

IFSL MARLBOROUGH EXTRA INCOME FUND

(formerly Marlborough Extra Income Fund)

Annual Report and Audited Financial Statements

for the year ended 20 April 2022

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH EXTRA INCOME FUND

CONTACT INFORMATION

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

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 on 24 March 2022
Helen Redmond
Helen Derbyshire
David Kiddie (Non-Executive) - resigned on 2 December 2021
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Trustee

HSBC Bank plc
8 Canada Square
London
E14 5HQ

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

Investment Adviser

Hargreave Hale Limited
88 Wood Street
London
EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

Authorised Fund Manager and Registrar (to 26 November 2021)

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of Marlborough Fund Managers Ltd

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

IFSL MARLBOROUGH EXTRA INCOME FUND

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IFSL MARLBOROUGH EXTRA INCOME FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 April 2022

Percentage change and sector position to 20 April 2022

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Extra Income Fund	3.92%	5.87%	22.34%	37.03%
IA Mixed Investment 40-85% Shares	(3.12)%	0.90%	17.92%	29.87%

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

Risk assets, as defined by the MSCI Global, rose over the year for the MSCI World Index. All major markets moved around this figure with the FTSE All Share and the S & P 500 ahead by a similar magnitude. The actual period was arguably one of two halves with a steady gain in risk assets until calendar year end followed by a calamitous fall for growth investment, particularly the US. This was a result of ongoing inflationary spikes and a decision by Western central banks to both withdraw liquidity and raise short term interest rates. The Russian invasion of Ukraine in February fuelled the inflationary flames given the elevation of commodity and food costs. As a result, sovereign bond markets fell heavily in UK and US markets and yield increased. This rise in the risk-free rate was a key catalyst in the widespread sale of growth stocks which rely significantly on a low discount rate to support valuation.

The fund has returned 5.87% for the year compared with 0.90% for the benchmark placing it firmly in the first quarter. It has been our policy to maintain a balanced equity combination of growth and yield securities on attractive valuation with reasonable dividend and capital potential. We focus on dividend growth as much as yield with the latter often undermined by poor long-term sustainability.

We enjoy a strong commodities exposure through investments in Rio Tinto and Shell, investments which have often been shunned by the market but which, we believe, are integral for energy security. A recent investment in BAE Systems was a reflection of what we felt was an attractive valuation for a group which remains at the heart of global security, a feature manifesting itself prominently in the current year given current geo-political uncertainties. At the same time we maintain a rich exposure to what we would describe as 'steady compounders', investments which operate a successful business model but whose nature of activity and operation is more defensive. This would include positions in companies such as British American Tobacco, SSE and McDonalds.

We feel the structure of the fund and its multi asset approach combined with a mix of geographical exposures positions it well during periods of turbulence such as those seen in the current year. Commitment to dividend security and a balanced growth of capital and dividend increments remain at the heart of fund strategy.

Over 5 years, IFSL Marlborough Extra Income has returned 37.03% despite mounting volatility and a problematic backdrop for risk assets. Dividends are ahead in 2 years despite the implosion to dividend payments experienced during the Coronavirus pandemic. The fund retains a yield of 3.8%, a healthy premium to the FTSE All-Share and we continue to believe it provides investors with a healthy degree of total return and low volatility.

Matthew Rainbird / Andrew Moffat
Hargreave Hale Limited
8 June 2022

IFSL MARLBOROUGH EXTRA INCOME FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 April 2022

Distributions (pence per unit)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Income</u>				
Net income paid 20 March	0.7423	0.5956	0.6665	0.6667
Net income paid 20 June	0.9805	0.7894	0.7219	1.0772
Net income paid 20 September		0.7799	0.6947	0.9513
Net income paid 20 December		1.0343	0.5688	0.7815
<u>P Income</u>				
Net income paid 20 March	0.7831	0.6287	0.7015	0.7022
Net income paid 20 June	1.0343	0.8337	0.7612	1.1290
Net income paid 20 September		0.8228	0.7332	0.9983
Net income paid 20 December		1.0905	0.6005	0.8214

