

IFSL MARLBOROUGH EMERGING MARKETS TRUST
(formerly Marlborough Emerging Markets Trust)

Annual Report and Audited Financial Statements
for the year ended 10 March 2022

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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)

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)

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
Croxall Hall
Croxall Road
Croxall
Nr Alrewas
Staffordshire
WS13 8RA

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 March 2022

Percentage change and sector position to 10 March 2022

| | <u>Six months</u> | <u>1 year</u> | <u>3 years</u> | <u>5 years</u> |
|---|-------------------|---------------|----------------|----------------|
| IFSL Marlborough Emerging Markets Trust | (5.37)% | 1.24% | 19.82% | 17.43% |
| IA Global Emerging Markets | (13.04)% | (11.64)% | 12.20% | 18.94% |
| Quartile Ranking* | 1 | 1 | 2 | 3 |

* Based on ranking within The Investment Association Global Emerging Markets sector.

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

Over the past twelve months the Emerging Markets have overall produced disappointing returns. This should be considered in the context that the Emerging Markets universe is approximately 80% Asia with the biggest components being China, Hong Kong, Taiwan, and South Korea, whilst the balancing 20% of the universe is exposed to Latin America, Central Europe, The Middle East, and Africa.

China entered the pandemic in advance of the majority of other nations and were seemingly through it and into the recovery phase before the remainder of the world. They have however seen a further dip into Covid difficulties, and their zero tolerance approach is leading to continuing economic problems with GDP growth rates falling following further wide spread lockdowns and associated negative impact on exports, and the supply chain generally. We have also felt the effects of ongoing political influence on markets with the state striking out at perceived "luxuries for the elite" businesses in favour of "small luxuries for all" which in particular damaged the education and associated sectors. There were of course further chapters in the ongoing assault on Alibaba, Tencent, and their peers for perceived regulatory shortcomings. In response to this slowdown the Chinese are moving towards stimulating economic growth and adopting more accommodating monetary policy. Meanwhile the majority of the rest of the world is facing the challenge of burgeoning inflationary pressure, and a post pandemic economic surge, and are moving towards increased interest rates and central bank balance sheet contraction, and the tightrope walk of on the one hand needing to bring inflation under control whilst on the other not wishing to kill off economic recovery. We are of course also facing additional challenges imposed by Russia's invasion of Ukraine which has impacted markets globally and which could evolve into an extended conflict with a wider impact on energy prices in particular.

Collectively the negative returns achieved by the IA Global Emerging Markets sector over the past year amounted to a loss of 11.64%. Happily, these difficulties have been avoided by our fund which we are please to confirm has produced a gain of 1.24%. This is a function of firstly our investment style which could be described as "growth at a reasonable price" or perhaps mild value, and secondly our asset allocation where we have benefitted from being significantly underweight Asia generally such that we have managed to avoid much of the falls we have seen in China and Hong Kong. The net result of the stock selection and asset allocation impacts is that the fund is first quartile relative to its peers over the past six months and the entire reporting year.

Looking to the future there are expectations that we will begin to see a recovery in China and the Far East generally which should have a positive impact on Emerging Markets, but we should also not overlook the real prospect that the conflict between Russia and Ukraine could escalate leading to an economic shock for Europe and a knock on impact on the wider economy of the world.

Russia invaded Ukraine on 23 February 2022 and this conflict has increased volatility of the financial markets and commodity prices. This has also led to an increase in inflation.

As at the balance sheet date, the Fund had no direct risk exposure to either Russia or Ukraine.

Fund closure notification

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

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

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund will commence on 20 June 2022.

Marlborough Investment Management Limited
5 May 2022

IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 March 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 10 May | 3.3125 | 1.4507 | 3.1161 | 3.3831 |
| <u>P Income</u> | | | | |
| Net income paid 10 May | 6.1221 | 3.7618 | 5.4925 | 5.7517 |

