

Investment Fund Services

IFSL Marlborough European Special Situations Fund

Annual Report and Audited
Financial Statements

for the year ended 10 September 2023

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

CONTACT INFORMATION

Authorised Fund Manager (AFM) and Registrar

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 IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Dom Clarke - appointed 30 January 2023
Helen Derbyshire
Helen Redmond
Sally Helston
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Investment Manager

Marlborough Investment Management Limited
PO Box 1852
Croxall
Lichfield
Staffordshire
WS13 8XU

Authorised and regulated by the Financial Conduct Authority.

Sub-investment Manager

Canaccord Genuity Asset Management Limited (previously Hargreave Hale Limited to 2 November 2022)
88 Wood Street
London
EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

Depositary (in its capacity as 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.

Auditor

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

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

CONTENTS	PAGE
AUTHORISED INVESTMENT MANAGER'S REPORT	1
AUTHORISED STATUS	3
GENERAL INFORMATION	3
DIRECTOR'S 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
FINANCIAL STATEMENTS	
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 EUROPEAN SPECIAL SITUATIONS FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 September 2023

Performance to 10 September 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough European Special Situations Fund	(8.64)%	(1.51)%	30.23%	47.31%
IA Europe excluding UK Sector*	(1.69)%	10.87%	20.69%	30.46%

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

The performance figures above are based on quoted prices and will, therefore, differ from the performance in the Comparative Table.

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

Investment commentary

Over the twelve months to 10 September 2023 the return on the fund's P share in sterling with net income reinvested was -1.5%, less than the 10.9% average return for the benchmark*, the Investment Association Europe ex UK fund sector.

The principal reason for the fund's lag vs the sector average was the fund's high weighting in small companies, which have performed less well than large companies due to slower economic growth and higher interest rates. Stock selection was mixed with the negative impact of profit downgrades from fund holdings partly offset by the positive impact of takeover offers for fund holdings, with a further two takeover offers received after the period under review.

Market review

Currently smaller companies in Europe are experiencing more profit downgrades than upgrades due to the economic environment. A destocking effect, where companies decide to purchase less products from suppliers to deliberately reduce the stock of products held, is currently amplifying the slowdown. This is driven by a normalisation vs the situation immediately post Covid lockdowns when many companies held extra buffer stocks to manage supply chain problems. The destocking effect is expected by company management teams to fade in 2024 which would be supportive to small company sales and profit levels. It is unclear if interest rates in Europe have peaked yet, but inflation is now falling and expected to continue falling in 2024 and 2025 by the ECB.

The best performers for the fund were Danish pharmaceutical group Novo Nordisk (significantly upgraded growth expectations for its obesity drug Wegovy), Swiss electronic equipment vendor Schaffner (received takeover offer at 79% premium from a US industrial group), Danish jewellery retailer Pandora (sales and profits continuing to grow despite slower economic growth), German software vendor SAP (cloud software sales growth expectations were lifted), and Swedish truck and industrial equipment vendor VBG (stronger than expected heavy truck demand). The fund was also building a holding in contract centre operator Majorel when it received a takeover offer at a 50% premium from larger competitor Teleperformance.

The worst performers were French online market research panel provider Bilendi (impacted by more cautious consumer behaviour), Danish telecom equipment and consultant RTX (sales growth rebound weaker than expected), Swiss cellular and positioning module supplier u-blox (profit downgrade on weaker demand and de-stocking), Danish building materials group H+H (weaker demand from new build houses in Germany, UK, and Poland), Swedish telecom software vendor Enea (profit downgrades due to customer 5G project cancellation).

The most notable new buys for the fund included Italian discount stockbroker Finecobank (growing penetration of savings products among consumers in Italy), Swedish medical equipment vendor Elekta (strong competitive position in oncology treatment equipment), and Danish pharmaceutical group Lundbeck (attractive growth prospects from Alzheimer's agitation pharmaceutical).

Complete sales included Swiss pharmaceutical group Roche (concerns around recent pipeline failures), Dutch insurance group ASR Nederland (concerns around the value of property investments), Swedish telecom equipment group Ericsson (concern around high expectations from significant acquisition Vonage), and German automotive semiconductor vendor Elmos (sales and margin growth looks to be near peak).

