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THE MARLBOROUGH NO 2 OEIC

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

for the six month period ended 31 January 2019

THE MARLBOROUGH NO 2 OEIC

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised Corporate Director and Registrar

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

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 Advisers

Marlborough Far East Growth Fund
Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Marlborough Multi Cap Income Fund and Marlborough Nano-Cap Growth Fund
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)

THE MARLBOROUGH NO 2 OEIC

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THE MARLBOROUGH NO 2 OEIC

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

The Marlborough No 2 OEIC (the Company) 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) and is an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with the registration number IC000415 and is authorised and regulated by the Financial Conduct Authority with effect from 21 October 2005. The shareholders are not liable for the debts of the Company.

The sub-funds of the Company are segregated by law under the Protected Cell Regime. In the event that one sub-fund in the Company is unable to meet its liabilities, the assets of another sub-fund within the Company will not be used to settle these liabilities.

The Company currently has three sub-Funds: Marlborough Far East Growth Fund; Marlborough Multi Cap Income Fund; and Marlborough Nano-Cap Growth Fund.

Investment objective

Marlborough Far East Growth Fund

The investment objective of Marlborough Far East Growth Fund is to provide long term capital growth from an actively managed portfolio of securities.

The sub-fund will invest primarily in securities in the Pacific Basin region, excluding Japan, in order to achieve long term capital growth.

The asset classes in which the sub-fund is permitted to invest includes transferable securities, units in collective investment schemes, money market instruments and deposits as permitted for UCITS schemes and in accordance with the Company's investment powers as summarised in the Prospectus. The sub-fund may invest in derivative instruments and forward transactions for the purposes of efficient portfolio management or hedging, as explained further in the Prospectus.

Marlborough Multi Cap Income Fund

The investment objective of Marlborough Multi Cap Income Fund is to seek to generate an attractive and growing level of dividend income in addition to long term capital growth by investing in a diversified portfolio of equities predominantly listed in the UK.

The sub-fund will aim to achieve its objective by investing primarily in the shares of small to medium capitalisation companies where both capital and dividend growth are anticipated. From time to time the sub-fund may also hold the shares of large capitalisation companies as well as cash and money market instruments.

The sub-fund may also invest in other transferable securities including, but not limited to, warrants and government and public securities, and units in collective investment schemes, near cash and deposits. The sub-fund may enter into derivatives and forward transactions for the purposes of efficient portfolio management (including hedging), and may borrow and enter into stock lending arrangements.

It is intended that the sub-fund will be managed so that it is eligible for quotation within The Investment Association's UK Equity Income sector.

Marlborough Nano-Cap Growth Fund

The investment objective of Marlborough Nano-Cap Growth Fund is to seek to provide capital growth in excess of that achieved by the FTSE SmallCap Index (excluding investment companies) over the long term.

The sub-fund will aim to achieve its investment objective by investing primarily in the shares of small, UK listed equities having a market capitalisation of £100 million or less at the time of investment. The sub-fund will be actively managed.

The sub-fund may also invest in other transferable securities including, but not limited to, warrants and government and public securities, money market instruments, units/shares in collective investment schemes, cash and near cash, and deposits. The sub-fund is permitted to invest in derivatives and forward transactions for the purposes of efficient portfolio management (including hedging), and may borrow and enter into stock lending arrangements in accordance with the Regulations.

The sub-fund will invest in very small companies which will have wider bid/offer spreads and may be more volatile than larger companies. This may impact on short term performance. Any investment in this sub-fund should be considered as long term (i.e. over 10 years).

THE MARLBOROUGH NO 2 OEIC

AUTHORISED STATUS AND GENERAL INFORMATION

Rights and terms attaching to each share class

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

Change 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.

Cross holdings

No sub-funds had holdings in any other sub-funds of the Company at the end of the period.

AUTHORISED CORPORATE DIRECTOR'S 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
12 March 2019

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Basis for preparation

The interim financial statements have been prepared in compliance with FRS 102 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 sub-funds. 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 sub-funds have been valued at their fair value on 31 January 2019.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST 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>
Marlborough Far East Growth Fund	-4.16%	-11.40%	59.75%	75.42%
Quartile Ranking*	2	4	2	2

* Sally Macdonald appointed fund manager.

** Based on ranking within The Investment Association's Asia Pacific ex Japan 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.



The final performance data for the last six months, in which the MSCI Asia ex Japan Index fell by 4.29% and the Fund declined 4.16%, give the appearance of a gently declining market in Asia in the latter half of 2018. However, the reality was that the usual summer falls were much sharper than normal, seeing the regional indices lose 14% of their value between 29 August and 11 October. Since then, Asian markets have risen, looking through increasingly poor data from China and focusing on increasing promises of fiscal and monetary stimulus. Throughout this time, the Fund has been positioned in a bar-bell strategy (holding stocks mostly of higher and lower risk, with a few medium risk), which, although it did not prevent a drop in the Autumn, did manage to limit its fall to less than that of the market as it fell and outpace the index as it rose again. The reason for our rather cautious bar-bell position over the period has been the extraordinary number of major binary events currently overshadowing global markets, each of which has the potential to cause significant moves in either direction.

Asian markets had traded relatively unchanged in the first half of the year, as noise surrounding the possible imposition of US tariffs on China was countered by the positive news from the US-North Korean summit in Singapore. During this period, the Malaysian people finally snapped and voted out ex-Prime Minister Najib Razak, who now, along with his wife, faces a slew of corruption charges. The unlikely choice to replace him was a coalition of former PM Mahathir Mohammed and his erstwhile arch enemy, Anwar Ibrahim, who had previously been imprisoned for many years by Dr Mahathir. The new *Prakatan Harapan* Party moved quickly to suspend or cancel a series of infrastructure contracts, awarded by the previous administration. Many of these were part of the Chinese "Belt and Road Initiative", which had sought to recreate the old Silk Road routes by land and sea and Malaysia has not been alone in pushing back against contracts which were widely seen as unequal and generally loaded their recipient countries with too much debt. Nine countries have already reviewed, or are seeking to review Chinese contracts and as they do so, the stock markets of each react poorly.

Indonesia started the period with a weak currency and poor investor sentiment on its fiscal and current account deficits. However, the central bank and finance ministry put in a significant series of structural reforms, which have substantially altered the ability of corporations and individuals to conceal assets and revenue overseas. Bank Indonesia (BI) raised rates six times, moving from a position perceived to be behind the yield curve to ahead of it and the combination of these moves dramatically altered market perceptions. The Rupiah stabilised, investors returned and MSCI Indonesia was the best performing in the region over this period, rising 18.2% in Sterling terms and our holdings in Bank Rakyat and Kalbe Farma by over 29% and 27% respectively during the period, which was pleasing, as the Fund was overweight Indonesia from August onwards.

In China, having thoroughly paralysed decision making with a comprehensive reorganisation of the ministries in the first quarter of the year, and further exacerbated this with aggressive tightening of Party control, Beijing finally recognised the damage it had done and began to try to stimulate the economy from June onwards. Initially, many of the new policies were poorly constructed, or too delayed, and so failed to hit home, but as economic data deteriorated more rapidly and it became apparent that the US would indeed go ahead with its increased tariff threats, new policies came thick and fast. Although US and Chinese trade negotiators remain "miles apart" at the time of writing, some of the measures announced over the last six months do look as if they might cushion the domestic economy. In particular, at the end of January, individuals received their first pay packets incorporating the substantial personal tax cuts that were announced in June. Of all the measures announced in the last six months, this has the most potential to actually help, whether individuals choose to spend it (consumption is now 78% of GDP growth) or simply pay down some of the household debt which now accounts for 56% of GDP. Chinese American Depositary Receipts (ADR) matched Taiwan as the worst performing of the many Chinese indices, falling 11.5% over the period, reflecting the increased Party control over the education sector and soft consumer demand generally. For us, the worst holding this period was in a Chinese tech stock, AAC technologies, which fell 51%, as investors put fears of its sales of acoustic components to Apple ahead of the growth in "smart speakers" for voice activated devices globally.

For Taiwan, the increasingly hard line Marxist approach in China has been accompanied by a new level of aggression towards Taiwan, emanating from President Xi himself. In his New Year's speech, Xi reiterated the view that Taiwan and China should be reunited, adding that this could be by force if necessary. Taiwanese stocks were already hard-hit by the slowing demand for smartphones, automotive electronics and a general drop in demand for tech, so this only served to exacerbate market falls.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 January 2019

The deep distress in the Chinese economy knocked on around the region in the last six months, doing considerable damage in the Northern Asian economies of Japan, Korea and Taiwan, which all saw big drops in demand for machinery, cosmetics and cars, but it has also catalysed a diaspora of manufacturing from China into ASEAN. Manufacturers were already fleeing rising wages and political control, but President Trump's trade wars provided the final straw for many. Enquiries leapt at the industrial parks in Thailand, Indonesia and Vietnam. Although the drop in the Chinese economy is hurting the global economy, these relocations are sowing the seeds of a new economic cycle. The Fund has added Amata, which is one of the largest and most experienced industrial estate operators in Indochina and AKR Corporindo, which will benefit from a new joint venture with BP and runs an estate in Gresik, Indonesia, for heavy industrial companies.

For India, the period under review has been dominated by the collapse of a domestic non-bank financial company, IL&FS, and the surprise losses in regional elections for the ruling BJP Party. The former prompted a severe sell-off in all financial stocks, which were already under pressure from the expectations which persisted throughout most of this period that the US Fed would raise rates aggressively in 2019. The Indian economy is less affected by the slowing Chinese economy than most, as it is still recovering from its own self-inflicted slowing after the disastrous demonetisation of 2016 and subsequent introduction of a new national Goods and Services Tax (GST) and therefore still enjoying a base effect. In an effort to reverse the poor showing in the regional elections, the BJP are literally blowing the budget ahead of this year's general election and the combination of these two impacts, along with the sharp fall in the oil price at year end, have kept India in better shape than North Asia.

