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# MARLBOROUGH BOND INCOME FUND

## INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

for the six month period ended 30 November 2019

## **MARLBOROUGH BOND INCOME 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.

### **Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

### **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
Guy Sears	Non-Executive Director
David Kiddie	Non-Executive Director
Sarah Peaston	Non-Executive Director (appointed 1 October 2019)

## MARLBOROUGH BOND INCOME FUND

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## MARLBOROUGH BOND INCOME FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 30 November 2019

#### Percentage change and sector position to 30 November 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch *</u>
Marlborough Bond Income Fund	3.23%	7.27%	13.11%	22.00%	164.81%
IA Sterling Corporate Bond	4.44%	10.18%	14.59%	23.25%	154.94%
Quartile Ranking **	4	4	3	3	2

\* 9 September 1998.

\*\* Based on ranking within The Investment Association's Sterling Corporate Bond sector.

External Source of Economic Data: Morningstar (Class P Inc - bid to bid, gross 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 period the price of the P income units has increased by 3.23%. This includes the income relating to the period.

During the period the Bank of England base rate has remained at 0.75%. Currently the position of the economy means that this rate is more likely to be reduced than to increase.

The reasons for this include that inflation is now down to 1.3% on an annual basis. Gross Domestic Product stagnated in the 3 months to October and recent purchasing managers' figures suggest that manufacturing services and construction are all signalling contraction.

Abroad, the Eurozone still remains weak particularly in industrial production where the year on year fall was 1.5%.

As a result of these factors, the Bank of England's Saunders says that a failure to ease now increases the chance of being caught in a low inflation trap.

The conclusion has to be that interest rates are likely to fall further with no clear idea of a rise in the foreseeable future. Effective interest rates are now however very similar, whether it is for a longer or shorter period. The problem with this from an investment point of view is that there is very little to be gained by investing for a longer period and that is to some degree in contrast with the US and the Eurozone. Consequently, the extra risk from investing for a longer period is difficult to justify from a risk/reward point of view. We are therefore currently balancing the possible risks and rewards by having a portfolio with varying dates of maturity to provide a reasonable level of return with a low level risk of price falls.

Geoff Hitchin  
15 January 2020

#### **Distributions** (pence per unit)

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Class A</u>				
Net income paid 31 January	0.300048	0.316028	0.392940	0.420593
Net income paid 30 April		0.348535	0.364606	0.464041
Net income paid 31 July		0.312981	0.351097	0.443089
Net income paid 31 October		0.300149	0.337623	0.430405
<u>Class B</u>				
Net income paid 31 January	0.415000	0.358600	0.442103	0.458000
Net income paid 30 April		0.378494	0.425707	0.517000
Net income paid 31 July		0.000000	0.401709	0.504909
Net income paid 31 October		0.194000	0.405437	0.514294
<u>Class P</u>				
Net income paid 31 January	0.357190	0.370995	0.449537	0.462756
Net income paid 30 April		0.404015	0.420411	0.519042
Net income paid 31 July		0.369633	0.407409	0.499036
Net income paid 31 October		0.357597	0.393728	0.489536

## MARLBOROUGH BOND INCOME FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 30 November 2019

#### Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Engie 7% 30.10.28	441,000	Morrison (WM) Supermarkets 3.5% 27.07.26	441,920
VW Financial Services 2.75% 10.07.23	415,660	London Stock Exchange Gr 4.75% 02.11.21	427,260
VW Financial Services 1.875% 07.09.21	402,458	VW Financial Services 1.875% 07.09.21	403,800
Morrison (WM) Supermarkets 2.5% 01.10.31	401,160	GE Capital UK Funding 4.375% 31.07.19	400,000
Imperial Brands Finance 5.5% 28.09.26	367,320	TP ICAP 5.25% 11.06.19	400,000
Electricity North West 8.875% 25.03.26	328,536	Imperial Brands Finance 8.125% 15.03.24	360,808
InterContinental Hotels Gr 3.875% 28.11.22	323,830	Svenska Handelsbanken 1.625% 18.06.22	356,405
SSE 8.375% 20.11.28	303,800	Manc Airport Gr Funding 4.125% 02.04.24	337,320
Électricité de France 5.5% 17.10.41	294,536	Bank of Ireland 13.375% Perp	304,391
SP Distribution 5.875% 17.07.26	252,500	Bank of Nova Scotia 1.25% 08.06.22	302,310
Other purchases	2,211,964	Other sales	4,039,039
Total purchases for the period	5,742,764	Total sales for the period	7,773,253

