



MARLBOROUGH CAUTIOUS FUND

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 30 April 2021

MARLBOROUGH CAUTIOUS FUND

CONTACT INFORMATION

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Authorised and regulated by the Financial Conduct Authority.

Trustee

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London
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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Adviser

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Authorised and regulated by the Financial Conduct Authority.

Auditor

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Guy Sears (Independent Non-Executive)
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MARLBOROUGH CAUTIOUS FUND

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MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2021

Percentage change and sector position to 30 April 2021

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>02.10.2000*</u>
Marlborough Cautious Fund	10.66%	14.77%	6.86%	26.32%	154.43%
IA Mixed Investment 20-60% Shares	11.23%	16.02%	14.60%	32.86%	135.34%
Quartile Ranking**	3	3	4	4	3

* Gurjit Soggi appointed investment adviser.

** Based on ranking within the Investment Association Mixed Investment 20-60% Shares sector.

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

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

During the period under review the bid (selling price) of the class P income units, net income reinvested, increased by 14.77%. The IA Mixed Investment 20-60% sector average increased by 16.02% over the same time frame.

The year continued to be punctuated with market volatility driven by news flows around the COVID-19 pandemic, ongoing Brexit negotiations, the US presidential election and the lengths that central banks were prepared to go in order to steer their societies and economies through these unprecedented times. The world's major equity markets as a whole drifted relatively flat through to the end of October until they literally received a shot in the arm with news of the first vaccination being approved.

November might well be considered a turning point when we reflect on the COVID-19 crisis in years to come. The announcement of three vaccines that are effective against the virus drove a risk-on mood in markets and added fuel to the post-US election rally, following now President Joe Biden's victory. The positive vaccine news seemingly outshone worries about the shorter term global economic outlook. This led to a sharp rally which, with the exception of the UK, took all major equity indices above and beyond their starting point at the beginning of the year.

The equity markets have continued to perform well at the start of 2021. There has been the strong vaccine roll out in the UK and subsequent first stages of lockdown easing. There were concerns over vaccine supply in Europe and rising infections, however this has largely subsided and restrictions have begun to ease. In the US, the substantial stimulus packages announced show the continued support from the US government. The strong equity performance has raised concerns about inflation and future interest rates, resulting in a pullback in bond prices during 2021. Commodity prices have increased, as demand rises now that economies have started to open again.

Since May 2020, the MSCI Asia Pacific (excluding Japan) index increased by 41.6% with the MSCI Europe Ex UK GR LCL index not far behind, up 34.5%. In the US, the S&P 500 index also managed to climb more than 30% (+33.0%), with Japan (Nikkei 225 Average TR JPY index) posting a gain of 29.2% for the reporting period. In the UK, the FTSE 100 TR GBP index ended the period 22.2% higher, with China (SSE Composite PR CNY) finishing the back marker for the calendar year at 19.6%.

The top performer over the period was the Marlborough European Multi Cap income fund, posting 80.8%. Wells Fargo US Select and Marlborough UK Microcap Growth also achieved impressive returns of 78.4% and 76.7% respectively. The iShares MSCI EM Small Cap ETF followed at 57.1%, while the recent addition of the Wisdomtree Grains ETC also performed well (+54.8%). In the Fixed income space, the Schroder Sterling Corporate Bond fund contributed with a positive gain of 16.5% with the Vontobel TwentyFour Strategic Income fund also gaining 15.5%.

From an asset allocation perspective, the fund maintained some overweight exposure to most regions, but particularly the UK and US markets. There was a strong rotation from Growth to Value in November 2020, we bought a number of value ETFs to take advantage of what we believe will be a prolonged move following years of underperformance. In terms of Fixed Income, the fund is underweight overall, favouring shorter dated global and flexible bond strategies as we anticipate challenging conditions for fixed interest securities to persist.

2021 is likely to remain challenging for the global economy. Whilst developed economies are pushing ahead with the vaccine roll out and lockdown easing, countries such as India and Brazil have record numbers of both coronavirus cases and deaths, and new variants pose an unknown risk to the overall recovery and could lead to increased market volatility.

Investment managers generally will have to work hard to make sure their portfolios are positioned sensibly. More than ever, the emphasis will have to be on identifying the regions, sectors and companies that have the strongest underappreciated growth prospects.

