

# IFSL Marlborough High Yield Fixed Interest Fund

## Interim Report and Unaudited Financial Statements

for the six month period ended 30 June 2023

IFSL

— Fund Services —

Marlborough

## **IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

### **CONTACT INFORMATION**

#### **Authorised Fund Manager (AFM) 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.

#### **Directors of IFSL**

Andrew Staley (Non-Executive)  
Allan Hamer  
Dom Clarke - appointed 30 January 2023  
Helen Redmond  
Helen Derbyshire  
Sally Helston  
Guy Sears (Independent Non-Executive)  
Sarah Peaston (Independent Non-Executive)

#### **Depositary (in its capacity as Trustee)**

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

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

#### **Investment Manager**

Marlborough Investment Management Limited  
Croxall Hall  
Croxall Road  
Croxall  
Nr Alreswas  
Staffordshire  
WS13 8RA

Authorised and regulated by the Financial Conduct Authority.

#### **Sub-Investment Manager**

Aberdeen Asset Managers Limited  
280 Bishopgate  
London  
EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

#### **Auditor**

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

**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

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## IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 30 June 2023

#### Performance to 30 June 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough High Yield Fixed Interest Fund	4.84%	8.80%	5.82%	6.64%
IA Sterling High Yield sector	3.41%	6.92%	6.67%	9.48%

External Source of Economic Data: Morningstar (P Income - quoted price to quoted price, gross income reinvested).

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

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

#### Investment commentary

##### Market Review

The European high yield market\* generated a total return, that being a combination of capital growth and income, of 5.0% in the first six months of the year. High yield bonds, also known as junk bonds, are bonds which pay higher yields because they have lower credit ratings than investment grade bonds. A credit rating is an independent assessment of a company's or government entity's creditworthiness. High yield bonds are classified by credit rating, ranging from higher quality BB rated bonds to the lowest quality CCC rated bonds which have the highest implied risk of default, meaning they may fail to fully meet their loan obligations. Looking at returns based on the quality of credit ratings, the middle ground single B rated bonds portion of the market posted the strongest performance of 6.2%. Higher quality BB rated bonds returned 4.6%, whilst CCC rated bonds lagged with a return of just 1.2%. European CCC rated bonds did not perform as well as the United States (US) high yield market which returned 9.8% in the period.

The European CCC rated bond universe is much smaller than in the US, both as a proportion of the total high yield market at just 4.4% vs. 11.5% in the US, and also in size, so individual company situations can have large impacts on overall performance. There were a number European CCC rated bonds that fell in price during the period including those issued by German real estate company, Adler, French supermarket company, Casino, and telecommunications companies, Altice International and SFR. Adler and Casino have defaulted and are currently in negotiations with their creditors.

Although defaults are increasing, as demonstrated by the examples above, the European high yield market default rate is not expected to peak much above 4.0%. There is a limited amount of debt maturing in the next 18 months and companies have done a fantastic job of refinancing debt at the extremely low interest rates of the recent past. Economic growth is slowing, and it's very possible the Eurozone falls into a recession during that timeframe, but the hope is that we emerge from any downturn before refinancing risk, which is the possibility that a borrower cannot refinance by borrowing to repay existing debt, increases sharply in 2025 and 2026. At that time, borrowing costs should be lower than today as central banks cut interest rates to combat economic weakness.

##### Portfolio Review

The Fund has performed well over the first six months of the year. When looking at specific credit contributions the biggest positive was our large position in United Group, the Eastern European telecommunications provider, which rose significantly in value after they announced a sale of their cellular towers portfolio at a valuation far above most expectations. The proceeds will be used to repay debt and a wider refinancing of the overall debt structure now looks much more achievable. Our long running underweight holding in Casino, the French supermarket operator, is a smaller holding than that generally held in the European high yield market\*, and was another meaningful contributor to performance.

