

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND
(formerly Marlborough US Multi-Cap Income Fund)

Interim Report and Unaudited Financial Statements
for the six month period ended 10 March 2022

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar

(from 26 November 2021)

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of Investment Fund Services Limited

Andrew Staley (Non-Executive)
Allan Hamer
Wayne D Green - resigned 24 March 2022
Helen Redmond
Helen Derbyshire
David Kiddie (Non-Executive) - resigned 2 December 2021
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

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

Boston Financial Management LLC
255 State Street
6th Floor
Boston
MA 02109
USA

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 US MULTI-CAP INCOME FUND

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IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 10 March 2022

Percentage change and sector position to 10 March 2022

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough US Multi-Cap Income Fund	1.15%	16.27%	59.52%	76.00%
IA North American Sector	(2.39)%	11.15%	52.41%	68.64%
Quartile Ranking *	1	1	2	2

* Based on ranking within The Investment Association North America sector.

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

To say it has been an eventful period affecting the financial markets would be an understatement. The world was permanently changed in early 2020 when the Covid-19 pandemic gripped the globe and shut down all major economies. Unprecedented policy response from the U.S. central bank and fiscal policy makers helped keep the impending American recession brief. The aftereffects though of the pandemic continued much past 2020, even as the world slowly began to open. The world's reopening has had several false starts from new variants of the virus. All of this has led to a very strange business cycle, marked by supply chains in disarray and lack of available labor in the U.S., but still healthy demand from an American consumer with very healthy balance sheets. Wide scale inflation has resulted and lasted longer than many would expect. This is forcing policy makers to now try and unwind easy money policy and slow the force of rising prices. Sprinkling in major geopolitical risk from the horrific events unfolding in Ukraine has made matters even more eventful.

We would argue there are very few investors who could have predicted these events or their outcomes with any consistency. We have long felt that the best investment defense against the unknowable is to own a portfolio of profitable, durable, and well managed businesses. Companies with high quality attributes like recurring revenue, stable demand for leading products, pricing power, and conservative balance sheets have proven through multiple cycles to reward investors with above average performance, especially when those shares are purchased at reasonable prices. These expected results presented themselves for the six-month period leading into March 10, 2022. The largest positive contributors to performance included defense contractor Lockheed Martin (LMT), trading exchange CME Group (CME), and membership box retailer Costco (COST). The largest detractors from performance included auto collision repair operator Boyd Group (BYDGF), real estate services firm FirstService (FSV), and First Republic Bank (FRC).

What is probably more important than this relatively short-term period of performance, the volatility that has hampered financial markets has presented us with an opportunity to buy shares in several businesses at ever more attractive prices. For example, we recently initiated new positions in Nexstar (NXST) and Ritchie Brothers (RBA).

Nexstar is the largest U.S. local broadcasting company reaching 68% of U.S. households. The company over time has transitioned to a much less cyclical revenue stream, away from traditional advertising, and now more than half provided by recurring distribution fees paid for by cable tv providers. While the death of linear tv has long been prophesized, NXST has continued to drive profits higher. In fact, while subscribers have fallen, the average hours per day of local content consumed have increased. We expect the next several years to be very good for the companies' profits. The continued rebound in advertising post pandemic, additional contract negotiations that should reset prices per subscriber higher, and a renewed political advertising cycle all point to a positive trajectory for revenue and cash flow.

Ritchie Bros. (RBA) is the global leader in the \$30bn used heavy equipment auction market. The company earns commissions for facilitating transactions, in addition to providing ancillary services around the sale of used equipment. Through its 40 physical auction sites and global leading online marketplace, Ritchie Bros connects over 160k equipment manufacturers, fleet managers, engineering and construction (E&C) firms, and small businesses every year looking to buy or sell used equipment serving as a very valuable and profitable middleman. Scaled auctions are high-quality businesses that possess network effect competitive advantages, and the used equipment auction channel is no different. It possesses high barriers to entry, has attractive returns on tangible capital, and generates strong free cash-flows. It is also far less cyclical than investors perceive, as transaction volumes show little correlation to new equipment sales. Post Covid, RBA is poised to outgrow its end market as it benefits from having the largest online auction platform in an increasingly digital world. Moreover, RBA is marrying its scale and online presence with a low-cost satellite yard expansion strategy that should further widen its competitive advantages vs. peers by reducing the physical distance equipment needs to be shipped to reach one of their auctions (historically a material cost for would-be sellers). As we fully exit the pandemic, we expect RBA to benefit from both revenue growth and operating leverage and see shares priced attractively today.

