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MARLBOROUGH MULTI-CAP GROWTH FUND

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 20 March 2020

MARLBOROUGH MULTI-CAP GROWTH FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar

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.

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
Talisman House
Boardmans Way
Blackpool
Lancashire
FY4 5FY

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

Directors of Marlborough Fund Managers Ltd

Andrew Staley
Nicholas F J Cooling
Allan Hamer
Wayne D Green
Dom Clarke
Geoffrey Hitchin
Helen Derbyshire
Richard Goodall
Guy Sears*
David Kiddie*
Sarah Peaston* (appointed 1 October 2019)

* Non-executive director.

MARLBOROUGH MULTI-CAP GROWTH FUND

| CONTENTS | PAGE |
|---|-------------|
| 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 | 9 |
| SYNTHETIC RISK AND REWARD INDICATOR | 10 |
| PORTFOLIO STATEMENT | 11 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF TOTAL RETURN | 14 |
| STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | 14 |
| BALANCE SHEET | 15 |
| NOTES TO THE FINANCIAL STATEMENTS | 16 |
| DISTRIBUTION TABLE | 22 |

MARLBOROUGH MULTI-CAP GROWTH FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 March 2020

Percentage change and sector position to 20 March 2020

| | <u>Six months</u> | <u>1 year</u> | <u>3 years</u> | <u>5 years</u> | <u>Since 08/2005*</u> |
|-----------------------------------|-------------------|---------------|----------------|----------------|-----------------------|
| Marlborough Multi-Cap Growth Fund | -23.90% | -17.83% | -6.82% | 16.45% | 232.30% |
| FTSE All-Share Index | -28.52% | -25.79% | -20.88% | -9.18% | 82.30% |
| IA UK All Companies sector | -28.56% | -25.94% | -21.33% | -10.39% | 78.43% |
| Quartile Ranking** | 1 | 1 | 1 | 1 | 1 |

* Richard Hallett appointed fund manager.

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

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

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

During the twelve-month period to 20 March 2020, the net asset value of the Fund has fallen from 322.5 to 262.3 a fall of 18.7% which compares to a fall in the FTSE All-Share index of 29% from 3993.5 to 2837.0.



The year was one of stark contrasts as the rapid development of the pandemic started to undermine the cash generation and balance sheet strength of several corporates resulting in widespread cancellations of dividends. It also undermined earnings estimates and therefore the dependability of equity valuations. At a macro level, the reactions of governments and Central banks in terms of underwriting wages, reintroducing quantitative easing, cash injections on an unprecedented scale and even cheque issuance has introduced further uncertainty in terms of estimating GDP, as well as the future direction of inflation and therefore interest rates.

The key uncertainty remains of course the duration of the pandemic. For this reason we remain to our portfolio of secular growth companies with balance sheet and cashflow characteristics which should perform in what remains an increasingly competitive market with supply chain issues coupled with weak or uncertain demand.

On the negative side of shareholdings Meggitt, Dart and WH Smith have all underperformed because of travel related issues, the operation of Jet 2.com, retailing within airports, and the supply of aircraft braking systems. In terms of retailing JD Sports and BooHoo have been adversely affected by retail sector woes but remain strong well managed companies. James Fisher, is involved in the oil services sector, and the shares have been adversely impacted by concerns over lower oil service maintenance revenues. Craneware has been impacted by a slower than expected take up of its new cloud-based software servicing the US healthcare sector.

Smith and Nephew has been adversely impacted as hospitals switch facilities to virus affected activities whilst Burford Group fell as a result of criticisms of accounting policies. Burford has made significant strides to improve its transparency and the shares are now trading below NAV, pricing in nothing for future growth or for its fund management business. Litigation finance we expect to be a non-GDP correlated business. We have recently averaged our position in Dart and Burford.

Purchases during the year included Smart Metering Systems, supplying digital gas and electricity meters, AB Dynamics, specializing in simulation and safety systems, and Games Workshop, a Nottingham based fantasy games specialist. Other purchases included Spirex Sarco, a world leader in the manufacture of products for the control and efficient use of steam and other industrial fluids.

The Fund also bought Relx a world leader in the provision of information-based analytics specialising in the prevention of online fraud and the prevention of money laundering. Other purchases included big pharma Glaxo and AstraZeneca.

The Fund also acquired a holding in Network International which provides technology enabled payments to a range of financial institutions in the middle East where it is the first group certified by both Visa and Mastercard in the region.

Good performers during the year included the LSE up 32% in reaction to synergies from its acquisition of Refinitiv, Genus a leading supplier in farm animal genetics, enabling them to produce higher quality animal protein more efficiently rose by 11%. Lastly, Future group a market leader in the digitalization of magazines, was up 8%.