Portfolio changes

| | | | | |
|--|--|--|--|--------------|
| Largest purchases | | | | Cost (£) |
| Sterlite Technologies Ltd | | | | 110,612 |
| iShares MSCI Saudi Arabia ETF | | | | 73,698 |
| Chailease Holding Co Ltd | | | | 72,324 |
| Bid Corporation Ltd | | | | 67,136 |
| Orbia Advance Corp | | | | 55,895 |
| Globaltrans Investment Plc | | | | 55,670 |
| SK Hynix Inc | | | | 52,902 |
| Ennoconn Corp | | | | 52,832 |
| A-Living Smart City Services Co Ltd | | | | 49,863 |
| Padini Holdings Bhd | | | | 48,898 |
| Other purchases | | | | 499,706 |
| Total purchases for the year | | | | 1,139,536 |
| Largest sales | | | | Proceeds (£) |
| Xinyi Glass Holdings Ltd | | | | 232,760 |
| CIMC ENRIC Holdings Ltd | | | | 204,693 |
| HengAn International Group Co Ltd | | | | 134,931 |
| Samsung Electronics Co Ltd - Pref | | | | 123,081 |
| Taiwan Semiconductor Manufacturing Co Ltd | | | | 121,982 |
| Hana Microelectronics Public Co Ltd - NVDR | | | | 114,771 |
| HKBN Ltd | | | | 96,671 |
| Tencent Holdings Ltd | | | | 91,845 |
| Naspers Ltd - 'N' Shares | | | | 70,334 |
| Longfor Group Holdings Ltd | | | | 69,506 |
| Other sales | | | | 1,981,664 |
| Total sales for the year | | | | 3,242,238 |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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

Investment objective and policy

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

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

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

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

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

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

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

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

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

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

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

The Fund aims to be in the top half of all funds included in the IA Global Emerging Markets sector.

Rights and terms attaching to each unit class

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

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 Emerging Markets Trust is assessed and reported on, in a composite report which the Manager publishes on the website www.marlboroughfunds.com. The next report is expected to be published in a composite report by 31 July 2022.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

AUTHORISED STATUS AND GENERAL INFORMATION

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 Emerging Markets Trust to IFSL Marlborough Emerging Markets Trust.

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.

Important Information

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

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

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund will commence on 20 June 2022.

Remuneration policy

In line with the requirements of UCITS V, 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 UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2021 are set out below:

| | Number of identified staff | Total remuneration paid | Fixed remuneration paid | Variable remuneration paid |
|---|----------------------------|-------------------------|-------------------------|----------------------------|
| | | £ | £ | £ |
| Remuneration paid to staff of the Authorised Fund Manager (AFM) who have a material impact on the risk profile of the Fund | | | | |
| Senior management | 9 | 721,509 | 600,044 | 121,465 |
| Risk takers and other identified staff | 5 | 333,903 | 301,726 | 32,177 |
| Allocation of total remuneration of the employees of the AFM to the Fund | | | | |
| Senior management | 0.01 | 597 | 497 | 100 |
| Risk takers and other identified staff | 0.27 | 29,969 | 28,934 | 1,035 |

The total number of staff employed by the AFM was 226 as at 30 September 2021. The total remuneration paid to those staff was £9,995,870, of which £5,102,703 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFM's. The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund. The way these disclosures are calculated may change in the future.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



ALLAN HAMER
DIRECTOR



HELEN REDMOND
DIRECTOR

INVESTMENT FUND SERVICES LIMITED

12 May 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 gains on the property of the Fund for the year.

In preparing those financial statements the AFM is required to:

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

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

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

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Marlborough Emerging Markets Trust ("the Trust") for the period ended 10th March 2022.

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

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

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

The Depositary must ensure that:

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

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

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

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

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

HSBC BANK PLC

LONDON

12 May 2022

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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

Opinion

We have audited the financial statements of IFSL Marlborough Emerging Markets Trust ("the Fund") for the year ended 10 March 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 FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 10 March 2022 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

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

In our opinion:

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

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

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

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

IFSL MARLBOROUGH EMERGING MARKETS TRUST

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

12 May 2022

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.

IFSL MARLBOROUGH EMERGING MARKETS TRUST
COMPARATIVE TABLE
A Income units

| Change in net assets per unit | Year to 10.03.2022 pence | Year to 10.03.2021 pence | Year to 10.03.2020 pence |
|--------------------------------------|---|---|---|
| Opening net asset value per unit | 345.60 | 274.22 | 300.64 |
| Return before operating charges* | 9.40 | 78.57 | (17.31) |
| Operating charges | (7.66) | (5.74) | (5.99) |
| Return after operating charges* | 1.74 | 72.83 | (23.30) |
| Distributions on income units | (3.31) | (1.45) | (3.12) |
| Closing net asset value per unit | 344.03 | 345.60 | 274.22 |

