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MARLBOROUGH CAUTIOUS FUND

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 30 April 2020

MARLBOROUGH CAUTIOUS FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar

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BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Trustee

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London
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Adviser

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Authorised and regulated by the Financial Conduct Authority.

Auditor

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Guy Sears (Independent Non-Executive)
David Kiddie (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

MARLBOROUGH CAUTIOUS FUND

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MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2020

Percentage change and sector position to 30 April 2020

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>02.10.2000*</u>
Marlborough Cautious Fund	-5.88%	-5.18%	-1.53%	7.59%	123.80%
IA Mixed Investment 20-60% Shares	-5.80%	-3.62%	1.77%	12.17%	102.85%
Quartile Ranking**	3	3	3	3	3

* Gurjit Soggi appointed investment adviser.

** Based on ranking within the Investment Association Mixed Investment 20-60% Shares sector.

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

P units first priced on 2 January 2013. In the period to that date, the past performance information for A units has been used.



During the period under review, the bid (selling price) of class P income units (with income reinvested) decreased by 5.18%. The IA Mixed Investment 20-60% Shares sector decreased by 3.62% during the same period.

The 12-month period to the end of April 2020 commenced in rather calmer fashion than we have more recently become used to. Up until the end of February 2020 the Fund consistently tracked its benchmark sector, with deviations being largely driven by the over or under performance of corporate versus government bonds in the fixed income space and value versus growth within the allocation to equities.

Up until the last week of February 2020 the Fund had delivered Cautious investors a return of more than 5.50% since May of the previous year, achieving the investment objective of those with a low appetite for risk.

However, that all changed at the end of February when the full impact of the Coronavirus, or COVID-19 as it has become known, took hold and has dominated news headlines ever since.

This was reflected in the performance of the world's major equity markets that after a solid 2019 were hit hard and fast in February 2020. Then, as signs of a generally improving situation emerged, a reasonably robust recovery appeared to be building momentum. For the year to the end of the reporting period, the UK's FTSE 100 index was down -17.14%, the US S&P 500 index managed to finish up, albeit by just 0.86%, and in Europe the MSCI Europe Ex UK index was down -8.12%. In Asia, Japan's Nikkei 225 index and China's SSE 50 index were both down by slightly more than 7%, while Hong Kong's Hang Seng index finished at -14.24%, magnified by both the pandemic and their own domestic unrest with China.

The first quarter of 2020 proved to be very difficult for both investors and society in general. Although there were clear indications that the economic cycle was already in its later stages, since the first mention of COVID-19, in late December 2019, only the proverbial crystal ball would have predicted the implications that it would have on financial markets and day-to-day life. Going into March, global stock markets braced themselves following a week that at one point was on course for being the worst since the 2008 credit crisis.

After the severe initial shock, markets rebounded strongly in April. COVID-19 continued to spread globally, but some countries saw daily new infection rates start to fall and began planning to gradually reopen their economies. Governments and central banks introduced very significant stimulus measures to reduce the damage caused by the economic shutdown, restoring some positive sentiment to markets. The pandemic continued to dominate markets but with an increasing focus on how countries would begin to relax their lockdown measures and the subsequent effect on the global economy.

From the Fund's highest valuation in February 2020, the impact of the COVID-19 pandemic saw the Fund value fall by just short of 16%. The timely use of short ETF positions across the major developed markets helped to protect from the full downside, with the FTSE 100 down by more than 30% at one stage. Since then, we have seen markets show signs of recovery, gradually recouping the lost ground, albeit with an air of caution over the looming threat of a sustained second wave.

Given the above, it was of no surprise that of the component funds, the best contributors were bond based, with Wells Fargo Investment Grade Credit fund delivering +14.41% and M&G's Macro Bond fund producing +12.60%. Conversely, it was the exposure to UK and Asian equities that mostly detracted from performance, with Man GLG Income Professional (-20.31%), iShares Core FTSE 100 ETF (-17.12%) and Prusik Asian Equity Income (-15.90%).

With the exception of the shorter term, tactical use of short ETF positions, the Fund has maintained a relatively neutral asset allocation and the addition of marginal exposure to alternative, thematic/specialist funds/ETFs (gold, infrastructure, healthcare) has added to the element of diversification.

