

IFSL Marlborough Cautious Fund

Annual Report and Audited Financial Statements
for the year ended 30 April 2023

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH CAUTIOUS FUND

CONTACT INFORMATION

Authorised Fund Manager (AFM) and Registrar

Investment Fund Services Limited (IFSL)
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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 Redmond
Helen Derbyshire
Sally Helston - appointed 12 August 2022
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Depository (in it's capacity as Trustee)

HSBC Bank plc
8 Canada Square
London
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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Manager

Marlborough Investment Management Limited
PO Box 1852
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Staffordshire
WS13 8XU

Authorised and regulated by the Financial Conduct Authority.

Auditor

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

IFSL MARLBOROUGH CAUTIOUS FUND

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IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 30 April 2023

Performance to 30 April 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Cautious Fund	3.27%	(1.85)%	9.76%	2.19%
IA Mixed Investment 20-60% Shares sector	4.69%	(2.65)%	10.47%	9.11%

External Source of Economic Data: Morningstar (P Accumulation - quoted price to quoted price).

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

During the period under review, the bid (selling price) of IFSL Marlborough Cautious Fund (the Fund) P accumulation units, decreased by 1.85%. The IA Mixed Investment 20-60% Shares sector average decreased by 2.65% over the same time frame.

2022 was a challenging year for investors, with both equities and bonds experiencing a bear market, market values declining by more than 20%. December was particularly difficult, as almost all asset classes struggled to make progress. The struggles in the market can be attributed to various events that occurred throughout the year.

The year began with Russia's invasion of Ukraine, which had significant political and economic implications. This invasion led to an increase in energy and food costs, exacerbating the existing supply chain issues from the overhang of Covid-19, and contributing to rising prices. Inflation accelerated rapidly, prompting central banks to raise interest rates at the fastest pace in decades. Concerning developments also took place in China, including President Xi's confirmation of a third term in office and the elimination of potential challengers. Closer to home, the UK faced its own challenges, with events related to Liz Truss causing turmoil in bond markets.

The primary topic of debate throughout the year, both for the economy and asset prices, revolved around inflation. The central question for markets remained whether central banks would be able to control rising prices without triggering a recession.

Despite the gloomy outlook described above, there are reasons for optimism as we enter 2023. The year started on a positive note, with inflation measures declining in January. This provided central banks with the freedom to slow down the pace of interest rate hikes. Economic growth indicators also showed resilience, and the possibility of achieving "soft landings", a controlled slowing of economic growth relative to inflation and unemployment data, in many parts of the world became more realistic, dispelling previous fears of a global recession. However, by February, investors started responding to central banks' comments about prolonged higher interest rates, resulting in a sell-off in equity markets and rising bond yields.

The banking sector continued to face uncertainty and fragility, with recent events serving as reminders of potential risks. The collapse of Silicon Valley Bank (SVB) in March, the second-largest banking failure in US history, triggered a significant sell-off in the US and European financial sectors. While the UBS acquisition of Credit Suisse provided support to a systemically important bank in Switzerland, concerns persisted in the regional banking sector, with banks like First Republic and Pac West Bank facing distress. Overall, the banking system did not show signs of widespread contagion or systemic risk, and a modest economic downturn remained the base case scenario.

The tight labour market, characterized by high levels of employment, acted as a saving grace in this cycle. Despite the cost-of-living crisis, consumers continued spending, which sustained the economy and helped companies avoid significant declines in earnings, at least for now. However, concerns lingered about the potential impact of housing market instability on consumer spending, as well as the delayed effects of the interest rate hikes from 2022. Nevertheless, inflation is now declining, potentially leading to slower rate increases in the coming months. Additionally, the easing of COVID-19 measures in China could stimulate global spending. Overall, the decline in company earnings anticipated in the future has already been factored into current share prices.

In 2022, the Fund adopted a more defensive position, which proved successful. The fixed-income portfolio had a bias towards shorter-duration bonds to reduce sensitivity to interest rate movements, which performed relatively well amid rising inflation. As concerns shifted from inflation to the likelihood of a recession, the duration position was gradually increased to approach the sector average but remained slightly short.

In equities, the Fund maintained a defensive stance and favoured equity income strategies that focused on large stable companies with strong cash flows. Throughout 2022, equity income and value style funds performed well, with growth-style funds gaining traction towards the end of the year. The Fund started reducing its defensive posture in late 2022 by increasing positions in growth strategies, though maintains a moderate defensive bias relative to the sector, given that markets are likely to remain sensitive on the back of volatile macro and economic data.

