



# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

for the six month period ended 31 January 2019

## **MARLBOROUGH UK MICRO-CAP GROWTH 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**

Hargreave Hale Limited  
Talisman House  
Boardmans Way  
Blackpool  
Lancashire  
FY4 5FY

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 Ltd**

Andrew Staley	Chairman
Nicholas F J Cooling	Deputy Chairman
Allan Hamer	Joint Managing Director
Wayne D Green	Joint Managing Director
Dom Clarke	Finance Director
Geoffrey Hitchin	Investment Director
Helen Derbyshire	Director – Compliance & Risk
Richard Goodall	Director – Strategy & Business Development (appointed 7 December 2018)
Guy Sears	Non-Executive Director
David Kiddie	Non-Executive Director (appointed 14 December 2018)

## MARLBOROUGH UK MICRO-CAP GROWTH FUND

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## MARLBOROUGH UK MICRO-CAP GROWTH FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 January 2019

#### Percentage change and sector position to 31 January 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Marlborough UK Micro-Cap Growth Fund	-9.60%	-7.17%	48.31%	62.80%	647.30%
Quartile Ranking**	1	2	1	1	1

\* 13 September 2004.

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

External Source of Economic Data: Morningstar (Class P Acc - bid to bid).

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.



Giles Hargreave

Guy Feld

Over the six months to 31 January 2019 the P class units in our Microcap Fund fell 9.6%. This compares to declines of 11.0%, 15.9% and 10.4% for the FTSE Small Cap Ex. IT, FTSE AIM All Share and FTSE 250 indices respectively.

Q4 2018 marked a tumultuous ride for equity markets as macroeconomic and geopolitical concerns continued to mount. Whilst the ongoing political risks persist we would note that a degree of the uncertainty and potential bad news has been priced in relating to UK specific risks given the decoupling of valuations that we have seen for both the FTSE 100 and FTSE 250 as against other major developed markets.

Unsurprisingly in a period where the indices were down 10-15% the number of losers in the portfolio outweighed the winners by 2.5:1.

The best performing stocks were Serica Energy (+101%), Augean (+66%), AJ Bell (+62%) and Creo Medical (+54%). The most notable detractors were FFI Holdings (-74%), Fireangel Safety (-57%), Gama Aviation (-56%) and Verona Pharma (-53%).

Larger trades during the period saw us averaging up our positions in Keystone Law, Knights Group and IntegraFin. We sold our holdings in Quiz and Gear4Music following initial signs of disappointing trading.

We participated in two Initial Public Offerings (IPOs) of note during the period: the investment platform business AJ Bell and the litigation financier Manolete Partners. AJ Bell possesses a strong competitive position in both its YouInvest and Investcentre businesses. The economics of the business are also attractive with what we believe to be sustainably high operating margins, cash conversion and returns on invested capital whilst the company benefits from ample structural growth drivers to enable it to grow into the future. Manolete Partners operates in a niche segment of the litigation finance sector with what we believe to be high barriers to entry, namely its brand, referral network and in-house expertise, where the Initial Rate of Returns (IRRs) on the individual cases are usually higher than other litigation financiers due to the faster resolution of insolvency cases in general. Both businesses have attractive economics, strong competitive positions and the ability to re-invest and compound value for us as shareholders.

The Fund ended the period with a cash position of 5.9%.

Hargreave Hale Ltd  
27 February 2019

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#### Distributions (pence per unit)

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Class A Accumulation</u>				
Net income paid 30 September	0.0000	0.6684	0.7214	0.0000
<u>Class B Accumulation</u>				
Net income paid 30 September	2.3427	3.6169	3.1693	1.6620
<u>Class P Accumulation</u>				
Net income paid 30 September	4.1920	5.0702	4.3626	2.7335

## MARLBOROUGH UK MICRO-CAP GROWTH FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 January 2019

#### Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Plus500	10,471,566	Ideagen	12,251,877
Future	7,177,525	Blue Prism Group	11,426,682
Duke Royalty	6,705,857	Learning Technologies Group	9,996,953
Kin and Carta	6,402,808	dotDigital Group	5,815,047
Sensyne Health	5,284,935	Huntsworth	5,793,384
CareTech Holdings	4,994,084	Victoria	5,510,161
Eland Oil & Gas	4,782,129	Harvey Nash Group	4,030,000
Manolete Partners	4,701,602	GT Gold	3,496,045
Boku 'Reg S'	4,196,921	Dalradian Resources	2,886,924
Fever-Tree Drinks	4,071,088	Taptica International	2,617,450
Other purchases	95,362,361	Other sales	69,543,753
Total purchases for the period	154,150,876	Total sales for the period	133,368,276

## **MARLBOROUGH UK MICRO-CAP GROWTH FUND**

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

#### **Authorised status**

Marlborough UK Micro-Cap Growth Fund (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 a total return of capital and income in excess of the total return achieved by the FTSE Small Cap Index (ex. Investment Companies), over the medium to long term<sup>1</sup>.