The largest negative contributors to performance were Thames Water, SFR and Altice International. Thames Water bonds collapsed after the government announced they may need to nationalise the company unless new capital was injected as a matter of urgency. Altice and SFR, both owned by Israeli entrepreneur Patrick Drahi, have been under pressure due to weaker than expected operating performance at SFR and the fact that dividends from Altice have been used to purchase a stake in British Telecom. Ultimately, we think both businesses have significant asset value and multiple levers to pull to help reduce debt and, as a result, we will continue to hold the bonds for the time being.

##### Outlook

At current valuations our view is that the asset class is fairly valued. Looking forwards, default rates are expected to be between 3 and 4% according to most strategists, and as a result, returns over the next twelve months could be quite favourable. Having said that, we do expect volatility to hit markets at some point in that timeframe as economic challenges begin to affect earnings which up to this point have generally remained resilient. It is our expectation that the timing of this weakness has been extended to the end of the year or early 2024. Nevertheless, with the asset class yielding 7.8% at the end of June European high yield investors are well compensated for default risk and volatility. Given the strong performance of the Fund year to date, compared against both the IA Sterling High Yield sector and the European high yield market\*, we do not feel the need to take too much credit risk and are content to generate a yield in line with that of the market, which gives us plenty of room to both add or cut risk as we see fit.

\* ICE Bank of America Merrill Lynch European Currency High Yield Constrained Index, 100% hedged to Sterling.

## IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 30 June 2023

#### Distributions

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Income (pence per unit)</u>				
Net income paid last day of February	0.767228	0.701305	0.746734	0.637591
Net income paid 31 May	0.742639	0.661922	0.747477	0.691536
Net income paid 31 August	0.771414	0.739050	0.767764	0.694941
Net income paid 30 November		0.750884	0.754133	0.764977
<u>P Income (pence per unit)</u>				
Net income paid last day of February	0.856008	0.796087	0.838495	0.724968
Net income paid 31 May	0.832426	0.760450	0.840684	0.778392
Net income paid 31 August	0.863999	0.829710	0.863363	0.778063
Net income paid 30 November		0.840033	0.850893	0.854564

#### Portfolio changes

<u>Largest purchases</u>	Cost (£)
United States Treasury 3.875% 31.12.29	860,242
International Game Technology 2.375% 15.04.28	300,999
Teva Pharmaceutical Finance Netherlands II 4.375% 09.05.30	297,227
Chrome Bidco 3.5% 31.05.28	283,474
Ardagh Metal Packaging Finance 2% 01.09.28	281,326
UGI International 2.5% 01.12.29	231,270
Playtech 5.875% 28.06.28	223,521
Swedbank 5.875% 24.05.29	214,028
Allwyn Entertainment Financing UK 7.25% 30.04.30	210,906
Benteler International 9.375% 15.05.28	194,889
Other purchases	2,355,647
Total purchases for the period	5,453,529
<u>Largest sales</u>	Proceeds (£)
United States Treasury 3.875% 31.12.29	861,746
Teva Pharmaceutical Finance Netherlands II 4.5% 01.03.25	567,600
SAZKA Group 4.125% 20.11.24	360,056
Gamma Bidco 6.25% 15.07.25	336,632
Organon Finance 1 2.875% 30.04.28	287,761
Dufry One 3.375 15.04.28	286,700
Banff Merger Sub 8.375% 01.09.26	282,063
EG Global Finance 4.375% 07.02.25	278,645
Techem Verwaltungsgesellschaft 674 2% 15.07.25	256,519
Autostrade per l'Italia 2% 04.12.28	245,216
Other sales	2,730,677
Total sales for the period	6,493,615

## IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### AUTHORISED STATUS

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

### GENERAL INFORMATION

#### Investment objective

The investment objective of the Fund is to provide investors with income, that is, money paid out of your investment as interest, as well as the opportunity for some growth over a period of five or more years, however, there is no certainty this will be achieved.

#### Investment policy

At least 80% of the Fund will be invested in high yield bonds issued by companies and institutions. These will be sub-investment grade or unrated bonds, which are loans issued by entities which can be more vulnerable to changing market conditions that typically pay higher rates of interest than investment grade bonds.