The Fund continues to be actively managed in terms of asset allocation and underlying fund manager selection. We are always seeking to find a balance between ensuring that the Fund is utilising the best third party funds available while avoiding high turnover by allowing the investment strategy of a fund, that may appear to be underperforming in the short term, to come to fruition.

MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2020

The management of money with a cautious mandate has been especially challenging, and given the investment backdrop of unprecedentedly low interest rates, in some cases negatively yielding government bonds, and the associated risks of equities, this is likely to continue.

Gurjit Soggi
Marlborough Investment Management Limited
14 August 2020

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Distributions (pence per unit)

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>A Income</u>				
Net income paid 30 June	0.7796	0.9796	0.6176	0.8256
Net income paid 31 December		1.1746	0.8665	1.0668
<u>A Accumulation</u>				
Net income paid 30 June	1.3349	1.6366	1.0149	1.3294
Net income paid 31 December		1.9839	1.4340	1.7331
<u>B Income</u>				
Net income paid 30 June	0.8420	1.0000	0.6433	0.8534
Net income paid 31 December		1.1980	0.9087	1.1055
<u>B Accumulation</u>				
Net income paid 30 June	0.8990	1.0000	0.6577	0.8460
Net income paid 31 December		1.2350	0.9343	1.1153
<u>P Income</u>				
Net income paid 30 June	0.8209	1.0249	0.6411	0.8492
Net income paid 31 December		1.2338	0.9033	1.1037
<u>P Accumulation</u>				
Net income paid 30 June	0.9249	1.1269	0.6937	0.9007
Net income paid 31 December		1.3713	0.9841	1.1808

Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
iShares Core S&P 500 UCITS ETF USD	1,094,685	WisdomTree Short EUR Long USD 3x Daily	776,569
WisdomTree Short EUR Long USD 3x Daily	908,754	WisdomTree Physical Gold GBP	725,250
WisdomTree Physical Gold GBP	830,400	iShares Core S&P 500 UCITS ETF USD	713,546
iShares Core FTSE 100 UCITS ETF GBP	779,455	Ashmore Emerging Mrkts Short Duration 'Z' GBP	603,031
Vanguard FTSE 250 UCITS ETF GBP	704,065	Vanguard FTSE 250 UCITS ETF GBP	587,732
Xtrackers S&P Eur ex. UK UCITS ETF '1D' EUR	667,543	Xtrackers S&P Eur ex. UK UCITS ETF '1D' EUR	556,609
Legg Mason WA Macro Opps Bond 'X' GBP Hdgd	473,880	iShares Core FTSE 100 UCITS ETF GBP	551,898
Vanguard Global Credit Bond GBP Hedged	471,700	Artemis US Extended Alpha 'I' GBP	507,989
Schroder Sterling Corporate Bond 'Z' GBP	467,600	M&G Global Macro Bond 'I' Sterling	506,218
WisdomTree Short GBP Long USD 3x Daily	455,424	Vanguard Global Credit Bond GBP Hedged	474,223
Other purchases	8,923,478	Other sales	11,111,680
Total purchases for the year	15,776,984	Total sales for the year	17,114,745

MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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).

This 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. The Manager should publish the report in the annual report of the Fund, except where the assessment and report are provided as a composite, that is, with other funds that may have a different year end date. Marlborough Cautious Fund will be assessed and reported on, in a composite report which the Manager intends to publish by 31 August 2020 on the website. www.marlboroughfunds.com

Changes in prospectus

Since the last report, the investment objective and policy has been updated, and there has been a change of auditor from Barlow Andrews LLP to Ernst & Young LLP. Details of these changes can be found in the latest Prospectus dated 26 March 2020.

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.

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.

Therefore, the total amount of leverage calculated as at 30 April 2020 is as follows:

	Gross Method	Commitment Method
Marlborough Cautious Fund	88.74%	88.74%

The total amount of leverage calculated as at 30 April 2019 is as follows:

	Gross Method	Commitment Method
Marlborough Cautious Fund	89.66%	89.66%

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, Investment Fund Services Limited 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 2019 (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	741,229	551,303	189,926
Risk takers and other identified staff	3	199,458	167,886	31,572
Allocation of total remuneration of the employees of the AIFM to the AIF				
Senior management	0.01	986	733	253
Risk takers and other identified staff	0.23	15,355	12,925	2,430

The total number of staff employed by the AIFM was 172 at 30 September 2019. The total remuneration paid to those staff was £7,294,016, of which £3,707,059 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), as staff work for two AIFMs. The allocation of remuneration to the AIF is based on AUM where staff are not directly allocated to the AIF. The way these disclosures are calculated may change in the future.

