

IFSL Marlborough Emerging Markets Trust

Final Report and Audited Financial Statements
for the year ended 10 March 2023

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH EMERGING MARKETS TRUST

CONTACT INFORMATION

Authorised Fund Manager (AFM) and Registrar

Investment Fund Services Limited (IFSL)
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Dom Clarke - appointed 30 January 2023
Wayne D Green - resigned 24 March 2022
Helen Redmond
Helen Derbyshire
Sally Helston - appointed 12 August 2022
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Investment Manager

Marlborough Investment Management Limited
PO Box 1852
Lichfield
Staffordshire
WS13 8XU

Authorised and regulated by the Financial Conduct Authority.

Depositary (in its capacity as 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

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 March 2023

Performance to 20 June 2022^A

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
IFSL Marlborough Emerging Markets Trust	(6.83)%	(9.77)%	10.09%	10.80%	5.12%
IA Global Emerging Markets	(11.38)%	(17.37)%	1.87%	9.32%	5.10%

^A Date of commencement of wind up.

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

The performance figures above are based on quoted prices and will, therefore, differ from the performance in the Comparative Table.

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

Investment commentary

The investment objective of the Fund was to provide capital growth, that is, to increase the value of your investment over a minimum of 10 years. The Fund aimed to outperform the average of the IA Global Emerging Markets sector over any 5 year period, however, there is no certainty this would be achieved.

The Fund achieved its objective of providing capital growth over the ten years up until the commencement of the wind up.

As the ACD, IFSL are responsible for operating the Fund in the interests of the investor and will regularly assess whether the Fund represents good value to the Fund's investor. Having considered all relevant factors, we reluctantly decided, in the interest of the Fund's investors, to close the Fund. As such, we made an application to the Financial Conduct Authority (FCA) to close the Fund.

The Fund had not gathered the assets that we hoped and, as a result, its size was below the level that we considered to be viable. In our opinion, the fees to continue operating the Fund would be relatively high and would not represent good value for the Fund's investors.

Unfortunately, given its limited growth potential, we didn't believe the Fund would reach a viable size in the foreseeable future and concluded that continuing to operate the Fund wasn't in the best interests of investors.

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund commenced on 20 June 2022. Payments of net proceeds were made to investors on 27 June 2022. Any remaining payments will be made prior to the final termination of the Fund.

Investment Fund Services Limited
10 September 2022

Distributions

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Income (pence per unit)</u>				
Net income paid 10 May	3.3125	1.4507	3.1161	3.3831
Net income paid 20 August	3.4302	N/A	N/A	N/A
<u>P Income (pence per unit)</u>				
Net income paid 10 May	6.1221	3.7618	5.4925	5.7517
Net income paid 20 August	4.1657	N/A	N/A	N/A

IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 March 2023

Portfolio changes

There were no purchases during the year.

<u>Largest sales</u>	<u>Proceeds (£)</u>
Pacific Basin Shipping Ltd	187,427
Samsung Electronics Co Ltd - Pref	165,978
SK Hynix	155,695
Escorts Ltd	150,808
ICICI Bank Ltd - SPON ADR	150,572
POSCO	138,025
Taiwan Semiconductor Manufacturing Co	135,353
Xinyi Glass Holdings Ltd	120,579
CIMC ENRIC Holdings Ltd	116,556
KB Financial Group	110,353
Other sales	3,136,123
Total sales for the year	4,567,469

IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED STATUS

IFSL Marlborough Emerging Markets Trust (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.

GENERAL INFORMATION

Investment objective

The investment objective of the Fund is to provide capital growth, that is, to increase the value of your investment over a minimum of 10 years. The Fund aims to outperform the average of the IA Global Emerging Markets sector over any 5 year period, however, there is no certainty this will be achieved.

Investment policy

At least 80% of the Fund will be invested in the shares of companies which are incorporated, headquartered, operating in or listed on stock markets in emerging market countries.

Emerging markets are countries progressing toward becoming Advanced, usually shown by development in financial markets, the existence of a stock exchange and a regulatory body.

