

Investment Fund Services

IFSL Marlborough UK Micro-Cap Growth Fund

Annual Report and Audited
Financial Statements

for the year ended 31 July 2024

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

CONTACT INFORMATION

Authorised Fund Manager (AFM)

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Dom Clarke
Helen Derbyshire - resigned, 11 December 2023
Helen Redmond
Sally Helston
Guy Sears (Independent Non-Executive) - resigned, 25 March 2024
Katherine Damsell (Independent Non-Executive) - appointed, 25 March 2024
Sarah Peaston (Independent Non-Executive)

Investment Manager

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

Authorised and regulated by the Financial Conduct Authority.

Sub-Investment Manager

Canaccord Genuity Asset Management Limited
88 Wood Street
London
EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

Depository (in its capacity as Trustee)

HSBC Bank plc
8 Canada Square
London
E14 5HQ

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

Administrator and Registrar (from 1 June 2024)

SS&C Financial Services International Limited
New Marlborough House
55-57 Chorley New Road
Bolton
BL1 4QR

Administrator and Registrar (to 1 June 2024)

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

Auditor

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

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IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough UK Micro-Cap Growth Fund	13.95%	14.08%	(28.50)%	16.41%
IA UK Smaller Companies sector*	13.81%	17.31%	(14.65)%	22.51%
FTSE SmallCap Index (ex. Investment Companies)	13.20%	15.39%	5.15%	47.16%

* Effective from 12 August 2024, the Fund's performance benchmark was changed from the IA UK Smaller Companies sector to the FTSE AIM All-Share Index.

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

Performance statement

During the 12-month period from 1 August 2023 to 31 July 2024, the price of the Fund's 'P' Accumulation units rose 14.08%. This compared to a rise of 17.31% in the IA UK Smaller Companies benchmark*.

Market review

Major equity indices in the USA, Europe and the UK hit record highs towards the end of the reporting period as market participants grew increasingly confident that interest rates have peaked, inflation globally has stabilised and is broadly heading downward.

After a torrid couple of years, several UK listed smaller companies showed a marked improvement and positively contributed to the Fund's return. This is a trend we expect to continue as fundamentals continue to improve and the cheap valuations relative to international peers, particularly those in the US, potentially narrow.

Encouragingly, UK consumer confidence hit a two year high in May as wage increases and a stable employment environment provided support, although cost of living pressures remain present. Bank of England (BoE) governor, Andrew Bailey, buoyed markets in the same month stating that the next move in interest rates would be down and on 31 July, the BoE did just that, cutting the Bank Rate by 0.25% to 5.0%. Interestingly, both the European Central Bank and the Bank of Canada also cut their key interest rates during the period.

Political noise was particularly prevalent in the latter half of the reporting period after former Prime Minister, Rishi Sunak, surprised the nation by calling an election on 4 July despite the polls predicting a heavy loss for his Conservative party. Indeed, the Conservatives lost in a record landslide to Sir Keir Starmer's Labour party. Financial markets were unconcerned about the outcome in the run up to and after the election given the, almost, inevitable result. The market appears to have initially taken the view that the much-improved political stability will benefit the UK, at least in the short-to-medium term. While it remains very early days under this new government, our assumption is that the Labour administration will have to maintain an air of fiscal prudence given the importance of the Gilt market, which demonstrated its power in September 2022 in what is now commonly referred to as the Liz Truss 'Mini Budget'.

Fund performance and activity

The biggest winners during the period included Filtronic, Intercede, Trustpilot, Beeks Financial Cloud, Ashtead Technology, Warpaint, hVIVO, XPS Pensions, IG Design, and Animalcare.

Largest losers during the period included Sosandar, Mind Gym, Inspecc, Southern Energy, Cambridge Cognition, Andrada Mining, SDI Group, Accsys Technologies, Kistos, and Agronomics.

Filtronic, the manufacturer of radio frequency (RF) technology products, rose 271% after the company won a succession of contracts and secured a transformational partnership with SpaceX, the manufacturer of Starlink satellites. Moving forward, the company plans to continue investing in its engineering and manufacturing capability to penetrate further the defence, aerospace and security sectors and we are hopeful the new CEO can provide increased impetus to sales. The Fund has been invested in Filtronic for many years and has long recognised the rarity and strategic value of its intellectual property and human capital in RF technology.

Sosandar, the womenswear retailer, fell 64% following a pivot in strategy with plans to launch 'bricks and mortar' stores, having previously focused solely on online and third-party retailer channels. A weak demand backdrop impacted the company's financial performance, along with many other retailers. The shares languished for much of the second half of the period as profits failed to materialise in the company's financial year. The company is going through a transition and investors remain sceptical as to whether the company can prosecute its multi-channel strategy.

During the period several portfolio companies received bids, including IQGeo, Sopheon, TClarke, Lok'n Store, Kin & Carta, Shanta Gold, City Pub Group, FireAngel, Smart Metering Systems, GRC International and Gresham Technologies.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Investment commentary (continued)

Investment outlook

The prospects for the UK are improving, with inflation appearing to be under control, unemployment remaining low and projections for growth increasing. Having been a pariah for some time, the UK is looking more stable than it has in a long time, especially relative to other leading nations, which should bode well for investors.

The remainder of the year is likely to see increased volatility as the US election gets ever closer, central banks get more vocal regarding when and in what quantum they expect to cut interest rates, and investors consider a rotation out of the largest US (principally technology) companies into other areas.