* after direct transaction costs of: 0.48 0.40 0.44

Performance

Return after charges 0.50%^B 26.56% -7.75%

Other information

| | | | |
|-----------------------------|--------------------|---------|-----------|
| Closing net asset value (£) | 354,296 | 438,223 | 1,083,325 |
| Closing number of units | 102,983 | 126,800 | 395,060 |
| Operating charges | 2.13% ^A | 1.93% | 1.90% |
| Direct transaction costs | 0.13% | 0.14% | 0.14% |

Prices

| | | | |
|--------------------|---------|---------|---------|
| Highest unit price | 372.61p | 366.84p | 338.88p |
| Lowest unit price | 339.83p | 242.35p | 276.51p |

P Income units

| Change in net assets per unit | Year to 10.03.2022 pence | Year to 10.03.2021 pence | Year to 10.03.2020 pence |
|--------------------------------------|---|---|---|
| Opening net asset value per unit | 345.70 | 274.06 | 300.75 |
| Return before operating charges* | 9.46 | 79.03 | (17.55) |
| Operating charges | (4.98) | (3.63) | (3.65) |
| Return after operating charges* | 4.48 | 75.40 | (21.20) |
| Distributions on income units | (6.12) | (3.76) | (5.49) |
| Closing net asset value per unit | 344.06 | 345.70 | 274.06 |

* after direct transaction costs of: 0.48 0.42 0.44

Performance

Return after charges 1.30%^B 27.51% -7.05%

Other information

| | | | |
|-----------------------------|--------------------|-----------|-----------|
| Closing net asset value (£) | 4,531,654 | 6,440,045 | 5,088,951 |
| Closing number of units | 1,317,098 | 1,862,915 | 1,856,904 |
| Operating charges | 1.38% ^A | 1.18% | 1.15% |
| Direct transaction costs | 0.13% | 0.14% | 0.14% |

Prices

| | | | |
|--------------------|---------|---------|---------|
| Highest unit price | 374.95p | 369.22p | 341.23p |
| Lowest unit price | 342.59p | 242.28p | 278.71p |

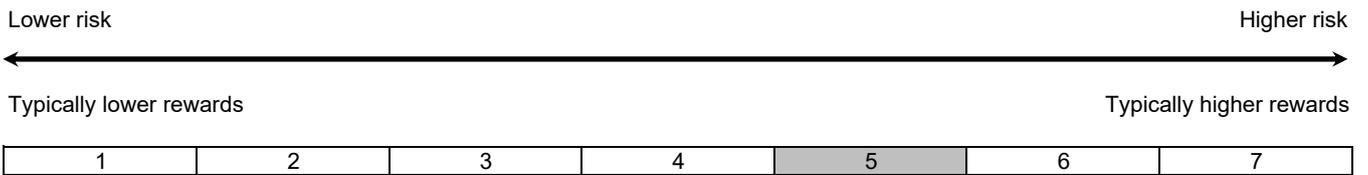
^A From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^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 EMERGING MARKETS TRUST

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 5 because it has experienced moderate to high volatility historically. During the year the synthetic risk and reward indicator has changed from 6 to 5.

