

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**  
(formerly Marlborough Multi-Cap Growth Fund)

**Annual Report and Audited Financial Statements**  
for the year ended 20 March 2022

IFSL

— Fund Services —

Marlborough

## IFSL MARLBOROUGH MULTI-CAP GROWTH 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  
41 Lothbury  
London  
EC2R 7AE

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 MULTI-CAP GROWTH FUND**

<b>CONTENTS</b>	<b>PAGE</b>
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	3
DIRECTORS' STATEMENT	5
STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES	5
STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY	6
INDEPENDENT AUDITOR'S REPORT	7
COMPARATIVE TABLE	10
SYNTHETIC RISK AND REWARD INDICATOR	11
PORTFOLIO STATEMENT	12
<b>FINANCIAL STATEMENTS</b>	
STATEMENT OF TOTAL RETURN	15
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	15
BALANCE SHEET	16
NOTES TO THE FINANCIAL STATEMENTS	17
DISTRIBUTION TABLE	24

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 March 2022

#### Percentage change and sector position to 20 March 2022

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Multi-Cap Growth Fund	(20.75)%	(5.33)%	18.40%	34.26%
FTSE All-Share Total Return Index	5.23%	11.77%	14.92%	22.53%
IA UK All Companies sector	(3.65)%	4.21%	13.50%	20.58%
Quartile Ranking *	4	4	1	1

\* Based on ranking within The Investment Association UK Smaller Companies sector.

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

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

During the year to 20 March 2022, the value of the IFSL Marlborough Multi-Cap Growth Fund fell from 398.9 to 376.9 a fall of 5.5%. This compares with a rise in the FTSE All Share index of 7.8% from 3836.2 on 20 March 2020 to 4135.4 on 20 March 2021.

Underperformance of the Fund is because stock market Investors have focused on rising inflation and interest rates and reacting to the uncertainty by choosing to lock-in profits of long-term successful growth companies. Relative performance is further undermined by the managers underweight position in commodities, oils, and value companies. This is because these sectors don't meet the rigorous criteria of our investment philosophy. We don't try to forecast macroeconomic trends or geopolitical outcomes, and we can't predict where inflation or interest rates will be or when the Uranium crisis will subside. We prefer to invest in strong growth companies that are in control of their destinies, have pricing power, and are not reliant on the tailwind of economic growth to implement their strategies.

The period was marked by considerable corporate activity and volatility and the manager took advantage to add to existing holdings. Smart Meter Systems was increased participating in a fund raise to fund growth in new contracts. Revenues are index linked so the business is partly inflation hedged. Network International was increased as operational performance showed improvement. Homeserve, Intermediate Capital, Auction Technology, Aveva and Rentokil were other core holdings increased during the period.

During the period the Fund made several purchases. Computacenter was one, a broad-based IT consultancy that has a consistent track record of growth and cash generation. Safestore, was added, which is one of Europe's largest providers of self-storage facilities, catering for businesses and individuals. The company has performed well through changing economic environments. Businesses need extra storage space both when they're upsizing and when they're downsizing. It also has pricing power, enabling it to edge up prices to more than offset inflation. The company finances new sites from existing cash flow rather than debt and delivers a very respectable return on capital. JTC a provider of global fund, corporate and private client services was added in a fund raise to take advantage of consolidation opportunities.

Sales including Intuit, CVS Group, Scottish Mortgage Investment Trust, and Paypal; shares which had generally performed well but were sold as better opportunities available elsewhere. GB Group was sold further to an expensive and dilutive US acquisition. Earlier in the period Meggitt succumbed to an agreed take-over from a US trade buyer.

Dechra were sold down due to a high valuation. Genus and RWS Group were reduced due to Russian exposure weighing on the business in the shorter term.

Positions which contributed positively over the year included Future plc, continuing its successful consolidation of legacy media assets, up by 45%. Dechra rose by 21%, Ashtead up by 27%, benefitting from strong trading and market share gains in the US equipment rental sector. Intuit up by 23%, Experian+ 24%, Alpha FX rose by 32% as the provider of foreign currency services reported continued strong growth and expansion into new markets, Relx Group rose by 29% and Microsoft by far the global leader in digital transformation rose by 37%.