Portfolio changes

Largest purchases				Cost (£)
SSE				923,040
Smith & Nephew				622,680
BAE Systems				588,230
Tate & Lyle				556,202
British American Tobacco				463,638
Schroders Vtg				429,372
BHP Billiton				409,699
Legal & General Group 5.375% 27.10.45				319,598
Volkswagen Pref				309,018
The Home Depot				307,832
Other purchases				524,056
Total purchases for the year				5,453,365
Largest sales				Proceeds (£)
Spirax-Sarco Engineering				1,135,427
Experian				925,627
Ashtead Group				789,722
Microsoft				570,049
ASML Holding				538,120
Compass Group				518,667
Deere & Co				517,672
InterContinental Hotels Group				495,551
L'Oréal				482,255
Prudential				452,714
Other sales				5,492,643
Total sales for the year				11,918,447

IFSL MARLBOROUGH EXTRA INCOME FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

IFSL Marlborough Extra Income Fund (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 aim of the Fund is to pay an income in excess of that of the FTSE All Share Index over any three year accounting period whilst taking less risk, after any charges have been taken out of the Fund. The Fund also aims to deliver capital growth, that is to increase the value of your investment, over a period of 5 or more years.

The Investment Manager will aim to maintain volatility of the Fund (a measure of the size of short term changes in value) below 80% of the volatility of the FTSE All Share Index over any three year period.

The Fund will invest between 70% and 85% in the shares of companies and investment trusts.

The Fund will also invest up to 30% in bonds, which are loans issued by companies and other institutions. Bonds will typically be investment grade, which are issued by entities that have a high capacity to repay the debt, but the Fund may occasionally hold sub-investment grade bonds as a result of changes to existing holdings.

At least 80% of the Fund will be invested in the shares of companies incorporated or headquartered in the UK and bonds denominated in GBP.

The Fund is actively managed, which means the Investment Manager decides which investments to buy and sell and when. The Fund will invest in a range of assets that combined are aimed at achieving the objective. The Investment Manager will look to invest in companies that are well placed to benefit from current or future trends in their market environment, that exhibit some competitive advantage and employ management which are effective custodians of shareholder funds.

The Fund may also invest in companies which are listed on overseas stock exchanges, other securities which offer returns linked to the company performance, such as warrants, preference shares and convertible bonds, as well as unquoted companies and other funds.

The Fund will normally be fully invested save for an amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the Fund both generally and in relation to strategic objectives however may hold higher cash balances in extreme market conditions.

The Fund's investment policy puts it in the IA Mixed Investment 40-85% Shares sector.

Rights and terms attaching to each unit class

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

Assessment of value

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

Changes in prospectus

On 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 Extra Income Fund to IFSL Marlborough Extra Income Fund.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM's range, can be requested by the investor at any time.

IFSL MARLBOROUGH EXTRA INCOME FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Marlborough Fund Managers Ltd is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under 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, the Authorised Fund Manager's (AFM's) year end, are set out below:

	Number of identified staff	Total remuneration paid £	Fixed remuneration paid £	Variable remuneration paid £
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	9	721,509	600,044	121,465
Risk takers and other identified staff	3	114,004	89,291	24,713
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.02	3,904	3,247	657
Risk takers and other identified staff	0.01	617	483	134

The total number of staff employed by the AFM's group 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). The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

IFSL MARLBOROUGH EXTRA INCOME FUND

DIRECTORS' STATEMENT

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



ALLAN HAMER
DIRECTOR



HELEN REDMOND
DIRECTOR

MARLBOROUGH FUND MANAGERS LTD

20 June 2022

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

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

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

IFSL MARLBOROUGH EXTRA INCOME FUND

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

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Marlborough Extra Income Fund ("the Trust") for the Period Ended 20th April 2022

The Depositary in its capacity as Trustee of IFSL Marlborough Extra Income Fund 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

20 June 2022

IFSL MARLBOROUGH EXTRA INCOME FUND

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

Opinion

We have audited the financial statements of IFSL Marlborough Extra Income Fund ("the Fund") for the year ended 20 April 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 20 April 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.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

IFSL MARLBOROUGH EXTRA INCOME FUND

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

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might be considered by 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 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.