Marlborough Investment Management Limited
18 May 2021

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MARLBOROUGH CAUTIOUS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 April 2021

Distributions (pence per unit)

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>A Income</u>					
Net income paid 30 June	0.5054	0.7796	0.9796	0.6176	0.8256
Net income paid 31 December		1.1255	1.1746	0.8665	1.0668
<u>A Accumulation</u>					
Net income paid 30 June	0.8852	1.3349	1.6366	1.0149	1.3294
Net income paid 31 December		1.9448	1.9839	1.4340	1.7331
<u>B Income</u>					
Net income paid 30 June	0.5630	0.8420	1.0000	0.6433	0.8534
Net income paid 31 December		1.2120	1.1980	0.9087	1.1055
<u>B Accumulation</u>					
Net income paid 30 June	0.6180	0.8990	1.0000	0.6577	0.8460
Net income paid 31 December		1.3060	1.2350	0.9343	1.1153
<u>P Income</u>					
Net income paid 30 June	0.5372	0.8209	1.0249	0.6411	0.8492
Net income paid 31 December		1.1914	1.2338	0.9033	1.1037
<u>P Accumulation</u>					
Net income paid 30 June	0.6192	0.9249	1.1269	0.6937	0.9007
Net income paid 31 December		1.3546	1.3713	0.9841	1.1808

Portfolio changes

Largest purchases	Cost (£)
Invesco EQQQ NASDAQ-100 UCITS ETF	655,041
Allianz Strategic Bond 'C' GBP	609,787
Legg Mason IF Brandywine Global Income Optimiser 'X'	545,900
iShares Edge MSCI USA Value Factor UCITS ETF USD	487,725
iShares Healthcare Innovation UCITS ETF USD	468,473
WisdomTree Short USD Long GBP 3x Daily	451,521
Xtrackers S&P Europe ex. UK UCITS ETF '1D' EUR	368,803
Vanguard Global Credit Bond GBP Hedged	353,500
Man GLG UK Income 'D'	352,500
Vanguard FTSE UK Equity Income Index 'A' GBP	337,100
Other purchases	5,894,625
Total purchases for the year	10,524,975
Largest sales	Proceeds (£)
iShares Core S&P 500 UCITS ETF USD	717,632
Invesco EQQQ NASDAQ-100 UCITS ETF	649,724
iShares Healthcare Innovation UCITS ETF USD	605,120
WisdomTree Short USD Long GBP 3x Daily	474,867
Franklin UK Equity Income 'W'	463,600
Xtrackers S&P Europe ex. UK UCITS ETF '1D' EUR	425,035
Artemis US Select 'I' GBP	415,300
M&G Global Macro Bond 'I' Sterling	412,385
Man GLG UK Income 'D'	381,006
Vanguard FTSE UK Equity Income Index 'A' GBP	352,360
Other sales	5,432,842
Total sales for the year	10,329,871

MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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.

Investment objective and policy

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.

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 Manager 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).

The 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 Manager is required to carry out an assessment of value at least annually and publish its findings in a report to investors. Marlborough Cautious Fund is assessed and reported on, in a composite report which the Manager publishes on the website www.marlbroughfunds.com. The next report is expected to be published in a composite report by 31 July 2021.

Changes in prospectus

There have been no significant changes since the last annual 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.

MARLBOROUGH CAUTIOUS FUND

AUTHORISED STATUS AND GENERAL INFORMATION

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.

Therefore, the total amount of leverage calculated as at 30 April 2021 is as follows:

	Gross Method	Commitment Method
Marlborough Cautious Fund	96.41%	96.41%

Therefore, the total amount of leverage calculated as at 30 April 2020 is as follows:

	Gross Method	Commitment Method
Marlborough Cautious Fund	88.74%	88.74%

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 requirement of the AIFMD, Marlborough Fund Managers Ltd is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under 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 2020 (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	9	818,149	584,012	234,137
Risk takers and other identified staff	3	206,568	174,206	32,362
Allocation of total remuneration of the employees of the AIFM to the AIF				
Senior management	0.01	1,091	779	312
Risk takers and other identified staff	0.22	15,073	12,712	2,361

The total number of staff employed by the AIFM was 193 at 30 September 2020. The total remuneration paid to those staff was £8,734,877, of which £4,591,672 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), as staff work for two AIFMs. The allocation of remuneration to the AIF is based on AUM where staff are not directly allocated to the AIF. The way these disclosures are calculated may change in the future.

