



# Marlborough Special Situations Fund

**Interim Report and Unaudited Financial Statements**  
for the six month period ended 20<sup>th</sup> June 2017

## **MARLBOROUGH SPECIAL SITUATIONS 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 Limited**

Andrew Staley	Chairman
Nicholas F J Cooling	Deputy Chairman
Allan Hamer	Joint Managing Director
Wayne D Green	Joint Managing Director
Dom M Clarke	Finance Director
Geoffrey Hitchin	Investment Director
Helen Derbyshire	Director – Compliance & Risk
Guy Sears	Non-Executive Director (appointed 10 April 2017)
Keith Ounsworth	Director – Sales (resigned 6 April 2017)
John R Heap	Director – Strategic Development (resigned 9 February 2017)
B John Leyland	Director (resigned 9 February 2017)

## MARLBOROUGH SPECIAL SITUATIONS FUND

<b>CONTENTS</b>	<b>PAGE</b>
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	3
DIRECTORS' STATEMENT	3
FUND INFORMATION	
Price and distribution record	4
Number of units in issue/Net asset value per unit	4
Ongoing charges	4
Synthetic risk and reward indicator	5
PORTFOLIO STATEMENT	6
PORTFOLIO TRANSACTIONS	12
<b>UNAUDITED INTERIM FINANCIAL STATEMENTS</b>	
STATEMENT OF TOTAL RETURN	13
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	13
BALANCE SHEET	14
NOTES TO THE INTERIM FINANCIAL STATEMENTS	14

## MARLBOROUGH SPECIAL SITUATIONS FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 20 June 2017

#### Percentage change and sector position to 20 June 2017

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since 01.07.1998*</u>
Marlborough Special Situations Fund	18.77%	30.56%	60.80%	153.24%	2,795.22%
Quartile Ranking**	2	2	1	2	1

\* Giles Hargreave appointed as Investment Adviser 01.07.1998 (fund launched 12 July 1995)

\*\* Based on ranking within The Investment Association UK Smaller Companies sector

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

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



During the half year period under review, the bid price of the 'P' unit class rose 18.77% from 1358.89p to 1613.94p compared to rises of 9.10% for the Small Cap index excluding investment trusts, 11.27% for the FTSE 250 and 18.09% for AIM.

At the end of the period the total net asset value of the Fund, based on the bid prices of the underlying shares was £1390m including £26m cash and spread over 201 positions.

Biggest risers over the period were Purplebricks, Bango, Crossrider, Everyman Media Group, Sophos, 1 Spatial, Gama Aviation, Microgen, Staffline and Scapa. Largest detractors were Pressure Technologies, Ricardo, WYG, RPC, OPG Power Ventures, Digital Barriers, Hurricane Energy, Blancco Technology Group, Mercantile Ports and Logistics and K3 Business Technology.

The weakness of sterling provided a fillip to reported revenue and profit figures and performance was further bolstered by two takeover approaches in the period. WS Atkins, the design, engineering and project management consultancy and Market Tech Holdings, who aimed to fuse residential and commercial developments around Camden Town and its iconic markets, along with digital technologies both received takeover approaches.

Equity markets continued their solid run from the start of 2017 up until the results of the snap General Election called by the Prime Minister in June. It is too early to assess the impact of the General Election results, though it undoubtedly increases uncertainty both in regards to domestic political affairs and negotiations with the EU stemming from Article 50 being triggered. That said, the Bank of England has thus far maintained a highly accommodative monetary stance and the majority of company's most recent commentaries have shown results in line with expectations or better.

The bull market that begun in March 2009 has been greatly facilitated by prolonged, coordinated and extraordinary monetary policy by central banks globally. However, the Federal Reserve in the US has now raised interest rates three times and both the ECB and the Bank of England have said that they too may tighten monetary policy shortly. In the UK, the proportion of people unemployed was the lowest since 1975 at 4.5% while the latest CPI figure of 2.9% is close to the 3.0% level at which the Governor must write a letter of explanation to the Chancellor. Actions speak louder than words and it will be paramount to note what they do, not what they say. With a portfolio that is deliberately diversified we believe we are suitably well placed though are watching for a shift to tighter monetary policy.

