

IFSL Marlborough UK Micro-Cap Growth Fund

(formerly Marlborough UK Micro-Cap Growth Fund)

Annual Report and Audited Financial Statements

for the year ended 31 July 2022

IFSL

— Fund Services —

Marlborough

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar (from 26 November 2021)

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of Investment Fund Services Limited

Andrew Staley (Non-Executive)
Allan Hamer
Wayne D Green - resigned 24 March 2022
Helen Derbyshire
Helen Redmond
Sally Helston - appointed 12 August 2022
David Kiddie (Non-Executive) - resigned on 2 December 2021
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Authorised Fund Manager and Registrar (to 26 November 2021)

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of Marlborough Fund Managers Ltd

Andrew Staley (Non-Executive)
Nicholas F J Cooling
Allan Hamer
Wayne D Green
Dom Clarke
Helen Derbyshire
Richard Goodall
Geoffrey Hitchin (Non-Executive)
Guy Sears (Independent Non-Executive)
David Kiddie (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

Depositary (in its capacity as Trustee)

HSBC Bank plc
8 Canada Square
London
E14 5HQ

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

Investment Adviser

Hargreave Hale Limited
88 Wood Street
London
EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

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 2022

Percentage change and sector position to 31 July 2022

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough UK Micro-Cap Growth Fund	(21.74)%	(28.85)%	15.84%	27.21%
FTSE SmallCap Index (ex. Investment Cos)	(10.48)%	(12.73)%	30.39%	20.73%
IA UK Smaller Companies	(14.05)%	(20.33)%	14.35%	21.64%

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

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

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 takes account of all ongoing charges, but not entry charges. The past performance of this share class is calculated in sterling.

Investment commentary

During the twelve-month period from 1 August 2021 to 31 July 2022, the price of 'P' units fell 28.85%. This compared to a fall of 20.33% in the IA UK Smaller Companies benchmark.

The previous twelve months have been particularly volatile for equity markets, with a convergence of events significantly disrupting the investment landscape.

Since the interim report, Russia's invasion of Ukraine in February has had a profound impact on geopolitics as well as commodity prices, for example oil and gas prices rose and this subsequently increased the pressure on consumers. In response to rising inflation, policy makers at the Federal Reserve (the Fed) and other western central banks have become more aggressive in recent weeks, as evidenced by the Fed raising rates by 75 basis points and the Bank of England by 50 basis points. This change in policy has contributed to the aggressive sell-off year to date and has particularly impacted growth oriented and long duration assets.

UK consumer confidence hit a record low as recessionary risks continued to mount, with strikes and soaring prices weighing on the mood. Economists are forecasting the UK will have the highest inflation among the G7 until 2024 and the Governor of the Bank of England, Andrew Bailey, stated that further rate increases will be needed to curb rapidly rising prices. Furthermore, the geopolitical landscape is getting more uncertain, driven principally by the war in Ukraine and mounting friction between China and the West.

Consumer facing stocks have been particularly impacted year to date, especially those exposed to advertising, retail, and ecommerce industries, with many companies voicing concern surrounding the strength of the consumer moving forward, particularly if wages do not increase in line inflation. However, UK job vacancies hit a high, providing evidence of a tight labour market, which is inconsistent to the negative sentiment and mediocre Gross Domestic Product (GDP) growth and Purchasing Managers' Index (PMI) readings that have been reported of late.

During the period, several UK listed companies were approached or acquired by private equity or international corporations. Given the sharp fall in sterling, many organisations, particularly those with US dollars, are increasingly interested in UK assets given their relatively low valuations and perceived quality, and we believe there is scope for further mergers and acquisitions throughout the remainder of the year.

Biggest winners during the period included Serica Energy, Kistos, Deltic Energy, Trident Royalties, Cerillion, Jadestone Energy, Centralnic, 1Spatial, MyCelx Technologies, and Solid State. Largest losers during the period included Renalytix, Seraphine, Joules, CMO, Trackwise Designs, IG Designs, Purplebricks, Essensys, Musismagpie, and Best of the Best.

Winners

Serica Energy, the upstream oil and gas company whose principal business is that of exploration, development, and production, rose 142% during the period. As mentioned in the Fund's interim report, the company announced an increase in production throughout the period, however, the main catalyst for the share price was the significant increase in oil and gas prices which inevitably increased revenues and bolstered their cash balance. The company also received a bid from the Fund's second-best performing stock, Kistos, which rose 133% during the period, however, a deal was not agreed.

Losers

Renalytix, the developer of clinical grade artificial intelligence whose test is designed to better diagnose and manage kidney disease, fell 91% during the period following a series of disappointing announcements regarding the US Food and Drug Administration (FDA) approval delays and a lack of commercial traction.

The UK equity market, along with other markets across the globe, has experienced heightened volatility since the end of 2021. This has principally been due to high inflation prints, increasing interest rates, energy price increases, a downbeat consumer, further compounded by an uncertain geopolitical environment. Despite the economic and geopolitical uncertainty, many of our companies continue to issue updates that are in-line or ahead of expectations, however, we are starting to see a handful of weaker and more cautious updates. In many cases, cost increases have been passed on and growth rates maintained, providing evidence that the fundamentals remain intact for now.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

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for the year ended 31 July 2022

The speed of the rotation has been very fast as market participants factor in the prospect of structurally higher inflation and increasing interest rates weighing on global growth forecasts. However, we are not in the business of forecasting the macroeconomic environment and will continue to invest in growth-oriented companies that we believe can perform well throughout the economic cycle.