Irrespective of the geopolitical and macroeconomic environment, many portfolio companies are either trading well or showing tangible signs of recovery. We are encouraged to see solid fundamentals being rewarded with increasing share prices. It must be reiterated that the long-term fundamentals of many of our holdings remain compelling and we continue to see this value highlighted by continuing interest in our assets from both trade and financial acquirers.

Canaccord Genuity Asset Management Limited
13 August 2024

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Explanation of terms*

Benchmark - used for comparative purposes.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>A Accumulation (pence per unit)</u>			
Net accumulation paid 30 September	-	-	-
<u>P Accumulation (pence per unit)</u>			
Net accumulation paid 30 September	4.4344	4.1422	0.9917

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Filtronic	5,605,329
NCC Group	5,257,749
Liontrust Asset Management	5,061,678
Future	4,647,500
discoverIE Group	4,140,107
Trustpilot Group	3,792,317
Endeavour Mining	3,335,088
Mears Group	3,201,092
Pollen Street Group	3,119,115
Alpha Group International	2,997,749
Other purchases	85,289,003
Total purchases for the year	126,446,727
<u>Largest sales</u>	<u>Proceeds (£)</u>
Curtis Banks Group	11,489,574
Instem	10,835,114
Gresham Technologies	10,288,671
Blancco Technology Group	9,771,860
Sopheon	8,838,310
Smart Metering Systems	8,293,697
Team Internet Group	6,986,501
Kin and Carta	6,931,799
RWS Holdings	6,700,287
H&T Group	6,586,997
Other sales	189,340,249
Total sales for the year	276,063,059

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED STATUS

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

GENERAL INFORMATION

Investment objective

The investment objective of the Fund is to provide capital growth, that is, to increase the value of your investment, over a minimum of 5 years, however, there is no certainty this will be achieved.

Investment policy

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

At least 80% of the Fund will be invested in the shares of smaller companies and investment trusts listed on UK stock exchanges. These are companies incorporated/domiciled in the UK or that have significant business operations in the UK.

Smaller companies are defined by the Investment Manager as companies whose market capitalisation (the market value of a company's shares) is £500m or less at the time of initial purchase.

The Fund may also invest up to 20% in companies which are listed on overseas stock exchanges, larger company shares (companies whose market capitalisation is more than £500m at the time the initial purchase), and other securities which offer returns linked to the company performance, such as, preference shares, convertible bonds and warrants.

The Fund may, from time to time, hold shares in companies that become unquoted following investment, due to a delisting or other corporate event. The Fund will not make any new investment into the shares of companies that are unquoted.

The Fund invests in a diverse portfolio of investments and is not constrained by any industry or sector.

The Fund may hold up to 20% in cash, government bonds (with maturities of 5 years or less) and money market instruments (short term loans typically issued by governments and corporations) to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the Fund's investment objective.

The Fund will not invest in derivatives.

Investment strategy

The Investment Manager aims to identify and invest in companies they believe will grow steadily over time or are undervalued based on their future potential.

While the Investment Manager monitors economic and market conditions, their focus is looking closely at individual companies before deciding where to invest.

The Investment Manager has a strong belief in the long-term growth prospects of smaller UK companies, which is why the Fund invests mostly in these types of companies. This will include some of the smallest companies, such as those listed on the FTSE AIM All Share Index. This index consists of all companies quoted on the Alternative Investment Market.

The Investment Manager chooses investments with the aim to mitigate performance being overly dependent on any one industry or sector for investment performance.

To identify the best opportunities, the Investment Manager uses both their own research and external research from other sources. The Investment Manager uses fundamental analysis, such as, reviewing a company's plans for the future and their financial reports, understanding how the company is run, and assessing whether the company is valued correctly. The Investment Manager regularly meets with the board and management teams of companies to further understand and identify investment opportunities.

Assessing performance

The FTSE AIM All-Share Index is an index made up of the shares of companies listed on the Alternative Investment Market (AIM), a sub-market of the London Stock Exchange designed to help smaller companies access the public market. The composition of the FTSE AIM All-Share Index is broadly similar to that of the Fund. You may want to assess the Fund's performance compared to the performance of this index.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

GENERAL INFORMATION

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. The Fund is assessed and reported on in a composite report which the AFM publishes on the website www.ifsifunds.com. The latest report was published on 30 September 2024.

Task force on climate-related financial disclosures

A statement of the climate-related financial disclosures is published on the website <https://www.ifsifunds.com/tcf-reporting>.

Changes in prospectus

On 1 June 2024, SS&C Financial Services International Limited became the administrator and registrar of the Fund. Prior to this date the administrator and registrar was IFSL.

The following changes occurred after the balance sheet date and are effective from 12 August 2024:

Updates to investment objectives, policies and strategies

The investment objective of the Fund was amended to remove the FTSE SmallCap Index (ex-Investment Companies) performance target. A new recommended method for assessing performance, the FTSE AIM All-Share Index has been added to the Prospectus.

Other minor changes have been made in the Prospectus to enhance how we explain the Fund's investment objectives, policies, and strategies. These changes do not reflect a change in the way the Fund is managed and are for clarification purposes only.

Changes to Registrar's fee

The AFM made changes to the fee that is taken from the Fund to cover the administration costs associated with the Registrar for the Fund. The Registrar is responsible for managing the register of investors for the Fund, which includes all investor dealing, and this fee is known as the "Registration Fee".