Whilst the sell-off has priced in a full recession in US, Europe and the UK we think it is better to await further clarity before adding materially to existing holdings. We however remain flexible in our view as the market and economy adapt. Our view is to focus on balance sheet strength and companies that can protect their franchise through this crisis. At this moment the period of economic damage prior to the eventual recovery is unknown, however we are assuming it to be between 3-12 months. With the assessment generally lengthening as new information has been released.

MARLBOROUGH MULTI-CAP GROWTH FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 20 March 2020

This current period remains a period of huge stress for markets and investors alike. However, we remain optimistic that our investment process of selecting resilient businesses with leadership positions in niche sectors displaying long term secular growth drivers will prove rewarding when confidence is restored.

Richard Hallett
Hargreave Hale Limited
30 March 2020

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Post year end

Post year end and since writing the above commentary, the Covid-19 pandemic has accelerated throughout the world and caused sharp falls in global equity markets.

The speed and magnitude of the declines in equity indices has made history. The COVID-19 pandemic has shifted from being a supply led issue to a demand led issue, with the attendant liquidity ramifications for those businesses who cannot weather the storm. We tend to avoid high fixed cost, low-margin and financially geared businesses as a matter of course; these are the businesses that will be under the most pressure but the majority of firms will feel at least a short-term impact. The key from here is finding the stocks where the market has overreacted, and we think there are many, and where the market has underreacted, where again there are many. For companies with strong competitive positions, operating models and balance sheets this presents a significant opportunity to take market share and potentially acquire cheaply whilst also capitalising on trends such as working from home, the de-risking of supply chains and healthcare. For stock market investors, lower valuations decreases risk and increases total return expectations in the right companies.

Distributions (pence per unit)

| | <u>Year 2020</u> | <u>Year 2019</u> | <u>Year 2018</u> | <u>Year 2017</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| <u>A Income</u> | | | | |
| Net income paid 20 May | - | - | - | - |
| Net income paid 20 November | | 0.4718 | 0.8571 | 0.6873 |
| <u>B Income</u> | | | | |
| Net income paid 20 May | - | - | 0.0335 | 0.4100 |
| Net income paid 20 November | | 1.3444 | 1.7817 | 1.4913 |
| <u>P Income</u> | | | | |
| Net income paid 20 May | 0.3394 | 0.3390 | 0.4553 | 0.7410 |
| Net income paid 20 November | | 1.7513 | 2.2216 | 1.8710 |

Portfolio changes

| Largest purchases | Cost (£) | Largest sales | Proceeds (£) |
|--------------------------------|-------------|------------------------------------|--------------|
| AstraZeneca | 8,871,095 | Scottish Mortgage Investment Trust | 10,075,109 |
| Network International Holdings | 8,511,868 | Prudential | 9,336,062 |
| Intermediate Capital Group | 7,706,372 | Fever-Tree Drinks | 9,312,145 |
| Burford Capital | 7,482,861 | Rio Tinto | 9,111,281 |
| Meggitt | 7,381,832 | Tesco | 8,563,560 |
| Diageo | 7,254,187 | Blue Prism Group | 8,460,205 |
| Hargreaves Lansdown | 6,515,438 | Hiscox | 7,950,657 |
| Future | 6,476,987 | Meggitt | 7,409,349 |
| WHSmith | 6,408,430 | Renishaw | 6,911,782 |
| Trainline | 5,618,138 | JD Sports Fashion | 6,822,584 |
| Other purchases | 83,902,965 | Other sales | 144,818,032 |
| Total purchases for the year | 156,130,173 | Total sales for the year | 228,770,766 |

MARLBOROUGH MULTI-CAP GROWTH FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Marlborough UK 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 is 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. The Manager should publish the report in the annual report of the Fund, except where the assessment and report are provided as a composite, that is, with other funds that may have a different year end date. Marlborough Multi-Cap Growth Fund will be assessed and reported on, in a composite report which the Manager intends to publish by 30 November 2020 on the website. www.marlboroughfunds.com

Changes in prospectus

With effect from 1 April 2019 the Fund has changed from a dual priced unit trust to a single priced unit trust and is operating a 'swinging' single price mechanism.

Also, on that date, the initial service charge that applied to P units was removed. An initial service charge will still be applied to A and B units.

Since the last report, the name of the Fund has changed to Marlborough Multi-Cap Growth Fund, the investment objective and policy has been updated, and there has been a change of auditor from Barlow Andrews LLP to Ernst & Young LLP. Details of these changes can be found in the latest Prospectus dated 6 March 2020.