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

20 June 2022

Notes:

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

IFSL MARLBOROUGH EXTRA INCOME FUND
COMPARATIVE TABLE
A Income units

Change in net assets per unit	Year to 20.04.2022 pence	Year to 20.04.2021 pence	Year to 20.04.2020 pence
Opening net asset value per unit	90.29	74.07	84.64
Return before operating charges*	5.39	20.17	(6.07)
Operating charges	(1.60)	(1.30)	(1.38)
Return after operating charges*	3.79	18.87	(7.45)
Distributions on income units	(3.54)	(2.65)	(3.12)
Closing net asset value per unit	90.54	90.29	74.07

* after direct transaction costs of: 0.14 0.07 0.13

Performance

Return after charges 4.20%^B 25.48% -8.80%

Other information

Closing net asset value (£)	1,711,520	2,284,964	20,338,002
Closing number of units	1,890,324	2,530,815	27,458,640
Operating charges	1.73% ^A	1.63%	1.63%
Direct transaction costs	0.15%	0.08%	0.16%

Prices

Highest unit price	95.42p	92.40p	89.69p
Lowest unit price	86.98p	73.59p	65.86p

P Income units

Change in net assets per unit	Year to 20.04.2022 pence	Year to 20.04.2021 pence	Year to 20.04.2020 pence
Opening net asset value per unit	95.84	78.18	88.79
Return before operating charges*	5.53	21.24	(6.54)
Operating charges	(0.95)	(0.78)	(0.79)
Return after operating charges*	4.58	20.46	(7.33)
Distributions on income units	(3.73)	(2.80)	(3.28)
Closing net asset value per unit	96.69	95.84	78.18

* after direct transaction costs of: 0.14 0.07 0.14

Performance

Return after charges 4.78%^B 26.17% -8.26%

Other information

Closing net asset value	34,057,363	39,598,667	16,775,205
Closing number of units	35,222,393	41,315,850	21,457,412
Operating charges	0.98% ^A	0.88%	0.88%
Direct transaction costs	0.15%	0.08%	0.16%

Prices

Highest unit price	100.62p	97.62p	94.50p
Lowest unit price	91.81p	77.66p	69.47p

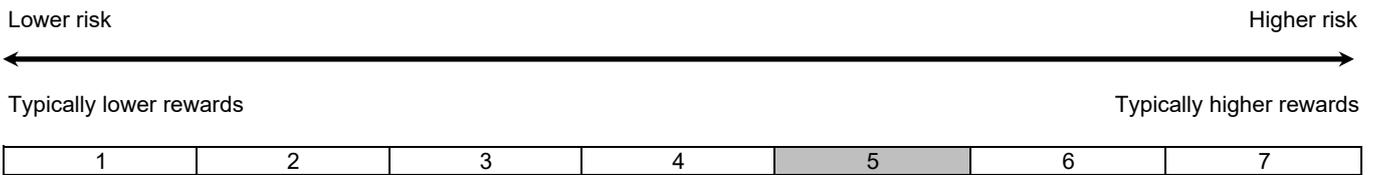
^A From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^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 EXTRA INCOME FUND

SYNTHETIC RISK AND REWARD INDICATOR (all unit classes)



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

The Fund has been measured as 5 because its investments have experienced moderate to high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH EXTRA INCOME FUND