The AFM adjusted the calculation of the Registration Fee to include any investor dealing in the Fund, an increased, but simpler annual charge per investor, and removing some fees altogether.

Fees relating to any investor dealing in the Fund will be charged to the Fund and not to the deal placed by an investor, and will in future be charged at a rate of:

- £5 per deal, when placed through a platform.
- £15 per deal, when placed directly through the Registrar.

The AFM made an increase to the annual charge per investor in the Fund, but also removed any fixed annual fee from the calculation. Details of these changes can be found in Appendix 1 of the prospectus.

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.

GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited (the AFM) is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2023 (the AFM's year end) are set out below:

	Number of identified staff	Total remuneration paid £	Fixed remuneration paid £	Variable remuneration paid £
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund				
Senior management	8	908,018	768,628	139,390
Risk takers and other identified staff	4	411,040	375,277	35,763
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.54	61,585	52,131	9,454
Risk takers and other identified staff	0.27	27,879	25,453	2,426

The total number of staff employed by the AFM was 238 as at 30 September 2023. The total remuneration paid to those staff was £12,464,744, of which £4,346,942 is attributable to the AFM.

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

DIRECTORS' STATEMENT

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



Allan Hamer
Director



Helen Redmond
Director

Investment Fund Services Limited
29 November 2024

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

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 UK Micro-Cap Growth Fund ("the Trust") for the Period Ended 31 July 2024

The Depositary in its capacity as Trustee of IFSL Marlborough UK Micro-Cap Growth Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

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

HSBC Bank plc

29 November 2024

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

Opinion

We have audited the financial statements of IFSL Marlborough UK Micro-Cap Fund ("the Fund") for the year ended 31 July 2024, 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, 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 31 July 2024 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 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 Authorised Fund Manager's (the "AFM") 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 AFM 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 AFM 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH UK MICRO-CAP GROWTH 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;
- 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 AFM'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 AFM

As explained more fully in the AFM's responsibilities statement set out on page 7, the AFM 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 AFM 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 AFM 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 AFM 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 UK MICRO-CAP GROWTH 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), 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 AFM and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to the incorrect valuation of unquoted investments and the incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impacts to amounts available for distribution. In response to our fraud risks, we tested the unquoted investment valuation by reviewing the price used, agreeing the valuation inputs to external sources where possible and providing challenge to management's valuation and we tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- 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 AFM 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

29 November 2024

Notes:

1. The maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the AFM; 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 UK MICRO-CAP GROWTH FUND

COMPARATIVE TABLE

A Accumulation units

Change in net assets per unit

	Year to 31.07.2024 pence	Year to 31.07.2023 pence	Year to 31.07.2022 pence
Opening net asset value per unit	706.36	823.12	1,149.41
Return before operating charges*	107.59	(104.82)	(309.95)
Operating charges	(11.00)	(11.94)	(16.34)
Return after operating charges*	96.59	(116.76)	(326.29)
Distributions on accumulation units	-	-	-
Retained distributions on accumulation units	-	-	-
Closing net asset value per unit	802.95	706.36	823.12

* after direct transaction costs of:

1.01 0.67 0.71

Performance

Return after charges^A

13.67% (14.19)% (28.39)%

Other information

Closing net asset value (£)	9,292,826	10,607,012	99,414,062
Closing number of units	1,157,333	1,501,646	12,077,736
Operating charges	1.53% ^B	1.55%	1.55%
Direct transaction costs	0.14%	0.09%	0.07%

Prices (pence per unit)

Highest unit price	815.06	851.18	1,247.00
Lowest unit price	632.83	704.34	796.19

P Accumulation units

Change in net assets per unit

	Year to 31.07.2024 pence	Year to 31.07.2023 pence	Year to 31.07.2022 pence
Opening net asset value per unit	766.23	885.88	1,227.15
Return before operating charges*	117.33	(113.05)	(332.18)
Operating charges	(6.08)	(6.60)	(9.09)
Return after operating charges*	111.25	(119.65)	(341.27)
Distributions on accumulation units	(4.43)	(4.14)	(0.99)
Retained distributions on accumulation units	4.43	4.14	0.99
Closing net asset value per unit	877.48	766.23	885.88

* after direct transaction costs of:

1.09 0.72 0.77

Performance

Return after charges^A

14.52% (13.51)% (27.81)%

Other information

Closing net asset value (£)	637,303,411	721,535,232	939,650,896
Closing number of units	72,628,578	94,167,022	106,069,390
Operating charges	0.78% ^B	0.80%	0.80%
Direct transaction costs	0.14%	0.09%	0.07%

Prices (pence per unit)

Highest unit price	889.49	915.49	1,331.86
Lowest unit price	687.24	758.78	856.10

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

^B On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each unit class in the year. Where it is considered unsuitable to use the total expenses paid by each unit class in the year to calculate the OCF because of material changes to the Fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

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 UK MICRO-CAP GROWTH FUND

SYNTHETIC RISK AND REWARD INDICATOR (all unit classes)

