641.36	618.66	526.38	440.47
* after direct transaction costs of:	0.79	2.09	1.86	0.69
<b>Performance</b>				
Return after charges	3.67%	17.53%	19.50%	1.84%
<b>Other information</b>				
Closing net asset value	£1,053,237	£1,001,271	£858,664	£861,991
Closing number of shares	164,219	161,846	163,127	195,696
Operating charges	**1.17%	1.13%	1.15%	1.15%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%
<b>Prices</b>				
Highest share price	644.04p	631.90p	533.38p	469.17p
Lowest share price	577.18p	528.18p	406.01p	422.05p

\*\* These figures have been annualised.

**MFM UK PRIMARY OPPORTUNITIES FUND**
**COMPARATIVE TABLE**

<b><u>Class P income shares</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per share</b>	<b>31.07.2018</b>	<b>31.01.2018</b>	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	424.76	367.85	315.75	315.81
Return before operating charges*	18.07	69.07	64.96	9.63
Operating charges	(1.93)	(3.64)	(3.09)	(2.90)
Return after operating charges*	16.14	65.43	61.87	6.73
Distribution on income shares	(5.08)	(8.52)	(9.77)	(6.79)
Closing net asset value per share	435.82	424.76	367.85	315.75

\* after direct transaction costs of: 0.55 1.47 1.23 0.50

**Performance**

Return after charges 3.80% 17.79% 19.59% 2.13%

**Other information**

Closing net asset value	£3,211,992	£3,105,222	£1,464,414	£1,436,328
Closing number of shares	736,996	731,059	398,097	454,897
Operating charges	**0.92%	0.88%	0.90%	0.90%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%

**Prices**

Highest share price	442.74p	437.73p	377.10p	342.87p
Lowest share price	396.42p	369.13p	291.07p	305.18p

<b><u>Class P accumulation shares</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per share</b>	<b>31.07.2018</b>	<b>31.01.2018</b>	<b>31.01.2017</b>	<b>31.01.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	477.74	405.47	338.44	331.46
Return before operating charges*	20.31	76.30	70.37	10.04
Operating charges	(2.17)	(4.03)	(3.34)	(3.06)
Return after operating charges*	18.14	72.27	67.03	6.98
Distributions	(5.71)	(9.44)	(10.54)	(7.17)
Retained distributions on accumulation shares	5.71	9.44	10.54	7.17
Closing net asset value per share	495.88	477.74	405.47	338.44

\* after direct transaction costs of: 0.61 1.63 1.33 0.52

**Performance**

Return after charges 3.80% 17.82% 19.81% 2.11%

**Other information**

Closing net asset value	£1,145,079	£1,155,944	£533,541	£476,563
Closing number of shares	230,916	241,961	131,585	140,812
Operating charges	**0.92%	0.88%	0.90%	0.90%
Direct transaction costs	**0.26%	0.35%	0.36%	0.15%

**Prices**

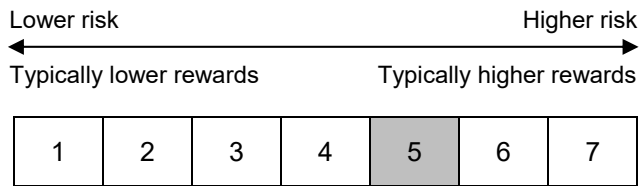
Highest share price	497.96p	487.89p	410.82p	359.84p
Lowest share price	445.86p	406.86p	311.98p	323.92p

\*\* These figures have been annualised.

Operating charges are the same as the ongoing charges and are the total expenses paid by each share class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

## MFM UK PRIMARY OPPORTUNITIES FUND

### SYNTHETIC RISK AND REWARD INDICATOR



The synthetic 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 period the synthetic risk and reward indicator has remained unchanged.