On the flip side of the ledger, we sold or reduced our positions in several companies during the period. In most cases, although we loved the businesses, we did not love the valuations the market was ascribing to shares, or the outlook for profit growth in the intermediate term. As an example, we exited our position in Home Depot (HD), the largest home improvement retailer in the U.S. After several years of consumers spending a significant amount of time and money on their homes, we expect demand for home improvement to wane from the impressive results of recent years. The stock market remains optimistic, however, and shares have been trading at multiples well ahead of historical ranges. While we admire what Home Depot's management team has done and the company's excellent competitive position, we decided to sell our stake to focus on better opportunities elsewhere.

Brad Weafer / Tim Farina / Tim Robinson
Boston Financial Management LLC
4 May 2022

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 10 March 2022

Distributions (pence per unit)

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Income</u>			
Net income paid 10 November	8.7503	8.3407	8.3024
<u>P Income</u>			
Net income paid 10 November	8.9412	8.4575	8.3478

Portfolio changes

Largest purchases	Cost (£)
Ritchie Bros. Auctioneers	1,503,237
CDW	742,803
Boyd Group Services	670,783
Nexstar Media Group	563,884
Total purchases for the period	3,480,707
Largest sales	Proceeds (£)
W R Berkley	2,052,286
Microsoft	1,987,832
Broadridge Financial Solutions	1,700,989
The Home Depot	1,673,429
The Sherwin-Williams Company	1,518,772
Apple	1,255,612
Lennox International	1,123,341
Becton, Dickinson and Company	884,310
Crown Castle International	858,853
Equinix	847,552
Other sales	6,759,399
Total sales for the period	20,662,375

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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

Investment objective and policy

The investment objective of the Fund is to provide income, that is, money paid out of an investment such as dividends from shares, with the potential for some increase in the value of an investment, over a minimum of 5 years.

At least 80% of the Fund will be invested in the shares of companies which are listed on stock markets or domiciled in the United States of America.

The Fund is actively managed, which means the investment manager decides which investments to buy or sell and when. Whilst the Investment Manager may invest in small, medium and large companies, in order to meet the income objective, there will typically be a bias towards larger companies.

The Fund may also invest in other types of security which are linked to the performance of a company, such as; investment grade bonds, which are loans typically issued by companies and governments, where the issuer has a higher capacity to repay the debt; bonds which may be converted into shares (known as convertible bonds); and preference shares.

In addition, the Fund may invest in other funds (including investment trusts) which offer exposure to North American companies and from time to time, may hold a small amount in investment grade bonds.

The Fund will normally hold an amount of cash 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 certain circumstances, such as volatile market conditions.

The Fund may also hold money market instruments, a type of short-term loan, and funds that invest in these instruments as an alternative to holding cash.

The Fund's investment policy puts it in the IA North America 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.

Changes in prospectus

On 26 November 2021, the authorised fund manager changed from Marlborough Fund Managers Limited to another Marlborough Group company, Investment Fund Services Limited (IFSL); and the name of the Fund changed from Marlborough US Multi-Cap Income Fund to IFSL Marlborough US Multi-Cap Income Fund.