The Korean economy has been badly affected by the slowing Chinese economy, weaker tech demand and fears of higher US tariffs. However, relations with the North continue to warm and we have seen incremental progress on a host of measures in the Demilitarised Zone (DMZ), as well as possible industrial zones and joint infrastructure proposals.

The tech sector has been hit very hard during this period. It should not have been a surprise that the demand for £1,000 undifferentiated smartphones was limited, but investors have treated the sector too harshly. Every walk of life (especially cars and medicine) will use more electronics than ever before. Demand is not infinite and prices charged cannot be inflated as easily as predicted, but we remain keen to hold companies in this sector.

Looking ahead, a host of binary outcomes are crowding the horizon. Will the US and China find enough common ground to sign a trade armistice? Will North and South Korea replace their armistice with a Peace Treaty? Will India vote in another strong government? Will the US Fed pause in its rate rises and will demand for new tech return? We will continue to structure the Fund in a bar-bell strategy in the short term, but attractive investments are appearing daily now. It is easy to scare oneself by only looking at the downside, but the Asian indices are comprised of fifteen countries and myriad opportunities ripe for investment. We intend to find them.

Sally Macdonald - Marlborough Fund Managers Ltd
16 February 2019

Distributions (pence per share)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Class A Income</u>				
Income paid 31 March	0.8407	0.6772	0.0000	0.9217
Income paid 30 September		2.1885	2.3910	3.9215
<u>Class A Accumulation</u>				
Accumulation paid 31 March	1.0115	0.8120	0.0000	1.0603
Accumulation paid 30 September		2.6120	2.8216	4.5263
<u>Class B Income</u>				
Income paid 31 March	1.4182	1.2658	0.4622	1.4360
Income paid 30 September		2.8357	2.9999	4.4674
<u>Class B Accumulation</u>				
Accumulation paid 31 March	1.6976	1.5482	0.5056	1.5276
Accumulation paid 30 September		3.3642	3.5244	4.6726
<u>Class P Income</u>				
Income paid 31 March	1.6762	1.6105	0.7043	1.5143
Income paid 30 September		3.1114	3.2589	4.5396
<u>Class P Accumulation</u>				
Accumulation paid 31 March	1.9271	1.8172	0.7791	1.6221
Accumulation paid 30 September		3.5305	3.6230	4.9133

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

AUTHORISED INVESTMENT ADVISER'S REPORT
for the six month period ended 31 January 2019

Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
AAC Technologies Holdings Inc	630,529	D&L Industries Inc	677,594
Kalbe Farma Tbk	589,763	China Life Insurance Co Ltd	635,537
Want Want China Holdings Ltd	584,650	DBS Group Holdings Ltd	595,070
AKR Corporindo Tbk	436,052	PTT Global Chemical PLC - FOR	451,625
Manappuram Finance Ltd	422,163	Wijaya Karya Beton Tbk PT	426,605
Overseas-Chinese Banking Corp	419,161	Nexen Tire Corp	405,518
AMATA Corp	416,335	Oil India Ltd	365,019
ComfortDelGro Corp	413,539	Muhibbah Engineering (M) Bhd	305,663
MODETOUR Network Inc	399,463	Korean Reinsurance Co	303,193
D&L Industries Inc	352,547	Johnson Electric Holdings Ltd	294,453
Other purchases	2,579,686	Other sales	1,387,908
Total purchases for the period	7,243,888	Total sales for the period	5,848,185

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

COMPARATIVE TABLE

Class A and Class B, income and accumulation shares were launched at 100p on 31 October 2005. Class P, income and accumulation shares became available for purchase on 31 December 2012.

<u>Class A income shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	234.20	237.97	181.11	161.92
Return before operating charges*	(8.70)	3.29	63.00	27.57
Operating charges	(1.84)	(4.19)	(3.75)	(3.54)
Return after operating charges*	(10.54)	(0.90)	59.25	24.03
Distributions on income shares	(0.84)	(2.87)	(2.39)	(4.84)
Closing net asset value per share	222.82	234.20	237.97	181.11

* after direct transaction costs of: 0.13 0.46 0.53 0.55

Performance

Return after charges -4.50% -0.38% 32.71% 14.84%

Other information

Closing net asset value	£5,190,891	£4,448,433	£3,483,967	£3,102,564
Closing number of shares	2,329,602	1,899,432	1,464,058	1,713,074
Operating charges	1.67% ^A	1.70%	1.74%	2.22%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%

Prices

Highest share price	239.88p	262.20p	243.35p	186.95p
Lowest share price	203.19p	230.01p	179.60p	136.89p

Class A accumulation shares

Change in net assets per share	Period to	Year to	Year to	Year to
	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	282.01	283.13	213.48	185.68
Return before operating charges*	(10.49)	3.87	74.13	31.87
Operating charges	(2.21)	(4.99)	(4.48)	(4.07)
Return after operating charges*	(12.70)	(1.12)	69.65	27.80
Distributions on accumulation shares	(1.01)	(3.42)	(2.82)	(5.59)
Retained distributions on accumulation shares	1.01	3.42	2.82	5.59
Closing net asset value per share	269.31	282.01	283.13	213.48

* after direct transaction costs of: 0.16 0.55 0.63 0.63

Performance

Return after charges -4.50% -0.40% 32.63% 14.97%

Other information

Closing net asset value	£24,809,700	£24,169,156	£11,093,070	£4,903,976
Closing number of shares	9,212,256	8,570,241	3,917,961	2,297,120
Operating charges	1.67% ^A	1.70%	1.74%	2.22%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%

Prices

Highest share price	288.84p	311.98p	286.66p	215.70p
Lowest share price	244.66p	274.40p	211.65p	156.97p

^A These figures have been annualised.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

COMPARATIVE TABLE

<u>Class B income shares</u>	Period to 31.01.2019	Year to 31.07.2018	Year to 31.07.2017	Year to 31.07.2016
Change in net assets per share	pence	pence	pence	pence
Opening net asset value per share	241.63	245.38	186.80	166.98
Return before operating charges*	(9.00)	3.41	64.78	28.55
Operating charges	(1.33)	(3.06)	(2.74)	(2.83)
Return after operating charges*	(10.33)	0.35	62.04	25.72
Distributions on income shares	(1.42)	(4.10)	(3.46)	(5.90)
Closing net asset value per share	229.88	241.63	245.38	186.80
* after direct transaction costs of:	0.14	0.48	0.54	0.58
Performance				
Return after charges	-4.28%	0.14%	33.21%	15.40%
Other information				
Closing net asset value	£1,029	£1,008	£1,002	£1,042
Closing number of shares	448	417	408	558
Operating charges	1.17% ^A	1.20%	1.24%	1.72%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%
Prices				
Highest share price	247.48p	271.07p	251.50p	193.22p
Lowest share price	209.81p	237.75p	185.22p	141.21p
<u>Class B accumulation shares</u>	Period to 31.01.2019	Year to 31.07.2018	Year to 31.07.2017	Year to 31.07.2016
Change in net assets per share	pence	pence	pence	pence
Opening net asset value per share	285.00	284.72	213.52	185.22
Return before operating charges*	(10.58)	3.84	74.59	31.47
Operating charges	(1.57)	(3.56)	(3.39)	(3.17)
Return after operating charges*	(12.15)	0.28	71.20	28.30
Distributions on accumulation shares	(1.70)	(4.91)	(4.03)	(6.20)
Retained distributions on accumulation shares	1.70	4.91	4.03	6.20
Closing net asset value per share	272.85	285.00	284.72	213.52
* after direct transaction costs of:	0.16	0.56	0.67	0.65
Performance				
Return after charges	-4.26%	0.10%	33.35%	15.28%
Other information				
Closing net asset value	£33,123	£34,536	£54,343	£1,136
Closing number of shares	12,139	12,118	19,086	532
Operating charges	1.17% ^A	1.20%	1.24%	1.72%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%
Prices				
Highest share price	291.94p	314.51p	288.21p	215.81p
Lowest share price	247.50p	277.22p	211.78p	157.82p

^A These figures have been annualised.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

COMPARATIVE TABLE

<u>Class P income shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	234.54	238.32	181.31	162.06
Return before operating charges*	(8.68)	3.29	63.12	27.65
Operating charges	(1.02)	(2.35)	(2.15)	(2.35)
Return after operating charges*	(9.70)	0.94	60.97	25.30
Distributions on income shares	(1.68)	(4.72)	(3.96)	(6.05)
Closing net asset value per share	223.16	234.54	238.32	181.31

* after direct transaction costs of: 0.14 0.47 0.53 0.54

Performance

Return after charges -4.14% 0.39% 33.63% 15.61%

Other information

Closing net asset value	£5,263,815	£5,851,638	£6,199,934	£4,541,460
Closing number of shares	2,358,725	2,494,978	2,601,527	2,504,782
Operating charges	0.92% ^A	0.95%	0.99%	1.47%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%

Prices

Highest share price	240.28p	263.57p	244.53p	187.75p
Lowest share price	203.79p	231.11p	179.82p	137.10p

<u>Class P accumulation shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	269.71	268.77	201.14	173.64
Return before operating charges*	(10.01)	3.61	69.99	30.03
Operating charges	(1.17)	(2.67)	(2.36)	(2.53)
Return after operating charges*	(11.18)	0.94	67.63	27.50
Distributions on accumulation shares	(1.93)	(5.35)	(4.40)	(6.54)
Retained distributions on accumulation shares	1.93	5.35	4.40	6.54
Closing net asset value per share	258.53	269.71	268.77	201.14

* after direct transaction costs of: 0.16 0.53 0.58 0.58

Performance

Return after charges -4.15% 0.35% 33.62% 15.84%

Other information

Closing net asset value	£7,030,624	£8,619,642	£7,802,713	£9,943,463
Closing number of shares	2,719,415	3,195,904	2,903,141	4,943,615
Operating charges	0.92% ^A	0.95%	0.99%	1.47%
Direct transaction costs	0.12% ^A	0.19%	0.24%	0.32%

Prices

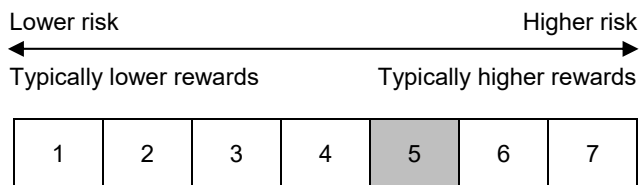
Highest share price	276.29p	297.25p	272.05p	203.22p
Lowest share price	234.33p	262.29p	199.43p	146.89p

^A 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 sub-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.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH 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 sub-fund. It is calculated based on the volatility of the sub-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 sub-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.