Guy Feld / Eustace Santa Barbara

Hargreave Hale Limited

13 September 2022

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Distributions (pence per unit)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Accumulation</u>				
Net accumulation paid 30 September	-	-	-	-
<u>P Accumulation</u>				
Net accumulation paid 30 September	0.9917	0.6963	2.2652	4.4858

Portfolio changes

Largest purchases	Cost (£)
Windward	9,264,634
RWS Holdings	8,242,654
Horizonte Minerals	8,000,000
AB Dynamics	7,153,664
Marlowe	7,146,295
SigmaRoc	7,067,950
Smart Metering Systems	6,916,239
Beeks Financial Cloud Group	6,901,027
Access Intelligence	6,619,959
TPXimpact Holdings	6,487,182
Other purchases	189,303,841
Total purchases for the year	263,103,445
Largest sales	Proceeds (£)
Augean	46,500,000
S4 Capital	38,219,685
Impax Asset Management Group	33,169,859
discoverIE Group	28,990,175
Serica Energy	22,304,688
Cerillion	18,018,183
Future	15,164,054
Kainos Group	13,820,587
Liontrust Asset Management	12,769,199
Treatt	12,655,019
Other sales	250,652,873
Total sales for the year	492,264,322

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED STATUS AND GENERAL INFORMATION

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.

Investment objective and policy

The investment objective of the Fund is to increase the value of your investment by more than any increase in the FTSE SmallCap Index (ex-Investment Companies), after any charges have been taken out of the Fund, over any 5 year period. However, there is no certainty this will be achieved.

At least 80% of the Fund will be invested in the shares of smaller companies and investment trusts listed on UK stock exchanges. These will be incorporated/domiciled in the UK or will have significant business operations in the UK. These are companies whose market capitalisation (the market value of a company's shares) is £500m or less at the time the initial purchase is made.

The aim of the investment team is to identify companies which they believe show good long-term growth potential, or which appear to be under-valued given their future prospects.

The team consider economic and market conditions, but the main focus is on individual company analysis and selection.

Following the same investment philosophy, the Fund may also invest in companies which are listed on overseas stock exchanges, the shares of larger companies, other securities which offer returns linked to the company performance, such as, preference shares, convertible bonds and warrants, and unquoted companies.

The Fund is actively managed, which means the investment manager decides which investments to buy or sell and when. The Fund invests in a diverse portfolio of investments and is not constrained by any industry or sector.

The Fund may hold cash, government bonds and money market instruments (short terms loans typically issued by governments and banks) to enable ready settlement of liabilities (including the redemption of units), for the efficient management of the Fund and in order to meet its objective.

The Fund's investment policy puts it in the IA UK Smaller Companies 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. IFSL Marlborough UK Micro-Cap Growth Fund is assessed and reported on, in a composite report which the Manager publishes on the website www.ifslfunds.com. The next report is expected to be published in a composite report by 30 September 2022.

Changes in prospectus

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

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Investment Fund Services Limited (the Authorised Fund Manager (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 2021 (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	9	721,509	600,044	121,465
Risk takers and other identified staff	3	114,004	89,291	24,713
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	1.24	194,024	161,361	32,663
Risk takers and other identified staff	0.41	30,657	24,012	6,645

The total number of staff employed by the AFM was 226 as at 30 September 2021. The total remuneration paid to those staff was £9,995,870 of which £5,102,703 is attributable to the AFM.

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH 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.



Sally Helston
Director



Helen Redmond
Director

Investment Fund Services Limited
27 September 2022

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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

In preparing those financial statements the AFM is required to:

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

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

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH 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 IFSL Marlborough UK Micro-Cap Growth Fund for the period ended 31st July 2022

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

27 September 2022

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

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 Growth Fund ("the Fund") for the year ended 31 July 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund set out on pages 20 to 22, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 July 2022 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

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 Financial Conduct Authority and the Trust Deed;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Responsibilities of the Manager

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities statement set out on page 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 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 Accounting Standards (UK GAAP), including FRS 102, the IMA Statement of Recommended Practice, the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrators, and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution and the incorrect valuation of unquoted investments. In response to our fraud risks, we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return and tested a sample of unquoted investment valuations by reviewing the prices used, agreeing the valuation inputs to external sources and providing challenge to management's valuations.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, 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 FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Statutory Auditor
Edinburgh

27 September 2022

Notes:

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
COMPARATIVE TABLE
A Accumulation units

Change in net assets per unit	Year to 31.07.2022 pence	Year to 31.07.2021 pence	Year to 31.07.2020 pence
Opening net asset value per unit	1,149.41	737.12	715.84
Return before operating charges*	(309.95)	427.14	32.12
Operating charges	(16.34)	(14.85)	(10.84)
Return after operating charges*	(326.29)	412.29	21.28
Distributions on accumulation units	-	-	-
Retained distributions on accumulation units	-	-	-
Closing net asset value per unit	823.12	1,149.41	737.12