European economies have slowed and the positive stimulus which interest cuts would bring is not yet on the horizon, although recent falls in inflation suggest interest rates may at least be near their peak. After the period end a takeover offer at 40 Norwegian Krone was received for fund holding Self Storage Group, a premium of 67% to the share price immediately before the offer. We see the valuations of small companies in particular at attractive levels, as evidenced by the takeover offers received for fund holdings and other small companies this year. We continue to search out mostly small companies which can grow their profits over the longer term and contribute to good returns for fund holders.

Canaccord Genuity Asset Management Limited (previously Hargreave Hale Limited)
29 November 2023

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 10 September 2023

Distributions

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Income (pence per unit)</u>				
Net income paid 10 November	9.9413	8.5012	4.6882	-
<u>P Income (pence per unit)</u>				
Net income paid 10 November	15.2568	14.3511	9.9168	1.7801

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
H Lundbeck	2,255,042
Mersen S.A	1,301,737
FinecoBank	1,275,565
Nokia Oyj	964,188
Zumtobel Group	961,263
Brenntag	900,138
Koninklijke Ahold Delhaize	668,332
Elekta 'B'	650,752
Majorel Group Luxembourg	611,629
Vossloh AG	499,491
Other purchases	2,606,148
Total purchases for the year	12,694,285

<u>Largest sales</u>	<u>Proceeds (£)</u>
SeSa	11,483,157
ASR Nederland	10,960,179
Roche Holding	8,896,570
Elmos Semiconductor	6,195,496
Ericsson 'B'	5,655,939
Mersen S.A	5,472,439
Unieuro	5,013,828
Axway Software	4,480,581
Loomis	4,413,669
JM	4,186,535
Other sales	76,056,532
Total sales for the year	142,814,925

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

AUTHORISED STATUS

IFSL Marlborough European Special Situations 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.

GENERAL INFORMATION

Investment objective

The investment objective of the Fund is to provide capital growth, that is, to increase the value of your investment, over a minimum of 5 years.

Investment policy

At least 80% of the Fund will be invested in the shares of companies listed on European stock markets (excluding the UK). Of this, up to 90% will be in smaller companies. The Investment Manager defines smaller companies as companies in the bottom 20% of the market cap, meaning the 20% smallest listed companies by size. The remainder will be in Mid and Large cap companies.

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

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. A small amount may be held in UK companies to allow for changes which may be made to existing investments, for example following a restructure.

In addition, the Fund may invest in other funds (including investment trusts) which offer exposure to European 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 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.

Assessing performance

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors', as a way of dividing funds into broad groups with similar characteristics.

The Fund's investment policy puts it in the IA Europe Excluding UK sector. You may want to assess the Fund's performance compared to the performance of this 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 Authorised Fund Manager (AFM) is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The AFM 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. IFSL Marlborough European Special Situations Fund was assessed and reported on, in a composite report which the AFM publishes on the website www.ifslfunds.com. The latest report was published on 30 September 2023.

Changes in prospectus

No significant changes have been made since the last report.

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 EUROPEAN SPECIAL SITUATIONS FUND

GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited (the AFM) 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 2022 (the AFM's year end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	7	757,911	667,666	90,245
Risk takers and other identified staff	2	245,763	203,403	42,360
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.25	26,608	23,440	3,168
Risk takers and other identified staff	0.07	8,628	7,141	1,487

The total number of staff employed by the AFM was 236 as at 30 September 2022. The total remuneration paid to those staff was £14,048,823 of which £5,197,123 is attributable to the AFM.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the AFM's group. The way these disclosures are calculated may change in the future.

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

DIRECTOR'S 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
14 December 2023

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 EUROPEAN SPECIAL SITUATIONS FUND

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

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Marlborough European Special Situations Fund of the ("the Trust") for the Period Ended 10 September 2023

The Depositary in its capacity as Trustee of IFSL Marlborough European Special Situations 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
14 December 2023