MARLBOROUGH CAUTIOUS FUND

DIRECTORS' STATEMENT

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



ALLAN HAMER
DIRECTOR



WAYNE D GREEN
DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
23 June 2021

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 gains on the 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.

MARLBOROUGH CAUTIOUS 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 Marlborough Cautious Fund ("the Trust") for the period ended 30th April 2021

The Depositary in its capacity as Trustee of 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 of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the 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 of the Trust; and

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

HSBC BANK PLC

LONDON

23 June 2021

MARLBOROUGH CAUTIOUS FUND

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

Opinion

We have audited the financial statements of Marlborough Cautious Fund ("the Fund") for the year ended 30 April 2021, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund set out on pages 18 and 19, 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 2021 and of the net revenue and the net capital gains 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

MARLBOROUGH CAUTIOUS FUND

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

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

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the 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 matters 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 Manager's responsibilities statement set out on page 5, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF 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 Accounting Standards (UK GAAP), including FRS 102, the 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, the Investment 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 through discussions with management to understand where it considered there was susceptibility to fraud. We also considered the risk of management override, specifically management's propensity to influence the net asset value of the Fund and amounts available for distribution. Our procedures involved journal entry testing by specific risk criteria, with a focus on manual top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business.
- 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 Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, including the use of specialists where appropriate, 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 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

23 June 2021

Notes:

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

MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

A Income units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	81.26	89.19	92.57
Return before operating charges*	13.13	(3.99)	0.65
Operating charges	(1.95)	(1.99)	(2.18)
Return after operating charges*	11.18	(5.98)	(1.53)
Distributions on income units	(1.63)	(1.95)	(1.85)
Closing net asset value per unit	90.81	81.26	89.19

* after direct transaction costs of:

0.03 0.05 0.02

Performance

Return after charges 13.76% -6.70% -1.65%

Other information

Closing net asset value (£)	2,088,887	2,925,029	3,992,357
Closing number of units	2,300,389	3,599,680	4,476,461
Operating charges	2.26%	2.23%	2.42%
Direct transaction costs	0.04%	0.05%	0.02%

Prices

Highest unit price	91.40p	93.49p	99.33p
Lowest unit price	80.13p	76.57p	85.24p

A Accumulation units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	140.41	150.64	153.15
Return before operating charges*	22.91	(6.85)	1.12
Operating charges	(3.39)	(3.38)	(3.63)
Return after operating charges*	19.52	(10.23)	(2.51)
Distributions on accumulation units	(2.83)	(3.32)	(3.07)
Retained distributions on accumulation units	2.83	3.32	3.07
Closing net asset value per unit	159.93	140.41	150.64

* after direct transaction costs of:

0.06 0.08 0.03

Performance

Return after charges 13.90% -6.79% -1.64%

Other information

Closing net asset value (£)	2,168,888	2,337,384	2,878,116
Closing number of units	1,356,115	1,664,674	1,910,630
Operating charges	2.26%	2.23%	2.42%
Direct transaction costs	0.04%	0.05%	0.02%

Prices

Highest unit price	160.08p	157.98p	164.33p
Lowest unit price	138.45p	131.05p	142.41p

MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

B Income units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	84.76	92.30	95.21
Return before operating charges*	13.72	(3.90)	0.78
Operating charges	(1.59)	(1.60)	(1.78)
Return after operating charges*	12.13	(5.50)	(1.00)
Distributions on income units	(1.78)	(2.04)	(1.91)
Closing net asset value per unit	95.11	84.76	92.30

* after direct transaction costs of:

0.03 0.05 0.02

Performance

Return after charges 14.31% -5.96% -1.05%

Other information

Closing net asset value (£)	951	847	9
Closing number of units	1,000	1,000	10
Operating charges	1.76%	1.73%	1.92%
Direct transaction costs	0.04%	0.05%	0.02%