* after direct transaction costs of:

0.71 0.83 0.65

Performance

Return after charges ^A (28.39)% 55.93% 2.97%

Other information

Closing net asset value (£)	99,414,062	156,708,967	112,517,056
Closing number of units	12,077,736	13,633,911	15,264,353
Operating charges	1.55% ^B	1.56% ^B	1.53%
Direct transaction costs	0.07%	0.09%	0.09%

Prices

Highest unit price	1,247.00p	1,163.66p	812.89p
Lowest unit price	796.19p	736.99p	494.01p

B Accumulation units

Change in net assets per unit	Period to 31.08.2021^C pence	Year to 31.07.2021 pence	Year to 31.07.2020 pence
Opening net asset value per unit	1,216.39	776.47	750.36
Return before operating charges*	67.24	450.08	33.74
Operating charges	(1.12)	(10.16)	(7.63)
Return after operating charges*	66.12	439.92	26.11
Distributions on accumulation units	-	-	(0.40)
Retained distributions on accumulation units	-	-	0.40
Closing net asset value per unit	1,282.51	1,216.39	776.47

* after direct transaction costs of:

0.85 0.84 0.68

Performance

Return after charges ^A 5.44% 56.66% 3.48%

Other information

Closing net asset value (£)	-	2,130,123	3,323,193
Closing number of units	-	175,118	427,990
Operating charges	1.05% ^{D,B}	1.06% ^B	1.03%
Direct transaction costs	0.82% ^D	0.09%	0.09%

Prices

Highest unit price	1,282.51p	1,231.13p	854.06p
Lowest unit price	1,238.71p	776.09p	519.39p

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

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

^C On 31 August 2021, B Accumulation units were converted to P Accumulation units. From this date, B Accumulation units became unavailable for investment.

^D These figures have been annualised.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

COMPARATIVE TABLE

P Accumulation units	Year to 31.07.2022	Year to 31.07.2021	Year to 31.07.2020
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	1,227.15	781.47	753.20
Return before operating charges*	(332.18)	453.94	34.10
Operating charges	(9.09)	(8.26)	(5.83)
Return after operating charges*	(341.27)	445.68	28.27
Distributions on accumulation units	(0.99)	(0.70)	(2.27)
Retained distributions on accumulation units	0.99	0.70	2.27
Closing net asset value per unit	885.88	1,227.15	781.47
* after direct transaction costs of:	0.77	0.89	0.69
Performance			
Return after charges ^A	(27.81)%	57.03%	3.75%
Other information			
Closing net asset value (£)	939,650,896	1,569,507,960	947,367,412
Closing number of units	106,069,390	127,898,782	121,228,501
Operating charges	0.80% ^B	0.81% ^B	0.78%
Direct transaction costs	0.07%	0.09%	0.09%
Prices			
Highest unit price	1,331.86p	1,241.83p	858.45p
Lowest unit price	856.10p	780.97p	522.29p


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

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

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the year. Direct transaction costs are the total charges for the year, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the year and the average units in issue for the pence per unit figures.