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

MARLBOROUGH 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 2019 are set out below:

| | Number of identified staff | Total remuneration paid | Fixed remuneration paid | Variable remuneration paid |
|---|----------------------------|-------------------------|-------------------------|----------------------------|
| | | £ | £ | £ |
| Remuneration paid to staff of the Authorised Fund Manager (AFM) who have a material impact on the risk profile of the Fund | | | | |
| Senior management | 9 | 741,229 | 551,303 | 189,926 |
| Risk takers and other identified staff | 5 | 553,720 | 236,053 | 317,667 |
| Allocation of total remuneration of the employees of the AFM to the Fund | | | | |
| Senior management | 0.21 | 34,571 | 25,713 | 8,858 |
| Risk takers and other identified staff | 1.91 | 457,181 | 154,795 | 302,386 |

The total number of staff employed by the AFM was 172 as at 30 September 2019. The total remuneration paid to those staff was £7,294,016, of which £3,707,059 is attributable to the AFM.

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

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
JOINT MANAGING DIRECTOR



WAYNE D GREEN
JOINT MANAGING DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
15 July 2020

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net 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.

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 Marlborough Multi-Cap Growth Fund ("the Trust") for the period ended 20 March 2020

The Depositary in its capacity of Trustee of 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 the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the 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 consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the 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

15 July 2020

MARLBOROUGH MULTI-CAP GROWTH FUND

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

Opinion

We have audited the financial statements of Marlborough Multi-Cap Growth Fund ("the Fund") for the year ended 20 March 2020 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders together with the Balance Sheet, the accounting policies and risk profile, the related notes and the Distribution Tables, including 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 20 March 2020 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information.

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

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

We have nothing to report in this regard.

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

In our opinion:

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

MARLBOROUGH MULTI-CAP GROWTH FUND

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

15 July 2020

Notes:

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

MARLBOROUGH MULTI-CAP GROWTH FUND

COMPARATIVE TABLE

A Income units

| Change in net assets per unit | Year to 20.03.2020 pence | Year to 20.03.2019 pence | Year to 20.03.2018 pence |
|--------------------------------------|---|---|---|
| Opening net asset value per unit | 320.35 | 342.14 | 285.87 |
| Return before operating charges* | (54.81) | (15.72) | 62.07 |
| Operating charges | (5.31) | (5.21) | (5.11) |
| Return after operating charges* | (60.12) | (20.93) | 56.96 |
| Distributions on income units | (0.47) | (0.86) | (0.69) |
| Closing net asset value per unit | 259.76 | 320.35 | 342.14 |

* after direct transaction costs of: 1.26 1.06 1.76

Performance

Return after charges -18.77% -6.12% 19.93%

Other information

| | | | |
|--------------------------|-------------|-------------|-------------|
| Closing net asset value | £54,383,358 | £72,498,525 | £67,532,150 |
| Closing number of units | 20,935,857 | 22,631,216 | 19,737,987 |
| Operating charges | 1.55% | 1.55% | 1.56% |
| Direct transaction costs | 0.37% | 0.32% | 0.54% |

Prices

| | | | |
|--------------------|---------|---------|---------|
| Highest unit price | 371.77p | 394.03p | 371.46p |
| Lowest unit price | 238.97p | 279.60p | 280.66p |

B Income units

| Change in net assets per unit | Year to 20.03.2020 pence | Year to 20.03.2019 pence | Year to 20.03.2018 pence |
|--------------------------------------|---|---|---|
| Opening net asset value per unit | 323.23 | 344.41 | 286.87 |
| Return before operating charges* | (55.64) | (15.84) | 62.54 |
| Operating charges | (3.64) | (3.56) | (3.48) |
| Return after operating charges* | (59.28) | (19.40) | 59.06 |
| Distributions on income units | (1.34) | (1.78) | (1.52) |
| Closing net asset value per unit | 262.61 | 323.23 | 344.41 |

* after direct transaction costs of: 1.28 1.07 1.77

Performance

Return after charges -18.34% -5.63% 20.59%

Other information

| | | | |
|--------------------------|----------|----------|----------|
| Closing net asset value | £613,168 | £670,751 | £764,992 |
| Closing number of units | 233,487 | 207,512 | 222,119 |
| Operating charges | 1.05% | 1.05% | 1.06% |
| Direct transaction costs | 0.37% | 0.32% | 0.54% |

Prices

| | | | |
|--------------------|---------|---------|---------|
| Highest unit price | 376.28p | 397.37p | 373.68p |
| Lowest unit price | 241.50p | 281.65p | 281.62p |