Prices

Highest unit price	95.82p	97.11p	101.89p
Lowest unit price	83.52p	79.78p	87.87p

B Accumulation units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	91.49	97.00	97.79
Return before operating charges*	14.68	(3.81)	1.05
Operating charges	(1.73)	(1.70)	(1.84)
Return after operating charges*	12.95	(5.51)	(0.79)
Distributions on accumulation units	(1.92)	(2.13)	(1.93)
Retained distributions on accumulation units	1.92	2.13	1.93
Closing net asset value per unit	104.44	91.49	97.00

* after direct transaction costs of:

0.04 0.05 0.02

Performance

Return after charges 14.15% -5.68% -0.81%

Other information

Closing net asset value (£)	1,044	915	10
Closing number of units	1,000	1,000	10
Operating charges	1.76%	1.73%	1.92%
Direct transaction costs	0.04%	0.05%	0.02%

Prices

Highest unit price	104.69p	102.62p	104.70p
Lowest unit price	90.06p	85.17p	91.22p

MARLBOROUGH CAUTIOUS FUND

COMPARATIVE TABLE

P Income units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	85.82	93.48	96.30
Return before operating charges*	13.94	(4.22)	0.69
Operating charges	(1.40)	(1.39)	(1.58)
Return after operating charges*	12.54	(5.61)	(0.89)
Distributions on income units	(1.73)	(2.05)	(1.93)
Closing net asset value per unit	96.63	85.82	93.48

* after direct transaction costs of:

0.03 0.05 0.02

Performance

Return after charges 14.61% -6.00% -0.92%

Other information

Closing net asset value (£)	1,639,025	563,085	681,946
Closing number of units	1,696,176	656,104	729,472
Operating charges	1.51%	1.48%	1.67%
Direct transaction costs	0.04%	0.05%	0.02%

Prices

Highest unit price	97.25p	98.18p	99.21p
Lowest unit price	84.63p	80.81p	89.12p

P Accumulation units

Change in net assets per unit

	Year to 30.04.2021 pence	Year to 30.04.2020 pence	Year to 30.04.2019 pence
Opening net asset value per unit	97.59	103.92	104.86
Return before operating charges*	16.00	(4.78)	0.78
Operating charges	(1.59)	(1.55)	(1.72)
Return after operating charges*	14.41	(6.33)	(0.94)
Distributions on accumulation units	(1.97)	(2.30)	(2.11)
Retained distributions on accumulation units	1.97	2.30	2.11
Closing net asset value per unit	112.00	97.59	103.92

* after direct transaction costs of:

0.04 0.05 0.02

Performance

Return after charges 14.77% -6.09% -0.90%

Other information

Closing net asset value (£)	1,444,737	852,875	1,081,404
Closing number of units	1,289,983	873,935	1,040,662
Operating charges	1.51%	1.48%	1.67%
Direct transaction costs	0.04%	0.05%	0.02%

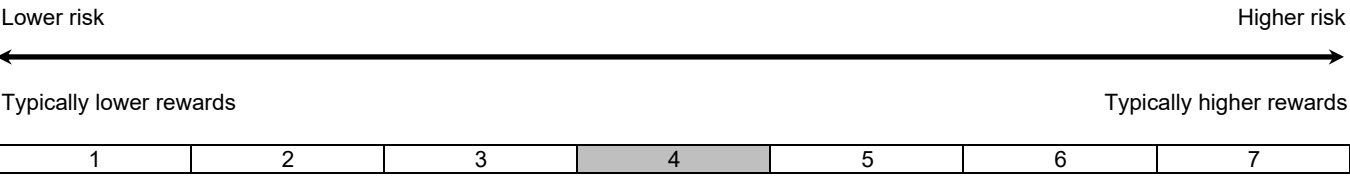
Prices

Highest unit price	112.09p	109.63p	108.02p
Lowest unit price	96.24p	91.01p	97.99p

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.

MARLBOROUGH CAUTIOUS FUND

SYNTHETIC RISK AND REWARD INDICATOR



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

The Fund has been measured as 4 because it has experienced moderate volatility historically. During the year the synthetic risk and reward indicator has remained unchanged.