De-rating of growth stocks has affected many of the stocks in the fund. Genus fell 40% affected by falling pig prices in China, which we see as a temporary issue. Network International fell 43% despite several improving trading updates, but due to a read across from the wider payments sector which is becoming more competitive. As the largest player in the middle eastern countries, we think Network Intl is more insulated than most from these concerns. Aveva, a provider of industrial digital transformation software, fell 26%. We believe the shares are out of favour due to forecasting risks associated with a transition towards a SaaS focused revenue model. This overlooks better-quality medium-term earnings and a positive backdrop for energy infrastructure spend.

Investors are contending with considerable uncertainty. On the one hand, we have the war in Ukraine which means the challenges facing companies have now increased. Both Ukraine and Russia are major exporters of a wide range of raw materials, and the conflict will further disrupt supply chains. So, a wider mix of industries will have to adapt to higher input costs. There will also be an impact on business and consumer confidence. The Federal Reserve is increasing hawkish over monetary policy, and consequently bond investors are pricing in weaker growth. We have already seen a negative business confidence surveys in Europe with Germany most affected.

At the same time though, on a more positive level, we have the world emerging from the pandemic and the release of considerable pent-up demand. So, at the current time the macroeconomic backdrop is complex.

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 March 2022

We highlight the divergence between trading updates, operational performance and share price movements. Most of the fund's companies have released positive trading updates during the last quarter; however, this has not been reflected in their stock prices.

Increasing share buy backs, directors buying, and take-over activity are positive indicators that value is returning in certain areas of the market.

The current market landscape, in which many investors are favouring 'value' stocks, is enabling us to build our positions in high-quality companies at what we believe to be compelling valuations based on their growth potential over the medium to long-term. Whilst the economic outlook is hard to read, we have confidence the companies we hold, which exhibit pricing power, are well-positioned to navigate this period of uncertainty and continue with their growth strategies.

Richard Hallett  
Hargreave Hale Limited  
7 April 2022

This report contains FTSE data. Source: FTSE International Limited ("FTSE") © FTSE 2022. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and / or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

#### 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 May	-	-	-	-
Net income paid 20 November		-	-	0.4718
<u>P Income</u>				
Net income paid 20 May	-	-	0.3394	0.3390
Net income paid 20 November		0.6630	0.6473	1.7513

#### Portfolio changes

Largest purchases	Cost (£)
Auction Technology Group	9,054,664
Trustpilot Group	7,525,601
Reach	6,971,013
Snowflake 'A'	6,537,039
Computacenter	6,412,692
Oxford Instruments	6,391,202
Watches of Switzerland Group	6,329,414
Smart Metering Systems	6,238,762
Diageo	6,032,554
Electrocomponents	5,816,152
Other purchases	148,304,218
Total purchases for the year	215,613,311
Largest sales	Proceeds (£)
Meggitt	13,278,591
Rolls-Royce Holdings	11,437,942
Dechra Pharmaceuticals	9,328,317
JD Sports Fashion	8,244,403
Intuit	7,894,614
Smith & Nephew	7,345,798
CVS Group	6,899,571
ASOS	6,446,462
Future	6,152,190
Fidelity National Information Services	6,087,170
Other sales	121,463,145
Total sales for the year	204,578,203

## **IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

### **AUTHORISED STATUS AND GENERAL INFORMATION**

#### **Authorised status**

IFSL Marlborough Multi-Cap Growth 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 investment objective of the Fund is to provide capital growth, that is, to increase the value of your investment, over a period of 5 or more years. The Fund aims to deliver greater returns than the FTSE All-Share Index over any 3 year period after charges, however, there is no certainty this will be achieved.

The Fund will invest at least 80% in the shares of companies and investment trusts listed on UK stock exchanges. This will include a range of small, medium and large companies.

Companies purchased will be those which the Manager considers to be the leading companies amongst their peers. These are typically companies the Manager believes have a superior business model, the potential to increase their market share or which are operating in markets where the Manager expects demand for the company's products or services to grow. The Manager may also take advantage of shorter term opportunities identified from time to time.

Following the same investment philosophy, the Fund may also invest in the shares of companies which are listed on overseas stock exchanges.

The Fund is actively managed, which means the Manager decides which investments to buy and sell and when.

