

IFSL MARLBOROUGH CAUTIOUS FUND

(formerly Marlborough Cautious Fund)

Annual Report and Audited Financial Statements

for the year ended 30 April 2022

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH CAUTIOUS FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar (from 26 November 2021)

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 Investment Fund Services Limited

Andrew Staley (Non-Executive)
Allan Hamer
Wayne D Green - resigned 24 March 2022
Helen Redmond
Helen Derbyshire
David Kiddie (Non-Executive) - resigned 2 December 2021
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

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.

Investment Manager

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

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

Authorised Fund Manager and Registrar (to 26 November 2021)

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.

Directors of Marlborough Fund Managers Ltd

Andrew Staley (Non-Executive)
Nicholas F J Cooling
Allan Hamer
Wayne D Green
Dom Clarke
Helen Derbyshire
Richard Goodall
Geoffrey Hitchin (Non-Executive)
Guy Sears (Independent Non-Executive)
David Kiddie (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

IFSL MARLBOROUGH CAUTIOUS FUND

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IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2022

Percentage change and sector position to 30 April 2022

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Cautious Fund	(4.19)%	(2.57)%	5.03%	9.08%
IA Mixed Investment 20-60% Shares	(3.92)%	(2.18)%	9.38%	15.50%

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

During the period under review the bid (selling price) of the class P accumulation units, net income reinvested, decreased by 2.57%. The IA Mixed Investment 20-60% sector average fell by 2.18% over the same time frame.

2021 was all about Covid, one way or another. Yes, a few other factors were at play such as Brexit here in the UK or Evergrande in China, but these were largely overshadowed by the impact of the global pandemic.

Last year saw economic growth rebound strongly from the lockdown lows of 2020. The prevailing view, which we agreed with, was that economic growth would continue to recover, but at a more moderate, sustainable pace. Of course, there were risks to this view, largely centred around inflation and central banks' response to this almost-forgotten phenomenon.

In 2022, the investment landscape has been dominated by events in Ukraine, inflation, and Covid. Having declined sharply in the weeks surrounding Russia's invasion of Ukraine, equity markets rebounded strongly in March.

But despite this apparent sense of calm, there are still significant challenges. Inflation is rampant, and likely to stay higher for longer. Rising energy and food costs are largely to blame for this, but other costs are increasing too. The impact of the war on supply chains will add further pressure as businesses scramble to source the materials they need. Covid is rearing its head again, especially in China where new lockdowns are being imposed; closer to home staff shortages are becoming an issue.

Rising heating bills are reducing consumers' spending power; that impacts growth. Rising borrowing costs do the same, so central banks face a tricky period. The US Federal Reserve and the Bank of England have achieved lift-off, raising rates from the almost-zero level they had been anchored at for so long, but in the face of weakening growth, how much further can they raise rates to curb inflation without causing a recession?

April was a tough month for markets, as they struggled to digest the toxic mix of still-rising inflation and lower growth, along with a helping of weak company results.

Having bounced in March, equity markets fell back again as optimism for a relatively swift resolution to the Ukraine conflict dwindled. At the same time, growth reports were surprisingly weak (especially in the US), and supply chain concerns began mounting. Earnings reports (again, mainly in the US) were generally positive, but some high profile, heavyweight companies released disappointing figures, adding to the gloomy picture.

On the fixed income side, inflation remains a problem, reaching record levels in Europe. But there were some signs of light hinting that peak inflation might not be too far off. And if inflation eases, expectations for higher interest rates are likely to fall, which would provide a more positive backdrop for both equities and bonds.

Funds that provided the most contribution to return over the period were iShares Core S&P 500, iShares Core FTSE 100 UK, and M&G Global Listed Infrastructure. Performance over the reporting period can be split into two parts. In the first half of the year the fund performed well and outperformed versus the sector. Since November, we saw the performance of the UK active funds detract, and equity funds in the US and Europe provided a negative contribution to fund performance. In fixed income, our UK corporate bond funds outperformed their benchmark, but our global bond funds lagged over the year. The lower exposure to commodities and specialist funds versus the sector was a detractor to performance.

Although economic growth is being challenged by high inflation, we believe a recession can be averted: economies will be aided by monetary policy that is still very supportive despite recent rate hikes, fiscal programs that are coming on stream, pent-up consumer demand and high cash balances. Companies should still be able to do well in this environment, despite the higher inflation levels. But we cannot ignore the risk of policy error, especially in the face of on-going Covid risks, so we have maintained our overall neutral stance in equities. Within equities we still have a preference for the UK, where share price valuations are less expensive than elsewhere. In fixed income we remain underweight, favouring shorter duration funds that are less sensitive to changes in interest rates. But with the growth picture weakening, and the potential for inflation to undershoot expectations, we are beginning to increase duration towards a more neutral position.