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 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENCE (31 July 2021 - 0.56%)		
1,100,000 Cohort	5,962,000	0.57
81,995,000 TP Group	1,229,925	0.12
Total Aerospace and Defence	<u>7,191,925</u>	<u>0.69</u>
ALTERNATIVE ENERGY (31 July 2021 - 0.08%)		
AUTOMOBILES AND PARTS (31 July 2021 - 0.26)		
2,000,000 Saietta Group	2,800,000	0.27
Total Automobiles and Parts	<u>2,800,000</u>	<u>0.27</u>
BEVERAGES (31 July 2021 - 0.21%)		
4,200,000 The Artisanal Spirits Company	2,310,000	0.22
Total Beverages	<u>2,310,000</u>	<u>0.22</u>
CHEMICALS (31 July 2021 - 1.46%)		
1,200,000 Treatt	9,420,000	0.91
Total Chemicals	<u>9,420,000</u>	<u>0.91</u>
CLOSED END INVESTMENTS (31 July 2021 - 1.62%)		
11,990,000 Augmentum Fintech	13,548,700	1.30
2,000,000 EPE Special Opportunities	3,400,000	0.33
Total Closed End Investments	<u>16,948,700</u>	<u>1.63</u>
CONSTRUCTION AND MATERIALS (31 July 2021 - 3.00%)		
11,950,000 Brickability Group	9,560,000	0.92
1,000,000 Eurocell	1,660,000	0.16
3,720,000 Lords Group Trading	2,938,800	0.28
4,000,000 Michelmersh Brick Holdings	3,480,000	0.34
4,000,000 Norcros	8,720,000	0.84
600,000 Renew Holdings	4,386,000	0.42
15,000,000 SigmaRoc	8,640,000	0.83
Total Construction and Materials	<u>39,384,800</u>	<u>3.79</u>
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2021 - 1.54%)		
47,364,986 CAP-XX	2,320,884	0.22
20,862,500 Fireangel Safety Technology Group	2,566,087	0.25
1,500,000 MYCELX Technologies	675,000	0.07
471,756 MyCELX Technologies 'Reg S'	188,702	0.02
1,347,567 SDI Group	2,129,156	0.20
375,000 Solid State	4,050,000	0.39
8,522 Solid State Sub Shares	87,350	0.01
15,994,150 Thruvision Group	4,030,526	0.39
4,463,021 Volex	13,768,420	1.33
Total Electronic and Electrical Equipment	<u>29,816,125</u>	<u>2.88</u>
FINANCE AND CREDIT SERVICES (31 July 2021 - 0.18%)		
3,000,000 Distribution Finance Capital Holdings	1,020,000	0.10
1,350,000 H&T Group	5,211,000	0.50
Total Finance and Credit Services	<u>6,231,000</u>	<u>0.60</u>
FOOD PRODUCERS (31 July 2021 - 0.25%)		
2,196,500 Finsbury Food Group	1,559,515	0.15
Total Food Producers	<u>1,559,515</u>	<u>0.15</u>
GAS, WATER AND MULTI-UTILITIES (31 July 2021 - 0.03%)		
GENERAL INDUSTRIALS (31 July 2021 - 0.68%)		
1,173,500 Hargreaves Services	6,055,260	0.58
4,450,000 Macfarlane Group	5,139,750	0.49
Total General Industrials	<u>11,195,010</u>	<u>1.07</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
HEALTH CARE PROVIDERS (31 July 2021 - 1.98%)		
2,000,000 Cambridge Cognition Holdings	2,700,000	0.26
2,350,000 CareTech Holdings	17,484,000	1.68
5,075,819 Diaceutics	4,568,237	0.44
885,000 Renalytix AI 'Reg S'	885,000	0.09
Total Health Care Providers	<u>25,637,237</u>	<u>2.47</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2021 - 0.66%)		
2,105,172 ProCook Group	728,389	0.07
5,501,847 Springfield Properties	6,877,309	0.66
1,300,000 UP Global Sourcing Holdings	1,391,000	0.13
Total Household Goods and Home Construction	<u>8,996,698</u>	<u>0.86</u>
INDUSTRIAL ENGINEERING (31 July 2021 - 0.11%)		
375,000 AB Dynamics	4,725,000	0.45
Total Industrial Engineering	<u>4,725,000</u>	<u>0.45</u>
INDUSTRIAL METALS AND MINING (31 July 2021 - 0.97%)		
11,039,458 Horizonte Minerals	11,812,220	1.14
7,500,000 Landore Resources	1,387,500	0.13
8,333,333 Trident Royalties	3,666,667	0.35
Total Industrial Metals and Mining	<u>16,866,387</u>	<u>1.62</u>
INDUSTRIAL SUPPORT SERVICES (31 July 2021 - 10.50%)		
13,000,000 Boku 'Reg S'	12,350,000	1.19
26,500,000 eEnergy Group	2,120,000	0.20
3,250,000 Equals Group	3,152,500	0.30
1,690,000 Frontier IP Group	1,081,600	0.10
2,782,841 FRP Advisory Group	3,951,634	0.38
1,872,850 Keystone Law Group	9,551,535	0.92
2,625,000 Marlowe	21,000,000	2.02
2,723,683 Mind Gym	3,132,235	0.30
721,898 NWF Group	1,588,176	0.15
1,500,000 Restore	6,675,000	0.64
509,041 RPS Group	572,671	0.06
4,500,000 RWS Holdings	16,785,000	1.62
3,760,580 Science Group	14,816,685	1.43
2,575,000 Smart Metering Systems	24,153,500	2.32
2,501,000 Trifast	2,355,942	0.23
1,330,000 Water Intelligence	7,980,000	0.77
6,000,000 Windward	5,100,000	0.49
Total Industrial Support Services	<u>136,366,478</u>	<u>13.12</u>
INDUSTRIAL TRANSPORTATION (31 July 2021 - 0.24%)		
5,014,415 Avation	3,459,946	0.33
3,975,000 Facilities by ADF	2,385,000	0.23
Total Industrial Transportation	<u>5,844,946</u>	<u>0.56</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2021 - 12.45%)		
1,135,000 Alpha FX Group	19,862,500	1.91
1,000,000 Aquis Exchange	3,900,000	0.38
3,300,000 Curtis Banks Group	8,778,000	0.84
22,194,500 Duke Royalty	7,435,157	0.72
5,412,330 Forward Partners Group	2,273,179	0.22
12,184,358 Frenkel Topping Group	8,163,520	0.79
950,000 Impax Asset Management Group	6,707,000	0.65
1,999,000 K3 Capital Group	4,897,550	0.47
550,000 Liontrust Asset Management	5,665,000	0.55
600,000 Mattioli Woods	4,020,000	0.39
11,700,000 Mercia Asset Management	3,393,000	0.33
16,100,000 MJ Hudson Group	5,554,500	0.53