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.



DOM CLARKE
DIRECTOR



WAYNE D GREEN
DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
26 August 2020

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.

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 Marlborough Cautious Fund ("the Trust") for the period ended 30 April 2020

The Depositary in its capacity of Trustee of 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 the 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 of the Trust 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 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

LONDON

26 August 2020

MARLBOROUGH CAUTIOUS FUND

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

Opinion

We have audited the financial statements of Marlborough Cautious Fund ("the Fund") for the year ended 30 April 2020 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders together with the Balance Sheet, the accounting, distribution and risk management policies and related notes for the Fund and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 April 2020 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 including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 (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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for the period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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

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 Financial Conduct Authority and the Instrument of Incorporation;
- 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; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

MARLBOROUGH CAUTIOUS FUND

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

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 Financial Conduct Authority rules 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 purpose 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 liquidate 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.

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 Financial Conduct Authority. 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

26 August 2020

Notes:

1. The maintenance and integrity of the Marlborough Fund Managers Ltd 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.

MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

A Income units

Change in net assets per unit	Year to 30.04.2020 pence	Year to 30.04.2019 pence	Year to 30.04.2018 pence
Opening net asset value per unit	89.19	92.57	90.60
Return before operating charges*	(3.99)	0.65	5.96
Operating charges	(1.99)	(2.18)	(2.31)
Return after operating charges*	(5.98)	(1.53)	3.65
Distributions on income units	(1.95)	(1.85)	(1.68)
Closing net asset value per unit	81.26	89.19	92.57

* after direct transaction costs of: 0.05 0.02 0.02

Performance

Return after charges -6.70% -1.65% 4.03%

Other information

Closing net asset value	£2,925,029	£3,992,357	£5,020,397
Closing number of units	3,599,680	4,476,461	5,423,288
Operating charges	2.23%	2.42%	2.49%
Direct transaction costs	0.05%	0.02%	0.02%

Prices

Highest unit price	93.49p	99.33p	99.98p
Lowest unit price	76.57p	85.24p	90.59p

A Accumulation units

Change in net assets per unit	Year to 30.04.2020 pence	Year to 30.04.2019 pence	Year to 30.04.2018 pence
Opening net asset value per unit	150.64	153.15	147.18
Return before operating charges*	(6.85)	1.12	9.74
Operating charges	(3.38)	(3.63)	(3.77)
Return after operating charges*	(10.23)	(2.51)	5.97
Distributions on accumulation units	(3.32)	(3.07)	(2.75)
Retained distributions on accumulation units	3.32	3.07	2.75
Closing net asset value per unit	140.41	150.64	153.15

* after direct transaction costs of: 0.08 0.03 0.03

Performance

Return after charges -6.79% -1.64% 4.06%

Other information

Closing net asset value	£2,337,384	£2,878,116	£3,202,289
Closing number of units	1,664,674	1,910,630	2,091,005
Operating charges	2.23%	2.42%	2.49%
Direct transaction costs	0.05%	0.02%	0.02%

Prices

Highest unit price	157.98p	164.33p	164.28p
Lowest unit price	131.05p	142.41p	147.17p

MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

B Income units

Change in net assets per unit	Year to 30.04.2020 pence	Year to 30.04.2019 pence	Year to 30.04.2018 pence
Opening net asset value per unit	92.30	95.21	92.65
Return before operating charges*	(3.90)	0.78	6.20
Operating charges	(1.60)	(1.78)	(1.89)
Return after operating charges*	(5.50)	(1.00)	4.31
Distributions on income units	(2.04)	(1.91)	(1.75)
Closing net asset value per unit	84.76	92.30	95.21

* after direct transaction costs of: 0.05 0.02 0.02

Performance

Return after charges -5.96% -1.05% 4.65%

Other information

Closing net asset value	£847	£9	£993
Closing number of units	1,000	10	1,043
Operating charges	1.73%	1.92%	1.99%
Direct transaction costs	0.05%	0.02%	0.02%