Marlborough Investment Management Limited
9 June 2022

IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2022

Distributions (pence per unit)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Income</u>				
Net income paid 30 June	0.5717	0.5054	0.7796	0.9796
Net income paid 31 December		0.7963	1.1255	1.1746
<u>A Accumulation</u>				
Net income paid 30 June	1.0155	0.8852	1.3349	1.6366
Net income paid 31 December		1.3984	1.9448	1.9839
<u>P Income</u>				
Net income paid 30 June	0.6105	0.5372	0.8209	1.0249
Net income paid 31 December		0.8494	1.1914	1.2338
<u>P Accumulation</u>				
Net income paid 30 June	0.7123	0.6192	0.9249	1.1269
Net income paid 31 December		0.9876	1.3546	1.3713

Portfolio changes

Largest purchases		Cost (£)
FTF Brandywine Global Income Optimiser 'I'		552,493
iShares \$ Floating Rate Bond UCITS ETF USD		377,895
Tabula US Enhanced Inflation UCITS ETF GBP Hedged		373,101
Royal London Short-Term Money Market 'Y'		371,700
Allianz Strategic Bond 'I' GBP		351,985
Lyxor Russell 1000 Growth UCITS ETF		343,149
SVS Sanlam North American Equity 'B'		309,342
Xtrackers S&P 500 Equal Weight UCITS ETF '1C' USD		306,276
M&G Global Macro Bond 'I' Sterling		287,325
iShares UK Gilts 0-5yr UCITS ETF GBP		263,409
Other purchases		3,819,059
Total purchases for the year		7,355,734
Largest sales		Proceeds (£)
Xtrackers S&P 500 Equal Weight UCITS ETF '1C' USD		628,802
Legg Mason IF Brandywine Global Income Optimiser 'X'		552,493
iShares UK Dividend UCITS ETF GBP		437,176
Vontobel TwentyFour Strategic Income 'I' GBP		370,773
FTF Brandywine Global Income Optimiser 'I'		365,700
Allianz Strategic Bond 'C' GBP		351,985
Lyxor Russell 1000 Growth UCITS ETF		336,232
Allianz Strategic Bond 'I' GBP		318,970
iShares Edge MSCI USA Value Factor UCITS ETF USD		318,075
IFSL Marlborough European Special Situations 'P'		296,925
Other sales		4,013,243
Total sales for the year		7,990,374

IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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

Investment objective and policy

The investment objective of the Fund is to increase the value of your investment over any 5 year period, through a combination of income, that is, money paid out of an investment, such as interest from bonds or dividends from shares and some capital growth, that is, profit on investments. The Fund aims to outperform the average of the IA Mixed Investment 20-60% Shares sector, after charges, over any 5 year period. However, there is no certainty this will be achieved.

At least 80% of the Fund will be invested in other funds, including exchange traded funds (which typically track an index) and investment trusts. This may include other funds operated by the Manager or its associates. Through these investments, the Fund will be exposed to a range of asset classes, creating a low to medium risk portfolio.

Between 20-60% of the Fund will be exposed to shares in companies, both UK and overseas, but typically this will be between 40-60%.

At least 30% of the Fund will also be exposed to bonds, which are loans typically issued by companies and governments, and cash. This may include investment grade bonds, where the issuer has a higher capacity to repay the debt, as well as sub-investment grade bonds, which can be more vulnerable to changing market conditions but typically pay a higher rate of interest.

Through investing in funds, the Fund's portfolio may also be exposed to other asset classes such as property, commodities (such as gold and oil), money market instruments, which are shorter term loans, cash and other permitted investments. Funds purchased may also have the ability to use derivatives (investments whose returns are linked to another asset, market or other variable factor) to varying degrees, including funds which aim to deliver positive returns in a range of market conditions, often referred to as absolute return funds.

The Fund may also invest in these asset classes directly (excluding property and commodities) up to a maximum of 20%.

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. Investments will span a range of developed and emerging markets globally with no maximum or minimum exposure to any one market or geographical region.

Decisions around asset allocation are based on the Investment Manager's research process which considers the potential for loss as well as the overall return expectations for an asset class.

The Fund may invest in derivatives or forward transactions whose returns are linked to exchange rates in order to reduce currency risk (also known as hedging).