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
INVESTMENT BANKING AND BROKERAGE SERVICES (continued)		
1,238,000 Molten Ventures	5,957,256	0.57
1,646,000 Tatton Asset Management	6,699,220	0.65
100,388 Volvere	953,686	0.09
Total Investment Banking and Brokerage Services	<u>94,259,568</u>	<u>9.09</u>
LEISURE GOODS (31 July 2021 - 3.03%)		
1,487,500 Focusrite	15,916,250	1.53
120,000 Games Workshop Group	9,300,000	0.90
Total Leisure Goods	<u>25,216,250</u>	<u>2.43</u>
MEDIA (31 July 2021 - 7.11%)		
2,639,099 Dianomi	4,750,378	0.46
12,311,679 Ebiquity	6,648,307	0.64
525,000 Future	9,633,750	0.93
1,370,733 GlobalData	12,336,597	1.19
3,623,500 The Pebble Group	3,261,150	0.31
7,500,000 Time Out Group	3,150,000	0.30
Total Media	<u>39,780,182</u>	<u>3.83</u>
MEDICAL EQUIPMENT AND SERVICES (31 July 2021 - 2.72%)		
9,584,804 Creo Medical Group	7,092,755	0.68
15,000,000 EKF Diagnostics Holdings	5,415,000	0.52
27,000,000 Kromek Group	2,430,000	0.23
565,000 NetScientific	339,000	0.03
Total Medical Equipment and Services	<u>15,276,755</u>	<u>1.46</u>
OIL, GAS AND COAL (31 July 2021 - 2.27%)		
38,030,400 Deltic Energy	1,102,882	0.11
2,884,166 Eco (Atlantic) Oil & Gas	836,408	0.08
10,100,000 Jadestone Energy	10,201,000	0.98
2,250,000 Kistos	12,037,500	1.16
10,350,000 Quadrise Fuels International	148,005	0.01
2,400,000 Serica Energy	9,024,000	0.87
850,000 Serinus Energy	85,000	0.01
5,119,266 Southern Energy	2,662,018	0.26
11,389,494 Westmount Energy	341,685	0.03
Total Oil, Gas and Coal	<u>36,438,498</u>	<u>3.51</u>
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 July 2021 - 0.32%)		
2,145,000 AdvancedAdvT	1,630,200	0.16
1,458,333 Marwyn Acquisition Company	21,875	-
Total Open End and Miscellaneous Investment Vehicles	<u>1,652,075</u>	<u>0.16</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2021 - 1.31%)		
3,983,000 IG Design Group	3,505,040	0.34
875,000 Supreme	848,750	0.08
Total Personal Care, Drug and Grocery Stores	<u>4,353,790</u>	<u>0.42</u>
PERSONAL GOODS (31 July 2021 - 1.88%)		
5,764,478 Inspects Group	13,488,879	1.30
2,487,000 Seraphine Group	646,620	0.06
2,500,000 Warpaint London	3,050,000	0.29
Total Personal Goods	<u>17,185,499</u>	<u>1.65</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2021 - 3.62%)		
35,000,000 Agronomics	6,125,000	0.59
1,403,508 Animalcare Group	3,859,647	0.37
1,640,000 ECO Animal Health Group	1,968,000	0.19
1,750,000 MaxCyte	7,612,500	0.73
4,000,000 PureTech Health	7,976,000	0.77

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2022

Holding or nominal value		Bid value £	Percentage of total net assets %
PHARMACEUTICALS AND BIOTECHNOLOGY (continued)			
1,025,000	Verici Dx	230,625	0.02
	Total Pharmaceuticals and Biotechnology	<u>27,771,772</u>	<u>2.67</u>
PRECIOUS METALS AND MINING (31 July 2021 - 2.82%)			
72,693	Caledonia Mining	632,429	0.06
131,259,211	Jubilee Metals Group	17,982,512	1.73
58,313,200	Pan African Resources	11,662,640	1.12
35,000,000	Shanta Gold	3,325,000	0.32
16,666,667	Thor Explorations	2,500,000	0.24
	Total Precious Metals and Mining	<u>36,102,581</u>	<u>3.47</u>
REAL ESTATE INVESTMENT AND SERVICES (31 July 2021 - 0.25%)			
6,000,000	Purplebricks Group	871,200	0.08
	Total Real Estate Investment and Services	<u>871,200</u>	<u>0.08</u>
RETAILERS (31 July 2021 - 3.41%)			
5,494,000	Angling Direct	2,087,720	0.20
2,900,000	CMO Group	870,000	0.08
3,000,000	Joules Group	963,000	0.09
5,750,000	Marks Electrical Group	4,025,000	0.39
10,760,000	MusicMagpie	4,304,000	0.41
462,650	Virgin Wines UK	300,722	0.03
	Total Retailers	<u>12,550,442</u>	<u>1.20</u>
SOFTWARE AND COMPUTER SERVICES (31 July 2021 - 17.38%)			
5,785,556	1Spatial	2,719,211	0.26
12,000,000	Access Intelligence	11,760,000	1.13
1,400,000	accesso Technology Group	8,260,000	0.80
6,832,000	Activeops	5,670,560	0.55
3,100,000	Aptitude Software Group	11,780,000	1.13
13,056,000	ATTRAQT Group	2,611,200	0.25
4,251,738	Beeks Financial Cloud Group	6,377,607	0.61
5,000,000	Blancco Technology Group	9,600,000	0.92
13,347,443	CentralNic Group	16,617,567	1.60
2,000,000	Cerillion	22,000,000	2.12
5,252,556	D4t4 Solutions	12,816,237	1.23
1,732,389	Eagle Eye Solutions Group	9,528,139	0.92
18,320,057	Eckoh	7,694,424	0.74
6,597,261	essensys	4,288,220	0.41
10,279,755	GRC International Group	2,364,344	0.23
7,048,000	Gresham Technologies	9,937,680	0.96
17,385,850	Idox	10,744,455	1.03
1,455,000	Instem	10,039,500	0.97
1,250,000	IQGeo Group	1,525,000	0.15
2,895,689	K3 Business Technology Group	4,053,965	0.39
5,749,999	Kin and Carta	10,648,998	1.03
3,328,000	Kooth	3,993,600	0.38
4,000,000	Learning Technologies Group	5,476,000	0.53
5,000,000	Made Tech Group	1,700,000	0.16
5,090,173	Microlise Group	6,617,225	0.64
8,665,000	Oxford Metrics	8,665,000	0.83
600,000	Sopheon	3,000,000	0.29
4,798,851	SysGroup	1,151,724	0.11
6,485,000	TPXimpact Holdings	8,430,500	0.81
1,550,000	Tracsis	13,640,000	1.31
2,400,000	Tribal Group	2,088,000	0.20
	Total Software and Computer Services	<u>235,799,156</u>	<u>22.69</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND
PORTFOLIO STATEMENT