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 UK All Companies 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 Multi-Cap Growth Fund is assessed and reported on, in a composite report which the Manager publishes on the website [www.marlboroughfunds.com](http://www.marlboroughfunds.com). The next report is expected to be published in a composite report by 31 July 2022.

#### **Changes in prospectus**

On the 26 November 2021, the authorised fund manager changed from Marlborough Fund Managers Limited to another Marlborough Group company, Investment Fund Services Limited (IFSL), and the name of the Fund changed from Marlborough Multi-Cap Growth Fund to IFSL Marlborough Multi-Cap Growth 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 MULTI-CAP GROWTH 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 £
<b>Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund</b>				
Senior management	9	721,509	600,044	121,465
Risk takers and other identified staff	3	114,004	89,291	24,713
<b>Allocation of total remuneration of the employees of the AFM to the Fund</b>				
Senior management	0.24	37,132	30,881	6,251
Risk takers and other identified staff	0.08	5,867	4,595	1,272

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 UCITS Manager 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 UCITS manager's group. The way these disclosures are calculated may change in the future.

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### DIRECTORS' STATEMENT

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



**ALLAN HAMER**  
DIRECTOR



**HELEN REDMOND**  
DIRECTOR

### INVESTMENT FUND SERVICES LIMITED

17 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 losses 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 MULTI-CAP GROWTH 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 IFSL Marlborough Multi-Cap Growth Fund ("the Trust") for the period ended 20th March 2022**

The Depositary in its capacity as Trustee of IFSL Marlborough Multi-Cap Growth 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**

17 May 2022

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

#### Opinion

We have audited the financial statements of IFSL Marlborough Multi-Cap Growth Fund ("the Fund") for the year ended 20 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 20 March 2022 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### Basis for opinion

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

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 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 MULTI-CAP GROWTH FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH MULTI-CAP GROWTH 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 MULTI-CAP GROWTH 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

17 May 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 MULTI-CAP GROWTH FUND**
**COMPARATIVE TABLE**
**A Income units**

<b>Change in net assets per unit</b>	<b>Year to 20.03.2022 pence</b>	<b>Year to 20.03.2021 pence</b>	<b>Year to 20.03.2020 pence</b>
Opening net asset value per unit	393.18	259.76	320.35
Return before operating charges*	(17.28)	138.87	(54.81)
Operating charges	(6.68)	(5.45)	(5.31)
Return after operating charges*	(23.96)	133.42	(60.12)
Distributions on income units	-	-	(0.47)
Closing net asset value per unit	369.22	393.18	259.76

\* after direct transaction costs of: 1.42 1.40 1.26

**Performance**

Return after charges (6.09)%<sup>B</sup> 51.36% -18.77%

**Other information**

Closing net asset value (£)	32,529,068	35,741,875	54,383,358
Closing number of units	8,810,134	9,090,374	20,935,857
Operating charges	1.55% <sup>A</sup>	1.56%	1.55%
Direct transaction costs	0.33%	0.40%	0.37%

**Prices**

Highest unit price	488.32p	412.06p	371.77p
Lowest unit price	331.58p	244.98p	238.97p

**P Income units**

<b>Change in net assets per unit</b>	<b>Year to 20.03.2022 pence</b>	<b>Year to 20.03.2021 pence</b>	<b>Year to 20.03.2020 pence</b>
Opening net asset value per unit	398.90	262.27	322.51
Return before operating charges*	(17.81)	140.23	(55.39)
Operating charges	(3.50)	(2.95)	(2.76)
Return after operating charges*	(21.31)	137.28	(58.15)
Distributions on income units	(0.66)	(0.65)	(2.09)
Closing net asset value per unit	376.93	398.90	262.27

\* after direct transaction costs of: 1.44 1.46 1.27

**Performance**

Return after charges (5.34)%<sup>B</sup> 52.34% -18.03%

**Other information**

Closing net asset value (£)	253,037,962	255,655,992	132,442,184
Closing number of units	67,131,249	64,089,483	50,497,593
Operating charges	0.80% <sup>A</sup>	0.81%	0.80%
Direct transaction costs	0.33%	0.40%	0.37%