Lower risk

Higher risk



Typically lower rewards

Typically higher rewards

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

The Fund has been measured as 6 because its investments have experienced high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value		Bid value £	Percentage of total net assets %
UNITED STATES FIXED INTEREST (31 July 2023 - 0.11%)			
EQUITIES (31 July 2023 - 97.67%)			
AEROSPACE AND DEFENCE (31 July 2023 - 0.77%)			
737,500	Cohort	6,165,500	0.95
	Total Aerospace and Defence	6,165,500	0.95
AUTOMOBILES AND PARTS (31 July 2023 - 0.37%)			
BEVERAGES (31 July 2023 - 0.40%)			
3,571,764	The Artisanal Spirits Company	1,535,859	0.24
	Total Beverages	1,535,859	0.24
CHEMICALS (31 July 2023 - 0.77%)			
1,075,000	Trealtt	4,918,125	0.76
	Total Chemicals	4,918,125	0.76
CLOSED END INVESTMENTS (31 July 2023 - 1.02%)			
7,000,000	Augmentum Fintech	7,700,000	1.19
	Total Closed End Investments	7,700,000	1.19
CONSTRUCTION AND MATERIALS (31 July 2023 - 4.54%)			
2,600,000	Accsys Technologies	1,409,200	0.22
10,175,000	Brickability Group	7,346,350	1.14
3,750,000	Lords Group Trading	1,500,000	0.23
250,000	Marshalls	878,750	0.14
2,600,000	Michelmersh Brick Holdings	2,548,000	0.39
3,750,000	Norcros	8,775,000	1.36
12,000,000	SigmaRoc	8,304,000	1.28
	Total Construction and Materials	30,761,300	4.76
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2023 - 3.67%)			
500,000	discoverIE Group	3,385,000	0.52
6,500	Judges Scientific	630,500	0.10
1,971,756	MYCELX Technologies	1,104,183	0.17
250,000	Porvair	1,645,000	0.25
2,700,000	SDI Group	1,728,000	0.27
295,000	Solid State	4,071,000	0.63
17,500,000	Thruvision Group	2,625,000	0.41
2,075,000	Voilex	7,345,500	1.14
200,000	XP Power	2,560,000	0.40
	Total Electronic and Electrical Equipment	25,094,183	3.89
FINANCE AND CREDIT SERVICES (31 July 2023 - 1.01%)			
8,350,000	Duke Capital	2,797,250	0.43
50,000	Mortgage Advice Bureau (Holdings)	451,000	0.07
	Total Finance and Credit Services	3,248,250	0.50
GENERAL INDUSTRIALS (31 July 2023 - 1.25%)			
960,000	Hargreaves Services	5,395,200	0.83
	Total General Industrials	5,395,200	0.83
HEALTH CARE PROVIDERS (31 July 2023 - 1.27%)			
3,070,000	Cambridge Cognition Holdings	1,320,100	0.20
5,000,000	Diaceutics	6,450,000	1.00
17,099,500	hVIVO	5,044,353	0.78
	Total Health Care Providers	12,814,453	1.98

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2023 - 0.76%)		
50,000 MJ Gleeson	285,500	0.04
2,105,172 ProCook Group	509,452	0.08
4,990,000 Springfield Properties	4,840,300	0.75
990,000 Ultimate Products	1,311,750	0.20
Total Household Goods and Home Construction	6,947,002	1.07
INDUSTRIAL ENGINEERING (31 July 2023 - 1.57%)		
420,000 AB Dynamics	8,127,000	1.26
1,200,000 Somero Enterprises	3,780,000	0.58
Total Industrial Engineering	11,907,000	1.84
INDUSTRIAL METALS AND MINING (31 July 2023 - 2.44%)		
59,657,078 Andrada Mining	1,909,026	0.30
10,000 Atalaya Mining	37,200	0.01
3,500,000 Ferrexpo	2,086,000	0.32
9,500,000 Trident Royalties	4,560,000	0.71
Total Industrial Metals and Mining	8,592,226	1.34
INDUSTRIAL SUPPORT SERVICES (31 July 2023 - 9.65%)		
4,750,000 Boku 'Reg S'	8,075,000	1.25
300,000 Elixirr International	1,686,000	0.26
100,000 Essentra	164,600	0.03
50,000 FDM Group (Holdings)	211,750	0.03
3,040,000 Franchise Brands	5,168,000	0.80
3,052,634 Frontier IP Group	1,037,896	0.16
1,400,000 Keystone Law Group	9,072,000	1.40
775,000 Marlowe	3,363,500	0.52
3,600,000 Mind Gym	864,000	0.13
50,000 PayPoint	344,000	0.05
1,875,000 Restore	4,725,000	0.73
1,350,000 Science Group	5,805,000	0.90
100,000 STthree	412,500	0.06
1,269,003 Water Intelligence	5,076,012	0.79
Total Industrial Support Services	46,005,258	7.11
INDUSTRIAL TRANSPORTATION (31 July 2023 - 1.29%)		
5,350,000 Avation	6,901,500	1.07
3,975,000 Facilities by ADF	2,146,500	0.33
510,000 Fisher (James) & Sons	1,708,500	0.26
Total Industrial Transportation	10,756,500	1.66
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2023 - 8.47%)		
750,000 Alpha Group International	18,975,000	2.93
1,000,000 Aquis Exchange	4,880,000	0.75
4,000 Brooks Macdonald Group	80,000	0.01
12,683,429 Frenkel Topping Group	5,834,377	0.90
5,000 Impax Asset Management Group	20,200	-
800,000 Liontrust Asset Management	5,304,000	0.82
10,100,000 Mercia Asset Management	3,474,400	0.54
1,801,370 Molten Ventures	6,746,131	1.04
1,831,000 PensionBee Group	3,011,995	0.47
500,000 Pollen Street Group	3,500,000	0.54
550,000 Record	347,600	0.05
897,000 Tatton Asset Management	6,279,000	0.97
1,400,000 TMT Investments	3,096,453	0.48
2,300,000 XPS Pensions Group	7,452,000	1.15
Total Investment Banking and Brokerage Services	69,001,156	10.65