MARLBOROUGH CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 30 April 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
UK ALL COMPANIES (30 April 2020 - 7.49%)		
22,229 Invesco FTSE RAFI UK 100 UCITS ETF ^A	220,601	3.00
22,015 LF Lindsell Train UK Equity	76,168	1.04
25,445 Marlborough UK Micro-Cap Growth 'P'	302,973	4.13
Total UK Equity	599,742	8.17
UK EQUITY INCOME (30 April 2020 - 11.83%)		
103,763 Franklin UK Equity Income 'W'	160,033	2.18
45,905 iShares UK Dividend UCITS ETF GBP ^A	331,618	4.52
327,620 Man GLG UK Income 'D'	385,936	5.26
Total UK Equity Income	877,587	11.96
UK CORPORATE BOND (30 April 2020 - 6.95%)		
229,530 Schroder Sterling Corporate Bond 'Z' GBP	449,650	6.12
Total UK Corporate Bond	449,650	6.12
UK OTHER BOND (30 April 2020 - 4.64%)		
2,659 Wells Fargo (Lux) Worldwide USD Investment Grade Credit 'I' USD	217,943	2.97
Total UK Other Bond	217,943	2.97
STRATEGIC BOND (30 April 2020 - 5.69%)		
175,536 Allianz Strategic Bond 'C' GBP	356,232	4.85
Total Strategic Bond	356,232	4.85
GLOBAL BOND (30 April 2020 - 12.60%)		
456,984 Legg Mason IF Brandywine Global Income Optimiser 'X'	551,122	7.50
123,839 M&G Global Macro Bond 'IH' Sterling	143,183	1.95
2,698 Vanguard Global Credit Bond GBP Hedged	325,108	4.43
2,775 Vontobel TwentyFour Strategic Income 'I' GBP	365,224	4.97
Total Global Bond	1,384,637	18.85
EUROPE (EX. UK) EQUITIES (30 April 2020 - 4.82%)		
36,944 iShares Edge MSCI Europe Value Factor UCITS ETF EUR ^A	162,292	2.21
40,557 Marlborough European Multi-Cap 'P'	309,065	4.21
1,423 Xtrackers S&P Europe ex. UK UCITS ETF '1D' EUR ^A	75,476	1.03
Total Europe (ex. UK) Equities	546,833	7.45
FAR EAST (EX. JAPAN) EQUITIES (30 April 2020 - 1.78%)		
47,510 Fidelity Asia Pacific Opportunities 'W'	147,850	2.01
1,145 Prusik Asian Equity Income 'U' Sterling Unhedged	181,236	2.47
Total Far East (ex. Japan) Equities	329,086	4.48
GLOBAL EQUITIES (30 April 2020 - 3.25%)		
103,893 M&G Global Listed Infrastructure 'I' Sterling	147,560	2.01
Total Global Equities	147,560	2.01
JAPAN EQUITIES (30 April 2020 - 3.75%)		
875 Baillie Gifford Japanese Smaller Companies 'B'	52,710	0.72
19,301 JPM Japan 'C' Net	70,545	0.96
1,034 Man GLG Japan CoreAlpha Equity 'I' GBP	199,981	2.72
Total Japan Equities	323,236	4.40
NORTH AMERICA EQUITIES (30 April 2020 - 10.87%)		
75,688 Artemis US Select 'I' GBP	227,678	3.10
56,326 iShares Edge MSCI USA Value Factor UCITS ETF USD ^A	360,213	4.90
1,680 Wells Fargo (Lux) Worldwide US Select Equity 'I' USD	231,223	3.15
5,371 Xtrackers S&P 500 Equal Weight UCITS ETF '1C' USD ^A	297,260	4.05
Total North America Equities	1,116,374	15.20

MARLBOROUGH CAUTIOUS FUND

PORTFOLIO STATEMENT

as at 30 April 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
EMERGING MARKETS EQUITIES (30 April 2020 - 1.09%)		
3,715 Fidelity Emerging Markets Focus 'I' USD	56,357	0.77
1,199 iShares MSCI EM Small Cap UCITS ETF USD ^A	75,617	1.03
3,980 JPM Emerging Markets 'C' Net	53,770	0.73
Total Emerging Markets Equities	185,744	2.53
SPECIALIST (30 April 2020 - 5.20%)		
70,444 WisdomTree Grains ^A	217,020	2.95
9,196 WisdomTree Industrial Metals ^A	101,289	1.38
Total Specialist	318,309	4.33
ABSOLUTE RETURN (30 April 2020 - 2.46%)		
MONEY MARKET (30 April 2020 - 6.76%)		
241,554 Royal London Short-Term Money Market 'Y'	246,610	3.36
Total Money Market	246,610	3.36
Portfolio of investments	7,099,543	96.68
Net other assets	243,989	3.32
Total net assets	7,343,532	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.