Giles Hargreave / Eustace Santa Barbara  
13 July 2017

This report contains FTSE data. Source: FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

## MARLBOROUGH SPECIAL SITUATIONS FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 20 June 2017

#### Distributions (pence per unit)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Class A</u>				
Net income paid 20 February	4.6674	2.3088	1.2316	0.5525
Net income paid 20 August	3.5745	2.4818	3.1987	2.0247
<u>Class B</u>				
Net income paid 20 February	8.0301	5.3267	3.7469	2.7965
Net income paid 20 August	7.4167	5.5925	5.9843	4.6137
<u>Class P</u>				
Net income paid 20 February	9.6005	6.7612	4.9472	3.8331
Net income paid 20 August	9.2533	7.1335	7.2726	5.8200

#### Material Portfolio Changes

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Vesuvius	10,924,347	Fever-Tree Drinks	17,031,869
Eddie Stobart Logistics	10,000,000	e2v Technologies	13,062,500
Clarkson	9,158,159	Micro Focus International	12,000,011
Coats Group	8,910,622	RPC Group	9,810,018
Vitec Group (The)	8,208,027	Phoenix Group Holdings	9,202,964
Quixant	8,123,162	Greene King	7,733,254
Burford Capital	7,816,006	Just Eat	7,545,009
Ascential	7,790,627	KAZ Minerals	7,502,057
Polymetal International	7,023,314	JD Sports Fashion	7,284,483
Dairy Crest Group	6,365,539	Melrose Industries	6,750,107
Alfa Financial Software Holdings	6,353,474	BCA Marketplace	6,695,979
Huntsworth	6,342,313	UDG Healthcare	6,643,448
M J Gleeson	6,057,693	Halfords Group	6,023,930
Cineworld Group	6,012,919	Tullow Oil	5,682,564
Draper Esprit	5,994,000	NMC Health	4,506,279
Headlam Group	5,765,283	Dunelm Group	4,215,162
Dialight	5,131,689	Dart Group	4,140,540
GB Group	5,011,172	Topps Tiles	4,136,792
Telit Communications	5,007,427	DFS Furniture	4,063,590
Lonza Group	4,668,568	Hochschild Mining	4,052,252
Other purchases	141,077,769	Other sales	93,288,668
Total purchases for the period	281,742,110	Total sales for the period	241,371,476

## **MARLBOROUGH SPECIAL SITUATIONS FUND**

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

#### **Authorised Status**

The Fund is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

#### **Nature and Objectives of the Fund**

The investment objective of the Fund is to achieve capital growth by following a speculative policy investing in smaller companies, new issues and companies going through a difficult period but with good recovery prospects. The Fund is marketable to all retail investors. The Fund may invest in derivatives and forward transactions for the purposes of hedging only.

#### **Rights and Terms attaching to each Unit Class**

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

#### **Change in Prospectus**

No changes have been made since the last report.

Up to date key investor information documents, the full prospectus and reports and accounts for any fund within the manager's range, can be requested at any time.

### **DIRECTORS' STATEMENT**

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



**ALLAN HAMER**  
**JOINT MANAGING DIRECTOR**



**WAYNE D GREEN**  
**JOINT MANAGING DIRECTOR**

**MARLBOROUGH FUND MANAGERS LTD**  
**28 July 2017**

## MARLBOROUGH SPECIAL SITUATIONS FUND

### FUND INFORMATION

#### Price and distribution record

Income units were first offered at 50p on 12 July 1995 then on 24 April 2009 all income units were converted to accumulation units on a 1:1 basis. 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.

Financial year to	Highest price	Lowest price	Net income per unit
<u>Class A</u>			
20 December 2014	1,104.56p	924.55p	3.2563p
20 December 2015	1,270.80p	993.21p	5.5075p
20 December 2016	1,401.78p	1,074.05p	7.1492p
20 December 2017*	1,672.62p	1,314.36p	3.5745p
<u>Class B</u>			
20 December 2014	1,083.08p	950.47p	8.3606p
20 December 2015	1,257.01p	1,031.40p	11.3110p
20 December 2016	1,392.13p	1,107.63p	13.6226p
20 December 2017*	1,666.48p	1,365.46p	7.4167p
<u>Class P</u>			
20 December 2014	1,072.21p	942.47p	10.7672p
20 December 2015	1,249.83p	1,013.33p	14.0338p
20 December 2016	1,386.99p	1,102.94p	16.7340p
20 December 2017*	1,663.02p	1,361.13p	9.2533p