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value		Bid value £	Percentage of total net assets %
LEISURE GOODS (31 July 2023 - 1.36%)			
1,475,000	Focusrite	5,605,000	0.87
17,000	Games Workshop Group	1,769,700	0.27
310,000	Team17 Group	883,500	0.14
	Total Leisure Goods	8,258,200	1.28
MEDIA (31 July 2023 - 4.90%)			
2,841,832	Dianomi	1,563,008	0.24
15,793,566	Ebiquity	5,843,619	0.90
500,000	Future	5,520,000	0.85
5,750,000	GlobalData	12,362,500	1.91
4,250,000	LBG Media	5,440,000	0.84
650,000	Nexxen International	1,745,250	0.27
1,600,000	Reach	1,705,600	0.26
1,912,933	The Pebble Group	1,052,113	0.16
6,125,000	Time Out Group	3,307,500	0.51
	Total Media	38,539,590	5.94
MEDICAL EQUIPMENT AND SERVICES (31 July 2023 - 1.21%)			
900,000	Advanced Medical Solutions Group	2,196,000	0.34
15,286,229	Creo Medical Group	4,585,869	0.71
36,200,000	Kromek Group	2,135,800	0.33
	Total Medical Equipment and Services	8,917,669	1.38
OIL, GAS AND COAL (31 July 2023 - 3.29%)			
4,250,000	Afentra	2,269,500	0.35
400,000	Ashtead Technology Holdings	3,452,000	0.53
11,525,000	i3 Energy	1,102,942	0.17
14,000,000	Jadestone Energy	4,410,000	0.68
1,570,000	Kistos Holdings	1,978,200	0.31
7,500,000	PetroTal	3,037,500	0.47
5,530,000	Southern Energy	497,700	0.08
10,600,000	Westmount Energy	137,800	0.02
	Total Oil, Gas and Coal	16,885,642	2.61
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 July 2023 - 0.00%)			
6,500	Rosebank Industries	52,975	0.01
	Total Open End and Miscellaneous Investment Vehicles	52,975	0.01
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2023 - 1.03%)			
6,120,000	IG Design Group	12,974,400	2.01
	Total Personal Care, Drug and Grocery Stores	12,974,400	2.01
PERSONAL GOODS (31 July 2023 - 1.85%)			
6,267,478	Inspects Group	3,259,088	0.50
650,000	Warpaint London	4,030,000	0.62
	Total Personal Goods	7,289,088	1.12
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2023 - 2.60%)			
27,500,000	Agronomics	1,595,000	0.25
1,650,000	Alliance Pharma	627,825	0.10
1,408,000	Animalcare Group	3,914,240	0.61
1,750,000	MaxCyte	6,125,000	0.95
150,000	Oxford BioMedica	552,750	0.09
1,470,705	PureTech Health	2,573,734	0.40
	Total Pharmaceuticals and Biotechnology	15,388,549	2.40

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value		Bid value £	Percentage of total net assets %
PRECIOUS METALS AND MINING (31 July 2023 - 3.24%)			
1,000,000	Centamin	1,254,000	0.19
185,000	Endeavour Mining	3,220,850	0.50
91,000,000	Jubilee Metals Group	5,460,000	0.85
28,000,000	Pan African Resources	8,064,000	1.25
15,588,000	Thor Explorations	2,026,440	0.31
	Total Precious Metals and Mining	20,025,290	3.10
REAL ESTATE INVESTMENT AND SERVICES (31 July 2023 - 0.10%)			
RETAILERS (31 July 2023 - 2.42%)			
5,754,000	Angling Direct	2,071,440	0.32
2,886,250	CMO Group	404,075	0.06
5,750,000	Marks Electrical Group	3,737,500	0.58
2,814,286	Moonpig Group	6,149,215	0.95
8,304,500	Sosandar	705,883	0.11
	Total Retailers	13,068,113	2.02
SOFTWARE AND COMPUTER SERVICES (31 July 2023 - 27.40%)			
7,619,063	1Spatial	5,257,153	0.81
1,181,507	accesso Technology Group	8,152,398	1.26
9,825,000	ActiveOps	13,067,250	2.02
1,750,000	AdvancedAdvT	2,485,000	0.38
650,000	Alfa Financial Software Holdings	1,197,300	0.19
1,349,196	Aptitude Software Group	5,113,453	0.79
4,300,000	Beeks Financial Cloud Group	10,148,000	1.57
3,550,000	Celebrus Technologies	9,940,000	1.54
500,000	Cerillion	8,750,000	1.35
1,350,000	Eagle Eye Solutions Group	6,426,000	0.99
15,000,000	Eckoh	6,300,000	0.97
6,000,000	essensys	1,800,000	0.28
10,000,000	GRC International Group	750,000	0.12
6,500,000	Idox	3,913,000	0.61
1,650,000	Intercede Group	2,475,000	0.38
3,900,000	IQGeo Group	18,252,000	2.82
3,250,000	K3 Business Technology Group	2,762,500	0.43
1,565,000	Kooth	5,070,600	0.78
4,000,000	Microlise Group	5,600,000	0.87
4,200,000	NCC Group	6,140,400	0.95
7,000,000	Oxford Metrics	6,370,000	0.99
13,000,000	Pulsar Group	9,750,000	1.51
6,137,274	SysGroup	2,025,300	0.31
6,725,748	TPXimpact Holdings	3,362,874	0.52
1,050,000	Tracsis	6,510,000	1.01
7,500,000	Trustpilot Group	15,600,000	2.41
6,100,000	Windward	6,100,000	0.94
	Total Software and Computer Services	173,318,228	26.80
TECHNOLOGY HARDWARE AND EQUIPMENT (31 July 2023 - 1.17%)			
3,350,000	Concurrent Technologies	3,936,250	0.61
40,159,995	IQE	12,610,238	1.95
1,350,000	TT Electronics	1,991,250	0.31
	Total Technology Hardware and Equipment	18,537,738	2.87
TELECOMMUNICATIONS EQUIPMENT (31 July 2023 - 0.42%)			
10,000,000	BATM Advanced Communications	1,990,000	0.31
21,975,000	Filtronic	14,283,750	2.21
	Total Telecommunications Equipment	16,273,750	2.52