The Fund will be actively managed on a total return basis investing primarily in UK companies having a market capitalisation of £250m or less at the time of purchase. A considerable proportion of the portfolio will be invested in smaller companies with a market capitalisation of less than £150m at the time of purchase. At times it may be appropriate for the Fund not to be fully invested but to hold cash and near cash. The Fund may also invest in other transferable securities, including but not limited to: warrants; government and public securities; and units in collective investment schemes. The Fund is permitted to invest in derivatives and forward transactions for the purposes of hedging only.

<sup>1</sup> 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 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 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.

### **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**  
15 March 2019

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## COMPARATIVE TABLE

Accumulation units were first offered at 100p on 13 September 2004. On 16 November 2009, the units were reclassified as Class A units and Class B units became available for purchase. On 31 December 2012, Class P units became available for purchase.

<b><u>Class A accumulation units</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>31.01.2019</b>	<b>31.07.2018</b>	<b>31.07.2017</b>	<b>31.07.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	730.82	652.56	474.62	461.77
Return before operating charges*	(70.35)	89.16	186.67	20.13
Operating charges	(5.37)	(10.90)	(8.73)	(7.28)
Return after operating charges*	(75.72)	78.26	177.94	12.85
Distributions on accumulation units	0.00	0.00	(0.67)	(0.72)
Retained distributions on accumulation units	0.00	0.00	0.67	0.72
Closing net asset value per unit	655.10	730.82	652.56	474.62
* after direct transaction costs of:	0.31	0.63	0.83	0.67
<b>Performance</b>				
Return after charges	-10.36%	11.99%	37.49%	2.78%
<b>Other information</b>				
Closing net asset value	£127,353,830	£145,706,837	£125,543,461	£92,321,826
Closing number of units	19,440,467	19,937,538	19,238,479	19,451,724
Operating charges	1.53% <sup>A</sup>	1.53%	1.54%	1.55%
Direct transaction costs	0.09% <sup>A</sup>	0.09%	0.15%	0.14%
<b>Prices</b>				
Highest unit price	809.29p	803.40p	705.86p	523.15p
Lowest unit price	630.47p	656.03p	475.76p	430.11p
<b><u>Class B accumulation units</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>31.01.2019</b>	<b>31.07.2018</b>	<b>31.07.2017</b>	<b>31.07.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	762.13	677.10	490.12	474.45
Return before operating charges*	(73.38)	92.66	193.08	20.74
Operating charges	(3.79)	(7.63)	(6.10)	(5.07)
Return after operating charges*	(77.17)	85.03	186.98	15.67
Distributions on accumulation units	0.00	(2.34)	(3.62)	(3.17)
Retained distributions on accumulation units	0.00	2.34	3.62	3.17
Closing net asset value per unit	684.96	762.13	677.10	490.12
* after direct transaction costs of:	0.32	0.65	0.85	0.68
<b>Performance</b>				
Return after charges	-10.13%	12.56%	38.15%	3.30%
<b>Other information</b>				
Closing net asset value	£10,242,886	£13,063,327	£12,470,270	£9,083,520
Closing number of units	1,495,391	1,714,062	1,841,714	1,853,321
Operating charges	1.03% <sup>A</sup>	1.03%	1.04%	1.05%
Direct transaction costs	0.09% <sup>A</sup>	0.09%	0.15%	0.14%
<b>Prices</b>				
Highest unit price	812.15p	805.07p	704.33p	519.18p
Lowest unit price	658.98p	680.84p	491.31p	443.99p

<sup>A</sup> These figures have been annualised.