\* six month period to 20 June 2017

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

	Net asset value of scheme property	Number of income units in issue	Net asset value per unit
<u>Class A</u>			
20 December 2014	£463,901,717	46,962,873	987.81p
20 December 2015	£414,008,034	35,133,848	1,178.37p
20 December 2016	£388,893,128	29,916,411	1,299.93p
20 June 2017	£452,378,296	29,372,652	1,540.13p
<u>Class B</u>			
20 December 2014	£12,825,535	1,268,503	1,011.08p
20 December 2015	£15,657,298	1,291,856	1,212.00p
20 December 2016	£11,275,419	839,134	1,343.70p
20 June 2017	£14,325,381	897,626	1,595.92p
<u>Class P</u>			
20 December 2014	£346,798,982	34,577,313	1,002.97p
20 December 2015	£580,746,569	48,186,834	1,205.20p
20 December 2016	£730,039,970	54,497,145	1,339.59p
20 June 2017	£923,535,338	57,975,995	1,592.96p

#### Ongoing charges

	<u>Class A</u>	<u>Class B</u>	<u>Class P</u>
20 December 2016	1.55%	1.05%	0.80%
20 June 2017	1.54%	1.04%	0.79%

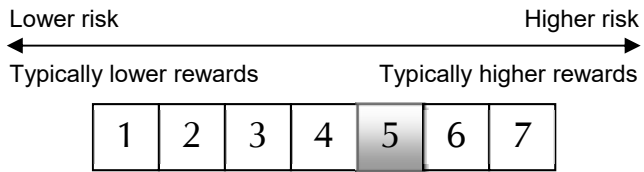
The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- Performance fees
- Portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling units in another collective investment scheme.

## MARLBOROUGH SPECIAL SITUATIONS FUND

### FUND INFORMATION

#### Synthetic risk and reward indicator



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

This Fund has been measured as 5 because it has experienced significant volatility historically.



## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AEROSPACE &amp; DEFENCE</b> (2.00%, Dec 2016 - 2.33%)		
1,100,000 Avon Rubber	11,088,000	0.80
2,000,000 Cohort	8,300,000	0.60
400,000 Ultra Electronics Holdings	8,344,000	0.60
Total Aerospace & Defence	<u>27,732,000</u>	<u>2.00</u>
<b>BANKS</b> (0.54%, Dec 2016 - 0.35%)		
3,250,000 Aldermore Group	7,468,500	0.54
Total Banks	<u>7,468,500</u>	<u>0.54</u>
<b>BEVERAGES</b> (2.27%, Dec 2016 - 3.02%)		
1,440,000 Fever-Tree Drinks	24,148,800	1.74
400,000 Nichols	7,356,000	0.53
Total Beverages	<u>31,504,800</u>	<u>2.27</u>
<b>CHEMICALS</b> (1.97%, Dec 2016 - 1.84%)		
3,600,000 Scapa Group	17,838,000	1.28
500,000 Victrex	9,530,000	0.69
Total Chemicals	<u>27,368,000</u>	<u>1.97</u>
<b>CONSTRUCTION &amp; MATERIALS</b> (4.14%, Dec 2016 - 3.73%)		
10,000,000 Low & Bonar	8,775,000	0.63
1,750,000 Marshalls	6,795,250	0.49
10,000,000 Melrose Industries	26,120,000	1.88
1,950,000 Norcros	3,373,500	0.24
3,475,000 Tyman	12,527,375	0.90
Total Construction & Materials	<u>57,591,125</u>	<u>4.14</u>
<b>ELECTRICITY</b> (0.25%, Dec 2016 - 0.42%)		
7,510,000 OPG Power Ventures	3,454,600	0.25
Total Electricity	<u>3,454,600</u>	<u>0.25</u>
<b>ELECTRONIC &amp; ELECTRICAL EQUIPMENT</b> (3.30%, Dec 2016 - 3.18%)		
550,000 Dialight	5,577,000	0.40
675,050 Gooch & Housego	9,160,428	0.66
550,000 Halma	6,319,500	0.45
100,000 Renishaw	3,712,000	0.27
500,000 Xaar	1,770,000	0.13
700,000 XP Power	17,640,000	1.27
360,000 Zytronic	1,710,000	0.12
Total Electronic & Electrical Equipment	<u>45,888,928</u>	<u>3.30</u>
<b>EQUITY INVESTMENT INSTRUMENTS</b> (0.34%, Dec 2016 - 0.37%)		
2,250,000 Crystal Amber Fund	4,680,000	0.34
Total Equity Investment Instruments	<u>4,680,000</u>	<u>0.34</u>
<b>FINANCIAL SERVICES</b> (4.60%, Dec 2016 - 4.19%)		
1,434,000 Arrow Global Group	5,714,490	0.41
692,000 Brooks Macdonald Group	15,743,000	1.13
1,075,000 Burford Capital	9,352,500	0.67
2,258,936 Cenkos Securities	2,145,989	0.15
1,350,000 City of London Investment Group	5,396,625	0.39
1,850,000 Draper Esprit	6,012,500	0.43

## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>FINANCIAL SERVICES</b> (continued)		
65,476,552 MXC Capital	1,014,887	0.07
6,210,200 Non-Standard Finance	4,378,191	0.31
750,000 Paragon Group of Companies	3,383,250	0.24
183,047 Plus500	1,014,996	0.07
3,350,000 Polo Resources	149,410	0.01
6,057,000 Redde	10,039,477	0.72
Total Financial Services	<u>64,345,315</u>	<u>4.60</u>
<b>FIXED LINE TELECOMMUNICATIONS</b> (0.96%, Dec 2016 - 0.80%)		
565,824 Manx Telecom	1,063,749	0.08
450,000 Telecom Plus	5,454,000	0.39
4,000,000 Zegona Communications	6,800,000	0.49
Total Fixed Line Telecommunications	<u>13,317,749</u>	<u>0.96</u>
<b>FOOD &amp; DRUG RETAILERS</b> (0.67%, Dec 2016 - 0.67%)		
1,500,000 Conviviality	4,867,500	0.35
400,000 Greggs	4,500,000	0.32
Total Food & Drug Retailers	<u>9,367,500</u>	<u>0.67</u>
<b>FOOD PRODUCERS</b> (2.10%, Dec 2016 - 1.83%)		
80,000 Cranswick	2,390,400	0.17
1,000,000 Dairy Crest Group	6,485,000	0.47
3,125,000 Finsbury Food Group	3,531,250	0.25
2,000,000 Hilton Food Group	14,700,000	1.06
650,000 Hotel Chocolat Group	2,062,125	0.15
Total Food Producers	<u>29,168,775</u>	<u>2.10</u>
<b>GENERAL INDUSTRIALS</b> (3.23%, Dec 2016 - 2.91%)		
16,000,000 Coats Group	12,384,000	0.89
1,895,000 RPC Group	14,600,975	1.05
1,500,000 Smith (DS)	6,865,500	0.49
2,000,000 Vesuvius	11,080,000	0.80
Total General Industrials	<u>44,930,475</u>	<u>3.23</u>
<b>GENERAL RETAILERS</b> (3.38%, Dec 2016 - 6.82%)		
1,250,000 Card Factory	3,860,000	0.28
600,000 CVS Group	8,124,000	0.58
5,621,765 JD Sports Fashion	24,162,346	1.74
3,582,500 Joules Group	10,819,150	0.78
Total General Retailers	<u>46,965,496</u>	<u>3.38</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b> (4.73%, Dec 2016 - 4.22%)		
3,000,000 Advanced Medical Solutions Group	8,985,000	0.65
3,400,000 CareTech Holdings	14,858,000	1.07
375,000 Consort Medical	4,042,500	0.29
6,000,000 Creo Medical Group	4,560,000	0.33
2,300,000 Medica Group	5,393,500	0.39
1,000,000 NMC Health	23,240,000	1.67
525,000 UDG Healthcare	4,546,500	0.33
Total Health Care Equipment & Services	<u>65,625,500</u>	<u>4.73</u>

## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>HOUSEHOLD GOODS &amp; HOME CONSTRUCTION</b> (2.73%, Dec 2016 - 1.97%)		
1,000,000 Countryside Properties	3,381,000	0.24
525,000 Crest Nicholson Holdings	2,829,750	0.20
1,000,000 Headlam Group	5,250,000	0.38
4,670,000 McBride	8,779,600	0.63
1,000,000 M J Gleeson	6,405,000	0.46
800,000 Redrow	4,524,000	0.33
1,400,000 Victoria	6,790,000	0.49
Total Household Goods & Home Construction	<u>37,959,350</u>	<u>2.73</u>
<b>INDUSTRIAL ENGINEERING</b> (4.49%, Dec 2016 - 4.10%)		
1,000,000 Bodycote	7,585,000	0.55
855,000 Hill & Smith Holdings	11,961,450	0.86
2,268,000 Northbridge Industrial Services	2,494,800	0.18
442,000 Pressure Technologies	636,480	0.05
10,000,000 Renold	5,300,000	0.38
4,500,000 Somero Enterprises	12,510,000	0.90
3,035,000 Tricorn Group	591,825	0.04
5,342,500 Trifast	11,686,719	0.84
938,150 Vitec Group (The)	9,606,656	0.69
Total Industrial Engineering	<u>62,372,930</u>	<u>4.49</u>
<b>INDUSTRIAL METALS &amp; MINING</b> (0.00%, Dec 2016 - 0.00%)		
2,571,453 Ambrian	51,429	0.00
Total Industrial Metals & Mining	<u>51,429</u>	<u>0.00</u>
<b>INDUSTRIAL TRANSPORTATION</b> (3.97%, Dec 2016 - 2.88%)		
340,000 Clarkson	8,850,200	0.64
2,845,000 Clipper Logistics	12,027,237	0.87
4,727,326 DX (Group)	449,096	0.03
6,250,000 Eddie Stobart Logistics	9,812,500	0.71
634,500 Fisher (James) & Sons	10,507,320	0.76
1,150,000 Gama Aviation	2,645,000	0.19
350,000 Global Ports Holding	2,275,000	0.16
35,386,363 Mercantile Ports & Logistics	1,769,318	0.13
660,000 Ocean Wilsons (Holdings)	6,732,000	0.48
Total Industrial Transportation	<u>55,067,671</u>	<u>3.97</u>
<b>LIFE INSURANCE</b> (0.49%, Dec 2016 - 1.15%)		
3,000,000 Just Group	3,747,000	0.27
400,000 Phoenix Group Holdings	3,120,000	0.22
Total Life Insurance	<u>6,867,000</u>	<u>0.49</u>
<b>MEDIA</b> (3.62%, Dec 2016 - 2.83%)		
2,500,000 Ascential	8,395,000	0.60
2,000,000 Crossrider	1,200,000	0.09
1,000,000 Ebiquity	1,150,000	0.08
810,000 GlobalData	4,090,500	0.29
12,150,000 Huntsworth	6,925,500	0.50
2,750,000 M&C Saatchi	9,267,500	0.67
32,229,173 Minds + Machines Group	3,867,501	0.28
1,375,464 NAHL Group	1,925,650	0.14
90,000 Rightmove	3,856,500	0.28
3,400,000 Tarsus Group	9,596,500	0.69
Total Media	<u>50,274,651</u>	<u>3.62</u>

## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>MINING</b> (1.15%, Dec 2016 - 1.36%)		
2,272,500 Central Asia Metals	4,954,050	0.36
150,000 KAZ Minerals	722,250	0.05
18,000,000 Patagonia Gold	270,000	0.02
1,100,000 Polymetal International	10,015,500	0.72
Total Mining	<u>15,961,800</u>	<u>1.15</u>
<b>MOBILE TELECOMMUNICATIONS</b> (0.22%, Dec 2016 - 0.22%)		
538,000 Gamma Communications	3,066,600	0.22
Total Mobile Telecommunications	<u>3,066,600</u>	<u>0.22</u>
<b>NONEQUITY INVESTMENT INSTRUMENTS</b> (0.07%, Dec 2016 - 0.20%)		
5,400,000 Geiger Counter	999,000	0.07
Total Nonequity Investment Instruments	<u>999,000</u>	<u>0.07</u>
<b>OIL &amp; GAS PRODUCERS</b> (1.59%, Dec 2016 - 3.10%)		
35,138,500 Amerisur Resources	7,379,085	0.53
9,666,003 Faroe Petroleum	8,312,763	0.60
6,625,000 Hurricane Energy	2,418,125	0.17
300,570 IndusGas	1,036,967	0.07
20,840,000 Providence Resources	3,126,000	0.22
Total Oil & Gas Producers	<u>22,272,940</u>	<u>1.59</u>
<b>OIL EQUIPMENT &amp; SERVICES</b> (0.07%, Dec 2016 - 0.05%)		
4,545,688 Enteq Upstream	954,594	0.07
Total Oil Equipment & Services	<u>954,594</u>	<u>0.07</u>
<b>PERSONAL GOODS</b> (0.81%, Dec 2016 - 1.25%)		
550,000 SuperGroup	8,772,500	0.63
100,000 Ted Baker	2,471,000	0.18
Total Personal Goods	<u>11,243,500</u>	<u>0.81</u>
<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY</b> (7.26%, Dec 2016 - 5.92%)		
1,000,000 Abcam	9,855,000	0.71
1,460,000 Clinigen Group	13,008,600	0.94
1,500,000 Dechra Pharmaceuticals	27,990,000	2.01
742,500 ECO Animal Health Group	4,306,500	0.31
800,000 Genus	15,400,000	1.11
3,500,000 Horizon Discovery Group	6,825,000	0.49
496,000 Hutchison China MediTech	17,930,400	1.29
1,000,000 Mereo BioPharma Group	3,200,000	0.23
1,435,000 Summit Therapeutics	2,367,750	0.17
Total Pharmaceuticals & Biotechnology	<u>100,883,250</u>	<u>7.26</u>
<b>REAL ESTATE INVESTMENT &amp; SERVICES</b> (2.37%, Dec 2016 - 1.69%)		
3,000,000 CLS Holdings	6,468,000	0.47
2,600,000 Grainger	6,827,600	0.49
1,892,000 Harworth Group	1,797,400	0.13
1,640,000 Lok'nStore Group	6,920,800	0.50
3,471,698 Market Tech Holdings	6,518,113	0.47
1,125,000 Purplebricks Group	4,345,312	0.31
800,000 Trinity Capital	5,200	0.00
Total Real Estate Investment & Services	<u>32,882,425</u>	<u>2.37</u>

## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>REAL ESTATE INVESTMENT TRUSTS (1.69%, Dec 2016 - 1.91%)</b>		
600,000 Big Yellow Group	4,869,000	0.35
1,807,000 Safestore Holdings	7,876,713	0.57
1,150,000 Workspace Group	10,741,000	0.77
Total Real Estate Investment Trusts	<u>23,486,713</u>	<u>1.69</u>
<b>SOFTWARE &amp; COMPUTER SERVICES (10.74%, Dec 2016 - 9.71%)</b>		
242,000 accesso Technology Group	4,295,500	0.31
1,683,627 Alfa Financial Software Holdings	6,768,181	0.49
1,250,000 Bango	2,025,000	0.15
1,269,436 Blancco Technology Group	1,904,154	0.14
4,260,000 Brady	3,152,400	0.23
680,000 Craneware	8,602,000	0.62
460,000 EMIS Group	4,294,100	0.31
1,452,500 FDM Group (Holdings)	11,017,212	0.79
300,000 First Derivatives	8,553,000	0.61
2,250,000 GB Group	8,583,750	0.62
17,000,000 Idox	11,475,000	0.82
2,050,000 K3 Business Technology Group	3,013,500	0.22
500,000 Micro Focus International	12,120,000	0.87
4,000,000 Microgen	12,640,000	0.91
3,250,000 NCC Group	5,500,625	0.40
8,925,000 Parity Group	981,750	0.07
2,713,484 Sanderson Group	1,845,169	0.13
2,250,000 SDL	13,848,750	1.00
2,000,000 Servelec Group	6,045,000	0.43
5,000,000 Sophos Group	22,520,000	1.62
Total Software & Computer Services	<u>149,185,091</u>	<u>10.74</u>
<b>SUPPORT SERVICES (11.84%, Dec 2016 - 13.85%)</b>		
50,000,000 1Spatial	1,500,000	0.11
600,000 Atkins (WS)	12,444,000	0.90
4,000,000 BCA Marketplace	7,990,000	0.57
8,205,000 Digital Barriers	2,194,838	0.16
500,000 Diploma	5,625,000	0.40
300,000 Gattaca	966,000	0.07
777,500 Impellam Group	5,714,625	0.41
662,142 Maintel Holdings	5,992,385	0.43
1,292,000 Midwich Group	4,134,400	0.30
250,000 Mitie Group	770,250	0.06
845,500 Northgate	4,574,155	0.33
2,752,500 Renew Holdings	12,234,862	0.88
4,500,000 Restore	19,215,000	1.38
1,007,000 Ricardo	8,010,685	0.58
2,000,000 Robert Walters	8,105,000	0.58
1,000,000 RWS Holdings	3,902,500	0.28
2,000,000 SafeCharge International Group	5,240,000	0.38
3,250,000 Sanne Group	21,157,500	1.52
2,400,000 Science Group	4,344,000	0.31
1,600,000 Smart Metering Systems	8,064,000	0.58
625,000 Staffline Group	8,531,250	0.61
932,500 Vp	8,112,750	0.58
6,050,000 WYG	5,868,500	0.42
Total Support Services	<u>164,691,700</u>	<u>11.84</u>