Prices

Highest unit price	97.11p	101.89p	102.37p
Lowest unit price	79.78p	87.87p	92.64p

B Accumulation units

Change in net assets per unit	Year to 30.04.2020 pence	Year to 30.04.2019 pence	Year to 30.04.2018 pence
Opening net asset value per unit	97.00	97.79	93.48
Return before operating charges*	(3.81)	1.05	6.23
Operating charges	(1.70)	(1.84)	(1.92)
Return after operating charges*	(5.51)	(0.79)	4.31
Distributions on accumulation units	(2.13)	(1.93)	(1.77)
Retained distributions on accumulation units	2.13	1.93	1.77
Closing net asset value per unit	91.49	97.00	97.79

* after direct transaction costs of: 0.05 0.02 0.02

Performance

Return after charges -5.68% -0.81% 4.61%

Other information

Closing net asset value	£915	£10	£1,011
Closing number of units	1,000	10	1,034
Operating charges	1.73%	1.92%	1.99%
Direct transaction costs	0.05%	0.02%	0.02%

Prices

Highest unit price	102.62p	104.70p	104.49p
Lowest unit price	85.17p	91.22p	93.47p

MARLBOROUGH CAUTIOUS FUND

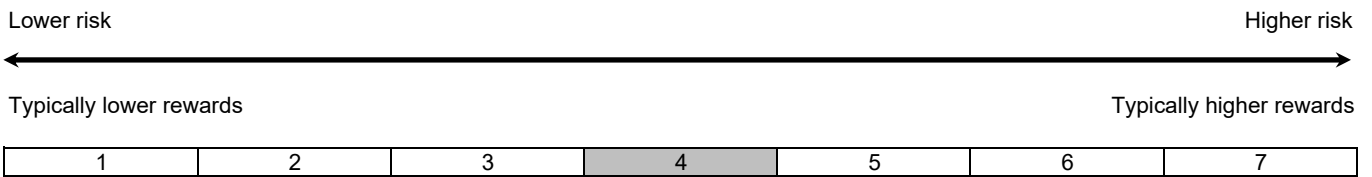
COMPARATIVE TABLE

<u>P Income units</u>	Year to 30.04.2020	Year to 30.04.2019	Year to 30.04.2018
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	93.48	96.30	93.55
Return before operating charges*	(4.22)	0.69	6.16
Operating charges	(1.39)	(1.58)	(1.67)
Return after operating charges*	(5.61)	(0.89)	4.49
Distributions on income units	(2.05)	(1.93)	(1.74)
Closing net asset value per unit	85.82	93.48	96.30
* after direct transaction costs of:	0.05	0.02	0.02
Performance			
Return after charges	-6.00%	-0.92%	4.80%
Other information			
Closing net asset value	£563,085	£681,946	£1,052,867
Closing number of units	656,104	729,472	1,093,266
Operating charges	1.48%	1.67%	1.74%
Direct transaction costs	0.05%	0.02%	0.02%
Prices			
Highest unit price	98.18p	99.21p	99.58p
Lowest unit price	80.81p	89.12p	93.55p
<u>P Accumulation units</u>	Year to 30.04.2020	Year to 30.04.2019	Year to 30.04.2018
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	103.92	104.86	100.09
Return before operating charges*	(4.78)	0.78	6.57
Operating charges	(1.55)	(1.72)	(1.80)
Return after operating charges*	(6.33)	(0.94)	4.77
Distributions on accumulation units	(2.30)	(2.11)	(1.87)
Retained distributions on accumulation units	2.30	2.11	1.87
Closing net asset value per unit	97.59	103.92	104.86
* after direct transaction costs of:	0.05	0.02	0.02
Performance			
Return after charges	-6.09%	-0.90%	4.77%
Other information			
Closing net asset value	£852,875	£1,081,404	£1,312,643
Closing number of units	873,935	1,040,662	1,251,844
Operating charges	1.48%	1.67%	1.74%
Direct transaction costs	0.05%	0.02%	0.02%
Prices			
Highest unit price	109.63p	108.02p	107.75p
Lowest unit price	91.01p	97.99p	100.09p

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.