This may include up to 10% through funds (including exchange traded funds which typically track an index) which themselves invest in these countries or which gain exposure through financial instruments whose returns are linked to these markets (also known as derivatives). The Fund may also invest in shares of investment trusts and other securities whose returns are linked to company performance, such as depositary receipts.

The Fund may also hold money market instruments, a type of short term loan, and money market funds, which themselves invest in these instruments.

The Fund is actively managed which means the Manager decides which investments to buy or sell and when, and will maintain a relatively concentrated portfolio, typically between 60 – 80 holdings in companies of a range of sizes.

The team approaches construction of the portfolio from three overlapping standpoints:

- economic and market conditions in each country and sector;
- a selection of companies which the team believes to be financially strong or whose valuations appear out of line with expectations; and
- companies which fit broader themes, such as, manufacturing automation, which the investment team believes are likely to drive share price returns over the medium term. Themes will change and this can often happen quickly.

The team use the Morningstar Emerging Markets Index as a reference point for portfolio construction and risk management purposes, however, the Fund will not be constrained by the Index.

The Fund may invest in derivatives and forward transactions, whose returns are linked to exchange rates, in order to reduce currency risk or to protect against market movements (also known as hedging) although this is anticipated to be infrequent.

The Fund may hold cash to enable ready settlement of liabilities, for the efficient management of the Fund and in order to meet its objective. This will typically be below 10% but may from time to time exceed this level.

Performance target

The performance benchmark is the level of performance the Fund aims to deliver however there is no certainty this will be achieved.

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors' as a way of dividing funds into broad groups with similar characteristics. The Fund aims to be in the top half of all funds included in the IA Global Emerging Markets sector.

Rights and terms attaching to each unit class

A 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.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

GENERAL INFORMATION

Winding up

The Fund was deemed to be too small to be economically viable on the understanding that the Assets Under Management (AUM) were not expected to significantly increase and the Fund was at risk of suffering significant redemptions. As a result, on 25 March 2022 the Authorised Fund Manager (AFM) applied to the FCA to wind up the Fund.

The proposed winding up of the Fund by the AFM, for the reasons detailed above, was approved by the FCA on 6 April 2022.

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund commenced on 20 June 2022. Payments of net proceeds were made to investors on 27 June 2022. Any remaining payments will be made prior to the final termination of the Fund.

Changes in prospectus

There have been no significant changes since the last annual report.

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.

Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited, the Authorised Fund Manager (AFM), and the former AFM, Marlborough Fund Managers Limited, are subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2022 (the AFM's year end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	7	757,911	667,666	90,245
Risk takers and other identified staff	2	245,763	203,403	42,360
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0	336	296	40
Risk takers and other identified staff	0	109	90	19

The total number of staff employed by the AFM's group was 236 as at 30 September 2022. The total remuneration paid to those staff was £14,048,823 which £5,197,123 is attributable to the AFM.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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
Director



Helen Redmond
Director

Investment Fund Services Limited
9 June 2023

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital gains on the property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- for the reasons stated in Note 1 of the accounting policies, the financial statements of the Fund have been prepared on a break up basis as the Fund is no longer a going concern.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Marlborough Emerging Markets Trust ("the Trust") for the Period Ended 10 March 2023

The Depositary in its capacity as Trustee of IFSL Marlborough Emerging Markets Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC Bank plc

9 June 2023

IFSL MARLBOROUGH EMERGING MARKETS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EMERGING MARKETS TRUST

Opinion

We have audited the financial statements of IFSL Marlborough Emerging Markets Trust ("the Fund") for the year ended 10 March 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 10 March 2023 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a break-up basis

We draw attention to Note 1 of the financial statements which explains that the Manager intends to wind-up the Fund and, therefore, does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break-up basis as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Trust Deed; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EMERGING MARKETS TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 5, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might be considered by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to incomplete or inaccurate revenue recognition through the incorrect classification of special dividends and the resulting impact to amounts available for distribution. In response to our fraud risk, we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EMERGING MARKETS TRUST

Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh

9 June 2023

Notes:

1. The maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

IFSL MARLBOROUGH EMERGING MARKETS TRUST
COMPARATIVE TABLE

A Income units	Period to 20.06.2022	Year to 10.03.2022	Year to 10.03.2021
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	344.03	345.60	274.22
Return before operating charges*	(5.99)	9.40	78.57
Operating charges	(7.40)	(7.66)	(5.74)
Return after operating charges*	(13.39)	1.74	72.83
Distributions on income units	(3.43)	(3.31)	(1.45)
Capital repayment to unitholders ^A	(327.21)	N/A	N/A
Closing net asset value per unit	-	344.03	345.60
* after direct transaction costs of:	0.76	0.48	0.40
Performance			
Return after charges ^B	(3.89)%	0.50%	26.56%
Other information			
Closing net asset value (£)	-	354,296	438,223
Closing number of units	-	102,983	126,800
Operating charges	2.13% ^{C,D}	2.13% ^C	1.93%
Direct transaction costs	0.22% ^D	0.13%	0.14%
Prices (pence per unit)^E			
Highest unit price	362.85	372.61	366.84
Lowest unit price	329.55	339.83	242.35
P Income units	Period to	Year to	Year to
Change in net assets per unit	20.06.2022	10.03.2022	10.03.2021
	pence	pence	pence
Opening net asset value per unit	344.06	345.70	274.06
Return before operating charges*	(7.83)	9.46	79.03
Operating charges	(4.79)	(4.98)	(3.63)
Return after operating charges*	(12.62)	4.48	75.40
Distributions on income units	(4.17)	(6.12)	(3.76)
Capital repayment to unitholders ^A	(327.27)	N/A	N/A
Closing net asset value per unit	-	344.06	345.70
* after direct transaction costs of:	0.76	0.48	0.42
Performance			
Return after charges ^B	(3.67)%	1.30%	27.51%
Other information			
Closing net asset value (£)	-	4,531,654	6,440,045
Closing number of units	-	1,317,098	1,862,915
Operating charges	1.38% ^{C,D}	1.38% ^C	1.18%
Direct transaction costs	0.22% ^D	0.13%	0.14%
Prices (pence per unit)^E			
Highest unit price	363.08	374.95	369.22
Lowest unit price	330.34	342.59	242.28

^A A capital repayment was made to investors on 27 June 2022, where A Income investors received 327.09 pence per unit and P Income investors received 327.14 pence per unit. A fractional capital repayment of 0.12 pence per unit (A Income) and 0.13 pence per unit (P Income) is still to be paid to investors.

^B The return after charges is calculated using the underlying investments bid prices

^C From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^D These figures are calculated based on charges for the period from 11 March 2022 to 20 June 2022. With effect from 21 June 2022, the operating charges are no longer taken from the Fund.

^E The last valuation point and dealing day of the Fund was 20 June 2022, therefore there are no highest and lowest unit prices after that date.

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the year. Direct transaction costs are the total charges for the year, 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 year and the average units in issue for the pence per unit figures.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

PORTFOLIO STATEMENT

as at 10 March 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
CHINA/HONG KONG (10 March 2022 - 31.42%)		
INDIA (10 March 2022 - 10.90%)		
INDONESIA (10 March 2022 - 2.70%)		
MALAYSIA (10 March 2022 - 2.12%)		
PHILIPPINES (10 March 2022 - 0.49%)		
SOUTH KOREA (10 March 2022 - 14.30%)		
TAIWAN (10 March 2022 - 14.25%)		
THAILAND (10 March 2022 - 4.37%)		
EMERGING EUROPE (10 March 2022 - 1.08%)		
LATIN AMERICA (10 March 2022 - 8.22%)		
MIDDLE EAST & AFRICA (10 March 2022 - 5.87%)		
INTERNATIONAL (10 March 2022 - 1.97%)		
Portfolio of investments	-	-
Net other assets	-	-
Total net assets	-	-

