

# Marlborough Ethical Fund

Fact Sheet & Ethical Policy - February 2010  
Retail 'A' Class Shares



## Fund Objective

The objective of the fund is to provide long term capital growth by investing primarily in a portfolio of securities conforming to ethical criteria as detailed in the ethical policy and full / simplified prospectus.



## Investment Manager, Bob Brown - From Launch

Since leaving the University of Durham with a degree in Politics, Psychology and Economics, Bob Brown has worked in investment management for over 35 years. After 11 years with Phillips & Drew he joined DRG in 1980 and took the investment management of the DRG Pension Fund in-house. With his fellow Directors he set up R.C. Brown Investment Management PLC in May 1990. He is an Affiliate of the Society of Investment Professionals. Bob has successfully managed Charities to ethical criteria since 1994. RCBIM has successfully managed a part of the Joseph Rowntree Charitable Trust since 1999 and the whole of it since 2003.

## Fund Facts

### Launch Date

19 December 2005

### Fund Size

£5.2 million

at 1 February 2010

### Share Price

Inc 85.00p

Acc 91.22p

at 1 February 2010

### IMA Sector

UK All Companies

### Morningstar Sector

Mstar (IMA) UK All Companies

### Share Type

Income & Accumulation

### XD Dates

31 July, 31 January

### Distribution Dates

30 November, 31 March

### Minimum Initial Investment

£1,000

### Minimum Additional Investment

£1,000

### Valuation / Dealing Point

12 noon daily

### ISA Qualifying

Yes

### Charges

Initial 5.25%

Annual 1.50%

### ISIN Number

Inc GB00B0P61K94

Acc GB00B0P62G24

### SEDOL Number

Inc B0P61K9

Acc B0P62G2

## Top Ten Holdings at 1 February 2010

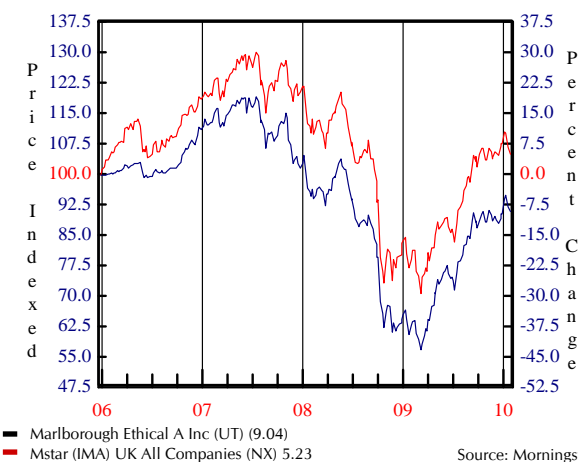
	%
BP	6.15
Vodafone Group	4.96
Velti	4.50
HSBC Holdings	4.26
GlaxoSmithKline	3.98
Tesco	2.89
Standard Chartered	2.87
Songbird Estates	2.84
Sainsbury (J)	2.78
AstraZeneca	2.62

## Top Ten Sectors at 1 February 2010

	%
Oil & Gas Producers	14.33
Banks	13.07
Real Estate	8.30
Pharmaceuticals & Biotechnology	6.88
Mining	6.01
Food & Drug Retailers	5.67
Support Services	5.27
Mobile Telecommunications	4.96
Software & Computer Services	4.77
Oil Equipment, Services & Distribution	2.81

## Fund Performance at 1 February 2010

19 December 05 to 1 February 10, bid-bid, UK Basic Rate, based in UK Sterling calculation indexed



Discrete Year Performance	Fund Performance %
02/02/2009 to 01/02/2010	45.22
01/02/2008 to 02/02/2009	(33.75)
01/02/2007 to 01/02/2008	(16.46)
01/02/2006 to 01/02/2007	12.78

Bid to Bid, Net Income Reinvested

	Fund %	Mstar Sector %
1 Year	45.22	33.30
3 Years	(19.63)	(12.28)
Since Launch	(9.04)	5.23

(IMA) Sector Ranking	
1 Year	34/307
3 Years	242/281
Since Launch	232/253

As the fund was launched on 28 November 2005 (with a 3 week initial offer period to 18 December 2005) performance data does not exist for five complete twelve month periods. The past is not necessarily a guide to future performance.