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
CHINA/HONG KONG (45.25%, July 2018 - 42.26%)		
102,000 AAC Technologies Holdings Inc	479,697	1.13
12,500 Alibaba Group Holding Ltd - SP ADR	1,587,716	3.75
97,000 ASM Pacific Technology Ltd	791,847	1.87
3,662,000 Bank of China Ltd 'H'	1,286,768	3.04
1,168,000 China Construction Bank Corp 'H'	794,757	1.88
1,151,111 China Everbright International Ltd	879,357	2.08
303,000 China Life Insurance Co Ltd 'H'	568,817	1.34
491,000 China Overseas Land & Investment Ltd	1,403,590	3.32
2,605,000 China Railway Signal & Communication Corp Ltd 'H'	1,567,736	3.70
554,000 Chow Sang Sang Holdings International Ltd	617,341	1.46
1,392,000 CIMC Enric Holdings Ltd	918,801	2.17
1,486,000 Haitong International Securities Group Ltd	392,339	0.93
1,440,000 Industrial and Commercial Bank of China Ltd 'H'	847,049	2.00
243,250 Johnson Electric Holdings Ltd	420,287	0.99
400,000 Longfor Group Holdings Ltd	937,671	2.22
5,360,000 Pacific Basin Shipping Ltd	801,233	1.89
1,704,000 PetroChina Co Ltd 'H'	836,938	1.98
531,255 PICC Property & Casualty Co Ltd 'H'	416,666	0.98
165,600 Sands China Ltd	598,770	1.42
67,900 Sunny Optical Technology (Group) Co Ltd	507,827	1.20
39,400 Tencent Holdings Ltd	1,322,497	3.12
1,050,000 Want Want China Holdings Ltd	643,120	1.52
74,105 Xtrackers Harvest CSI300 UCITS ETF '1D' USD	532,063	1.26
Total China/Hong Kong	<u>19,152,887</u>	<u>45.25</u>
INDIA (9.56%, July 2018 - 9.55%)		
410,000 Gujarat State Petronet Ltd	777,240	1.84
102,520 ICICI Bank Ltd - SPON ADR	826,063	1.95
105,400 Infosys Ltd - SP ADR	850,071	2.01
390,000 Manappuram Finance Ltd	385,426	0.91
31,510 NIIT Technologies Ltd	442,006	1.04
380,000 Power Grid Corporation of India Ltd	766,955	1.81
Total India	<u>4,047,761</u>	<u>9.56</u>
INDONESIA (3.79%, July 2018 - 1.79%)		
1,540,000 AKR Corporindo Tbk	440,681	1.04
2,165,000 Bank Rakyat Indonesia (Persero) Tbk	454,321	1.08
8,118,000 Kalbe Farma Tbk	707,968	1.67
Total Indonesia	<u>1,602,970</u>	<u>3.79</u>
MALAYSIA (1.68%, July 2018 - 3.46%)		
406,000 Alliance Bank Malaysia Bhd	317,055	0.75
748,000 Muhibbah Engineering (M) Bhd	394,983	0.93
Total Malaysia	<u>712,038</u>	<u>1.68</u>
PHILIPPINES (0.92%, July 2018 - 1.46%)		
2,356,000 D&L Industries Inc	389,713	0.92
Total Philippines	<u>389,713</u>	<u>0.92</u>
SINGAPORE (3.30%, July 2018 - 3.58%)		
316,000 ComfortDelGro Corp	416,723	0.99
167,000 Keppel Corp	575,623	1.36
62,000 Overseas-Chinese Banking Corp	403,546	0.95
Total Singapore	<u>1,395,892</u>	<u>3.30</u>

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
SOUTH KOREA (17.53%, July 2018 - 18.61%)		
24,320 Hyundai Engineering & Construction Co Ltd	1,034,251	2.44
8,615 Hyundai Motor Co Ltd - 2nd Pref	495,571	1.17
81,177 Industrial Bank of Korea	792,171	1.87
18,000 Korea Electric Power Corp	424,652	1.00
38,000 MODETOUR Network Inc	641,463	1.52
3,870 POSCO	726,160	1.72
22,100 Samsung Electronics Co Ltd	698,449	1.65
44,470 Samsung Electronics Co Ltd - Pref	1,140,486	2.70
8,350 Samsung Life Insurance Co Ltd	504,915	1.19
14,470 SK hynix Inc	732,291	1.73
17,000 YMT Co Ltd	229,343	0.54
Total South Korea	<u>7,419,752</u>	<u>17.53</u>
TAIWAN (11.65%, July 2018 - 13.16%)		
663,000 CTCI Corp	773,249	1.83
228,000 Hon Hai Precision Industry Co Ltd	396,041	0.94
1,269,000 King Yuan Electronics Co Ltd	733,711	1.73
431,000 Pacific Hospital Supply Co Ltd	808,550	1.91
470,000 Taiwan Hon Chuan Enterprise Co Ltd	579,645	1.37
131,000 Taiwan Semiconductor Manufacturing Co Ltd	716,783	1.69
910,980 WT Microelectronics Co Ltd	923,440	2.18
Total Taiwan	<u>4,931,419</u>	<u>11.65</u>
THAILAND (2.55%, July 2018 - 2.13%)		
826,000 AMATA Corp	452,930	1.07
752,000 Hana Microelectronics - NVDR	627,693	1.48
Total Thailand	<u>1,080,623</u>	<u>2.55</u>
UNLISTED (0.00%, July 2018 - Nil)		
39,400 Tencent Holdings Ltd (Cash)	0	0.00
Total Unlisted	<u>0</u>	<u>0.00</u>
Portfolio of investments	40,733,055	96.23
Net current assets	<u>1,596,127</u>	<u>3.77</u>
Total net assets	<u>42,329,182</u>	<u>100.00</u>

Tencent Holdings Ltd (Cash) are spin off shares received on a 1:1 basis and are being valued at zero until further information is received.

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2019

	£
Total purchases costs, including transaction charges	7,243,888
Total sales proceeds, net of transaction charges	5,848,185

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST 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)		(2,071,001)		2,514,320
Revenue	556,332		388,809	
Expenses	<u>(301,698)</u>		<u>(224,646)</u>	
Net revenue/(expense) before taxation	254,634		164,163	
Taxation	<u>(53,500)</u>		<u>(31,540)</u>	
Net revenue/(expense) after taxation		<u>201,134</u>		<u>132,623</u>
Total return before distributions		(1,869,867)		2,646,943
Distributions		(201,134)		(132,623)
Change in net assets attributable to shareholders from investment activities		<u><u>(2,071,001)</u></u>		<u><u>2,514,320</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Opening net assets attributable to shareholders		* 43,124,413		28,635,029
Amounts receivable on issue of shares	4,325,641		8,903,957	
Amounts payable on cancellation of shares	(3,196,314)		(370,462)	
Amounts payable on share class conversions	<u>618</u>		<u>1,109</u>	
		1,129,945		8,534,604
Change in net assets attributable to shareholders from investment activities		(2,071,001)		2,514,320
Retained distribution on accumulation shares		145,794		115,621
Unclaimed distributions		31		1,072
Closing net assets attributable to shareholders		<u><u>42,329,182</u></u>		* <u><u>39,800,646</u></u>

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

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH FAR EAST GROWTH FUND**

BALANCE SHEET

as at 31 January 2019

	31 January 2019	31 July 2018
	£	£
Assets:		
Fixed Assets:		
Investments	40,733,055	41,400,860
Current Assets:		
Debtors	788,209	518,712
Cash and bank balances	1,372,461	1,688,023
Total assets	<u>42,893,725</u>	<u>43,607,595</u>
Liabilities:		
Creditors:		
Distribution payable on income shares	59,129	119,211
Other creditors	505,414	363,971
Total liabilities	<u>564,543</u>	<u>483,182</u>
Net assets attributable to shareholders	<u>42,329,182</u>	<u>43,124,413</u>

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME 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 Multi Cap Income Fund	-7.48%	-5.06%	13.50%	28.23%	113.46%
Quartile Ranking**	2	3	4	2	1

* Launch period ended 30 June 2011.

** Based on ranking within The Investment Association UK Equity Income sector.

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



Siddharth Chand Lall

The price of the Fund at the end of July 2018 was 219.91p (Class P accumulation shares). The Fund's benchmark, the FTSE All Share TR Index, was 7484.05 at that time. Since then, the benchmark has fallen to 6852.19 (31 Jan 2019); a decrease of 8.4%. In comparison, the Fund price fell to 203.47p (Class P accumulation shares), down 7.5% over the same period.

Since inception to 31 January 2019, the Fund is up 113.5% (based on the Class P accumulation shares) compared with the FTSE All Share TR Index up 61.8% over the same period (from 4233.69 to 6852.19).

The dividend on Class P income shares for the six months to 31 January 2019 is 3.4102p, due to be paid at the end of March. This is growth of 3.9% compared to the payment made at the end of March 2018, better than previously guided. The table below shows the different income distributions across our range of share classes. We focus on the P income share class (because it is most commonly held by investors).

The Fund value (based on bid value of investments) at the end of July 2018 was £1.66bn. As of the end of January 2019, the Fund value was £1.5bn. The Fund experienced net outflows totalling £7.7m.

The UK experienced a slowdown in GDP growth to +0.2% in the final quarter of 2018, driven by business uncertainty in the run up to the March Brexit deadline. Along with softer global growth, this has prompted the Bank of England to downgrade their 2019 forecast. It still predicts GDP growth of +1.2% despite the headwinds facing the UK economy. Interest rates have been held at 0.75%, which remains relatively low by historic standards. Whilst we cannot predict the exact outcome of the ongoing Brexit negotiations, it is possible that GDP growth improves over the second half of 2019, once the uncertainty is removed. However, this does require the correct stimulus policy to keep the UK competitive.

