

MARLBOROUGH UK MULTI-CAP GROWTH

Managed by Richard Hallett for 13 years

FundCalibre Elite Rated

Citywire Rated manager

EXCEPTIONAL GROWTH POTENTIAL INVESTMENT PROCESS

The Marlborough UK Multi-Cap Growth Fund has the freedom to invest in UK-listed companies of all sizes, which means it has a potential investment universe of more than 2,000 stocks.

However, Manager Richard Hallett holds a conviction portfolio of only 45-60 companies.

In selecting stocks for the portfolio, Richard and his team employ a rigorous investment process - and when they invest it is with the intention of holding for the long term. Not all companies will succeed however, and past performance should not be used as a guide to future returns.

The process is based on the concept of **Exceptional Growth Potential** and employs the team's stock-picking skills to maximum effect as they seek to identify companies that meet three important criteria.

What gives a company Exceptional Growth Potential?

1 Sustainable competitive advantage

Richard and his team look for companies that have a sustainable competitive advantage, which means they should be able to continue growing their business, regardless of what is happening in the wider economy.

That edge may be in superior management, branding, distribution, sales and marketing, product innovation, research and development, intellectual property or, more likely, a combination of a number of these attributes.

This advantage will make it difficult for new entrants to challenge the company - while also allowing it to take market share from any existing competitors.

2 Leader in a niche business area

The business sector in which the company operates is important. Richard and his team look for companies that are leaders in niche business areas, where there are few competitors. They want to see high barriers to entry and limited risk of governments interfering in pricing. They also prefer business sectors where growth can be maintained without the need for high levels of capital expenditure on things like buildings and machinery.

3 Long-term structural growth trend

Crucially, Richard and the team also believe it is essential that the company is benefiting from a long-term structural growth trend that means demand for its products or services will continue to grow strongly irrespective of the broader economic picture. These are termed secular growth trends.

E-commerce is an established secular growth trend. Richard takes the view that as more and more people buy an increasing number of goods and services over the internet, the leading companies that are benefiting from that trend should be able to go on growing their profits, even at times when wider economic growth is weaker.

Macro-agnostic approach

While Richard and the team closely monitor the macroeconomic backdrop, one of the key features of their strategy is that they avoid making investment decisions based on macroeconomic forecasts, because they are so difficult to get right on a consistent basis.

Instead they adopt a macro-agnostic approach and hold a portfolio of companies they believe can continue to grow their earnings without relying on supportive macroeconomic tailwinds. Businesses that meet the demanding criteria for inclusion in the portfolio have **Exceptional Growth Potential**.

Tactical allocation of up to 10%

Alongside the **Exceptional Growth Potential** process, Richard and the team have the flexibility to allocate up to 10% of the fund to non-core investment themes to take advantage of shorter-term cyclical opportunities.

A highly experienced team, with a genuinely multi-cap approach

Richard Hallett has been running the Marlborough UK Multi-Cap Growth Fund since 2005 and has more than 20 years' experience managing UK equities across the market cap spectrum.

He works with an investment team of more than a dozen people, who have almost 200 years' combined experience - and particular expertise in UK small and mid-cap investing.

This means that as well as looking at FTSE 100 and larger FTSE 250 stocks, they can identify opportunities in the lower reaches of the FTSE 250 and among the hundreds of smaller, faster-growing companies listed on the AIM and FTSE SmallCap indices.

This multi-cap approach means they can identify companies with **Exceptional Growth Potential** whatever their size.



Risk warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. Our funds invest for the long-term and may not be appropriate for investors who plan to take money out within five years. Tax treatment depends on individual circumstances and may change in the future. The Fund invests mainly in the UK. Therefore it may be more vulnerable to market sentiment in that country. A more detailed description of the risks that apply to this Fund can be found in the prospectus.

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