PORTFOLIO STATEMENT

as at 20 April 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
LOAN STOCKS (20 April 2021 - 17.25%)		
139,500 A2D Funding 4.75% 18.10.22	141,358	0.39
300,000 Admiral Group 5.5% 25.07.24	314,505	0.88
400,000 Aviva 6.125% Perp	402,808	1.13
500,000 Brit Insurance Holdings 6.625% 09.12.30	428,360	1.20
260,000 Coöperatieve Rabobank 5.25% 14.09.27	281,008	0.79
300,000 esure Group 6.75% 19.12.24	322,914	0.90
300,000 Friends Life Holdings 8.25% 21.04.22	300,033	0.84
79,194 GLH Hotels 7.875% 20.06.22	78,798	0.22
600,000 Legal & General Group 5.375% 27.10.45	631,482	1.77
650,000 Liverpool Victoria Friendly Society 6.5% 22.05.43	666,198	1.86
449,000 Lloyds Banking Group 7.625% Perp	460,238	1.29
350,000 Phoenix Group Holdings 6.625% 18.12.25	382,987	1.07
233,000 Rothschilds Continuation Finance (CI) 9% Perp	253,043	0.71
445,000 Scottish Widows 5.5% 16.06.23	458,110	1.28
300,000 Society of Lloyds (The) 4.75% 30.10.24	310,050	0.87
400,000 Society of Lloyds (The) 4.875% 07.02.47	417,732	1.17
500,000 Tesco 5.5% 13.01.33	563,910	1.58
300,000 Thames Water (Kemble) Finance 5.875% 15.07.22	301,533	0.84
300,000 TP ICAP 5.25% 26.01.24	306,474	0.86
78,500 Yorkshire Building Society 13.5% 01.04.25	98,368	0.27
Total Loan Stocks	<u>7,119,909</u>	<u>19.92</u>
PREFERENCE SHARES (20 April 2021 - 4.99%)		
330,000 Aviva 8.75% Cum Irrd Pref	471,900	1.32
355,000 Ecclesiastical Insurance Office 8.625% Non-Cum Irrd Pref	500,550	1.40
350,000 General Accident 8.875% Cum Irrd Pref	493,500	1.38
350,000 RSA Insurance Group 7.375% Cum Irrd Pref	423,500	1.18
Total Preference Shares	<u>1,889,450</u>	<u>5.28</u>
AEROSPACE AND DEFENSE (20 April 2021 - Nil)		
110,000 BAE Systems	838,200	2.34
Total Aerospace and Defense	<u>838,200</u>	<u>2.34</u>
BEVERAGES (20 April 2021 - 3.61%)		
57,000 Britvic	471,105	1.32
26,165 Diageo	1,013,240	2.83
Total Beverages	<u>1,484,345</u>	<u>4.15</u>
CHEMICALS (20 April 2021 - 1.39%)		
25,000 Victrex	440,750	1.23
Total Chemicals	<u>440,750</u>	<u>1.23</u>
CLOSED END INVESTMENTS (20 April 2021 - 3.71%)		
480,000 The Renewables Infrastructure Group	654,720	1.83
Total Closed End Investments	<u>654,720</u>	<u>1.83</u>
CONSTRUCTION AND MATERIALS (20 April 2021 - 1.64%)		
20,000 CRH	633,000	1.77
Total Construction and Materials	<u>633,000</u>	<u>1.77</u>
CONSUMER SERVICES (20 April 2021 - 1.32%)		
ELECTRICITY (20 April 2021 - Nil)		
58,250 SSE	1,071,509	3.00
Total Electricity	<u>1,071,509</u>	<u>3.00</u>
FOOD PRODUCERS (20 April 2021 - Nil)		
70,500 Tate & Lyle	539,748	1.51
Total Food Producers	<u>539,748</u>	<u>1.51</u>

IFSL MARLBOROUGH EXTRA INCOME FUND

PORTFOLIO STATEMENT

as at 20 April 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
GAS, WATER AND MULTI-UTILITIES (20 April 2021 - 4.08%)		
80,000 National Grid	943,600	2.64
27,500 Severn Trent	842,325	2.35
Total Gas, Water and Multi-utilities	<u>1,785,925</u>	<u>4.99</u>
GENERAL INDUSTRIALS (20 April 2021 - 3.23%)		
20,000 Bunzl	613,600	1.72
203,636 Smith (DS)	655,912	1.83
Total General Industrials	<u>1,269,512</u>	<u>3.55</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (20 April 2021 - 2.30%)		
20,350 Bellway	520,146	1.45
Total Household Goods and Home Construction	<u>520,146</u>	<u>1.45</u>
INDUSTRIAL ENGINEERING (20 April 2021 - 2.04%)		
INDUSTRIAL METALS AND MINING (20 April 2021 - 6.22%)		
90,000 Bodycote	572,400	1.60
26,855 Rio Tinto	1,605,123	4.49
Total Industrial Metals and Mining	<u>2,177,523</u>	<u>6.09</u>
INDUSTRIAL SUPPORT SERVICES (20 April 2021 - 3.72%)		
123,750 Rentokil Initial	634,095	1.77
Total Industrial Support Services	<u>634,095</u>	<u>1.77</u>
INDUSTRIAL TRANSPORTATION (20 April 2021 - 3.02%)		
11,500 Ashtead Group	544,755	1.52
143,300 Doric Nimrod Air Three Pref	60,186	0.17
62,000 Doric Nimrod Air Two Pref	47,120	0.13
Total Industrial Transportation	<u>652,061</u>	<u>1.82</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (20 April 2021 - 1.92%)		
65,000 3i Group	868,725	2.43
12,000 Schroders Vtg	377,520	1.06
Total Investment Banking and Brokerage Services	<u>1,246,245</u>	<u>3.49</u>
LIFE INSURANCE (20 April 2021 - 4.43%)		
92,000 Phoenix Group Holdings	571,320	1.60
17,500 Prudential	184,712	0.52
Total Life Insurance	<u>756,032</u>	<u>2.12</u>
MEDICAL EQUIPMENT AND SERVICES (20 April 2021 - Nil)		
41,000 Smith & Nephew	507,990	1.42
Total Medical Equipment and Services	<u>507,990</u>	<u>1.42</u>
NONLIFE INSURANCE (20 April 2021 - 1.66%)		
22,000 Admiral Group	543,180	1.52
Total NonLife Insurance	<u>543,180</u>	<u>1.52</u>
OIL, GAS AND COAL (20 April 2021 - 2.37%)		
61,200 Shell	1,361,394	3.81
Total Oil, Gas and Coal	<u>1,361,394</u>	<u>3.81</u>
PERSONAL CARE, DRUG AND GROCERY STORES (20 April 2021 - 4.54%)		
10,000 Reckitt Benckiser Group	608,000	1.70
205,000 Sainsbury (J)	498,355	1.39
17,500 Unilever	606,375	1.70
Total Personal Care, Drug and Grocery Stores	<u>1,712,730</u>	<u>4.79</u>