The Fund may also invest in investment grade bonds, bonds issued by governments, bonds which may be converted into shares (known as convertible bonds), preference shares, permanent interest bearing shares and money market instruments (which are shorter term loans). Whilst the Fund will not buy shares in companies there may be times where the Fund holds shares following a restructuring of an existing holding.

The Fund is actively managed which means the investment team decides which investments to buy or sell and when. Investment decisions are taken based on individual company research in addition to the team's view on global economic and market conditions.

The investment manager uses the ICE Bank of America Merrill Lynch European Currency High Yield Constrained (hedged to sterling) Index as a reference point when constructing the portfolio and for risk management purposes.

The Fund uses derivatives (instruments whose returns are linked to another asset, market or other variable factor) and forward transactions linked to exchange rates, for the purposes of efficient portfolio management in order to reduce currency risk in the Fund, also known as hedging.

The Fund will typically hold less than 5% in cash to enable the ready settlement of liabilities, for the efficient management of the Fund and in pursuit of the Fund's objectives although may occasionally exceed this figure.

The Fund's investment policy puts it in the IA Sterling High Yield sector.

#### Rights and terms attaching to each unit class

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

#### Changes in prospectus

No significant changes have been made 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.

### 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

**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**
**COMPARATIVE TABLE**

<b>A Income units</b>	<b>Period to 30.06.2023</b>	<b>Year to 31.12.2022</b>	<b>Year to 31.12.2021</b>	<b>Year to 31.12.2020</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	60.64	71.33	71.65	72.46
Return before operating charges*	3.50	(6.74)	3.80	3.20
Operating charges	(0.50)	(1.03)	(1.15)	(1.11)
Return after operating charges*	3.00	(7.77)	2.65	2.09
Distributions on income units	(1.51)	(2.92)	(2.97)	(2.90)
Closing net asset value per unit	62.13	60.64	71.33	71.65

\* after direct transaction costs of: - - - -

**Performance**

Return after charges<sup>A</sup> 4.95% (10.89)% 3.70% 2.88%

**Other information**

Closing net asset value (£)	5,574,661	9,771,033	19,986,098	23,848,734
Closing number of units	8,971,913	16,114,385	28,020,830	33,287,330
Operating charges	1.59% <sup>B</sup>	1.59%	1.58%	1.61%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

**Prices**

Highest unit price	64.02p	71.77	73.71p	73.60p
Lowest unit price	61.09p	57.91	71.62p	58.63p

**P Income units**

<b>Change in net assets per unit</b>	<b>Period to 30.06.2023</b>	<b>Year to 31.12.2022</b>	<b>Year to 31.12.2021</b>	<b>Year to 31.12.2020</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	62.96	73.79	73.84	74.40
Return before operating charges*	3.65	(6.98)	3.92	3.30
Operating charges	(0.27)	(0.56)	(0.62)	(0.61)
Return after operating charges*	3.38	(7.54)	3.30	2.69
Distributions on income units	(1.70)	(3.29)	(3.35)	(3.25)
Closing net asset value per unit	64.64	62.96	73.79	73.84

\* after direct transaction costs of: - - - -

**Performance**

Return after charges<sup>A</sup> 5.37% (10.22)% 4.47% 3.62%

**Other information**

Closing net asset value (£)	21,770,824	18,193,507	29,221,074	30,322,917
Closing number of units	33,679,185	28,895,493	39,599,576	41,064,953
Operating charges	0.84% <sup>B</sup>	0.84%	0.83%	0.86%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

**Prices (pence per unit)**

Highest unit price	66.61	74.25	76.10	75.70
Lowest unit price	63.43	60.09	74.01	60.30

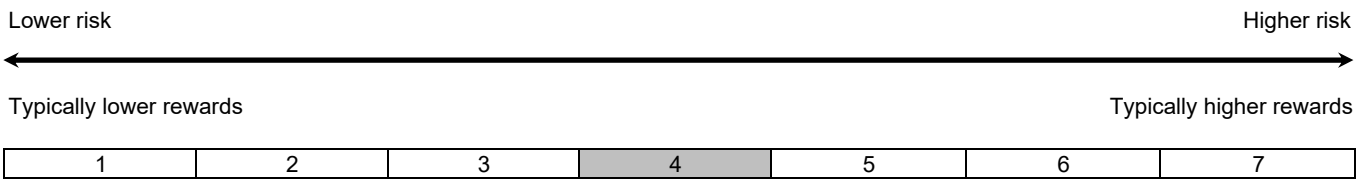
<sup>A</sup> The return after charges is calculated using the underlying investments bid prices

<sup>B</sup> These figures have been annualised.