The Fund aims to be in the top half of all funds included in the IA Mixed Investment 20-60% Shares 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.

Assessment of value

The Manager is required to carry out an assessment of value at least annually and publish its findings in a report to investors. IFSL Marlborough Cautious Fund is assessed and reported on, in a composite report which the Manager publishes on the website www.ifslfunds.com. The next report is expected to be published in a composite report by 30 September 2022.

Changes in prospectus

On the 26 November 2021: the authorised fund manager changed from Marlborough Fund Managers Limited to another Marlborough Group company, Investment Fund Services Limited (IFSL); and the name of the Fund changed from Marlborough Cautious Fund to IFSL Marlborough Cautious Fund.

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.

IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Leverage

In accordance with the Alternative Investment Fund Manager Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which a Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways: 'gross method'; and 'commitment method'. The Fund must not exceed maximum exposures under both methods. 'Gross method' exposure is calculated as the sum of all positions of the Fund (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes. 'Commitment method' is also calculated as the sum of all positions of the Fund (both positive and negative), but after netting off any derivative and security positions as specified by AIFMD rules.

The total amount of leverage calculated as at 30 April 2022 is as follows:

	Gross Method	Commitment Method
IFSL Marlborough Cautious Fund	92.60%	92.60%

The total amount of leverage calculated as at 30 April 2021 is as follows:

	Gross Method	Commitment Method
IFSL Marlborough Cautious Fund	96.41%	96.41%

The maximum level of leverage which may be employed on behalf of the Fund when calculated in accordance with the gross method is 210%.

The maximum level of leverage which may be employed on behalf of the Fund when calculated in accordance with the commitment method is 110%.

Remuneration policy

In line with the requirement of the AIFMD, Marlborough Fund Managers Ltd is 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 the AIFMD. 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 Alternative Investment Funds (AIFs) it manages.

The quantitative remuneration disclosures as at 30 September 2021 (the Alternative Investment Fund Manager's (AIFM'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 AIFM who have a material impact on the risk profile of the AIF				
Senior management	9	721,509	600,044	121,465
Risk takers and other identified staff	3	223,328	174,917	48,411
Allocation of total remuneration of the employees of the AIFM to the AIF				
Senior management	0.01	784	652	132
Risk takers and other identified staff	0.23	15,782	12,361	3,421

The total number of staff employed by the AIFM's group was 226 at 30 September 2021. The total remuneration paid to those staff was £9,995,870 of which £5,102,703 is attributable to the AIFM. The information is provided for the purpose of Regulation 107(1)(a) of the AIFM regulations but not for the purposes of Regulations 107(1)(b) and (c) of the AIFM regulations.

The allocation of remuneration to the AIFM is based on Assets Under Management (AUM). The allocation of remuneration to the AIF is based on AUM where staff are not directly allocated to the AIF and the figures disclosed only include remuneration paid to individuals directly paid by the AIFM's group. The way these disclosures are calculated may change in the future.

IFSL MARLBOROUGH CAUTIOUS 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
DIRECTOR



HELEN REDMOND
DIRECTOR

INVESTMENT FUND SERVICES LIMITED

29 June 2022

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 losses on the property of the Fund for the year.

In preparing the 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

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 CAUTIOUS FUND

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 Cautious Fund ("the Trust") for the period ended 30th April 2022

The Depositary in its capacity as Trustee of IFSL Marlborough Cautious Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds 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 Alternative Investment Fund Manager ("the AIFM") 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 in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider 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 AIFM:

(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; 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

LONDON

29 June 2022

IFSL MARLBOROUGH CAUTIOUS FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH CAUTIOUS FUND

Opinion

We have audited the financial statements of IFSL Marlborough Cautious Fund ("the Fund") for the year ended 30 April 2022, 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 including 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 30 April 2022 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

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.

IFSL MARLBOROUGH CAUTIOUS FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH CAUTIOUS FUND

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.

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.

IFSL MARLBOROUGH CAUTIOUS FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH CAUTIOUS FUND

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.
- 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.