## MARLBOROUGH UK MICRO-CAP GROWTH FUND

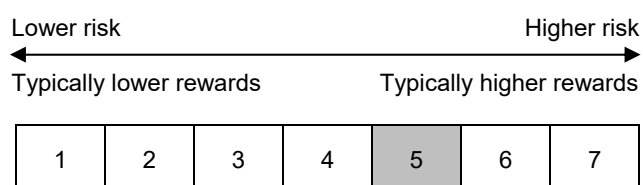
### COMPARATIVE TABLE

<b>Class P accumulation units</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>31.01.2019</b>	<b>31.07.2018</b>	<b>31.07.2017</b>	<b>31.07.2016</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	763.16	676.32	488.31	471.49
Return before operating charges*	(73.51)	92.64	192.66	20.67
Operating charges	(2.87)	(5.80)	(4.65)	(3.85)
Return after operating charges*	(76.38)	86.84	188.01	16.82
Distributions on accumulation units	0.00	(4.19)	(5.07)	(4.36)
Retained distributions on accumulation units	0.00	4.19	5.07	4.36
Closing net asset value per unit	686.78	763.16	676.32	488.31
 * after direct transaction costs of:	 0.32	 0.65	 0.86	 0.68
<b>Performance</b>				
Return after charges	-10.01%	12.84%	38.50%	3.57%
<b>Other information</b>				
Closing net asset value	£1,023,898,032	£1,118,393,696	£799,431,894	£487,519,520
Closing number of units	149,086,919	146,547,768	118,202,360	99,837,826
Operating charges	0.78% <sup>A</sup>	0.78%	0.79%	0.80%
Direct transaction costs	0.09% <sup>A</sup>	0.09%	0.15%	0.14%
<b>Prices</b>				
Highest unit price	813.42p	805.75p	703.39p	517.03p
Lowest unit price	660.60p	680.09p	489.50p	442.26p

<sup>A</sup> These figures have been annualised.

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit 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 units in issue for the pence per unit figures.

### 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.

The 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.



# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>AEROSPACE &amp; DEFENCE</b> (0.83%, July 2018 - 0.31%)			
1,145,500	Cohort	4,352,900	0.37
85,153,847	TP Group	5,364,692	0.46
	Total Aerospace & Defence	9,717,592	0.83
<b>ALTERNATIVE ENERGY</b> (0.40%, July 2018 - 0.42%)			
1,300,000	Ceres Power Holdings	2,041,000	0.18
6,655,333	Ilika	1,730,387	0.15
4,434,375	ITM Power	860,269	0.07
	Total Alternative Energy	4,631,656	0.40
<b>BEVERAGES</b> (1.00%, July 2018 - 0.89%)			
450,000	Fever-Tree Drinks	11,619,000	1.00
	Total Beverages	11,619,000	1.00
<b>CHEMICALS</b> (1.22%, July 2018 - 1.13%)			
2,133,419	Trealt	8,875,023	0.76
850,000	Zotefoams	5,321,000	0.46
	Total Chemicals	14,196,023	1.22
<b>CONSTRUCTION &amp; MATERIALS</b> (1.03%, July 2018 - 1.24%)			
1,968,000	Eurocell	4,487,040	0.39
2,300,000	Michelmersh Brick Holdings	1,991,800	0.17
2,200,000	Norcros	4,191,000	0.36
3,000,000	SigmaRoc	1,242,000	0.11
	Total Construction & Materials	11,911,840	1.03
<b>ELECTRICITY</b> (0.24%, July 2018 - 0.18%)			
600,000	OPG Power Ventures	142,800	0.01
13,500,000	SIMEC Atlantis Energy	2,700,000	0.23
	Total Electricity	2,842,800	0.24
<b>ELECTRONIC &amp; ELECTRICAL EQUIPMENT</b> (2.27%, July 2018 - 1.72%)			
14,400,000	APC Technology Group	900,000	0.08
23,323,530	CAP-XX	1,982,500	0.17
3,400,000	discoverIE Group	14,314,000	1.23
1,890,000	Fireangel Safety Technology Group	567,000	0.05
275,000	Gooch & Housego	3,960,000	0.34
915,000	LPA Group	869,250	0.07
375,000	Solid State	1,575,000	0.14
8,670,000	Thruvision Group	2,254,200	0.19
	Total Electronic & Electrical Equipment	26,421,950	2.27
<b>EQUITY INVESTMENT INSTRUMENTS</b> (0.70%, July 2018 - 0.61%)			
6,000,000	Augmentum Fintech	6,120,000	0.53
1,362,800	EPE Special Opportunities	1,976,060	0.17
	Total Equity Investment Instruments	8,096,060	0.70
<b>FINANCIAL SERVICES</b> (10.71%, July 2018 - 9.08%)			
1,425,453	AJ Bell	3,821,639	0.33
1,572,650	Alpha FX Group	9,593,165	0.83
420,000	Aquis Exchange	2,394,000	0.21
1,750,000	Charter Court Financial Services Group	4,858,000	0.42
600,000	City of London Investment Group	2,298,000	0.20
2,875,000	Curtis Banks Group	7,302,500	0.63
2,626,360	Draper Esprit	13,788,390	1.19