IFSL MARLBOROUGH EXTRA INCOME FUND

PORTFOLIO STATEMENT

as at 20 April 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
PHARMACEUTICALS AND BIOTECHNOLOGY (20 April 2021 - 3.06%)		
8,285 AstraZeneca	866,280	2.42
49,500 GlaxoSmithKline	865,458	2.42
Total Pharmaceuticals and Biotechnology	<u>1,731,738</u>	<u>4.84</u>
REAL ESTATE INVESTMENT TRUSTS (20 April 2021 - 1.51%)		
333,221 Tritax Big Box REIT	820,390	2.29
Total Real Estate Investment Trusts	<u>820,390</u>	<u>2.29</u>
TOBACCO (20 April 2021 - Nil)		
16,500 British American Tobacco	544,665	1.52
Total Tobacco	<u>544,665</u>	<u>1.52</u>
TRAVEL AND LEISURE (20 April 2021 - 1.96%)		
35,391 SSP Group	79,700	0.22
Total Travel and Leisure	<u>79,700</u>	<u>0.22</u>
OVERSEAS SECURITIES (20 April 2021 - 18.93%)		
18,425 ASSA ABLOY 'B'	378,596	1.06
7,125 Coca-Cola	355,159	0.99
1,840 Deere & Co	616,913	1.72
3,005 Johnson & Johnson	421,888	1.18
6,055 KONE 'B'	236,610	0.66
2,590 McDonald's	506,891	1.42
6,850 Starbucks	426,079	1.19
1,400 The Home Depot	330,077	0.92
11,000 Verizon Communications	453,025	1.27
1,500 Volkswagen Pref	194,852	0.54
1,590 Zurich Insurance Group	580,100	1.62
Total Overseas Securities	<u>4,500,190</u>	<u>12.57</u>
Portfolio of investments	35,515,147	99.29
Net other assets	253,736	0.71
Total net assets	<u>35,768,883</u>	<u>100.00</u>

IFSL MARLBOROUGH EXTRA INCOME FUND

STATEMENT OF TOTAL RETURN

for the year ended 20 April 2022

	Notes	20 April 2022		20 April 2021	
		£	£	£	£
Income:					
Net capital gains	4		703,200		8,296,924
Revenue	6	1,631,556		1,423,597	
Expenses	7	(357,101)		(399,267)	
Net revenue before taxation		<u>1,274,455</u>		<u>1,024,330</u>	
Taxation	8	<u>(18,667)</u>		<u>(22,547)</u>	
Net revenue after taxation			<u>1,255,788</u>		<u>1,001,783</u>
Total return before distributions			1,958,988		9,298,707
Distributions	9		(1,495,784)		(1,274,617)
Change in net assets attributable to unitholders from investment activities			<u>463,204</u>		<u>8,024,090</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 20 April 2022

	20 April 2022		20 April 2021	
	£	£	£	£
Opening net assets attributable to unitholders		41,900,323		37,224,026
Amounts receivable on issue of units	1,555,198		1,256,604	
Amounts payable on cancellation of units	(8,159,268)		(4,606,837)	
Amounts receivable on unit class conversions	<u>-</u>		<u>77</u>	
		(6,604,070)		(3,350,156)
Dilution adjustment		8,206		176
Change in net assets attributable to unitholders from investment activities		463,204		8,024,090
Unclaimed distributions		1,220		2,187
Closing net assets attributable to unitholders		<u>35,768,883</u>		<u>41,900,323</u>