MARLBOROUGH MULTI-CAP GROWTH FUND

COMPARATIVE TABLE

| P Income units | Year to 20.03.2020 | Year to 20.03.2019 | Year to 20.03.2018 |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Change in net assets per unit | | | |
| Opening net asset value per unit | 322.51 | 343.50 | 286.31 |
| Return before operating charges* | (55.39) | (15.72) | 62.20 |
| Operating charges | (2.76) | (2.71) | (2.68) |
| Return after operating charges* | (58.15) | (18.43) | 59.52 |
| Distributions on income units | (2.09) | (2.56) | (2.33) |
| Closing net asset value per unit | 262.27 | 322.51 | 343.50 |
| | | | |
| * after direct transaction costs of: | 1.27 | 1.07 | 1.78 |
| | | | |
| Performance | | | |
| Return after charges | -18.03% | -5.37% | 20.79% |
| | | | |
| Other information | | | |
| Closing net asset value | £132,442,184 | £221,428,450 | £202,651,588 |
| Closing number of units | 50,497,593 | 68,657,705 | 58,996,446 |
| Operating charges | 0.80% | 0.80% | 0.81% |
| Direct transaction costs | 0.37% | 0.32% | 0.54% |
| | | | |
| Prices | | | |
| Highest unit price | 375.38p | 381.41p | 358.75p |
| Lowest unit price | 241.63p | 282.76p | 282.53p |

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the period. Direct transaction costs are the total charges for the period, 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 period and the average units in issue for the pence per unit figures.

SYNTHETIC RISK AND REWARD INDICATOR



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

The Fund has been measured as 5 because it has experienced moderate to high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

MARLBOROUGH MULTI-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 20 March 2020

| Holding or nominal value | Bid value £ | Percentage of total net assets % |
|--|-------------------|-------------------------------------|
| AEROSPACE AND DEFENCE (20 March 2019 - 2.48%) | | |
| 1,000,000 Meggitt | 2,353,000 | 1.25 |
| Total Aerospace and Defence | <u>2,353,000</u> | <u>1.25</u> |
| BEVERAGES (20 March 2019 - 2.71%) | | |
| Total Beverages | <u>-</u> | <u>-</u> |
| CHEMICALS (20 March 2019 - 2.33%) | | |
| Total Chemicals | <u>-</u> | <u>-</u> |
| CLOSED END INVESTMENTS (20 March 2019 - 5.04%) | | |
| Total Closed End Investments | <u>-</u> | <u>-</u> |
| CONSUMER SERVICES (20 March 2019 - Nil) | | |
| 875,000 HomeServe | 7,533,750 | 4.02 |
| Total Consumer Services | <u>7,533,750</u> | <u>4.02</u> |
| ELECTRONIC AND ELECTRICAL EQUIPMENT (20 March 2019 - 4.10%) | | |
| 300,000 Halma | 5,787,000 | 3.09 |
| Total Electronic and Electrical Equipment | <u>5,787,000</u> | <u>3.09</u> |
| FINANCE AND CREDIT SERVICES (20 March 2019 - 6.76%) | | |
| 1,300,000 Burford Capital | 4,069,000 | 2.17 |
| Total Finance and Credit Services | <u>4,069,000</u> | <u>2.17</u> |
| FOOD PRODUCERS (20 March 2019 - Nil) | | |
| 350,000 Hilton Food Group | 2,999,500 | 1.60 |
| Total Food Producers | <u>2,999,500</u> | <u>1.60</u> |
| GAS, WATER AND MULTI-UTILITIES (20 March 2019 - 0.19%) | | |
| Total Gas, Water and Multi-utilities | <u>-</u> | <u>-</u> |
| HEALTH CARE PROVIDERS (20 March 2019 - 0.90%) | | |
| 360,000 Craneware | 5,040,000 | 2.69 |
| Total Health Care Providers | <u>5,040,000</u> | <u>2.69</u> |
| INDUSTRIAL ENGINEERING (20 March 2019 - Nil) | | |
| 120,000 AB Dynamics | 1,284,000 | 0.68 |
| 52,500 Spirax-Sarco Engineering | 4,341,750 | 2.32 |
| Total Industrial Engineering | <u>5,625,750</u> | <u>3.00</u> |
| INDUSTRIAL MATERIALS (20 March 2019 - 1.67%) | | |
| Total Industrial Materials | <u>-</u> | <u>-</u> |
| INDUSTRIAL METALS AND MINING (20 March 2019 - 3.45%) | | |
| Total Industrial Metals and Mining | <u>-</u> | <u>-</u> |
| INDUSTRIAL SUPPORT SERVICES (20 March 2019 - 17.76%) | | |
| 325,000 Experian | 6,851,000 | 3.66 |
| 100,000 Intertek Group | 4,594,000 | 2.45 |
| 1,425,000 Network International Holdings | 5,771,250 | 3.08 |
| 1,600,000 Rentokil Initial | 5,939,200 | 3.17 |
| 750,000 RWS Holdings | 3,412,500 | 1.82 |
| 1,105,000 Smart Metering Systems | 6,806,800 | 3.63 |
| Total Industrial Support Services | <u>33,374,750</u> | <u>17.81</u> |
| INDUSTRIAL TRANSPORTATION (20 March 2019 - 2.22%) | | |
| 325,000 Fisher (James) & Sons | 4,348,500 | 2.32 |
| Total Industrial Transportation | <u>4,348,500</u> | <u>2.32</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 20 March 2020