## **MARLBOROUGH BOND INCOME FUND**

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

#### **Authorised Status**

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

#### **Investment objective and policy**

The aim of the Fund is to provide income, that is, money paid out from an investment as interest, with the potential for some capital growth, that is, to increase the value of your investment. The Fund aims to outperform the average of the IA Sterling Corporate Bond sector over any 5 year period, after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

At least 80% of the Fund will be invested in bonds issued by companies and institutions. These will be investment grade bonds which are loans issued by entities that have a high capacity to repay the debt.

The Fund may also invest in sub-investment grade bonds which can be more vulnerable to changing economic conditions, bonds issued by governments, shares (including preference shares and permanent interest bearing shares), bonds which may be converted into shares (known as convertible bonds) and money market instruments (which are shorter term loans).

The Fund is actively managed which means the manager decides which investments to buy or sell and when. The manager's principal aim is to buy bonds and hold them to maturity in order to maximise the income generated, although some investments may be sold prior to maturity.

The Fund invests in a diversified portfolio of securities and has no constraints in relation to industry.

The manager uses derivatives (instruments whose returns are linked to another asset, market or other variable factor) and forward transactions, for the purposes of efficient portfolio management in order to reduce currency risk in the Fund, also known as hedging.

From time to time, the Fund may also use derivative instruments to gain exposure to certain currencies or manage interest rate risk in the Fund.

The Fund may hold up to 20% in cash to enable the ready settlement of liabilities, for the efficient management of the Fund and in pursuit of the Fund's objectives.

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

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

#### **Changes in prospectus**

With effect from 19 December 2020, the investment objectives have been updated, and there has been a change of auditor from Barlow Andrews LLP to Ernst & Young LLP. There is also a statement to allow the AFM to mandatorily convert unitholders from one class to another. Details of these changes can be found in the Prospectus.

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

**MARLBOROUGH BOND INCOME FUND**

**DIRECTORS' STATEMENT**

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

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

**G R HITCHIN**  
**INVESTMENT DIRECTOR**

**MARLBOROUGH FUND MANAGERS LTD**  
**20 January 2020**

## MARLBOROUGH BOND INCOME FUND

### COMPARATIVE TABLE

Income units were first offered at 50p on 9 September 1998. On 31 December 2012, the existing units were reclassified as Class A units and Class B and P units became available for purchase.

<b><u>Class A income units</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>30.11.2019</b>	<b>31.05.2019</b>	<b>31.05.2018</b>	<b>31.05.2017</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	50.53	50.59	52.09	49.75
Return before operating charges *	1.85	2.06	0.86	4.93
Operating charges	(0.41)	(0.80)	(0.82)	(0.83)
Return after operating charges *	1.44	1.26	0.04	4.10
Distributions on income units	(0.60)	(1.32)	(1.54)	(1.76)
Closing net asset value per unit	51.37	50.53	50.59	52.09
* after direct transaction costs of:	0.00	0.00	0.00	0.00
<b>Performance</b>				
Return after charges	2.85%	2.49%	0.08%	8.24%
<b>Other information</b>				
Closing net asset value	£31,806,686	£32,683,701	£28,435,907	£16,465,698
Closing number of units	61,915,849	64,687,432	56,213,470	31,611,579
Operating charges	1.59% <sup>A</sup>	1.58%	1.59%	1.60%
Direct transaction costs	0.00% <sup>A</sup>	0.00%	0.01%	0.00%
<b>Prices</b>				
Highest unit price	52.31p	53.63p	55.63p	56.26p
Lowest unit price	50.69p	49.34p	50.74p	49.88p
<b><u>Class B income units</u></b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>30.11.2019</b>	<b>31.05.2019</b>	<b>31.05.2018</b>	<b>31.05.2017</b>
	<b>Pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	51.50	51.54	52.86	50.30
Return before operating charges *	1.92	1.66	1.03	5.08
Operating charges	(0.29)	(0.56)	(0.57)	(0.58)
Return after operating charges *	1.63	1.10	0.46	4.50
Distributions on income units	(0.61)	(1.14)	(1.78)	(1.94)
Closing net asset value per unit	52.52	51.50	51.54	52.86
* after direct transaction costs of:	0.00	0.00	0.00	0.00
<b>Performance</b>				
Return after charges	3.17%	2.13%	0.87%	8.95%
<b>Other information</b>				
Closing net asset value	£525	£5	£988	£1,006
Closing number of units	1,000	10	1,917	1,903
Operating charges	1.09% <sup>A</sup>	1.08%	1.09%	1.10%
Direct transaction costs	0.00% <sup>A</sup>	0.00%	0.01%	0.00%
<b>Prices</b>				
Highest unit price	53.37p	54.74p	56.61p	56.98p
Lowest unit price	51.65p	50.35p	51.68p	50.45p