Marlborough Investment Management Limited
14 June 2023

IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 30 April 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 30 June	1.0062	0.5717	0.5054	0.7796
Net income paid 31 December		0.6573	0.7963	1.1255
<u>A Accumulation (pence per unit)</u>				
Net accumulation paid 30 June	1.8140	1.0155	0.8852	1.3349
Net accumulation paid 31 December		1.1755	1.3984	1.9448
<u>P Income (pence per unit)</u>				
Net income paid 30 June	1.0848	0.6105	0.5372	0.8209
Net income paid 31 December		0.7062	0.8494	1.1914
<u>P Accumulation (pence per unit)</u>				
Net accumulation paid 30 June	1.2870	0.7123	0.6192	0.9249
Net accumulation paid 31 December		0.8310	0.9876	1.3546

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Lyxor Russell 1000 Growth UCITS ETF	376,431
Vanguard FTSE UK Equity Income Index 'A' GBP	323,400
iShares JPMorgan \$ EM Bond UCITS ETF GBP Hedged	310,107
iShares MSCI USA Quality Dividend UCITS ETF USD	296,549
Janus Henderson European Focus 'I'	293,416
iShares Core UK Gilts UCITS ETF GBP	282,349
Man GLG Sterling Corporate Bond 'Inst'	278,500
iShares Global High Yield Corp Bond GBP Hedged UCITS ETF	228,547
iShares Global Govt Bond UCITS ETF USD	215,329
GQG Partners US Equity 'I' GBP	198,000
Other purchases	2,661,871
Total purchases for the year	5,464,499
<u>Largest sales</u>	<u>Proceeds (£)</u>
iShares \$ Floating Rate Bond UCITS ETF USD	415,966
Royal London Short-Term Money Market 'Y'	393,648
Lyxor Russell 1000 Growth UCITS ETF	328,960
Tabula US Enhanced Inflation UCITS ETF GBP Hedged A	322,775
GQG Partners US Equity 'I' GBP	314,400
iShares Edge MSCI USA Value Factor UCITS ETF USD	274,051
Fidelity Asia Pacific Opportunities 'W'	270,395
Man GLG UK Income 'D'	269,128
Vanguard FTSE UK Equity Income Index 'A' GBP	251,400
LF Lindsell Train UK Equity	251,312
Other sales	3,236,261
Total sales for the year	6,328,296

IFSL MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS

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

GENERAL INFORMATION

Investment objective

The investment objective of the Fund is to increase the value of your investment over any 5 year period, through a combination of income, that is, money paid out of an investment, such as interest from bonds or dividends from shares and some capital growth, that is, profit on investments. The Fund aims to outperform the average of the IA Mixed Investment 20-60% Shares sector, after charges, over any 5 year period. However, there is no certainty this will be achieved.

Investment policy

At least 80% of the Fund will be invested in other funds, including exchange traded funds (which typically track an index) and investment trusts. This may include other funds operated by the Authorised Fund Manager (AFM) or its associates. Through these investments, the Fund will be exposed to a range of asset classes, creating a low to medium risk portfolio.

Between 20-60% of the Fund will be exposed to shares in companies, both UK and overseas, but typically this will be between 40-60%.

At least 30% of the Fund will also be exposed to bonds, which are loans typically issued by companies and governments, and cash. This may include investment grade bonds, where the issuer has a higher capacity to repay the debt, as well as sub-investment grade bonds, which can be more vulnerable to changing market conditions but typically pay a higher rate of interest.

Through investing in funds, the Fund's portfolio may also be exposed to other asset classes such as property, commodities (such as gold and oil), money market instruments, which are shorter term loans, cash and other permitted investments. Funds purchased may also have the ability to use derivatives (investments whose returns are linked to another asset, market or other variable factor) to varying degrees, including funds which aim to deliver positive returns in a range of market conditions, often referred to as absolute return funds.

The Fund may also invest in these asset classes directly (excluding property and commodities) up to a maximum of 20%.

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. Investments will span a range of developed and emerging markets globally with no maximum or minimum exposure to any one market or geographical region.

Decisions around asset allocation are based on the Investment Manager's research process which considers the potential for loss as well as the overall return expectations for an asset class.

The Fund may invest in derivatives or forward transactions whose returns are linked to exchange rates in order to reduce currency risk (also known as hedging).

Performance target

The performance target is the level of performance the Fund aims to deliver after charges and with income reinvested however there is no certainty this will be achieved.

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. This Fund aims to be in the top half of all funds included in the IA Mixed Investment 20-60% Shares sector.