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

Opinion

We have audited the financial statements of IFSL Marlborough European Special Situations Fund ("the Fund") for the year ended 10 September 2023, 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 including FRS 102 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 10 September 2023 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 ("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 twelve 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 audit report thereon. The Manager is responsible for the other information contained in the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our audit 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 EUROPEAN SPECIAL SITUATIONS FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS 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 Financial Conduct Authority and the Trust Deed;
- 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 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 purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities statement set out on page 6, 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 EUROPEAN SPECIAL SITUATIONS 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 Accounting Standards (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 occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution and the incorrect valuation of unquoted investments. In response to our fraud risks, we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return and tested a sample of unquoted investment valuations by reviewing the prices used, agreeing the valuation inputs to external sources and providing challenge to management's valuations.
- 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 FRC'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

14 December 2023

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 EUROPEAN SPECIAL SITUATIONS FUND
COMPARATIVE TABLE

<u>A Income units</u>	Year to 10.09.2023	Year to 10.09.2022	Year to 10.09.2021
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	673.51	810.00	526.52
Return before operating charges*	(4.40)	(116.35)	298.55
Operating charges	(10.59)	(11.64)	(10.38)
Return after operating charges*	(14.99)	(127.99)	288.17
Distributions on income units	(9.94)	(8.50)	(4.69)
Closing net asset value per unit	648.58	673.51	810.00
* after direct transaction costs of:	0.49	0.33	0.63
Performance			
Return after charges ^A	(2.23)%	(15.80)%	54.73%
Other information			
Closing net asset value (£)	16,214,731	28,616,876	38,593,574
Closing number of units	2,500,050	4,248,934	4,764,640
Operating charges	1.55% ^B	1.54% ^B	1.56% ^B
Direct transaction costs	0.07%	0.04%	0.10%
Prices (pence per unit)			
Highest unit price	740.07	846.92	834.57
Lowest unit price	609.22	658.02	501.76
<u>P Income units</u>	Year to 10.09.2023	Year to 10.09.2022	Year to 10.09.2021
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	677.91	816.03	529.77
Return before operating charges*	(4.48)	(117.73)	301.89
Operating charges	(5.52)	(6.04)	(5.71)
Return after operating charges*	(10.00)	(123.77)	296.18
Distributions on income units	(15.26)	(14.35)	(9.92)
Closing net asset value per unit	652.65	677.91	816.03
* after direct transaction costs of:	0.49	0.33	0.67
Performance			
Return after charges ^A	(1.48)%	(15.17)%	55.91%
Other information			
Closing net asset value (£)	207,708,014	334,984,373	465,839,047
Closing number of units	31,825,275	49,414,258	57,085,924
Operating charges	0.80% ^B	0.79% ^B	0.81% ^B
Direct transaction costs	0.07%	0.04%	0.10%
Prices (pence per unit)			
Highest unit price	747.73	854.19	845.99
Lowest unit price	613.57	665.35	505.41

^A The return after charges is calculated using the underlying investments bid prices.

^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.

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 EUROPEAN SPECIAL SITUATIONS FUND

SYNTHETIC RISK AND REWARD INDICATOR (all unit 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 6 because its investments have experienced high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND
PORTFOLIO STATEMENT