MARLBOROUGH CAUTIOUS FUND

STATEMENT OF TOTAL RETURN

for the year ended 30 April 2021

	Notes	30 April 2021		30 April 2020	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		863,807		(557,924)
Revenue	6	160,931		209,479	
Expenses	7	(99,205)		(116,791)	
Net revenue before taxation		61,726		92,688	
Taxation	8	-		5	
Net revenue after taxation			61,726		92,693
Total return before distributions			925,533		(465,231)
Distributions	9		(131,589)		(172,335)
Change in net assets attributable to unitholders from investment activities			793,944		(637,566)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 April 2021

	30 April 2021		30 April 2020	
	£	£	£	£
Opening net assets attributable to unitholders		6,680,135		8,633,842
Amounts receivable on issue of units	747,375		235,879	
Amounts payable on cancellation of units	(941,968)		(1,630,054)	
Amounts payable on unit class conversions	2		-	
		(194,591)		(1,394,175)
Change in net assets attributable to unitholders from investment activities		793,944		(637,566)
Retained distribution on accumulation units		64,044		78,034
Closing net assets attributable to unitholders		7,343,532		6,680,135

MARLBOROUGH CAUTIOUS FUND

BALANCE SHEET

as at 30 April 2021

	Notes	30 April 2021 £	30 April 2020 £
Assets:			
Fixed Assets:			
Investments	17	7,099,543	5,957,532
Current Assets:			
Debtors	10	17,769	10,124
Cash and bank balances		279,627	792,134
Total assets		<u>7,396,939</u>	<u>6,759,790</u>
Liabilities:			
Creditors:			
Distribution payable on income units		20,745	33,460
Other creditors	11	32,662	46,195
Total liabilities		<u>53,407</u>	<u>79,655</u>
Net assets attributable to unitholders		<u><u>7,343,532</u></u>	<u><u>6,680,135</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

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

Revenue

Dividends from quoted ordinary securities 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 authorised fund manager's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis. The authorised fund manager'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 30 April 2021 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 30 April 2021 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 2021

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.

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 authorised fund manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised fund manager in pursuance of the investment objective and policy as set out in the Prospectus.

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

Foreign currency risk

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

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

Credit and counterparty risk

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

Interest rate risk

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

Liquidity risk

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

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

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 GAINS/(LOSSES)

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

	30 April 2021 £	30 April 2020 £
Realised gains/(losses) on investments	179,373	45,937
Unrealised gains/(losses) on investments	697,143	(603,825)
Other currency gains/(losses)	(9,289)	4,801
Transaction charges	(3,420)	(4,837)
Net capital losses	863,807	(557,924)

5 PURCHASES, SALES AND TRANSACTION COSTS

	30 April 2021 £	30 April 2020 £
Purchases excluding transaction costs		
Collective Investment Schemes	5,119,385	6,970,830
Exchange Traded Funds	5,404,239	8,804,014
	10,523,624	15,774,844
Commissions - Exchange Traded Funds	1,351	2,140
Total purchase transaction costs	1,351	2,140
Purchases including transaction costs	10,524,975	15,776,984

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	5,208,514	9,523,137
Exchange Traded Funds	5,122,638	7,593,444
	10,331,152	17,116,581
Commissions - Exchange Traded Funds	(1,281)	(1,836)
Total sales transaction costs	(1,281)	(1,836)
Sales net of transaction costs	10,329,871	17,114,745

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

Commissions - Exchange Traded Funds	0.03%	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	0.04%	0.05%
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Transaction handling charges

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

	£3,420	£4,837
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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. The average portfolio dealing spread at 30 April 2021 is 0.04% (2020: 0.04%).