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value		Bid value £	Percentage of total net assets %
TELECOMMUNICATIONS SERVICE PROVIDERS (31 July 2023 - 0.00%)			
850,000	Zegona Communications	2,873,000	0.45
	Total Telecommunications Service Providers	2,873,000	0.45
TRAVEL AND LEISURE (31 July 2023 - 4.70%)			
27,040,322	DP Poland	2,839,234	0.44
13,880,000	Gaming Realms	5,427,080	0.84
800,000	Hostelworld Group	1,144,000	0.18
300,000	Jet2	4,248,000	0.66
750,000	Loungers	2,025,000	0.31
6,500,000	Marston's	2,665,000	0.41
10,000	PPHE Hotel Group	143,000	0.02
8,950,000	Ten Lifestyle Group	6,488,750	1.00
275,000	The Gym Group	397,100	0.06
1,700,000	Tortilla Mexican Grill	884,000	0.14
11,168,905	Various Eateries	1,898,714	0.29
9,000,000	XP Factory	1,350,000	0.21
10,000	Young & Co's Brewery 'A'	99,600	0.02
250,000	Young & Co's Brewery 'NV'	1,750,000	0.27
	Total Travel and Leisure	31,359,478	4.85
WASTE AND DISPOSAL SERVICES (31 July 2023 - 0.76%)			
OVERSEAS SECURITIES (31 July 2023 - 0.21%)			
600,800	Adriatic Metals CDIs	970,183	0.15
	Total Overseas Securities	970,183	0.15
UNQUOTED SECURITIES (31 July 2023 - 1.76%)			
7,937,506	Albert Technologies ^A	-	-
1,891,500	Constellation Healthcare Technologies Promissory Notes ^B	-	-
4,153,087	HaloSource ^C	-	-
15,917,167	HaloSource 'Reg S' ^C	-	-
17,829	Infinity Reliance ^B	750,066	0.12
360,000	Lamaune Iron ^B	-	-
19,000,000	MJ Hudson Group ^D	-	-
3,000,000	Moxico Resources ^B	1,800,000	0.28
6,999,000	Okullo ^D	-	-
3,490,856	Patisserie Holdings ^C	-	-
9,249	Phoenix Industrial Minerals Pty ^B	-	-
195,000	SCA Investments ^B	5,460,000	0.85
34,636	SCA Investments 'M' ^B	1,938,230	0.30
35,921,494	Trackwise Designs ^D	-	-
16,860,887	Trackwise Designs Warrants (£0.06) 09.01.26 ^E	-	-
3,729,554	Tricorn Group ^D	-	-
	Total Unquoted Securities	9,948,296	1.55
TOTAL EQUITIES		645,522,201	99.83
Portfolio of investments		645,522,201	99.83
Net other assets		1,074,036	0.17
Total net assets		646,596,237	100.00

^A These shares are delisted and are valued at zero, based on the latest information received.

^B These shares are unlisted and are being valued using the latest information received.

^C These shares are valued at zero, as the companies are in liquidation with no expected return.

^D These shares are valued at zero, as the companies are in administration with no expected return.

^E All holdings of warrants have been valued at the exercise price less the price of the underlying ordinary shares.

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
STATEMENT OF TOTAL RETURN

for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		80,352,387		(134,451,538)
Revenue	6	8,980,348		11,377,529	
Expenses	7	<u>(5,163,721)</u>		<u>(7,404,621)</u>	
Net revenue before taxation		3,816,627		3,972,908	
Taxation	8	<u>(163,944)</u>		<u>(58,184)</u>	
Net revenue after taxation			<u>3,652,683</u>		<u>3,914,724</u>
Total return before distributions			84,005,070		(130,536,814)
Distributions	9		(3,670,005)		(3,942,624)
Change in net assets attributable to unitholders from investment activities			<u>80,335,065</u>		<u>(134,479,438)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 July 2024