IFSL MARLBOROUGH EMERGING MARKETS TRUST
PORTFOLIO STATEMENT

as at 10 March 2022

| Holding or nominal value | Bid value £ | Percentage of total net assets % |
|--|-------------------|--|
| CHINA / HONG KONG (10 March 2021 - 38.69%) | | |
| 1,700 51job Inc - ADR | 72,501 | 1.48 |
| 3,900 Alibaba Group Holding Ltd | 36,399 | 0.74 |
| 12,370 A-Living Smart City Services Co Ltd | 13,823 | 0.29 |
| 3,800 ANTA Sports Products Ltd | 37,035 | 0.76 |
| 10,000 ASM Pacific Technology Ltd | 74,772 | 1.53 |
| 134,000 CIMC ENRIC Holdings Ltd | 116,014 | 2.37 |
| 1,700 Contemporary Amperex Technology Co Ltd 'A' | 100,284 | 2.05 |
| 2,300 Hong Kong Exchanges and Clearing Ltd | 75,539 | 1.55 |
| 16,800 HSBC Holdings Plc | 80,235 | 1.64 |
| 79 JD.com Inc | 1,818 | 0.04 |
| 5,000 Midea Group Co Ltd 'A' | 35,372 | 0.72 |
| 106,000 Nissin Foods Co Ltd | 53,766 | 1.10 |
| 485,000 Pacific Basin Shipping Ltd | 191,336 | 3.92 |
| 160,000 Postal Savings Bank of China Co Ltd 'H' | 97,480 | 2.00 |
| 1,300 Sangfor Technologies Inc | 20,545 | 0.42 |
| 4,600 Sunny Optical Technology (Group) Co Ltd | 63,382 | 1.30 |
| 1,670 Tencent Holdings Ltd | 62,442 | 1.28 |
| 52,000 Tingyi (Cayman Islands) Holding Corp | 73,973 | 1.51 |
| 1,700 Trip.Com Group Ltd | 31,204 | 0.64 |
| 105,000 Want Want China Holdings Ltd | 76,929 | 1.57 |
| 68,000 Xinyi Glass Holdings Ltd | 127,129 | 2.60 |
| 9,300 Xtrackers Harvest CSI300 UCITS ETF '1D' USD ^A | 93,325 | 1.91 |
| Total China / Hong Kong | <u>1,535,303</u> | <u>31.42</u> |
| INDIA (10 March 2021 - 9.12%) | | |
| 9,654 Escorts Ltd | 174,406 | 3.57 |
| 38,000 Gujarat State Petronet Ltd | 100,555 | 2.06 |
| 10,060 ICICI Bank Ltd - SPON ADR | 136,845 | 2.80 |
| 40,500 Manappuram Finance Ltd | 48,569 | 0.99 |
| 40,000 Sterlite Technologies Ltd | 72,103 | 1.48 |
| Total India | <u>532,478</u> | <u>10.90</u> |
| INDONESIA (10 March 2021 - 1.92%) | | |
| 1,515,000 AKR Corporindo Tbk PT | 64,096 | 1.31 |
| 166,500 Bank Mandiri (Persero) Tbk PT | 67,784 | 1.39 |
| Total Indonesia | <u>131,880</u> | <u>2.70</u> |
| MALAYSIA (10 March 2021 - 1.62%) | | |
| 97,400 Inari Amertron Bhd | 51,260 | 1.05 |
| 88,000 Padini Holdings Bhd | 52,062 | 1.07 |
| Total Malaysia | <u>103,322</u> | <u>2.12</u> |
| PHILIPPINES (10 March 2021 - 0.43%) | | |
| 44,500 Ayala Land Inc | 23,757 | 0.49 |
| Total Philippines | <u>23,757</u> | <u>0.49</u> |
| SOUTH KOREA (10 March 2021 - 16.38%) | | |
| 2,683 Eugene Technology Co Ltd | 73,564 | 1.51 |
| 3,450 KB Financial Group Inc | 116,374 | 2.38 |
| 793 POSCO | 138,653 | 2.84 |
| 4,481 Samsung Electronics Co Ltd - Pref | 176,111 | 3.60 |
| 2,613 SK Hynix Inc | 194,071 | 3.97 |
| Total South Korea | <u>698,773</u> | <u>14.30</u> |
| TAIWAN (10 March 2021 - 10.10%) | | |
| 12,650 Chailease Holding Co Ltd | 82,817 | 1.70 |
| 60,000 E.Sun Financial Holding Co Ltd | 48,054 | 0.98 |
| 22,000 Elan Microelectronics Corp | 97,692 | 2.00 |
| 8,000 Ennoconn Corp | 41,213 | 0.84 |
| 9,988 HIWIN Technologies Corp | 67,131 | 1.37 |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