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



## MARLBOROUGH BOND INCOME FUND

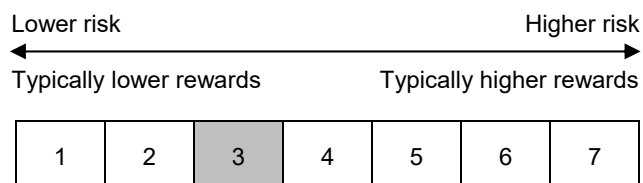
### COMPARATIVE TABLE

<b>Class P income units</b>	<b>Period to 30.11.2019</b>	<b>Year to 31.05.2019</b>	<b>Year to 31.05.2018</b>	<b>Year to 31.05.2017</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	51.76	51.63	52.96	50.39
Return before operating charges *	1.90	2.10	0.88	4.98
Operating charges	(0.22)	(0.43)	(0.44)	(0.45)
Return after operating charges *	1.68	1.67	0.44	4.53
Distributions on income units	(0.71)	(1.54)	(1.77)	(1.96)
Closing net asset value per unit	52.73	51.76	51.63	52.96
* after direct transaction costs of:	0.00	0.00	0.00	0.00
<b>Performance</b>				
Return after charges	3.25%	3.23%	0.83%	8.99%
<b>Other information</b>				
Closing net asset value	£6,009,119	£9,397,457	£9,151,947	£10,788,957
Closing number of units	11,396,458	18,154,990	17,726,417	20,370,791
Operating charges	0.84% <sup>A</sup>	0.83%	0.84%	0.85%
Direct transaction costs	0.00% <sup>A</sup>	0.00%	0.01%	0.00%
<b>Prices</b>				
Highest unit price	53.69p	52.73p	54.51p	54.91p
Lowest unit price	51.94p	50.60p	51.90p	50.53p

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

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

### SYNTHETIC RISK AND REWARD INDICATOR



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

The Fund has been measured as 3 because it has experienced low to moderate volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