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

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
10 May 2022

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND
COMPARATIVE TABLE

A Income units	Period to 10.03.2022	Year to 10.09.2021	Year to 10.09.2020	Year to 10.09.2019
Change in net assets per unit	pence	pence	pence	pence
Opening net asset value per unit	705.67	637.29	588.97	511.47
Return before operating charges*	11.20	87.55	66.12	93.92
Operating charges	(5.72)	(10.42)	(9.46)	(8.12)
Return after operating charges*	5.48	77.13	56.66	85.80
Distributions on income units	-	(8.75)	(8.34)	(8.30)
Closing net asset value per unit	711.15	705.67	637.29	588.97
* after direct transaction costs of:	0.06	0.08	0.07	0.06
Performance				
Return after charges	0.78% ^C	12.10%	9.62%	16.78%
Other information				
Closing net asset value (£)	22,938,710	36,141,913	48,318,759	45,002,782
Closing number of units	3,225,592	5,121,633	7,581,923	7,640,934
Operating charges	1.57% ^{A,B}	1.58% ^B	1.59%	1.58%
Direct transaction costs	0.02% ^A	0.01%	0.01%	0.01%
Prices				
Highest unit price	787.17p	728.50p	661.88p	610.55p
Lowest unit price	688.32p	607.94p	485.53p	442.71p
P Income units	Period to 10.03.2022	Year to 10.09.2021	Year to 10.09.2020	Year to 10.09.2019
Change in net assets per unit	pence	pence	pence	pence
Opening net asset value per unit	723.79	648.75	595.13	512.95
Return before operating charges*	11.41	89.58	67.17	94.86
Operating charges	(3.06)	(5.60)	(5.09)	(4.33)
Return after operating charges*	8.35	83.98	62.08	90.53
Distributions on income units	-	(8.94)	(8.46)	(8.35)
Closing net asset value per unit	732.14	723.79	648.75	595.13
* after direct transaction costs of:	0.06	0.08	0.08	0.06
Performance				
Return after charges	1.15% ^C	12.94%	10.43%	17.65%
Other information				
Closing net asset value (£)	27,908,692	31,016,935	31,084,402	20,103,395
Closing number of units	3,811,944	4,285,376	4,791,396	3,377,985
Operating charges	0.82% ^{A,B}	0.83% ^B	0.84%	0.83%
Direct transaction costs	0.02% ^A	0.01%	0.01%	0.01%
Prices				
Highest unit price	808.87p	747.12p	673.68p	616.81p
Lowest unit price	707.67p	621.12p	492.57p	445.04p

^A These figures have been annualised.

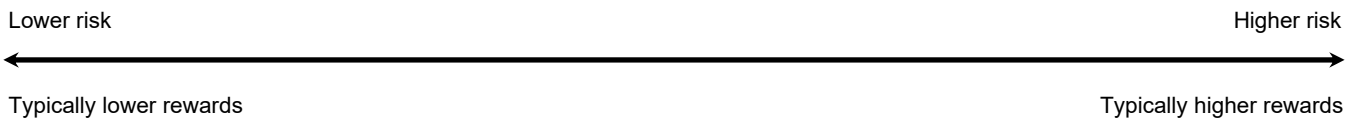
^B From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^C 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 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.