| Holding or nominal value | Bid value £ | Percentage of total net assets % |
|--|-------------------|--|
| INVESTMENT BANKING AND BROKERAGE SERVICES (20 March 2019 - 4.77%) | | |
| 475,000 Intermediate Capital Group | 3,721,625 | 1.99 |
| 650,000 Liontrust Asset Management | 5,330,000 | 2.84 |
| 125,000 London Stock Exchange Group | 7,912,500 | 4.22 |
| Total Investment Banking and Brokerage Services | <u>16,964,125</u> | <u>9.05</u> |
| LEISURE GOODS (20 March 2019 - Nil) | | |
| 62,500 Games Workshop Group | 2,622,500 | 1.40 |
| Total Leisure Goods | <u>2,622,500</u> | <u>1.40</u> |
| LIFE INSURANCE (20 March 2019 - 5.25%) | | |
| Total Life Insurance | <u>-</u> | <u>-</u> |
| MEDIA (20 March 2019 - 1.37%) | | |
| 650,000 Future | 5,174,000 | 2.76 |
| 260,000 RELX | 4,043,000 | 2.16 |
| Total Media | <u>9,217,000</u> | <u>4.92</u> |
| MEDICAL EQUIPMENT AND SERVICES (20 March 2019 - 1.90%) | | |
| 375,000 Smith & Nephew | 4,985,625 | 2.66 |
| Total Medical Equipment and Services | <u>4,985,625</u> | <u>2.66</u> |
| NON-LIFE INSURANCE (20 March 2019 - 2.85%) | | |
| Total Non-life Insurance | <u>-</u> | <u>-</u> |
| NON-RENEWABLE ENERGY (20 March 2019 - 1.78%) | | |
| Total Non-Renewable Energy | <u>-</u> | <u>-</u> |
| PERSONAL CARE, DRUG AND GROCERY STORES (20 March 2019 - 3.41%) | | |
| 900,000 Tesco | 2,010,600 | 1.07 |
| Total Personal Care, Drug and Grocery Stores | <u>2,010,600</u> | <u>1.07</u> |
| PHARMACEUTICALS AND BIOTECHNOLOGY (20 March 2019 - 8.41%) | | |
| 350,000 Abcam | 4,116,000 | 2.19 |
| 100,000 AstraZeneca | 6,913,000 | 3.69 |
| 300,000 Dechra Pharmaceuticals | 7,212,000 | 3.85 |
| 300,000 Genus | 8,394,000 | 4.48 |
| 250,000 GlaxoSmithKline | 3,597,500 | 1.92 |
| Total Pharmaceuticals and Biotechnology | <u>30,232,500</u> | <u>16.13</u> |
| RETAILERS (20 March 2019 - 4.82%) | | |
| 1,650,000 Boohoo Group | 3,054,975 | 1.63 |
| 800,000 JD Sports Fashion | 2,999,200 | 1.60 |
| 10,000 WHSmith | 88,200 | 0.05 |
| Total Retailers | <u>6,142,375</u> | <u>3.28</u> |
| SOFTWARE AND COMPUTER SERVICES (20 March 2019 - 12.64%) | | |
| 190,000 AVEVA Group | 5,928,000 | 3.16 |
| 825,000 GB Group | 4,298,250 | 2.29 |
| 525,000 Rightmove | 2,310,000 | 1.23 |
| Total Software and Computer Services | <u>12,536,250</u> | <u>6.68</u> |
| TECHNOLOGY HARDWARE AND EQUIPMENT (20 March 2019 - 2.68%) | | |
| 9,000,000 IQE | 1,953,000 | 1.04 |
| Total Technology Hardware and Equipment | <u>1,953,000</u> | <u>1.04</u> |
| TELECOMMUNICATIONS SERVICE PROVIDERS (20 March 2019 - Nil) | | |
| 310,000 Gamma Communications | 3,162,000 | 1.69 |
| Total Telecommunications Service Providers | <u>3,162,000</u> | <u>1.69</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 20 March 2020

| Holding or nominal value | Bid value £ | Percentage of total net assets % |
|--|----------------------------|---|
| TRAVEL AND LEISURE (20 March 2019 - Nil) | | |
| 550,000 Dart Group | 2,538,800 | 1.35 |
| 400,000 Trainline | 996,000 | 0.53 |
| Total Travel and Leisure | <u>3,534,800</u> | <u>1.88</u> |
| OVERSEAS SECURITIES (20 March 2019 - Nil) | | |
| 2,625 Amazon.com | 4,201,050 | 2.24 |
| 67,500 Fidelity National Information Services | 6,045,068 | 3.23 |
| 22,500 Microsoft | 2,731,445 | 1.46 |
| Total Overseas Securities | <u>12,977,563</u> | <u>6.93</u> |
| Portfolio of investments | 177,469,588 | 94.68 |
| Net current assets | <u>9,969,122</u> | <u>5.32</u> |
| Total net assets | <u>187,438,710</u> | <u>100.00</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

