

Investment Fund Services

IFSL Marlborough No 2 OEIC

Interim Report and Unaudited Financial
Statements

for the six month period ended 31 January 2024

IFSL MARLBOROUGH NO 2 OEIC

CONTACT INFORMATION

Registered Office

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Bolton
BL1 4QP

Authorised Corporate Director (ACD) and Registrar

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Investment Manager

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

Authorised and regulated by the Financial Conduct Authority.

Sub-Investment Managers

IFSL Marlborough Far East Growth Fund
BEA Union Investment Management Limited
5/F The Bank of East Asia Building
10 Des Voeux Road Central
Hong Kong

Authorised and regulated by the Securities and Futures Commission in Hong Kong.

IFSL Marlborough Global Essential Infrastructure Fund and IFSL Marlborough Global SmallCap Fund

Ausbil Investment Management Ltd
Level 27 Grosvenor Place
225 George Street
Sydney 2000
Australia

Depository

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

Auditor

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

Directors of IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Dom Clarke
Helen Derbyshire - resigned effective 11 December 2023
Helen Redmond
Sally Helston
Guy Sears (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

IFSL Marlborough Multi Cap Income Fund and IFSL Marlborough Nano-Cap Growth Fund
Canaccord Genuity Asset Management Limited
88 Wood Street
London
EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

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IFSL MARLBOROUGH NO 2 OEIC

AUTHORISED STATUS

IFSL Marlborough No 2 OEIC (the Company) is an investment company with variable capital incorporated under the Open Ended Investment Company (OEIC) Regulations 2001. It is a UCITS scheme as defined in the Collective Investment Schemes Sourcebook (COLL) and is an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with the registration number IC000415 and is authorised and regulated by the Financial Conduct Authority with effect from 21 October 2005. The shareholders are not liable for the debts of the Company.

Shareholders of the sub-funds do not have any proprietary interest in the underlying assets of the Company and will not be liable for the debts of the Company. A sub-fund is not a legal entity. If the assets attributable to a sub-fund were insufficient to meet its liabilities the shortfall will not be met out of the assets attributable to one or more other sub-funds of the Company. The sub-funds are segregated by law under the Protected Cell Regime.

The Company currently has five sub-funds: IFSL Marlborough Far East Growth Fund; IFSL Marlborough Global Essential Infrastructure Fund; IFSL Marlborough Global SmallCap Fund; IFSL Marlborough Multi Cap Income Fund; and IFSL Marlborough Nano-Cap Growth Fund.

GENERAL INFORMATION

IFSL Marlborough Far East Growth Fund

Investment objective

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

The sub-fund aims to outperform the average of the IA Asia Pacific excluding Japan sector over any 5 year period, after any charges have been taken out of the sub-fund, however, there is no certainty this will be achieved.

Investment policy

At least 80% of the sub-fund will be invested in the shares of companies which are incorporated, headquartered, operating in or listed on stock markets in the Asia Pacific region (excluding Japan).

This may include up to 10% through funds (including exchange traded funds which typically track an index) which themselves invest in these markets or which gain exposure through financial instruments whose returns are linked to these markets (also known as derivatives). The sub-fund may also invest in shares of investment trusts and other securities whose returns are linked to company performance, such as depositary receipts.

The sub-fund may also hold money market instruments, a type of short term loan, and money market funds, which themselves invest in these instruments.

The sub-fund is actively managed which means the Manager decides which investments to buy or sell and when, and will maintain a relatively concentrated portfolio. The sub-fund will normally hold between 50 – 70 holdings in companies of a range of sizes and will not go outside this range for more than 3 consecutive months or exceed between 45 – 80 holdings.

The team approaches construction of the portfolio from three overlapping standpoints:

- economic and market conditions in each country and sector;
- a selection of companies which the team believes to be financially strong or whose valuations appear out of line with expectations; and
- companies which fit broader themes, such as, manufacturing automation, which the investment team believes are likely to drive share price returns over the medium term. Themes will change and this can often happen quickly.

The team use the Morningstar OIP Asia Ex Japan Net Return Index as a reference point for portfolio construction and risk management purposes, however, the sub-fund will not be constrained by the Index.

The sub-fund may invest in derivatives and forward transactions, including those whose returns are linked to exchange rates, in order to reduce risk (also known as hedging) although this is anticipated to be infrequent.

The sub-fund may hold cash to enable ready settlement of liabilities, for the efficient management of the sub-fund and in order to meet its objective. This will typically be below 10% but may from time to time exceed this level.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Far East Growth Fund (continued)

Performance target

The performance target is the level of performance the sub-fund aims to deliver however there is no certainty this will be achieved.

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors' as a way of dividing funds into broad groups with similar characteristics. The sub-fund aims to be in the top half of all funds included in the IA Asia Pacific excluding Japan sector.

Assessing performance

To assess the performance of the sub-fund, you may want to compare it to the performance of the Morningstar OIP Asia Ex Japan Net Return Index, which the investment team uses as a reference point for portfolio construction and risk management purposes, however the sub-fund is not constrained by this index.

IFSL Marlborough Global Essential Infrastructure Fund

Investment objective

The investment objective of the sub-fund is to provide capital growth, that is, to increase the value of your investment, as well as to provide income, that is, money paid out from an investment as dividends from shares, over a minimum of 5 years.

Investment policy

The sub-fund will invest at least 80% in the shares of global infrastructure companies, including investment companies and investment trusts, listed on a range of global developed and emerging market stock exchanges, however exposure to emerging markets will be limited to 10% of the sub-fund. Notwithstanding the emerging markets limit, investments will span a range of global markets with no maximum or minimum exposure to any other market or geographical region.

The sub-fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. The sub-fund will generally hold between 25 and 45 listed companies.

The Investment Manager seeks to invest in global infrastructure companies that have assets that are "essential" for the basic functioning of a society, such as regulated utilities (eg electricity, gas and water), transport (eg toll roads, airports), energy (eg regulated or contracted pipelines) and communications (eg mobile phone towers).

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

The sub-fund will not invest in other collective investment schemes.

The sub-fund may hold up to 20% in cash or near cash, to enable the ready settlement of liabilities (including redemptions), for the efficient management of the sub-fund and in pursuit of the sub-fund's objectives.

The sub-fund will not invest in derivatives (instruments whose returns are linked to another asset or other variable factor such as exchange rates or stock markets).

Investment strategy

The Investment Manager reviews financial publications, available broker opinions and talks to the directors and/or management of the companies that are within the scope of the investment policy, to form views on which companies are suitable for buying and selling. The Investment Manager will assess the appropriate weightings for each sector and company based on their view of the market and outlook for the future.

The Investment Manager aims to exploit the inefficiencies within the global listed infrastructure universe by conducting thorough research and analysis which considers the overall quality and long-term cash flow valuation of a company.

Assessing performance

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

The sub-fund's investment policy puts it in the IA Infrastructure sector. You may want to assess the sub-fund's performance compared to the performance of this sector.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Global SmallCap Fund

Investment objective

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

The sub-fund aims to deliver greater returns than the MSCI World Small Cap Index in GBP over any 5 year period after charges, however, there is no certainty this will be achieved.

Investment policy

The sub-fund will invest in the shares of companies, of which at least 90% of the sub-fund will be in the shares of small companies listed on a range of global stock exchanges. Investments will span a range of global markets with no maximum or minimum exposure to any one market or geographical region.

The Investment Manager defines small companies as either:

- any company within the MSCI World Small Cap Index above a market capitalisation (the market value of a company's shares) of USD 500 million.
- any company, that is not part of the above index, with a market capitalisation between USD 500 million and USD 5 billion listed in the developed countries represented within the MSCI World Small Cap Index.

Any company that no longer meets either of the above definitions will be sold within 12 months, where possible.

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

The sub-fund is actively managed, which means the Investment Manager decides which investments to buy or sell and when. The sub-fund will generally hold between 50 and 80 listed companies.

The sub-fund will not invest in other collective investment schemes.

The sub-fund may hold up to 10% in cash or near cash, to enable the ready settlement of liabilities (including redemptions), for the efficient management of the sub-fund and in pursuit of the sub-fund's objectives.

The sub-fund will not invest in derivatives (instruments whose returns are linked to another asset or other variable factor such as exchange rates or stock markets).

Investment strategy

The Investment Manager reviews financial publications, available broker opinions and talks to the directors and/or management of the companies that are within the scope of the investment policy, to form views on which companies are suitable for buying and selling. The Investment Manager will assess the appropriate weightings for each sector and company based on their view of the market and outlook for the future.

The Investment Manager aims to exploit the inefficiencies within the asset class by investing in quality companies, which in their view display unrecognised growth potential at attractive valuations.

Performance target

The performance benchmark is the level of performance the sub-fund aims to deliver however there is no certainty this will be achieved.

The MSCI World Small Cap Index has been chosen as the performance target as the composition of the index is broadly similar to the holdings in the sub-fund.

Assessing performance

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

The sub-fund's investment policy puts it in the IA Global sector. You may want to assess the sub-fund's performance compared to the performance of this sector.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Global SmallCap Fund (continued)

Assessing performance (continued)

You should note that whilst the IA Global Sector represents the global nature of the sub-fund, the sector contains funds investing across the market capitalisation spectrum from large cap to small cap. Therefore, when larger cap shares are performing better than small cap shares the sub-fund is more likely to underperform the sector. Conversely, the sub-fund is more likely to outperform the sector when small cap shares perform better than large cap shares.

IFSL Marlborough Multi Cap Income Fund

Investment objective

The investment objective of the sub-fund is to provide income, that is, money paid out from an investment as dividends from shares, as well as to deliver capital growth, that is to increase the value of your investment, over a minimum of 5 years.

The sub-fund aims to deliver a greater income than the FTSE All-Share Index, over any 3 year period, after any charges have been taken out of the sub-fund, however, there is no certainty that this will be achieved.

Investment policy

The sub-fund will invest at least 80% in the shares of companies and investment trusts listed on UK stock exchanges. This will include a range of small, medium and large companies, with a bias towards small and medium companies.

The sub-fund is actively managed, which means the manager decides which investments to buy and sell and when. Investments are selected based on individual company research.

The sub-fund invests in companies which the manager believes:

- have the ability to increase their dividends and offer the potential for growth; or
- companies which have previously paid steady dividends and are expected to continue to do so.

The sub-fund may also invest in companies which are listed on overseas stock exchanges, other securities which offer returns linked to the company performance, such as warrants, preference shares and convertible bonds, unquoted companies and other funds.

The sub-fund will normally be fully invested save for an amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the sub-fund both generally and in relation to strategic objectives however may hold higher cash balances in extreme market conditions.

Performance target

The performance benchmark is the level of performance the sub-fund aims to deliver however there is no certainty this will be achieved.

FTSE All-Share Index has been chosen as the performance target as the composition of the index is broadly similar to the holdings in the sub-fund.

Assessing performance

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

The sub-fund's investment policy puts it in the IA UK Equity Income sector. You may want to assess the sub-fund's performance compared to the performance of this sector.

IFSL Marlborough Nano-Cap Growth Fund

Investment objective

The investment objective of the sub-fund is to increase the value of your investment by more than any increase in the FTSE SmallCap Index (ex-Investment Companies) over any 10 year period, after any charges have been taken out of the sub-fund, however, there is no certainty this will be achieved.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Nano-Cap Growth Fund (continued)

Investment policy

At least 80% of the sub-fund will be invested in the shares of very small companies and investment trusts listed on UK stock exchanges. These are companies whose market capitalisation (the market value of a company's shares) is £200m 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 sub-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 sub-fund is actively managed, which means the investment manager decides which investments to buy or sell and when. The sub-fund invests in a diverse portfolio of investments and is not constrained by any industry or sector.

The sub-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 sub-fund and in order to meet its objective.

Performance target

The performance benchmark is the level of performance the sub-fund aims to deliver however there is no certainty this will be achieved.

The FTSE SmallCap Index (ex-Investment Companies) has been chosen as the performance target as the composition of the index is broadly similar to the holdings in the sub-fund.

Assessing performance

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

The sub-fund's investment policy puts it in the IA UK Smaller Companies sector. You may want to assess the sub-fund's performance compared to the performance of this sector.

Rights and terms attached to each share class

A share of each class represents a proportional entitlement to the assets of the sub-fund. The allocation of income and taxation and the rights of each share in the event that a sub-fund is wound up are on the same proportional basis.

Changes in prospectus

There have been no significant changes since the last annual report.

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

Cross Holdings

The sub-funds of the Company do not hold shares in other sub-funds of the Company.

AUTHORISED CORPORATE 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
22 March 2024

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 January 2024

Basis for preparation

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

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

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

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 July 2023 and are described in those annual financial statements.