## MARLBOROUGH BOND INCOME FUND

### PORTFOLIO STATEMENT

as at 30 November 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>STERLING</b> (31 May 2019 - 87.74%)			
91,000	A2D Funding 4.75% 18.10.22	97,692	0.26
120,000	A2D Funding II 4.5% 30.09.26	137,038	0.36
100,000	AA Bond Co 4.2487% 31.07.20	101,138	0.27
100,000	ABP Finance 6.25% 14.12.26	123,407	0.33
160,000	Aegon 6.625% 16.12.39	265,946	0.70
310,000	América Móvil 6.375% 06.09.73	320,311	0.85
400,000	American International Group 5% 26.04.23	447,160	1.18
110,000	Amgen 5.5% 07.12.26	137,262	0.36
110,000	AMP Group Finance Services 6.875% 23.08.22	118,192	0.31
150,000	Anglian Water Services Financing 2.625% 15.06.27	149,435	0.40
200,000	Anglian Water Services Financing 6.875% 21.08.23	241,658	0.64
400,000	Anheuser-Busch InBev 1.75% 07.03.25	406,788	1.08
100,000	AP Moller-Maersk 4% 04.04.25	107,868	0.29
400,000	AT&T 4.375% 14.09.29	469,692	1.24
200,000	Autostrade Per L'Italia 6.25% 09.06.22	213,200	0.56
230,000	Aviva 6.125% 14.11.36	276,685	0.73
380,000	AXA 5.453% Perp	428,925	1.13
250,000	Bank of America 8.125% 02.06.28	358,425	0.95
200,000	Bank of Montreal 1.5% 18.12.24	201,014	0.53
200,000	Barclays 3% 08.05.26	208,524	0.55
220,000	Barclays Bank 9.5% 07.08.21	247,760	0.66
430,000	BAT Capital 2.125% 15.08.25	428,375	1.13
410,000	Becton, Dickinson and Co 3.02% 24.05.25	433,780	1.15
310,000	BHP Billiton Finance FRN 22.10.77	348,775	0.92
351,000	Birmingham Airport (Finance) 6.25% 22.02.21	370,758	0.98
400,000	BP Capital Markets 1.177% 12.08.23	402,316	1.06
160,000	British Telecommunications 8.625% 26.03.20	163,619	0.43
237,908	Broadgate Financing 4.949% 05.04.31	277,555	0.73
250,000	BUPA Finance 5% 08.12.26	285,972	0.76
100,000	Canary Wharf Finance II 5.952% 22.01.35	147,319	0.39
250,000	Centrica 5.25% 10.04.75	264,335	0.70
390,000	Chorus 6.75% 06.04.20	396,906	1.05
360,000	Citigroup 5.15% 21.05.26	436,496	1.15
100,000	Close Brothers Group 4.25% 24.01.27	104,581	0.28
150,000	Clydesdale Bank 4.625% 08.06.26	182,542	0.48
200,000	CNP Assurances 7.375% 30.09.41	220,492	0.58
300,000	Coöperatieve Rabobank 4.625% 23.05.29	357,495	0.95
200,000	Coventry Building Society 1.875% 24.10.23	203,672	0.54
60,000	Coventry Building Society 12.125% PIBS	120,900	0.32
200,000	Credit Suisse Group Funding (Guernsey) 2.75% 08.08.25	209,780	0.55
400,000	CRH Finance (UK) 4.125% 02.12.29	473,964	1.25
100,000	Deutsche Bahn Finance 2.75% 20.06.22	104,407	0.28
160,000	Deutsche Bahn Finance 3.125% 24.07.26	179,152	0.47
150,000	Deutsche Telekom International Finance 2.25% 13.04.29	153,939	0.41
100,000	Digital Stout Holding 4.75% 13.10.23	111,420	0.29
200,000	Discovery Communications 2.5% 20.09.24	205,156	0.54
200,000	Dwr Cymru (Financing) 2.5% 31.03.36	220,200	0.58
300,000	EDP Finance 8.625% 04.01.24	383,064	1.01
300,000	Électricité de France 5.5% 17.10.41	438,489	1.16
229,000	Electricity North West 8.875% 25.03.26	326,552	0.86
375,000	Enel 5.75% 22.06.37	532,005	1.41
300,000	Engie 7% 30.10.28	438,558	1.16
150,000	ENW Finance 6.125% 21.07.21	161,661	0.43
250,000	Equinor 6.875% 11.03.31	387,805	1.03
100,000	ESB Finance 6.5% 05.03.20	101,303	0.27