IFSL MARLBOROUGH EXTRA INCOME FUND

BALANCE SHEET

as at 20 April 2022

	Notes	20 April 2022 £	20 April 2021 £
Assets:			
Fixed Assets:			
Investments	17	35,515,147	41,439,656
Current Assets:			
Debtors	10	425,184	379,225
Cash and bank balances		296,894	480,642
Total assets		<u>36,237,225</u>	<u>42,299,523</u>
Liabilities:			
Creditors:			
Distribution payable		382,875	364,587
Other creditors	11	85,467	34,613
Total liabilities		<u>468,342</u>	<u>399,200</u>
Net assets attributable to unitholders		<u><u>35,768,883</u></u>	<u><u>41,900,323</u></u>

IFSL MARLBOROUGH EXTRA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 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.

There are no material events that have been identified that may cast significant doubt on the Fund's ability to continue as a going concern for the next twelve months from the date when the 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 are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

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

Valuation

The valuation point was 12:00 on 20 April 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.

Where applicable, investment valuations exclude any element of accrued revenue.

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 20 April 2022 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 2022

ACCOUNTING POLICIES

Dilution adjustment

The Fund is priced on a single price basis and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions and redemptions in and out of the Fund. This is known as "dilution". Under certain circumstances dilution may have a material adverse effect on the existing/continuing unitholders' interest in the Fund. In order to counter this and to protect unitholders' interests, the authorised fund manager will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Fund will make adjustments to counter the impact of dealing and other costs on occasions when these are deemed to be significant. Any dilution adjustment will be applied consistently and, in the usual course of business, automatically.

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute 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.

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 as stated on page 3, 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.

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.

IFSL MARLBOROUGH EXTRA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 2022

RISK MANAGEMENT POLICIES

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.

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.

The Fund invests in fixed rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the fund manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

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.

4 NET CAPITAL GAINS

	20 April 2022	20 April 2021
	£	£
The net gains on investments during the year comprise:		
Non-derivative securities gains	704,582	8,301,679
Other currency losses	(715)	(4,022)
Transaction charges	(667)	(733)
Net capital gains	<u>703,200</u>	<u>8,296,924</u>

5 PURCHASES, SALES AND TRANSACTION COSTS

	20 April 2022	20 April 2021
	£	£
Purchases excluding transaction costs		
Equities	4,845,487	2,999,152
Debt securities	576,085	-
	<u>5,421,572</u>	<u>2,999,152</u>
Equities: Commissions	9,561	5,998
Taxes and other charges	21,080	15,002
Debt securities: Commissions	1,152	-
Total purchase transaction costs	<u>31,793</u>	<u>21,000</u>
Purchases including transaction costs	<u>5,453,365</u>	<u>3,020,152</u>

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

Equities: Commissions	0.22%	0.20%
Taxes and other charges	0.44%	0.50%

Sales excluding transaction costs

Equities	11,944,291	5,777,864
Debt securities	-	1,100,000
	<u>11,944,291</u>	<u>6,877,864</u>
Equities: Commissions	(23,868)	(11,556)
Taxes and other charges	(1,976)	(670)
Total sale transaction costs	<u>(25,844)</u>	<u>(12,226)</u>
Sales net of transaction costs	<u>11,918,447</u>	<u>6,865,638</u>