as at 10 September 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
DENMARK (10 September 2022 - 11.07%)		
14,005 Brødrene Hartmann	479,742	0.21
2,720,974 Columbus	1,914,188	0.85
99,800 Demant	3,300,495	1.47
670,000 H Lundbeck	2,624,721	1.17
436,805 H+H International 'B'	3,359,096	1.50
38,900 Novo Nordisk 'B'	6,058,059	2.71
61,400 Pandora	5,019,597	2.24
58,063 RTX	586,007	0.26
93,442 Solar 'B'	4,892,594	2.18
210,175 TCM Group	1,425,417	0.64
Total Denmark	<u>29,659,916</u>	<u>13.23</u>
FINLAND (10 September 2022 - 2.32%)		
245,000 Nokia Oyj	788,564	0.35
419,112 Scanfil	3,151,421	1.41
Total Finland	<u>3,939,985</u>	<u>1.76</u>
FRANCE (10 September 2022 - 25.2%)		
80,600 Baikowski	1,313,002	0.59
84,434 Bastide Le Confort Médical	1,842,391	0.82
320,181 Bilendi	4,271,514	1.91
146,746 Bureau Veritas	3,091,350	1.38
363,053 Coface	3,844,268	1.72
17,750 Delfingen Industry	797,455	0.36
106,737 Delta Plus Group	6,964,282	3.11
93,244 Groupe CRIT	5,676,177	2.53
184,449 Groupe GUILLIN	3,929,881	1.76
1,025,515 Groupe SFPI	1,619,602	0.72
174,200 Ipsos	7,082,497	3.16
314,044 LNA Santé	7,552,662	3.37
223,337 Mersen	7,716,892	3.45
106,185 Société Pour L'Informatique Industrielle	4,624,913	2.07
13,120 Sogetclair	211,480	0.09
66,897 STEF	6,378,053	2.85
84,957 Synergie	2,334,554	1.04
68,817 Thermador Groupe	4,850,028	2.17
Total France	<u>74,101,001</u>	<u>33.10</u>
GERMANY (10 September 2022 - 3.24%)		
139,360 CeoTronics	432,537	0.19
17,706 Einhell Germany	2,149,614	0.96
43,500 SAP	4,888,055	2.18
14,200 Vossloh AG	501,605	0.22
Total Germany	<u>7,971,811</u>	<u>3.55</u>
GREECE (10 September 2022 - 1.93%)		
1,117,556 SARANTIS GROUP	7,425,876	3.32
Total Greece	<u>7,425,876</u>	<u>3.32</u>
AUSTRIA (10 September 2022 - Nil)		
125,000 Zumtobel Group	715,918	0.32
Total Austria	<u>715,918</u>	<u>0.32</u>
BELGIUM (10 September 2022 - Nil)		
16,000 EVS Broadcast Equipment	350,500	0.16
Total Belgium	<u>350,500</u>	<u>0.16</u>

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND
PORTFOLIO STATEMENT

as at 10 September 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
ITALY (10 September 2022 - 13.89%)		
250,000 B&C Speakers	3,215,200	1.44
53,746 DHH	714,257	0.32
286,092 EI.En	2,553,484	1.14
625,429 Esprinet	2,823,274	1.26
120,000 FinecoBank	1,180,107	0.53
130,500 FOPE	3,468,557	1.55
149,152 Indel B	2,877,321	1.28
143,361 IRCE	282,706	0.13
87,140 Italian Wine Brands	1,389,656	0.62
581,540 Openjobmetis	4,527,330	2.02
100,000 Piquadro	200,628	0.09
267,489 Sabaf	3,875,871	1.73
589,412 Safilo Group	454,061	0.20
Total Italy	27,562,452	12.31
NETHERLANDS (10 September 2022 - 7.12%)		
139,000 Koninklijke Ahold Delhaize	3,460,297	1.55
27,189 Nedap	1,370,715	0.61
188,741 NN Group	5,751,225	2.57
213,641 NN Group DRIP shs ^B	-	-
Total Netherlands	10,582,237	4.73
NORWAY (10 September 2022 - 4.18%)		
1,884,093 Elmera Group	3,125,227	1.40
2,387,970 Self Storage Group	4,229,877	1.89
1,533,890 StrongPoint	2,037,766	0.91
Total Norway	9,392,870	4.20
PORTUGAL (10 September 2022 - 1.43%)		
481,192 Ibersol SGPS	2,846,716	1.27
Total Portugal	2,846,716	1.27
REPUBLIC OF IRELAND (10 September 2022 - 1.71%)		
336,900 FBD Holdings	3,740,653	1.67
210,000 TVC Holdings	-	-
Total Republic of Ireland	3,740,653	1.67
SPAIN (10 September 2022 - 3.03%)		
221,292 Alquiber Quality	1,679,135	0.75
1,728,629 Ercros	4,475,952	2.00
1,064,262 Global Dominion Access	3,266,693	1.46
Total Spain	9,421,780	4.21
SWEDEN (10 September 2022 - 17.18%)		
143,328 CAG Group	1,057,274	0.47
149,469 Elanders 'B'	1,075,682	0.48
130,000 Elekta 'B'	687,082	0.31
532,820 Enea	1,679,528	0.75
220,500 Loomis	4,595,575	2.05
402,471 Nordic Waterproofing Holding	4,165,107	1.86
982,241 Proact IT Group	4,955,287	2.21
599,906 Railcare Group	772,803	0.34
258,802 SinterCast	1,918,393	0.86
369,329 VBG Group 'B'	4,970,358	2.22
162,321 Viva Wine Group	393,675	0.18
Total Sweden	26,270,764	11.73