IFSL MARLBOROUGH EMERGING MARKETS TRUST

STATEMENT OF TOTAL RETURN

for the year ended 10 March 2023

	Notes	10 March 2023		10 March 2022	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(204,884)		66,881
Revenue	6	91,055		182,295	
Expenses	7	<u>(35,284)</u>		<u>(76,204)</u>	
Net revenue before taxation		55,771		106,091	
Taxation	8	<u>6,932</u>		<u>(22,178)</u>	
Net revenue after taxation			<u>62,703</u>		<u>83,913</u>
Total return before distributions			(142,181)		150,794
Distributions	9		(56,374)		(101,557)
Change in net assets attributable to unitholders from investment activities			<u>(198,555)</u>		<u>49,237</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 10 March 2023

	10 March 2023		10 March 2022	
	£	£	£	£
Opening net assets attributable to unitholders		4,885,950		6,881,734
Amounts receivable on issue of units	13,999		84,538	
Amounts payable on cancellation of units	(1,394,111)		(2,135,280)	
Amounts payable on unit class conversions	(4)		(6)	
Amounts payable on liquidation of units	<u>(3,310,897)</u>		<u>-</u>	
		(4,691,013)		(2,050,748)
Dilution adjustment		3,618		5,727
Change in net assets attributable to unitholders from investment activities		(198,555)		49,237
Closing net assets attributable to unitholders		<u>-</u>		<u>4,885,950</u>

IFSL MARLBOROUGH EMERGING MARKETS TRUST**BALANCE SHEET**

as at 10 March 2023

	Notes	10 March 2023 £	10 March 2022 £
Assets:			
Current Assets:			
Investments	17	-	4,773,063
Debtors	10	-	18,803
Cash and bank balances		12,967	196,933
Total assets		<u>12,967</u>	<u>4,988,799</u>
Liabilities:			
Creditors:			
Distribution payable		-	84,046
Capital repayment to unitholders		1,324	-
Other creditors	11	11,643	18,803
Total liabilities		<u>12,967</u>	<u>102,849</u>
Net assets attributable to unitholders		<u>-</u>	<u>4,885,950</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Management Association in May 2014 and amended in June 2017.

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 a break up basis as the Authorised Fund Manager (AFM) commenced closure of the Fund on 20 June 2022. Under this basis, assets are recorded at their recoverable value, which is equivalent to fair value for the investments, and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the Fund will be borne by the AFM.

Revenue

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple unit classes, with the exception of the AFM's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 20 June 2022 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the AFM's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 10 March 2023 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

Equalisation

Equalisation applies only to units purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units for UK capital gains tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

DISTRIBUTION POLICIES

Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as most of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The AFM has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in currency into sterling on the day of receipt.

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the AFM as an acceptable counterparty.

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the AFM.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

4 NET CAPITAL (LOSSES)/GAINS

	10 March 2023	10 March 2022
	£	£

The net (losses)/gains on investments during the year comprise:

Non-derivative securities (losses)/gains	(205,604)	70,881
Currency gains	2,708	1,701
Transaction charges	(1,988)	(5,701)
Net capital (losses)/gains	(204,884)	66,881

5 PURCHASES, SALES AND TRANSACTION COSTS

	10 March 2023	10 March 2022
	£	£

The purchases and sales below relate to the period from 11 March 2022 to 21 June 2022, being the day on which the Fund's holdings were liquidated following commencement of the wind up on 20 June 2022.

Purchases excluding transaction costs:

Equities	-	1,137,829
	-	1,137,829
Equities: Commissions	-	985
Taxes and other charges	-	722
Total purchases transaction costs	-	1,707
Purchases including transaction costs	-	1,139,536

Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.00%	0.09%
Taxes and other charges	0.00%	0.06%

Sales excluding transaction costs:

Equities	4,450,480	3,248,690
Corporate actions	126,842	-
	4,577,322	3,248,690
Equities: Commissions	(3,999)	(2,673)
Taxes and other charges	(5,854)	(3,779)
Total sales transaction costs	(9,853)	(6,452)
Sales net of transaction costs	4,567,469	3,242,238

Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.09%	0.08%
Taxes and other charges	0.13%	0.12%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the period:

Commissions	0.09%	0.06%
Taxes and other charges	0.13%	0.07%
	0.22%	0.13%

No significant in-specie transfers were identified in the period (2022: nil).