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

**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

**SYNTHETIC RISK AND REWARD INDICATOR** (all unit classes)



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

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



**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

**PORTFOLIO STATEMENT**

as at 30 June 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>STERLING</b> (31 December 2022 - 21.91%)		
149,000 Ardagh Packaging Finance 4.75% 15.07.27	118,007	0.43
355,000 B&M European Value Retail 4% 15.11.28	302,133	1.11
404,000 Bellis Acquisition 4.5% 16.02.26	345,606	1.26
240,000 Cidron Aida Finco 6.25% 01.04.28	210,055	0.77
150,000 Encore Capital Group 4.25% 01.06.28	114,398	0.42
262,000 Encore Capital Group 5.375% 15.02.26	228,110	0.83
522,084 EnQuest 7% 15.04.22	516,205	1.89
150,000 Ford Motor Credit Co 4.535% 06.03.25	142,178	0.52
190,000 Ford Motor Credit Co 6.86% 05.06.26	185,151	0.68
100,000 Garfunkelux Holdco 3 7.75% 01.11.25	71,368	0.26
110,000 HSBC 5.844% Perp	109,866	0.40
350,000 Jerrold Finco 5.25% 15.01.27	294,536	1.08
338,000 National Express Group 4.25% Perp	293,638	1.07
400,000 Pinewood Finco 3.625% 15.11.27	348,172	1.27
366,000 Premier Foods Finance 3.5% 15.10.26	318,687	1.17
126,000 Punch Finance 6.125% 30.06.26	107,928	0.39
568,000 Rolls-Royce 5.75% 15.10.27	527,121	1.93
350,000 Sherwood Financing 6% 15.11.26	290,546	1.06
215,000 Swedbank 5.875% 24.05.29	203,962	0.75
150,000 TalkTalk Telecom Group 3.875% 20.02.25	120,915	0.44
715,000 Virgin Media Vendor Financing Notes III 4.875% 15.07.28	564,185	2.06
Total Sterling	5,412,767	19.79
<b>EURO</b> (31 December 2022 - 74.75%)		
290,000 888 Acquisitions 7.558% 15.07.27	234,285	0.86
200,000 Abertis Infraestructuras Finance 3.248% Perp	154,026	0.56
496,000 Albion Financing 1 / Aggreko Holdings 5.25% 15.10.26	398,452	1.46
338,000 Allwyn Entertainment Financing UK 7.25% 30.04.30	294,166	1.08
860,000 Altice Finco 4.75% 15.01.28	488,156	1.79
1,000,000 Altice France 8% 15.05.27	498,771	1.82
200,000 ARD Finance 5% 30.06.27	132,324	0.48
400,000 Ardagh Metal Packaging Finance 2% 01.09.28	284,569	1.04
186,000 Ardagh Packaging Finance 2.125% 15.08.26	141,462	0.52
160,000 Arena Luxembourg Finance 1.875% 01.02.28	112,294	0.41
373,000 Autostrade per l'Italia 2% 04.12.28	279,472	1.02
280,000 Banff Merger Sub 8.375% 01.09.26	229,829	0.84
200,000 BCP V Modular Services Finance II 4.75% 30.11.28	145,792	0.53
220,000 Benteler International 9.375% 15.05.28	190,748	0.70
340,000 CAB SELAS 3.375% 01.02.28	236,810	0.87
100,000 Cellnex Finance 1% 15.09.27	73,655	0.27
200,000 Cellnex Finance 1.5% 08.06.28	146,340	0.54
400,000 Cellnex Finance 2% 15.09.32	268,800	0.98
350,000 Cheplapharm Arzneimittel 4.375% 15.01.28	274,748	1.00
627,000 Chrome Bidco 3.5% 31.05.28	455,563	1.67
289,000 Cidron Aida Finco 5% 01.04.28	224,837	0.82
100,000 Cirsa Finance International 10.375% 30.11.27	91,819	0.34
127,903 Cirsa Finance International 6.25% 20.12.23	109,252	0.40
291,000 CT Investment 5.5% 15.04.26	231,030	0.84
474,000 Cullinan Holdco 4.625% 15.10.26	343,392	1.26
100,000 DDM Debt 9% 19.04.26	59,152	0.22
150,000 EG Global Finance 4.375% 07.02.25	121,874	0.45
300,000 Electricité de France (EDF) 5% Perp	242,302	0.89
600,000 Electricité de France (EDF) 5.375% Perp	501,980	1.84
165,000 Faurecia 2.375% 15.06.27	124,098	0.45
160,000 Faurecia 3.125% 15.06.26	128,766	0.47
250,000 Faurecia 3.75% 15.06.28	193,241	0.71
100,000 Faurecia 7.25% 15.06.26	89,037	0.33
320,000 Goodyear Europe 2.75% 15.08.28	228,984	0.84
137,000 Graphic 2.625% 01.02.29	102,915	0.38
360,000 Grifols 2.25% 15.11.27	278,634	1.02

