

Marlborough UK Primary Opportunities Fund

Monthly Fund Commentary - July 2010



**FOR BUSINESS AND PROFESSIONAL INVESTORS ONLY.
NOT FOR USE BY PRIVATE INVESTORS.**

During June, Marlborough UK Primary Opportunities (-1.0%) outperformed the FTSE All-Share Index (-4.6%). In the year to date the Fund gave a return of +0.9% compared with -4.2% for the mean UK All Companies Fund. It ranked 26 out of 305 (source: Morningstar).

The name of the Fund was changed on May 4th to Marlborough UK Primary Opportunities Fund as this better reflects the nature of the Fund (formerly Marlborough Quantock UK Growth Fund). Since we launched in December 1995 most purchases have been made in primary markets. These consist of companies seeking a new listing (IPO), those undertaking equity fund raisings for restructuring and/or growth opportunities. We also buy secondary shares from large strategic or forced sellers typically at a substantial discount to the price. We also subunderwrite rights issues and buy the rump. The reasoning behind this approach is to buy shares at a discount to fair value or the prevailing market price. We will continue to operate this unique investment style.

We participated in a placing in Coal of Africa (-8.4%) and purchased the rump of National Grid (-1.8%). We increased our holding in BP (-19.8%) as the price continued to plunge over the Gulf of Mexico incident.

Markets were volatile during the month as Eurozone debt and Chinese economic growth fears continued to weigh on the market and concerns over a 'double dip' recession grew. The quarter proved the weakest since 2002. BP dominated the headlines as it failed to stem the Gulf of Mexico leak and cancelled its dividend for at least the rest of the year. The shares fell to 14 year lows. Prudential also saw its bid for AIA collapse.

Bob Brown - 02/07/2010

Regulatory Information and Risk Warning

The past is not necessarily a guide to future performance. 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 consequently charges are not made uniformly throughout the period of the investment. This fund may invest in smaller companies and those 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. The information contained herein has been prepared from sources believed reliable but is not guaranteed and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situations or need of individual investors. Please note that for your protection telephone calls may be recorded. The Simplified Prospectus and the Full Prospectus are available from Marlborough on request or via www.marlboroughfunds.com.