## Fund Ratings at 1 February 2010

### Morningstar Rating



Continued overleaf

Investments and the income derived from them can fall as well as rise and the investor may not get back the amount originally invested. The fund is subject to an initial charge and subsequently charges are not made uniformly throughout the period of the investment. This fund invests in smaller companies and companies listed on the Alternative Investment Market (AIM) which carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. This document is provided for information purposes only and should not be interpreted as investment advice. If you have any doubts as to the suitability of an investment, please consult your financial adviser. Please note that for your protection telephone calls may be recorded. The Simplified Prospectus and the Full Prospectus for all schemes is available free of charge and can be obtained by contacting us directly using the contact details contained in this document, alternatively the document can be obtained via our website.

## Marlborough Ethical Fund - Page 2

### Ethical Policy

#### Ethical Policy

The Fund's ethical policy will be derived from the same policy drawn up by the Joseph Rowntree Charitable Trust (JRCT) for its own purposes. The Trustees of the JRCT are not experts either in investment or in the detail of the issues which arise when applying the policy to individual companies. They have however been using the skill and judgement they have to address these issues for the past thirty years.

Their policy states:

"We aim to invest in companies:

Whose products or services are of benefit to humankind, with minimal harmful impacts and with an emphasis on meeting basic needs rather than luxuries. We do not however automatically rule out companies whose activities might be considered largely frivolous, if their customers are not predominantly the privileged in society.

Whose profits in the long term grow at least in line with the economies in which they operate.

We recognise that there can be conflicts between these aims.

We expect our portfolio to have the following characteristics:

- To be relatively concentrated, for example by making significant investments in companies which fit these policies well.

- To avoid companies materially involved in:

- armaments
- brewing/distilling; retailing of alcohol as a main activity
- gambling,
- tobacco manufacture; retailing as a major activity
- pornographic or violent material
- other activities which are felt to harm society more than they benefit it.

- To have regard to the way companies conduct their businesses in all the markets in which they operate, as well as what their business is. This includes:

- employment conditions
- equal opportunities policy and practice
- enabling all employees to make the fullest possible contribution to a company's progress
- environmental impact, while accepting some companies in extractive industries
- attitudes to customers
- openness in reporting to stakeholders
- attitude to the communities in which they operate
- integrity in all their dealings
- promotion of human rights especially in countries with oppressive regimes.

We recognise that a proper diversification of the portfolio may entail holding companies in market sectors where no company comes up to standards we would ideally like to see. The list of companies from which the portfolio is chosen is regularly reviewed, and changes. As at April 2009 the acceptable list accounts by value for 71% of the FTSE 350 Index.

In implementing the policy, the Trustees of JRCT are advised by the Ethical Investment Research Service Ltd (EIRIS) which uses a number of published sources, together with questionnaires and follow up correspondence, to obtain information about companies in the portfolio or being considered for it.

While on some issues (for example, the manufacture of arms, including components of arms), a firm position is taken, on others the degree of a company's involvement in a questionable area is taken into account, along with indications of improving practices and some strongly positive features of its activities. This approach tends to be adopted most often in major industries in which the Fund might otherwise be unrepresented.

The Trustees of the JRCT also enter into correspondence with companies to gather more information including plans to change its practices. This may include the possible disposal of businesses within the company group which conflict with the ethical policy but more commonly it is concerned with policies for the conduct of its business e.g. environmental management systems or employment practices."

JRCT does not regard any company as wholly bad or wholly good and takes into account evidence that a company is seeking actively to improve unsatisfactory practices or activities when taking its decisions. Thus it may invest in a company which falls foul of the expressed policy if it believes that it is working to remove the problem which it is concerned about within a realistic period of time. It has a bias towards companies which make a significant contribution to the local economy in remoter parts of the UK.

JRCT, within the very limited time available to it, also tries actively to influence companies to change what they are doing. In part it responds to public controversies, where it may join with other investors, but also takes up matters which are drawn to its attention in other ways. In these circumstances, it may continue to hold a company which is potentially unacceptable for a period.

JRCT operates quite independently of either EIRIS or RCBIM, and neither can therefore accept responsibility for its decisions. Substantial changes to the policy will be communicated to the managers and reported to investors in the Fund in half-yearly reports. JRCT has however been investing according to a stringent ethical policy since 1975 and substantial change is expected to be rare.

JRCT cannot enter into correspondence with investors in the Fund about its policy.

The ACD or Investment Manager cannot enter into correspondence with investors on individual companies.