Rights and terms attaching to each unit class

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

Assessment of value

The AFM is required to carry out an assessment of value at least annually and publish its findings in a report to investors. IFSL Marlborough Cautious Fund is assessed and reported on, in a composite report which the AFM publishes on the website www.ifslfunds.com. The next report is expected to be published in a composite report by 30 September 2023.

IFSL MARLBOROUGH CAUTIOUS FUND

GENERAL INFORMATION

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.

Leverage

In accordance with the Alternative Investment Fund Manager Directive (AIFMD) we are required to disclose the 'leverage' of the Fund. Leverage is defined as any method by which a Fund increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways: 'gross method'; and 'commitment method'. The Fund must not exceed maximum exposures under both methods. 'Gross method' exposure is calculated as the sum of all positions of the Fund (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes. 'Commitment method' is also calculated as the sum of all positions of the Fund (both positive and negative), but after netting off any derivative and security positions as specified by AIFMD rules.

The total amount of leverage calculated as at 30 April 2023 is as follows:

	Gross Method	Commitment Method
IFSL Marlborough Cautious Fund	93.06%	93.06%

The total amount of leverage calculated as at 30 April 2022 is as follows:

	Gross Method	Commitment Method
IFSL Marlborough Cautious Fund	92.60%	92.60%

The maximum level of leverage which may be employed on behalf of the Fund when calculated in accordance with the gross method is 210%.

The maximum level of leverage which may be employed on behalf of the Fund when calculated in accordance with the commitment method is 110%.

Remuneration policy

In line with the requirements of the AIFMD, Investment Fund Services Limited, the Alternative Investment Fund Manager (AIFM), 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 the AIFMD. 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 Alternative Investment Funds (AIFs) it manages.

The quantitative remuneration disclosures as at 30 September 2022 (the Alternative Investment Fund Manager's (AIFM'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 AIFM who have a material impact on the risk profile of the AIF				
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 AIFM to the AIF				
Senior management	0	489	431	58
Risk takers and other identified staff	0	158	131	27

The total number of staff employed by the AIFM's group was 236 at 30 September 2022. The total remuneration paid to those staff was £14,048,823 of which £5,197,123 is attributable to the AIFM. The information is provided for the purpose of Regulation 107(1)(a) of the AIFM regulations but not for the purposes of Regulations 107(1)(b) and (c) of the AIFM regulations.

The allocation of remuneration to the AIFM is based on Assets Under Management (AUM). The allocation of remuneration to the AIF is based on AUM where staff are not directly allocated to the AIF and the figures disclosed only include remuneration paid to individuals directly paid by the AIFM's group. The way these disclosures are calculated may change in the future.

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



Sally Helston
Director

Investment Fund Services Limited
1 August 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 scheme property of the Fund for the year.

In preparing the 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.

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 Cautious Fund ("the Trust") for the period ended 30th April 2023

The Depositary in its capacity as Trustee of IFSL Marlborough Cautious Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds 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 Alternative Investment Fund Manager ("the AIFM") 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 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 AIFM:

(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; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and Scheme documents of the Trust.

HSBC Bank plc
1 August 2023

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

Opinion

We have audited the financial statements of IFSL Marlborough Cautious Fund ("the Fund") for the year ended 30 April 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 UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 April 2023 and of the net revenue and net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

IFSL MARLBOROUGH CAUTIOUS FUND

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

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page xx, 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 CAUTIOUS FUND

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102, the Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

1 August 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 CAUTIOUS FUND

COMPARATIVE TABLE

A Income units

Change in net assets per unit

	Year to 30.04.2023 pence	Year to 30.04.2022 pence	Year to 30.04.2021 pence
Opening net asset value per unit	86.48	90.81	81.26
Return before operating charges*	(0.50)	(1.10)	13.13
Operating charges	(1.76)	(1.86)	(1.95)
Return after operating charges*	(2.26)	(2.96)	11.18
Distributions on income units	(1.66)	(1.37)	(1.63)
Closing net asset value per unit	82.56	86.48	90.81

* after direct transaction costs of:

0.02 0.02 0.03

Performance

Return after charges ^A (2.61)% (3.26)% 13.76%

Other information

Closing net asset value (£)	1,740,541	1,836,573	2,088,887
Closing number of units	2,108,248	2,123,765	2,300,389
Operating charges	2.10% ^B	2.06% ^B	2.26%
Direct transaction costs	0.02%	0.02%	0.04%

Prices (pence per unit)