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>FINANCIAL SERVICES</b> (continued)		
31,000,000 Duke Royalty	12,400,000	1.07
572,500 FFI Holdings	97,325	0.01
5,225,000 Frenkel Topping Group	1,463,000	0.13
3,476,220 Harwood Wealth Management Group	4,866,708	0.42
5,150,000 Impax Asset Management Group	10,712,000	0.92
1,690,000 IntegraFin Holdings	5,740,085	0.49
1,400,000 K3 Capital Group	3,444,000	0.30
500,000 Kingswood Holdings	60,000	0.00
1,000,000 Liontrust Asset Management	5,800,000	0.50
2,680,640 Manolete Partners	5,682,957	0.49
3,010,000 Mercia Technologies	854,840	0.07
1,332,500 Mortgage Advice Bureau (Holdings)	7,488,650	0.64
30,000,000 MXC Capital	396,000	0.03
625,000 Plus500	9,568,750	0.82
350,000 Polar Capital Holdings	1,662,500	0.14
1,900,000 Premier Asset Management Group	3,762,000	0.32
2,414,172 Ramsdens Holdings	3,862,675	0.33
680,000 Redde	1,229,440	0.11
1,026,904 Sigma Capital Group	1,232,285	0.11
Total Financial Services	124,378,909	10.71
<b>FIXED LINE TELECOMMUNICATIONS</b> (0.18%, July 2018 - 0.21%)		
255,000 Manx Telecom	415,650	0.04
1,500,190 Zegona Communications	1,620,205	0.14
Total Fixed Line Telecommunications	2,035,855	0.18
<b>FOOD &amp; DRUG RETAILERS</b> (Nil, July 2018 - 0.01%)		
Total Food & Drug Retailers	0	0.00
<b>FOOD PRODUCERS</b> (0.52%, July 2018 - 0.63%)		
5,800,000 Finsbury Food Group	5,046,000	0.43
342,692 Hotel Chocolat Group	1,028,076	0.09
Total Food Producers	6,074,076	0.52
<b>GAS, WATER &amp; MULTIUTILITIES</b> (0.56%, July 2018 - 0.94%)		
12,950,000 Fulcrum Utility Services	6,475,000	0.56
Total Gas, Water & Multiutilities	6,475,000	0.56
<b>GENERAL INDUSTRIALS</b> (1.66%, July 2018 - 1.40%)		
17,000,000 Coats Group	14,790,000	1.27
5,000,000 Macfarlane Group	4,475,000	0.39
Total General Industrials	19,265,000	1.66
<b>GENERAL RETAILERS</b> (3.18%, July 2018 - 3.40%)		
4,220,833 Angling Direct	3,081,208	0.27
1,840,000 Applegreen	9,568,000	0.82
1,382,500 Cambria Automobiles	815,675	0.07
2,550,000 Findel	4,717,500	0.41
2,750,000 Franchise Brands	1,925,000	0.17
14,869,666 GAME Digital	3,940,461	0.34
2,445,216 Joules Group	6,333,109	0.54
5,200,000 TheWorks.co.uk	6,501,040	0.56
Total General Retailers	36,881,993	3.18