as at 31 July 2022

Holding or nominal value		Bid value £	Percentage of total net assets %
TECHNOLOGY HARDWARE AND EQUIPMENT (31 July 2021 - 3.29%)			
925,000	discoverIE Group	6,946,750	0.67
260,000	Gooch & Housego	2,272,400	0.22
28,975,000	IQE	12,560,663	1.21
2,199,719	Trackwise Designs	703,910	0.07
	Total Technology Hardware and Equipment	<u>22,483,723</u>	<u>2.17</u>
TELECOMMUNICATIONS EQUIPMENT (31 July 2021 - 0.31%)			
6,900,000	BATM Advanced Communications	2,401,200	0.23
	Total Telecommunications Equipment	<u>2,401,200</u>	<u>0.23</u>
TELECOMMUNICATIONS SERVICE PROVIDERS (31 July 2021 - 0.42%)			
78,578	Zegona Communications	65,220	0.01
	Total Telecommunications Service Providers	<u>65,220</u>	<u>0.01</u>
TRAVEL AND LEISURE (31 July 2021 - 4.31%)			
356,290	Best Of the Best	1,638,934	0.16
2,425,000	Cake Box Holdings	4,486,250	0.43
21,983,126	DP Poland	1,362,954	0.13
9,462,198	Escape Hunt	1,561,263	0.15
14,000,000	Gaming Realms	3,430,000	0.33
1,150,000	Jet2	10,448,900	1.01
6,250,000	Loungers	12,625,000	1.22
6,500,000	Ten Lifestyle Group	3,445,000	0.33
3,000,000	The City Pub Group	2,130,000	0.21
27,500,000	The Fulham Shore	3,437,500	0.33
1,500,000	Tortilla Mexican Grill	1,800,000	0.17
7,232,876	Various Eateries	2,748,493	0.27
	Total Travel and Leisure	<u>49,114,294</u>	<u>4.74</u>
WASTE AND DISPOSAL SERVICES (31 July 2021 - 2.44%)			
4,163,000	Franchise Brands	6,077,980	0.58
	Total Waste and Disposal Services	<u>6,077,980</u>	<u>0.58</u>
OVERSEAS SECURITIES (31 July 2021 - 0.61%)			
796,444	HealthBeacon	1,807,627	0.17
6,000,000	Salazar Resources	480,029	0.05
42,544	Tecogen	41,556	-
1,400,000	TMT Investments	4,251,826	0.41
	Total Overseas Securities	<u>6,581,038</u>	<u>0.63</u>
UNQUOTED SECURITIES (31 July 2021 - 2.41%)			
7,937,506	Albert Technologies ^A	-	-
1,891,500	Constellation Healthcare Technologies Promissory Notes ^B	-	-
3,311,071	Crawshaw Group ^C	-	-
3,575,000	Gable Holdings ^C	-	-
4,153,087	HaloSource ^C	-	-
15,917,167	HaloSource 'Reg S' ^C	-	-
17,829	Infinity Reliance ^D	750,066	0.07
360,000	Lamaune Iron ^B	-	-
4,507,477	Minds + Machines Group ^A	383,136	0.04
14,479,166	Moxico Resources ^D	6,515,625	0.63
6,999,000	Okullo ^E	-	-
3,490,856	Patisserie Holdings ^C	-	-
540,500	Quadrise Fuels International Warrants	-	-
195,000	SCA Investments ^D	29,086,200	2.80
3,729,554	Tricorn Group ^A	-	-
3,083	Tulla Resources ^D	973	-
367,000	Verici Dx Lock Up Shares ^D	82,575	0.01
	Total Unquoted Securities	<u>36,818,575</u>	<u>3.55</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 July 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
Portfolio of investments	996,093,619	95.86
Net other assets	42,971,339	4.14
Total net assets	<u>1,039,064,958</u>	<u>100.00</u>

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

^B These shares are unlisted and are valued at zero, based on 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 unlisted and are being valued using the latest information received.