**Prices**

Highest unit price	497.01p	417.74p	375.38p
Lowest unit price	338.45p	247.16p	241.63p

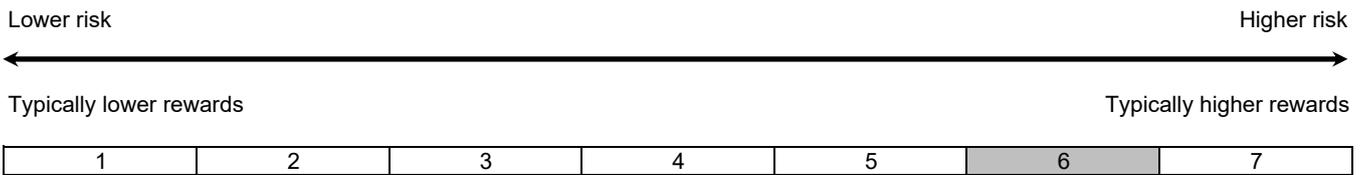
<sup>A</sup> From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

<sup>B</sup> 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 MULTI-CAP GROWTH FUND**

**SYNTHETIC RISK AND REWARD INDICATOR** (for all share 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 6 because it has experienced high volatility historically. During the year the synthetic risk and reward indicator has remained unchanged.

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**PORTFOLIO STATEMENT**

as at 20 March 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AEROSPACE AND DEFENCE</b> (20 March 2021 - 5.58%)		
<b>ALTERNATIVE ENERGY</b> (20 March 2021 - 0.56%)		
<b>BEVERAGES</b> (20 March 2021 - Nil)		
155,000 Diageo	5,697,025	1.99
Total Beverages	<u>5,697,025</u>	<u>1.99</u>
<b>CHEMICALS</b> (20 March 2021 - 1.34%)		
82,500 Croda International	6,039,000	2.11
275,000 Treatt	2,901,250	1.02
Total Chemicals	<u>8,940,250</u>	<u>3.13</u>
<b>CLOSED END INVESTMENTS</b> (20 March 2021 - 1.22%)		
<b>CONSTRUCTION AND MATERIALS</b> (20 March 2021 - Nil)		
600,000 Volution Group	2,520,000	0.88
Total Construction and Materials	<u>2,520,000</u>	<u>0.88</u>
<b>CONSUMER SERVICES</b> (20 March 2021 - 4.30%)		
<b>ELECTRONIC AND ELECTRICAL EQUIPMENT</b> (20 March 2021 - 0.37%)		
225,000 Oxford Instruments	4,623,750	1.62
Total Electronic and Electrical Equipment	<u>4,623,750</u>	<u>1.62</u>
<b>FINANCE AND CREDIT SERVICES</b> (20 March 2021 - 2.08%)		
95,000 London Stock Exchange Group	7,334,000	2.57
Total Finance and Credit Services	<u>7,334,000</u>	<u>2.57</u>
<b>GENERAL INDUSTRIALS</b> (20 March 2021 - 1.57%)		
<b>HEALTH CARE PROVIDERS</b> (20 March 2021 - 1.45%)		
250,000 Craneware	4,187,500	1.47
Total Health Care Providers	<u>4,187,500</u>	<u>1.47</u>
<b>HOUSEHOLD GOODS AND HOME CONSTRUCTION</b> (20 March 2021 - Nil)		
325,000 Victoria	2,509,000	0.88
Total Household Goods and Home Construction	<u>2,509,000</u>	<u>0.88</u>
<b>INDUSTRIAL ENGINEERING</b> (20 March 2021 - 0.96%)		
27,500 Spirax-Sarco Engineering	3,509,000	1.23
Total Industrial Engineering	<u>3,509,000</u>	<u>1.23</u>
<b>INDUSTRIAL SUPPORT SERVICES</b> (20 March 2021 - 12.69%)		
440,000 Electrocomponents	4,444,000	1.56
275,000 Experian	8,274,750	2.90
45,000 Ferguson	4,911,750	1.72
2,750,000 Network International Holdings	6,542,250	2.29
1,400,000 Rentokil Initial	7,056,000	2.47
775,000 RWS Holdings	3,634,750	1.27
1,481,667 Smart Metering Systems	11,305,119	3.96
Total Industrial Support Services	<u>46,168,619</u>	<u>16.17</u>
<b>INDUSTRIAL TRANSPORTATION</b> (20 March 2021 - 2.78%)		
110,000 Ashtead Group	5,957,600	2.09
Total Industrial Transportation	<u>5,957,600</u>	<u>2.09</u>