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

29 June 2022

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 CAUTIOUS FUND

COMPARATIVE TABLE

<u>A Income units</u>	Year to 30.04.2022	Year to 30.04.2021	Year to 30.04.2020
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	90.81	81.26	89.19
Return before operating charges*	(1.10)	13.13	(3.99)
Operating charges	(1.86)	(1.95)	(1.99)
Return after operating charges*	(2.96)	11.18	(5.98)
Distributions on income units	(1.37)	(1.63)	(1.95)
Closing net asset value per unit	86.48	90.81	81.26
* after direct transaction costs of:	0.02	0.03	0.05
Performance			
Return after charges	(3.26)% ^B	13.76%	(6.70)%
Other information			
Closing net asset value (£)	1,836,573	2,088,887	2,925,029
Closing number of units	2,123,765	2,300,389	3,599,680
Operating charges	2.06% ^A	2.26%	2.23%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	93.17p	91.40p	93.49p
Lowest unit price	85.35p	80.13p	76.57p
<u>A Accumulation units</u>	Year to 30.04.2022	Year to 30.04.2021	Year to 30.04.2020
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	159.93	140.41	150.64
Return before operating charges*	(1.99)	22.91	(6.85)
Operating charges	(3.29)	(3.39)	(3.38)
Return after operating charges*	(5.28)	19.52	(10.23)
Distributions on accumulation units	(2.41)	(2.83)	(3.32)
Retained distributions on accumulation units	2.41	2.83	3.32
Closing net asset value per unit	154.65	159.93	140.41
* after direct transaction costs of:	0.03	0.06	0.08
Performance			
Return after charges	(3.30)% ^B	13.90%	(6.79)%
Other information			
Closing net asset value (£)	1,913,622	2,168,888	2,337,384
Closing number of units	1,237,372	1,356,115	1,664,674
Operating charges	2.06% ^A	2.26%	2.23%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	164.95p	160.08p	157.98p
Lowest unit price	151.63p	138.45p	131.05p

^A 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.

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

IFSL MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

<u>P Income units</u>	Year to 30.04.2022	Year to 30.04.2021	Year to 30.04.2020
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	96.63	85.82	93.48
Return before operating charges*	(1.19)	13.94	(4.22)
Operating charges	(1.26)	(1.40)	(1.39)
Return after operating charges*	(2.45)	12.54	(5.61)
Distributions on income units	(1.46)	(1.73)	(2.05)
Closing net asset value per unit	92.72	96.63	85.82
* after direct transaction costs of:	0.02	0.03	0.05
Performance			
Return after charges	(2.54)% ^B	14.61%	(6.00)%
Other information			
Closing net asset value (£)	1,537,653	1,639,025	563,085
Closing number of units	1,658,354	1,696,176	656,104
Operating charges	1.31% ^A	1.51%	1.48%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	99.41p	97.25p	98.18p
Lowest unit price	91.41p	84.63p	80.81p
<u>P Accumulation units</u>	Year to 30.04.2022	Year to 30.04.2021	Year to 30.04.2020
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	112.00	97.59	103.92
Return before operating charges*	(1.42)	16.00	(4.78)
Operating charges	(1.47)	(1.59)	(1.55)
Return after operating charges*	(2.89)	14.41	-6.33
Distributions on accumulation units	(1.70)	(1.97)	(2.30)
Retained distributions on accumulation units	1.70	1.97	2.30
Closing net asset value per unit	109.11	112.00	97.59
* after direct transaction costs of:	0.02	0.04	0.05
Performance			
Return after charges	(2.58)% ^B	14.77%	(6.09)%
Other information			
Closing net asset value (£)	1,446,837	1,444,737	852,875
Closing number of units	1,325,983	1,289,983	873,935
Operating charges	1.31% ^A	1.51%	1.48%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	115.99p	112.09p	109.63p
Lowest unit price	106.87p	96.24p	91.01p

^A 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.

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

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 CAUTIOUS FUND

SYNTHETIC RISK AND REWARD INDICATOR (all unit classes)



This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The Fund has been measured as 4 because it has experienced moderate volatility historically. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH CAUTIOUS FUND
PORTFOLIO STATEMENT