MARLBOROUGH CAUTIOUS FUND

SYNTHETIC RISK AND REWARD INDICATOR



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are 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.

MARLBOROUGH CAUTIOUS FUND
PORTFOLIO STATEMENT

as at 30 April 2020

Holding or nominal value	Bid value £	Percentage of total net assets %
UK ALL COMPANIES (30 April 2019 - 3.32%)		
34,388 iShares Core FTSE 100 UCITS ETF GBP *	204,918	3.07
65,064 LF Lindsell Train UK Equity	194,534	2.91
3,834 Vanguard FTSE 250 UCITS ETF GBP *	100,566	1.51
Total UK Equity	<u>500,018</u>	<u>7.49</u>
UK EQUITY INCOME (30 April 2019 - 11.05%)		
308,515 Franklin UK Equity Income 'W'	409,831	6.13
394,148 Man GLG UK Income 'D'	380,628	5.70
Total UK Equity Income	<u>790,459</u>	<u>11.83</u>
UK CORPORATE BOND (30 April 2019 - 3.97%)		
277,165 Schroder Sterling Corporate Bond 'Z' GBP	464,252	6.95
Total UK Corporate Bond	<u>464,252</u>	<u>6.95</u>
UK OTHER BOND (30 April 2019 - Nil)		
3,485 Wells Fargo (Lux) Worldwide USD Investment Grade Credit 'I' USD	310,274	4.64
Total UK Other Bond	<u>310,274</u>	<u>4.64</u>
STRATEGIC BOND (30 April 2019 - 11.51%)		
161,889 Fidelity Extra Income 'Y'	195,238	2.92
198,413 Royal London Sterling Extra Yield Bond 'Z'	184,742	2.77
Total Strategic Bond	<u>379,980</u>	<u>5.69</u>
GLOBAL BOND (30 April 2019 - 17.15%)		
2,131 iShares Global Govt Bond UCITS ETF USD *	196,798	2.95
252,656 M&G Global Macro Bond 'I' Sterling	355,109	5.31
2,548 Vontobel TwentyFour Strategic Income 'I' GBP	289,844	4.34
Total Global Bond	<u>841,751</u>	<u>12.60</u>
EUROPE (EX. UK) EQUITIES (30 April 2019 - 7.70%)		
952 Fidelity Active Strategy Europe 'I' Euro	220,883	3.30
2,408 Xtrackers S&P Europe ex. UK UCITS ETF '1D' EUR *	101,389	1.52
Total Europe (ex. UK) Equities	<u>322,272</u>	<u>4.82</u>
FAR EAST (EX. JAPAN) EQUITIES (30 April 2019 - 7.13%)		
22,645 Fidelity Asia Pacific Opportunities 'W'	47,917	0.72
568 Prusik Asian Equity Income '1B' US Dollar	70,560	1.06
Total Far East (ex. Japan) Equities	<u>118,477</u>	<u>1.78</u>
GLOBAL EQUITIES (30 April 2019 - 1.34%)		
179,960 M&G Global Listed Infrastructure 'I' Sterling	216,852	3.25
Total Global Equities	<u>216,852</u>	<u>3.25</u>
JAPAN EQUITIES (30 April 2019 - 4.50%)		
1,449 Baillie Gifford Japanese Smaller Companies 'B'	68,423	1.02
62,696 JPM Japan 'C' Net	182,571	2.73
Total Japan Equities	<u>250,994</u>	<u>3.75</u>
NORTH AMERICA EQUITIES (30 April 2019 - 8.94%)		
157,671 Artemis US Select 'I' GBP	368,051	5.51
15,298 iShares Core S&P 500 UCITS ETF USD *	358,050	5.36
Total North America Equities	<u>726,101</u>	<u>10.87</u>
EMERGING MARKETS EQUITIES (30 April 2019 - 1.96%)		
34,847 Hermes Global Emerging Markets SMID Equity 'X' Stg£	35,059	0.52
4,115 JPM Emerging Markets 'C' Net	37,771	0.57
Total Emerging Markets Equities	<u>72,830</u>	<u>1.09</u>