PORTFOLIO STATEMENT

as at 10 March 2022

| Holding or nominal value | Bid value £ | Percentage of total net assets % |
|--|-------------------|--|
| TAIWAN (continued) | | |
| 38,000 Sercomm Corp | 75,755 | 1.55 |
| 38,000 Taiwan Hon Chuan Enterprise Co Ltd | 77,182 | 1.58 |
| 9,871 Taiwan Semiconductor Manufacturing Co Ltd | 155,202 | 3.18 |
| 18,000 Wah Lee Industrial Corp | 51,435 | 1.05 |
| Total Taiwan | <u>696,481</u> | <u>14.25</u> |
| THAILAND (10 March 2021 - 3.93%) | | |
| 9,400 Airports of Thailand PCL - NVDR | 13,806 | 0.28 |
| 154,500 AMATA Corporation Public Co Ltd - NVDR | 75,520 | 1.55 |
| 710,000 Gunkul Engineering Public Co Ltd - NVDR | 96,946 | 1.98 |
| 108,300 Humanica Public Co Ltd - NVDR | 27,587 | 0.56 |
| Total Thailand | <u>213,859</u> | <u>4.37</u> |
| EMERGING EUROPE (10 March 2021 - 4.25%) | | |
| 9,636 Logo Yazilim Sanayi ve Ticaret AS | 19,617 | 0.40 |
| 49,400 Türkiye Sise ve Cam Fabrikalari AS | 33,168 | 0.68 |
| Total Emerging Europe | <u>52,785</u> | <u>1.08</u> |
| LATIN AMERICA (10 March 2021 - 6.17%) | | |
| 6,000 Antofagasta PLC | 93,930 | 1.92 |
| 10,100 Banco Bradesco SA - Pref | 32,044 | 0.66 |
| 6,300 JBS SA | 34,577 | 0.71 |
| 29,000 Orbia Advance Corp | 54,363 | 1.11 |
| 15,000 PETROBRAS - PETROLEO BRAS-PR | 74,046 | 1.52 |
| 19,200 SIMPAR SA | 29,438 | 0.60 |
| 7,400 TOTVS SA | 36,978 | 0.76 |
| 3,200 Vale SA | 45,711 | 0.94 |
| Total Latin America | <u>401,087</u> | <u>8.22</u> |
| MIDDLE EAST & AFRICA (10 March 2021 - 4.05%) | | |
| 3,820 Bid Corporation Ltd | 56,396 | 1.15 |
| 63,277 Gulf Investment Fund Plc ^B | 106,752 | 2.19 |
| 1,067 HSBC MSCI South Africa Capped UCITS ETF USD ^A | 41,698 | 0.85 |
| 2,300 iShares MSCI Saudi Arabia ETF ^A | 82,184 | 1.68 |
| Total Middle East & Africa | <u>287,030</u> | <u>5.87</u> |
| INTERNATIONAL (10 March 2021 - 2.40%) | | |
| 46,877 BlackRock Frontiers Investment Trust ^B | 58,127 | 1.19 |
| 873 Prosus NV | 38,181 | 0.78 |
| Total International | <u>96,308</u> | <u>1.97</u> |
| Portfolio of investments | 4,773,063 | 97.69 |
| Net other assets | 112,887 | 2.31 |
| Total net assets | <u>4,885,950</u> | <u>100.00</u> |

^A Exchange Traded Fund.

^B Closed-ended Investment Trust / Fund.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

STATEMENT OF TOTAL RETURN

for the year ended 10 March 2022

| | Notes | 10 March 2022 | | 10 March 2021 | |
|---|-------|-----------------|---------------|-----------------|------------------|
| | | £ | £ | £ | £ |
| Income: | | | | | |
| Net capital gains | 4 | | 66,881 | | 1,558,684 |
| Revenue | 6 | 182,295 | | 185,628 | |
| Expenses | 7 | <u>(76,204)</u> | | <u>(79,982)</u> | |
| Net revenue before taxation | | 106,091 | | 105,646 | |
| Taxation | 8 | <u>(22,178)</u> | | <u>(28,300)</u> | |
| Net revenue after taxation | | | <u>83,913</u> | | <u>77,346</u> |
| Total return before distributions | | | 150,794 | | 1,636,030 |
| Distributions | 9 | | (101,557) | | (77,346) |
| Change in net assets attributable to unitholders from investment activities | | | <u>49,237</u> | | <u>1,558,684</u> |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 10 March 2022

| | 10 March 2022 | | 10 March 2021 | |
|---|--------------------|------------------|--------------------|------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to unitholders | | 6,881,734 | | 6,175,025 |
| Amounts receivable on issue of units | 84,538 | | 280,302 | |
| Amounts payable on cancellation of units | <u>(2,135,280)</u> | | <u>(1,127,628)</u> | |
| Amounts payable on unit class conversions | <u>(6)</u> | | <u>(4,652)</u> | |
| | | (2,050,748) | | (851,978) |
| Dilution adjustment | | 5,727 | | - |
| Change in net assets attributable to unitholders from investment activities | | 49,237 | | 1,558,684 |
| Unclaimed distributions | | - | | 3 |
| Closing net assets attributable to unitholders | | <u>4,885,950</u> | | <u>6,881,734</u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