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

PORTFOLIO STATEMENT

as at 10 September 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
SWITZERLAND (10 September 2022 - 7.20%)		
5,117 Schaffner Holding	2,247,816	1.00
97,252 u-blox Holding	6,849,378	3.06
Total Switzerland	<u>9,097,194</u>	<u>4.06</u>
Portfolio of investments	223,079,673	99.62
Net other assets	<u>843,072</u>	<u>0.38</u>
Total net assets	<u><u>223,922,745</u></u>	<u><u>100.00</u></u>

^A TVC Holdings has been delisted and is being wound up. It is being valued in line with the accounting policy for suspended investments.

^B DRIP shares received on a 1 for 1 basis in lieu of dividend. These shares are unlisted and are being valued using the latest information received.

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

STATEMENT OF TOTAL RETURN

for the year ended 10 September 2023

	Notes	10 September 2023		10 September 2022	
		£	£	£	£
Income:					
Net capital losses	4		(8,602,843)		(88,610,840)
Revenue	6	9,513,126		13,131,721	
Expenses	7	<u>(2,644,434)</u>		<u>(3,910,288)</u>	
Net revenue before taxation		6,868,692		9,221,433	
Taxation	8	<u>(717,969)</u>		<u>(1,010,130)</u>	
Net revenue after taxation			<u>6,150,723</u>		<u>8,211,303</u>
Total return before distributions			(2,452,120)		(80,399,537)
Distributions	9		(6,151,281)		(8,211,303)
Change in net assets attributable to unitholders from investment activities			<u><u>(8,603,401)</u></u>		<u><u>(88,610,840)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 10 September 2023

	10 September 2023		10 September 2022	
	£	£	£	£
Opening net assets attributable to unitholders		363,601,249		504,432,621
Amounts receivable on issue of units	12,089,657		134,612,580	
Amounts payable on cancellation of units	(143,282,496)		(187,411,145)	
Amounts payable on unit class conversions	<u>(28,481)</u>		<u>(353)</u>	
		(131,221,320)		(52,798,918)
Dilution adjustment		146,204		578,363
Change in net assets attributable to unitholders from investment activities		(8,603,401)		(88,610,840)
Unclaimed distributions		13		23
Closing net assets attributable to unitholders		<u><u>223,922,745</u></u>		<u><u>363,601,249</u></u>

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

BALANCE SHEET

as at 10 September 2023

	Notes	10 September 2023 £	10 September 2022 £
Assets:			
Fixed Assets:			
Investments	17	223,079,673	361,781,762
Current Assets:			
Debtors	10	2,225,822	5,474,191
Cash and bank balances		5,906,778	7,802,149
Total assets		<u>231,212,273</u>	<u>375,058,102</u>
Liabilities:			
Creditors:			
Bank overdrafts		217,305	54
Distribution payable		5,104,069	7,452,716
Other creditors	11	1,968,154	4,004,083
Total liabilities		<u>7,289,528</u>	<u>11,456,853</u>
Net assets attributable to unitholders		<u><u>223,922,745</u></u>	<u><u>363,601,249</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

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

There are no material events that have been identified that may cast significant doubt on the Fund's ability to continue as a going concern for the next twelve months from the date when the financial statements are authorised for issue. The Authorised Fund Manager (AFM) believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and 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 AFM'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 8 September 2023 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 AFM'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 8 September 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.

Dilution adjustment

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

2 DISTRIBUTION POLICIES

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

Equalisation

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

Stock and special dividends

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

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

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, 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 AFM'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 AFM in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as most of the Fund's assets and income are denominated in currencies other than sterling which is the Fund's functional currency.

The AFM 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 AFM 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.

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

RISK MANAGEMENT POLICIES

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 AFM.