MARLBOROUGH CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 30 April 2020

Holding or nominal value	Bid value £	Percentage of total net assets %
SPECIALIST (30 April 2019 - 1.28%)		
18,157 iShares Healthcare Innovation UCITS ETF USD *	98,638	1.48
1,072 WisdomTree Physical Gold GBP *	139,660	2.09
1,660 WisdomTree Short EUR Long USD 3x Daily *	109,079	1.63
Total Specialist	<u>347,377</u>	<u>5.20</u>
ABSOLUTE RETURN (30 April 2019 - 3.29%)		
121,022 M&G Episode Macro 'TH' Sterling	164,070	2.46
Total Absolute Return	<u>164,070</u>	<u>2.46</u>
CASH ALTERNATIVES (30 April 2019 - 7.05%)		
Total Cash Alternatives	<u>-</u>	<u>-</u>
MONEY MARKET (30 April 2019 - Nil)		
442,744 Royal London Short-Term Money Market 'Y'	451,825	6.76
Total Money Market	<u>451,825</u>	<u>6.76</u>
Portfolio of investments	5,957,532	89.18
Net other assets	722,603	10.82
Total net assets	<u>6,680,135</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 * which are open ended exchange traded funds.

MARLBOROUGH CAUTIOUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 30 April 2020

	Notes	30 April 2020		30 April 2019	
		£	£	£	£
Income:					
Net capital losses	4		(557,924)		(233,971)
Revenue	6	209,479		221,751	
Expenses	7	<u>(116,791)</u>		<u>(136,615)</u>	
Net revenue before taxation		92,688		85,136	
Taxation	8	<u>5</u>		<u>-</u>	
Net revenue after taxation			<u>92,693</u>		<u>85,136</u>
Total return before distributions			(465,231)		(148,835)
Distributions	9		(172,335)		(190,552)
Change in net assets attributable to unitholders from investment activities			<u>(637,566)</u>		<u>(339,387)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 April 2020

	30 April 2020		30 April 2019	
	£	£	£	£
Opening net assets attributable to unitholders		8,633,842		10,590,200
Amounts receivable on issue of units	235,879		288,788	
Amounts payable on cancellation of units	<u>(1,630,054)</u>		<u>(1,988,722)</u>	
		(1,394,175)		(1,699,934)
Renewal commission				25
Change in net assets attributable to unitholders from investment activities		(637,566)		(339,387)
Retained distribution on accumulation units		78,034		82,938
Closing net assets attributable to unitholders		<u>6,680,135</u>		<u>8,633,842</u>

MARLBOROUGH CAUTIOUS FUND

BALANCE SHEET

as at 30 April 2020

	Notes	30 April 2020 £	30 April 2019 £
Assets:			
Fixed Assets:			
Investments	17	5,957,532	7,787,120
Current Assets:			
Debtors	10	10,124	26,629
Cash and bank balances		792,134	944,754
Total assets		<u>6,759,790</u>	<u>8,758,503</u>
Liabilities:			
Creditors:			
Distribution payable on income units		33,460	51,330
Other creditors	11	46,195	73,331
Total liabilities		<u>79,655</u>	<u>124,661</u>
Net assets attributable to unitholders		<u>6,680,135</u>	<u>8,633,842</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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 at least 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.

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 30 April 2020 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 30 April 2020 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 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.

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

DISTRIBUTION POLICIES

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.

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.

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

4 NET CAPITAL LOSSES

The net losses on investments during the year comprise:

	30 April 2020 £	30 April 2019 £
Realised gains on investments	45,937	278,717
Unrealised losses on investments	(603,825)	(506,731)
Other currency gains/(losses)	4,801	(2,444)
Transaction charges	(4,837)	(3,513)
Net capital losses	(557,924)	(233,971)

5 PURCHASES, SALES AND TRANSACTION COSTS

	30 April 2020 £	30 April 2019 £
Purchases excluding transaction costs		
Collective Investment Schemes	6,970,830	6,549,378
Exchange Traded Funds	8,804,014	3,394,698
	<u>15,774,844</u>	<u>9,944,076</u>
Commissions - Exchange Traded Funds	2,140	849
Total purchase transaction costs	2,140	849
Purchases including transaction costs	<u>15,776,984</u>	<u>9,944,925</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	9,523,137	8,513,882
Exchange Traded Funds	7,593,444	3,674,400
	<u>17,116,581</u>	<u>12,188,282</u>

Commissions - Exchange Traded Funds

	(1,836)	(919)
--	---------	-------

Total sales transaction costs

	(1,836)	(919)
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Sales net of transaction costs

	<u>17,114,745</u>	<u>12,187,363</u>
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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>0.05%</u>	<u>0.02%</u>
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Transaction handling charges

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

	<u>£4,837</u>	<u>£3,513</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. The average portfolio dealing spread at 30 April 2020 is 0.04% (2019: 0.14%).