## MFM UK PRIMARY OPPORTUNITIES FUND

### PORTFOLIO STATEMENT

as at 31 July 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AUTOMOBILES &amp; PARTS</b> (0.96%, Jan 2018 - 1.76%)		
37,261 TI Fluid Systems	96,879	0.96
Total Automobiles & Parts	<u>96,879</u>	<u>0.96</u>
<b>BANKS</b> (7.66%, Jan 2018 - 5.97%)		
49,612 HSBC Holdings	362,961	3.58
201,520 Lloyds Banking Group	125,970	1.24
66,793 Royal Bank of Scotland Group	172,126	1.70
16,690 Standard Chartered	115,094	1.14
Total Banks	<u>776,151</u>	<u>7.66</u>
<b>BEVERAGES</b> (2.10%, Jan 2018 - 2.21%)		
3,926 Diageo	110,262	1.09
2,946 Fever-Tree Drinks	102,550	1.01
Total Beverages	<u>212,812</u>	<u>2.10</u>
<b>CHEMICALS</b> (1.01%, Jan 2018 - 1.32%)		
18,693 Zotefoams	102,438	1.01
Total Chemicals	<u>102,438</u>	<u>1.01</u>
<b>CONSTRUCTION &amp; MATERIALS</b> (0.81%, Jan 2018 - 0.88%)		
38,611 Melrose Industries	82,589	0.81
Total Construction & Materials	<u>82,589</u>	<u>0.81</u>
<b>ELECTRICITY</b> (Nil, Jan 2018 - 0.60%)		
Total Electricity	<u>0</u>	<u>0.00</u>
<b>ELECTRONIC &amp; ELECTRICAL EQUIPMENT</b> (0.49%, Jan 2018 - 1.26%)		
29,754 Strix Group	49,927	0.49
Total Electronic & Electrical Equipment	<u>49,927</u>	<u>0.49</u>
<b>EQUITY INVESTMENT INSTRUMENTS</b> (0.88%, Jan 2018 - Nil)		
85,275 Tritax EuroBox	88,771	0.88
Total Equity Investment Instruments	<u>88,771</u>	<u>0.88</u>
<b>FINANCIAL SERVICES</b> (12.10%, Jan 2018 - 7.91%)		
29,103 Amigo Holdings	79,451	0.78
28,409 ASA International Group	113,636	1.12
27,487 Curtis Banks Group	76,964	0.76
226,798 Duke Royalty	102,059	1.01
4,911 Hargreaves Lansdown	102,689	1.01
30,890 JTC	119,235	1.18
2,660 London Stock Exchange Group	117,412	1.16
42,622 Nucleus Financial Group	98,883	0.98
19,239 Premier Asset Management Group	54,254	0.53
30,000 Quilter	46,296	0.46
20,536 Standard Life Aberdeen	64,647	0.64
140,877 Urban Exposure	154,965	1.53
54,543 XPS Pensions Group	95,450	0.94
Total Financial Services	<u>1,225,941</u>	<u>12.10</u>
<b>FIXED LINE TELECOMMUNICATIONS</b> (Nil, Jan 2018 - 1.18%)		
Total Fixed Line Telecommunications	<u>0</u>	<u>0.00</u>
<b>FOOD &amp; DRUG RETAILERS</b> (Nil, Jan 2018 - 1.58%)		
Total Food & Drug Retailers	<u>0</u>	<u>0.00</u>