STATEMENT OF TOTAL RETURN

for the year ended 20 March 2020

| | Notes | 20 March 2020 | | 20 March 2019 | |
|---|-------|--------------------|---------------------|--------------------|---------------------|
| | | £ | £ | £ | £ |
| Income: | | | | | |
| Net capital losses | 4 | | (43,094,657) | | (25,981,956) |
| Revenue | 6 | 3,982,167 | | 4,789,177 | |
| Expenses | 7 | <u>(2,768,069)</u> | | <u>(3,112,108)</u> | |
| Net revenue before taxation | | 1,214,098 | | 1,677,069 | |
| Taxation | 8 | <u>(10,838)</u> | | <u>-</u> | |
| Net revenue after taxation | | | <u>1,203,260</u> | | <u>1,677,069</u> |
| Total return before distributions | | | (41,891,397) | | (24,304,887) |
| Distributions | 9 | | (1,402,616) | | (1,865,247) |
| Change in net assets attributable to unitholders from investment activities | | | <u>(43,294,013)</u> | | <u>(26,170,134)</u> |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 20 March 2020

| | 20 March 2020 | | 20 March 2019 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to unitholders | | 294,597,726 | | 270,948,730 |
| Amounts receivable on issue of units | 13,887,733 | | 101,864,569 | |
| Amounts payable on cancellation of units | <u>(77,752,099)</u> | | <u>(52,043,199)</u> | |
| Amounts payable on unit class conversions | (991) | | (2,793) | |
| | | (63,865,357) | | 49,818,577 |
| Change in net assets attributable to unitholders from investment activities | | (43,294,013) | | (26,170,134) |
| Unclaimed distributions | | 354 | | 553 |
| Closing net assets attributable to unitholders | | <u>187,438,710</u> | | <u>294,597,726</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

BALANCE SHEET

as at 20 March 2020

| | Notes | 20 March 2020 £ | 20 March 2019 £ |
|---|-------|--------------------|--------------------|
| Assets: | | | |
| Fixed Assets: | | | |
| Investments | 17 | 177,469,588 | 293,092,170 |
| Current Assets: | | | |
| Debtors | 10 | 2,807,741 | 1,791,770 |
| Cash and bank balances | | 17,384,302 | 2,833,938 |
| Total assets | | <u>197,661,631</u> | <u>297,717,878</u> |
| Liabilities: | | | |
| Creditors: | | | |
| Bank overdrafts | | 208,993 | 285,902 |
| Distribution payable | | 171,412 | 232,808 |
| Other creditors | 11 | 9,842,516 | 2,601,442 |
| Total liabilities | | <u>10,222,921</u> | <u>3,120,152</u> |
| Net assets attributable to unitholders | | <u>187,438,710</u> | <u>294,597,726</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

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 about the Fund's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The authorised fund manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following the consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Dividends from quoted ordinary securities 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 20 March 2020 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 20 March 2020 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

2 DISTRIBUTION POLICIES

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

Equalisation

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

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

DISTRIBUTION POLICIES

Stock and special dividends

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

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

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective 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.

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.

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

4 NET CAPITAL LOSSES

The net losses on investments during the year comprise:

| | 20 March 2020 £ | 20 March 2019 £ |
|----------------------------------|---------------------|---------------------|
| Non-derivative securities losses | (42,981,989) | (25,969,585) |
| Other currency losses | (100,723) | - |
| Transaction charges | (11,945) | (12,371) |
| Net capital losses | <u>(43,094,657)</u> | <u>(25,981,956)</u> |

5 PURCHASES, SALES AND TRANSACTION COSTS

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

| | 20 March 2020 £ | 20 March 2019 £ |
|--|--------------------|--------------------|
| Purchases excluding transaction costs | 148,848,915 | 186,514,388 |
| Corporate actions | 6,535,615 | 14,490,525 |
| | <u>155,384,530</u> | <u>201,004,913</u> |
| Commissions | 181,354 | 250,457 |
| Taxes and other charges | 564,289 | 556,250 |
| Total purchase transaction costs | <u>745,643</u> | <u>806,707</u> |
| Purchases including transaction costs | <u>156,130,173</u> | <u>201,811,620</u> |

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

| | | |
|-------------------------|-------|-------|
| Commissions | 0.12% | 0.13% |
| Taxes and other charges | 0.38% | 0.30% |

| | | |
|---------------------------------------|--------------------|--------------------|
| Sales excluding transaction costs | 227,700,504 | 149,599,323 |
| Corporate actions | 1,344,210 | - |
| | <u>229,044,714</u> | <u>149,599,323</u> |
| Commissions | (273,178) | (202,507) |
| Taxes and other charges | (770) | (593) |
| Total sale transaction costs | <u>(273,948)</u> | <u>(203,100)</u> |
| Sales net of transaction costs | <u>228,770,766</u> | <u>149,396,223</u> |