The investments of the sub-funds have been valued at their fair value at 12 noon on 31 January 2024.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Performance to 31 January 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Far East Growth Fund	3.20%	(3.97)%	(10.73)%	7.61%
IA Asia Pacific excluding Japan Sector	(5.71)%	(10.76)%	(13.17)%	19.93%
Morningstar OIP Asia excluding Japan Net Return Index	(5.08)%	(7.07)%	(14.07)%	16.75%

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 share class is calculated in sterling.

Investment commentary

Performance statement

For the 6-month period to 31 January 2024, the sub-fund's P Accumulation shares returned 3.20%. This compared to a fall of -5.71% in the Investment Association (IA) Asia Pacific excluding Japan sector, which is the sub-fund's peer group benchmark*.

Market review

The equities markets in Asia Pacific fell overall during the reporting period. News flow regarding the domestic Chinese economy disappointed investors. There were numerous areas of weakness, including the manufacturing sector, service industries and property sales. The Thai equity market also struggled on news of a disappointing economic recovery and lack of government policy stimulus. In addition, coupled with a lower currency, weak investor sentiment drove the outflow of funds from the market. Taiwan equities performed strongly, mainly driven by the strength in the Information Technology sector on the back of a positive outlook in the semiconductor sector, supported by growth in Artificial Intelligence (AI). The Australian and Indian equity markets also shined. India was supported by strong data as well as positive outcome from the State Elections. Australia's performance was driven more by company specific events as well as a year-end rally on the back of a higher probability of American interest rate cuts occurring sooner than expected.

Sub-fund performance and activity

The sub-fund performed better than the benchmark during the reporting period. The performance was driven by a lower weight than the benchmark to China and Hong Kong. The sub-fund had been proactively reducing its exposure to China on continued weak macro data releases and unclear policy guidance. Geopolitical tension, waning investor confidence and fund outflows further supported the case to reduce exposure to China.

Higher weights than the benchmark to Australia, India and Taiwan contributed positively to performance. Australia continues to be favoured due to the higher quality and strong free-cash-flow companies quoted there. Our conviction in India is based on strong economic growth dynamics such as a young population and a strong domestic investment cycle which is lacking elsewhere in the region. Our conviction in Taiwan is driven mainly by its superior technology companies benefitting from the AI trend.

In terms of sector performance, compared to the benchmark, our higher weights in the Information Technology sector and lower weights in Consumer sectors were key reasons for the performance. With respect to activity, we trimmed companies with exposure to the Consumer and Communication Services sectors and increased exposure to companies in the Information Technology, Industrials and Energy sectors.

Investment outlook

In addition to the uncertainty around the pace of US interest rate cuts and the risk of a US recession, the backdrop is likely to continue to be challenging as investors seek confidence in China's policy response to the slowing economy. In the event of a US rate cut Asian countries are likely to benefit from a potentially weaker US\$ and lower borrowing costs. Geopolitical tensions, including trade restrictions or the multiple national elections taking place globally this year, will add to market volatility.

BEA Union Investment Management Limited
14 February 2024

* Benchmark – used for performance comparative purposes.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the six month period ended 31 January 2024

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	-	0.3542	0.5746	0.0796
Net accumulation paid 30 September		1.0159	2.9077	2.0645
<u>P Income (pence per share)</u>				
Net income paid 31 March	0.5181	1.1526	1.5073	0.9901
Net income paid 30 September		1.6280	3.2960	2.7068
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	0.6477	1.4233	1.8235	1.1801
Net accumulation paid 30 September		2.0207	4.0128	3.2453

Portfolio changes

Largest purchases

	<u>Cost (£)</u>
Wistron	309,590
Alchip Technologies	255,143
Zomato	223,140
AIA Group	178,547
Evergreen Marine	170,624
South32	169,687
NetEase	163,743
Compal Electronics	158,676
MINISO Group Holding	142,152
HPSP Co	142,026
Other purchases	1,563,369
Total purchases for the period	3,476,697

Largest sales

	<u>Proceeds (£)</u>
Tencent Holdings	357,841
BYD Co	313,724
LG Chem	301,405
Kunlun Energy Co	212,828
Taiwan Semiconductor Manufacturing Co	208,383
Samsung SDI Co	198,950
Maruti Suzuki India	189,919
MINISO Group Holding	180,886
Alibaba Group Holding	175,856
CRRC	171,881
Other sales	3,327,141
Total sales for the period	5,638,814

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

<u>A Accumulation shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	271.50	295.63	333.09	282.42
Return before operating charges*	10.07	(18.86)	(31.95)	55.94
Operating charges	(2.41)	(5.27)	(5.51)	(5.27)
Return after operating charges*	7.66	(24.13)	(37.46)	50.67
Distributions on accumulation shares	-	(1.37)	(3.48)	(2.14)
Retained distributions on accumulation shares	-	1.37	3.48	2.14
Closing net asset value per share	279.16	271.50	295.63	333.09
* after direct transaction costs of:	0.19	1.14	1.63	0.48
Performance				
Return after charges ^A	2.82%	(8.16)%	(11.25)%	17.94%
Other information				
Closing net asset value (£)	5,698,782	6,951,010	12,984,676	18,612,101
Closing number of shares	2,041,412	2,560,255	4,392,171	5,587,728
Operating charges	1.77% ^{B,C}	1.87%	1.68%	1.67%
Direct transaction costs	0.14% ^C	0.41%	0.50%	0.15%
Prices (pence per share)				
Highest share price	281.13	302.94	351.11	352.62
Lowest share price	257.08	261.38	289.90	275.89
<u>P Income shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	215.66	235.97	269.02	229.52
Return before operating charges*	8.05	(15.02)	(25.78)	45.61
Operating charges	(1.11)	(2.51)	(2.47)	(2.41)
Return after operating charges*	6.94	(17.53)	(28.25)	43.20
Distributions on income shares	(0.52)	(2.78)	(4.80)	(3.70)
Closing net asset value per share	222.08	215.66	235.97	269.02
* after direct transaction costs of:	0.15	0.91	1.32	0.39
Performance				
Return after charges ^A	3.22%	(7.43)%	(10.50)%	18.82%
Other information				
Closing net asset value (£)	4,581,421	4,828,372	5,005,480	6,337,504
Closing number of shares	2,062,986	2,238,894	2,121,232	2,355,731
Operating charges	1.02% ^{B,C}	1.12%	0.93%	0.92%
Direct transaction costs	0.14% ^C	0.41%	0.50%	0.15%
Prices (pence per share)				
Highest share price	224.16	241.90	284.39	287.47
Lowest share price	204.31	209.10	234.54	224.37

^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.

^C These figures have been annualised.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

P Accumulation shares	Period to 31.01.2024	Year to 31.07.2023	Year to 31.07.2022	Year to 31.07.2021
Change in net assets per share	pence	pence	pence	pence
Opening net asset value per share	269.59	291.36	325.82	274.19
Return before operating charges*	10.04	(18.67)	(31.46)	54.51
Operating charges	(1.38)	(3.10)	(3.00)	(2.88)
Return after operating charges*	8.66	(21.77)	(34.46)	51.63
Distributions on accumulation shares	(0.65)	(3.44)	(5.84)	(4.43)
Retained distributions on accumulation shares	0.65	3.44	5.84	4.43
Closing net asset value per share	278.25	269.59	291.36	325.82
* after direct transaction costs of:	0.19	1.12	1.61	0.47
Performance				
Return after charges ^A	3.21%	(7.47)%	(10.58)%	18.83%
Other information				
Closing net asset value (£)	5,757,317	5,894,468	6,163,976	10,632,193
Closing number of shares	2,069,153	2,186,478	2,115,601	3,263,233
Operating charges	1.02% ^{B,C}	1.12%	0.93%	0.92%
Direct transaction costs	0.14% ^C	0.41%	0.50%	0.15%
Prices (pence per share)				
Highest share price	280.20	298.67	344.37	344.69
Lowest share price	255.39	259.43	285.60	268.02

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

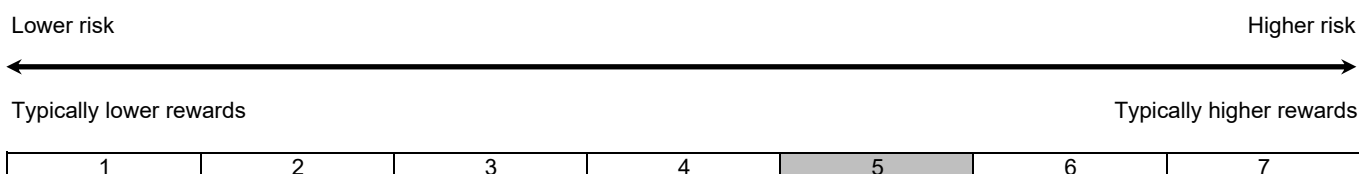
^B On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^C These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the period. Where it is considered unsuitable to use the total expenses paid by each share class in the period to calculate the OCF because of material changes to the sub-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.ifsifunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the sub-fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



This indicator aims to give you a measure of the price movement of the sub-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 are used.

This sub-fund has been measured as 5 because its investments have experienced moderate to high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 6.71%)		
26,231 Goodman Group	346,781	2.16
163,611 Karoon Energy	165,469	1.03
27,113 Northern Star Resources	184,916	1.15
194,177 Paladin Energy	129,915	0.81
27,175 Santos	109,653	0.68
94,963 South32	164,502	1.03
45,948 Telstra Group	96,038	0.60
Total Australia	<u>1,197,274</u>	<u>7.46</u>
CANADA (31 July 2023 - Nil)		
3,723 Cameco	140,555	0.88
Total Canada	<u>140,555</u>	<u>0.88</u>
CHINA / HONG KONG (31 July 2023 - 25.34%)		
49,800 AIA Group	306,026	1.91
15,900 Alibaba Group Holding	111,494	0.69
376,000 China Oilfield Services	283,939	1.77
32,700 China Yangtze Power Co	87,593	0.55
600 Kweichow Moutai Co	105,758	0.66
34,520 NARI Technology Co	79,616	0.50
5,100 NetEase	77,849	0.48
1,024,000 PetroChina Co 'H'	583,316	3.64
42,400 Sands China	87,635	0.55
10,500 Swire Pacific	63,994	0.40
5,500 Tencent Holdings	149,943	0.93
6,700 Trip.Com Group	189,142	1.18
184,000 Zijin Mining Group Co 'H'	214,824	1.34
Total China / Hong Kong	<u>2,341,129</u>	<u>14.60</u>
INDIA (31 July 2023 - 18.09%)		
268,403 Bharat Electronics	474,256	2.96
32,886 Bharti Airtel	364,615	2.27
6,464 Doms Industries	86,053	0.54
7,942 HDFC Bank	110,218	0.69
68,432 ICICI Bank	665,607	4.15
4,221 KEI Industries	126,649	0.79
16,247 Larsen & Toubro	536,525	3.34
17,120 Macrotech Developers	174,367	1.09
677 Maruti Suzuki India	65,225	0.41
155,121 Power Grid Corporation of India	381,873	2.38
11,231 Reliance Industries	303,517	1.89
29,826 SBI Life Insurance Co	395,605	2.47
234,241 Zomato	309,836	1.93
Total India	<u>3,994,346</u>	<u>24.91</u>
INDONESIA (31 July 2023 - 5.54%)		
394,100 Bank Central Asia	188,024	1.17
520,800 Bank Mandiri	173,020	1.08
841,200 Bank Rakyat Indonesia	239,539	1.49
Total Indonesia	<u>600,583</u>	<u>3.74</u>
PHILIPPINES (31 July 2023 - 1.69%)		
52,572 BDO Unibank	106,205	0.66
62,950 International Container Terminal Services	214,154	1.34
Total Philippines	<u>320,359</u>	<u>2.00</u>
SINGAPORE (31 July 2023 - 1.85%)		
5,600 DBS Group Holdings	104,989	0.65
221,000 Yangzijiang Shipbuilding (Holdings)	218,411	1.36
Total Singapore	<u>323,400</u>	<u>2.01</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SOUTH KOREA (31 July 2023 - 15.79%)		
5,354 HPSP Co	142,181	0.89
27,539 Samsung Electronics Co	1,182,817	7.37
8,678 SK Hynix	690,593	4.31
Total South Korea	<u>2,015,591</u>	<u>12.57</u>
TAIWAN (31 July 2023 - 15.32%)		
17,000 Accton Technology	226,595	1.41
3,000 Alchip Technologies	294,425	1.84
73,000 ASE Technology Holding Co	249,234	1.55
3,000 ASPEED Technology	233,197	1.45
115,000 Compal Electronics	103,880	0.65
44,000 Evergreen Marine	166,853	1.04
40,000 Gigabyte Technology Co	311,433	1.94
40,000 Gold Circuit Electronics	230,803	1.44
10,000 Mediatek	243,401	1.52
69,000 Taiwan Semiconductor Manufacturing Co	1,091,828	6.81
67,000 Wistron	193,297	1.21
10,000 Yageo	139,086	0.87
Total Taiwan	<u>3,484,032</u>	<u>21.73</u>
THAILAND (31 July 2023 - 1.09%)		
UNITED STATES (31 July 2023 - 6.02%)		
4,195 Freeport-McMoRan	132,150	0.82
756 Nvidia	373,983	2.33
1,048 Onto Innovation	135,732	0.85
2,172 Prologis	216,635	1.35
994 Stryker	248,237	1.55
Total United States	<u>1,106,737</u>	<u>6.90</u>
UNQUOTED SECURITIES (31 July 2023 - 0.00%)		
Portfolio of investments	15,524,006	96.80
Net other assets	513,514	3.20
Total net assets	<u><u>16,037,520</u></u>	<u><u>100.00</u></u>