**MFM UK PRIMARY OPPORTUNITIES FUND**
**PORTFOLIO STATEMENT**

as at 31 July 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>FOOD PRODUCERS</b> (1.11%, Jan 2018 - Nil)		
14,591 Dairy Crest Group	71,233	0.70
86,637 Venture Life Group	41,932	0.41
Total Food Producers	<u>113,165</u>	<u>1.11</u>
<b>GAS, WATER &amp; MULTIUTILITIES</b> (1.13%, Jan 2018 - 1.66%)		
14,082 National Grid	114,797	1.13
Total Gas, Water & Multiutilities	<u>114,797</u>	<u>1.13</u>
<b>GENERAL INDUSTRIALS</b> (1.17%, Jan 2018 - Nil)		
23,379 Smith (DS)	118,485	1.17
Total General Industrials	<u>118,485</u>	<u>1.17</u>
<b>GENERAL RETAILERS</b> (3.53%, Jan 2018 - 1.27%)		
24,430 Joules Group	79,153	0.78
50,234 Motorpoint Group	119,557	1.18
34,380 Quiz	60,165	0.59
58,233 TheWorks.co.uk	98,996	0.98
Total General Retailers	<u>357,871</u>	<u>3.53</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b> (0.91%, Jan 2018 - 2.40%)		
63,514 Creo Medical Group	92,095	0.91
Total Health Care Equipment & Services	<u>92,095</u>	<u>0.91</u>
<b>HOUSEHOLD GOODS &amp; HOME CONSTRUCTION</b> (Nil, Jan 2018 - 1.25%)		
Total Household Goods & Home Construction	<u>0</u>	<u>0.00</u>
<b>INDUSTRIAL TRANSPORTATION</b> (Nil, Jan 2018 - 1.34%)		
Total Industrial Transportation	<u>0</u>	<u>0.00</u>
<b>LEISURE GOODS</b> (1.77%, Jan 2018 - 1.13%)		
47,529 Codemasters Group Holdings	101,712	1.00
45,652 Sumo Group	77,837	0.77
Total Leisure Goods	<u>179,549</u>	<u>1.77</u>
<b>LIFE INSURANCE</b> (4.88%, Jan 2018 - 7.13%)		
15,270 Aviva	76,411	0.75
19,216 Phoenix Group Holdings	132,014	1.30
9,201 Prudential	166,998	1.65
9,898 St. James's Place	119,815	1.18
Total Life Insurance	<u>495,238</u>	<u>4.88</u>
<b>MINING</b> (5.36%, Jan 2018 - 4.80%)		
6,879 BHP Billiton	119,323	1.18
67,171 Glencore	220,926	2.18
4,868 Rio Tinto	202,533	2.00
Total Mining	<u>542,782</u>	<u>5.36</u>
<b>MOBILE TELECOMMUNICATIONS</b> (4.06%, Jan 2018 - 3.84%)		
12,803 Gamma Communications	100,376	0.99
166,066 Vodafone Group	311,274	3.07
Total Mobile Telecommunications	<u>411,650</u>	<u>4.06</u>
<b>NONLIFE INSURANCE</b> (0.77%, Jan 2018 - 2.26%)		
27,890 Sabre Insurance Group	77,534	0.77
Total Industrial Transportation	<u>77,534</u>	<u>0.77</u>

**MFM UK PRIMARY OPPORTUNITIES FUND**

**PORTFOLIO STATEMENT**

as at 31 July 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>OIL &amp; GAS PRODUCERS (11.93%, Jan 2018 - 10.06%)</b>		
74,961 BP	429,227	4.24
47,900 Diversified Gas & Oil	54,606	0.54
5,154 Royal Dutch Shell 'A'	135,808	1.34
21,861 Royal Dutch Shell 'B'	588,608	5.81
Total Oil & Gas Producers	<u>1,208,249</u>	<u>11.93</u>
<b>PERSONAL GOODS (1.80%, Jan 2018 - 1.68%)</b>		
4,180 Unilever	182,415	1.80
Total Personal Goods	<u>182,415</u>	<u>1.80</u>
<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY (8.33%, Jan 2018 - 7.41%)</b>		
127,960 Alliance Pharma	117,211	1.16
6,000 AstraZeneca	347,280	3.43
3,027 Dechra Pharmaceuticals	90,023	0.89
18,318 GlaxoSmithKline	289,058	2.85
Total Pharmaceuticals & Biotechnology	<u>843,572</u>	<u>8.33</u>
<b>REAL ESTATE INVESTMENT &amp; SERVICES (2.30%, Jan 2018 - 0.83%)</b>		
77,372 Urban&Civic	232,890	2.30
Total Real Estate Investment & Services	<u>232,890</u>	<u>2.30</u>
<b>REAL ESTATE INVESTMENT TRUSTS (Nil, Jan 2018 - 3.78%)</b>		
Total Real Estate Investment Trusts	<u>0</u>	<u>0.00</u>
<b>SOFTWARE &amp; COMPUTER SERVICES (3.94%, Jan 2018 - 3.73%)</b>		
42,272 Avast	97,078	0.96
5,808 Blue Prism Group	104,660	1.03
9,636 FDM Group (Holdings)	91,831	0.91
32,779 IMI mobile	104,893	1.04
Total Software & Computer Services	<u>398,462</u>	<u>3.94</u>
<b>SUPPORT SERVICES (7.00%, Jan 2018 - 6.88%)</b>		
25,491 Clipper Logistics	84,885	0.84
38,469 Knights Group Holdings	65,397	0.65
27,863 Marlowe	139,315	1.37
20,320 Midwich Group	130,048	1.28
73,753 Rosenblatt Group	77,441	0.76
15,089 SANNE Group	106,679	1.05
57,667 The SimplyBiz Group	106,119	1.05
Total Support Services	<u>709,884</u>	<u>7.00</u>
<b>TOBACCO (3.72%, Jan 2018 - 4.21%)</b>		
6,835 British American Tobacco	288,266	2.84
3,072 Imperial Brands	89,303	0.88
Total Tobacco	<u>377,569</u>	<u>3.72</u>
<b>TRAVEL &amp; LEISURE (5.70%, Jan 2018 - 7.26%)</b>		
118,506 Arena Events Group	71,104	0.70
37,548 Cineworld Group	102,431	1.01
30,000 Everyman Media Group	67,800	0.67
22,562 Hollywood Bowl Group	46,703	0.46
13,483 On the Beach Group	58,786	0.58
45,815 Ten Entertainment Group	114,538	1.13
15,039 Ten Lifestyle Group	13,234	0.13
35,275 The Gym Group	103,532	1.02
Total Travel & Leisure	<u>578,128</u>	<u>5.70</u>