**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**
**PORTFOLIO STATEMENT**

as at 30 June 2023

Holding or nominal value		Bid value £	Percentage of total net assets %
<b>EURO (continued)</b>			
303,000	Grüenthal 4.125% 15.05.28	240,622	0.88
100,000	HSE Finance 5.625% 15.10.26	49,468	0.18
132,000	HSE Finance 5.75% 15.10.26	67,511	0.25
330,000	HT Troplast 9.25% 15.07.25	287,067	1.05
175,000	IHO Verwaltungs 3.875% 15.05.27	135,218	0.49
157,930	IHO Verwaltungs 8.75% 15.05.28	139,640	0.51
215,000	INEOS Finance 3.375% 31.03.26	172,120	0.63
799,000	INEOS Styrolution 2.25% 16.01.27	584,613	2.14
400,000	International Game Technology 2.375% 15.04.28	306,923	1.12
170,000	International Game Technology 3.5% 15.06.26	140,439	0.51
332,000	Intrum 4.875% 15.08.25	236,218	0.86
275,000	IQVIA 1.75% 15.03.26	218,150	0.80
200,000	IQVIA 2.875% 15.06.28	154,109	0.56
130,000	Jaguar Land Rover Automotive 4.5% 15.07.28	97,064	0.35
350,000	Lorca Telecom Bondco 4% 18.09.27	273,832	1.00
100,000	Lottomatica 7.125% 01.06.28	87,642	0.32
114,000	Lottomatica FRN 01.06.28	98,270	0.36
350,000	Loxam 3.75% 15.07.26	283,707	1.04
500,000	Matterhorn Telecom Holding 3.125% 15.09.26	398,345	1.46
110,000	Mobilux Finance 4.25% 15.07.28	81,230	0.30
209,000	Monitchem 3 8.75% 01.05.28	176,782	0.65
462,000	Nobel Bidco 3.125% 15.06.28	310,556	1.14
150,000	Nomad Foods 2.5% 24.06.28	112,630	0.41
158,000	Novelis Sheet Ingot 3.375% 15.04.29	118,369	0.43
200,000	Novo Banco 9.875% 01.12.33	176,369	0.64
100,000	OI European Group 6.25% 15.05.28	87,677	0.32
150,000	Organon Finance 1 2.875% 30.04.28	111,504	0.41
380,000	Petróleos Mexicanos 4.75% 26.02.29	254,777	0.93
100,000	Picard Groupe 3.875% 01.07.26	78,544	0.29
260,000	Playtech 5.875% 28.06.28	222,021	0.81
290,000	PrestigeBidCo 7% 15.07.27	250,169	0.91
168,000	Rolls-Royce 4.625% 16.02.26	141,079	0.52
400,000	Samvardhana Motherson Automotive Systems Group 1.8% 06.07.24	329,004	1.20
600,000	Schaeffler 3.375% 12.10.28	467,130	1.71
170,000	Sofima Holding 3.75% 15.01.28	143,049	0.52
198,000	Sofima Holding FRN 15.01.28	148,337	0.54
250,000	SoftBank Group 5.25% 30.07.27	203,272	0.74
416,450	Stichting AK Rabobank Certificaten 6.5% Perp	330,995	1.21
532,280	Summer BidCo 9% 15.11.25	401,558	1.47
118,442	Summer Bidco 9.75% 15.11.25	89,310	0.33
466,855	Techem Verwaltungsgesellschaft 674 6% 30.07.26	391,660	1.43
100,000	Telefónica Europe 3% Perp	84,843	0.31
200,000	Telefónica Europe 3.875% Perp	158,317	0.58
100,000	Telefonica Europe 7.125% Perp	87,417	0.32
400,000	Teva Pharmaceutical Finance Netherlands II 4.375% 09.05.30	291,478	1.07
134,000	Teva Pharmaceutical Finance Netherlands II 4.5% 01.03.25	113,566	0.42
340,000	UGI International 2.5% 01.12.29	228,393	0.84
200,000	United Group 5.25% 01.02.30	135,950	0.50
200,000	Verallia 1.875% 10.11.31	137,422	0.50
587,000	Verisure Holding 3.25% 15.02.27	446,784	1.63
395,000	Verisure Midholding 5.25% 15.02.29	293,508	1.07
529,000	Vertical Midco 4.375% 15.07.27	404,499	1.48
194,000	Victoria 3.625% 26.08.26	136,295	0.50
300,000	Vodafone Group 2.625% 27.08.80	231,039	0.84
585,000	VodafoneZiggo Financing 2.875% 15.01.29	384,020	1.40
200,000	ZF Europe Finance 2% 23.02.26	155,767	0.57
300,000	ZF Europe Finance 2.5% 23.10.27	223,883	0.81
300,000	ZF Finance 2% 06.05.27	223,376	0.81
	<b>Total Euro</b>	<b>20,445,112</b>	<b>74.77</b>

## IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### PORTFOLIO STATEMENT

as at 30 June 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>UNITED STATES DOLLAR</b> (31 December 2022 - 0.98%)		
400,000 Telecom Italia 6.375% 15.11.33	267,236	0.98
200,000 Telecom Italia Capital 7.2% 18.07.36	136,385	0.50
Total United States Dollar	<u>403,621</u>	<u>1.48</u>
<b>UNLISTED/UNQUOTED</b> (31 December 2022 - Nil)		
353,137 Hellas Telecommunications Luxembourg III 8.5% 15.10.13 <sup>A</sup>	-	-
Total Unlisted/Unquoted	<u>-</u>	<u>-</u>
<b>Portfolio of stock investments</b>	<b>26,261,500</b>	<b>96.04</b>
<b>Counterparty</b>	<b>Foreign Currency Hedges</b>	
JPMS	Sell GBP 4,286 for USD 5,377 - 14 July 2023	(35) -
RBC	Sell USD 524,605 for GBP 419,839 - 14 July 2023	5,092 0.02
HSBC	Sell GBP 155,987 for EUR 181,520 - 14 July 2023	(150) -
BARC	Sell GBP 222,177 for EUR 259,635 - 14 July 2023	723 -
JPMS	Sell GBP 141,405 for EUR 164,840 - 14 July 2023	112 -
JPMS	Sell GBP 147,720 for EUR 170,623 - 14 July 2023	(1,238) -
RBC	Sell EUR 23,971,719 for GBP 20,659,810 - 14 July 2023	79,832 0.28
RBC	Sell EUR 259,635 for GBP 222,044 - 14 July 2023	(856) -
UBS	Sell EUR 49,724 for GBP 42,550 - 14 July 2023	(139) -
MLSB	Sell EUR 141,484 for GBP 121,826 - 14 July 2023	360 -
GSCO	Sell EUR 142,683 for GBP 122,619 - 14 July 2023	121 -
BARC	Sell EUR 259,365 for GBP 222,176 - 14 July 2023	(723) -
<b>Net value of all derivative positions</b>	<b>83,099</b>	<b>0.30</b>
<b>Portfolio of investments (including derivative positions)</b>	<b>26,344,599</b>	<b>96.34</b>
<b>Net other assets (excluding derivative positions)</b>	<b>1,000,886</b>	<b>3.66</b>
<b>Total net assets</b>	<b><u>27,345,485</u></b>	<b><u>100.00</u></b>