Following the market sell-off in Q4 2018, equity markets rallied hard in January. Oversold pockets of the market recovered some of their losses. This recovery has continued into February. Where we have met companies, they are generally performing fine. Ferguson grew its headline earnings per share and dividend 21% in FY18, Hollywood Bowl reported record profits with the ordinary dividend up 7% and a special dividend that was 30% higher year on year and Safestore reported 6.9% LFL EBITDA growth for FY18 with a 16.1% increase in the dividend. More recently, Softcat had a trading update stating they are materially ahead of where they expected to be as they approach the end of H1 and Churchill China said that they now expect operating performance well ahead of current market estimates. We continue to believe that there are many well managed small and mid-cap companies capable of growing both earnings and dividends.

Corporate activity is picking up again. We booked profits in RPC following a bid from private equity firm, Apollo Global Management. Post the reporting period, Dairy Crest has also received a bid from Canadian dairy company, Saputo. We are also seeing some of our portfolio companies acquiring businesses, both at home and abroad. DiscoverIE bought a small designer and manufacturer of human to machine interface (HMI) products that should be accretive to group operating margins. WH Smith purchased InMotion in the USA, significantly increasing the scale of their International Travel business.

At the time of writing, the Fund is ranked in the top decile amongst its UK Equity Income peer group for total returns in the year to date.

Hargreave Hale Ltd
22 February 2019

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**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 January 2019

Distributions (pence per share)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Class A Income</u>				
Net income paid 31 March	3.2610	3.1684	3.1746	3.3319
Net income paid 30 September		3.9837	3.9179	3.7323
<u>Class A Accumulation</u>				
Net income paid 31 March	4.4914	4.1782	3.9975	3.9995
Net income paid 30 September		5.3558	5.0401	4.5789
<u>Class B Income</u>				
Net income paid 31 March	3.3682	3.2572	3.2476	3.3919
Net income paid 30 September		4.1061	4.0188	3.8100
<u>Class B Accumulation</u>				
Net income paid 31 March	4.4302	4.0974	3.9012	3.8847
Net income paid 30 September		5.2665	4.9317	4.4594
<u>Class P Income</u>				
Net income paid 31 March	3.4102	3.2819	3.2645	3.4012
Net income paid 30 September		4.1429	4.0450	3.8259
<u>Class P Accumulation</u>				
Net income paid 31 March	4.4763	4.1239	3.9173	3.8909
Net income paid 30 September		5.3071	4.9587	4.4732

Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Ferguson	13,382,679	SSE	28,094,617
Softcat	11,653,185	Direct Line Insurance Group	19,941,068
Total	11,420,637	Hastings Group Holdings	18,657,394
IG Group Holdings	10,572,881	Inchcape	10,994,507
Plus500	10,473,427	Roche Holding	10,263,223
GlaxoSmithKline	10,119,890	Origin Enterprises	8,951,319
Redde	9,285,398	B&M European Value Retail	7,837,317
Hill & Smith Holdings	9,128,291	Ashmore Group	7,747,108
Bovis Homes Group	9,082,626	Stobart Group	7,179,469
Victrex	8,905,646	Pennon Group	6,886,457
Other purchases	177,444,804	Other sales	148,472,999
Total purchases for the period	281,469,464	Total sales for the period	275,025,478

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

COMPARATIVE TABLE

Class A, income and accumulation shares were launched at 100p on 13 June 2011. Class B, income and accumulation shares became available for purchase on 3 November 2011. Class P, income and accumulation shares became available for purchase on 31 December 2012.

Class A income shares	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	160.16	155.20	140.83	158.21
Return before operating charges*	(11.55)	14.57	23.79	(7.96)
Operating charges	(1.14)	(2.46)	(2.33)	(2.36)
Return after operating charges*	(12.69)	12.11	21.46	(10.32)
Distributions on income shares	(3.26)	(7.15)	(7.09)	(7.06)
Closing net asset value per share	144.21	160.16	155.20	140.83
* after direct transaction costs of:	0.17	0.45	0.44	0.64
Performance				
Return after charges	-7.92%	7.80%	15.24%	-6.52%
Other information				
Closing net asset value	£86,055,339	£93,625,531	£85,685,802	£83,849,723
Closing number of shares	59,672,718	58,456,957	55,208,903	59,540,942
Operating charges	1.53% ^A	1.53%	1.54%	1.55%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%
Prices				
Highest share price	159.22p	168.41p	163.55p	161.89p
Lowest share price	136.31p	151.44p	141.16p	133.44p
Class A accumulation shares	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	220.72	204.70	177.36	189.92
Return before operating charges*	(15.88)	19.29	30.31	(9.70)
Operating charges	(1.58)	(3.27)	(2.97)	(2.86)
Return after operating charges*	(17.46)	16.02	27.34	(12.56)
Distributions on accumulation shares	(4.49)	(9.53)	(9.04)	(8.58)
Retained distributions on accumulation shares	4.49	9.53	9.04	8.58
Closing net asset value per share	203.26	220.72	204.70	177.36
* after direct transaction costs of:	0.23	0.60	0.55	0.78
Performance				
Return after charges	-7.91%	7.83%	15.41%	-6.61%
Other information				
Closing net asset value	£101,958,081	£115,407,411	£114,295,821	£121,959,342
Closing number of shares	50,160,459	52,286,680	55,835,741	68,764,807
Operating charges	1.53% ^A	1.53%	1.54%	1.55%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%
Prices				
Highest share price	219.45p	223.10p	210.40p	194.32p
Lowest share price	187.88p	203.63p	177.76p	163.71p

^A These figures have been annualised.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

COMPARATIVE TABLE

<u>Class B income shares</u>	Period to 31.01.2019	Year to 31.07.2018	Year to 31.07.2017	Year to 31.07.2016
Change in net assets per share	pence	pence	pence	pence
Opening net asset value per share	165.26	159.36	143.88	160.95
Return before operating charges*	(11.91)	14.96	24.36	(8.24)
Operating charges	(0.80)	(1.70)	(1.61)	(1.63)
Return after operating charges*	(12.71)	13.26	22.75	(9.87)
Distributions on income shares	(3.37)	(7.36)	(7.27)	(7.20)
Closing net asset value per share	149.18	165.26	159.36	143.88
* after direct transaction costs of:	0.18	0.47	0.45	0.61
Performance				
Return after charges	-7.69%	8.32%	15.81%	-6.13%
Other information				
Closing net asset value	£1,757,990	£5,325,982	£5,016,382	£6,156,230
Closing number of shares	1,178,432	3,222,731	3,147,763	4,278,605
Operating charges	1.03% ^A	1.03%	1.04%	1.05%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%
Prices				
Highest share price	164.29p	173.29p	167.79p	164.94p
Lowest share price	140.94p	156.00p	144.23p	136.29p
<u>Class B accumulation shares</u>				
Change in net assets per share	Period to 31.01.2019	Year to 31.07.2018	Year to 31.07.2017	Year to 31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	217.27	200.50	172.87	184.36
Return before operating charges*	(15.63)	18.93	29.59	(9.60)
Operating charges	(1.05)	(2.16)	(1.96)	(1.89)
Return after operating charges*	(16.68)	16.77	27.63	(11.49)
Distributions on accumulation shares	(4.43)	(9.36)	(8.83)	(8.34)
Retained distributions on accumulation shares	4.43	9.36	8.83	8.34
Closing net asset value per share	200.59	217.27	200.50	172.87
* after direct transaction costs of:	0.23	0.59	0.54	0.70
Performance				
Return after charges	-7.68%	8.36%	15.98%	-6.23%
Other information				
Closing net asset value	£1,338,698	£1,508,426	£1,683,260	£1,688,922
Closing number of shares	667,383	694,272	839,546	976,993
Operating charges	1.03% ^A	1.03%	1.04%	1.05%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%
Prices				
Highest share price	216.02p	219.41p	205.90p	188.91p
Lowest share price	185.32p	200.11p	173.27p	159.52p

^A These figures have been annualised.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

COMPARATIVE TABLE

<u>Class P income shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	166.83	160.48	144.54	161.28
Return before operating charges*	(12.02)	15.07	24.48	(8.26)
Operating charges	(0.61)	(1.30)	(1.23)	(1.25)
Return after operating charges*	(12.63)	13.77	23.25	(9.51)
Distributions on income shares	(3.41)	(7.42)	(7.31)	(7.23)
Closing net asset value per share	150.79	166.83	160.48	144.54

* after direct transaction costs of: 0.18 0.47 0.45 0.63

Performance

Return after charges -7.57% 8.58% 16.09% -5.90%

Other information

Closing net asset value	£859,762,123	£938,658,040	£844,341,182	£744,561,041
Closing number of shares	570,170,902	562,628,007	526,128,859	515,115,324
Operating charges	0.78% ^A	0.78%	0.79%	0.80%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%

Prices

Highest share price	165.85p	174.70p	168.89p	165.46p
Lowest share price	142.43p	157.35p	144.90p	136.89p

<u>Class P accumulation shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	219.06	201.69	173.47	184.52
Return before operating charges*	(15.76)	19.02	29.71	(9.61)
Operating charges	(0.80)	(1.65)	(1.49)	(1.44)
Return after operating charges*	(16.56)	17.37	28.22	(11.05)
Distributions on accumulation shares	(4.48)	(9.43)	(8.88)	(8.36)
Retained distributions on accumulation shares	4.48	9.43	8.88	8.36
Closing net asset value per share	202.50	219.06	201.69	173.47

* after direct transaction costs of: 0.23 0.60 0.54 0.72

Performance

Return after charges -7.56% 8.61% 16.27% -5.99%

Other information

Closing net asset value	£450,111,937	£502,250,925	£455,896,899	£471,772,298
Closing number of shares	222,273,990	229,271,918	226,036,922	271,956,366
Operating charges	0.78% ^A	0.78%	0.79%	0.80%
Direct transaction costs	0.23% ^A	0.28%	0.29%	0.39%