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

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2024

	£
Total purchases costs, including transaction charges	3,476,697
Total sales proceeds, net of transaction charges	5,638,814

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Income:				
Net capital gains/(losses)		462,779		(374,027)
Revenue	142,869		250,513	
Expenses	<u>(106,123)</u>		<u>(159,592)</u>	
Net revenue before taxation	36,746		90,921	
Taxation	<u>(45,914)</u>		<u>(14,660)</u>	
Net revenue after taxation		<u>(9,168)</u>		<u>76,261</u>
Total return before distributions		453,611		(297,766)
Distributions		(26,356)		(75,635)
Change in net assets attributable to shareholders from investment activities		<u>427,255</u>		<u>(373,401)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Opening net assets attributable to shareholders		^A 17,673,850		25,458,950
Amounts receivable on issue of shares	204,477		940,673	
Amounts payable on cancellation of shares	<u>(2,282,216)</u>		<u>(3,926,949)</u>	
		(2,077,739)		(2,986,276)
Dilution adjustment		755		4,621
Change in net assets attributable to shareholders from investment activities		427,255		(373,401)
Retained distribution on accumulation shares		13,399		40,970
Closing net assets attributable to shareholders		<u>16,037,520</u>	^A	<u>22,144,864</u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

BALANCE SHEET
as at 31 January 2024

	31 January 2024	31 July 2023
	£	£
Assets:		
Fixed Assets:		
Investments	15,524,006	17,221,094
Current Assets:		
Debtors	240,912	75,640
Cash and bank balances	607,837	509,999
Total assets	<u>16,372,755</u>	<u>17,806,733</u>
Liabilities:		
Creditors:		
Distribution payable on income shares	10,690	36,451
Bank overdrafts	12,111	1,046
Other creditors	312,434	95,386
Total liabilities	<u>335,235</u>	<u>132,883</u>
Net assets attributable to shareholders	<u>16,037,520</u>	<u>17,673,850</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Performance to 31 January 2024

	<u>Six months</u>	<u>1 year</u>	<u>18.10.2022^A</u>
IFSL Marlborough Global Essential Infrastructure Fund	(3.18)%	(8.54)%	(0.81)%
IA Infrastructure Sector	(2.34)%	(7.35)%	(1.43)%

^A Since launch period ended.

External Source of Economic Data: Morningstar (X 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 share class is calculated in sterling.

Investment commentary

Performance statement

Sub-fund performance for the six month period to 31 January 2024 was -3.18% versus the benchmark*, the Investment Association (IA) Infrastructure sector, return of -2.34%.

Market review

The past six months have seen investors take a more positive view on markets, driven by robust economic data and strong corporate earnings. The characteristics of 'Essential Infrastructure' business models derive from the defensive, regulated and contracted business models that are less sensitive to changes in the overall economic cycle. We have not seen a full economic cycle due to significant financial help from central banks and governments following COVID. Hence the cycle has gone from boom to slowdown to boom, skipping the much-anticipated recession and much of what would have been a typical slowdown in a normal cycle. This unusual market has now seen unemployment fall to a 50-year low and the economy remains much more resilient than would be normally expected.

Against this backdrop, the performance of the Essential Infrastructure sector compared to the wider market has been disappointing. The main reason being that the long-term discounted cashflow valuation models of companies, especially those with utility exposure, are more sensitive, in a negative way, to rising interest rates. In the period, Energy Infrastructure (+6.1%), Transportation (+4.4%) and Communications (+3.4%) all traded higher while the Utilities sector was significantly behind, posting -10.4% return for the period.

Sub-fund performance and activity

Over the six-month period under review, the sub-fund has continued to increase investment in energy infrastructure such as gas pipeline and storage facilities, and reduce overall utilities exposure. The sub-fund has increased its exposure in North America and the UK and reduced exposure to companies quoted in Asia Pacific and Europe.

The three largest positive contributions to sub-fund performance over the period under review were from Ferrovial, TC Energy and American Tower.

Ferrovial advanced +18% in the period as the company continues to execute strongly on its business plan. In the period, the company's largest toll-road concession, the ETR 407 located in Toronto Canada, announced their first changes in tolls since COVID. The company also executed on a key asset sale with the announcement of the sale of their 25% stake in Heathrow airport for £2.4bn. The proceeds from the exit of Heathrow Airport (which it has owned for the past 17 years) will be invested into their new JFK airport Terminal One project.

TC Energy (TRP) is one of the largest energy infrastructure companies in North America, with a network of natural gas and oil pipelines and power assets. The shares advanced +16% in the period as the company continued to execute on its strategy to sell-off their liquid pipeline business in 2H 2024 which will create two separate companies that will be more transparent and hence investors may value more highly.

American Tower (AMT), and more broadly the mobile communication sector, were strong performers in the period as corporate activity supported the sector's positive outlook. The name continues to be attractive on long term valuation and remains a core holding in the sub-fund.

The negative contributors in the period were led by the utility exposures and, more specifically, the renewable energy exposures in the sub-fund. We retain our high conviction on the long-term characteristics of the sector and continue to prefer to invest in the heavily regulated renewable exposures, but the short-term share price weakness hurt in the period.

Ørsted was the largest detractor in the group as the company mismanaged their US expansion which led to the cancellation of the Ocean Wind offshore wind project and a large write down in their investment. This led to a loss of confidence in the management team and raised significant uncertainty in their balance sheet. As such, we exited the position and realised that loss in the period.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Investment commentary (continued)

Sub-fund performance and activity (continued)

NextEra, the largest US onshore wind operator, also traded lower in the period down -18% as the negative sentiment in the sector spread over to their name as well. We continue to remain comfortable with our NextEra position as the risk profile is considerably lower (and higher quality) than Ørsted given 70% of NextEra is a regulated utility. From an investment perspective, the combination of quality, its environmental, social and governance attributes and valuation continue to support the company's positive outlook.

Market outlook and sub-fund strategy

Economic data is showing positive signs, with fears of a recession dissipating and interest rate cuts being postponed. Coupled with the increasing allocations to artificial intelligence related technology, this has created a challenging environment for long-duration, defensive assets like Essential Infrastructure.

However, taking a broader view, valuations are currently as attractive as they have been since 2008's global financial crisis. Fundamentals are exceeding expectations overall, and the growth outlook appears exceptionally strong, with factors such as reflecting inflation's impact on prices, increased grid spending, and the ongoing energy transition playing significant roles.

Despite the prevailing negative sentiment towards Essential Infrastructure, we firmly believe that the current difference between positive company fundamentals and seemingly depressed share prices cannot persist indefinitely. The anticipated start of the interest rate cutting cycle, though delayed, should serve as a positive catalyst for the sector. Therefore, our confidence in the outlook for this asset class remains as strong as it has ever been.

Ausbil Investment Management Limited
8 March 2024

* Benchmark – Comparative index for performance purposes.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>
<u>X Income (pence per share)</u>		
Net income paid 31 March	0.9438	0.5060
Net income paid 30 September		1.4804
<u>X Accumulation (pence per share)</u>		
Net accumulation paid 31 March	0.9880	0.5061
Net accumulation paid 30 September		1.4878

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the six month period ended 31 January 2024

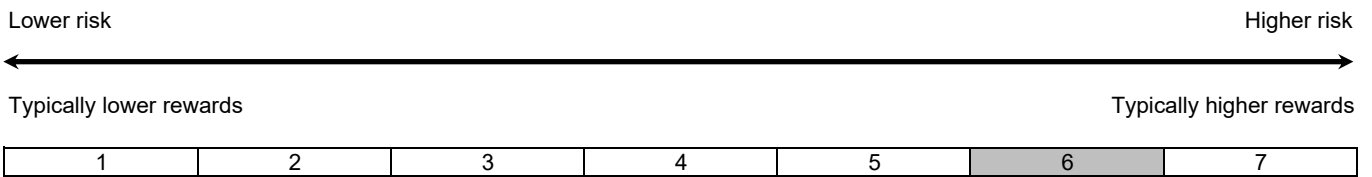
Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Kinder Morgan 'P'	80,697
Pennon Group	72,879
Ameren	65,316
Italgas	64,955
Cellnex Telecom	49,357
NextEra Energy	43,048
Crown Castle International	42,497
Aéroports de Paris	41,692
Corporación Acciona Energías Renovables	40,919
Severn Trent	38,847
Other purchases	226,971
Total purchases for the period	767,178

<u>Largest sales</u>	<u>Proceeds (£)</u>
Terna	123,126
Ormat Technologies	105,834
CenterPoint Energy	82,971
Ørsted	81,179
VINCI	58,762
Aena SME	56,503
Williams Companies	41,397
Auckland International Airport	40,626
American Water Works Company	40,383
Cellnex Telecom	39,793
Other sales	96,545
Total sales for the period	767,119

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



This indicator aims to give you a measure of the price movement of the sub-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 sub-fund has been measured as 6 because its investments have experienced high volatility in the past. During the period the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 6.06%)		
32,630 Transurban Group	228,746	5.56
Total Australia	<u>228,746</u>	<u>5.56</u>
BELGIUM (31 July 2023 - 3.78%)		
2,016 Elia Group	191,909	4.66
Total Belgium	<u>191,909</u>	<u>4.66</u>
CANADA (31 July 2023 - 1.58%)		
3,682 TC Energy	114,716	2.79
Total Canada	<u>114,716</u>	<u>2.79</u>
DENMARK (31 July 2023 - 4.06%)		
FRANCE (31 July 2023 - 9.87%)		
1,214 Aéroports de Paris	128,715	3.13
9,473 Getlink	129,285	3.14
1,166 VINCI	116,445	2.83
Total France	<u>374,445</u>	<u>9.10</u>
ITALY (31 July 2023 - 6.07%)		
40,692 Italgas	183,267	4.45
Total Italy	<u>183,267</u>	<u>4.45</u>
NETHERLANDS (31 July 2023 - 4.41%)		
6,898 Ferrovial	208,290	5.06
Total Netherlands	<u>208,290</u>	<u>5.06</u>
NEW ZEALAND (31 July 2023 - 3.38%)		
24,729 Auckland International Airport	100,162	2.43
Total New Zealand	<u>100,162</u>	<u>2.43</u>
SPAIN (31 July 2023 - 9.14%)		
654 Aena SME	91,627	2.23
7,243 Cellnex Telecom	220,499	5.35
2,018 Corporación Acciona Energías Renovables	41,484	1.01
16,467 Sacyr	42,925	1.04
Total Spain	<u>396,535</u>	<u>9.63</u>
UNITED KINGDOM (31 July 2023 - 5.31%)		
30,436 Pennon Group	214,726	5.21
4,987 Severn Trent	129,562	3.15
Total United Kingdom	<u>344,288</u>	<u>8.36</u>
UNITED STATES (31 July 2023 - 45.74%)		
2,474 Ameren	135,096	3.28
1,561 American Tower	239,845	5.82
606 American Water Works Company	58,991	1.43
3,754 CenterPoint Energy	82,344	2.00
1,260 Cheniere Energy	162,158	3.94
966 Crown Castle International	82,125	1.99
2,685 Edison International	142,253	3.45
2,996 Exelon	81,906	1.99
5,924 Kinder Morgan 'P'	78,673	1.91
5,376 NextEra Energy	247,415	6.01
1,079 SBA Communications 'A'	189,624	4.61
3,577 Sempra Energy	201,029	4.88
5,015 Williams Companies	136,472	3.31
2,196 Xcel Energy	103,186	2.51
Total United States	<u>1,941,117</u>	<u>47.13</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
Portfolio of investments	4,083,475	99.17
Net other assets	34,345	0.83
Total net assets	<u>4,117,820</u>	<u>100.00</u>

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

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2024

	£
Total purchases costs, including transaction charges	767,178
Total sales proceeds, net of transaction charges	767,119

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Income:				
Net capital (losses)/gains		(168,648)		248,497
Revenue	49,540		19,378	
Expenses	<u>(11,550)</u>		<u>(5,494)</u>	
Net revenue before taxation	37,990		13,884	
Taxation	<u>(7,249)</u>		<u>(2,341)</u>	
Net revenue after taxation		<u>30,741</u>		<u>11,543</u>
Total return before distributions		(137,907)		260,040
Distributions		(41,022)		(16,357)
Change in net assets attributable to shareholders from investment activities		<u><u>(178,929)</u></u>		<u><u>243,683</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Opening net assets attributable to shareholders		^A 4,281,042		-
Amounts receivable on issue of shares	106,279		3,805,497	
Amounts payable on cancellation of shares	<u>(130,434)</u>		<u>(2,451)</u>	
		(24,155)		3,803,046
Dilution adjustment		-		955
Change in net assets attributable to shareholders from investment activities		(178,929)		243,683
Retained distribution on accumulation shares		39,862		18,734
Closing net assets attributable to shareholders		<u><u>4,117,820</u></u>	^A	<u><u>4,066,418</u></u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

BALANCE SHEET
as at 31 January 2024

	31 January 2024	31 July 2023
	£	£
Assets:		
Fixed Assets:		
Investments	4,083,475	4,255,303
Current Assets:		
Debtors	37,245	119,745
Cash and bank balances	32,581	48,845
Total assets	<u>4,153,301</u>	<u>4,423,893</u>
Liabilities:		
Creditors:		
Distribution payable on income shares	1,161	1,323
Bank overdrafts	850	22,824
Other creditors	33,470	118,704
Total liabilities	<u>35,481</u>	<u>142,851</u>
Net assets attributable to shareholders	<u>4,117,820</u>	<u>4,281,042</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Performance to 31 January 2024

	<u>Six months</u>	<u>1 year</u>	<u>18.10.2022^A</u>
IFSL Marlborough Global SmallCap Fund	7.35%	11.52%	16.53%
IA Global Sector	4.15%	8.29%	17.32%
MSCI World Small Cap Net Total Return Index	(0.33)%	3.01%	21.09%

^A Since launch period ended.