## MFM UK PRIMARY OPPORTUNITIES FUND

### PORTFOLIO STATEMENT

as at 31 July 2018

Holding or nominal value		Bid value £	Percentage of total net assets %
	<b>UNQUOTED SECURITIES</b> (0.00%, Jan 2018 - Nil)		
48,550	Conviviality	0	0.00
	Total Unquoted Securities	<u>0</u>	<u>0.00</u>
	<b>Portfolio of investments</b>	9,669,843	95.42
	<b>Net current assets</b>	<u>464,408</u>	<u>4.58</u>
	<b>Total net assets</b>	<u>10,134,251</u>	<u>100.00</u>

The investments of the Fund have been valued at their fair value at 12 noon on 31 July 2018. 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 corporate director 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.

Conviviality is in administration and valued at zero until further information is received.

### PORTFOLIO TRANSACTIONS

for the six month period ended 31 July 2018

	£
Total purchases cost, including transaction charges	5,417,545
Total sales proceeds, net of transaction charges	5,754,353

**MFM UK PRIMARY OPPORTUNITIES FUND**

**STATEMENT OF TOTAL RETURN**

for the six month period ended 31 July 2018

	31 July 2018		31 July 2017	
	£	£	£	£
Income:				
Net capital gains/(losses)		252,444		1,047,645
Revenue	161,442		152,414	
Expenses	(59,882)		(60,280)	
Net revenue/(expense) before taxation	<u>101,560</u>		<u>92,134</u>	
Taxation	<u>0</u>		<u>0</u>	
Net revenue/(expense) after taxation		<u>101,560</u>		<u>92,134</u>
Total return before distributions		354,004		1,139,779
Distributions		(101,560)		(92,134)
Change in net assets attributable to shareholders from investment activities		<u><u>252,444</u></u>		<u><u>1,047,645</u></u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the six month period ended 31 July 2018

	31 July 2018		31 July 2017	
	£	£	£	£
Opening net assets attributable to shareholders		9,994,029		9,041,934
Amounts receivable on issue of shares	226,704		113,720	
Amounts payable on cancellation of shares	(387,441)		(529,918)	
Amounts payable on share class conversions	<u>(23)</u>		<u>(2,502)</u>	
		(160,760)		(418,700)
Change in net assets attributable to shareholders from investment activities		252,444		1,047,645
Retained distribution on accumulation shares		48,538		44,340
Unclaimed distributions		0		46
Closing net assets attributable to shareholders		<u><u>10,134,251</u></u>		<u><u>9,715,265</u></u>

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



## MFM UK PRIMARY OPPORTUNITIES FUND

### BALANCE SHEET

as at 31 July 2018

	31 July 2018	31 January 2018
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	9,669,843	9,752,818
<b>Current Assets:</b>		
Debtors	26,533	17,515
Cash and bank balances	503,898	384,360
Total assets	<u>10,200,274</u>	<u>10,154,693</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable on income shares	52,079	38,353
Other creditors	13,944	122,311
Total liabilities	<u>66,023</u>	<u>160,664</u>
<b>Net assets attributable to shareholders</b>	<u>10,134,251</u>	<u>9,994,029</u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 July 2018

#### 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 interim 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 interim 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 January 2018 and are described in those annual financial statements.

# Marlborough

— Fund Managers —

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