4 NET CAPITAL LOSSES	10 September 2023	10 September 2022
	£	£
The net losses on investments during the year comprise:		
Non-derivative securities losses	(8,360,574)	(88,458,895)
Currency losses	(230,807)	(146,995)
Transaction charges	(11,462)	(4,950)
Net capital losses	<u>(8,602,843)</u>	<u>(88,610,840)</u>
5 PURCHASES, SALES AND TRANSACTION COSTS	10 September 2023	10 September 2022
	£	£
Purchases excluding transaction costs:		
Equities	11,375,814	61,641,633
Corporate actions	1,301,736	1,306,436
	<u>12,677,550</u>	<u>62,948,069</u>
Equities:		
Commissions	15,387	89,566
Taxes and other charges	1,348	39,608
Total purchases transaction costs	<u>16,735</u>	<u>129,174</u>
Purchases including transaction costs	<u>12,694,285</u>	<u>63,077,243</u>
Purchases transaction costs expressed as a percentage of the principal amount:		
Equities:		
Commissions	0.14%	0.15%
Taxes and other charges	0.01%	0.06%
Sales excluding transaction costs:		
Equities	142,975,552	50,564,771
Corporate actions	256,506	5,829,717
	<u>143,232,058</u>	<u>56,394,488</u>
Equities:		
Commissions	(201,612)	(72,256)
Taxes and other charges	(400)	(91)
Total sales transaction costs	<u>(202,012)</u>	<u>(72,347)</u>
Sales net of transaction costs	<u>143,030,046</u>	<u>56,322,141</u>
Sale transaction costs expressed as a percentage of the principal amount:		
Equities:		
Commissions	0.14%	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	0.07%	0.03%
Taxes and other charges	0.00%	0.01%
	<u>0.07%</u>	<u>0.04%</u>

No significant in-specie transfers were identified in the year (2022: nil).

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction: £11,462 £4,950

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 0.56% 0.58%

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

6 REVENUE	10 September 2023	10 September 2022
	£	£
Overseas dividends	9,055,473	13,008,951
Overseas dividends (unfranked)	301,579	120,511
Bank interest	156,074	2,259
Total revenue	<u>9,513,126</u>	<u>13,131,721</u>
7 EXPENSES	10 September 2023	10 September 2022
	£	£
Payable to the AFM or associate:		
AFM's periodic charge	2,490,317	3,731,917
Registration fees	12,871	12,974
	<u>2,503,188</u>	<u>3,744,891</u>
Other expenses:		
Trustee's fees	91,436	119,199
Safe custody fees	31,415	38,780
Financial Conduct Authority fee	32	58
Audit fee	8,449	7,358
Bank interest	9,914	2
	<u>141,246</u>	<u>165,397</u>
Total expenses	<u>2,644,434</u>	<u>3,910,288</u>
8 TAXATION	10 September 2023	10 September 2022
	£	£
a Analysis of the tax charge for the year		
Overseas tax	717,411	1,010,130
Overseas capital gains tax	558	-
Total tax charge (see note 8(b))	<u>717,969</u>	<u>1,010,130</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	6,868,692	9,221,433
Corporation tax at 20% (2022: 20%)	<u>1,373,738</u>	<u>1,844,287</u>
Effects of:		
Revenue not subject to taxation	(1,811,095)	(2,601,790)
Unrelieved excess management expenses	446,403	761,119
Tax effect of expensed double taxation relief	(9,046)	(3,616)
Overseas tax	717,411	1,010,130
Overseas capital gains tax	558	-
Total tax charge (see note 8(a))	<u>717,969</u>	<u>1,010,130</u>
At 10 September 2023 the Fund has deferred tax assets of £4,040,760 (2022: £3,594,358) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.		
9 DISTRIBUTIONS	10 September 2023	10 September 2022
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Final	5,104,069	7,452,716
Add: Revenue deducted on cancellation of units	1,081,488	731,057
Deduct: Revenue received on issue of units	(5,778)	27,932
Equalisation on conversions	(28,482)	(353)
Revenue brought forward	(16)	(49)
Distributions	<u>6,151,281</u>	<u>8,211,303</u>

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

Movement between net revenue and distributions:

Net revenue after taxation	6,150,723	8,211,303
(Add)/deduct: Overseas capital gains tax borne by capital	558	-
Net revenue after taxation for the year	6,151,281	8,211,303

10 DEBTORS

	10 September 2023	10 September 2022
	£	£
Amounts receivable for issue of units	-	15,131
Sales awaiting settlement	167,477	3,775,741
Accrued income	453,411	-
Taxation recoverable	1,604,934	1,683,319
Total debtors	2,225,822	5,474,191

11 OTHER CREDITORS

	10 September 2023	10 September 2022
	£	£
Amounts payable for cancellation of units	1,861,680	3,882,977
Purchases awaiting settlement	-	-
Manager's periodic charge and registration fees	52,795	84,162
Accrued expenses	53,679	36,944
Total other creditors	1,968,154	4,004,083

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 10 September 2023 (2022: nil).