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

| | | |
|-------------------------|-------|-------|
| Commissions | 0.12% | 0.14% |
| 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 | 0.14% | 0.14% |
| Taxes and other charges | 0.18% | 0.17% |
| | <u>0.32%</u> | <u>0.32%</u> |

Transaction handling charges

| | |
|----------------|----------------|
| <u>£11,945</u> | <u>£12,371</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>0.67%</u> | <u>0.40%</u> |
|--|--------------|--------------|

6 REVENUE

| | 20 March 2020 £ | 20 March 2019 £ |
|----------------------|--------------------|--------------------|
| UK dividends | 3,234,494 | 3,791,202 |
| Overseas dividends | 731,940 | 990,343 |
| Bank interest | 15,733 | 7,632 |
| Total revenue | <u>3,982,167</u> | <u>4,789,177</u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

7 EXPENSES

| | 20 March 2020 | 20 March 2019 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Payable to the authorised fund manager or associate: | | |
| Manager's periodic charge | 2,634,877 | 2,958,773 |
| Registration fees | 23,036 | 28,141 |
| | <u>2,657,913</u> | <u>2,986,914</u> |
| Other expenses: | | |
| Trustee's fees | 85,725 | 100,380 |
| Safe custody fees | 16,630 | 18,801 |
| Interest | - | 1,080 |
| Financial Conduct Authority fee | 124 | 158 |
| Audit fee | 7,677 | 4,775 |
| | <u>110,156</u> | <u>125,194</u> |
| Total expenses | <u><u>2,768,069</u></u> | <u><u>3,112,108</u></u> |

8 TAXATION

| | 20 March 2020 | 20 March 2019 |
|--|----------------------|-----------------|
| | £ | £ |
| a Analysis of the tax charge for the year | | |
| Overseas tax | 10,838 | - |
| Total tax charge (see note 8(b)) | <u><u>10,838</u></u> | <u><u>-</u></u> |
| b Factors affecting the tax charge for the year | | |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below. | | |
| Net revenue before taxation | 1,214,098 | 1,677,069 |
| Corporation tax at 20% (2019: 20%) | 242,820 | 335,414 |
| Effects of: | | |
| Revenue not subject to taxation | (793,287) | (956,309) |
| Unrelieved excess management expenses | 550,467 | 620,895 |
| Overseas tax | 10,838 | - |
| Total tax charge (see note 8(a)) | <u><u>10,838</u></u> | <u><u>-</u></u> |

At 20 March 2020 the Fund has deferred tax assets of £3,529,302 (2019: £2,978,835) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

| | 20 March 2020 | 20 March 2019 |
|---|-------------------------|-------------------------|
| | £ | £ |
| The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise: | | |
| Interim | 1,097,954 | 1,900,907 |
| Final | 171,412 | 232,808 |
| Amounts deducted/(added) on cancellation of units | 151,592 | (3,549) |
| Amounts added on issue of units | (17,293) | (262,082) |
| Equalisation on conversions | (991) | (2,793) |
| Revenue brought forward | (58) | (44) |
| Distributions | <u><u>1,402,616</u></u> | <u><u>1,865,247</u></u> |
| Net deficit of revenue for the year | (199,356) | (188,178) |
| Net revenue after taxation for the year | <u><u>1,203,260</u></u> | <u><u>1,677,069</u></u> |

10 DEBTORS

| | 20 March 2020 | 20 March 2019 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Amounts receivable for issue of units | 19,844 | 74,798 |
| Sales awaiting settlement | 2,449,072 | 1,198,958 |
| Accrued income | 338,825 | 518,014 |
| Total debtors | <u><u>2,807,741</u></u> | <u><u>1,791,770</u></u> |

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

11 OTHER CREDITORS

| | 20 March 2020 | 20 March 2019 |
|---|------------------|------------------|
| | £ | £ |
| Amounts payable for cancellation of units | 8,812,994 | 805,740 |
| Purchases awaiting settlement | 879,932 | 1,603,484 |
| Manager's periodic charge and registration fees | 120,752 | 156,431 |
| Accrued expenses | 28,838 | 35,787 |
| Total other creditors | <u>9,842,516</u> | <u>2,601,442</u> |

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 20 March 2020 (2019: 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 on page 14 and note 9. Amounts due to/from the authorised fund manager in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the authorised fund manager in respect of the manager's periodic charge and registration fees are disclosed in note 7. Amounts due to the authorised fund manager at the year end are £8,913,902 (2019: £887,373).