Highest unit price	86.87	93.17	91.40
Lowest unit price	80.64	85.35	80.13

A Accumulation units

Change in net assets per unit

	Year to 30.04.2023 pence	Year to 30.04.2022 pence	Year to 30.04.2021 pence
Opening net asset value per unit	154.65	159.93	140.41
Return before operating charges*	(0.84)	(1.99)	22.91
Operating charges	(3.16)	(3.29)	(3.39)
Return after operating charges*	(4.00)	(5.28)	19.52
Distributions on accumulation units	(2.99)	(2.41)	(2.83)
Retained distributions on accumulation units	2.99	2.41	2.83
Closing net asset value per unit	150.65	154.65	159.93

* after direct transaction costs of:

0.03 0.03 0.06

Performance

Return after charges ^A (2.59)% (3.30)% 13.90%

Other information

Closing net asset value (£)	1,517,975	1,913,622	2,168,888
Closing number of units	1,007,604	1,237,372	1,356,115
Operating charges	2.10% ^B	2.06% ^B	2.26%
Direct transaction costs	0.02%	0.02%	0.04%

Prices (pence per unit)

Highest unit price	155.36	164.95	160.08
Lowest unit price	144.21	151.63	138.45

^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.

IFSL MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

P Income units

Change in net assets per unit

	Year to 30.04.2023 pence	Year to 30.04.2022 pence	Year to 30.04.2021 pence
Opening net asset value per unit	92.72	96.63	85.82
Return before operating charges*	(0.52)	(1.19)	13.94
Operating charges	(1.22)	(1.26)	(1.40)
Return after operating charges*	(1.74)	(2.45)	12.54
Distributions on income units	(1.79)	(1.46)	(1.73)
Closing net asset value per unit	89.19	92.72	96.63

* after direct transaction costs of:

0.02 0.02 0.03

Performance

Return after charges ^A (1.88)% (2.54)% 14.61%

Other information

Closing net asset value (£)	1,385,451	1,537,653	1,639,025
Closing number of units	1,553,379	1,658,354	1,696,176
Operating charges	1.35% ^B	1.31% ^B	1.51%
Direct transaction costs	0.02%	0.02%	0.04%

Prices (pence per unit)

Highest unit price	93.35	99.41	97.25
Lowest unit price	86.76	91.41	84.63

P Accumulation units

Change in net assets per unit

	Year to 30.04.2023 pence	Year to 30.04.2022 pence	Year to 30.04.2021 pence
Opening net asset value per unit	109.11	112.00	97.59
Return before operating charges*	(0.58)	(1.42)	16.00
Operating charges	(1.44)	(1.47)	(1.59)
Return after operating charges*	(2.02)	(2.89)	14.41
Distributions on accumulation units	(2.12)	(1.70)	(1.97)
Retained distributions on accumulation units	2.12	1.70	1.97
Closing net asset value per unit	107.09	109.11	112.00

* after direct transaction costs of:

0.02 0.02 0.04

Performance

Return after charges ^A (1.85)% (2.58)% 14.77%

Other information

Closing net asset value (£)	952,472	1,446,837	1,444,737
Closing number of units	889,385	1,325,983	1,289,983
Operating charges	1.35% ^B	1.31% ^B	1.51%
Direct transaction costs	0.02%	0.02%	0.04%

Prices (pence per unit)

Highest unit price	110.07	115.99	112.09
Lowest unit price	102.10	106.87	96.24

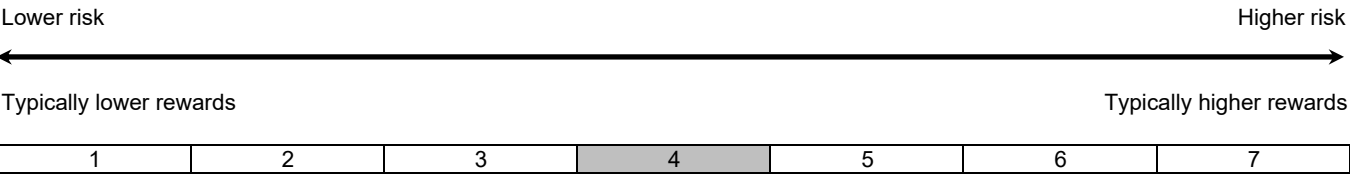
^A The return after charges is calculated using the underlying investments bid prices.