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b> (3.68%, July 2018 - 1.63%)			
1,350,000	Advanced Medical Solutions Group	3,982,500	0.34
2,542,000	Cambridge Cognition Holdings	2,160,700	0.19
1,250,000	CareTech Holdings	4,312,500	0.37
3,900,000	Cello Health	3,939,000	0.34
6,700,000	Creo Medical Group	15,142,000	1.30
20,150,000	EKF Diagnostics Holdings	6,206,200	0.53
1,660,346	Renalytix AI 'Reg S'	1,992,415	0.17
3,000,000	Sensyne Health	5,160,000	0.44
	Total Health Care Equipment & Services	42,895,315	3.68
<b>HOUSEHOLD GOODS &amp; HOME CONSTRUCTION</b> (2.09%, July 2018 - 2.36%)			
70,000	Churchill China	875,000	0.08
2,384,000	IG Design Group	12,253,760	1.05
3,708,409	Springfield Properties	4,264,670	0.37
3,000,000	Watkin Jones	6,810,000	0.59
	Total Household Goods & Home Construction	24,203,430	2.09
<b>INDUSTRIAL ENGINEERING</b> (2.82%, July 2018 - 3.20%)			
1,060,000	AB Dynamics	16,960,000	1.46
3,265,000	Flowtech Fluidpower	3,787,400	0.33
250,000	Porvair	1,105,000	0.10
1,302,328	Pressure Technologies	1,172,095	0.10
8,000,000	Severfield	5,600,000	0.48
2,600,000	Tricorn Group	468,000	0.04
1,875,000	Trifast	3,543,750	0.31
	Total Industrial Engineering	32,636,245	2.82
<b>INDUSTRIAL TRANSPORTATION</b> (0.88%, July 2018 - 0.82%)			
2,745,500	Avation	7,193,210	0.62
3,000,000	DX (Group)	265,200	0.02
3,235,000	Gama Aviation	2,749,750	0.24
	Total Industrial Transportation	10,208,160	0.88
<b>LEISURE GOODS</b> (3.12%, July 2018 - 3.48%)			
4,550,000	Codemasters Group Holdings	7,962,500	0.69
3,545,000	Focusrite	17,583,200	1.51
350,000	Games Workshop Group	10,640,000	0.92
	Total Leisure Goods	36,185,700	3.12
<b>MEDIA</b> (8.38%, July 2018 - 6.94%)			
416,580	4imprint Group	8,248,284	0.71
20,584,730	Be Heard Group	226,432	0.02
2,092,334	Ebiquity	1,276,324	0.11
4,494,000	Future	24,087,840	2.07
6,511,205	Gfinity	377,650	0.03
1,120,000	GlobalData	6,496,000	0.56
16,500,000	Huntsworth	17,325,000	1.49
5,763,000	Jaywing	1,037,340	0.09
950,000	M&C Saatchi	2,745,500	0.24
25,543,848	Minds + Machines Group	1,404,912	0.12
3,058,654	Next Fifteen Communications Group	14,436,847	1.24
10,831,258	S4 Capital	14,297,260	1.23
580,000	STV Group	1,960,400	0.17
1,402,500	Tarsus Group	3,506,250	0.30
	Total Media	97,426,039	8.38

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>MINING</b> (2.37%, July 2018 - 2.16%)			
2,747,193	Anglo Pacific Group	4,436,717	0.38
1,205,000	Avesoro Resources	1,903,900	0.16
1,096,500	Condor Gold	279,607	0.02
3,600,000	Griffin Mining	3,528,000	0.30
4,800,000	Highland Gold Mining	7,862,400	0.68
98,000,000	Horizonte Minerals	2,273,600	0.20
1,182,500	Kenmare Resources	2,353,175	0.20
143,941,667	Landore Resources	1,367,446	0.12
27,000,000	Pan African Resources	2,878,200	0.25
3,475,000	Sylvania Platinum	695,000	0.06
	Total Mining	27,578,045	2.37
<b>MOBILE TELECOMMUNICATIONS</b> (0.06%, July 2018 - 0.28%)			
18,000,000	EVR Holdings	685,800	0.06
	Total Mobile Telecommunications	685,800	0.06
<b>NON EQUITY INVESTMENT INSTRUMENTS</b> (0.13%, July 2018 - 0.12%)			
1,458,333	Wilmcote Holdings	1,458,333	0.13
	Total Non Equity Investment Instruments	1,458,333	0.13
<b>OIL &amp; GAS PRODUCERS</b> (2.73%, July 2018 - 1.36%)			
25,000,000	Amerisur Resources	4,155,000	0.36
18,000,000	Egdon Resources	1,404,000	0.12
4,000,000	Eland Oil & Gas	5,000,000	0.43
1,500,000	IGas Energy	1,173,000	0.10
1,722,166	Jadestone Energy	644,090	0.06
22,000,000	Quadrise Fuels International	620,400	0.05
10,847,101	Serica Energy	15,511,354	1.34
16,666,666	Serinus Energy	2,416,667	0.21
7,150,483	Westmount Energy	679,296	0.06
	Total Oil & Gas Producers	31,603,807	2.73
<b>OIL EQUIPMENT &amp; SERVICES</b> (0.50%, July 2018 - 0.54%)			
1,250,000	Getech Group	350,000	0.03
2,017,000	MYCELX Technologies	3,630,600	0.31
2,467,829	Tekmar Group	1,850,872	0.16
	Total Oil Equipment & Services	5,831,472	0.50
<b>PERSONAL GOODS</b> (0.31%, July 2018 - 0.46%)			
23,210,093	Bagir Group	255,311	0.02
770,000	Swallowfield	1,578,500	0.14
2,250,000	Warpaint London	1,800,000	0.15
	Total Personal Goods	3,633,811	0.31
<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY</b> (4.71%, July 2018 - 5.20%)			
275,000	Abcam	3,586,000	0.31
7,535,000	Allergy Therapeutics	1,036,062	0.09
240,000	Bioventix	7,560,000	0.65
3,899,078	C4X Discovery Holdings	2,417,428	0.21
610,000	Clinigen Group	4,788,500	0.41
1,763,328	Destiny Pharma	1,357,763	0.12
1,675,000	ECO Animal Health Group	7,705,000	0.66
4,625,000	Horizon Discovery Group	6,914,375	0.60
2,106,000	MaxCyte	3,790,800	0.33
1,620,000	Mereo BioPharma Group	2,851,200	0.25