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

| | 20 March 2020 | 20 March 2019 |
|--|---------------|---------------|
| Proportion of units owned by directors | 0.12% | 0.12% |

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% |
| B Income | 1.00% |
| 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 2019 | <u>22,631,216</u> | <u>207,512</u> | <u>68,657,705</u> |
| Units issues | 2,265,800 | 29,040 | 1,759,389 |
| Units cancellations | (3,827,552) | (69,202) | (19,985,635) |
| Units conversions | (133,607) | 66,137 | 66,134 |
| Closing units in issue at 20 March 2020 | <u>20,935,857</u> | <u>233,487</u> | <u>50,497,593</u> |

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 £8,873,479 (2019: £14,654,609). 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 2020 (2019: nil)

| | Investments | Net current assets | Total |
|-----------|-------------------|--------------------|-------------------|
| | £ | £ | £ |
| US Dollar | <u>12,977,563</u> | <u>20,890</u> | <u>12,998,453</u> |
| | <u>12,977,563</u> | <u>20,890</u> | <u>12,998,453</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 £649,923 (2019: nil). A five per cent increase would have an equal and opposite effect.

MARLBOROUGH MULTI-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 20 March 2020

RISK DISCLOSURES

Interest rate risk

The interest rate risk profile of financial assets and liabilities for the year ended 29 February 2020 consists of the following:

| | 20 March 2020 | 20 March 2019 |
|--|--------------------|--------------------|
| | £ | £ |
| Financial assets floating rate | 17,384,302 | 2,833,938 |
| Financial assets non-interest bearing instruments | 180,277,329 | 294,883,940 |
| Financial liabilities floating rate | (208,993) | (285,902) |
| Financial liabilities non-interest bearing instruments | (10,013,928) | (2,834,250) |
| | <u>187,438,710</u> | <u>294,597,726</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 2020 | 20 March 2019 |
|----------------------|-------------------|------------------|
| | £ | £ |
| Within one year: | | |
| Bank overdrafts | 208,993 | 285,902 |
| Distribution payable | 171,412 | 232,808 |
| Other creditors | 9,842,516 | 2,601,442 |
| | <u>10,222,921</u> | <u>3,120,152</u> |

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

| Basis of valuation | 20 March 2020 | | 20 March 2019 | |
|----------------------------------|--------------------|-----------------|--------------------|-----------------|
| | Assets (£) | Liabilities (£) | Assets (£) | Liabilities (£) |
| Level 1 - Quoted prices | 177,469,588 | | 293,092,170 | - |
| Level 2 - Observable market data | | | - | - |
| Level 3 - Unobservable data | | | - | - |
| | <u>177,469,588</u> | <u>-</u> | <u>293,092,170</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 2020, the Net Asset Value per unit has changed as follows:

| | Net Asset Value per unit (pence) | | |
|----------|----------------------------------|-------------|--------------|
| | 20 March 2020 * | 9 July 2020 | Movement (%) |
| A Income | 259.92 | 346.44 | 33.29% |
| B Income | 262.79 | 351.21 | 33.65% |
| P Income | 262.76 | 350.33 | 33.33% |

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

MARLBOROUGH MULTI-CAP GROWTH FUND

DISTRIBUTION TABLE

Interim distribution for the period from 21 March 2019 to 20 September 2019

Group 1: units purchased prior to 21 March 2019

Group 2: units purchased on or after 21 March 2019

| | | Net revenue 20 September 2019 pence per unit | Equalisation 20 September 2019 pence per unit | Distribution paid 20 November 2019 pence per unit | Distribution paid 20 November 2018 pence per unit |
|----------|---------|--|---|---|---|
| A Income | Group 1 | 0.4718p | - | 0.4718p | 0.8571p |
| | Group 2 | - | 0.4718p | 0.4718p | 0.8571p |
| B Income | Group 1 | 1.3444p | - | 1.3444p | 1.7817p |
| | Group 2 | 0.2543p | 1.0901p | 1.3444p | 1.7817p |
| P Income | Group 1 | 1.7513p | - | 1.7513p | 2.2216p |
| | Group 2 | 0.4972p | 1.2541p | 1.7513p | 2.2216p |

Final distribution for the period from 21 September 2019 to 20 March 2020

Group 1: units purchased prior to 21 September 2019

Group 2: units purchased on or after 21 September 2019

| | | Net revenue 20 March 2020 pence per unit | Equalisation 20 March 2020 pence per unit | Distribution paid 20 May 2020 pence per unit | Distribution paid 20 May 2019 pence per unit |
|----------|---------|--|---|--|--|
| A Income | Group 1 | - | - | - | - |
| | Group 2 | - | - | - | - |
| B Income | Group 1 | - | - | - | - |
| | Group 2 | - | - | - | - |
| P Income | Group 1 | 0.3394p | - | 0.3394p | 0.3390p |
| | Group 2 | - | 0.3394p | 0.3394p | 0.3390p |

Marlborough

— Fund Managers —

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