Prices

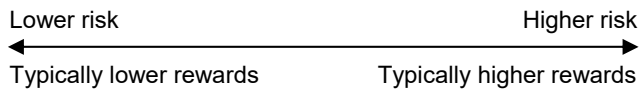
Highest share price	217.81p	221.12p	207.04p	189.28p
Lowest share price	187.05p	201.50p	173.88p	160.06p

^A 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 sub-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.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

SYNTHETIC RISK AND REWARD INDICATOR



1	2	3	4	5	6	7
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The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-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 sub-fund has been measured as 4 because it has experienced moderate volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE & DEFENCE (0.62%, July 2018 - 0.54%)		
1,100,000 Meggitt	5,669,400	0.38
1,575,000 Senior	3,581,550	0.24
Total Aerospace & Defence	<u>9,250,950</u>	<u>0.62</u>
BANKS (1.50%, July 2018 - 0.98%)		
800,000 Close Brothers Group	12,040,000	0.80
18,000,000 Lloyds Banking Group	10,434,600	0.70
Total Banks	<u>22,474,600</u>	<u>1.50</u>
BEVERAGES (0.16%, July 2018 - 0.14%)		
224,735 Shepherd Neame	2,404,665	0.16
Total Beverages	<u>2,404,665</u>	<u>0.16</u>
CHEMICALS (0.72%, July 2018 - 0.63%)		
597,601 Synthomer	2,176,463	0.15
375,000 Victrex	8,512,500	0.57
Total Chemicals	<u>10,688,963</u>	<u>0.72</u>
CONSTRUCTION & MATERIALS (5.08%, July 2018 - 4.73%)		
7,743,175 Boot (Henry)	20,209,687	1.35
2,350,000 Eurocell	5,358,000	0.36
3,123,100 Forterra	8,291,831	0.55
1,478,728 Marshalls	7,630,236	0.51
928,846 Nexus Infrastructure	1,857,692	0.12
5,900,000 Norcros	11,239,500	0.75
2,634,292 Polypipe Group	10,384,379	0.69
4,700,000 Tyman	11,186,000	0.75
Total Construction & Materials	<u>76,157,325</u>	<u>5.08</u>
ELECTRICITY (Nil, July 2018 - 1.90%)		
Total Electricity	<u>0</u>	<u>0.00</u>
ELECTRONIC & ELECTRICAL EQUIPMENT (2.14%, July 2018 - 2.20%)		
2,500,000 discoverIE Group	10,525,000	0.70
711,281 Solid State	2,987,380	0.20
7,175,000 Strix Group	10,202,850	0.68
416,484 XP Power	8,454,625	0.56
Total Electronic & Electrical Equipment	<u>32,169,855</u>	<u>2.14</u>
EQUITY INVESTMENT INSTRUMENTS (0.79%, July 2018 - 0.49%)		
550,000 Honeycomb Investment Trust	6,105,000	0.41
700,000 P2P Global Investments	5,768,000	0.38
Total Equity Investment Instruments	<u>11,873,000</u>	<u>0.79</u>
FINANCIAL SERVICES (17.01%, July 2018 - 15.38%)		
1,000,000 3i Group	8,464,000	0.56
4,800,000 Ashmore Group	19,545,600	1.30
5,372,862 Cenkos Securities	3,814,732	0.25
2,800,000 Finncap Group	784,000	0.05
1,500,000 IG Group Holdings	9,435,000	0.63
2,000,000 IntegraFin Holdings	6,793,000	0.45
3,798,309 Intermediate Capital Group	38,552,836	2.57
4,650,000 John Laing Group	16,619,100	1.11
2,409,120 K3 Capital Group	5,926,435	0.39
194,500 Liontrust Asset Management	1,128,100	0.08
2,300,000 Mortgage Advice Bureau (Holdings)	12,926,000	0.86

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
FINANCIAL SERVICES (continued)		
800,000 Numis	2,164,000	0.14
4,513,409 OneSavings Bank	17,150,954	1.14
6,300,000 Paragon Banking Group	26,119,800	1.74
650,000 Plus500	9,951,500	0.66
7,650,000 Polar Capital Holdings	36,337,500	2.42
5,257,000 Premier Asset Management Group	10,408,860	0.69
16,350,000 Redde	29,560,800	1.97
Total Financial Services	<u>255,682,217</u>	<u>17.01</u>
FIXED LINE TELECOMMUNICATIONS (3.14%, July 2018 - 2.10%)		
5,650,000 Manx Telecom	9,209,500	0.61
2,369,255 Telecom Plus	34,069,887	2.27
3,610,000 Zegona Communications	3,898,800	0.26
Total Fixed Line Telecommunication	<u>47,178,187</u>	<u>3.14</u>
FOOD & DRUG RETAILERS (0.25%, July 2018 - 0.39%)		
1,700,000 Tesco	3,782,500	0.25
Total Food & Drug Retailers	<u>3,782,500</u>	<u>0.25</u>
FOOD PRODUCERS (2.63%, July 2018 - 2.81%)		
2,350,000 Dairy Crest Group	11,261,200	0.75
150,000 Hilton Food Group	1,428,000	0.10
3,853,884 Tate & Lyle	26,715,124	1.78
Total Food Producers	<u>39,404,324</u>	<u>2.63</u>
FORESTRY & PAPER (1.09%, July 2018 - 1.00%)		
875,000 Mondi	16,366,875	1.09
Total Forestry & Paper	<u>16,366,875</u>	<u>1.09</u>
GAS, WATER & MULTIUTILITIES (3.09%, July 2018 - 3.53%)		
3,194,074 Pennon Group	24,402,725	1.63
1,095,000 Severn Trent	21,845,250	1.46
Total Gas, Water & Multiutilities	<u>46,247,975</u>	<u>3.09</u>
GENERAL INDUSTRIALS (5.46%, July 2018 - 5.77%)		
11,183,333 Macfarlane Group	10,009,083	0.67
4,100,000 RPC Group	32,595,000	2.17
8,618,181 Smith (DS)	29,844,761	1.99
1,667,000 Vesuvius	9,385,210	0.63
Total General Industrials	<u>81,834,054</u>	<u>5.46</u>
GENERAL RETAILERS (3.69%, July 2018 - 5.18%)		
9,000,000 Moss Bros Group	2,259,000	0.15
450,000 Next	21,712,500	1.45
1,593,199 WHSmith	31,354,156	2.09
Total General Retailers	<u>55,325,656</u>	<u>3.69</u>
HOUSEHOLD GOODS & HOME CONSTRUCTION (4.82%, July 2018 - 3.84%)		
2,050,000 Barratt Developments	11,135,600	0.74
850,000 Bovis Homes Group	8,738,000	0.58
901,560 Churchill China	11,269,500	0.75
750,000 Countryside Properties	2,344,500	0.16
676,500 Portmeirion Group	7,035,600	0.47
2,600,000 Redrow	15,106,000	1.01
10,000,000 Taylor Wimpey	16,710,000	1.11
Total Household Goods & Home Construction	<u>72,339,200</u>	<u>4.82</u>

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
INDUSTRIAL ENGINEERING (3.90%, July 2018 - 3.87%)		
2,250,000 Bodycote	17,426,250	1.16
3,125,000 Hill & Smith Holdings	35,343,750	2.35
300,000 IMI	2,917,500	0.19
895,000 Somero Enterprises	3,043,000	0.20
Total Industrial Engineering	<u>58,730,500</u>	<u>3.90</u>
INDUSTRIAL TRANSPORTATION (0.36%, July 2018 - 2.09%)		
1,822,685 Eddie Stobart Logistics	1,932,046	0.13
2,266,818 Stobart Group	3,490,900	0.23
Total Industrial Transportation	<u>5,422,946</u>	<u>0.36</u>
LEISURE GOODS (0.11%, July 2018 - 0.31%)		
53,973 Games Workshop Group	1,640,779	0.11
Total Leisure Goods	<u>1,640,779</u>	<u>0.11</u>
LIFE INSURANCE (4.55%, July 2018 - 4.55%)		
5,393,000 Chesnara	18,497,990	1.23
6,600,000 Phoenix Group Holdings	42,240,000	2.81
800,000 St. James's Place	7,590,400	0.51
Total Life Insurance	<u>68,328,390</u>	<u>4.55</u>
MEDIA (0.54%, July 2018 - 0.86%)		
100,000 4imprint Group	1,980,000	0.13
2,175,000 Bloomsbury Publishing	4,806,750	0.32
2,251,125 ITE Group	1,415,958	0.09
Total Media	<u>8,202,708</u>	<u>0.54</u>
MINING (2.43%, July 2018 - 2.25%)		
6,941,110 Anglo Pacific Group	11,209,893	0.75
11,100,000 Central Asia Metals	25,252,500	1.68
Total Mining	<u>36,462,393</u>	<u>2.43</u>
NONLIFE INSURANCE (0.56%, July 2018 - 2.65%)		
3,000,000 Sabre Insurance Group	8,460,000	0.56
Total Nonlife Insurance	<u>8,460,000</u>	<u>0.56</u>
OIL & GAS PRODUCERS (4.40%, July 2018 - 4.16%)		
2,700,000 BP	14,067,000	0.94
19,205,797 Diversified Gas & Oil	22,278,725	1.48
1,250,000 Royal Dutch Shell 'B'	29,687,500	1.98
Total Oil & Gas Producers	<u>66,033,225</u>	<u>4.40</u>
PERSONAL GOODS (Nil, July 2018 - 0.35%)		
Total Personal Goods	<u>0</u>	<u>0.00</u>
PHARMACEUTICALS & BIOTECHNOLOGY (1.52%, July 2018 - 0.68%)		
25,000 AstraZeneca	1,381,750	0.09
202,275 Bioventix	6,371,663	0.42
1,025,000 GlaxoSmithKline	15,096,200	1.01
Total Pharmaceuticals & Biotechnology	<u>22,849,613</u>	<u>1.52</u>
REAL ESTATE INVESTMENT & SERVICES (0.25%, July 2018 - 0.29%)		
2,690,000 Belvoir Lettings	2,447,900	0.16
1,167,500 M Winkworth	1,284,250	0.09
Total Real Estate Investment & Services	<u>3,732,150</u>	<u>0.25</u>