6 REVENUE

	30 April 2021 £	30 April 2020 £
UK dividends	35,804	52,281
Overseas dividends	25,843	21,080
Overseas dividends - unfranked	907	-
Interest distributions - unfranked	97,723	135,892
Management fee rebates	654	-
Bank interest	-	226
Total revenue	160,931	209,479

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

7 EXPENSES

	30 April 2021 £	30 April 2020 £
Payable to the authorised fund manager or associate:		
Manager's periodic charge	87,349	104,383
Registration fees	1,166	1,167
	<u>88,515</u>	<u>105,550</u>
Other expenses:		
Trustee's fees	2,516	2,818
Safe Custody fees	592	692
Interest	20	-
Financial Conduct Authority fee	170	124
Audit fee	7,392	7,607
	<u>10,690</u>	<u>11,241</u>
Total expenses	<u>99,205</u>	<u>116,791</u>

8 TAXATION

	30 April 2021 £	30 April 2020 £
a Analysis of the tax charge for the year		
Recoverable UK Income Tax	-	(5)
Total tax charge (see note 8(b))	<u>-</u>	<u>(5)</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	61,726	92,688
Corporation tax at 20% (2020: 20%)	<u>12,345</u>	<u>18,537</u>
Effects of:		
Revenue not subject to taxation	(12,329)	(14,672)
Unrelieved excess management expenses	(16)	-
Utilised excess management expenses from prior years	-	(3,865)
Recoverable UK Income Tax	-	(5)
Total tax charge (see note 8(a))	<u>-</u>	<u>(5)</u>

At 30 April 2021 the Fund has deferred tax assets of £97,015 (2020: £97,031) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	30 April 2021 £	30 April 2020 £
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	90,126	101,399
Final	40,745	63,774
Amounts deducted on cancellation of units	3,977	8,387
Amounts received on issue of units	(3,259)	(1,222)
Equalisation on conversions	2	-
Revenue brought forward	(2)	(3)
Distributions	<u>131,589</u>	<u>172,335</u>
Net revenue after taxation	61,726	92,693
Manager's periodic charge to capital as adjusted for corporation tax	69,863	79,642
	<u>131,589</u>	<u>172,335</u>

10 DEBTORS

	30 April 2021 £	30 April 2020 £
Amounts receivable for issue of units	2,089	217
Accrued income	15,680	9,907
Total debtors	<u>17,769</u>	<u>10,124</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

11 OTHER CREDITORS

	30 April 2021 £	30 April 2020 £
Amounts payable for cancellation of units	17,310	133
Purchases awaiting settlement	-	29,600
Manager's periodic charge and registration fees	7,160	7,275
Accrued expenses	8,192	9,187
Total other creditors	32,662	46,195

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 April 2021 (2020: nil).

13 RELATED PARTIES

The authorised fund manager 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 authorised fund manager in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the authorised fund manager in respect of the manager's periodic charge and registration fees are disclosed in note 7. Amounts due to the authorised fund manager at the year end are £22,381 (2020: £7,191).

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%
B Income	1.00%
B Accumulation	1.00%
P Income	0.75%
P Accumulation	0.75%

15 UNITHOLDERS' FUNDS RECONCILIATION

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

	A Income	A Accumulation	B Income
Opening units in issue at 1 May 2020	3,599,679	1,664,674	1,000
Units issues	23,093	40,922	-
Units cancellations	(77,816)	(246,056)	-
Units conversions	(1,244,567)	(103,425)	-
Closing units in issue at 30 April 2021	2,300,389	1,356,115	1,000

	B Accumulation	P Income	P Accumulation
Opening units in issue at 1 May 2020	1,000	656,104	873,935
Units issues	-	34,777	607,180
Units cancellations	-	(169,470)	(339,450)
Units conversions	-	1,174,765	148,318
Closing units in issue at 30 April 2021	1,000	1,696,176	1,289,983

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

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 £354,977 (2020: £297,877). 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 2021:

	Investments £	Net current assets £	Total £
Euro	162,292	1,205	163,497
US dollar	1,556,922	-	1,556,922
	<u>1,719,214</u>	<u>1,205</u>	<u>1,720,419</u>

Foreign currency exposure at 30 April 2020:

	Investments £	Net current assets £	Total £
Euro	220,883	-	220,883
US dollar	489,913	-	489,913
	<u>710,796</u>	<u>-</u>	<u>710,796</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 £86,021 (2020: £35,540). A five per cent increase would have an equal and opposite effect.