**MARLBOROUGH SPECIAL SITUATIONS FUND**
**PORTFOLIO STATEMENT**

as at 20 June 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT</b> (1.44%, Dec 2016 - 0.27%)		
5,000,000 Concurrent Technologies	4,300,000	0.31
2,500,000 Quixant	8,875,000	0.64
1,750,000 Spirent Communications	2,038,750	0.15
1,450,000 Telit Communications	4,730,625	0.34
Total Technology Hardware & Equipment	<u>19,944,375</u>	<u>1.44</u>
<b>TRAVEL &amp; LEISURE</b> (7.72%, Dec 2016 - 8.15%)		
2,600,000 888 Holdings	6,903,000	0.50
3,000,000 Action Hotels	1,260,000	0.09
1,000,000 Cineworld Group	6,935,000	0.50
1,250,000 Domino's Pizza Group	3,702,500	0.27
1,066,667 Escape Hunt	1,514,667	0.11
3,380,000 Everyman Media Group	5,577,000	0.40
2,500,000 Goals Soccer Centres	2,675,000	0.19
950,000 GVC Holdings	7,661,750	0.55
3,000,000 Hollywood Bowl Group	5,047,500	0.36
4,000,000 On the Beach Group	15,490,000	1.11
2,714,725 Patisserie Holdings	9,040,034	0.65
700,000 Playtech	7,035,000	0.51
801,250 PPHE Hotel Group	6,490,125	0.47
8,000,000 Sportech	7,920,000	0.57
4,185,898 The Gym Group	8,131,107	0.58
300,000 Wizz Air Holdings	6,978,000	0.50
227,725 Young & Co's Brewery 'A'	2,964,980	0.21
200,000 Young & Co's Brewery 'NV'	2,070,000	0.15
Total Travel & Leisure	<u>107,395,663</u>	<u>7.72</u>
<b>OVERSEAS SECURITIES</b> (1.17%, Dec 2016 - 1.20%)		
118,836 Kalina Power	3,782	0.00
30,000 Lonza Group	4,992,991	0.36
450,000 Princess Private Equity Holding	3,943,268	0.28
4,654,747 Summit Germany	4,466,066	0.32
4,343,083 Symphony International Holdings	2,879,506	0.21
Total Overseas Securities	<u>16,285,613</u>	<u>1.17</u>
<b>UNQUOTED SECURITIES</b> (0.16%, Dec 2016 - 0.18%)		
590,000 Avanti Capital	35,400	0.00
619,101 EastCoal	0	0.00
4,800,000 Genagro	155,859	0.01
41,000 K3 Business Technology Group Sub Shares	0	0.00
1,000,000 Lamaune Iron	0	0.00
1,000,000 Lamaune Iron Warrants	0	0.00
1,641,000 New Finsaga	0	0.00
735,000 Normandy	51,450	0.00
7,547,170 Norseman Gold	0	0.00
3,589,545 Red Lambda	0	0.00
1,000,000 Tottenham Hotspur	2,050,000	0.15
11 Walter Energy	0	0.00
Total Unquoted Securities	<u>2,292,709</u>	<u>0.16</u>
Portfolio of investments	1,363,547,767	98.08
Net current assets	<u>26,691,248</u>	<u>1.92</u>
Net assets	<u>1,390,239,015</u>	<u>100.00</u>

## MARLBOROUGH SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 20 June 2017

The investments of the Fund have been valued at their fair value at 12 noon on 20 June 2017. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the authorised fund manager believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the authorised fund manager's best estimate of a fair and reasonable value for that investment. The fair value excludes any element of accrued interest.