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**
**PORTFOLIO STATEMENT**

as at 20 March 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>INVESTMENT BANKING AND BROKERAGE SERVICES</b> (20 March 2021 - 9.75%)		
405,000 Alpha FX Group	7,209,000	2.52
1,375,000 Burford Capital	9,817,500	3.44
250,000 Impax Asset Management Group	2,327,500	0.82
500,000 Intermediate Capital Group	8,595,000	3.01
697,222 JTC	5,570,804	1.95
425,000 Liontrust Asset Management	5,151,000	1.80
Total Investment Banking and Brokerage Services	<u>38,670,804</u>	<u>13.54</u>
<b>LEISURE GOODS</b> (20 March 2021 - 2.93%)		
47,500 Games Workshop Group	3,339,250	1.17
Total Leisure Goods	<u>3,339,250</u>	<u>1.17</u>
<b>MEDIA</b> (20 March 2021 - 7.46%)		
390,000 Future	10,132,200	3.55
500,000 Informa	2,964,000	1.04
750,000 Reach	1,434,000	0.50
375,000 RELX	8,520,000	2.98
500,000 S4 Capital	2,127,500	0.75
Total Media	<u>25,177,700</u>	<u>8.82</u>
<b>MEDICAL EQUIPMENT AND SERVICES</b> (20 March 2021 - 2.35%)		
<b>NON-LIFE INSURANCE</b> (20 March 2021 - Nil)		
725,000 HomeServe	4,795,875	1.68
Total Non-life Insurance	<u>4,795,875</u>	<u>1.68</u>
<b>PERSONAL GOODS</b> (20 March 2021 - Nil)		
850,000 Inspecks Group	2,975,000	1.04
585,000 Watches of Switzerland Group	6,575,400	2.30
Total Personal Goods	<u>9,550,400</u>	<u>3.34</u>
<b>PHARMACEUTICALS AND BIOTECHNOLOGY</b> (20 March 2021 - 6.54%)		
75,000 Dechra Pharmaceuticals	3,132,000	1.10
120,000 Genus	3,612,000	1.26
Total Pharmaceuticals and Biotechnology	<u>6,744,000</u>	<u>2.36</u>
<b>REAL ESTATE INVESTMENT TRUSTS</b> (20 March 2021 - Nil)		
460,000 Safestore Holdings	5,883,400	2.06
200,000 Workspace Group	1,299,000	0.46
Total Real Estate Investment Trusts	<u>7,182,400</u>	<u>2.52</u>
<b>RETAILERS</b> (20 March 2021 - 9.20%)		
3,850,000 JD Sports Fashion	5,636,400	1.97
Total Retailers	<u>5,636,400</u>	<u>1.97</u>
<b>SOFTWARE AND COMPUTER SERVICES</b> (20 March 2021 - 7.41%)		
725,000 Auction Technology Group	7,467,500	2.61
235,000 AVEVA Group	5,933,750	2.08
1,000,000 Bytes Technology Group	4,770,000	1.67
225,000 Computacenter	6,507,000	2.28
1,625,000 Ideagen	3,412,500	1.19
320,000 Kainos Group	4,371,200	1.53
Total Software and Computer Services	<u>32,461,950</u>	<u>11.36</u>
<b>TECHNOLOGY HARDWARE AND EQUIPMENT</b> (20 March 2021 - 2.12%)		
5,850,000 IQE	2,205,450	0.77
Total Technology Hardware and Equipment	<u>2,205,450</u>	<u>0.77</u>