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY</b> (continued)			
350,000	Oxford BioMedica	2,423,750	0.21
5,000,000	PureTech Health	8,525,000	0.73
2,905,000	Verona Pharma	1,626,800	0.14
	Total Pharmaceuticals & Biotechnology	54,582,678	4.71
<b>REAL ESTATE INVESTMENT &amp; SERVICES</b> (0.38%, July 2018 - 0.64%)			
652,000	Palace Capital	1,929,920	0.17
1,400,000	Purplebricks Group	2,437,400	0.21
	Total Real Estate Investment & Services	4,367,320	0.38
<b>REAL ESTATE INVESTMENT TRUSTS</b> (0.78%, July 2018 - 0.66%)			
8,950,000	Regional REIT	9,093,200	0.78
	Total Real Estate Investment Trusts	9,093,200	0.78
<b>SOFTWARE &amp; COMPUTER SERVICES</b> (14.14%, July 2018 - 16.39%)			
2,105,264	Access Intelligence	1,200,000	0.10
620,600	accesso Technology Group	8,812,520	0.76
9,991,667	Adept4	99,917	0.01
7,937,506	Albert Technologies	2,063,752	0.18
8,180,500	ATTRAQT Group	2,617,760	0.23
1,367,500	Bango	1,271,775	0.11
2,660,000	Bigblu Broadband	2,926,000	0.25
2,650,000	Blancco Technology Group	2,438,000	0.21
3,785,000	Brady	2,308,850	0.20
5,887,417	Castleton Technology	5,416,424	0.47
1,766,587	CentralNic Group	883,293	0.08
858,000	Cerillion	1,201,200	0.10
4,092,000	D4t4 Solutions	7,856,640	0.68
17,000,000	Eckoh	5,950,000	0.51
138,775,000	eServGlobal	8,673,437	0.75
1,000,000	FDM Group (Holdings)	8,550,000	0.74
2,650,000	GB Group	12,150,250	1.05
3,504,109	Gresham Technologies	3,013,534	0.26
15,035,187	Idox	5,111,964	0.44
7,000,000	IMImobile	15,680,000	1.35
886,076	i-nexus Global	310,127	0.03
470,509	Instem	1,270,374	0.11
2,905,000	K3 Business Technology Group	6,507,200	0.56
1,090,000	Kainos Group	4,360,000	0.38
1,295,000	Kape Technologies	1,282,050	0.11
21,396,000	Learning Technologies Group	15,875,832	1.37
2,324,099	LoopUp Group	6,972,297	0.60
481,600	Microgen	1,854,160	0.16
50,000,000	Nasstar	5,800,000	0.50
420,512	Osirium Technologies	483,589	0.04
6,777,500	Oxford Metrics	5,489,775	0.47
3,400,000	Pennant International Group	3,706,000	0.32
65,250,000	Shearwater Group	1,761,750	0.15
1,700,000	SmartSpace Software	1,496,000	0.13
3,267,500	StatPro Group	3,822,975	0.33
2,367,224	SysGroup	946,890	0.08
6,323,808	Tern	790,476	0.07
4,025,000	Tribal Group	2,938,250	0.25
	Total Software & Computer Services	163,893,061	14.14