as at 30 April 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
UK ALL COMPANIES (30 April 2021 - 4.04%)		
9,060 Invesco FTSE RAFI UK 100 UCITS ETF ^A	101,309	1.50
21,322 iShares Core FTSE 100 UCITS ETF GBP ^A	157,996	2.35
79,400 LF Lindsell Train UK Equity	265,221	3.94
Total UK All Companies	<u>524,526</u>	<u>7.79</u>
UK EQUITY INCOME (30 April 2021 - 11.96%)		
186,478 Allianz UK Listed Equity Income 'E' GBP	220,156	3.27
223,528 Man GLG UK Income 'D'	264,881	3.93
1,214 Vanguard FTSE UK Equity Income Index 'A' GBP	203,183	3.02
Total UK Equity Income	<u>688,220</u>	<u>10.22</u>
UK SMALLER COMPANIES (30 April 2021 - 4.13%)		
13,848 IFSL Marlborough UK Micro-Cap Growth 'P'	139,920	2.08
Total UK Smaller Companies	<u>139,920</u>	<u>2.08</u>
ASIA PACIFIC EXCLUDING JAPAN (30 April 2021 - 4.48%)		
75,811 Fidelity Asia Pacific Opportunities 'W'	213,711	3.17
689 iShares MSCI EM Asia UCITS ETF USD ^A	89,404	1.33
Total Asia Pacific excluding Japan	<u>303,115</u>	<u>4.50</u>
EUROPE EXCLUDING UK (30 April 2021 - 5.24%)		
8,020 BlackRock European Dynamic 'D' GBP	70,836	1.05
9,598 IFSL Marlborough European Special Situations 'P'	71,156	1.05
2,529 Xtrackers S&P Europe ex. UK UCITS ETF '1D' EUR ^A	130,446	1.94
Total Europe excluding UK	<u>272,438</u>	<u>4.04</u>
EUROPE INCLUDING UK (30 April 2021 - 2.21%)		
56,844 iShares Edge MSCI Europe Value Factor UCITS ETF EUR ^A	256,526	3.81
Total Europe including UK	<u>256,526</u>	<u>3.81</u>
GLOBAL EMERGING MARKETS (30 April 2021 - 2.53%)		
255 Brook Global Emerging Markets 'LI' GBP	22,508	0.33
1,008 Brook Global Emerging Markets 'S' GBP	89,283	1.33
561 iShares MSCI EM Small Cap UCITS ETF USD ^A	36,451	0.54
Total Global Emerging Markets	<u>148,242</u>	<u>2.20</u>
JAPAN (30 April 2021 - 3.68%)		
934 iShares Core MSCI Japan IMI UCITS ETF USD ^A	32,746	0.49
22,941 JPM Japan 'C' Net	67,241	1.00
648 Man GLG Japan CoreAlpha Equity 'I' GBP	136,838	2.03
Total Japan	<u>236,825</u>	<u>3.52</u>
JAPANESE SMALLER COMPANIES (30 April 2021 - 0.72%)		
NORTH AMERICA (30 April 2021 - 15.20%)		
16,577 GQG Partners US Equity 'I' GBP	234,071	3.47
632 iShares Core S&P 500 UCITS ETF USD ^A	218,691	3.25
29,626 iShares Edge MSCI USA Value Factor UCITS ETF USD ^A	206,825	3.07
Total North America	<u>659,587</u>	<u>9.79</u>
UK GILTS (30 April 2021 - Nil)		
2,029 iShares UK Gilts 0-5yr UCITS ETF GBP ^A	263,040	3.91
Total UK Gilts	<u>263,040</u>	<u>3.91</u>
STERLING CORPORATE BOND (30 April 2021 - 6.12%)		
143,946 Schroder Sterling Corporate Bond 'Z' GBP	263,709	3.91
Total Sterling Corporate Bond	<u>263,709</u>	<u>3.91</u>

IFSL MARLBOROUGH CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 30 April 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
STERLING STRATEGIC BOND (30 April 2021 - 12.35%)		
134,353 FTF Brandywine Global Income Optimiser 'I'	134,232	1.99
198,752 Royal London Short Duration Credit 'Z'	214,056	3.18
Total Sterling Strategic Bond	<u>348,288</u>	<u>5.17</u>
GLOBAL CORPORATE BOND (30 April 2021 - 4.43%)		
2,106 Vanguard Global Credit Bond GBP Hedged	232,159	3.45
Total Global Corporate Bond	<u>232,159</u>	<u>3.45</u>
GLOBAL MIXED BOND (30 April 2021 - 6.92%)		
183,198 M&G Global Macro Bond 'I' Sterling	282,894	4.20
Total Global Mixed Bond	<u>282,894</u>	<u>4.20</u>
USD CORPORATE BOND (30 April 2021 - 2.97%)		
99,813 iShares \$ Floating Rate Bond UCITS ETF USD ^A	395,337	5.87
Total USD Corporate Bond	<u>395,337</u>	<u>5.87</u>
USD GOVERNMENT BOND (30 April 2021 - Nil)		
2,906 Tabula US Enhanced Inflation UCITS ETF GBP Hedged ^A	346,337	5.14
Total USD Government Bond	<u>346,337</u>	<u>5.14</u>
COMMODITIES AND NATURAL RESOURCES (30 April 2021 - 4.33%)		
8,929 Xtrackers IE Physical Gold ETC Securities ^A	210,128	3.12
Total Commodities and Natural Resources	<u>210,128</u>	<u>3.12</u>
INFRASTRUCTURE (30 April 2021 - 2.01%)		
179,380 M&G Global Listed Infrastructure 'I' Sterling	296,048	4.40
Total Infrastructure	<u>296,048</u>	<u>4.40</u>
SHORT TERM MONEY MARKET (30 April 2021 - 3.36%)		
381,046 Royal London Short-Term Money Market 'Y'	389,372	5.78
Total Short Term Money Market	<u>389,372</u>	<u>5.78</u>
Portfolio of investments	6,256,711	92.90
Net other assets	477,974	7.10
Total net assets	<u>6,734,685</u>	<u>100.00</u>