6 REVENUE

	30 April 2020 £	30 April 2019 £
UK dividends	52,281	78,923
Overseas dividends	21,080	29,161
Interest distributions - unfranked	135,892	112,811
Renewal commission	-	248
Bank interest	226	608
Total revenue	<u>209,479</u>	<u>221,751</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

7 EXPENSES

	30 April 2020 £	30 April 2019 £
Payable to the authorised fund manager or associate:		
Manager's periodic charge	104,383	126,033
Registration fees	1,167	1,432
	<u>105,550</u>	<u>127,465</u>
Other expenses:		
Trustee's fees	2,818	3,383
Safe Custody fees	692	809
Interest	-	346
Financial Conduct Authority fee	124	158
Audit fee	7,607	4,454
	<u>11,241</u>	<u>9,150</u>
Total expenses	<u><u>116,791</u></u>	<u><u>136,615</u></u>

8 TAXATION

	30 April 2020 £	30 April 2019 £
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	-	-
Recoverable UK Income Tax	(5)	-
Total tax charge (see note 8(b))	<u><u>(5)</u></u>	<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	<u>92,688</u>	<u>85,136</u>
Corporation tax at 20% (2019: 20%)	<u>18,537</u>	<u>17,027</u>
Effects of:		
Revenue not subject to taxation	(14,672)	(21,617)
Unrelieved excess management expenses	-	4,590
Utilised excess management expenses from prior years	(3,865)	-
Recoverable UK Income Tax	(5)	-
Total tax charge (see note 8(a))	<u><u>(5)</u></u>	<u><u>-</u></u>

At 30 April 2020 the Fund has deferred tax assets of £97,031 (2019: £100,896) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	30 April 2020 £	30 April 2019 £
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	101,399	88,655
Final	63,774	94,328
Amounts deducted on cancellation of units	8,387	8,655
Amounts received on issue of units	(1,222)	(1,079)
Revenue brought forward	(3)	(7)
Distributions	<u><u>172,335</u></u>	<u><u>190,552</u></u>
Net revenue after taxation	92,693	85,136
Add: Manager's periodic charge to capital as adjusted for corporation tax	79,642	105,416
	<u><u>172,335</u></u>	<u><u>190,552</u></u>

10 DEBTORS

	30 April 2020 £	30 April 2019 £
Amounts receivable for issue of units	217	-
Accrued income	9,907	26,340
Taxation recoverable	-	289
Total debtors	<u><u>10,124</u></u>	<u><u>26,629</u></u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

11 OTHER CREDITORS

	30 April 2020 £	30 April 2019 £
Amounts payable for cancellation of units	133	59,249
Purchases awaiting settlement	29,600	-
Manager's periodic charge and registration fees	7,275	9,639
Accrued expenses	9,187	4,443
Total other creditors	<u>46,195</u>	<u>73,331</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 April 2020 (2019: 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 £7,191 (2019: £68,888).

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%
B Income	1.00%
B Accumulation	1.00%
P Income	0.75%
P Accumulation	0.75%

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 2019	4,476,461	1,910,630	10
Units issues	26,314	24,197	990
Units cancellations	(903,087)	(270,158)	-
Units conversions	(9)	5	-
Closing units in issue at 30 April 2020	<u>3,599,679</u>	<u>1,664,674</u>	<u>1,000</u>

	B Accumulation	P Income	P Accumulation
Opening units in issue at 1 May 2019	10	729,472	1,040,662
Units issues	990	69,366	105,545
Units cancellations	-	(142,734)	(272,272)
Units conversions	-	-	-
Closing units in issue at 30 April 2020	<u>1,000</u>	<u>656,104</u>	<u>873,935</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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 £297,877 (2019: £389,356). 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 2020:

	Investments £	Net current assets £	Total £
Euro	220,883	-	220,883
US dollar	489,913	-	489,913
	<u>710,796</u>	<u>-</u>	<u>710,796</u>

Foreign currency exposure at 30 April 2019:

	Investments £	Net current assets £	Total £
US dollar	276,384	-	276,384
	<u>276,384</u>	<u>-</u>	<u>276,384</u>

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 £35,540 (2019: £13,819). A five per cent increase would have an equal and opposite effect.