^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 CAUTIOUS FUND

SYNTHETIC RISK AND REWARD INDICATOR (all unit classes)



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

The Fund has been measured as 4 because its investments have experienced moderate volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH CAUTIOUS FUND
PORTFOLIO STATEMENT

as at 30 April 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
UK ALL COMPANIES (30 April 2022 - 7.79%)		
8,705 iShares Core FTSE 100 UCITS ETF GBP ^A	66,733	1.19
Total UK All Companies	66,733	1.19
UK EQUITY INCOME (30 April 2022 - 10.22%)		
219,694 Allianz UK Listed Equity Income 'E' GBP	255,570	4.57
48,431 TB Evenlode Income 'C'	198,384	3.54
1,583 Vanguard FTSE UK Equity Income Index 'A' GBP	264,074	4.72
Total UK Equity Income	718,028	12.83
UK SMALLER COMPANIES (30 April 2022 - 2.08%)		
1,535 Fidelity UK Smaller Companies 'W'	5,677	0.10
Total UK Smaller Companies	5,677	0.10
ASIA PACIFIC EXCLUDING JAPAN (30 April 2022 - 4.50%)		
29,059 Fidelity Asia Pacific Opportunities 'W'	80,959	1.45
3,632 Vanguard FTSE Developed Asia Pacific ex. Japan UCITS ETF USD ^A	83,572	1.49
Total Asia Pacific excluding Japan	164,531	2.94
EUROPE EXCLUDING UK (30 April 2022 - 4.04%)		
33,596 BlackRock European Dynamic 'FD' GBP	92,680	1.66
18,123 iShares MSCI Europe Quality Dividend ESG UCITS ETF EUR ^A	88,884	1.59
63,352 Janus Henderson European Focus 'I'	206,843	3.70
Total Europe excluding UK	388,407	6.95
EUROPE INCLUDING UK (30 April 2022 - 3.81%)		
GLOBAL EMERGING MARKETS (30 April 2022 - 2.20%)		
53,993 FSSA Global Emerging Markets Focus 'E' GBP	67,286	1.20
86,549 iShares JPMorgan \$ EM Bond UCITS ETF GBP Hedged ^A	307,941	5.50
2,303 Vanguard FTSE Emerging Markets UCITS ETF USD ^A	97,797	1.75
Total Global Emerging Markets	473,024	8.45
JAPAN (30 April 2022 - 3.52%)		
10,527 JPM Japan 'C' Net	31,666	0.57
2,023 M&G Japan 'I' Sterling	64,755	1.16
251 Man GLG Japan CoreAlpha Equity 'I' GBP	60,012	1.07
Total Japan	156,433	2.80
JAPANESE SMALLER COMPANIES (30 April 2022 - Nil)		
NORTH AMERICA (30 April 2022 - 9.79%)		
6,717 GQG Partners US Equity 'I' GBP	85,511	1.53
1,062 iShares Core S&P 500 UCITS ETF USD ^A	364,627	6.52
5,274 iShares MSCI USA Quality Dividend UCITS ETF USD ^A	173,620	3.10
232 iShares NASDAQ 100 UCITS ETF USD ^A	138,683	2.48
239 Lyxor Russell 1000 Growth UCITS ETF ^A	57,907	1.03
Total North America	820,348	14.66
UK GILTS (30 April 2022 - 3.91%)		
12,596 iShares Core UK Gilts UCITS ETF GBP ^A	132,227	2.36
486 iShares UK Gilts 0-5yr UCITS ETF GBP ^A	61,149	1.09
Total UK Gilts	193,376	3.45
STERLING CORPORATE BOND (30 April 2022 - 3.91%)		
154,461 Artemis Corporate Bond 'I' GBP	152,592	2.73
309,668 Man GLG Sterling Corporate Bond 'Inst'	294,557	5.26
Total Sterling Corporate Bond	447,149	7.99

IFSL MARLBOROUGH CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 30 April 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
STERLING STRATEGIC BOND (30 April 2022 - 5.17%)		
309,311 FTF Brandywine Global Income Optimiser 'S' GBP	281,782	5.04
Total Sterling Strategic Bond	281,782	5.04
GLOBAL CORPORATE BOND (30 April 2022 - 3.45%)		
50,553 iShares ESG Overseas Corporate Bond Index 'D' GBP	79,940	1.43
2,681 iShares Global High Yield Corp Bond GBP Hedged UCITS ETF ^A	223,864	4.00
2,613 Vanguard Global Credit Bond GBP Hedged	281,005	5.02
Total Global Corporate Bond	584,809	10.45
GLOBAL GOVERNMENT BOND (30 April 2022 - Nil)		
56,782 iShares Global Govt Bond UCITS ETF USD ^A	209,000	3.73
Total Global Mixed Bond	209,000	3.73
GLOBAL MIXED BOND (30 April 2022 - 4.20%)		
25,085 iShares Core Global Aggregate Bond UCITS ETF USD ^A	88,588	1.58
224,552 M&G Global Macro Bond 'I' Sterling	343,946	6.15
Total Global Mixed Bond	432,534	7.73
TARGETED ABSOLUTE RETURN (30 April 2022 - Nil)		
1,037 TM Fulcrum Diversified Core Absolute Return 'C' GBP	121,725	2.17
Total Targeted Absolute Return	121,725	2.17
USD CORPORATE BOND (30 April 2022 - 5.87%)		
USD GOVERNMENT BOND (30 April 2022 - 5.14%)		
COMMODITIES AND NATURAL RESOURCES (30 April 2022 - 3.12%)		
INFRASTRUCTURE (30 April 2022 - 4.40%)		
115,378 IFSL Marlborough Global Essential Infrastructure 'X'	125,405	2.24
34,378 M&G Global Listed Infrastructure 'I' Sterling	55,755	1.00
Total Infrastructure	181,160	3.24
SHORT TERM MONEY MARKET (30 April 2022 - 5.78%)		
Portfolio of investments	5,244,716	93.72
Net other assets	351,723	6.28
Total net assets	5,596,439	100.00