Interest rate risk

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

	30 April 2021 £	30 April 2020 £
Financial assets floating rate	2,934,699	3,240,216
Financial assets non-interest bearing instruments	4,462,240	3,519,574
Financial liabilities non-interest bearing instruments	(53,407)	(79,655)
	<u>7,343,532</u>	<u>6,680,135</u>

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

Liquidity risk

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

	30 April 2021 £	30 April 2020 £
Within one year:		
Distribution payable on income units	20,745	33,460
Other creditors	32,662	46,195
	<u>53,407</u>	<u>79,655</u>

MARLBOROUGH CAUTIOUS FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2021

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	30 April 2021		30 April 2020	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	1,841,386	-	1,309,098	-
Level 2 - Observable market data	5,258,157	-	4,648,434	-
Level 3 - Unobservable data	-	-	-	-
	<u>7,099,543</u>	<u>-</u>	<u>5,957,532</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 2021, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	30 April 2020*	21 June 2021	Movement (%)
A Income	91.33	91.35	0.02%
A Accumulation	159.96	160.77	0.51%
B Income	95.75	95.81	0.06%
B Accumulation	104.62	105.23	0.58%
P Income	97.19	97.32	0.13%
P Accumulation	112.02	112.70	0.61%

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

MARLBOROUGH CAUTIOUS FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 May 2020 to 31 October 2020

Group 1: units purchased prior to 1 May 2020

Group 2: units purchased on or after 1 May 2020

		Net revenue 31 October 2020 pence per unit	Equalisation 31 October 2020 pence per unit	Distribution paid 31 December 2020 pence per unit	Distribution paid 31 December 2019 pence per unit
A Income	Group 1	1.1255p	-	1.1255p	1.1746p
	Group 2	0.8229p	0.3026p	1.1255p	1.1746p
A Accumulation	Group 1	1.9448p	-	1.9448p	1.9839p
	Group 2	1.6143p	0.3305p	1.9448p	1.9839p
B Income	Group 1	1.2120p	-	1.2120p	1.1980p
	Group 2	1.2120p	-	1.2120p	1.1980p
B Accumulation	Group 1	1.3060p	-	1.3060p	1.2350p
	Group 2	1.3060p	-	1.3060p	1.2350p
P Income	Group 1	1.1914p	-	1.1914p	1.2338p
	Group 2	0.5420p	0.6494p	1.1914p	1.2338p
P Accumulation	Group 1	1.3546p	-	1.3546p	1.3713p
	Group 2	0.6537p	0.7009p	1.3546p	1.3713p

Final distribution for the period from 1 November 2020 to 30 April 2021

Group 1: units purchased prior to 1 November 2020

Group 2: units purchased on or after 1 November 2020

		Net revenue 30 April 2021 pence per unit	Equalisation 30 April 2021 pence per unit	Distribution paid 30 June 2021 pence per unit	Distribution paid 30 June 2020 pence per unit
A Income	Group 1	0.5054p	-	0.5054p	0.7796p
	Group 2	0.4552p	0.0502p	0.5054p	0.7796p
A Accumulation	Group 1	0.8852p	-	0.8852p	1.3349p
	Group 2	0.1530p	0.7322p	0.8852p	1.3349p
B Income	Group 1	0.5630p	-	0.5630p	0.8420p
	Group 2	0.5630p	-	0.5630p	0.8420p
B Accumulation	Group 1	0.6180p	-	0.6180p	0.8990p
	Group 2	0.6180p	-	0.6180p	0.8990p
P Income	Group 1	0.5372p	-	0.5372p	0.8209p
	Group 2	0.3762p	0.1610p	0.5372p	0.8209p
P Accumulation	Group 1	0.6192p	-	0.6192p	0.9249p
	Group 2	0.5363p	0.0829p	0.6192p	0.9249p



Marlborough

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