Interest rate risk

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

	30 April 2020 £	30 April 2019 £
Financial assets floating rate	3,240,216	4,370,828
Financial assets non-interest bearing instruments	3,519,574	4,387,675
Financial liabilities non-interest bearing instruments	(79,655)	(124,661)
	<u>6,680,135</u>	<u>8,633,842</u>

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

Liquidity risk

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

	30 April 2020 £	30 April 2019 £
Within one year:		
Distribution payable on income units	33,460	51,330
Other creditors	46,195	73,331
	<u>79,655</u>	<u>124,661</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	30 April 2020		30 April 2019	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	1,309,098		234,282	-
Level 2 - Observable market data	4,648,434		7,552,838	-
Level 3 - Unobservable data			-	-
	<u>5,957,532</u>	<u>-</u>	<u>7,787,120</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 30 April 2020, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	30 April 2020*	20 August 2020	Movement (%)
A Income	82.05	84.98	3.57%
A Accumulation	140.43	146.84	4.56%
B Income	85.55	88.77	3.76%
B Accumulation	91.34	95.67	4.74%
P Income	86.66	89.96	3.81%
P Accumulation	97.60	102.30	4.82%

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

MARLBOROUGH CAUTIOUS FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 May 2019 to 31 October 2019

Group 1: units purchased prior to 1 May 2019

Group 2: units purchased on or after 1 May 2019

		Net revenue 31 October 2019 pence per unit	Equalisation 31 October 2019 pence per unit	Distribution paid 31 December 2019 pence per unit	Distribution paid 31 December 2018 pence per unit
A Income	Group 1	1.1746p	-	1.1746p	0.8665p
	Group 2	0.4146p	0.7600p	1.1746p	0.8665p
A Accumulation	Group 1	1.9839p	-	1.9839p	1.4340p
	Group 2	1.9839p	-	1.9839p	1.4340p
B Income	Group 1	1.1980p	-	1.1980p	0.9087p
	Group 2	1.1980p	-	1.1980p	0.9087p
B Accumulation	Group 1	1.2350p	-	1.2350p	0.9343p
	Group 2	1.2350p	-	1.2350p	0.9343p
P Income	Group 1	1.2338p	-	1.2338p	0.9033p
	Group 2	0.9500p	0.2838p	1.2338p	0.9033p
P Accumulation	Group 1	1.3713p	-	1.3713p	0.9841p
	Group 2	0.6576p	0.7137p	1.3713p	0.9841p

Final distribution for the period from 1 November 2019 to 30 April 2020

Group 1: units purchased prior to 1 November 2019

Group 2: units purchased on or after 1 November 2019

		Net revenue 30 April 2020 pence per unit	Equalisation 30 April 2020 pence per unit	Distribution paid 30 June 2020 pence per unit	Distribution paid 30 June 2019 pence per unit
A Income	Group 1	0.7796p	-	0.7796p	0.9796p
	Group 2	0.3582p	0.4214p	0.7796p	0.9796p
A Accumulation	Group 1	1.3349p	-	1.3349p	1.6366p
	Group 2	0.0773p	1.2576p	1.3349p	1.6366p
B Income	Group 1	0.8420p	-	0.8420p	1.0000p
	Group 2	0.8420p	-	0.8420p	1.0000p
B Accumulation	Group 1	0.8990p	-	0.8990p	1.0000p
	Group 2	0.8990p	-	0.8990p	1.0000p
P Income	Group 1	0.8209p	-	0.8209p	1.0249p
	Group 2	0.5680p	0.2529p	0.8209p	1.0249p
P Accumulation	Group 1	0.9249p	-	0.9249p	1.1269p
	Group 2	0.4768p	0.4481p	0.9249p	1.1269p

Marlborough

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