		31 July 2024		31 July 2023	
		£	£	£	£
Opening net assets attributable to unitholders			732,142,244		1,039,064,958
Amounts receivable on issue of units		8,114,244		4,998,440	
Amounts payable on cancellation of units		(177,320,183)		(182,228,588)	
Amounts receivable/(payable) on unit class conversions		873		(422,862)	
Compensation to the fund		<u>1,687</u>		<u>-</u>	
			(169,203,379)		(177,653,010)
Dilution adjustment			101,633		1,309,205
Change in net assets attributable to unitholders from investment activities			80,335,065		(134,479,438)
Retained distribution on accumulation units			3,220,674		3,900,529
Closing net assets attributable to unitholders			<u>646,596,237</u>		<u>732,142,244</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

BALANCE SHEET

as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	16	645,522,201	715,892,318
Current Assets:			
Debtors	10	1,578,391	1,215,406
Cash and bank balances		2,603,787	18,835,893
Total assets		<u>649,704,379</u>	<u>735,943,617</u>
Liabilities:			
Creditors:			
Bank overdrafts		696,343	-
Other creditors	11	2,411,799	3,801,373
Total liabilities		<u>3,108,142</u>	<u>3,801,373</u>
Net assets attributable to unitholders		<u><u>646,596,237</u></u>	<u><u>732,142,244</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING POLICIES

Basis of preparation

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

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

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

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

Revenue

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple unit classes, with the exception of the AFM's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 31 July 2024 being the last valuation point of the accounting year.

Where applicable, investment valuations exclude any element of accrued revenue.

Investments which are unquoted are held at fair value, which is initially equal to cost and thereafter requires significant estimation in concluding on their fair value. While there is a robust and consistent valuation process undertaken by the AFM's Fair Value Pricing Committee, it is recognised that in stating these assets at fair value there is a significant element of estimation uncertainty. In line with the AFM's Fair Value Policy for reviewing investment valuations, the assumptions and estimates made in determining the fair value of each unquoted investment are considered at least each six months or sooner if there is a triggering event. The judgements to the estimations of fair value are considered on an ongoing basis including considering impact of events in the wider market. In making these estimates, appropriate care is taken to consider the nature and inherent uncertainties of market events and their impact on the fair value of unquoted assets.

The AFM has followed the IA's Authorised Funds: Fair Value Pricing Guidance July, 2019 to implement a Fair Value Pricing Policy, and takes into account individual stock specific fair value pricing, sector fair value pricing, market fair value pricing and fund fair value pricing as is necessary.

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 31 July 2024 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 31 July 2024

ACCOUNTING POLICIES (continued)

Dilution adjustment

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

2 DISTRIBUTION POLICIES

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

During the year, the Fund was less than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and therefore qualified as an equity fund. The Fund paid dividend distributions.

Equalisation

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

Stock and special dividends

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

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

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

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

Market price risk

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

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

Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

RISK MANAGEMENT POLICIES (continued)

Foreign currency risk (continued)

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.

4 NET CAPITAL GAINS/(LOSSES)

31 July 2024

31 July 2023

£

£

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

Non-derivative securities gains/(losses)	80,377,908	(134,438,145)
Other currency (losses)/gains	(16,083)	1,538
Transaction charges	(9,438)	(14,931)
Net capital gains/(losses)	80,352,387	(134,451,538)

5 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024

31 July 2023

£

£

Purchases excluding transaction costs

Equities	114,020,957	102,694,021
Corporate actions	5,848,477	26,606,383
Debt securities	6,098,635	759,964

Equities:	Commissions	185,104	133,541
	Taxes and other charges	291,115	134,484
Debt securities:	Commissions	2,439	304
Total purchases transaction costs		478,658	268,329

Purchases including transaction costs

	126,446,727	130,328,697
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Purchases transaction costs expressed as a percentage of the principal amount:

Equities:	Commissions	0.16%	0.13%
	Taxes and other charges	0.26%	0.13%
Debt securities:	Commissions	0.04%	0.04%

Sales excluding transaction costs

Equities	230,643,506	241,322,790
Corporate actions	38,939,485	35,275,395
Debt securities	6,918,317	-

Equities:	Commissions	(435,411)	(502,651)
	Taxes and other charges	(1,056)	(952)
Debt securities	Commissions	(1,782)	-
Total sales transaction costs		(438,249)	(503,603)

Sales net of transaction costs

	276,063,059	276,094,582
--	--------------------	--------------------

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

Equities:	Commissions	0.19%	0.21%
	Taxes and other charges	0.00%	0.00%
Debt securities:	Commissions	0.03%	0.00%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