## MARLBOROUGH BOND INCOME FUND

### PORTFOLIO STATEMENT

as at 30 November 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>STERLING</b> (continued)			
350,000	FCA Bank (Ireland) 1.625% 29.09.21	350,021	0.93
260,000	FCE Bank 2.727% 03.06.22	263,853	0.70
450,000	Fidelity National Information Services 2.602% 21.05.25	471,924	1.25
100,000	FirstGroup 5.25% 29.11.22	108,348	0.29
200,000	Gatwick Funding 6.125% 02.03.26	251,136	0.66
250,000	Gazprom 4.25% 06.04.24	270,350	0.72
200,000	General Electric 4.875% 18.09.37	217,558	0.58
250,000	General Motors Financial 2.25% 06.09.24	249,725	0.66
160,000	GlaxoSmithKline Capital 5.25% 19.12.33	228,171	0.60
140,000	Glencore Finance (Europe) 5.5% 03.04.22	154,146	0.41
200,000	Go-Ahead Group 2.5% 06.07.24	201,678	0.53
165,000	Goldman Sachs Group 6.875% 18.01.38	249,351	0.66
100,000	Hammerson 7.25% 21.04.28	126,838	0.34
300,000	Heathrow Funding 6% 20.03.20	304,056	0.80
100,000	Hiscox FRN 24.11.45	111,371	0.29
250,000	Home Group 0% 11.05.27	192,990	0.51
300,000	HSBC Holdings 5.75% 20.12.27	369,828	0.98
250,000	Iberdrola Finanzas 6% 01.07.22	279,900	0.74
300,000	Imperial Brands Finance 5.5% 28.09.26	356,142	0.94
260,000	innogy Finance 5.625% 06.12.23	303,633	0.80
300,000	InterContinental Hotels Group 3.875% 28.11.22	322,449	0.85
60,000	Intermediate Capital Group 5% 24.03.23	62,650	0.17
100,000	Investec 4.5% 05.05.22	105,912	0.28
120,000	IPIC GMTN 6.875% 14.03.26	158,773	0.42
150,000	Koninklijke KPN 6.875% 14.03.73	152,063	0.40
400,000	Korea Development Bank 1.75% 15.12.22	406,576	1.08
200,000	Kraft Heinz Foods 4.125% 01.07.27	220,520	0.58
400,000	Lambay Capital Securities 6.25% Perp	4,424	0.01
300,000	Legal & General Group 5.375% 27.10.45	339,066	0.90
208,000	Lendlease Europe Finance 6.125% 12.10.21	223,531	0.59
100,000	Leonardo 8% 16.12.19	100,202	0.26
310,000	Liverpool Victoria Friendly Society 6.5% 22.05.43	346,558	0.92
165,000	Lloyds Bank 7.375% 01.06.20	168,547	0.45
324,000	London Power Networks 5.125% 31.03.23	365,407	0.97
350,000	McDonald's 5.875% 23.04.32	496,783	1.31
400,000	Metropolitan Life Global Funding I 2.625% 05.12.22	416,316	1.10
220,000	Mexico (United Mexican States) 5.625% 19.03.14	242,350	0.64
150,000	Mitchells & Butlers Finance 6.469% 15.09.30	172,081	0.46
400,000	Morrison (WM) Supermarkets 2.5% 01.10.31	403,240	1.07
77,000	Motability Operations Group 6.625% 10.12.19	77,083	0.20
100,000	Munich Re FRN 26.05.42	112,336	0.30
149,000	National Express Group 6.625% 17.06.20	153,048	0.40
125,000	National Grid 1.25% RPI Linked 06.10.21	156,563	0.41
65,000	National Westminster Bank 11.5% Perp	109,850	0.29
88,100	Natwest Markets 5.1% 01.02.20	88,534	0.23
100,000	Next 3.625% 18.05.28	106,896	0.28
200,000	NGG Finance 5.625% 18.06.73	223,750	0.59
200,000	Northern Powergrid Holdings 7.25% 15.12.22	235,466	0.62
220,000	Northumbrian Water Finance 2.375% 05.10.27	230,318	0.61
400,000	Orange 5.75% Und Nts	441,500	1.17
300,000	Ørsted 4.875% 12.01.32	394,416	1.04
100,000	Pacific National Finance 5% 19.09.23	111,638	0.30
50,000	Peel South East 10% 30.04.26	68,830	0.18
220,000	Places for People Treasury 2.875% 17.08.26	226,989	0.60
100,000	Porterbrook Rail Finance 4.625% 04.04.29	116,316	0.31