External Source of Economic Data: Morningstar (X 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 share class is calculated in sterling.

Investment commentary

Performance statement

Sub-fund performance for the six months ending in January 2024 was 7.35% (net of fees) versus the benchmark* return of -0.33%, as measured by the MSCI World Small Cap Net Total Return Index.

Market review

The past six months have seen investors willing to take on more risk, driven by robust economic data and strong corporate earnings. In terms of the benchmark, smaller companies quoted in the US performed less well than the overall Index, compared to UK quoted smaller companies that performed better. Hong Kong and New Zealand were the worst performing countries, while Ireland and Italy performed well.

Performance across the sectors** was mixed during the period under review. The defensive sectors of utilities and health care were the worst performing sectors. The best performing sectors were financials and consumer staples.

Sub-fund performance and activity

Notable positive contributors to relative performance over the period were Vertiv Holdings in the US, Horiba in Japan and BE Semiconductors (BESI) in the Netherlands. Negative contributors to performance were Kempower in Finland, Inmode in Israel and Paradox Interactive in Sweden.

Vertiv Holdings is a leading provider of critical digital infrastructure solutions with a strong focus on data centres, offering a comprehensive portfolio of products and services to ensure the availability and reliability of essential applications across a wide range of industries. Vertiv has been a key holding in the sub-fund for over two and a half years. Given the strong demand for data centres and advanced computing, including AI (Artificial Intelligence), we expect Vertiv to deliver attractive earnings growth in the coming

Horiba is a Japanese company specialising in the development and manufacturing of precision instruments and systems for various industries. Horiba's Environmental and Process Monitoring segment offers a variety of instruments for environmental monitoring, including air and water quality analysis. Horiba's semiconductor equipment segment provides semiconductor manufacturing equipment, focused on efficient production and quality control processes in the semiconductor industry. The sub-fund expects these segments to experience robust demand going forward which may lead to revenue and earnings growth currently not recognised by investors and therefore offering an opportunity for share price increases.

BE Semiconductor Industries (BESI) is a leading assembly equipment supplier in the advanced packaging back-end market based in the Netherlands. This segment of the semiconductor industry focuses on packaging and assembly of integrated circuits after their fabrication and is becoming ever more critical. The sub-fund expects these themes to be supportive for the earnings of BESI in the coming years. BESI's earnings results in October showed strong cost management and significant improvement in customer orders which benefitted the share price.

Kempower is a Finnish developer and manufacturer of electric vehicle fast charging units. It has seen rapid growth in its local region of Northern Europe and has expanded further across Europe and into the UK. The group have also won recent contracts in the US and Australia. Kempower's share price struggled during the period as renewable energy companies and companies exposed to electric vehicles' (EVs) demand performed poorly.

Inmode is a leader in non-invasive and minimally invasive cosmetic procedures. The Inmode share price came under pressure during the period as US and global consumer demand remained sluggish due to higher interest rates and ongoing elevated inflation.

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for the six month period ended 31 January 2024

Investment commentary (continued)

Paradox Interactive is a Swedish game developer established in 1999. The company has grown into one of the leading developers in highly detailed strategy games. After a strong run, recent share price action has been disappointing. However, the company continues to develop new games in its core niche while also extending their existing franchises (via add on downloadable content) which should be positive for shareholders over the longer term.

Market outlook and sub-fund strategy

The sub-fund continues to seek out unrecognised growth opportunities in stocks exposed to identified themes and growth tailwinds including onshoring, data centres and electrical grid upgrades. We believe that these themes combined with the identification of excellent company management teams can lead to positive shareholder outcomes. Core positions continue to be Atkore, Vertiv and BE Semiconductors which are exposed to these themes.

The sub-fund continues to have higher exposure than the benchmark to US and European industrials, with a focus on electrical equipment including the ongoing investment in the US and European electricity grid and the associated increase in construction and infrastructure investment.

We remain with a lower weight than the benchmark in sectors related to consumer spending as the consumer is still at risk from elevated interest and inflation rates; although we think that the peak in these is behind us. The sub-fund is in line with the benchmark in Financials and lower in Real Estate. Insurance holdings were increased in the second half of 2023. The largest holding in Financials is now Evercore; the independent investment bank founded in 1995 by Roger Altman. Evercore continues to highlight an improving outlook for the corporate activity market, while also looking to take market share from its key competitors. Eastgroup Properties, a niche leader in mid and small sized industrial distribution centres is the sub-fund's biggest position in Real Estate.

On a regional basis, the sub-fund has a higher weight to the benchmark in Europe and the UK with a slightly lower weight to the US given the relative valuation differences between the two regions. The US position increased during the last few months as we increased exposure to US industrials while reducing EU industrials. We expect that US industrial holdings will benefit further from the ongoing fiscal support from the US government.

Ausbil Investment Management Limited

8 March 2024

* Benchmark - Comparator index for performance purposes.

** Sector allocation or exposure discloses the principle areas of business by industry across all the sub-fund's holdings. For example, when the sub-fund buys an investment whose main business is in information technology, the overall sub-fund exposure to that sector will increase.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>
<u>X Accumulation (pence per share)</u>	0.2358	0.2647
Net accumulation paid 31 March		0.6828
Net accumulation paid 30 September		

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for the six month period ended 31 January 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Vertiv Holdings Co	103,487
BE Semiconductor Industries	92,156
NKT	88,877
Bank OZK	88,008
Atkore	80,075
Evercore	77,795
Brunello Cucinelli	73,865
Sterling Infrastructure	73,028
EMCOR Group	61,694
Applied Industrial Technologies	60,148
Other purchases	1,756,145
Total purchases for the period	2,555,278
<u>Largest sales</u>	<u>Proceeds (£)</u>
TopBuild	102,391
Vertiv Holdings Co	91,239
InMode	79,540
Marten Transport	63,957
Kempower	60,591
Rotork	60,282
Burckhardt Compression Holding	49,765
MasTec	48,481
Sandfire Resources	48,233
Trex Co	46,037
Other sales	1,394,312
Total sales for the period	2,044,828

IFSL MARLBOROUGH NO 2 OEIC
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PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 1.32%)		
AUSTRIA (31 July 2023 - 2.78%)		
1,528 Andritz	74,878	1.98
Total Austria	<u>74,878</u>	<u>1.98</u>
BELGIUM (31 July 2023 - 1.38%)		
1,543 Bekaert	59,516	1.57
471 Montea	32,020	0.85
Total Belgium	<u>91,536</u>	<u>2.42</u>
CANADA (31 July 2023 - 2.31%)		
431 Celestica	11,620	0.31
1,234 Hammond Power Solutions	67,281	1.78
310 Methanex	10,817	0.29
Total Canada	<u>89,718</u>	<u>2.38</u>
CAYMAN ISLANDS (31 July 2023 - Nil)		
332 Fabrinet	55,710	1.47
Total Cayman Islands	<u>55,710</u>	<u>1.47</u>
DENMARK (31 July 2023 - 0.96%)		
1,638 NKT	90,277	2.39
Total Denmark	<u>90,277</u>	<u>2.39</u>
FINLAND (31 July 2023 - 6.64%)		
1,450 Kempower	36,981	0.98
3,260 Valmet	73,050	1.93
Total Finland	<u>110,031</u>	<u>2.91</u>
ISRAEL (31 July 2023 - 3.28%)		
ITALY (31 July 2023 - 3.17%)		
3,844 Azimut Holding	84,890	2.24
1,038 Brunello Cucinelli	81,722	2.16
4,086 Technoprobe	32,152	0.85
Total Italy	<u>198,764</u>	<u>5.25</u>
JAPAN (31 July 2023 - 4.99%)		
2,300 Amano	42,123	1.11
2,600 DMG Mori Seiki Co	41,674	1.10
1,800 Horiba	115,705	3.06
1,000 Okuma	35,807	0.95
100 SCREEN Holdings Co	7,879	0.21
2,400 The Yokohama Rubber Company	45,321	1.20
Total Japan	<u>288,509</u>	<u>7.63</u>
NETHERLANDS (31 July 2023 - 0.98%)		
933 BE Semiconductor Industries	111,258	2.94
Total Netherlands	<u>111,258</u>	<u>2.94</u>
SPAIN (31 July 2023 - 1.34%)		
SWEDEN (31 July 2023 - 3.50%)		
1,828 Axfood	36,606	0.97
3,477 HEXPOL	31,656	0.84
4,055 Munters Group	51,280	1.36
Total Sweden	<u>119,542</u>	<u>3.17</u>

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PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SWITZERLAND (31 July 2023 - 3.67%)		
212 Tecan Group	64,503	1.71
Total Switzerland	<u>64,503</u>	<u>1.71</u>
UNITED KINGDOM (31 July 2023 - 8.63%)		
5,459 Britvic	48,148	1.27
2,170 CVS Group	36,630	0.97
662 Diploma	21,568	0.57
2,605 Greggs	69,606	1.84
1,116 Softcat	16,137	0.43
7,500 Volex	23,775	0.63
Total United Kingdom	<u>215,864</u>	<u>5.71</u>
UNITED STATES (31 July 2023 - 53.81%)		
377 AGCO	36,205	0.96
988 Applied Industrial Technologies	136,836	3.62
1,476 Atkore	176,962	4.68
2,394 Bank OZK	84,776	2.24
68 Chemed	31,657	0.84
634 Eagle Materials	112,584	2.98
772 EastGroup Properties	107,515	2.84
728 EMCOR Group	130,266	3.45
939 Evercore	126,577	3.35
1,136 FormFactor	34,563	0.91
239 Installed Building Products	36,538	0.97
824 LeMaitre Vascular	37,469	0.99
2,208 LXP Industrial Trust	15,763	0.42
469 Medpace Holdings	107,274	2.84
943 Moelis & Company	40,673	1.08
2,366 Mueller Industries	89,136	2.36
349 Onto Innovation	44,236	1.17
1,607 Pinnacle Financial Partners	111,466	2.95
165 Preformed Line Products Company	15,811	0.42
160 Primerica	29,424	0.78
641 RLI	68,621	1.81
1,285 Selective Insurance Group	105,753	2.80
1,266 Sprouts Farmers Market	50,081	1.32
2,159 Sterling Infrastructure	127,119	3.36
254 Topbuild	73,635	1.95
404 TriNet Group	36,056	0.95
4,077 Vertiv Holdings Co	180,460	4.77
Total United States	<u>2,147,456</u>	<u>56.81</u>
Portfolio of investments	3,658,046	96.77
Net other assets	122,069	3.23
Total net assets	<u><u>3,780,115</u></u>	<u><u>100.00</u></u>

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

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2024

	£
Total purchases costs, including transaction charges	2,555,278
Total sales proceeds, net of transaction charges	2,044,828

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STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Income:				
Net capital gains		212,636		87,806
Revenue	16,896		10,649	
Expenses	<u>(8,445)</u>		<u>(3,510)</u>	
Net revenue before taxation	8,451		7,139	
Taxation	<u>(2,099)</u>		<u>(1,470)</u>	
Net revenue after taxation		<u>6,352</u>		<u>5,669</u>
Total return before distributions		218,988		93,475
Distributions		(6,352)		(5,669)
Change in net assets attributable to shareholders from investment activities		<u>212,636</u>		<u>87,806</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Opening net assets attributable to shareholders		^A 2,967,931		-
Amounts receivable on issue of shares	1,168,168		2,199,724	
Amounts payable on cancellation of shares	<u>(578,055)</u>		<u>(11,630)</u>	
		590,113		2,188,094
Dilution adjustment		1,784		77
Change in net assets attributable to shareholders from investment activities		212,636		87,806
Retained distribution on accumulation shares		7,651		5,787
Closing net assets attributable to shareholders		<u>3,780,115</u>	^A	<u>2,281,764</u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

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BALANCE SHEET
as at 31 January 2024

	31 January 2024	31 July 2023
	£	£
Assets:		
Fixed Assets:		
Investments	3,658,046	2,931,275
Current Assets:		
Debtors	155,629	10,030
Cash and bank balances	24,439	31,201
Total assets	<u>3,838,114</u>	<u>2,972,506</u>
Liabilities:		
Creditors:		
Other creditors	57,999	4,575
Total liabilities	<u>57,999</u>	<u>4,575</u>
Net assets attributable to shareholders	<u><u>3,780,115</u></u>	<u><u>2,967,931</u></u>

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Performance to 31 January 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Multi Cap Income Fund	1.87%	0.11%	4.22%	4.95%
IA UK Equity Income Sector	2.67%	1.30%	23.09%	24.55%
FTSE All-Share Total Return (TR) Index	1.14%	1.90%	27.46%	30.42%

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 share class is calculated in sterling.