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

Equities: Commissions	0.20%	0.20%
Taxes and other charges	0.02%	0.01%

IFSL MARLBOROUGH EXTRA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 2022

PURCHASES, SALES AND TRANSACTION COSTS	20 April 2022	20 April 2021
	£	£
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Commissions	0.09%	0.05%
Taxes and other charges	0.06%	0.04%
	<u>0.15%</u>	<u>0.08%</u>
Transaction handling charges	<u>£667</u>	<u>£733</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. The average portfolio dealing spread at 20 April 2022 is 0.35% (2021: 0.41%).		
6 REVENUE	20 April 2022	20 April 2021
	£	£
UK dividends	1,028,946	739,342
UK dividends (unfranked)	22,326	15,620
Overseas dividends	217,401	260,073
Interest on debt securities	362,883	408,562
Total revenue	<u>1,631,556</u>	<u>1,423,597</u>
7 EXPENSES	20 April 2022	20 April 2021
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	307,023	347,271
Registration fees	24,763	25,754
	<u>331,786</u>	<u>373,025</u>
Other expenses:		
Trustee's fees	13,982	14,365
Safe custody fees	2,536	4,101
Bank interest	1,090	449
Financial Conduct Authority fee	124	170
Audit fee	7,583	7,157
	<u>25,315</u>	<u>26,242</u>
Total expenses	<u>357,101</u>	<u>399,267</u>
8 TAXATION	20 April 2022	20 April 2021
	£	£
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	-	74,437
Overseas tax	18,667	22,547
Tax relief from capital	-	(74,437)
Total tax charge (see note 8(b))	<u>18,667</u>	<u>22,547</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	1,274,455	1,024,330
Corporation tax at 20% (2021: 20%)	254,891	204,866
Effects of:		
Revenue not subject to taxation	(249,269)	(199,883)
Managers periodic charge treated as capital	-	74,437
Excess management expenses	(5,622)	(4,983)
Overseas tax	18,667	22,547
Tax relief from capital	-	(74,437)
Total tax charge (see note 8(a))	<u>18,667</u>	<u>22,547</u>

At 20 April 2022 the Fund has deferred tax assets of £12,401 (2021: £18,023) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL MARLBOROUGH EXTRA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 2022

9 DISTRIBUTIONS

	20 April 2022	20 April 2021
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
First interim	357,211	343,691
Second interim	412,889	274,307
Third interim	293,338	279,323
Final	382,875	364,587
Amounts deducted on cancellation of units	58,961	20,052
Amounts added on issue of units	(9,476)	(7,391)
Equalisation on conversions	-	77
Revenue brought forward	(14)	(29)
Distributions	<u>1,495,784</u>	<u>1,274,617</u>
Net revenue after taxation	1,255,788	1,001,783
Add: Managers periodic charge to capital as adjusted for corporation tax	307,022	272,834
Deduct: Tax effect of ACD fee/management fee rebate borne by capital	(67,026)	-
	<u>1,495,784</u>	<u>1,274,617</u>

10 DEBTORS

	20 April 2022	20 April 2021
	£	£
Amounts receivable for issue of units	23,231	83,295
Accrued income	361,994	254,135
Currency receivables	12	-
Taxation recoverable	39,947	41,795
Total debtors	<u>425,184</u>	<u>379,225</u>

11 OTHER CREDITORS

	20 April 2022	20 April 2021
	£	£
Amounts payable for cancellation of units	56,443	5,007
Manager's periodic charge and registration fees	16,888	19,519
Accrued expenses	12,136	10,087
Total other creditors	<u>85,467</u>	<u>34,613</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 20 April 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/(from) the authorised fund manager at the year end are £50,100 (2021: (£58,769)).

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' 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	B Income	P Income
Opening units in issue at 21 April 2021	<u>2,530,815</u>	<u>17,723</u>	<u>41,315,850</u>
Unit issues	50,728	1	1,551,545
Unit cancellations	(675,913)	(10)	(7,676,896)
Unit conversions	(15,306)	(17,714)	31,894
Closing units in issue at 20 April 2022	<u>1,890,324</u>	<u>-</u>	<u>35,222,393</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 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 £1,775,757 (2021: £2,071,983). 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 20 April 2022:

	Investments £	Net current assets £	Total £
Danish Krone	-	1,053	1,053
Euro	431,462	26,428	457,890
Swedish Krona	378,596	-	378,596
Swiss Franc	580,100	43,881	623,981
US Dollar	3,110,031	13,308	3,123,339
	<u>4,500,189</u>	<u>84,670</u>	<u>4,584,859</u>

Foreign currency exposure at 20 April 2021:

	Investments £	Net current assets £	Total £
Danish Krone	-	1,092	1,092
Euro	1,984,382	25,337	2,009,719
Swedish Krona	391,957	-	391,957
Swiss Franc	472,155	28,804	500,959
US Dollar	5,080,514	6,416	5,086,930
	<u>7,929,008</u>	<u>61,649</u>	<u>7,990,657</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 £229,243 (2021: £399,533). 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:

	20 April 2022 £	20 April 2021 £
Financial assets fixed interest rate	7,119,910	7,232,070
Financial assets floating rate	296,894	480,642
Financial assets non-interest bearing instruments	28,820,421	34,586,811
Financial liabilities non-interest bearing instruments	(468,342)	(399,200)
	<u>35,768,883</u>	<u>41,900,323</u>

Interest rate risk sensitivity on debt securities (based on the weighted modified duration)

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A half of one per cent increase in interest rates would have the effect of decreasing the return and net assets by £99,384 (2021: £133,181). A half of one per cent decrease would have an equal and opposite effect.