PURCHASES, SALES AND TRANSACTION COSTS (continued)		31 July 2024	31 July 2023
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:			
Commissions		0.10%	0.07%
Taxes and other charges		0.04%	0.02%
		<u>0.14%</u>	<u>0.09%</u>
Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.			
Transaction handling charges			
These are charges payable to the trustee in respect of each transaction:		9,438	14,931
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		2.16%	3.14%
6 REVENUE		31 July 2024	31 July 2023
		£	£
UK dividends (franked)		7,297,304	9,724,257
UK dividends (unfranked)		35,200	-
Interest on debt securities		131,822	1,993
Overseas dividends		1,287,588	870,940
Bank interest		228,434	780,339
Total revenue		<u>8,980,348</u>	<u>11,377,529</u>
7 EXPENSES		31 July 2024	31 July 2023
		£	£
Payable to the AFM or associate:			
AFM's periodic charge		5,003,752	7,145,384
Registration fees		5,635	6,670
		<u>5,009,387</u>	<u>7,152,054</u>
Other expenses:			
Trustee's fees		123,502	193,893
Safe custody fees		20,228	45,923
Financial Conduct Authority fee		15	(28)
Audit fee		10,589	12,779
		<u>154,334</u>	<u>252,567</u>
Total expenses		<u>5,163,721</u>	<u>7,404,621</u>
8 TAXATION		31 July 2024	31 July 2023
		£	£
a Analysis of the tax charge for the year			
Overseas tax		163,944	58,184
Total tax charge for the year (see note 8(b))		<u>163,944</u>	<u>58,184</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		3,816,627	3,972,909
UK corporation tax at 20% (2023: 20%)		763,325	794,582
Effects of:			
Revenue not subject to taxation		(1,716,978)	(2,119,039)
Unrelieved excess management expenses		953,653	1,324,457
Overseas tax		163,944	58,184
Total tax charge for the year (see note 8(a))		<u>163,944</u>	<u>58,184</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

TAXATION (continued)

c Provision for deferred taxation

At 31 July 2024 the Fund has deferred tax assets of £17,897,135 (2023: £16,943,482) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 July 2024 £	31 July 2023 £
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Final	3,220,679	3,900,591
Amounts deducted on cancellation of units	466,885	464,543
Amounts added on issue of units	(18,427)	414
Equalisation on conversions	873	(422,863)
Revenue brought forward	(5)	(61)
Distributions	3,670,005	3,942,624
Net deficit of revenue for the year	(17,322)	(27,899)
Net revenue after taxation for the year	3,652,683	3,914,725

10 DEBTORS

	31 July 2024 £	31 July 2023 £
Amounts receivable for issue of units	4,224	-
Sales awaiting settlement	473,920	406,286
Accrued income	1,100,247	809,120
Total debtors	1,578,391	1,215,406

11 OTHER CREDITORS

	31 July 2024 £	31 July 2023 £
Amounts payable for cancellation of units	1,575,201	3,154,941
Purchases awaiting settlement	328,739	91,324
AFM's periodic charge and registration fees	421,921	482,365
Accrued expenses	85,938	72,743
Total other creditors	2,411,799	3,801,373

12 RELATED PARTIES

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due from/to the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11, respectively. 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 £1,992,898 (2023: £3,637,306).

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

	31 July 2024	31 July 2023
Proportion of units owned by directors of IFSL or UFC Fund Management plc	0.47%	0.37%

Distributions were payable on the above holdings at the rates applicable to other unitholders.

13 UNIT CLASSES

The unit classes in issue for the Fund and the annual management charge for each unit class is as follows:

A Accumulation	1.50%
P Accumulation	0.75%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

14 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 Accumulation	P Accumulation
Opening units in issue at 1 August 2023	1,501,646	94,167,022
Units issued	202,823	896,814
Units cancelled	(577,265)	(22,407,574)
Units converted	30,129	(27,684)
Closing units in issue at 31 July 2024	1,157,333	72,628,578

15 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 £32,276,110 (2023: £35,794,616). 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 31 July 2024

	Investments £	Net other assets £	Total £
Australian dollar	970,183	-	970,183
Euro	-	36	36
US dollar	3,096,453	66,025	3,162,477
	<u>4,066,635</u>	<u>66,061</u>	<u>4,132,696</u>

Foreign currency exposure at 31 July 2023

	Investments £	Net other assets £	Total £
Australian dollar	546	-	546
Canadian dollar	264,609	-	264,609
Euro	1,236,592	36	1,236,629
US dollar	3,927,957	77,387	4,005,344
	<u>5,429,705</u>	<u>77,423</u>	<u>5,507,128</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 £206,635 (2023: £275,356). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024
£

31 July 2023
£

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

Financial assets floating rate ^A	2,603,787	18,835,893
Financial assets interest bearing instruments	-	772,476
Financial assets non-interest bearing instruments	647,100,592	716,335,248
Financial liabilities floating rate ^A	(696,343)	-
Financial liabilities non-interest bearing instruments	(2,411,799)	(3,801,373)
	<u>646,596,237</u>	<u>732,142,244</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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

Liquidity risk

31 July 2024
£

31 July 2023
£

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

On demand:	Bank overdrafts	696,343	-
Within one year:	Other creditors	2,411,799	3,801,373
		<u>3,108,142</u>	<u>3,801,373</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

16 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	635,573,905	-	702,884,795	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	9,948,296	-	13,007,523	-
	<u>645,522,201</u>	<u>-</u>	<u>715,892,318</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.

17 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
A Accumulation	813.28	755.40	(7.12)%
P Accumulation	887.96	826.88	(6.88)%

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

DISTRIBUTION TABLE

Final distribution for the period from 1 August 2023 to 31 July 2024

Group 1: units purchased prior to 1 August 2023
Group 2: units purchased on or after 1 August 2023

		Net revenue 31 July 2024 pence per unit	Equalisation 31 July 2024 pence per unit	Distribution paid 30 September 2024 pence per unit	Distribution paid 30 September 2023 pence per unit
A Accumulation	Group 1	-	-	-	-
	Group 2	-	-	-	-
P Accumulation	Group 1	4.4344	-	4.4344	4.1422
	Group 2	2.1626	2.2718	4.4344	4.1422

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