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction: £1,988 £5,701

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date 0.00% 0.28%

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

6 REVENUE	10 March 2023	10 March 2022
	£	£
UK dividends	1,558	10,199
Overseas dividends	88,994	172,096
Bank interest	503	-
Total revenue	<u>91,055</u>	<u>182,295</u>
7 EXPENSES	10 March 2023	10 March 2022
	£	£
Payable to the AFM or associate:		
AFM's periodic charge	10,156	48,893
Registration fees	583	2,213
	<u>10,739</u>	<u>51,106</u>
Other expenses:		
Trustee's fees	489	2,203
Safe custody fees	864	3,682
Bank interest	17	8
Financial Conduct Authority fee	(6)	124
Audit fee	8,460	7,380
Tax agent fees	14,721	11,701
	<u>24,545</u>	<u>25,098</u>
Total expenses	<u>35,284</u>	<u>76,204</u>
8 TAXATION	10 March 2023	10 March 2022
	£	£
a Analysis of the tax charge for the year		
Overseas tax	(1,877)	8,640
Overseas capital gains tax	(5,055)	13,538
Total tax charge (see note 8(b))	<u>(6,932)</u>	<u>22,178</u>
b Factors affecting the tax charge for the year		
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.		
Net revenue before taxation	<u>55,771</u>	<u>106,091</u>
Corporation tax at 20% (2021: 20%)	11,154	21,218
Effects of:		
Revenue not subject to taxation	(17,795)	(35,537)
Unrelieved excess management expenses	7,427	9,397
Prior period adjustment to unrelieved excess management expenses	-	954
Overseas tax	(1,877)	8,640
Overseas capital gains tax	(5,055)	13,538
Realised gains on non-reporting offshore funds	3,166	203
Unrealised gains on non-reporting offshore funds	(3,904)	3,904
Tax effect of expensed double taxation relief	(48)	(138)
Total tax charge (see note 8(a))	<u>(6,932)</u>	<u>22,178</u>

At 10 March 2023 the Fund has deferred tax assets of £505,203 (2022: £497,776) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

9 DISTRIBUTIONS

10 March 2023

10 March 2022

£

£

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

Interim - closure distribution	41,616	N/A
Final	-	84,046
Add: Revenue deducted on cancellation of units	14,817	18,039
Deduct: Revenue received on issue of units	(55)	(520)
Equalisation on conversions	(4)	(6)
Revenue brought forward	-	(2)
Distributions	56,374	101,557

Movement between net revenue and distributions:

Net revenue after taxation	62,703	83,913
(Add)/deduct: Tax effect of ACD's periodic charge borne by capital	(1,274)	4,106
(Add)/deduct: Overseas capital gains tax borne by capital	(5,055)	13,538
	56,374	101,557

10 DEBTORS

10 March 2023

10 March 2022

£

£

Amounts receivable for issue of units	-	988
Accrued income	-	15,919
Taxation recoverable	-	1,896
Total debtors	-	18,803

11 OTHER CREDITORS

10 March 2023

10 March 2022

£

£

Amounts payable for cancellation of units	-	859
Manager's periodic charge and registration fees	-	1,337
Accrued expenses	7,920	8,656
Overseas capital gains tax	3,723	7,951
Total other creditors	11,643	18,803

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 10 March 2023 (2022: nil).

13 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the AFM or associates in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due to the AFM at the year end are nil (2022: £1,208).