Investment commentary

Performance statement

The price of the sub-fund at the end of July 2023 was 209.64p (based on the P Accumulation share class). The sub-fund's benchmark*, the FTSE All-Share Total Return (TR) Index, was 4198.02 at that time. Since then, the benchmark has fallen 0.6% to 4173.06 (29 January 2024).

The sub-fund price rose to 213.55p, up 1.87% in the half year to 31 January 2024. In comparison, the FTSE All-Share TR Index was up 1.14% to 8,936.56, up from 8836.24 over the same period.

Since inception in May 2011 to the end of January 2024, the sub-fund is up 113.55%** (based on the P Accumulation share class) compared with the FTSE All-Share TR Index up 110.82 % from 4,233.69 to 8,936.56 over the same period.

As such the sub-fund strategy has performed better than the benchmark in terms of total returns (i.e. income and capital returns combined) in the shorter term and longer term.

The sub-fund value (based on bid values including creations) at the end of July 2023 was £524m. As of the end of January 2024, the sub-fund value was £460m. The sub-fund experienced net outflows to total £59.7m.

Income distributions

The sub-fund was marked ex-dividend*** for 6 months to 31 January 2024. The income payment will be made at the end of March 2024. There are slight variations in income distribution across the range of share classes, but we focus on the 'P' Income share class, most held by investors. Please see the distributions table below.

Market review

Stock markets were generally volatile as they digested inflation data globally. Investors wanted to see evidence of inflation cooling before reducing their interest rate expectations. Although there will be a lag for this to play out and for rates to be cut – possibly only in the second half of 2024 - the prospect of this was enough to see prices rally in Q4 2023. As such the markets and sub-fund ended in modestly positive territory. However, without war, inflation and an energy crisis it could have been a year that saw double digit gains as stock prices were relatively low at the end of the previous year.

Sub-fund activity

More generally, the sub-fund exited names where higher gearing**** may otherwise have been tolerated or increased. We added to names where cashflow was better for dividend sustainability. Some lower dividend yield***** names were reintroduced or added to for potential growth in both capital and income, for example Discoverie and Solid State. Exposure to the property sector was reduced morSube due to weaker trading updates or dividend risk, for example Vistry. Similarly, we cut back on utilities where political risk was creating an 'own goal' i.e. higher uncertainty, for example Drax and National Grid. We increased exposure to some smaller companies where valuations appeared to be at a disconnect to their strong trading reports and solid management teams, for example Midwich and Keller.

Investment outlook

It has been well documented in the financial press now that inflation fears are cooling. The general direction for interest rates for the rest of 2024 is, therefore, likely to be down and this should act as a stimulus for the UK economy. There is a general election due in the second half and recent polls show that the Labour party are expected to defeat the incumbent Conservatives. Interest rate cuts and potential stimulus could start in the second half of the year with a follow on in Q1 2025. Overall, the backdrop for UK equities is better and a lower rate environment should help sentiment if the currency is stable. From a microeconomic basis, we continue to seek out businesses with strong balance sheets, improving free cashflow and potential to grow dividends.

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for the six month period ended 31 January 2024

Investment commentary (continued)

Investment outlook (continued)

Whilst not guaranteed, the sub-fund remains well positioned for meeting its Investment Association UK Equity Income Sector 'yield test' objectives and currently offers a prospective yield of 4.87% (at the time of writing) compared with the FTSE All-Share TR Index yield at 3.92% (Financial Times 14 February 2024).

Canaccord Genuity Asset Management Limited
5 March 2024

* Benchmark – used for comparative purposes.

** P shares were not launched in 2011 but we assume an adjustment factor in the price here.

*** Ex Dividend – the date which is used to decide which shareholders will receive a dividend payment.

**** Gearing – the ratio of a company's debt to the value of its shares.

***** Dividend yield - measures profits of a company paid out to shareholders relative to the company's market value.

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Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>A Income (pence per share)</u>				
Net income paid 31 March	2.3052	2.6841	2.8695	2.5064
Net income paid 30 September		3.7757	3.7747	3.3103
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.0205	4.4373	4.5254	3.7962
Net accumulation paid 30 September		6.3834	6.0690	5.1091
<u>P Income (pence per share)</u>				
Net income paid 31 March	2.5000	2.8881	3.0629	2.6551
Net income paid 30 September		4.0666	4.0455	3.5217
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.1529	4.5467	4.6012	3.8310
Net accumulation paid 30 September		6.5435	6.1962	5.1776

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Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Games Workshop Group	2,177,082
Hunting	2,166,942
BP	2,123,217
Hilton Food Group	2,038,573
Midwich Group	2,034,191
Marks & Spencer Group	2,029,269
Keller Group	1,885,218
Castings	1,863,444
Wincanton	1,806,209
Computacenter	1,777,495
Other purchases	41,511,309
Total purchases for the period	61,412,949
<u>Largest sales</u>	<u>Proceeds (£)</u>
Vistry Group	15,659,353
Intermediate Capital Group	11,347,003
Diversified Energy Company	9,953,136
National Grid	6,430,146
Bloomsbury Publishing	5,046,667
BP	4,564,408
3i Group	4,403,782
QinetiQ Group	4,171,030
Drax Group	3,600,738
Ricardo	3,169,718
Other sales	47,533,087
Total sales for the period	115,879,068

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

COMPARATIVE TABLE

<u>A Income shares</u>	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	116.05	131.97	149.64	120.05
Return before operating charges*	2.36	(7.53)	(8.69)	37.61
Operating charges	(0.87)	(1.93)	(2.34)	(2.20)
Return after operating charges*	1.49	(9.46)	(11.03)	35.41
Distributions on income shares	(2.31)	(6.46)	(6.64)	(5.82)
Closing net asset value per share	115.23	116.05	131.97	149.64
* after direct transaction costs of:	0.11	0.22	0.22	0.31
Performance				
Return after charges ^A	1.28%	(7.17)%	(7.37)%	29.50%
Other information				
Closing net asset value (£)	3,037,397	3,207,500	38,281,300	49,376,994
Closing number of shares	2,636,039	2,763,869	29,006,590	32,998,094
Operating charges	1.53% ^{B,C}	1.60%	1.60%	1.62%
Direct transaction costs	0.20% ^C	0.18%	0.15%	0.23%
Prices (pence per share)				
Highest share price	119.35	134.23	159.43	153.74
Lowest share price	104.32	107.27	127.25	119.08
<u>A Accumulation shares</u>				
Change in net assets per share	Period to	Year to	Year to	Year to
	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	202.40	218.26	236.05	181.85
Return before operating charges*	4.07	(12.65)	(14.07)	57.56
Operating charges	(1.52)	(3.21)	(3.72)	(3.36)
Return after operating charges*	2.55	(15.86)	(17.79)	54.20
Distributions on accumulation shares	(4.02)	(10.82)	(10.59)	(8.91)
Retained distributions on accumulation shares	4.02	10.82	10.59	8.91
Closing net asset value per share	204.95	202.40	218.26	236.05
* after direct transaction costs of:	0.19	0.37	0.35	0.48
Performance				
Return after charges ^A	1.26%	(7.27)%	(7.54)%	29.80%
Other information				
Closing net asset value (£)	3,531,114	3,104,368	58,528,386	69,165,210
Closing number of shares	1,722,951	1,533,761	26,815,413	29,300,796
Operating charges	1.53% ^{B,C}	1.60%	1.60%	1.62%
Direct transaction costs	0.20% ^C	0.18%	0.15%	0.23%
Prices (pence per share)				
Highest share price	208.12	221.94	251.44	237.29
Lowest share price	181.94	177.38	204.61	180.36

^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.

^C These figures have been annualised.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

COMPARATIVE TABLE

P Income shares	Period to	Year to	Year to	Year to
Change in net assets per share	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	125.63	141.70	159.45	126.97
Return before operating charges*	2.66	(8.02)	(9.30)	39.91
Operating charges	(0.48)	(1.10)	(1.34)	(1.25)
Return after operating charges*	2.18	(9.12)	(10.64)	38.66
Distributions on income shares	(2.50)	(6.95)	(7.11)	(6.18)
Closing net asset value per share	125.31	125.63	141.70	159.45

* after direct transaction costs of: 0.12 0.24 0.24 0.33

Performance

Return after charges^A 1.74% (6.44)% (6.67)% 30.45%

Other information

Closing net asset value (£)	209,943,217	240,423,747	365,658,937	656,711,990
Closing number of shares	167,541,511	191,374,400	258,050,071	411,857,122
Operating charges	0.78% ^{B,C}	0.85%	0.85%	0.87%
Direct transaction costs	0.20% ^C	0.18%	0.15%	0.23%

Prices (pence per share)

Highest share price	129.70	144.17	170.44	163.81
Lowest share price	113.13	115.35	136.22	126.15

P Accumulation shares

Change in net assets per share	Period to	Year to	Year to	Year to
	31.01.2024	31.07.2023	31.07.2022	31.07.2021
	pence	pence	pence	pence
Opening net asset value per share	208.70	223.22	239.60	183.21
Return before operating charges*	4.41	(12.77)	(14.36)	58.22
Operating charges	(0.80)	(1.75)	(2.02)	(1.83)
Return after operating charges*	3.61	(14.52)	(16.38)	56.39
Distributions on accumulation shares	(4.15)	(11.09)	(10.80)	(9.01)
Retained distributions on accumulation shares	4.15	11.09	10.80	9.01
Closing net asset value per share	212.31	208.70	223.22	239.60

* after direct transaction costs of: 0.19 0.38 0.36 0.48

Performance

Return after charges^A 1.73% (6.50)% (6.84)% 30.78%

Other information

Closing net asset value (£)	236,035,920	266,762,710	329,426,921	384,261,602
Closing number of shares	111,173,507	127,822,605	147,581,476	160,374,249
Operating charges	0.78% ^{B,C}	0.85%	0.85%	0.87%
Direct transaction costs	0.20% ^C	0.18%	0.15%	0.23%

Prices (pence per share)

Highest share price	215.46	227.06	256.05	240.84
Lowest share price	187.93	181.69	208.62	182.00

^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.