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>SUPPORT SERVICES (11.89%, July 2018 - 13.08%)</b>			
4,986,667	1Spatial	1,496,000	0.13
9,669,333	Augean	6,768,533	0.58
6,000,000	Boku 'Reg S'	4,920,000	0.42
3,575,031	Frontier IP Group	2,895,775	0.25
2,609,714	Gordon Dadds Group	3,731,891	0.32
500,000	Hargreaves Services	1,430,000	0.12
543,500	Impellam Group	2,989,250	0.26
38,935,606	Inspired Energy	6,735,860	0.58
7,031,830	Johnson Service Group	9,282,016	0.80
8,533,334	Kazera Global	145,067	0.01
1,821,640	Keystone Law Group	7,468,724	0.64
360,000	Keywords Studios	4,233,600	0.36
6,000,000	Kin and Carta	6,000,000	0.52
2,584,500	Knights Group Holdings	6,339,778	0.55
261,426	Maintel Holdings	1,202,560	0.10
1,600,000	Marlowe	5,920,000	0.51
897,925	Midwich Group	4,803,899	0.41
2,554,562	Mind Gym	3,831,843	0.33
1,000,000	PraxisIFM Group	1,900,000	0.16
20,000,000	Redhall Group	600,000	0.05
1,461,000	Renew Holdings	5,347,260	0.46
2,450,000	Restore	6,615,000	0.57
2,735,000	RWS Holdings	12,745,100	1.10
1,100,000	SafeCharge International Group	3,245,000	0.28
1,400,884	SANNE Group	7,130,500	0.61
2,500,000	Science Group	5,150,000	0.44
1,872,000	Smart Metering Systems	12,111,840	1.04
840,000	Synectics	1,554,000	0.13
10,633,333	Westminster Group	1,031,433	0.09
2,065,000	WYG	826,000	0.07
	Total Support Services	138,450,929	11.89
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT (1.97%, July 2018 - 2.72%)</b>			
9,200,000	BATM Advanced Communications	4,379,200	0.38
9,835,088	CyanConnode Holdings	806,477	0.07
7,000,000	Filtronic	434,000	0.04
1,487,000	Frontier Smart Technologies Group	520,450	0.04
4,250,000	IQE	3,380,875	0.29
4,000,000	Nanoco Group	1,754,000	0.15
10,620,000	Pebble Beach Systems Group	509,760	0.04
3,600,000	Quixant	9,900,000	0.85
26,215,000	Seeing Machines	1,237,348	0.11
	Total Technology Hardware & Equipment	22,922,110	1.97
<b>TRAVEL &amp; LEISURE (4.02%, July 2018 - 5.10%)</b>			
3,498,684	Brighton Pier Group (The)	1,574,408	0.14
1,500,000	Cake Box Holdings	2,475,000	0.21
1,576,232	City Pub Group (The)	3,152,464	0.27
10,400,000	DP Poland	1,424,800	0.12
6,950,929	easyHotel	5,421,725	0.47
4,750,000	Elegant Hotels Group	3,467,500	0.30
1,633,333	Escape Hunt	1,306,666	0.11
1,966,825	Hollywood Bowl Group	4,405,688	0.38
2,357,470	On the Beach Group	10,431,805	0.90
2,550,000	Stride Gaming	2,499,000	0.22

# MARLBOROUGH UK MICRO-CAP GROWTH FUND

## PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>TRAVEL &amp; LEISURE</b> (continued)		
772,550 Ten Entertainment Group	1,792,316	0.15
11,433,906 The Fulham Shore	1,086,221	0.09
3,750,000 The Gym Group	7,631,250	0.66
Total Travel & Leisure	46,668,843	4.02
<b>OVERSEAS SECURITIES</b> (3.16%, July 2018 - 3.58%)		
37,538,185 Base Resources	4,992,596	0.43
1,733,302 Cobalt 27 Capital	4,272,535	0.37
1,400,000 Dalata Hotel Group	6,908,016	0.59
641,000 Ero Copper	4,442,714	0.38
6,337,500 Foran Mining	1,102,711	0.09
50,381 Kalina Power	419	0.00
19,800,000 Nevada Copper	5,167,734	0.44
51,088,623 Orion Minerals	651,169	0.06
5,525,000 Summit Germany	6,477,139	0.56
200,000 Tecogen	571,189	0.05
1,940,700 Titan Mining	1,114,336	0.10
584,958 TMT Investments	1,024,640	0.09
Total Overseas Securities	36,725,198	3.16
<b>UNQUOTED SECURITIES</b> (1.44%, July 2018 - 1.47%)		
1,891,500 Constellation Healthcare Technologies Promissory Notes	0	0.00
500,000 Conviviality	0	0.00
3,311,071 Crawshaw Group	0	0.00
3,575,000 Gable Holdings	0	0.00
4,410,000 Global Invacom Group	132,300	0.01
1,269,841 Gloo Networks	0	0.00
4,153,087 HaloSource	0	0.00
15,917,167 HaloSource 'Reg S'	0	0.00
17,829 Infinity Reliance	750,066	0.06
360,000 Lamaune Iron	0	0.00
86,666,667 Landore Resources Warrants	0	0.00
5,395,683 London Capital Group Warrants	0	0.00
59,091 MJH Group Holdings	1,300,002	0.11
1,199,998 MJH Group Holdings Convertible Loan Notes 0% 30.11.22	1,199,998	0.10
2,040,000 Normandy	142,800	0.01
1,850,000 Norseman Gold	0	0.00
6,999,000 Okullo	0	0.00
3,490,856 Patisserie Holdings	0	0.00
252,165 SCA Investments	13,362,223	1.15
45,333,000 Snoozebox Holdings	0	0.00
13,896 Vanoil Energy	0	0.00
425,618 Verona Pharma Warrants	0	0.00
3,750,000 Westminster Group Warrants	0	0.00
Total Unquoted Securities	16,887,389	1.44
<b>Portfolio of investments</b>	1,092,484,639	94.06
<b>Net current assets</b>	69,010,109	5.94
<b>Total net assets</b>	1,161,494,748	100.00