Avanti Capital is delisted and is being valued at the last traded price until further information is received.

EastCoal has ceased trading and is deemed to be valueless.

Genagro is priced based on the latest update from the company.

K3 Business Technology Group Sub Shares....

Lamaune Iron is priced at zero, following the the latest reports received from the company.

Lamaune Iron Warrants are valued at the price of the ordinary shares less the exercise price.

New Finsaga has been wound up and will be removed from the valuation when the trustee receives notification.

Normandy shares were received instead of a cash dividend from Impellam and is being priced at the dividend amount until further information is received.

Norseman Gold is in voluntary liquidation and deemed to be valueless.

Red Lambda is deemed to be valueless by the fund manager.

Tottenham Hotspur is delisted and is being valued using the last auction price of the shares.

Walter Energy is in bankruptcy.

### PORTFOLIO TRANSACTIONS

for the six month period ended 20 June 2017

£

Total purchases, including transaction charges	281,742,110
Total sales proceeds, net of transaction charges	241,371,476

## MARLBOROUGH SPECIAL SITUATIONS FUND

### STATEMENT OF TOTAL RETURN

for the six month period ended 20 June 2017

	20 June 2017		20 June 2016	
	£	£	£	£
Income:				
Net capital gains/(losses)		208,033,556		2,837,585
Revenue	13,060,096		10,183,905	
Expenses	<u>(6,620,274)</u>		<u>(5,557,498)</u>	
Net revenue/(expense) before taxation	6,439,822		4,626,407	
Taxation	<u>(48,325)</u>		<u>(35,310)</u>	
Net revenue/(expense) after taxation		<u>6,391,497</u>		<u>4,591,097</u>
Total return before distributions		214,425,053		7,428,682
Distributions		(6,391,497)		(4,591,097)
Change in net assets attributable to unitholders from investment activities		<u>208,033,556</u>		<u>2,837,585</u>

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

for the six month period ended 20 June 2017

	20 June 2017		20 June 2016	
	£	£	£	£
Opening net assets attributable to unitholders		* 1,130,208,517		1,010,411,901
Amounts receivable on issue of units	57,073,630		41,680,149	
Amounts payable on cancellation of units	(11,536,468)		(14,553,460)	
Amounts payable on unit class conversions	<u>(21,374)</u>		<u>(78,500)</u>	
		45,515,788		27,048,189
Change in net assets attributable to unitholders from investment activities		208,033,556		2,837,585
Retained distribution on accumulation units		6,481,154		4,698,196
Closing net assets attributable to unitholders		<u>1,390,239,015</u>		* <u>1,044,995,871</u>

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



## MARLBOROUGH SPECIAL SITUATIONS FUND

### BALANCE SHEET

as at 20 June 2017

	20 June 2017	20 December 2016
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	1,363,547,767	1,115,194,315
<b>Current Assets:</b>		
Debtors	6,495,729	5,951,200
Cash and bank balances	26,104,713	10,075,214
Total assets	<u>1,396,148,209</u>	<u>1,131,220,729</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Other creditors	5,909,194	1,012,212
Total liabilities	<u>5,909,194</u>	<u>1,012,212</u>
<b>Net assets attributable to unitholders</b>	<u><u>1,390,239,015</u></u>	<u><u>1,130,208,517</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 20 June 2017

#### Basis for preparation

The interim financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 20 December 2016 and are described in those annual financial statements.

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

Investor Support: (0808) 145 2500 (FREEPHONE)  
Dealing: (0808) 145 2501 (FREEPHONE)  
Fax: (01204) 533 045  
Email: [investorsupport@marlboroughfunds.com](mailto:investorsupport@marlboroughfunds.com)  
Website: [www.marlboroughfunds.com](http://www.marlboroughfunds.com)

Marlborough Fund Managers Ltd  
Registered in England No. 2061177  
Authorised and regulated by the Financial Conduct Authority and a  
member of The Investment Association.