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
REAL ESTATE INVESTMENT TRUSTS (8.52%, July 2018 - 8.03%)		
3,834,670 Big Yellow Group	37,177,126	2.48
25,241,787 Capital & Regional	7,433,706	0.50
11,070,000 LondonMetric Property	20,900,160	1.39
2,902,581 Mucklow (A & J) Group	14,367,776	0.96
3,752,500 Safestore Holdings	22,008,412	1.47
1,095,890 Secure Income REIT	4,328,766	0.29
11,200,000 Supermarket Income REIT	11,088,000	0.74
400,000 Unite Group	3,692,000	0.25
700,000 Workspace Group	6,643,000	0.44
Total Real Estate Investment Trusts	<u>127,638,946</u>	<u>8.52</u>
SOFTWARE & COMPUTER SERVICES (1.65%, July 2018 - 0.70%)		
650,000 FDM Group (Holdings)	5,557,500	0.37
1,740,063 RM	3,862,940	0.26
3,682,394 Sanderson Group	3,387,802	0.23
1,700,000 Softcat	11,866,000	0.79
Total Software & Computer Services	<u>24,674,242</u>	<u>1.65</u>
SUPPORT SERVICES (8.22%, July 2018 - 7.13%)		
100,000 Ashtead Group	1,948,000	0.13
13,566,265 BCA Marketplace	27,810,843	1.85
150,000 DCC	9,502,500	0.63
1,700,000 Electrocomponents	9,333,000	0.62
350,000 Ferguson	18,109,000	1.21
242,500 Filta Group Holdings	567,450	0.04
8,350,000 Hays	12,767,150	0.85
983,710 Maintel Holdings	4,525,066	0.30
3,800,000 Midwich Group	20,330,000	1.36
2,686,500 Ricardo	16,119,000	1.07
877,606 SThree	2,452,909	0.16
Total Support Services	<u>123,464,918</u>	<u>8.22</u>
TRAVEL & LEISURE (4.75%, July 2018 - 4.22%)		
10,900,000 Cineworld Group	29,190,200	1.94
900,000 GVC Holdings	6,106,500	0.41
2,245,371 Hollywood Bowl Group	5,029,631	0.34
3,100,000 National Express Group	12,214,000	0.81
1,087,500 PPHE Hotel Group	18,813,750	1.25
Total Travel & Leisure	<u>71,354,081</u>	<u>4.75</u>
OVERSEAS SECURITIES (5.03%, July 2018 - 4.85%)		
8,500 Apple	1,069,677	0.07
400,000 Equinor	6,976,787	0.46
2,350,000 Greencoat Renewables	2,158,755	0.14
225,000 NN Group	7,330,580	0.49
2,445,000 Origin Enterprises	11,978,793	0.80
3,500,000 Princess Private Equity Holding	28,170,986	1.88
35,000 Taiwan Semiconductor Manufacturing Co ADR	996,649	0.07
400,000 Total	16,766,111	1.12
Total Overseas Securities	<u>75,448,338</u>	<u>5.03</u>

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
UNQUOTED SECURITIES (0.00%, July 2018 - 0.00%)		
6,238,672 Conviviality	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
Portfolio of investments	1,485,623,575	98.98
Net current assets	<u>15,360,593</u>	<u>1.02</u>
Total net assets	<u><u>1,500,984,168</u></u>	<u><u>100.00</u></u>

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

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2019

	£
Total purchases costs, including transaction charges	281,469,464
Total sales proceeds, net of transaction charges	275,025,478

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME 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)		(154,450,325)		62,322,190
Revenue	34,830,618		31,181,720	
Expenses	<u>(6,793,260)</u>		<u>(6,910,975)</u>	
Net revenue/(expense) before taxation	28,037,358		24,270,745	
Taxation	<u>(167,574)</u>		<u>(35,127)</u>	
Net revenue/(expense) after taxation		<u>27,869,784</u>		<u>24,235,618</u>
Total return before distributions		(126,580,541)		86,557,808
Distributions		(33,771,781)		(30,708,185)
Change in net assets attributable to shareholders from investment activities		<u>(160,352,322)</u>		<u>55,849,623</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Opening net assets attributable to shareholders		* 1,656,776,315		1,506,919,345
Amounts receivable on issue of shares	21,819,025		27,827,018	
Amounts payable on cancellation of shares	(29,491,039)		(23,228,412)	
Amounts payable on share class conversions	<u>(235)</u>		<u>52</u>	
		(7,672,249)		4,598,658
Change in net assets attributable to shareholders from investment activities		(160,352,322)		55,849,623
Retained distribution on accumulation shares		12,232,111		11,580,036
Unclaimed distributions		313		0
Closing net assets attributable to shareholders		<u>1,500,984,168</u>		* <u>1,578,947,662</u>

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

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH MULTI CAP INCOME FUND**

BALANCE SHEET

as at 31 January 2019

	31 January 2019	31 July 2018
	£	£
Assets:		
Fixed Assets:		
Investments	1,485,623,575	1,633,554,914
Current Assets:		
Debtors	4,477,122	14,833,319
Cash and bank balances	34,588,146	42,218,680
Total assets	<u>1,524,688,843</u>	<u>1,690,606,913</u>
Liabilities:		
Creditors:		
Distribution payable on income shares	21,430,122	25,770,525
Other creditors	2,274,553	8,060,073
Total liabilities	<u>23,704,675</u>	<u>33,830,598</u>
Net assets attributable to shareholders	<u><u>1,500,984,168</u></u>	<u><u>1,656,776,315</u></u>

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-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 Nano-Cap Growth Fund	-7.46%	1.76%	61.57%	66.43%	73.71%
Quartile Ranking**	1	1	1	1	1

* Launched ended 31 October 2013.

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

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



Giles Hargreave

Guy Feld

David Walton

Over the six months to 31 January 2019 the P class shares in our Nanocap Fund fell 7.5%. 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 3:1.

The best performing stocks were Beeks Financial Cloud (+79%), Thruvision (+62%), Creo Medical (+54%) and D4T4 Solutions (+37%). The most notable detractors were EVR Holdings (-61%), Fusion Antibodies (-60%) and GRC International (-60%).

Larger trades during the period saw us averaging up our positions in Sopheon, AB Dynamics and ClearStar. We sold our holdings in ITM Power, Surgical Innovations and Victoria Plc.

We participated in one Initial Public Offering (IPO) during the period: the litigation financier Manolete Partners. Manolete 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. The business has attractive economics, a strong competitive position and the ability to re-invest and compound value for us as shareholders.

We also received the cash proceeds from the bid for Bioquell at the end of the period. This represented a 40% premium to the price prior to the announcement of the bid.

The Fund ended the period with a cash position of 6.9%.

Hargreave Hale Ltd
27 February 2019

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Distributions (pence per share)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Class A Accumulation</u>				
Net income paid 31 March	0.0000	0.0000	0.0000	0.0000
Net income paid 30 September		0.0000	0.0000	0.0000
<u>Class B Accumulation</u>				
Net income paid 31 March	0.0000	0.0063	0.0000	0.0410
Net income paid 30 September		0.1425	0.3001	0.2759
<u>Class P Accumulation</u>				
Net income paid 31 March	0.0000	0.0000	0.0866	0.1714
Net income paid 30 September		0.3742	0.4335	0.4022

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-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 (£)
Future	2,380,157	Future	3,329,045
Global Atomic (Restricted Line)	1,777,841	Bioquell	2,924,596
Manolete Partners	1,579,468	Bushveld Minerals	2,568,394
Sopheon	1,408,085	Amino Technologies	2,026,363
One Media iP Group	1,023,044	ZOO Digital Group	1,546,854
Westmount Energy CLN 10% 31.03.21	1,000,000	Victoria	1,432,226
Xeros Technology Group	1,000,000	Sylvania Platinum	1,413,505
Safestay	1,000,000	Palace Capital	1,221,802
Bushveld Minerals	926,184	BATM Advanced Communications	1,077,840
Arena Events Group	919,500	LoopUp Group	1,031,432
Other purchases	18,404,716	Other sales	9,919,630
Total purchases for the period	31,418,995	Total sales for the period	28,491,687

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND**

COMPARATIVE TABLE

Class A, Class B and Class P accumulation shares were launched at 100p on 14 October 2013.

<u>Class A accumulation shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	pence	pence	pence	pence
Opening net asset value per share	172.27	141.46	103.96	102.04
Return before operating charges*	(12.15)	33.27	39.46	3.57
Operating charges	(1.30)	(2.46)	(1.96)	(1.65)
Return after operating charges*	(13.45)	30.81	37.50	1.92
Distributions on accumulation shares	0.00	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00	0.00
Closing net asset value per share	158.82	172.27	141.46	103.96
* after direct transaction costs of:	0.07	0.22	0.23	0.12
Performance				
Return after charges	-7.81%	21.78%	36.07%	1.88%
Other information				
Closing net asset value	£22,176,558	£24,851,620	£19,797,559	£15,288,706
Closing number of shares	13,963,731	14,425,626	13,994,853	14,707,030
Operating charges	1.55% ^A	1.55%	1.56%	1.56%
Direct transaction costs	0.08% ^A	0.14%	0.19%	0.12%
Prices				
Highest share price	191.92p	188.70p	154.99p	118.19p
Lowest share price	151.30p	140.83p	104.08p	96.84p
<u>Class B accumulation shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2019	31.07.2018	31.07.2017	31.07.2016
	Pence	pence	pence	pence
Opening net asset value per share	176.93	144.42	105.40	102.96
Return before operating charges*	(12.52)	34.21	40.36	3.57
Operating charges	(0.91)	(1.70)	(1.34)	(1.13)
Return after operating charges*	(13.43)	32.51	39.02	2.44
Distributions on accumulation shares	0.00	(0.15)	(0.30)	(0.32)
Retained distributions on accumulation shares	0.00	0.15	0.30	0.32
Closing net asset value per share	163.50	176.93	144.42	105.40
* after direct transaction costs of:	0.07	0.22	0.24	0.13
Performance				
Return after charges	-7.59%	22.51%	37.02%	2.37%
Other information				
Closing net asset value	£1,025	£1,018	£1,049	£1,054
Closing number of shares	627	575	726	1,000
Operating charges	1.05% ^A	1.05%	1.06%	1.06%
Direct transaction costs	0.08% ^A	0.14%	0.19%	0.12%
Prices				
Highest share price	197.15p	193.68p	158.07p	119.73p
Lowest share price	155.68p	143.74p	105.59p	98.19p

^A These figures have been annualised.