All investments are units/shares in ICVCs and unit trusts which are authorised or 'recognised' by the FCA with the exception of ^A which are open ended exchange traded funds.

IFSL MARLBOROUGH CAUTIOUS FUND
STATEMENT OF TOTAL RETURN

for the year ended 30 April 2023

	Notes	30 April 2023		30 April 2022	
		£	£	£	£
Income:					
Net capital losses	4		(213,663)		(240,816)
Revenue	6	142,251		129,553	
Expenses	7	<u>(82,750)</u>		<u>(96,823)</u>	
Net revenue before taxation		59,501		32,730	
Taxation	8	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>59,501</u>		<u>32,730</u>
Total return before distributions			(154,162)		(208,086)
Distributions	9		(118,908)		(109,537)
Change in net assets attributable to unitholders from investment activities			<u><u>(273,070)</u></u>		<u><u>(317,623)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 April 2023

	30 April 2023		30 April 2022	
	£	£	£	£
Opening net assets attributable to unitholders		6,734,685		7,343,532
Amounts receivable on issue of units	58,709		468,101	
Amounts payable on cancellation of units	<u>(975,185)</u>		<u>(813,470)</u>	
Amounts payable on unit class conversions	1		-	
		(916,475)		(345,369)
Dilution adjustment		204		165
Change in net assets attributable to unitholders from investment activities		(273,070)		(317,623)
Retained distribution on accumulation units		51,095		53,980
Closing net assets attributable to unitholders		<u><u>5,596,439</u></u>		<u><u>6,734,685</u></u>

IFSL MARLBOROUGH CAUTIOUS FUND

BALANCE SHEET

as at 30 April 2023

	Notes	30 April 2023 £	30 April 2022 £
Assets:			
Fixed Assets:			
Investments	17	5,244,716	6,256,711
Current Assets:			
Debtors	10	122,420	15,202
Cash and bank balances		341,060	500,330
Total assets		<u>5,708,196</u>	<u>6,772,243</u>
Liabilities:			
Creditors:			
Distribution payable on income units		38,066	22,267
Other creditors	11	73,691	15,291
Total liabilities		<u>111,757</u>	<u>37,558</u>
Net assets attributable to unitholders		<u><u>5,596,439</u></u>	<u><u>6,734,685</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS) 102 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 and distributions receivable from onshore collective investment schemes are recognised when the security is quoted ex-dividend.

Income from offshore collective investment schemes is recorded on the ex-dividend date and additional reported income is recognised when reported.

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

Management fee rebates

Rebates on collective investment schemes' management fees are accounted for on an accruals basis and are subsequently attributed to the revenue or capital of the Fund depending on the fee structure of the underlying collective investment scheme.

Distributions from collective investment schemes

Distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for the shares. Equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

Valuation

The valuation point was 12:00 on 28 April 2023 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Investments in collective investment schemes have been valued at cancellation price for dual-priced funds or the single price for single priced funds, using the latest available published prices at the year end.

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 28 April 2023 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

2 DISTRIBUTION POLICIES

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

The Fund is not more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and will pay a dividend 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.

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 some of the Fund's assets and income may be 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

RISK MANAGEMENT POLICIES

Concentration risk

Some of the underlying collective investment schemes invest solely in certain markets, such as UK shares or fixed interest securities. This allows them to focus on those markets' potential but means that they are not spread amongst a range of markets. Securities in the same market tend to be affected by the same factors, so the collective investment schemes may experience greater fluctuations in price. The asset allocations aim to minimise this risk whenever possible, whilst still meeting the objectives of the Fund.