## MARLBOROUGH BOND INCOME FUND

### PORTFOLIO STATEMENT

as at 30 November 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>STERLING</b> (continued)		
350,000 Proctor & Gamble 1.375% 03.05.25	355,400	0.94
110,000 Prudential 5% 20.07.55	122,407	0.32
223,000 QBE Insurance Group 6.115% 24.05.42	244,832	0.65
230,000 RL Finance Bonds No. 2 6.125% 30.11.43	259,905	0.69
140,000 Rothschilds Continuation Finance (CI) 9% Perp	171,091	0.45
140,000 RZD Capital 7.487% 25.03.31	186,424	0.49
150,000 Santander UK 1.875% 17.02.20	150,245	0.40
100,000 Santander UK 5.875% 14.08.31	119,189	0.32
100,000 Scottish Widows 5.5% 16.06.23	111,251	0.29
200,000 Severn Trent Utilities Finance 1.625% 04.12.22	202,794	0.54
100,000 Severn Trent Utilities Finance 4.875% 24.01.42	142,585	0.38
400,000 Sky 4% 26.11.29	481,328	1.27
200,000 SP Distribution 5.875% 17.07.26	250,862	0.66
100,000 Spain (Kingdom of) 5.25% 06.04.29	128,790	0.34
100,000 SSE 3.625% 16.09.77	101,651	0.27
200,000 SSE 8.375% 20.11.28	300,020	0.79
250,000 Telefónica Emisiones 5.375% 02.02.26	301,187	0.80
100,000 Telefónica Europe 6.75% Perp	104,543	0.28
119,184 Telereal Securitisation 5.9478% 10.12.31	147,702	0.39
95,324 Tesco Property Finance 1 7.6227% 13.07.39	139,240	0.37
380,000 Textron 6.625% 07.04.20	386,122	1.02
150,000 Thames Water Utilities Finance 4.375% 03.07.34	184,104	0.49
100,000 Vattenfall 6.875% 15.04.39	172,121	0.46
100,000 Verizon Communications 1.875% 19.09.30	98,941	0.26
450,000 Verizon Communications 3.375% 27.10.36	517,347	1.37
135,000 Volkswagen Financial Services 2.25% 12.04.25	137,101	0.36
400,000 Volkswagen Financial Services 2.75% 10.07.23	412,508	1.09
50,000 Wales & West Utilities Finance 6.25% 30.11.21	55,102	0.15
400,000 Walgreens Boots Alliance 3.6% 20.11.25	410,188	1.08
400,000 Welltower 4.5% 01.12.34	485,080	1.28
140,000 Western Power Distribution (South West) 2.375% 16.05.29	145,351	0.38
300,000 Western Power Distribution 3.625% 06.11.23	318,549	0.84
125,000 William Hill 4.875% 07.09.23	132,966	0.35
200,000 WPP Finance 2013 2.875% 14.09.46	184,290	0.49
100,000 Yorkshire Power Finance 7.25% 04.08.28	144,356	0.38
250,000 Yorkshire Water Finance 3.75% 22.03.46	259,275	0.69
103,000 Yorkshire Water Finance 6.5876% 21.02.23	120,738	0.32
Total Sterling	35,439,048	93.71
<b>EURO</b> (31 May 2019 - 2.79%)		
200,000 Crédit Agricole Assurances 4.75% 27.09.48	205,651	0.54
130,000 International Personal Finance 5.75% 07.04.21	108,464	0.29
200,000 Merck 2.875% 25.06.79	180,291	0.48
250,000 Nationwide Building Society 2% 25.07.29	219,867	0.58
250,000 NN Group 4.625% 13.01.48	251,350	0.67
200,000 Total 3.369% Perp	193,717	0.51
100,000 Volkswagen International Finance 3.875% Perp	91,637	0.24
Total Euro	1,250,977	3.31