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND**

COMPARATIVE TABLE

Class P accumulation shares	Period to 31.01.2019	Year to 31.07.2018	Year to 31.07.2017	Year to 31.07.2016
Change in net assets per share	Pence	pence	pence	pence
Opening net asset value per share	178.67	145.60	106.18	103.41
Return before operating charges*	(12.62)	34.39	40.47	3.64
Operating charges	(0.70)	(1.32)	(1.05)	(0.87)
Return after operating charges*	(13.32)	33.07	39.42	2.77
Distributions on accumulation shares	0.00	(0.37)	(0.52)	(0.57)
Retained distributions on accumulation shares	0.00	0.37	0.52	0.57
Closing net asset value per share	165.35	178.67	145.60	106.18

* after direct transaction costs of: 0.07 0.23 0.24 0.13

Performance

Return after charges -7.46% 22.71% 37.13% 2.68%

Other information

Closing net asset value	£165,761,151	£175,179,461	£123,001,973	£79,430,581
Closing number of shares	100,247,893	98,045,427	84,479,984	74,807,556
Operating charges	0.80% ^A	0.80%	0.81%	0.81%
Direct transaction costs	0.08% ^A	0.14%	0.19%	0.12%

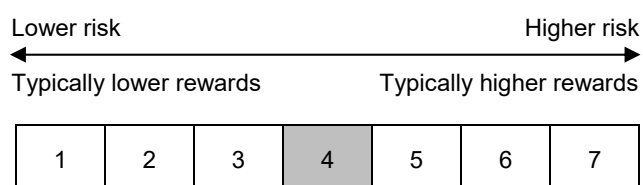
Prices

Highest share price	199.15p	195.55p	159.43p	120.49p
Lowest share price	157.40p	144.99p	106.31p	98.84p

^A 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 sub-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.

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 sub-fund. It is calculated based on the volatility of the sub-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 sub-fund has been measured as 4 because it has experienced moderate volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE & DEFENCE (0.22%, July 2018 - 0.14%)		
6,565,000 TP Group	413,595	0.22
Total Aerospace & Defence	<u>413,595</u>	<u>0.22</u>
ALTERNATIVE ENERGY (0.44%, July 2018 - 0.65%)		
2,966,667 Ilika	771,333	0.41
313,188 ITM Power	60,758	0.03
Total Alternative Energy	<u>832,091</u>	<u>0.44</u>
AUTOMOBILES & PARTS (0.26%, July 2018 - 0.29%)		
3,050,000 Surface Transforms	488,000	0.26
Total Automobiles & Parts	<u>488,000</u>	<u>0.26</u>
BEVERAGES (0.06%, July 2018 - Nil)		
10,000 Shepherd Neame	107,000	0.06
Total Beverages	<u>107,000</u>	<u>0.06</u>
CHEMICALS (0.46%, July 2018 - 0.49%)		
50,852,383 Hardide	864,491	0.46
Total Chemicals	<u>864,491</u>	<u>0.46</u>
CONSTRUCTION & MATERIALS (0.36%, July 2018 - 0.51%)		
1,625,000 SigmaRoc	672,750	0.36
Total Construction & Materials	<u>672,750</u>	<u>0.36</u>
ELECTRONIC & ELECTRICAL EQUIPMENT (3.56%, July 2018 - 1.97%)		
12,333,623 APC Technology Group	770,851	0.41
15,250,000 CAP-XX	1,296,250	0.69
4,993,492 ProPhotonix	174,772	0.09
11,057,500 Thruvision Group	2,874,950	1.53
1,700,000 Volex	1,581,000	0.84
Total Electronic & Electrical Equipment	<u>6,697,823</u>	<u>3.56</u>
EQUITY INVESTMENT INSTRUMENTS (1.75%, July 2018 - 1.63%)		
1,500,000 Augmentum Fintech	1,530,000	0.81
1,695,049 KRM22	1,762,851	0.94
Total Equity Investment Instruments	<u>3,292,851</u>	<u>1.75</u>
FINANCIAL SERVICES (8.10%, July 2018 - 6.90%)		
442,789 Alpha FX Group	2,701,013	1.44
135,000 Aquis Exchange	769,500	0.41
300,000 Curtis Banks Group	762,000	0.41
2,000,000 Impax Asset Management Group	4,160,000	2.21
650,000 K3 Capital Group	1,599,000	0.85
2,170,000 Lighthouse Group	564,200	0.30
900,000 Manolete Partners	1,908,000	1.02
1,072,877 Morses Club	1,614,680	0.86
1,000,000 RiverFort Global Opportunities	930,000	0.49
300,000 WH Ireland Group	210,000	0.11
Total Financial Services	<u>15,218,393</u>	<u>8.10</u>
FIXED LINE TELECOMMUNICATIONS (0.82%, July 2018 - 0.92%)		
440,000 AdEPT Technology Group	1,540,000	0.82
Total Fixed Line Telecommunications	<u>1,540,000</u>	<u>0.82</u>

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
FOOD & DRUG RETAILERS (Nil, July 2018 - 0.06%)		
Total Food & Drug Retailers	0	0.00
FOOD PRODUCERS (0.94%, July 2018 - 1.22%)		
1,100,000 Finsbury Food Group	957,000	0.51
1,540,937 Science in Sport	816,697	0.43
Total Food Producers	1,773,697	0.94
FORESTRY & PAPER (0.35%, July 2018 - 0.48%)		
60,000 Cropper (James)	660,000	0.35
Total Forestry & Paper	660,000	0.35
GENERAL RETAILERS (1.29%, July 2018 - 1.06%)		
1,324,167 Angling Direct	966,642	0.52
4,000,000 GAME Digital	1,060,000	0.56
1,500,000 Sosandar	390,000	0.21
Total General Retailers	2,416,642	1.29
HEALTH CARE EQUIPMENT & SERVICES (2.72%, July 2018 - 3.02%)		
800,000 Cambridge Cognition Holdings	680,000	0.36
1,200,000 Creo Medical Group	2,712,000	1.44
812,500 Fusion Antibodies	365,625	0.20
625,000 Kromek Group	176,875	0.09
9,200,000 Surgical Innovations Group	266,800	0.14
2,025,000 Venture Life Group	911,250	0.49
Total Health Care Equipment & Services	5,112,550	2.72
HOUSEHOLD GOODS & HOME CONSTRUCTION (1.68%, July 2018 - 2.11%)		
100,000 Churchill China	1,250,000	0.67
1,650,028 Springfield Properties	1,897,532	1.01
Total Household Goods & Home Construction	3,147,532	1.68
INDUSTRIAL ENGINEERING (2.83%, July 2018 - 1.74%)		
125,000 AB Dynamics	2,000,000	1.06
500,000 Somero Enterprises	1,700,000	0.91
10,000,000 Xeros Technology Group	1,610,000	0.86
Total Industrial Engineering	5,310,000	2.83
INDUSTRIAL TRANSPORTATION (0.46%, July 2018 - 0.89%)		
695,000 Gama Aviation	590,750	0.31
557,143 Xpediator	278,572	0.15
Total Industrial Transportation	869,322	0.46
LEISURE GOODS (Nil, July 2018 - 0.56%)		
Total Leisure Goods	0	0.00
MEDIA (5.60%, July 2018 - 5.29%)		
9,321,333 Be Heard Group	102,535	0.06
1,068,806 Future	5,728,800	3.05
4,294,128 Gfinity	249,059	0.13
6,250,000 Minds + Machines Group	343,750	0.18
475,192 Next Fifteen Communications Group	2,242,906	1.19
24,050,730 One Media iP Group	1,322,790	0.70
829,754 ULS Technology	547,638	0.29
Total Media	10,537,478	5.60

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
MINING (3.52%, July 2018 - 4.52%)		
850,000 Anglo Asian Mining	688,500	0.37
410,000 Avesoro Resources	647,800	0.34
5,675,000 Bushveld Minerals	2,099,750	1.12
8,950,000 Goldplat	313,250	0.17
47,466,667 Horizonte Minerals	1,101,227	0.59
1,730,000 Tharisa	1,747,300	0.93
Total Mining	<u>6,597,827</u>	<u>3.52</u>
MOBILE TELECOMMUNICATIONS (0.28%, July 2018 - 0.80%)		
14,000,000 EVR Holdings	533,400	0.28
Total Mobile Telecommunications	<u>533,400</u>	<u>0.28</u>
NONEQUITY INVESTMENT INSTRUMENTS (0.55%, July 2018 - 0.48%)		
3,400,000 Baskerville Capital	112,200	0.06
3,000,000 Hertsford Capital	300,000	0.16
625,000 Wilmcote Holdings	625,000	0.33
Total Nonequity Investment Instruments	<u>1,037,200</u>	<u>0.55</u>
OIL & GAS PRODUCERS (3.04%, July 2018 - 2.53%)		
3,525,000 Amerisur Resources	585,855	0.31
1,923,078 Angus Energy	138,462	0.07
5,500,000 Egdon Resources	429,000	0.23
13,191,034 Europa Oil & Gas (Holdings)	356,158	0.19
2,350,000 Jadestone Energy	878,900	0.47
20,100,000 Trinity Exploration & Production	2,914,500	1.55
36,000,000 UK Oil & Gas	414,000	0.22
Total Oil & Gas Producers	<u>5,716,875</u>	<u>3.04</u>
OIL EQUIPMENT & SERVICES (0.36%, July 2018 - 0.68%)		
165,000 Getech Group	46,200	0.02
855,942 Tekmar Group	641,957	0.34
Total Oil Equipment & Services	<u>688,157</u>	<u>0.36</u>
PERSONAL GOODS (0.07%, July 2018 - 0.24%)		
12,602,589 Bagir Group	138,628	0.07
Total Personal Goods	<u>138,628</u>	<u>0.07</u>
PHARMACEUTICALS & BIOTECHNOLOGY (1.08%, July 2018 - 1.12%)		
1,375,000 Beximco Pharmaceuticals 'Reg S'	632,500	0.34
762,291 C4X Discovery Holdings	472,620	0.25
620,000 Horizon Discovery Group	926,900	0.49
Total Pharmaceuticals & Biotechnology	<u>2,032,020</u>	<u>1.08</u>
REAL ESTATE INVESTMENT & SERVICES (0.61%, July 2018 - 1.35%)		
967,000 Property Franchise Group (The)	1,141,060	0.61
Total Real Estate Investment & Services	<u>1,141,060</u>	<u>0.61</u>
SOFTWARE & COMPUTER SERVICES (23.65%, July 2018 - 24.73%)		
2,179,000 Access Intelligence	1,242,030	0.66
3,356,366 Albert Technologies	872,655	0.46
2,477,538 ATTRAQT Group	792,812	0.42
2,425,000 Beeks Financial Cloud Group	2,861,500	1.52
945,000 Bigblu Broadband	1,039,500	0.55
50,000 Blue Prism Group	706,000	0.38
2,500,000 Castleton Technology	2,300,000	1.22