BALANCE SHEET
as at 10 March 2022

| | Notes | 10 March 2022 £ | 10 March 2021 £ |
|---|-------|--------------------|--------------------|
| Assets: | | | |
| Fixed Assets: | | | |
| Investments | 17 | - | 6,817,048 |
| Current Assets: | | | |
| Investments | 17 | 4,773,063 | - |
| Debtors | 10 | 18,803 | 90,499 |
| Cash and bank balances | | 196,933 | 168,149 |
| Total assets | | <u>4,988,799</u> | <u>7,075,696</u> |
| Liabilities: | | | |
| Creditors: | | | |
| Distribution payable | | 84,046 | 71,951 |
| Other creditors | 11 | 18,803 | 122,011 |
| Total liabilities | | <u>102,849</u> | <u>193,962</u> |
| Net assets attributable to unitholders | | <u>4,885,950</u> | <u>6,881,734</u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

1 ACCOUNTING POLICIES

Basis of preparation

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

The financial statements have been prepared on a break up basis as the authorised fund manager will commence closure of the Fund on 20 June 2022. Under this basis, assets are recorded at their recoverable value, which is equivalent to fair value for the investments, and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the Fund will be borne by the authorised fund manager.

Revenue

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

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

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple unit classes, with the exception of the 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.

Valuation

The valuation point was 12:00 on 10 March 2022 being the last valuation point of the accounting year.

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

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

Taxation

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

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 10 March 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.

2 DISTRIBUTION POLICIES

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

Equalisation

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

DISTRIBUTION POLICIES

Stock and special dividends

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

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

3 RISK MANAGEMENT POLICIES

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

The main risks arising from the Fund's financial instruments and the 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 most 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 EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

4 NET CAPITAL GAINS

The net gains on investments during the year comprise:

| | 10 March 2022 £ | 10 March 2021 £ |
|---------------------------------|--------------------|--------------------|
| Non-derivative securities gains | 70,881 | 1,567,940 |
| Currency gains/(losses) | 1,701 | (4,585) |
| Transaction charges | (5,701) | (4,671) |
| Net capital gains | <u>66,881</u> | <u>1,558,684</u> |

5 PURCHASES, SALES AND TRANSACTION COSTS

(All purchases and sales are in the equity asset class)

| | 10 March 2022 £ | 10 March 2021 £ |
|--|--------------------|--------------------|
| Purchases excluding transaction costs | 1,137,829 | 2,322,056 |
| | <u>1,137,829</u> | <u>2,322,056</u> |
| Commissions | 985 | 2,142 |
| Taxes and other charges | 722 | 1,255 |
| Total purchase transaction costs | 1,707 | 3,397 |
| Purchases including transaction costs | <u>1,139,536</u> | <u>2,325,453</u> |

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

| | | |
|-------------------------|-------|-------|
| Commissions | 0.09% | 0.09% |
| Taxes and other charges | 0.06% | 0.05% |

Sales excluding transaction costs

| | | |
|--|------------------|------------------|
| | 3,248,690 | 2,714,254 |
| | <u>3,248,690</u> | <u>2,714,254</u> |

| | | |
|---------------------------------------|------------------|------------------|
| Commissions | (2,673) | (2,049) |
| Taxes and other charges | (3,779) | (3,533) |
| Total sale transaction costs | (6,452) | (5,582) |
| Sales net of transaction costs | <u>3,242,238</u> | <u>2,708,672</u> |

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

| | | |
|-------------------------|-------|-------|
| Commissions | 0.08% | 0.08% |
| Taxes and other charges | 0.12% | 0.13% |

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

| | | |
|-------------------------|--------------|--------------|
| Commissions | 0.06% | 0.07% |
| Taxes and other charges | 0.07% | 0.07% |
| | <u>0.13%</u> | <u>0.14%</u> |

Transaction handling charges

| | | |
|--|---------------|---------------|
| | <u>£5,701</u> | <u>£4,671</u> |
|--|---------------|---------------|

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>0.28%</u> | <u>0.35%</u> |
|--|--------------|--------------|

6 REVENUE

| | 10 March 2022 £ | 10 March 2021 £ |
|----------------------|--------------------|--------------------|
| UK dividends | 10,199 | 13,179 |
| Overseas dividends | 172,096 | 171,411 |
| Bank interest | - | 1,038 |
| Total revenue | <u>182,295</u> | <u>185,628</u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

7 EXPENSES

| | 10 March 2022 £ | 10 March 2021 £ |
|--|----------------------|----------------------|
| Payable to the authorised fund manager or associate: | | |
| Manager's periodic charge | 48,893 | 57,178 |
| Registration fees | 2,213 | 2,426 |
| | <u>51,106</u> | <u>59,604</u> |
| Other expenses: | | |
| Trustee's fees | 2,203 | 2,388 |
| Safe custody fees | 3,682 | 4,220 |
| Bank interest | 8 | 147 |
| Financial Conduct Authority fee | 124 | 170 |
| Audit fee | 7,380 | 7,360 |
| Tax agent fees | 11,701 | 6,093 |
| | <u>25,098</u> | <u>20,378</u> |
| Total expenses | <u><u>76,204</u></u> | <u><u>79,982</u></u> |