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**PORTFOLIO STATEMENT**

as at 20 March 2022

<b>Holding or nominal value</b>	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>TELECOMMUNICATIONS SERVICE PROVIDERS</b> (20 March 2021 - 1.84%)		
360,000 Gamma Communications	5,392,800	1.89
Total Telecommunications Service Providers	<u>5,392,800</u>	<u>1.89</u>
<b>TRAVEL AND LEISURE</b> (20 March 2021 - 4.20%)		
695,000 Jet2	8,096,750	2.84
Total Travel and Leisure	<u>8,096,750</u>	<u>2.84</u>
<b>OVERSEAS SECURITIES</b> (20 March 2021 - 9.46%)		
2,100 Alphabet 'A'	4,279,618	1.50
1,625 Amazon.com	3,892,054	1.36
55,000 Cloudflare	4,452,361	1.56
775,000 Converge Technology Solutions	4,766,180	1.67
29,000 Microsoft	6,524,006	2.29
75,000 Novo Nordisk 'B'	6,190,943	2.17
8,500 ServiceNow	3,668,465	1.28
27,500 Snowflake 'A'	4,371,306	1.53
Total Overseas Securities	<u>38,144,933</u>	<u>13.36</u>
<b>Portfolio of investments</b>	278,845,456	97.65
<b>Net other assets</b>	<u>6,721,574</u>	<u>2.35</u>
<b>Total net assets</b>	<u>285,567,030</u>	<u>100.00</u>

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**STATEMENT OF TOTAL RETURN**

for the year ended 20 March 2022

	Notes	20 March 2022		20 March 2021	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(18,448,214)		97,103,353
Revenue	6	3,136,735		2,326,773	
Expenses	7	<u>(2,935,976)</u>		<u>(2,479,715)</u>	
Net revenue/(expense) before taxation		200,759		(152,942)	
Taxation	8	<u>(14,482)</u>		<u>(21,523)</u>	
Net revenue/(expense) after taxation			<u>186,277</u>		<u>(174,465)</u>
Total return before distributions			(18,261,937)		96,928,888
Distributions	9		(429,439)		(295,428)
Change in net assets attributable to unitholders from investment activities			<u>(18,691,376)</u>		<u>96,633,460</u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the year ended 20 March 2022

	20 March 2022		20 March 2021	
	£	£	£	£
Opening net assets attributable to unitholders		291,636,376		187,438,710
Amounts receivable on issue of units	44,188,091		38,971,146	
Amounts payable on cancellation of units	(31,636,455)		(31,381,311)	
Amounts payable on unit class conversions	<u>(815)</u>		<u>(25,826)</u>	
		12,550,821		7,564,009
Dilution adjustment		71,209		-
Change in net assets attributable to unitholders from investment activities		(18,691,376)		96,633,460
Unclaimed distributions		-		197
Closing net assets attributable to unitholders		<u>285,567,030</u>		<u>291,636,376</u>

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**BALANCE SHEET**  
as at 20 March 2022

	Notes	20 March 2022 £	20 March 2021 £
<b>Assets:</b>			
<b>Fixed Assets:</b>			
Investments	17	278,845,456	286,274,649
<b>Current Assets:</b>			
Debtors	10	1,268,591	2,655,524
Cash and bank balances		7,362,623	5,842,046
Total assets		<u>287,476,670</u>	<u>294,772,219</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		199,652	315,984
Other creditors	11	1,709,988	2,819,859
Total liabilities		<u>1,909,640</u>	<u>3,135,843</u>
<b>Net assets attributable to unitholders</b>		<u><u>285,567,030</u></u>	<u><u>291,636,376</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 20 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.

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 at least 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.

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 18 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 18 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.

The Fund is less than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and will pay a dividend distribution.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 20 March 2022

**DISTRIBUTION POLICIES**

**Equalisation**

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

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

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

**Credit and counterparty risk**

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

**Interest rate risk**

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

**Liquidity risk**

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

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2022

#### 4 NET CAPITAL (LOSSES)/GAINS

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

	20 March 2022 £	20 March 2021 £
Non-derivative securities (losses)/gains	(18,464,301)	97,224,907
Other currency gains/(losses)	25,565	(108,701)
Transaction charges	(9,478)	(12,853)
<b>Net capital (losses)/gains</b>	<b>(18,448,214)</b>	<b>97,103,353</b>