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

<sup>A</sup> Hellas Telecom is considered to be valueless by the fund manager.

#### Portfolio split by investment grade

Investments of investment grade	911,006	3.33
Investments below investment grade	23,927,052	87.50
Unrated	1,423,442	5.21
<b>Portfolio of investments</b>	<b>26,261,500</b>	<b>96.04</b>
<b>Net value of all derivative positions</b>	<b>83,099</b>	<b>0.30</b>
<b>Net other assets (excluding derivative positions)</b>	<b>1,000,886</b>	<b>3.66</b>
<b>Total net assets</b>	<b><u>27,345,485</u></b>	<b><u>100.00</u></b>

### PORTFOLIO TRANSACTIONS

for the six month period ended 30 June 2023

	£
Total purchases costs, including transaction charges	5,453,529
Total sales proceeds, net of transaction charges	6,493,615

**IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND**

**STATEMENT OF TOTAL RETURN**

for the six month period ended 30 June 2023

	30 June 2023		30 June 2022	
	£	£	£	£
Income:				
Net capital gains/(losses)		798,021		(7,297,025)
Revenue	792,188		1,129,943	
Expenses	<u>(142,027)</u>		<u>(244,667)</u>	
Net revenue before taxation	650,161		885,276	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>650,161</u>		<u>885,276</u>
Total return before distributions		1,448,182		(6,411,749)
Distributions		(715,095)		(999,961)
Change in net assets attributable to unitholders from investment activities		<u><u>733,087</u></u>		<u><u>(7,411,710)</u></u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the six month period ended 30 June 2023

	30 June 2023		30 June 2022	
	£	£	£	£
Opening net assets attributable to unitholders		<sup>A</sup> 27,964,540		49,207,172
Amounts receivable on issue of units	800,498		5,512,726	
Amounts payable on cancellation of units	(2,152,470)		(14,934,728)	
Amounts payable on unit class conversions	<u>(1,921)</u>		<u>(202)</u>	
		(1,353,893)		(9,422,204)
Dilution adjustment		1,750		62,656
Change in net assets attributable to unitholders from investment activities		733,087		(7,411,710)
Unclaimed distributions		1		217
Closing net assets attributable to unitholders		<u><u>27,345,485</u></u>		<sup>A</sup> <u><u>32,436,131</u></u>

<sup>A</sup> These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

## IFSL MARLBOROUGH HIGH YIELD FIXED INTEREST FUND

### BALANCE SHEET

as at 30 June 2023

	30 June 2023	31 December 2022
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investment assets	26,347,740	27,309,087
<b>Current Assets:</b>		
Debtors	381,481	446,275
Cash and bank balances	1,423,177	1,418,757
Total assets	<u>28,152,398</u>	<u>29,174,119</u>
<b>Liabilities:</b>		
Investment liabilities	3,141	562,938
<b>Creditors:</b>		
Bank overdrafts	387,413	205,353
Distribution payable	360,198	370,982
Other creditors	56,161	70,306
Total liabilities	<u>806,913</u>	<u>1,209,579</u>
<b>Net assets attributable to unitholders</b>	<u><u>27,345,485</u></u>	<u><u>27,964,540</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2023

#### Basis for preparation

The interim financial statements have been prepared in compliance with Financial Reporting Standard (FRS) 102 and in accordance with the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (renamed to 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 Fund. 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 December 2022 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 30 June 2023.

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