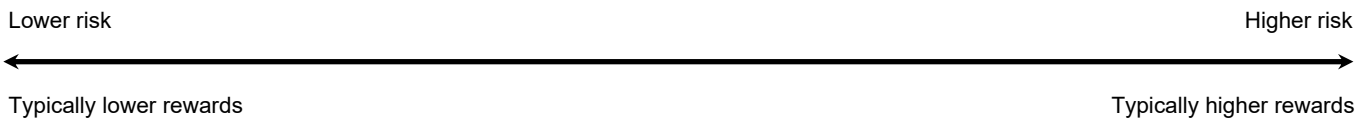
^C These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the period. Where it is considered unsuitable to use the total expenses paid by each share class in the period to calculate the OCF because of material changes to the sub-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 period, included in the purchase and sale of investments in the portfolio of the sub-fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the sub-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 sub-fund has been measured as 6 because its investments have experienced high volatility in the past. During the period the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENCE (31 July 2023 - 1.10%)		
400,000 Chemring Group	1,406,000	0.31
Total Aerospace and Defence	<u>1,406,000</u>	<u>0.31</u>
AUTOMOBILES & PARTS (31 July 2023 - 0.18%)		
BANKS (31 July 2023 - 0.73%)		
90,000 Bank of Georgia Group	3,429,000	0.76
300,000 Investec	1,563,000	0.35
60,000 TBC Bank Group	1,746,000	0.39
Total Banks	<u>6,738,000</u>	<u>1.50</u>
BEVERAGES (31 July 2023 - 0.49%)		
360,000 Shepherd Neame ^A	2,520,000	0.56
Total Beverages	<u>2,520,000</u>	<u>0.56</u>
CLOSED END INVESTMENTS (31 July 2023 - 1.35%)		
1,150,000 3i Infrastructure	3,766,250	0.83
200,000 Blackrock World Mining Trust	1,078,000	0.24
3,900,000 Tufton Oceanic Assets	3,258,967	0.72
Total Closed End Investments	<u>8,103,217</u>	<u>1.79</u>
CONSTRUCTION AND MATERIALS (31 July 2023 - 7.29%)		
600,000 Balfour Beatty	2,002,800	0.44
300,000 Billington Holdings	1,230,000	0.27
450,000 Breedon Group	1,638,000	0.36
500,000 Epwin Group	390,000	0.09
650,000 Galliford Try Holdings	1,602,250	0.35
855,000 James Halstead	1,710,000	0.38
240,000 Keller Group	2,083,200	0.46
570,000 Morgan Sindall Group	12,796,500	2.83
600,000 Renew Holdings	5,220,000	1.15
1,500,000 Ricardo	6,450,000	1.43
2,500,000 Severfield	1,475,000	0.33
1,250,000 Tclarke	1,575,000	0.35
Total Construction and Materials	<u>38,172,750</u>	<u>8.44</u>
CONSUMER SERVICES (31 July 2023 - 0.49%)		
150,000 Compass Group	3,283,500	0.73
Total Consumer Services	<u>3,283,500</u>	<u>0.73</u>
ELECTRICITY (31 July 2023 - 1.01%)		
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2023 - 1.72%)		
150,000 discoverIE Group	1,183,500	0.26
500,000 Rotork	1,569,000	0.35
400,000 Solid State	5,120,000	1.13
Total Electronic and Electrical Equipment	<u>7,872,500</u>	<u>1.74</u>
FINANCE AND CREDIT SERVICES (31 July 2023 - 4.12%)		
450,000 Mortgage Advice Bureau (Holdings)	3,762,000	0.83
2,650,000 Paragon Banking Group	18,762,000	4.15
Total Finance and Credit Services	<u>22,524,000</u>	<u>4.98</u>
FOOD PRODUCERS (31 July 2023 - 1.15%)		
20,000 Cranswick	800,400	0.18
300,000 Hilton Food Group	2,373,000	0.52
350,000 MP Evans Group	2,632,000	0.58
450,000 Tate & Lyle	2,799,000	0.62
Total Food Producers	<u>8,604,400</u>	<u>1.90</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
GAS, WATER AND MULTI-UTILITIES (31 July 2023 - 1.31%)		
GENERAL INDUSTRIALS (31 July 2023 - 3.48%)		
1,400,000 Hargreaves Services	6,454,000	1.43
9,500,000 Macfarlane Group	11,447,500	2.53
Total General Industrials	<u>17,901,500</u>	<u>3.96</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2023 - 5.09%)		
600,000 Churchill China	7,800,000	1.72
300,000 MJ Gleeson	1,404,000	0.31
1,500,000 Taylor Wimpey	2,219,250	0.49
1,000,000 Sanderson Design Group	1,250,000	0.28
Total Household Goods and Home Construction	<u>12,673,250</u>	<u>2.80</u>
INDUSTRIAL ENGINEERING (31 July 2023 - 0.77%)		
1,150,000 Castings	4,071,000	0.90
500,000 Somero Enterprises	1,800,000	0.40
Total Industrial Engineering	<u>5,871,000</u>	<u>1.30</u>
INDUSTRIAL METALS AND MINING (31 July 2023 - 3.72%)		
750,000 Central Asia Metals	1,245,000	0.28
10,000,000 Ecora Resources	9,000,000	1.99
50,000 Hill & Smith Holdings	942,000	0.21
1,000,000 Kenmare Resources	3,140,000	0.69
10,000 Rio Tinto	551,800	0.12
Total Industrial Metals and Mining	<u>14,878,800</u>	<u>3.29</u>
INDUSTRIAL SUPPORT SERVICES (31 July 2023 - 4.10%)		
300,000 FDM Group (Holdings)	1,345,500	0.30
300,000 Fonix Mobile	675,000	0.15
800,000 Inchcape	5,504,000	1.22
300,000 Keystone Law Group	1,602,000	0.35
2,000,294 Midwich Group	7,661,126	1.69
1,175,000 NWF Group	2,408,750	0.53
Total Industrial Support Services	<u>19,196,376</u>	<u>4.24</u>
INDUSTRIAL TRANSPORTATION (31 July 2023 - 1.37%)		
130,000 Clarkson	4,602,000	1.02
2,050,000 Wincanton	8,927,750	1.97
Total Industrial Transportation	<u>13,529,750</u>	<u>2.99</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2023 - 14.84%)		
675,000 3i Group	16,868,250	3.73
400,000 Bridgepoint Group	1,079,200	0.24
15,857,244 Finncap Group	1,744,297	0.39
400,000 Intermediate Capital Group	7,076,000	1.56
1,100,000 Liontrust Asset Management	6,677,000	1.48
4,000,000 Man Group	9,456,000	2.09
147,500 Mattioli Woods	879,100	0.19
3,300,000 Polar Capital Holdings	14,866,500	3.28
100,000 Pollen Street Group	598,000	0.13
Total Investment Banking and Brokerage Services	<u>59,244,347</u>	<u>13.09</u>
LEISURE GOODS (31 July 2023 - 2.61%)		
135,000 Games Workshop Group	13,385,250	2.96
Total Leisure Goods	<u>13,385,250</u>	<u>2.96</u>
LIFE INSURANCE (31 July 2023 - 3.63%)		
5,700,000 Chesnara	15,048,000	3.33
Total Life Insurance	<u>15,048,000</u>	<u>3.33</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
MEDIA (31 July 2023 - 4.59%)		
20,000 4imprint Group	1,106,000	0.24
3,400,000 Bloomsbury Publishing	15,980,000	3.53
2,000,000 Centaur Media	720,000	0.16
600,000 GlobalData	1,182,000	0.26
100,000 Informa	784,000	0.17
150,000 Next 15 Group	1,350,000	0.30
400,000 Wilmington	1,280,000	0.28
Total Media	<u>22,402,000</u>	<u>4.94</u>
NON-LIFE INSURANCE (31 July 2023 - 2.92%)		
310,000 Admiral Group	7,824,400	1.73
350,000 Conduit Holdings	1,690,500	0.37
5,000,000 Sabre Insurance Group	7,610,000	1.68
Total Non-life Insurance	<u>17,124,900</u>	<u>3.78</u>
OIL, GAS AND COAL (31 July 2023 - 5.19%)		
1,200,000 BP	5,614,800	1.24
700,000 Hunting	2,194,500	0.48
1,650,000 Serica Energy	3,527,700	0.78
Total Oil, Gas and Coal	<u>11,337,000</u>	<u>2.50</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2023 - 2.60%)		
125,000 Greggs	3,310,000	0.73
3,522,000 Kitwave Group	9,544,620	2.11
900,000 Marks & Spencer Group	2,238,300	0.49
Total Personal Care, Drug and Grocery Stores	<u>15,092,920</u>	<u>3.33</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2023 - 1.15%)		
15,000 AstraZeneca	1,583,100	0.35
50,000 Bioventix	2,125,000	0.47
225,000 GSK	3,541,500	0.78
Total Pharmaceuticals and Biotechnology	<u>7,249,600</u>	<u>1.60</u>
PRECIOUS METALS AND MINING (31 July 2023 - 0.18%)		
1,000,000 Centamin	967,500	0.21
2,000,000 Sylvania Platinum	1,120,000	0.25
Total Precious Metals and Mining	<u>2,087,500</u>	<u>0.46</u>
REAL ESTATE INVESTMENT AND SERVICES (31 July 2023 - 2.05%)		
1,800,000 Belvoir Group	4,590,000	1.01
800,000 Boot (Henry)	1,500,000	0.33
976,919 M Winkworth	1,611,916	0.36
500,000 Savills	5,010,000	1.11
Total Real Estate Investment and Services	<u>12,711,916</u>	<u>2.81</u>
REAL ESTATE INVESTMENT TRUSTS (31 July 2023 - 8.72%)		
1,300,000 Big Yellow Group	14,885,000	3.29
7,300,000 LondonMetric Property	14,089,000	3.11
1,500,000 Safestore Holdings	12,360,000	2.73
Total Real Estate Investment Trusts	<u>41,334,000</u>	<u>9.13</u>
RETAILERS (31 July 2023 - 5.98%)		
900,000 Dunelm Group	9,783,000	2.16
150,000 Howden Joinery Group	1,206,600	0.27
3,450,000 Pets at Home Group	9,742,800	2.15
160,000 Shoe Zone	384,000	0.08
1,800,000 Topps Tiles	817,200	0.18
2,200,000 Vertu Motors	1,441,000	0.32
200,000 WHSmith	2,412,000	0.53
Total Retailers	<u>25,786,600</u>	<u>5.69</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SOFTWARE AND COMPUTER SERVICES (31 July 2023 - 0.15%)		
70,000 Computacenter	2,034,200	0.45
200,000 Moneysupermarket.com Group	501,200	0.11
90,000 Softcat	1,302,300	0.29
Total Software and Computer Services	<u>3,837,700</u>	<u>0.85</u>
TELECOMMUNICATIONS SERVICE PROVIDERS (31 July 2023 - 2.59%)		
825,000 Telecom Plus	11,731,500	2.59
Total Telecommunications Service Providers	<u>11,731,500</u>	<u>2.59</u>
TRAVEL AND LEISURE (31 July 2023 - 0.46%)		
465,000 Cake Box Holdings	744,000	0.16
750,000 Hollywood Bowl Group	2,208,750	0.49
Total Travel and Leisure	<u>2,952,750</u>	<u>0.65</u>
OVERSEAS SECURITIES (31 July 2023 - 0.96%)		
12,500 Compagnie Financière Richemont	1,475,848	0.33
3,000 Zurich Insurance Group	1,210,183	0.27
Total Overseas Securities	<u>2,686,031</u>	<u>0.60</u>
Portfolio of investments	447,287,057	98.84
Net other assets	5,260,591	1.16
Total net assets	<u><u>452,547,648</u></u>	<u><u>100.00</u></u>

^A Unapproved security within the meaning of the FCA rules.

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

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2024

	£
Total purchases costs, including transaction charges	61,412,949
Total sales proceeds, net of transaction charges	115,879,068

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Income:				
Net capital losses		(1,934,075)		(55,502,623)
Revenue	9,978,909		15,603,855	
Expenses	<u>(1,855,569)</u>		<u>(2,981,402)</u>	
Net revenue before taxation	8,123,340		12,622,453	
Taxation	<u>(166,522)</u>		<u>(248,155)</u>	
Net revenue after taxation		<u>7,956,818</u>		<u>12,374,298</u>
Total return before distributions		6,022,743		(43,128,325)
Distributions		(9,583,320)		(15,060,164)
Change in net assets attributable to shareholders from investment activities		<u><u>(3,560,577)</u></u>		<u><u>(58,188,489)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Opening net assets attributable to shareholders		^A 513,498,325		791,895,544
Amounts receivable on issue of shares	1,773,451		2,194,900	
Amounts payable on cancellation of shares	(63,849,803)		(111,612,691)	
Amounts payable on share class conversions	<u>-</u>		<u>4</u>	
		(62,076,352)		(109,417,787)
Dilution adjustment		-		50,384
Change in net assets attributable to shareholders from investment activities		(3,560,577)		(58,188,489)
Retained distribution on accumulation shares		4,686,252		6,961,737
Unclaimed distributions		-		170
Closing net assets attributable to shareholders		<u><u>452,547,648</u></u>		^A <u><u>631,301,559</u></u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

BALANCE SHEET
as at 31 January 2024

	31 January 2024	31 July 2023
	£	£
Assets:		
Fixed Assets:		
Investments	447,287,057	503,681,360
Current Assets:		
Debtors	2,774,128	4,071,624
Cash and bank balances	9,912,089	15,737,622
Total assets	<u>459,973,274</u>	<u>523,490,606</u>
Liabilities:		
Creditors:		
Distribution payable on income shares	4,249,345	7,886,841
Other creditors	3,176,281	2,105,440
Total liabilities	<u>7,425,626</u>	<u>9,992,281</u>
Net assets attributable to shareholders	<u>452,547,648</u>	<u>513,498,325</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Performance to 31 January 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
IFSL Marlborough Nano-Cap Growth Fund	0.21%	(5.56)%	(15.96)%	26.64%	110.76%
IA UK Smaller Companies Sector	3.08%	(2.92)%	(10.64)%	15.28%	63.31%
FTSE SmallCap Index (ex. Investment Cos)	2.96%	2.61%	15.34%	34.91%	67.34%

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 share class is calculated in sterling.