#### 5 PURCHASES, SALES AND TRANSACTION COSTS

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

	20 March 2022 £	20 March 2021 £
Purchases excluding transaction costs	191,413,067	200,646,770
Corporate actions	23,371,021	41,383,321
	<u>214,784,088</u>	<u>242,030,091</u>
Commissions	235,306	240,575
Taxes and other charges	593,917	519,535
Total purchase transaction costs	829,223	760,110
<b>Purchases including transaction costs</b>	<b>215,613,311</b>	<b>242,790,201</b>

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

Commissions	0.12%	0.12%
Taxes and other charges	0.31%	0.26%

Sales excluding transaction costs	204,841,673	231,474,096
Corporate actions	-	-
	<u>204,841,673</u>	<u>231,474,096</u>
Commissions	(262,888)	(263,042)
Taxes and other charges	(582)	(1,008)
Total sale transaction costs	(263,470)	(264,050)
<b>Sales net of transaction costs</b>	<b>204,578,203</b>	<b>231,210,046</b>

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

Commissions	0.13%	0.11%
Taxes and other charges	0.00%	0.00%

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

Commissions	0.15%	0.20%
Taxes and other charges	0.18%	0.20%
	<u>0.33%</u>	<u>0.40%</u>

#### Transaction handling charges

	<u>£9,478</u>	<u>£12,853</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>0.42%</u>	<u>0.31%</u>
--	--------------	--------------

#### 6 REVENUE

	20 March 2022 £	20 March 2021 £
UK dividends	2,566,606	2,033,731
UK dividends (unfranked)	202,023	-
Overseas dividends	368,106	293,042
<b>Total revenue</b>	<b>3,136,735</b>	<b>2,326,773</b>

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 20 March 2022

**7 EXPENSES**

	<b>20 March 2022</b>	<b>20 March 2021</b>
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	2,789,121	2,342,357
Registration fees	23,908	28,723
	<u>2,813,029</u>	<u>2,371,080</u>
Other expenses:		
Trustee's fees	95,888	81,823
Safe custody fees	19,440	18,134
Bank interest	115	1,193
Financial Conduct Authority fee	124	170
Audit fee	7,380	7,315
	<u>122,947</u>	<u>108,635</u>
<b>Total expenses</b>	<u><u>2,935,976</u></u>	<u><u>2,479,715</u></u>

**8 TAXATION**

	<b>20 March 2022</b>	<b>20 March 2021</b>
	£	£
a Analysis of the tax charge for the year		
Overseas tax	14,482	21,523
<b>Total tax charge</b> (see note 8(b))	<u>14,482</u>	<u>21,523</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 (expense)/revenue before taxation	200,758	(152,942)
Corporation tax at 20% (2021: 20%)	40,152	(30,588)
Effects of:		
Revenue not subject to taxation	(586,943)	(465,355)
Unrelieved excess management expenses	546,791	495,943
Overseas tax	14,482	21,523
<b>Total tax charge</b> (see note 8(a))	<u>14,482</u>	<u>21,523</u>

At 20 March 2022 the Fund has deferred tax assets of £4,572,036 (2021: £4,025,245) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

**9 DISTRIBUTIONS**

	<b>20 March 2022</b>	<b>20 March 2021</b>
	£	£
The distributions take account of revenue received or deducted on the issue and cancellation of units, and comprise:		
Interim	449,146	332,785
Final	-	-
Amounts received on cancellation of units	(1,636)	(15,754)
Amounts (received)/deducted on issue of units	(17,256)	4,246
Equalisation on conversions	(815)	(25,826)
Revenue brought forward	-	(23)
<b>Distributions</b>	<u>429,439</u>	<u>295,428</u>
Net deficit of revenue for the year	(243,162)	(469,893)
<b>Net revenue/(expense) after taxation for the year</b>	<u>186,277</u>	<u>(174,465)</u>

**10 DEBTORS**

	<b>20 March 2022</b>	<b>20 March 2021</b>
	£	£
Amounts receivable for issue of units	738,466	1,469,733
Sales awaiting settlement	329,752	1,069,573
Accrued income	200,373	116,218
<b>Total debtors</b>	<u>1,268,591</u>	<u>2,655,524</u>

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2022

#### 11 OTHER CREDITORS

	20 March 2022	20 March 2021
	£	£
Amounts payable for cancellation of units	134,356	15,117
Purchases awaiting settlement	1,416,499	2,649,924
Manager's periodic charge and registration fees	126,484	134,402
Accrued expenses	32,649	20,416
<b>Total other creditors</b>	<b>1,709,988</b>	<b>2,819,859</b>

#### 12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 20 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 from the authorised fund manager at the year end are £477,626 (2021: £1,320,214).