8 TAXATION

| | 10 March 2022 £ | 10 March 2021 £ |
|---|----------------------|----------------------|
| a Analysis of the tax charge for the year | | |
| Overseas tax | 8,640 | 28,300 |
| Overseas capital gains tax | 13,538 | - |
| Total tax charge (see note 8(b)) | <u><u>22,178</u></u> | <u><u>28,300</u></u> |

b Factors affecting the tax charge for the year

The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.

| | | |
|--|----------------------|----------------------|
| Net revenue before taxation | 106,092 | 105,646 |
| Corporation tax at 20% (2021: 20%) | <u>21,218</u> | <u>21,129</u> |
| Effects of: | | |
| Revenue not subject to taxation | (35,537) | (36,918) |
| Unrelieved excess management expenses | 9,397 | 15,789 |
| Prior period adjustment to unrelieved excess management expenses | 954 | - |
| Overseas tax | 8,640 | 28,300 |
| Overseas capital gains tax | 13,538 | - |
| Realised gains on non-reporting offshore funds | 203 | - |
| Unrealised gains on non-reporting offshore funds | 3,904 | - |
| Tax effect of expensed double taxation relief | (138) | - |
| Total tax charge (see note 8(a)) | <u><u>22,178</u></u> | <u><u>28,300</u></u> |

At 10 March 2022 the Fund has deferred tax assets of £497,776 (2021: £488,379) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

| | 10 March 2022 £ | 10 March 2021 £ |
|---|-----------------------|----------------------|
| The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise: | | |
| Final | 84,046 | 71,951 |
| Add: Revenue deducted on cancellation of units | 18,039 | 11,528 |
| Deduct: Revenue received on issue of units | (520) | (1,480) |
| Equalisation on conversions | (6) | (4,652) |
| Revenue brought forward | (2) | (1) |
| Distributions | <u><u>101,557</u></u> | <u><u>77,346</u></u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

10 DEBTORS

| | 10 March 2022 £ | 10 March 2021 £ |
|---------------------------------------|--------------------|--------------------|
| Amounts receivable for issue of units | 988 | 1,240 |
| Sales awaiting settlement | - | 74,403 |
| Accrued income | 15,919 | 10,507 |
| Taxation recoverable | 1,896 | 4,349 |
| Total debtors | <u>18,803</u> | <u>90,499</u> |

11 OTHER CREDITORS

| | 10 March 2022 £ | 10 March 2021 £ |
|---|--------------------|--------------------|
| Amounts payable for cancellation of units | 859 | 19,336 |
| Purchases awaiting settlement | - | 90,479 |
| Manager's periodic charge and registration fees | 1,337 | 1,796 |
| Accrued expenses | 8,656 | 10,400 |
| Overseas capital gains tax | 7,951 | - |
| Total other creditors | <u>18,803</u> | <u>122,011</u> |

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 10 March 2022 (2021: nil).

13 RELATED PARTIES

The authorised fund manager is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the 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 £1,208 (2021: £19,892).

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

| | 10 March 2022 | 10 March 2021 |
|--|---------------|---------------|
| Proportion of units owned by directors of: | | |
| Investment Fund Services Limited | 6.99% | N/A |
| Marlborough Fund Managers Ltd | N/A | 4.93% |

Distributions were payable on the above holdings at the rates applicable to other unitholders.

14 UNIT CLASSES

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

| | |
|----------|-------|
| A Income | 1.50% |
| P Income | 0.75% |

15 UNITHOLDERS' FUND 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 | B Income | P Income |
|---|----------------|--------------|------------------|
| Opening units in issue at 11 March 2021 | <u>126,800</u> | <u>1,000</u> | <u>1,862,915</u> |
| Units issues | 5,903 | - | 17,657 |
| Units cancellations | (13,704) | (1,000) | (579,482) |
| Units conversions | (16,016) | - | 16,008 |
| Closing units in issue at 10 March 2022 | <u>102,983</u> | <u>-</u> | <u>1,317,098</u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

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 £238,653 (2021: £340,852). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

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

Foreign currency exposure at 10 March 2022:

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

Foreign currency exposure at 10 March 2021:

| | Investments £ | Net current assets £ | Total £ |
|--------------------|------------------|-------------------------|------------------|
| Brazilian Real | 207,687 | 2,237 | 209,924 |
| Chinese Yuan | 132,508 | 22,146 | 154,654 |
| Czech Koruna | - | 19 | 19 |
| Euro | 71,900 | 248 | 72,148 |
| Hong Kong Dollar | 2,201,408 | (24,508) | 2,176,900 |
| Hungarian Forint | - | 1 | 1 |
| Indian Rupee | 421,179 | - | 421,179 |
| Indonesian Rupiah | 132,502 | 249 | 132,751 |
| Israeli Shekel | - | 4,043 | 4,043 |
| Korean Won | 1,127,268 | 15,830 | 1,143,098 |
| Malaysian Dollar | 111,535 | - | 111,535 |
| Mexican Peso | 32,865 | 9 | 32,874 |
| Philippine Peso | 29,790 | 178 | 29,968 |
| Polish Zloty | - | 14 | 14 |
| Singapore Dollar | - | 10 | 10 |
| South African Rand | 95,941 | 3,596 | 99,537 |
| Taiwan Dollar | 694,343 | 43,703 | 738,046 |
| Thailand Baht | 270,074 | - | 270,074 |
| Turkish Lira | 203,444 | 94 | 203,538 |
| US Dollar | 639,328 | 9,239 | 648,567 |
| | <u>6,371,772</u> | <u>77,108</u> | <u>6,448,880</u> |

IFSL MARLBOROUGH EMERGING MARKETS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 March 2022

RISK DISCLOSURES

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 £233,827 (2021: £322,444). 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 for the year ended 10 March 2022 consists of the following:

| | 10 March 2022 £ | 10 March 2021 £ |
|--|--------------------|--------------------|
| Financial assets floating rate | 196,933 | 168,149 |
| Financial assets non-interest bearing instruments | 4,791,866 | 6,907,547 |
| Financial liabilities non-interest bearing instruments | (102,849) | (193,962) |
| | <u>4,885,950</u> | <u>6,881,734</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:

| | 10 March 2022 £ | 10 March 2021 £ |
|----------------------|--------------------|--------------------|
| Within one year: | | |
| Distribution payable | 84,046 | 71,951 |
| Other creditors | 18,803 | 122,011 |
| | <u>102,849</u> | <u>193,962</u> |

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

| Basis of valuation | 10 March 2022 | | 10 March 2021 | |
|----------------------------------|------------------|-----------------|------------------|-----------------|
| | Assets (£) | Liabilities (£) | Assets (£) | Liabilities (£) |
| Level 1 - Quoted prices | 4,773,063 | - | 6,817,048 | - |
| Level 2 - Observable market data | - | - | - | - |
| Level 3 - Unobservable data | - | - | - | - |
| | <u>4,773,063</u> | <u>-</u> | <u>6,817,048</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 10 March 2022, the Net Asset Value per unit has changed as follows:

| | Net Asset Value per unit (pence) | | |
|----------|----------------------------------|------------|--------------|
| | 10 March 2022 ^A | 5 May 2022 | Movement (%) |
| A Income | 344.78 | 350.23 | 1.58% |
| P Income | 344.83 | 350.67 | 1.69% |

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

As at the balance sheet date, the Fund had no direct exposure to either Russia or Ukraine.

On 6 April 2022, the proposed winding up of the Fund was approved by the Financial Conduct Authority. A letter of notification was sent to the unitholders on 20 April 2022 and the winding up of the Fund will commence on 20 June 2022.

IFSL MARLBOROUGH EMERGING MARKETS TRUST

DISTRIBUTION TABLE

Final distribution for the period from 11 March 2021 to 10 March 2022

Group 1: units purchased prior to 11 March 2021

Group 2: units purchased on or after 11 March 2021

| | | Net revenue 10 March 2022 pence per unit | Equalisation 10 March 2022 pence per unit | Distribution paid 10 May 2022 pence per unit | Distribution paid 10 May 2021 pence per unit |
|----------|---------|--|---|--|--|
| A Income | Group 1 | 3.3125p | - | 3.3125p | 1.4507p |
| | Group 2 | 2.0800p | 1.2325p | 3.3125p | 1.4507p |
| P Income | Group 1 | 6.1221p | - | 6.1221p | 3.7618p |
| | Group 2 | 4.0487p | 2.0734p | 6.1221p | 3.7618p |

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