All investments are units/shares in ICVCs and unit trusts which are authorised or 'recognised' by the FCA with the exception of ^A which are open ended exchange traded funds.

IFSL MARLBOROUGH CAUTIOUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 30 April 2022

	Notes	30 April 2022		30 April 2021	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(240,816)		863,807
Revenue	6	129,553		160,931	
Expenses	7	<u>(96,823)</u>		<u>(99,205)</u>	
Net revenue before taxation		32,730		61,726	
Taxation	8	<u>-</u>			
Net revenue after taxation			<u>32,730</u>		<u>61,726</u>
Total return before distributions			(208,086)		925,533
Distributions	9		(109,537)		(131,589)
Change in net assets attributable to unitholders from investment activities			<u>(317,623)</u>		<u>793,944</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 April 2022

	30 April 2022		30 April 2021	
	£	£	£	£
Opening net assets attributable to unitholders		7,343,532		6,680,135
Amounts receivable on issue of units	468,101		747,375	
Amounts payable on cancellation of units	<u>(813,470)</u>		<u>(941,968)</u>	
Amounts payable on unit class conversions			<u>2</u>	
		(345,369)		(194,591)
Dilution adjustment		165		-
Change in net assets attributable to unitholders from investment activities		(317,623)		793,944
Retained distribution on accumulation units		53,980		64,044
Closing net assets attributable to unitholders		<u>6,734,685</u>		<u>7,343,532</u>

IFSL MARLBOROUGH CAUTIOUS FUND

BALANCE SHEET

as at 30 April 2022

	Notes	30 April 2022 £	30 April 2021 £
Assets:			
Fixed Assets:			
Investments	17	6,256,711	7,099,543
Current Assets:			
Debtors	10	15,202	17,769
Cash and bank balances		500,330	279,627
Total assets		<u>6,772,243</u>	<u>7,396,939</u>
Liabilities:			
Creditors:			
Distribution payable on income units		22,267	20,745
Other creditors	11	15,291	32,662
Total liabilities		<u>37,558</u>	<u>53,407</u>
Net assets attributable to unitholders		<u><u>6,734,685</u></u>	<u><u>7,343,532</u></u>

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS) 102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment 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 the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The authorised fund manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following the consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Dividends from quoted ordinary securities and distributions receivable from onshore collective investment schemes are recognised when the security is quoted ex-dividend.

Income from offshore collective investment schemes is recorded on the ex-dividend date and additional reported income is recognised when reported.

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 authorised fund manager'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. The authorised fund manager's periodic charge is treated as a capital expense. This may constrain capital growth.

Management fee rebates

Rebates on collective investment schemes' management fees are accounted for on an accruals basis and are subsequently attributed to the revenue or capital of the Fund depending on the fee structure of the underlying collective investment scheme.

Distributions from collective investment schemes

Distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for the shares. Equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

Valuation

The valuation point was 12:00 on 29 April 2022 being the last valuation point of the accounting year.

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

Investments in collective investment schemes have been valued at cancellation price for dual-priced funds or the single price for single priced funds, using the latest available published prices at the year end.

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 29 April 2022 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute or 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.

The Fund is not more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and will pay a dividend 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.

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 authorised fund manager'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 authorised fund manager 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 some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The authorised fund manager 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 authorised fund manager 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 authorised fund manager.

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

RISK MANAGEMENT POLICIES

Concentration risk

Some of the underlying collective investment schemes invest solely in certain markets, such as UK shares or fixed interest securities. This allows them to focus on those markets' potential but means that they are not spread amongst a range of markets. Securities in the same market tend to be affected by the same factors, so the collective investment schemes may experience greater fluctuations in price. The asset allocations aim to minimise this risk whenever possible, whilst still meeting the objectives of the Fund.