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

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

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 July 2022

	Notes	31 July 2022		31 July 2021	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(445,401,441)		603,702,187
Revenue	6	12,865,794		11,886,454	
Expenses	7	<u>(12,678,964)</u>		<u>(11,882,229)</u>	
Net revenue before taxation		186,830		4,225	
Taxation	8	<u>(55,095)</u>		<u>(41,782)</u>	
Net revenue/(expense) after taxation			<u>131,735</u>		<u>(37,557)</u>
Total return before distributions			(445,269,706)		603,664,630
Distributions	9		(967,460)		(856,305)
Change in net assets attributable to unitholders from investment activities			<u>(446,237,166)</u>		<u>602,808,325</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 July 2022

	31 July 2022		31 July 2021	
	£	£	£	£
Opening net assets attributable to unitholders		1,728,347,050		1,063,207,661
Amounts receivable on issue of units	87,073,447		239,055,709	
Amounts payable on cancellation of units	<u>(334,154,075)</u>		<u>(178,377,885)</u>	
Amounts payable on unit class conversions	<u>(14,100)</u>		<u>(31,052)</u>	
		(247,094,728)		60,646,772
Dilution adjustment		2,997,949		793,677
Change in net assets attributable to unitholders from investment activities		(446,237,166)		602,808,325
Retained distribution on accumulation units		1,051,853		890,615
Closing net assets attributable to unitholders		<u>1,039,064,958</u>		<u>1,728,347,050</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

BALANCE SHEET

as at 31 July 2022

	Notes	31 July 2022 £	31 July 2021 £
Assets:			
Fixed Assets:			
Investments	17	996,093,619	1,671,096,332
Current Assets:			
Debtors	10	1,243,803	6,271,220
Cash and bank balances		44,482,869	58,130,039
Total assets		<u>1,041,820,291</u>	<u>1,735,497,591</u>
Liabilities:			
Creditors:			
Other creditors	11	2,755,333	7,150,541
Total liabilities		<u>2,755,333</u>	<u>7,150,541</u>
Net assets attributable to unitholders		<u><u>1,039,064,958</u></u>	<u><u>1,728,347,050</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 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 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.

Valuation

The valuation point was 12:00 on 29 July 2022 being the last valuation point of the accounting year.

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

Unlisted, unapproved, illiquid or suspended securities are valued at the authorised fund manager's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 29 July 2022 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

Dilution adjustment

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

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.

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 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.

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

RISK MANAGEMENT POLICIES

Liquidity risk

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

4 NET CAPITAL GAINS

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

	31 July 2022 £	31 July 2021 £
Non-derivative securities (losses)/gains	(445,454,517)	603,693,342
Other currency gains	70,039	33,264
Transaction charges	(16,963)	(24,419)
Net capital (losses)/gains	(445,401,441)	603,702,187

5 PURCHASES, SALES AND TRANSACTION COSTS

	31 July 2022 £	31 July 2021 £
Purchases excluding transaction costs		
Equities	162,879,552	254,650,211
Corporate actions	99,829,087	192,493,648
	<u>262,708,639</u>	<u>447,143,859</u>
Equities: Commissions	271,681	435,630
Taxes and other charges	123,125	241,211
Total purchase transaction costs	<u>394,806</u>	<u>676,841</u>
Purchases including transaction costs	<u>263,103,445</u>	<u>447,820,700</u>

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

Equities: Commissions	0.17%	0.17%
Taxes and other charges	0.08%	0.09%

Sales excluding transaction costs

Equities	402,903,780	363,946,520
Corporate actions	89,987,596	54,859,317
	<u>492,891,376</u>	<u>418,805,837</u>
Equities: Commissions	(627,160)	(545,057)
Taxes and other charges	106	(938)
Total sale transaction costs	<u>(627,054)</u>	<u>(545,995)</u>
Sales net of transaction costs	<u>492,264,322</u>	<u>418,259,842</u>

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

Equities: Commissions	0.16%	0.15%
Taxes and other charges	0.00%	0.00%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions	0.06%	0.07%
Taxes and other charges	0.01%	0.02%
	<u>0.07%</u>	<u>0.09%</u>

Transaction handling charges

	<u>£16,963</u>	<u>£24,419</u>
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Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price. The average portfolio dealing spread at 31 July 2022 is 3.20% (2021: 2.42%).