Debt security credit analysis

Portfolio split by investment grade

	20 April 2022	20 April 2021
	Bid value (£)	
Investments of investment grade	4,974,990	5,267,689
Investments below investment grade	761,771	803,552
Unrated	1,383,148	1,160,829
Total of debt securities	<u>7,119,909</u>	<u>7,232,070</u>

IFSL MARLBOROUGH EXTRA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 April 2022

RISK DISCLOSURES

Liquidity risk

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

	20 April 2022 £	20 April 2021 £
Within one year:		
Distribution payable	382,875	364,587
Other creditors	85,467	34,613
	<u>468,342</u>	<u>399,200</u>

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	20 April 2022		20 April 2021	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	28,395,237	-	34,207,586	-
Level 2 - Observable market data	7,119,910	-	7,232,070	-
Level 3 - Unobservable data	-	-	-	-
	<u>35,515,147</u>	<u>-</u>	<u>41,439,656</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 20 April 2022, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	20 April 2022 ^A	14 June 2022	Movement (%)
A Income	92.69	87.01	-6.13%
P Income	97.84	91.56	-6.42%

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

IFSL MARLBOROUGH EXTRA INCOME FUND

DISTRIBUTION TABLE

First interim distribution for the period from 21 April 2021 to 20 July 2021

Group 1: units purchased prior to 21 April 2021
Group 2: units purchased on or after 21 April 2021

		Net revenue 20 July 2021 pence per unit	Equalisation 20 July 2021 pence per unit	Distribution paid 20 September 2021 pence per unit	Distribution paid 20 September 2020 pence per unit
A Income	Group 1	0.7799p	-	0.7799p	0.6947p
	Group 2	0.4872p	0.2927p	0.7799p	0.6947p
P Income	Group 1	0.8228p	-	0.8228p	0.7332p
	Group 2	0.2496p	0.5732p	0.8228p	0.7332p

Second interim distribution for the period from 21 July 2021 to 20 October 2021

Group 1: units purchased prior to 21 July 2021
Group 2: units purchased on or after 21 July 2021

		Net revenue 20 October 2021 pence per unit	Equalisation 20 October 2021 pence per unit	Distribution paid 20 December 2021 pence per unit	Distribution paid 20 December 2020 pence per unit
A Income	Group 1	1.0343p	-	1.0343p	0.5688p
	Group 2	0.2616p	0.7727p	1.0343p	0.5688p
P Income	Group 1	1.0905p	-	1.0905p	0.6005p
	Group 2	0.3943p	0.6962p	1.0905p	0.6005p

Third interim distribution for the period from 21 October 2021 to 20 January 2022

Group 1: units purchased prior to 21 October 2021
Group 2: units purchased on or after 21 October 2021

		Net revenue 20 January 2022 pence per unit	Equalisation 20 January 2022 pence per unit	Distribution paid 20 March 2022 pence per unit	Distribution paid 20 March 2021 pence per unit
A Income	Group 1	0.7423p	-	0.7423p	0.5956p
	Group 2	0.2010p	0.5413p	0.7423p	0.5956p
P Income	Group 1	0.7831p	-	0.7831p	0.6287p
	Group 2	0.2129p	0.5702p	0.7831p	0.6287p

Final distribution for the period from 21 January 2022 to 20 April 2022

Group 1: units purchased prior to 21 January 2022
Group 2: units purchased on or after 21 January 2022

		Net revenue 20 April 2022 pence per unit	Equalisation 20 April 2022 pence per unit	Distribution paid 20 June 2022 pence per unit	Distribution paid 20 June 2021 pence per unit
A Income	Group 1	0.9805p	-	0.9805p	0.7894p
	Group 2	0.2231p	0.7574p	0.9805p	0.7894p
P Income	Group 1	1.0343p	-	1.0343p	0.8337p
	Group 2	0.6216p	0.4127p	1.0343p	0.8337p

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