In addition to the above, some shares in the Fund are owned by directors of Investment Fund Services Limited, directors of Marlborough Group Holdings Limited, the immediate parent company 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:

	20 March 2022	20 March 2021
Proportion of units owned by directors of:		
Investment Fund Services Limited	0.14%	0.00%
Marlborough Fund Managers Ltd	0.00%	0.14%

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 21 March 2021	9,090,374	59,642	64,089,483
Units issues	1,579,534	2,755	8,367,670
Units cancellations	(1,784,530)	(863)	(5,461,490)
Units conversions	(75,244)	(61,534)	135,586
Closing units in issue at 20 March 2022	8,810,134	-	67,131,249

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 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 £13,942,273 (2021: £14,313,732). 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 March 2022:

	Investments £	Net current assets £	Total £
US Dollar	27,187,811	-	27,187,811
Canadian Dollar	4,766,180	-	4,766,180
Danish Krone	6,190,943	-	6,190,943
	<u>38,144,934</u>	<u>-</u>	<u>38,144,934</u>

Foreign currency exposure at 20 March 2021:

	Investments £	Net current assets £	Total £
US Dollar	27,602,754	14,896	27,617,650
	<u>27,602,754</u>	<u>14,896</u>	<u>27,617,650</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 £1,907,247 (2021: £1,380,883). 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 March 2022 £	20 March 2021 £
Financial assets floating rate	7,362,623	5,842,046
Financial assets non-interest bearing instruments	280,114,047	288,930,173
Financial liabilities floating rate	(199,652)	(315,984)
Financial liabilities non-interest bearing instruments	(1,709,988)	(2,819,859)
	<u>285,567,030</u>	<u>291,636,376</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:

	20 March 2022 £	20 March 2021 £
Within one year:		
Bank overdrafts	199,652	315,984
Other creditors	1,709,988	2,819,859
	<u>1,909,640</u>	<u>3,135,843</u>

## IFSL MARLBOROUGH MULTI-CAP GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2022

#### 17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	20 March 2022		20 March 2021	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	278,845,456	-	286,274,649	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>278,845,456</u>	<u>-</u>	<u>286,274,649</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 March 2022, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	18 March 2022 <sup>A</sup>	11 May 2022	Movement (%)
A Income	370.02	335.21	-9.41%
P Income	377.71	342.61	-9.29%

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

On 24 February 2022, Russia invaded Ukraine 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 sub-fund had no direct exposure to either Russia or Ukraine.

**IFSL MARLBOROUGH MULTI-CAP GROWTH FUND**

**DISTRIBUTION TABLE**

**Interim distribution for the period from 21 March 2021 to 20 September 2021**

Group 1: units purchased prior to 21 March 2021

Group 2: units purchased on or after 21 March 2021

		Net revenue 20 September 2021 pence per unit	Equalisation 20 September 2021 pence per unit	Distribution paid 20 November 2021 pence per unit	Distribution paid 20 November 2020 pence per unit
A Income	Group 1	-	-	-	-
	Group 2	-	-	-	-
B Income	Group 1	-	-	-	0.2331p
	Group 2	-	-	-	0.2331p
P Income	Group 1	0.6630p	-	0.6630p	0.6473p
	Group 2	0.1165p	0.5465p	0.6630p	0.6473p

**Final distribution for the period from 21 September 2021 to 20 March 2022**

Group 1: units purchased prior to 21 September 2021

Group 2: units purchased on or after 21 September 2021

		Net revenue 20 March 2022 pence per unit	Equalisation 20 March 2022 pence per unit	Distribution paid 20 May 2022 pence per unit	Distribution paid 20 May 2021 pence per unit
A Income	Group 1	-	-	-	-
	Group 2	-	-	-	-
P Income	Group 1	-	-	-	-
	Group 2	-	-	-	-

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

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

Investment Fund Services Limited  
Registered in England No. 06110770  
Authorised and regulated by the Financial Conduct Authority and a  
member of The Investment Association.