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

6 REVENUE	31 July 2022	31 July 2021
	£	£
UK dividends	11,522,793	10,660,810
UK dividends (unfranked)	-	30,000
Overseas dividends	1,308,968	1,195,644
Bank interest	34,033	-
Total revenue	<u>12,865,794</u>	<u>11,886,454</u>
7 EXPENSES	31 July 2022	31 July 2021
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	12,323,070	11,541,589
Registration fees	7,199	7,204
	<u>12,330,269</u>	<u>11,548,793</u>
Other expenses:		
Trustee's fees	261,550	252,067
Safe custody fees	79,641	73,839
Financial Conduct Authority fee	124	170
Audit fee	7,380	7,360
	<u>348,695</u>	<u>333,436</u>
Total expenses	<u>12,678,964</u>	<u>11,882,229</u>
8 TAXATION	31 July 2022	31 July 2021
	£	£
a Analysis of the tax charge for the year		
Overseas tax	55,095	41,782
Total tax charge (see note 8(b))	<u>55,095</u>	<u>41,782</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	186,830	4,225
Corporation tax at 20% (2021: 20%)	37,366	845
Effects of:		
Revenue not subject to taxation	(2,566,352)	(2,371,291)
Unrelieved excess management expenses	2,528,986	2,373,456
Prior period adjustment to unrelieved management expenses	-	(3,010)
Overseas tax	55,095	41,782
Total tax charge (see note 8(a))	<u>55,095</u>	<u>41,782</u>
At 31 July 2022 the Fund has deferred tax assets of £15,619,024 (2021: £13,090,038) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.		
9 DISTRIBUTIONS	31 July 2022	31 July 2021
	£	£
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Final	1,051,951	890,657
Amounts deducted on cancellation of units	(96,281)	25,770
Amounts added on issue of units	25,987	(29,028)
Equalisation on conversions	(14,099)	(31,052)
Revenue brought forward	(98)	(42)
Distributions	<u>967,460</u>	<u>856,305</u>
Net deficit of revenue for the year	(835,725)	(893,862)
Net revenue/(expense) after taxation for the year	<u>131,735</u>	<u>(37,557)</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

10 DEBTORS

	31 July 2022	31 July 2021
	£	£
Amounts receivable for issue of units	67,491	1,364,764
Sales awaiting settlement	329,220	3,924,552
Dilution adjustment	25,703	-
Accrued income	821,389	981,904
Total debtors	<u>1,243,803</u>	<u>6,271,220</u>

11 OTHER CREDITORS

	31 July 2022	31 July 2021
	£	£
Amounts payable for cancellation of units	1,453,130	5,216,508
Purchases awaiting settlement	502,107	648,452
Manager's periodic charge and registration fees	728,134	1,212,857
Accrued expenses	71,962	72,724
Total other creditors	<u>2,755,333</u>	<u>7,150,541</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2022 (2021: nil).

13 RELATED PARTIES

The authorised fund manager is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the 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 £2,113,773 (2021: £5,064,601).

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

	31 July 2022	31 July 2021
Proportion of units owned by directors of Marlborough Fund Managers Ltd or UFC Fund Management plc	0.30%	0.25%

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

14 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%
B Accumulation ^A	1.00%
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 Accumulation	B Accumulation ^A	P Accumulation
Opening units in issue at 1 August 2021	<u>13,633,911</u>	<u>175,118</u>	<u>127,898,782</u>
Units issues	308,159	-	7,360,892
Units cancellations	(1,588,297)	(852)	(29,620,480)
Units conversions	(276,037)	(174,266)	430,196
Closing units in issue at 31 July 2022	<u>12,077,736</u>	<u>-</u>	<u>106,069,390</u>

^A On 31 August 2021, B Accumulation units were converted to P Accumulation units. From this date, B Accumulation units became unavailable for investment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

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 £49,804,681 (2021: £83,554,817). 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 2022:

	Investments £	Net current assets £	Total £
Australian Dollar	973	-	973
Canadian Dollar	480,029	-	480,029
Euro	1,807,627	36	1,807,663
US Dollar	4,293,382	104,870	4,398,252
	<u>6,582,012</u>	<u>104,906</u>	<u>6,686,918</u>

Foreign currency exposure at 31 July 2021:

	Investments £	Net current assets £	Total £
Australian Dollar	862	-	862
Canadian Dollar	2,996,019	-	2,996,019
Euro	-	-	-
US Dollar	7,502,977	94,066	7,597,043
	<u>10,499,858</u>	<u>94,066</u>	<u>10,593,924</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 £334,764 (2021: £529,696). 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:

	31 July 2022 £	31 July 2021 £
Financial assets floating rate	44,482,869	58,130,039
Financial assets non-interest bearing instruments	997,337,422	1,677,367,552
Financial liabilities non-interest bearing instruments	(2,755,333)	(7,150,541)
	<u>1,039,064,958</u>	<u>1,728,347,050</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:

	31 July 2022 £	31 July 2021 £
Within one year:		
Other creditors	2,755,333	7,150,541
	<u>2,755,333</u>	<u>7,150,541</u>

IFSL MARLBOROUGH UK MICRO-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2022

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2022		31 July 2021	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	959,275,044	-	1,629,433,760	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	36,818,575	-	41,662,572	-
	<u>996,093,619</u>	<u>-</u>	<u>1,671,096,332</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 31 July 2022, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	29 July 2022 ^A	23 September 2022	Movement (%)
A Accumulation	821.63	760.38	(7.45)%
P Accumulation	883.62	818.76	(7.34)%

^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 2021 to 31 July 2022

Group 1: units purchased prior to 1 August 2021

Group 2: units purchased on or after 1 August 2021

		Net revenue 31 July 2022 pence per unit	Equalisation 31 July 2022 pence per unit	Distribution paid 30 September 2022 pence per unit	Distribution paid 30 September 2021 pence per unit
A Accumulation	Group 1	-	-	-	-
	Group 2	-	-	-	-
P Accumulation	Group 1	0.9917p	-	0.9917p	0.6963p
	Group 2	0.9917p	-	0.9917p	0.6963p

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