Investment commentary

Performance statement

During the six-month period from 1 August 2023 to 31 January 2024, the price of the sub-fund's P Accumulation shares rose 0.21%. This compared to a rise of 3.08% in the Investment Association UK Smaller Companies sector benchmark*.

Market review

From a macroeconomic perspective, the period saw many economists turn away from their call for recession and embrace the idea of a controlled economic slowdown (known as a "soft landing"). The interest rate cycle is significant, and the full effects of the most aggressive rate increasing cycle since the 1980s have not likely been felt yet owing to the rate increases taking time to have an impact. It is conceivable however that the global economic cycle finds itself moving from expansion to contraction.

The UK has since been confirmed by fourth quarter 2023 GDP figures to have gone into technical recession. Germany and several other of the larger Western European economies (including France, Italy and the Netherlands) have produced low economic growth figures, suggesting their economies could move into recession in the coming quarters. The reopening of the Chinese economy at the start of 2023 did not invigorate the Asian region or the global economy as much as predicted by many, and the Chinese domestic property market issues there remain.

Perhaps most importantly, the world's largest economy, the United States, shows some resilience although, with more detailed examination, it contains a mixed picture. Whilst unemployment figures remain low by historic standards, the Purchasing Manager Index (PMI), which shows the future path of economic growth, has been weak which suggests caution moving forward. The returns of the major US equity indices have been driven by a handful of names. Prices in shares in the so-called "Magnificent Seven" (Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta) account for the bulk of the gains in the US indices and have significantly outperformed the small and medium sized companies which can be found in the Russell 2000 Index.

It is a positive that inflation is on a downward trajectory, especially in the United States. Should this trend persist, global Central Banks will be able to cut interest rates. However, such cuts are very often associated with a slowing macroeconomic picture and historically the 'soft landing' scenario has happened less than a harsher outcome.

The good news is that UK equity market valuations are undeniably cheap. The UK equity market is cheap on an absolute basis, relative to developed markets and relative to its own history. Furthermore, share prices of UK small and mid-sized companies have not been this cheap relative to larger companies for decades. December marked the second consecutive month that the smaller company indices outperformed the FTSE 100 Index – something that had only happened three times out of the prior twenty-six months from September 2021.

Sub-fund performance review

The attraction of value has not gone unnoticed by trade buyers as well as private equity. Holdings bid for (including the share price move after the bid announcement) during the period included: product lifecycle management software company, Sopheon (104%); pub operator, City Pub Group (46%); gold mining company, Shanta Gold (6.7%); digital transformation services group, Kin & Carta (67%). It is our belief that bid activity will continue to be a feature in 2024.

Biggest winners during the period included Windward, Intercede, McBride, hVIVO, Mpac, Ashtead Technology, Sopheon, Journeo, Seen, and City Pub Group.

Windward, the maritime data technology company, rose 110% during the period following a series of contract wins and positive updates throughout the period. Windward has been a beneficiary of global conflicts, in Russia/Ukraine and the Middle East as their platform flags security threats and offers intelligence and risk management to the entire maritime value chain. After a turbulent start as a publicly quoted company, we believe Windward is a compelling investment in an increasingly volatile world.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 January 2024

Investment commentary (continued)

Sub-fund performance review (continued)

Largest losers during the period included Surface Transforms, GRC International, Saietta, Totally, Haydale Graphene Industries, Inspecs, Phoenix Copper, SDI Group, Tortilla Mexican Grill, and Bango.

Surface Transforms, the manufacturer of higher performance carbon ceramic automotive disc brakes, fell 72% during the period after a series of operational issues that impacted customer delivery schedules; the company subsequently raised capital to fund operations. Whilst disappointing, Surface Transforms has world class technology as evidenced by its high calibre customer list and new order wins. In addition, we believe the company has a plan to rectify the identified manufacturing issues.

Portfolio activity

Notable buys in the period included the sub-fund's participation in the following placings: Concurrent Technologies, Lifesafe, Surface Transforms, Thruvision and Various Eateries. The sub-fund also purchased shares in ActiveOps, Alpha Group and Kin & Carta.

Notable sells in the period included the reduction of positions in Ashtead Technology, Cerillion, Impax Asset Management and Kooth.

The sub-fund maintains its policy of principally focusing on growth orientated smaller companies with compelling characteristics from a valuation and/or business proposition perspective.

Investment outlook

The first half of the reporting period was evidently challenging for the sub-fund and UK smaller companies. However, we continue to believe in our portfolio companies and the inherent value they show. Moving forward, investors are becoming more positive as lower interest rate expectations mean financial conditions appear to be loosening. Recent inflation and economic growth figures suggest we may have seen the peak of the current interest rate cycle. As to whether central banks have engineered a so called 'soft landing' is to be confirmed but so far inflation is broadly trending lower, albeit with some small increases in recent weeks, and unemployment remains low. 2024 will likely see continued volatility but the macroeconomic picture appears more stable at this juncture, which could bode well for equities and small and mid-sized companies.

Whilst uncertainty remains, many portfolio companies across a range of industries have issued positive trading updates since the start of 2024 and share prices have risen in response; we are hopeful that strong fundamentals will be rewarded once again.

Canaccord Genuity Asset Management Limited
 16 February 2024

* Benchmark – used for comparative purposes

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Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	0.1116	0.1437	-	-
Net accumulation paid 30 September		0.1119	-	-

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the six month period ended 31 January 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Kin and Carta	1,113,490
IQE	846,078
XP Power	732,413
Various Eateries	700,000
Frenkel Topping Group	639,812
Windward	619,084
LBG Media	617,308
Alpha Group International	609,369
AssetCo	469,194
Keystone Law Group	434,292
Other purchases	6,707,087
Total purchases for the period	13,488,127
<u>Largest sales</u>	<u>Proceeds (£)</u>
Kooth	2,322,905
Instem	2,309,742
Ashtead Technology Holdings	1,441,734
Cerillion	1,295,269
Filtronic	1,203,919
Kin and Carta	1,127,738
Andrada Mining	1,000,574
Concurrent Technologies	618,021
Ten Lifestyle Group	556,499
H&T Group	553,451
Other sales	11,728,841
Total sales for the period	24,158,693

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

COMPARATIVE TABLE

P Accumulation shares	Period to 31.01.2024	Year to 31.07.2023	Year to 31.07.2022	Year to 31.07.2021
Change in net assets per share	pence	pence	pence	pence
Opening net asset value per share	209.14	225.91	296.21	175.09
Return before operating charges*	(3.76)	(15.00)	(68.05)	123.16
Operating charges	(0.81)	(1.77)	(2.25)	(2.04)
Return after operating charges*	(4.57)	(16.77)	(70.30)	121.12
Distributions on accumulation shares	(0.11)	(0.26)	-	-
Retained distributions on accumulation shares	0.11	0.26	-	-
Closing net asset value per share	204.57	209.14	225.91	296.21
* after direct transaction costs of:	0.10	0.19	0.19	0.25
Performance				
Return after charges ^A	(2.19)%	(7.42)%	(23.73)%	69.18%
Other information				
Closing net asset value (£)	147,674,443	168,671,116	183,131,853	315,583,278
Closing number of shares	72,187,385	80,650,923	81,064,828	106,539,742
Operating charges	0.79% ^{B,C}	0.82%	0.81%	0.81%
Direct transaction costs	0.10% ^C	0.09%	0.07%	0.10%
Prices (pence per share)				
Highest share price	214.52	230.62	315.80	310.74
Lowest share price	187.39	200.54	219.52	174.18

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

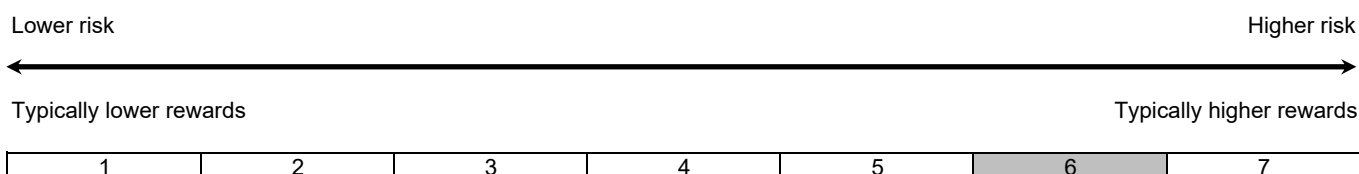
^B On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

^C These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the period. Where it is considered unsuitable to use the total expenses paid by each share class in the period to calculate the OCF because of material changes to the sub-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 period, included in the purchase and sale of investments in the portfolio of the sub-fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



This indicator aims to give you a measure of the price movement of the sub-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 sub-fund has been measured as 6 because its investments have experienced high volatility in the past. During the period the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUTOMOBILES AND PARTS (31 July 2023 - 1.20%)		
1,544,106 Saietta Group	231,616	0.16
4,806,511 Surface Transforms	466,232	0.32
Total Automobiles and Parts	<u>697,848</u>	<u>0.48</u>
BEVERAGES (31 July 2023 - 1.48%)		
1,400,000 Gusbourne	966,000	0.65
65,000 Shepherd Neame ^A	455,000	0.31
1,250,000 The Artisanal Spirits Company	600,000	0.41
Total Beverages	<u>2,021,000</u>	<u>1.37</u>
CHEMICALS (31 July 2023 - 0.41%)		
2,500,000 Hardide	237,500	0.16
700,000 HeiQ	67,900	0.05
Total Chemicals	<u>305,400</u>	<u>0.21</u>
CLOSED END INVESTMENTS (31 July 2023 - 1.64%)		
550,000 Augmentum Fintech	550,000	0.37
2,000,000 Golden Prospect Precious Metals	520,000	0.35
3,735,000 KRM22	1,083,150	0.73
Total Closed End Investments	<u>2,153,150</u>	<u>1.45</u>
CONSTRUCTION AND MATERIALS (31 July 2023 - 2.07%)		
500,000 Accsys Technologies	295,000	0.20
1,350,000 Brickability Group	877,500	0.59
200,000 Norcros	371,000	0.25
3,000,000 SigmaRoc	1,926,000	1.30
354,611 Tclarke	446,810	0.30
Total Construction and Materials	<u>3,916,310</u>	<u>2.64</u>
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2023 - 3.12%)		
38,020,424 CAP-XX	342,184	0.23
928,040 LifeSafe Holdings	148,486	0.10
675,000 SDI Group	432,000	0.29
6,431,000 Thruvision Group	1,157,580	0.78
202,500 Transense Technologies	198,450	0.14
600,000 Volex	1,899,000	1.29
65,892 XP Power	950,163	0.64
Total Electronic and Electrical Equipment	<u>5,127,863</u>	<u>3.47</u>
FINANCE AND CREDIT SERVICES (31 July 2023 - 1.01%)		
200,000 H&T Group	740,000	0.50
Total Finance and Credit Services	<u>740,000</u>	<u>0.50</u>
GENERAL INDUSTRIALS (31 July 2023 - 0.95%)		
300,000 Hargreaves Services	1,383,000	0.94
Total General Industrials	<u>1,383,000</u>	<u>0.94</u>
HEALTH CARE PROVIDERS (31 July 2023 - 2.58%)		
730,000 Cambridge Cognition Holdings	372,300	0.25
787,681 Diaceutics	811,311	0.55
10,000,000 hVIVO	2,930,000	1.98
2,272,500 Induction Healthcare Group	386,325	0.26
6,000,000 Totally	252,000	0.17
Total Health Care Providers	<u>4,751,936</u>	<u>3.21</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2023 - 0.61%)		
305,000 Sanderson Design Group	381,250	0.26
1,127,500 Springfield Properties	868,175	0.59
150,000 Ultimate Products	225,750	0.15
Total Household Goods and Home Construction	<u>1,475,175</u>	<u>1.00</u>