In addition to the above, some units in the Fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below:

	10 March 2023	10 March 2022
Proportion of units owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.00%	6.99%

14 UNIT CLASSES

The unit classes in issue for the Fund and the annual management charge for each unit class is as follows:

A Income	1.50%
P Income	0.75%

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

15 UNITHOLDERS' FUND RECONCILIATION

During the year the AFM has issued, cancelled and converted units from one unit class to another as set out below:

	A Income	P Income
Opening units in issue at 11 March 2022	102,983	1,317,098
Units issues	266	3,736
Units cancellations	(102,034)	(1,322,047)
Units conversions	(1,215)	1,213
Closing units in issue at 10 March 2023	-	-

16 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by nil (2022: £238,653). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

Foreign currency exposure at 10 March 2023

	Investments £	Net other liabilities £	Total £
US Dollar	-	(3,723)	(3,723)
	-	(3,723)	(3,723)

Foreign currency exposure at 10 March 2022

	Investments £	Net other assets £	Total £
Brazilian Real	252,795	1,984	254,779
Chinese Yuan	170,025	24,038	194,063
Czech Koruna	-	20	20
Euro	38,181	243	38,424
Hong Kong Dollar	1,199,452	948	1,200,400
Hungarian Forint	-	1	1
Indian Rupee	395,633	240	395,873
Indonesian Rupiah	131,879	-	131,879
Israeli Shekel	-	4,330	4,330
Korean Won	698,773	1,291	700,064
Malaysian Dollar	103,322	-	103,322
Mexican Peso	-	9	9
Philippine Peso	23,758	161	23,919
Polish Zloty	-	13	13
Singapore Dollar	-	11	11
South African Rand	56,396	3,834	60,230
Taiwan Dollar	696,481	51,267	747,748
Thailand Baht	213,858	-	213,858
Turkish Lira	52,784	51	52,835
US Dollar	545,970	8,786	554,756
	4,579,307	97,227	4,676,534

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of (decreasing)/increasing the return and net assets by £(186) (2022: £233,827). A five per cent increase would have an equal and opposite effect.

Interest rate risk

10 March 2023

10 March 2022

£

£

The interest rate risk profile of financial assets and liabilities consists of the following:

Financial assets floating rate	-	196,933
Financial assets non-interest bearing instruments	12,967	4,791,866
Financial liabilities non-interest bearing instruments	(12,967)	(102,849)
	-	4,885,950

As most of the Fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2023

RISK DISCLOSURES

Liquidity risk

10 March 2023
£

10 March 2022
£

The following table provides a maturity analysis of the Fund's financial liabilities:

Within one year:

Distribution payable

Other creditors

-	84,046
12,967	18,803
<u>12,967</u>	<u>102,849</u>

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	10 March 2023		10 March 2022	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	-	-	4,773,063	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,773,063</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

DISTRIBUTION TABLE

Interim distribution for the period from 11 March 2022 to 20 June 2022

Group 1: units purchased prior to 11 March 2022

Group 2: units purchased on or after 11 March 2022

		Net revenue 20 June 2022 pence per unit	Equalisation 20 June 2022 pence per unit	Distribution paid 20 August 2023 pence per unit	Distribution paid 20 August 2022 pence per unit
A Income	Group 1	3.4302	-	3.4302	N/A
	Group 2	0.9877	2.4425	3.4302	N/A
P Income	Group 1	4.1657	-	4.1657	N/A
	Group 2	2.5038	1.6619	4.1657	N/A

Final distribution for the period from 21 June 2022 to 10 March 2023

Group 1: units purchased prior to 21 June 2022

Group 2: units purchased on or after 21 June 2022

		Net revenue 10 March 2023 pence per unit	Equalisation 10 March 2023 pence per unit	Distribution paid 10 May 2023 pence per unit	Distribution paid 10 May 2022 pence per unit
A Income	Group 1	-	-	-	3.3125
	Group 2	-	-	-	3.3125
P Income	Group 1	-	-	-	6.1221
	Group 2	-	-	-	6.1221

Investment Fund Services Limited
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)
Fax: (01204) 533 045
Email: ifslclientsupport@ifslfunds.com
Website: www.ifslfunds.com

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