## MARLBOROUGH BOND INCOME FUND

### PORTFOLIO STATEMENT

as at 30 November 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>UNITED STATES DOLLAR (31 May 2019 - 1.57%)</b>		
200,000 Allianz 5.5% Perp	156,014	0.41
165,112 Avangardco Investments Public 10% 29.10.18	10,240	0.03
100,000 CVS Health 6.125% 15.09.39	99,809	0.26
100,000 Discovery Communications 6.35% 01.06.40	97,659	0.26
170,000 Marks & Spencer 7.125% 01.12.37	149,983	0.40
175,000 Mitsui Sumitomo Insurance FRN 15.03.72	148,592	0.39
Total United States Dollar	<u>662,297</u>	<u>1.75</u>
<b>Portfolio of stock investments</b>	<b>37,352,322</b>	<b>98.77</b>
<b>Counterparty Foreign Currency Hedges</b>		
HSBC Sell EUR 1,400,000 for GBP 1,197,952 - 27 January 2020	2,171	0.01
HSBC Sell USD 700,000 for GBP 542,526 - 29 January 2020	1,091	0.00
<b>Net value of all derivative positions</b>	<u>3,262</u>	<u>0.01</u>
<b>Portfolio of investments and derivative positions</b>	<b>37,355,584</b>	<b>98.78</b>
<b>Net current assets (excluding derivative positions)</b>	<u>460,746</u>	<u>1.22</u>
<b>Total net assets</b>	<u><u>37,816,330</u></u>	<u><u>100.00</u></u>
<b>Portfolio split by investment grade</b>		
	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
Investments of investment grade	35,252,343	93.22
Investments below investment grade:		
BB+	1,117,993	2.96
BB	413,511	1.09
Unrated	568,475	1.50
<b>Portfolio of investments</b>	<u>37,352,322</u>	<u>98.77</u>
<b>Net value of all derivative positions</b>	3,262	0.01
<b>Net current assets (excluding derivative positions)</b>	<u>460,746</u>	<u>1.22</u>
<b>Total net assets</b>	<u><u>37,816,330</u></u>	<u><u>100.00</u></u>

S&P are used for credit ratings

### PORTFOLIO TRANSACTIONS

for the six month period ended 30 November 2019

	£
Total purchases costs, including transaction charges	5,742,764
Total sales proceeds, net of transaction charges	7,773,253

## MARLBOROUGH BOND INCOME FUND

### STATEMENT OF TOTAL RETURN

for the six month period ended 30 November 2019

	30 November 2019		30 November 2018	
	£	£	£	£
Income:				
Net capital gains/(losses)		880,600		(821,859)
Revenue	659,482		694,850	
Expenses	<u>(298,416)</u>		<u>(287,627)</u>	
Net revenue before taxation		<u>361,066</u>		<u>407,223</u>
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>361,066</u>		<u>407,223</u>
Total return before distributions		1,241,666		(414,636)
Distributions		(501,793)		(542,831)
Change in net assets attributable to unitholders from investment activities		<u>739,873</u>		<u>(957,467)</u>

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

for the six month period ended 30 November 2019

	30 November 2019		30 November 2018	
	£	£	£	£
Opening net assets attributable to unitholders		* 42,081,163		37,588,842
Amounts receivable on issue of units	1,225,393		5,718,372	
Amounts payable on cancellation of units	(6,230,109)		(223,136)	
Amounts payable on unit class conversions	<u>-</u>		<u>92</u>	
		(5,004,716)		5,495,328
Change in net assets attributable to unitholders from investment activities		739,873		(957,467)
Unclaimed distributions		10		-
Closing net assets attributable to unitholders		<u>37,816,330</u>		* <u>42,126,703</u>

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

## MARLBOROUGH BOND INCOME FUND

### BALANCE SHEET

as at 30 November 2019

	30 November 2019 £	31 May 2019 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investment assets	37,355,584	38,758,697
<b>Current Assets:</b>		
Debtors	737,230	733,760
Cash and bank balances	98,000	2,973,392
Total assets	<u>38,190,814</u>	<u>42,465,849</u>
<b>Liabilities:</b>		
Investment liabilities	-	18,706
<b>Creditors:</b>		
Bank overdrafts	89,565	-
Distribution payable	226,489	269,566
Other creditors	58,430	96,414
Total liabilities	<u>374,484</u>	<u>384,686</u>
<b>Net assets attributable to unitholders</b>	<u><u>37,816,330</u></u>	<u><u>42,081,163</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 November 2019

#### Basis for preparation

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

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

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

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 May 2019 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 29 November 2019.

# Marlborough

— Fund Managers —

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