4 NET CAPITAL (LOSSES)/GAINS

30 April 2022
£

30 April 2021
£

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

Realised gains on investments	156,000	179,373
Unrealised (losses)/gains on investments	(393,187)	697,143
Other currency losses	(1,833)	(9,289)
Transaction charges	(1,796)	(3,420)
Net capital (losses)/gains	(240,816)	863,807

5 PURCHASES, SALES AND TRANSACTION COSTS

30 April 2022
£

30 April 2021
£

Purchases excluding transaction costs		
Collective Investment Schemes	4,158,518	5,119,385
Exchange Traded Funds	3,196,543	5,404,239
	<u>7,355,061</u>	<u>10,523,624</u>
Commissions - Exchange Traded Funds	673	1,351
Total purchase transaction costs	<u>673</u>	<u>1,351</u>
Purchases including transaction costs	<u>7,355,734</u>	<u>10,524,975</u>

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

Commissions - Exchange Traded Funds	0.02%	0.03%
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Sales excluding transaction costs

Collective Investment Schemes	5,294,756	5,208,514
Exchange Traded Funds	2,696,232	5,122,638
	<u>7,990,988</u>	<u>10,331,152</u>
Commissions - Exchange Traded Funds	(614)	(1,281)
Total sales transaction costs	<u>(614)</u>	<u>(1,281)</u>
Sales net of transaction costs	<u>7,990,374</u>	<u>10,329,871</u>

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

Commissions - Exchange Traded Funds	0.02%	0.03%
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Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions - Exchange Traded Funds	<u>0.02%</u>	<u>0.04%</u>
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Transaction handling charges

These are charges payable to the trustee in respect each transaction.

	<u>£1,796</u>	<u>£3,420</u>
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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

	<u>0.07%</u>	<u>0.04%</u>
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IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

6 REVENUE	30 April 2022	30 April 2021
	£	£
UK dividends	28,315	35,804
Overseas dividends	48,001	25,843
Overseas dividends - unfranked	-	907
Interest distributions - unfranked	50,297	97,723
Management fee rebates	2,921	654
Bank interest	19	-
Total revenue	<u>129,553</u>	<u>160,931</u>
7 EXPENSES	30 April 2022	30 April 2021
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	85,113	87,349
Registration fees	1,082	1,166
	<u>86,195</u>	<u>88,515</u>
Other expenses:		
Trustee's fees	2,610	2,516
Safe Custody fees	517	592
Bank interest	-	20
Financial Conduct Authority fee	124	170
Audit fee	7,377	7,392
	<u>10,628</u>	<u>10,690</u>
Total expenses	<u>96,823</u>	<u>99,205</u>
8 TAXATION	30 April 2022	30 April 2021
	£	£
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	-	-
Total tax charge (see note 8(b))	<u>-</u>	<u>-</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	32,729	61,726
Corporation tax at 20% (2021: 20%)	<u>6,546</u>	<u>12,345</u>
Effects of:		
Revenue not subject to taxation	(15,263)	(12,329)
Unrelieved excess management expenses	8,717	(16)
Total tax charge (see note 8(a))	<u>-</u>	<u>-</u>

At 30 April 2022 the Fund has deferred tax assets of £105,732 (2021: £97,015) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

9 DISTRIBUTIONS

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

	30 April 2022 £	30 April 2021 £
Interim	64,316	90,126
Final	44,279	40,745
Amounts deducted on cancellation of units	3,408	3,977
Amounts received on issue of units	(2,463)	(3,259)
Equalisation on conversions	-	2
Revenue brought forward	(3)	(2)
Distributions	<u>109,537</u>	<u>131,589</u>
Movement between net revenue and distributions:		
Net revenue after taxation	32,729	61,726
Add: ACD's periodic charge borne by capital	85,113	87,348
Deduct: Tax effect of ACD's periodic charge borne by capital	(8,305)	(17,485)
	<u>109,537</u>	<u>131,589</u>

10 DEBTORS

	30 April 2022 £	30 April 2021 £
Amounts receivable for issue of units	23	2,089
Accrued income	15,179	15,680
Total debtors	<u>15,202</u>	<u>17,769</u>

11 OTHER CREDITORS

	£	£
Amounts payable for cancellation of units	96	17,310
Manager's periodic charge and registration fees	6,544	7,160
Accrued expenses	8,651	8,192
Total other creditors	<u>15,291</u>	<u>32,662</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 April 2022 (2021: nil).

13 RELATED PARTIES

The authorised fund manager 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 on page 15 and note 9. Amounts due to/from the authorised fund manager in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the authorised fund manager in respect of the manager's periodic charge and registration fees are disclosed in note 7. Amounts due to the authorised fund manager at the year end are £6,617 (2021: £22,381).