## MARLBOROUGH UK MICRO-CAP GROWTH FUND

### PORTFOLIO STATEMENT

as at 31 January 2019

Constellation Healthcare Technologies Promissory Notes are unlisted and valued at the expected redemption proceeds.  
Conviviality is in administration and valued at zero until further information is received.  
Crawshaw Group is in administration and valued at zero until further information is received.  
Gable Holdings is delisted and valued at zero until further information is received.  
Global Invacom is temporarily suspended pending the acquisition of Tactilis Pte.  
Gloo Networks is in voluntary liquidation and valued at the expected proceeds.  
HaloSource is suspended and valued at zero until further information is received.  
HaloSource 'Reg S' is suspended and valued at zero until further information is received.  
Infinity Reliance is being valued at cost until the shares are listed.  
Lamaune Iron is valued at zero, based on the latest reports from the company .  
MJH Group Holdings is unlisted. These shares were received as part of a placing and are being valued at cost.  
MJH Group Holdings Convertible Loan Notes 0% 30.11.22 are unlisted and are being priced at par value until maturity.  
Normandy shares were received instead of a cash dividend from Impellam and are being priced at the dividend amount until further information is received.  
Norseman Gold is in voluntary liquidation and deemed to be valueless.  
Okullo is delisted and valued at zero, based on the latest information received.  
Patisserie Holdings is in administration and valued at zero until further information is received.  
SCA Investments is valued at cost until it is listed.  
Snoozebox Holdings is in liquidation and valued at zero until further information is received.  
Vanoil Energy is suspended and valued at zero until further information is received.  
All holdings of warrants have been valued at the exercise price less the price of the underlying ordinary shares.

### PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2019

	£
Total purchases costs, including transaction charges	154,150,876
Total sales proceeds, net of transaction charges	133,368,276



## MARLBOROUGH UK MICRO-CAP GROWTH FUND

### STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Income:				
Net capital gains/(losses)		(133,472,329)		92,301,507
Revenue	8,356,479		6,755,812	
Expenses	<u>(5,366,579)</u>		<u>(4,705,613)</u>	
Net revenue/(expense) before taxation	2,989,900		2,050,199	
Taxation	<u>0</u>		<u>(10,110)</u>	
Net revenue/(expense) after taxation		<u>2,989,900</u>		<u>2,040,089</u>
Total return before distributions		(130,482,429)		94,341,596
Distributions		29,217		156,434
Change in net assets attributable to unitholders from investment activities		<u>(130,453,212)</u>		<u>94,498,030</u>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Opening net assets attributable to unitholders		* 1,277,163,860		937,445,625
Amounts receivable on issue of units	37,797,152		127,072,343	
Amounts payable on cancellation of units	(23,005,073)		(9,622,846)	
Amounts payable on unit class conversions	<u>(7,979)</u>		<u>(7,839)</u>	
		14,784,100		117,441,658
Change in net assets attributable to unitholders from investment activities		(130,453,212)		94,498,030
Closing net assets attributable to unitholders		<u>1,161,494,748</u>		* <u>1,149,385,313</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 MICRO-CAP GROWTH FUND

### BALANCE SHEET

as at 31 January 2019

	31 January 2019	31 July 2018
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	1,092,484,639	1,205,157,938
<b>Current Assets:</b>		
Debtors	1,905,652	3,641,952
Cash and bank balances	69,910,161	70,288,616
Total assets	<u>1,164,300,452</u>	<u>1,279,088,506</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Other creditors	2,805,704	1,924,646
Total liabilities	<u>2,805,704</u>	<u>1,924,646</u>
<b>Net assets attributable to unitholders</b>	<u>1,161,494,748</u>	<u>1,277,163,860</u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 January 2019

#### 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 July 2018 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 31 January 2019.



# Marlborough

— Fund Managers —

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