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PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
INDUSTRIAL ENGINEERING (31 July 2023 - 2.06%)		
550,000 Mpac Group	2,073,500	1.40
3,979,000 Renold	1,615,474	1.09
275,000 Somero Enterprises	990,000	0.67
25,000 Xaar	24,300	0.02
12,974,825 Xeros Technology Group	428,169	0.29
Total Industrial Engineering	<u>5,131,443</u>	<u>3.47</u>
INDUSTRIAL MATERIALS (31 July 2023 - 0.09%)		
37,905,000 Haydale Graphene Industries	174,363	0.12
Total Industrial Materials	<u>174,363</u>	<u>0.12</u>
INDUSTRIAL METALS AND MINING (31 July 2023 - 4.70%)		
48,416,160 Andrada Mining	1,985,062	1.35
2,500,000 Phoenix Copper	281,250	0.19
300,000 Tharisa	183,000	0.12
Total Industrial Metals and Mining	<u>2,449,312</u>	<u>1.66</u>
INDUSTRIAL SUPPORT SERVICES (31 July 2023 - 6.07%)		
408,889 Franchise Brands	646,045	0.44
3,000,000 Frontier IP Group	1,350,000	0.91
1,375,000 Journeo	3,932,500	2.66
100,000 Keystone Law Group	534,000	0.36
225,000 Marlowe	832,500	0.56
1,175,000 Mind Gym	470,000	0.32
500,000 Norman Broadbent	35,000	0.02
99,416,667 REACT Group	1,292,417	0.88
12,000 Science Group	45,600	0.03
50,000 Trifast	35,000	0.02
453,476 Water Intelligence	1,677,861	1.14
Total Industrial Support Services	<u>10,850,923</u>	<u>7.34</u>
INDUSTRIAL TRANSPORTATION (31 July 2023 - 1.23%)		
750,000 Avation	900,000	0.61
785,000 Facilities by ADF	423,900	0.29
175,000 Fisher (James) & Sons	594,125	0.40
200,000 Global Ports Holding	410,000	0.28
Total Industrial Transportation	<u>2,328,025</u>	<u>1.58</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2023 - 6.53%)		
160,000 Alpha Group International	2,560,000	1.73
1,175,000 AssetCo	481,750	0.33
808,500 DSW Capital	460,845	0.31
1,200,000 Frenkel Topping Group	552,000	0.37
5,000 Impax Asset Management Group	26,800	0.02
200,000 Mercia Asset Management	60,000	0.04
2,400,000 Record	1,656,000	1.12
60,000,000 RiverFort Global Opportunities	210,000	0.14
1,706,626 Team	563,187	0.38
754,939 TMT Investments	1,725,915	1.17
30,000 Volvere	321,000	0.22
13,318,000 WH Ireland Group	532,720	0.36
Total Investment Banking and Brokerage Services	<u>9,150,217</u>	<u>6.19</u>
MEDIA (31 July 2023 - 4.90%)		
837,001 Dianomi	401,760	0.27
5,750,000 Ebiquity	1,897,500	1.28
750,000 Everyman Media Group	450,000	0.30
1,000,000 LBG Media	800,000	0.54
31,193,730 One Media iP Group	1,310,137	0.89
594,111 Time Out Group	302,997	0.21

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PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
MEDIA (continued)		
1,928,333 Zinc Media Group	1,504,100	1.02
Total Media	<u>6,666,494</u>	<u>4.51</u>
MEDICAL EQUIPMENT AND SERVICES (31 July 2023 - 2.76%)		
2,000,000 Creo Medical Group	830,000	0.56
1,900,000 Inspiration Healthcare Group	760,000	0.52
16,736,590 Kromek Group	1,037,669	0.70
3,000,000 NIOX Group	1,830,000	1.24
Total Medical Equipment and Services	<u>4,457,669</u>	<u>3.02</u>
OIL, GAS AND COAL (31 July 2023 - 2.34%)		
185,000 Ashtead Technology Holdings	1,198,800	0.81
1,400,000 Deltic Energy	350,000	0.24
300,000 i3 Energy	28,650	0.02
3,150,000 Jadestone Energy	850,500	0.58
150,000 Kistos Holdings	225,000	0.15
2,133,332 Longboat Energy 'Reg S'	437,333	0.30
15,300,000 Westmount Energy	229,500	0.16
Total Oil, Gas and Coal	<u>3,319,783</u>	<u>2.26</u>
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 July 2023 - 0.24%)		
2,250,000 TMT Acquisition	337,500	0.23
Total Open End and Miscellaneous Investment Vehicles	<u>337,500</u>	<u>0.23</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2023 - 1.22%)		
1,500,000 IG Design Group	2,100,000	1.42
479,000 McBride	331,468	0.22
Total Personal Care, Drug and Grocery Stores	<u>2,431,468</u>	<u>1.64</u>
PERSONAL GOODS (31 July 2023 - 1.30%)		
1,333,000 Inspects Group	746,480	0.51
Total Personal Goods	<u>746,480</u>	<u>0.51</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2023 - 0.42%)		
5,000,000 Agronomics	500,000	0.34
1,500 Bioventix	63,750	0.04
1,750,000 Oxford BioDynamics	248,500	0.17
Total Pharmaceuticals and Biotechnology	<u>812,250</u>	<u>0.55</u>
PRECIOUS METALS AND MINING (31 July 2023 - 2.58%)		
22,000,000 Jubilee Metals Group	1,210,000	0.82
9,000,000 Pan African Resources	1,625,400	1.10
14,945,455 Shanta Gold	1,957,855	1.33
200,000 Sylvania Platinum	112,000	0.08
Total Precious Metals and Mining	<u>4,905,255</u>	<u>3.33</u>
REAL ESTATE INVESTMENT AND SERVICES (31 July 2023 - 0.90%)		
600,000 Foxtons Group	328,800	0.22
450,000 The Property Franchise Group	1,462,500	0.99
Total Real Estate Investment and Services	<u>1,791,300</u>	<u>1.21</u>
RETAILERS (31 July 2023 - 1.66%)		
1,416,390 Angling Direct	552,392	0.37
813,750 CMO Group	187,162	0.13
6,446,250 Sosandar	934,706	0.63
Total Retailers	<u>1,674,260</u>	<u>1.13</u>
SOFTWARE AND COMPUTER SERVICES (31 July 2023 - 29.15%)		
3,200,000 1Spatial	1,632,000	1.11
2,100,000 Access Intelligence	1,155,000	0.78

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PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SOFTWARE AND COMPUTER SERVICES (continued)		
300,000 accesso Technology Group	1,671,000	1.13
2,100,000 ActiveOps	2,016,000	1.37
100,000 Bango	99,000	0.07
1,670,000 Beeks Financial Cloud Group	1,536,400	1.04
800,000 Celebrus Technologies	1,920,000	1.30
130,000 Cerillion	2,002,000	1.36
400,000 Crimson Tide	680,000	0.46
3,548,300 Crossword Cybersecurity	195,156	0.13
450,000 Eagle Eye Solutions Group	2,565,000	1.74
24,310,913 ENGAGE XR Holdings	583,462	0.40
1,808,906 essensys	578,850	0.39
3,500,000 GetBusy	2,380,000	1.61
6,115,000 GRC International Group	214,025	0.14
561,113 Gresham Technologies	695,780	0.47
1,528,207 Ingenta	2,399,285	1.62
1,374,125 Intercede Group	1,442,831	0.98
1,450,000 IQGeo Group	4,785,000	3.24
825,000 K3 Business Technology Group	924,000	0.63
350,000 Kin and Carta	470,400	0.32
360,000 Kooth	1,008,000	0.68
450,000 Microlise Group	585,000	0.40
200,000 Netcall	188,000	0.13
2,050,000 Oxford Metrics	2,152,500	1.46
3,300,000 PCI-PAL	1,683,000	1.14
25,000,000 Phoenix Digital Assets ^A	650,000	0.44
1,250,000 Redcentric	1,618,750	1.10
800,000 Rosslyn Data Technologies	136,000	0.09
2,125,000 SEEEN	106,250	0.07
445,239 Sopheon	4,274,294	2.89
2,862,695 SysGroup	801,555	0.54
800,000 TPXimpact Holdings	304,000	0.21
950,000 Vianet Group	845,500	0.57
1,575,000 Windward	1,685,250	1.14
2,100,000 ZOO Digital Group	798,000	0.54
Total Software and Computer Services	<u>46,781,288</u>	<u>31.69</u>
TECHNOLOGY HARDWARE AND EQUIPMENT (31 July 2023 - 2.29%)		
3,000,000 Concurrent Technologies	2,520,000	1.71
9,850,000 IQE	1,979,850	1.34
Total Technology Hardware and Equipment	<u>4,499,850</u>	<u>3.05</u>
TELECOMMUNICATIONS EQUIPMENT (31 July 2023 - 3.16%)		
3,000,000 BATM Advanced Communications	615,000	0.42
15,000,000 Filtronic	3,450,000	2.34
1,875,000 MTI Wireless Edge	656,250	0.44
Total Telecommunications Equipment	<u>4,721,250</u>	<u>3.20</u>
TRAVEL AND LEISURE (31 July 2023 - 5.34%)		
11,198,000 DP Poland	1,119,800	0.76
5,000,000 Gaming Realms	1,705,000	1.15
1,250,000 Marston's	394,375	0.27
4,850,000 Nightcap	232,800	0.16
23,693,663 Tasty	236,937	0.16
2,400,000 Ten Lifestyle Group	1,980,000	1.34
800,000 The City Pub Group	1,104,000	0.75
900,000 The Gym Group	950,400	0.64
875,000 Tortilla Mexican Grill	332,500	0.23
4,445,133 Various Eateries	1,111,283	0.75
Total Travel and Leisure	<u>9,167,095</u>	<u>6.21</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

PORTFOLIO STATEMENT

as at 31 January 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
WASTE AND DISPOSAL SERVICES (31 July 2023 - 0.27%)		
OVERSEAS SECURITIES (31 July 2023 - 0.18%)		
UNQUOTED SECURITIES (31 July 2023 - 1.14%)		
3,356,366 Albert Technologies ^B	-	-
2,600,000 Crawshaw Group ^D	-	-
1,500,000 Gable Holdings ^D	-	-
58,791,414 Gfinity Warrants (£0.00225) 07.09.24 ^G	-	-
100,558 Gusbourne Warrants (£0.75) 16.12.22 ^G	-	-
2,843,978 HaloSource 'Reg S' ^D	-	-
109,670 HealthBeacon ^F	-	-
5,942 Infinity Reliance ^C	249,980	0.17
1,000,000 Moxico Resources ^C	550,000	0.37
10,000,000 One Media iP Group Warrants (£0.06) 25.09.25 ^G	-	-
18,000 SCA Investments ^C	574,920	0.39
3,198 SCA Investments 'M' ^C	179,152	0.12
4,805,090 Trackwise Designs ^E	-	-
9,489,983 Xeros Technology Group Warrants (£0.05) 21.04.24 ^G	42,705	0.03
Total Unquoted Securities	<u>1,596,757</u>	<u>1.08</u>
Portfolio of investments	146,564,664	99.25
Net other assets	1,109,779	0.75
Total net assets	<u><u>147,674,443</u></u>	<u><u>100.00</u></u>

^A Unapproved security within the meaning of the FCA rules.

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

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

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

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

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

^G 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.

PORTFOLIO TRANSACTIONS

for the six month period ended 31 January 2024

	£
Total purchases costs, including transaction charges	13,488,127
Total sales proceeds, net of transaction charges	24,158,693

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

STATEMENT OF TOTAL RETURN

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Income:				
Net capital losses		(4,012,092)		(8,480,857)
Revenue	722,444		937,389	
Expenses	<u>(616,631)</u>		<u>(878,590)</u>	
Net revenue before taxation	105,813		58,799	
Taxation	<u>(17,126)</u>		<u>(18,011)</u>	
Net revenue after taxation		<u>88,687</u>		<u>40,788</u>
Total return before distributions		(3,923,405)		(8,440,069)
Distributions		(88,687)		(112,804)
Change in net assets attributable to shareholders from investment activities		<u><u>(4,012,092)</u></u>		<u><u>(8,552,873)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the six month period ended 31 January 2024

	31 January 2024		31 January 2023	
	£	£	£	£
Opening net assets attributable to shareholders		^A 168,671,116		208,197,656
Amounts receivable on issue of shares	46,123		2,230,113	
Amounts payable on cancellation of shares	(17,208,447)		(12,331,461)	
Amounts payable on share class conversions	<u>-</u>		<u>(86)</u>	
		(17,162,324)		(10,101,434)
Dilution adjustment		97,161		301,546
Change in net assets attributable to shareholders from investment activities		(4,012,092)		(8,552,873)
Retained distribution on accumulation shares		80,582		110,770
Closing net assets attributable to shareholders		<u><u>147,674,443</u></u>	^A	<u><u>189,955,665</u></u>

^A These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

BALANCE SHEET
as at 31 January 2024

	31 January 2024	31 July 2023
	£	£
Assets:		
Fixed Assets:		
Investments	146,564,664	161,243,884
Current Assets:		
Debtors	1,050,353	690,826
Cash and bank balances	1,011,471	7,413,406
Total assets	<u>148,626,488</u>	<u>169,348,116</u>
Liabilities:		
Creditors:		
Other creditors	<u>952,045</u>	<u>677,000</u>
Total liabilities	<u>952,045</u>	<u>677,000</u>
Net assets attributable to shareholders	<u><u>147,674,443</u></u>	<u><u>168,671,116</u></u>

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