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%
A Accumulation	1.50%
P Income	0.75%
P Accumulation	0.75%

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

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15 UNITHOLDERS' FUNDS RECONCILIATION

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

	A Income	A Accumulation	B Income
Opening units in issue at 1 May 2021	2,300,389	1,356,115	1,000
Units issues	32,421	13,924	-
Units cancellations	(209,045)	(132,667)	(1,000)
Units conversions	-	-	-
Closing units in issue at 30 April 2022	2,123,765	1,237,372	-

	B Accumulation	P Income	P Accumulation
Opening units in issue at 1 May 2021	1,000	1,696,176	1,289,983
Units issues	-	149,632	247,242
Units cancellations	(1,000)	(187,454)	(211,242)
Units conversions	-	-	-
Closing units in issue at 30 April 2022	-	1,658,354	1,325,983

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 £312,836 (2021: £354,977). 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 30 April 2022:

	Investments £	Net current assets £	Total £
Euro	256,526	2,735	259,261
US dollar	938,144	-	938,144
	1,194,670	2,735	1,197,405

Foreign currency exposure at 30 April 2021:

	Investments £	Net current assets £	Total £
Euro	162,292	1,205	163,497
US dollar	1,556,922	-	1,556,922
	1,719,214	1,205	1,720,419

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 increasing the return and net assets by £59,870 (2021: £86,021). A five per cent increase would have an equal and opposite effect.

Interest rate risk

30 April 2022
£

30 April 2021
£

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

Financial assets floating rate	3,021,466	2,934,699
Financial assets non-interest bearing instruments	3,750,777	4,462,240
Financial liabilities non-interest bearing instruments	(37,558)	(53,407)
	6,734,685	7,343,532

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

Liquidity risk

30 April 2022
£

30 April 2021
£

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

Within one year:

Distribution payable on income units	22,267	20,745
Other creditors	15,291	32,662
	37,558	53,407

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	30 April 2022		30 April 2021	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	2,445,236	-	1,841,386	-
Level 2 - Observable market data	3,811,475	-	5,258,157	-
Level 3 - Unobservable data	-	-	-	-
	<u>6,256,711</u>	<u>-</u>	<u>7,099,543</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.

18 POST BALANCE SHEET EVENTS

Since 29 April 2022, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	29 April 2022 ^A	27 June 2022	Movement (%)
A Income	87.08	83.53	-4.08%
A Accumulation	154.71	149.34	-3.47%
P Income	93.36	89.66	-3.96%
P Accumulation	109.15	105.49	-3.35%

^A These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

IFSL MARLBOROUGH CAUTIOUS FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 May 2021 to 31 October 2021

Group 1: units purchased prior to 1 May 2021

Group 2: units purchased on or after 1 May 2021

		Net revenue 31 October 2021 pence per unit	Equalisation 31 October 2021 pence per unit	Distribution paid 31 December 2021 pence per unit	Distribution paid 31 December 2020 pence per unit
A Income	Group 1	0.7963p	-	0.7963p	1.1255p
	Group 2	0.3321p	0.4642p	0.7963p	1.1255p
A Accumulation	Group 1	1.3984p	-	1.3984p	1.9448p
	Group 2	0.7308p	0.6676p	1.3984p	1.9448p
P Income	Group 1	0.8494p	-	0.8494p	1.1914p
	Group 2	0.4485p	0.4009p	0.8494p	1.1914p
P Accumulation	Group 1	0.9876p	-	0.9876p	1.3546p
	Group 2	0.3180p	0.6696p	0.9876p	1.3546p

Final distribution for the period from 1 November 2021 to 30 April 2022

Group 1: units purchased prior to 1 November 2021

Group 2: units purchased on or after 1 November 2021

		Net revenue 30 April 2022 pence per unit	Equalisation 30 April 2022 pence per unit	Distribution paid 30 June 2022 pence per unit	Distribution paid 30 June 2021 pence per unit
A Income	Group 1	0.5717p	-	0.5717p	0.5054p
	Group 2	0.2197p	0.3520p	0.5717p	0.5054p
A Accumulation	Group 1	1.0155p	-	1.0155p	0.8852p
	Group 2	0.6660p	0.3495p	1.0155p	0.8852p
P Income	Group 1	0.6105p	-	0.6105p	0.5372p
	Group 2	0.1544p	0.4561p	0.6105p	0.5372p
P Accumulation	Group 1	0.7123p	-	0.7123p	0.6192p
	Group 2	0.3265p	0.3858p	0.7123p	0.6192p

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