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PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
SOFTWARE & COMPUTER SERVICES (continued)		
599,997 Cerillion	839,996	0.45
4,128,632 ClearStar	2,559,752	1.36
810,000 Cloudcall Group	891,000	0.47
219,668 Crossword Cybersecurity	680,971	0.36
1,475,000 D4t4 Solutions	2,832,000	1.51
8,400,000 eServGlobal	525,000	0.28
7,900,000 EU-Supply	750,500	0.40
3,950,000 Forbidden Technologies	296,250	0.16
1,910,000 GAN	955,000	0.51
3,805,000 GetBusy	1,331,750	0.71
1,185,000 GRC International Group	1,291,650	0.69
1,100,000 Gresham Technologies	946,000	0.50
2,905,381 Imaginatik	24,696	0.01
886,076 i-nexus Global	310,127	0.17
425,000 Instem	1,147,500	0.61
4,164,853 IQGeo Group	2,082,426	1.11
600,000 K3 Business Technology Group	1,344,000	0.72
16,025,323 Location Sciences Group	352,557	0.19
253,750 LoopUp Group	761,250	0.41
7,513,333 Maestrano Group	586,040	0.31
20,000,000 Nasstar	2,320,000	1.23
348,880 Osirium Technologies	401,212	0.21
4,025,000 Oxford Metrics	3,260,250	1.74
1,144,444 PCI-PAL	263,222	0.14
1,383,078 Pelatro	995,816	0.53
1,610,000 Pennant International Group	1,754,900	0.93
1,000,000 SmartSpace Software	880,000	0.47
325,000 Sopheon	3,737,500	1.99
757,471 SysGroup	302,988	0.16
1,600,000 Tern	200,000	0.11
Total Software & Computer Services	<u>44,438,850</u>	<u>23.65</u>
SUPPORT SERVICES (12.71%, July 2018 - 13.45%)		
1,913,333 1Spatial	574,000	0.31
5,202,312 Argo Blockchain	169,075	0.09
1,725,000 Cromas Security Solutions Group	1,466,250	0.78
1,000,000 Empresaria Group	650,000	0.35
900,000 Filta Group Holdings	2,106,000	1.12
4,235,036 Frontier IP Group	3,430,379	1.83
150,000 Gordon Dadds Group	214,500	0.11
850,000 Hargreaves Services	2,431,000	1.29
420,000 Hydrogen Group	256,200	0.14
7,250,000 Inspired Energy	1,254,250	0.67
1,000,000 Johnson Service Group	1,320,000	0.70
2,333,333 Kazera Global	39,667	0.02
87,142 Maintel Holdings	400,853	0.21
18,750,000 Malvern International	862,500	0.46
550,000 Marlowe	2,035,000	1.08
7,250,000 Redhall Group	217,500	0.12
2,760,000 Spectra Systems	3,174,000	1.69
350,000 Synectics	647,500	0.34
680,000 Water Intelligence	2,393,600	1.27
2,500,000 Westminster Group	242,500	0.13
Total Support Services	<u>23,884,774</u>	<u>12.71</u>

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
TECHNOLOGY HARDWARE & EQUIPMENT (2.91%, July 2018 - 3.89%)		
7,000,000 BATM Advanced Communications	3,332,000	1.77
4,100,000 CyanConnode Holdings	336,200	0.18
6,510,000 Filtronic	403,620	0.21
515,000 Frontier Smart Technologies Group	180,250	0.10
2,000,000 SRT Marine Systems	650,000	0.35
513,580 Vianet Group	564,938	0.30
Total Technology Hardware & Equipment	<u>5,467,008</u>	<u>2.91</u>
TRAVEL & LEISURE (6.02%, July 2018 - 5.66%)		
1,532,500 Arena Events Group	582,350	0.31
1,000,000 Brighton Pier Group (The)	450,000	0.24
775,000 Cake Box Holdings	1,278,750	0.68
4,425,000 DP Poland	606,225	0.32
1,106,061 easyHotel	862,728	0.46
350,000 Escape Hunt	280,000	0.15
1,461,550 Everyman Media Group	2,835,407	1.51
605,500 Goals Soccer Centres	326,970	0.17
1,298,807 Rotala	662,392	0.35
2,941,176 Safestay	941,176	0.50
400,000 Stride Gaming	392,000	0.21
905,000 Ten Entertainment Group	2,099,600	1.12
Total Travel & Leisure	<u>11,317,598</u>	<u>6.02</u>
OVERSEAS SECURITIES (2.70%, July 2018 - 1.55%)		
301,000 Ero Copper	2,086,204	1.11
10,000,000 Global Atomic (Restricted Line)	1,797,977	0.96
336,700 Greenfields Petroleum	150,368	0.08
584,957 TMT Investments	1,024,638	0.55
Total Overseas Securities	<u>5,059,187</u>	<u>2.70</u>
UNQUOTED SECURITIES (3.72%, July 2018 - 2.82%)		
850,000 Baskerville Capital Warrants	0	0.00
3,400,000 Blockchain Worldwide	161,500	0.09
2,600,000 Crawshaw Group	0	0.00
1,500,000 Gable Holdings	0	0.00
2,843,978 HaloSource 'Reg S'	0	0.00
630,119 High Capital Growth Warrants	0	0.00
5,942 Infinity Reliance	249,980	0.13
800,000 Mar City	0	0.00
29,166,667 Moxico Resources	3,500,000	1.86
10,000,000 One Media iP Group Warrants	0	0.00
222,387 Prefcap	1,779	0.00
39,333 SCA Investments	2,084,256	1.11
450,000 Snoozebox Holdings	0	0.00
1,250,000 Westminster Group Warrants	0	0.00
1,000,000 Westmount Energy Convertible Loan Notes 10% 31.03.21	1,000,000	0.53
Total Unquoted Securities	<u>6,997,515</u>	<u>3.72</u>
Portfolio of investments	175,004,314	93.12
Net current assets	12,934,420	6.88
Total net assets	<u>187,938,734</u>	<u>100.00</u>

THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2019

Blockchain Worldwide was suspended pending the acquisition of Chorum Group. However, since 31 January 2019 the company has decided not to continue with proposed acquisition and is applying to have the shares restored to trading.

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.

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.

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

Moxico Resources is being valued at cost until the shares are listed.

Prefcap is valued at the suspension price until further information is received.

SCA Investments is being valued at the price of the latest share placing.

Snoozebox Holdings is in liquidation and valued at zero until further information is received.

Westmount Energy Convertible Loan Notes 10% 31.03.21 are unlisted and are being priced at par value until maturity.

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	31,418,995
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Total sales proceeds, net of transaction charges	28,491,687
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THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-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)		(15,414,249)		16,566,571
Revenue	757,895		625,176	
Expenses	<u>(879,170)</u>		<u>(713,558)</u>	
Net revenue/(expense) before taxation		<u>(121,275)</u>		<u>(88,382)</u>
Taxation		<u>(3,141)</u>		<u>(2,319)</u>
Net revenue/(expense) after taxation		<u>(124,416)</u>		<u>(90,701)</u>
Total return before distributions		(15,538,665)		16,475,870
Distributions		538		1,127
Change in net assets attributable to shareholders from investment activities		<u>(15,538,127)</u>		<u>16,476,997</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2019

	31 January 2019		31 January 2018	
	£	£	£	£
Opening net assets attributable to shareholders		* 200,032,099		142,800,581
Amounts receivable on issue of shares	6,538,084		9,953,844	
Amounts payable on cancellation of shares	(3,092,036)		(797,586)	
Amounts payable on share class conversions	<u>(1,286)</u>		<u>(1,195)</u>	
		3,444,762		9,155,063
Change in net assets attributable to shareholders from investment activities		(15,538,127)		16,476,997
Closing net assets attributable to shareholders		<u>187,938,734</u>		* <u>168,432,641</u>

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

**THE MARLBOROUGH NO 2 OEIC
MARLBOROUGH NANO-CAP GROWTH FUND**

BALANCE SHEET

as at 31 January 2019

	31 January 2019	31 July 2018
	£	£
Assets:		
Fixed Assets:		
Investments	175,004,314	187,525,173
Current Assets:		
Debtors	566,164	723,732
Cash and bank balances	12,911,969	12,000,563
Total assets	<u>188,482,447</u>	<u>200,249,468</u>
Liabilities:		
Creditors:		
Bank overdrafts	132,728	0
Other creditors	410,985	217,369
Total liabilities	<u>543,713</u>	<u>217,369</u>
Net assets attributable to shareholders	<u><u>187,938,734</u></u>	<u><u>200,032,099</u></u>

Marlborough

— Fund Managers —

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