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

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

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND
PORTFOLIO STATEMENT

as at 10 March 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
BASIC MATERIALS (10 September 2021 - 4.17%)		
11,440 Air Products & Chemicals	1,974,941	3.89
Total Basic Materials	<u>1,974,941</u>	<u>3.89</u>
COMMUNICATION SERVICES (10 September 2021 - Nil)		
3,925 Nexstar Media Group	548,975	1.08
Total Communication Services	<u>548,975</u>	<u>1.08</u>
CONSUMER SERVICES (10 September 2021 - 5.65%)		
12,440 Boyd Group Services	1,151,166	2.26
2,080 Costco Wholesale	833,517	1.64
Total Consumer Services	<u>1,984,683</u>	<u>3.90</u>
FINANCIALS (10 September 2021 - 37.76%)		
39,325 Brown & Brown	1,898,860	3.74
15,478 CME Group 'A'	2,705,092	5.32
13,785 Crown Castle International	1,821,623	3.58
3,230 Equinix	1,728,525	3.40
14,950 First Republic Bank	1,871,164	3.68
20,134 FirstService	2,071,236	4.07
9,410 Mastercard 'A'	2,344,956	4.61
15,505 Visa 'A'	2,354,677	4.63
32,056 W R Berkley	2,232,885	4.39
Total Financials	<u>19,029,018</u>	<u>37.42</u>
HEALTH CARE (10 September 2021 - 8.48%)		
11,215 Becton, Dickinson and Company	2,257,062	4.44
14,669 STERIS	2,548,877	5.01
Total Health Care	<u>4,805,939</u>	<u>9.45</u>
INDUSTRIALS (10 September 2021 - 24.99%)		
36,760 A O Smith	1,890,099	3.72
18,874 Broadridge Financial Solutions	2,109,287	4.15
3,550 IDEX	517,676	1.02
7,610 Lockheed Martin	2,594,999	5.10
30,900 Ritchie Bros. Auctioneers	1,352,330	2.66
9,245 The Sherwin-Williams Company	1,698,160	3.34
11,130 Watsco	2,422,904	4.77
Total Industrials	<u>12,585,455</u>	<u>24.76</u>
TECHNOLOGY (10 September 2021 - 18.41%)		
31,254 Amphenol 'A'	1,778,953	3.50
14,371 Apple	1,779,147	3.50
5,180 CDW	672,664	1.32
53,932 Cogent Communications	2,613,606	5.14
12,137 Microsoft	2,659,644	5.23
Total Technology	<u>9,504,014</u>	<u>18.69</u>
Portfolio of investments	50,433,025	99.19
Net other assets	414,376	0.81
Total net assets	<u>50,847,401</u>	<u>100.00</u>

PORTFOLIO TRANSACTIONS

for the six month period ended 10 March 2022

	£
Total purchases costs, including transaction charges	3,480,707
Total sales proceeds, net of transaction charges	20,662,375

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 10 March 2022

	10 March 2022		10 March 2021	
	£	£	£	£
Income:				
Net capital gains/(losses)		831,154		(1,229,657)
Revenue	533,056		625,313	
Expenses	<u>(372,123)</u>		<u>(456,781)</u>	
Net revenue before taxation	160,933		168,532	
Taxation	<u>(78,235)</u>		<u>(91,145)</u>	
Net revenue after taxation		<u>82,698</u>		<u>77,387</u>
Total return before distributions		913,852		(1,152,270)
Distributions		(64,453)		(35,521)
Change in net assets attributable to unitholders from investment activities		<u>849,399</u>		<u>(1,187,791)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 10 March 2022

	10 March 2022		10 March 2021	
	£	£	£	£
Opening net assets attributable to unitholders		^A 67,158,848		79,463,172
Amounts receivable on issue of units	11,202,136		26,351,648	
Amounts payable on cancellation of units	(28,380,596)		(37,341,484)	
Amounts payable on unit class conversions	<u>-</u>		<u>4</u>	
		(17,178,460)		(10,989,832)
Dilution Adjustment		17,614		-
Change in net assets attributable to unitholders from investment activities		849,399		(1,187,791)
Unclaimed distributions		-		138
Closing net assets attributable to unitholders		<u>50,847,401</u>		^A <u>67,285,687</u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

IFSL MARLBOROUGH US MULTI-CAP INCOME FUND

BALANCE SHEET

as at 10 March 2022

	10 March 2022 £	10 September 2021 £
Assets:		
Fixed Assets:		
Investments	50,433,025	66,795,311
Current Assets:		
Debtors	1,027,829	451,188
Cash and bank balances	963,494	1,708,341
Total assets	<u>52,424,348</u>	<u>68,954,840</u>
Liabilities:		
Creditors:		
Bank overdrafts	1	640,609
Distribution payable	-	831,326
Other creditors	1,576,946	324,057
Total liabilities	<u>1,576,947</u>	<u>1,795,992</u>
Net assets attributable to unitholders	<u>50,847,401</u>	<u>67,158,848</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 10 March 2022

Basis for preparation

The interim financial statements have been prepared in compliance with 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 interim 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 interim financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 10 September 2021 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 10 March 2022.

Investment Fund Services Limited
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BL1 4QP

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