13 RELATED PARTIES

The AFM is involved in all transactions in the units 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 AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the AFM in respect of the AFM's periodic charge and other fees are disclosed in note 7. Amounts due to the AFM at the year end are £1,914,475 (2022: £3,952,008).

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

	10 September 2023	10 September 2022
Proportion of units owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.24%	0.16%

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 AFM has issued, cancelled and converted units from one unit class to another as set out below:

	A Income	P Income
Opening units in issue at 11 September 2022	4,248,934	49,414,258
Unit issues	318,048	1,421,862
Unit cancellations	(1,247,485)	(19,820,760)
Unit conversions	(819,447)	809,915
Closing units in issue at 10 September 2023	2,500,050	31,825,275

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

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 £11,153,984 (2022: £18,089,088). 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.

<u>Foreign currency exposure at 10 September 2023</u>	Investments £	Net other assets £	Total £
Danish Krone	29,659,915	742,761	30,402,676
Euro	148,658,929	976,320	149,635,249
Norwegian Krone	9,392,870	260,265	9,653,135
Swedish Krona	26,270,764	-	26,270,764
Swiss Franc	9,097,195	174,811	9,272,006
	<u>223,079,673</u>	<u>2,154,157</u>	<u>225,233,830</u>

<u>Foreign currency exposure at 10 September 2022</u>	Investments £	Net other assets £	Total £
Danish Krone	40,279,763	1,319,886	41,599,649
Euro	217,691,324	2,827,693	220,519,017
Norwegian Krone	15,166,697	912,194	16,078,891
Swedish Krona	62,481,053	-	62,481,053
Swiss Franc	26,162,925	199,208	26,362,133
	<u>361,781,762</u>	<u>5,258,981</u>	<u>367,040,743</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 £11,261,692 (2022: £18,352,037). A five per cent increase would have an equal and opposite effect.

Interest rate risk

	10 September 2023 £	10 September 2022 £
--	------------------------	------------------------

The interest rate risk profile of financial assets and liabilities consists of the following:

Financial assets floating rate	5,906,778	7,802,149
Financial assets non-interest bearing instruments	225,305,495	367,255,953
Financial liabilities floating rate	(217,305)	(54)
Financial liabilities non-interest bearing instruments	(7,072,223)	(11,456,799)
	<u>223,922,745</u>	<u>363,601,249</u>

As most of the Fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

Liquidity risk

	10 September 2023 £	10 September 2022 £
--	------------------------	------------------------

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

On demand:		
Bank overdrafts	217,305	54
Within one year:		
Distribution payable	5,104,069	7,452,716
Other creditors	1,968,154	4,004,083
	<u>7,289,528</u>	<u>11,456,853</u>

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 10 September 2023

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	10 September 2023		10 September 2022	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	223,079,673	-	361,770,832	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	10,930	-
	<u>223,079,673</u>	<u>-</u>	<u>361,781,762</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 8 September 2023, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	8 September 2023 ^A	11 December 2023	Movement (%)
A Income	660.36	655.11	(0.80)%
P Income	669.75	660.51	(1.38)%

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

IFSL MARLBOROUGH EUROPEAN SPECIAL SITUATIONS FUND

DISTRIBUTION TABLE

Final distribution for the period from 11 September 2022 to 10 September 2023

Group 1: units purchased prior to 11 September 2022

Group 2: units purchased on or after 11 September 2022

		Net revenue 10 September 2023 pence per unit	Equalisation 10 September 2023 pence per unit	Distribution paid 10 November 2023 pence per unit	Distribution paid 10 November 2022 pence per unit
A Income	Group 1	9.9413p	-	9.9413p	8.5012p
	Group 2	8.0398p	1.9015p	9.9413p	8.5012p
P Income	Group 1	15.2568p	-	15.2568p	14.3511p
	Group 2	13.0000p	2.2568p	15.2568p	14.3511p

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