4 NET CAPITAL LOSSES

30 April 2023
£

30 April 2022
£

The net losses on investments during the year comprise:

Realised (losses)/gains on investments	(67,664)	156,000
Unrealised losses on investments	(141,007)	(393,187)
Other currency losses	(3,627)	(1,833)
Renewal commission	115	-
Transaction charges	(1,480)	(1,796)
Net capital losses	(213,663)	(240,816)

5 PURCHASES, SALES AND TRANSACTION COSTS

30 April 2023
£

30 April 2022
£

Purchases excluding transaction costs		
Collective Investment Schemes	2,872,320	4,158,518
Exchange Traded Funds	2,591,531	3,196,543
	<u>5,463,851</u>	<u>7,355,061</u>
Commissions - Exchange Traded Funds	648	673
Total purchase transaction costs	<u>648</u>	<u>673</u>
Purchases including transaction costs	<u>5,464,499</u>	<u>7,355,734</u>

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

Commissions - Exchange Traded Funds	0.03%	0.02%
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Sales excluding transaction costs

Collective Investment Schemes	3,459,532	5,294,756
Exchange Traded Funds	2,869,481	2,696,232
	<u>6,329,013</u>	<u>7,990,988</u>
Commissions - Exchange Traded Funds	(717)	(614)
Total sales transaction costs	<u>(717)</u>	<u>(614)</u>
Sales net of transaction costs	<u>6,328,296</u>	<u>7,990,374</u>

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

Commissions - Exchange Traded Funds	0.02%	0.02%
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Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions - Exchange Traded Funds	<u>0.02%</u>	<u>0.02%</u>
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Transaction handling charges

These are charges payable to the trustee in respect each transaction.

	<u>£1,480</u>	<u>£1,796</u>
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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>0.06%</u>	<u>0.07%</u>
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IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

6 REVENUE

	30 April 2023 £	30 April 2022 £
UK dividends	30,199	28,315
Overseas dividends	39,388	48,001
Overseas dividends - unfranked	23,395	-
Interest distributions - unfranked	46,385	50,297
Management fee rebates	27	2,921
Bank interest	2,857	19
Total revenue	142,251	129,553

7 EXPENSES

	30 April 2023 £	30 April 2023 £
Payable to the AFM or associate:		
AFM's periodic charge	71,737	85,113
Registration fees	1,082	1,082
	72,819	86,195
Other expenses:		
Trustee's fees	2,175	2,610
Safe Custody fees	397	517
Financial Conduct Authority fee	(17)	124
Audit fee	7,376	7,377
	9,931	10,628
Total expenses	82,750	96,823

8 TAXATION

	30 April 2023 £	30 April 2023 £
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	-	-
Total tax charge (see note 8(b))	-	-
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	59,501	32,729
Corporation tax at 20% (2022: 20%)	11,900	6,546
Effects of:		
Revenue not subject to taxation	(13,917)	(15,263)
Tax effect of capitalised management fee rebate	23	-
Unrelieved excess management expenses	1,989	8,717
Unrelieved excess management expenses from prior years	5	-
Total tax charge (see note 8(a))	-	-

At 30 April 2023 the Fund has deferred tax assets of £107,721 (2022: £105,732) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

9 DISTRIBUTIONS

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	30 April 2023 £	30 April 2022 £
Interim	46,542	64,316
Final	67,791	44,279
Amounts deducted on cancellation of units	4,806	3,408
Amounts received on issue of units	(230)	(2,463)
Equalisation on conversions	1	-
Revenue brought forward	(2)	(3)
Distributions	118,908	109,537

Movement between net revenue and distributions:

Net revenue after taxation	59,501	32,729
Add: AFM's periodic charge borne by capital	71,737	85,113
Deduct: Tax effect of AFM's periodic charge borne by capital	(12,330)	(8,305)
	118,908	109,537

10 DEBTORS

	30 April 2023 £	30 April 2022 £
Amounts receivable for issue of units	-	23
Sales awaiting settlement	109,238	-
Accrued income	13,177	15,179
Taxation recoverable	5	-
Total debtors	122,420	15,202

11 OTHER CREDITORS

	£	£
Amounts payable for cancellation of units	3,493	96
Purchases awaiting settlement	56,300	-
AFM's periodic charge and registration fees	5,589	6,544
Accrued expenses	8,309	8,651
Total other creditors	73,691	15,291

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 April 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 on page 15 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 registration fees are disclosed in note 7. Amounts due to the AFM at the year end are £9,082 (2022: £6,617).

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%
A Accumulation	1.50%
P Income	0.75%
P Accumulation	0.75%

IFSL MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

15 UNITHOLDERS' FUNDS RECONCILIATION

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

	A Income	A Accumulation
Opening units in issue at 1 May 2022	2,123,765	1,237,372
Units issues	1,001	436
Units cancellations	(16,518)	(187,579)
Units conversions	-	(42,625)
Closing units in issue at 30 April 2023	2,108,248	1,007,604

	P Income	P Accumulation
Opening units in issue at 1 May 2022	1,658,354	1,325,983
Units issues	18,839	37,703
Units cancellations	(123,814)	(534,391)
Units conversions	-	60,090
Closing units in issue at 30 April 2023	1,553,379	889,385

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 £262,236 (2022: £312,836). 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 30 April 2023:	Investments £	Net current assets £	Total £
Euro	-	159	159
US dollar	347,683	-	347,683
	<u>347,683</u>	<u>159</u>	<u>347,842</u>

Foreign currency exposure at 30 April 2022:	Investments £	Net current assets £	Total £
Euro	256,526	2,735	259,261
US dollar	938,144	-	938,144
	<u>1,194,670</u>	<u>2,735</u>	<u>1,197,405</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 £17,392 (2022: £59,870). A five per cent increase would have an equal and opposite effect.

Interest rate risk

	30 April 2023 £	30 April 2022 £
The interest rate risk profile of financial assets and liabilities consists of the following:		
Financial assets floating rate	2,280,710	3,021,466
Financial assets non-interest bearing instruments	3,427,486	3,750,777
Financial liabilities non-interest bearing instruments	(111,757)	(37,558)
	<u>5,596,439</u>	<u>6,734,685</u>

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

Liquidity risk

	30 April 2023 £	30 April 2022 £
The following table provides a maturity analysis of the Fund's financial liabilities:		
Within one year:		
Distribution payable on income units	38,066	22,267
Other creditors	73,691	15,291
	<u>111,757</u>	<u>37,558</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2023

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

	30 April 2023			30 April 2022	
Basis of valuation	Assets (£)	Liabilities (£)		Assets (£)	Liabilities (£)
Level 1 - Quoted prices	2,094,591	-		2,445,236	-
Level 2 - Observable market data	3,150,125	-		3,811,475	-
Level 3 - Unobservable data	-	-		-	-
	<u>5,244,716</u>	<u>-</u>		<u>6,256,711</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 30 April 2023, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	28 April 2023 ^A	25 July 2023	Movement (%)
A Income	83.60	82.27	(1.59)%
A Accumulation	150.71	151.54	0.55%
P Income	90.31	89.87	(0.49)%
P Accumulation	107.13	107.91	0.73%

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

IFSL MARLBOROUGH CAUTIOUS FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 May 2022 to 31 October 2022

Group 1: units purchased prior to 1 May 2022

Group 2: units purchased on or after 1 May 2022

		Net revenue 31 October 2022 pence per unit	Equalisation 31 October 2022 pence per unit	Distribution paid 31 December 2022 pence per unit	Distribution paid 31 December 2021 pence per unit
A Income	Group 1	0.6573	-	0.6573	0.7963
	Group 2	0.3722	0.2851	0.6573	0.7963
A Accumulation	Group 1	1.1755	-	1.1755	1.3984
	Group 2	0.6535	0.5220	1.1755	1.3984
P Income	Group 1	0.7062	-	0.7062	0.8494
	Group 2	0.3315	0.3747	0.7062	0.8494
P Accumulation	Group 1	0.8310	-	0.8310	0.9876
	Group 2	0.5430	0.2880	0.8310	0.9876

Final distribution for the period from 1 November 2022 to 30 April 2023

Group 1: units purchased prior to 1 November 2022

Group 2: units purchased on or after 1 November 2022

		Net revenue 30 April 2023 pence per unit	Equalisation 30 April 2023 pence per unit	Distribution paid 30 June 2023 pence per unit	Distribution paid 30 June 2022 pence per unit
A Income	Group 1	1.0062	-	1.0062	0.5717
	Group 2	0.6287	0.3775	1.0062	0.5717
A Accumulation	Group 1	1.8140	-	1.8140	1.0155
	Group 2	0.8996	0.9144	1.8140	1.0155
P Income	Group 1	1.0848	-	1.0848	0.6105
	Group 2	0.6928	0.3920	1.0848	0.6105
P Accumulation	Group 1	1.2870	-	1.2870	0.7123
	Group 2	0.7865	0.5005	1.2870	0.7123

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