

Investment Fund Services

IFSL Marlborough No 2 OEIC

Annual Report and Audited
Financial Statements

for the year ended 31 July 2023

IFSL MARLBOROUGH NO 2 OEIC

CONTACT INFORMATION

Registered Office

Marlborough House
59 Chorley New Road
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
Croxall
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

Depositary

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 - appointed 30 January 2023
Helen Derbyshire
Helen Redmond
Sally Helston - appointed 12 August 2022
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 (previously Hargreave Hale Limited to 2 November 2022)
88 Wood Street
London

EC2V 7QR

Authorised and regulated by the Financial Conduct Authority.

IFSL MARLBOROUGH NO 2 OEIC

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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.

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.

GENERAL INFORMATION

IFSL Marlborough Global SmallCap Fund (continued)

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.

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.

GENERAL INFORMATION

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.

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 each 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.

Assessment of value

The ACD is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The sub-funds of the Company are assessed and reported on, in a composite report which the ACD publishes on the website www.ifslfunds.com. The latest report was published on 30 September 2023.

GENERAL INFORMATION

Changes in prospectus

On 11 August 2022, the investment policy of IFSL Marlborough Nano-Cap Growth Fund changed to define 'very small companies' as companies with a maximum initial market capitalisation limit of £100m, at the time of initial purchase, to a new maximum initial market capitalisation limit of £200m.

On 20 September 2022, the Company launched two new sub-funds: IFSL Marlborough Global Essential Infrastructure Fund; and IFSL Marlborough Global SmallCap Fund.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the ACD'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.

Remuneration policy

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

The quantitative remuneration disclosures as at 30 September 2022 (the ACD's year end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the ACD who have a material impact on the risk profile of the Company				
Senior management	7	757,911	667,666	90,245
Risk takers and other identified staff	2	245,763	203,403	42,360
Allocation of total remuneration of the employees of the ACD to the Company				
Senior management	0.64	68,777	60,588	8,189
Risk takers and other identified staff	0.18	22,302	18,458	3,844

The total number of staff employed by the ACD was 236 as at 30 September 2022. The total remuneration paid to those staff was £14,048,823 of which £5,197,123 is attributable to the ACD.

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

AUTHORISED CORPORATE DIRECTOR'S 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



Sally Helston
Director

Investment Fund Services Limited
20 December 2023

STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company comprising of its sub-funds and of its net revenue and the net capital gains/(losses) for the year.

In preparing those financial statements the ACD is required to:

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

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL rules, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of IFSL Marlborough No 2 OEIC ("the Company") for the Period Ended 31 July 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC Bank plc
20 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL MARLBOROUGH NO 2 OEIC

Opinion

We have audited the financial statements of IFSL Marlborough No 2 OEIC ("the Company") comprising each of its sub-funds for the year ended 31 July 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 July 2023 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL MARLBOROUGH NO 2 OEIC

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

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL MARLBOROUGH NO 2 OEIC

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS 102, Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators. We corroborated our enquiries through a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution and the incorrect valuation of unquoted investments. In response to our fraud risks, we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return and tested a sample of unquoted investment valuations by reviewing the prices used, agreeing the valuation inputs to external sources and providing challenge to management's valuations.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of the ACD and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations; review of the reporting from the ACD with respect to the application of the documented policies and procedures; and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, including the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Edinburgh

20 December 2023

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

for the year ended 31 July 2023

1.1 ACCOUNTING POLICIES

During the year under review, IFSL Marlborough No 2 OEIC consisted of 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.

These accounting policies apply to all the sub-funds of the Company.

Basis of accounting

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

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

Revenue

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

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

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

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

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis. On IFSL Marlborough Multi Cap Income Fund and IFSL Marlborough Global Essential Infrastructure Fund the ACD's periodic charge is treated as a capital expense. This may constrain capital growth.

Valuation

The valuation point was 12:00 on 31 July 2023, being the last valuation point of the accounting year.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES
for the year ended 31 July 2023

ACCOUNTING POLICIES

For stock specific fair value pricing as is the case with unquoted investments, the ACD will consider these factors in determining the fair value of investments: a) the price of a recent investment, whilst an indicator of fair value, is not a default that would preclude re-estimating the valuation at the valuation date. However, if the price of recent investment is determined to be fair value then it is used to calibrate inputs to the valuation model(s); or b) where a value is indicated by a recent material arms-length transaction by an independent third party in the shares of a company, and after it is established that this is fair then this value will be used, unless the rights attributable to the shares impact the overall capital structure and rights of existing investors; or c) in the absence of (a and b) and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis or, if appropriate, other valuation models such as: i) Adjusted recent transaction prices (which consider the company's performance against key milestones and the complexity of the capital structure) are also used; or ii) Discounted cash flow model which values a business based on estimates of future cash-flows with an appropriate discount rate.

To ensure that the ACD values the unquoted investments appropriately, an independent valuation provider is engaged to provide an appraisal.

Taxation

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

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 31 July 2023 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment at the principal amounts.

1.2 DISTRIBUTION POLICIES

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

Equalisation

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

Stock and special dividends

Stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent and this forms part of the distributable revenue of the sub-fund.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the sub-fund. Amounts recognised as capital are deducted from the cost of the investment.

1.3 RISK MANAGEMENT POLICIES

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

The main risks arising from the sub-funds' financial instruments and the ACD's policies for managing these risks are summarised below. The ACD reviews (and agrees with the Depositary) the policies for managing each of these risks. The policies have remained unchanged since the beginning of the year to which these financial statements relate.

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

NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES
for the year ended 31 July 2023

RISK MANAGEMENT POLICIES

Market price risk

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

Foreign currency risk

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

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

To manage foreign currency risk the sub-funds are permitted to invest in forward foreign currency contracts for the purpose of reducing the exposure of the sub-funds to a foreign currency.

The foreign currency exposure within the sub-funds is monitored to ensure that this is manageable and sensible.

Interest rate risk

Interest rate risk is the risk that the value of the sub-funds' investment holdings will fluctuate as a result of changes in interest rates. The sub-funds' cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The sub-funds' assets comprise mainly of readily realisable securities. The main liability of the sub-funds is the redemption of any shares that investors wish to sell. Assets of the sub-funds may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the sub-funds' assets is regularly reviewed by the ACD.

Credit and counterparty risk

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-funds have fulfilled their responsibilities. The sub-funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty.

Derivatives and other financial instruments

The ACD is permitted to use derivatives for the purposes of efficient portfolio management. Forward currency transactions may also be entered to hedge the portfolio against currency movement. Investment performance of derivatives can be volatile and may present greater risks than traditional investments.

The ACD is obliged through FCA rules to put in place a risk management policy which sets out how the ACD measures and monitors these risks.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2023

Performance to 31 July 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Far East Growth Fund	(6.95)%	(7.47)%	(1.70)%	(0.07)%
IA Asia Pacific excluding Japan Sector*	(5.36)%	0.09%	12.20%	20.59%
Morningstar OIP Asia excluding Japan Net Return	(2.10)%	1.52%	8.66%	18.82%

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

Market review

During the reporting period, the benchmark's positive returns were driven by companies quoted in South Korea, India, Singapore and Taiwan. Hong Kong and Chinese companies were the major detractors to performance.

Leadership in South Korea was mainly led by the materials and industrials sectors**, in particular those exposed to the electric vehicle ('EV') battery industry. High participation by retail investors not only created significant fluctuations in share prices but also benefitted the poorer quality small and medium sized EV related companies. The strength in shares in Indian companies was broader based, with most sectors outperforming*** the benchmark. The strongest returns were from companies classified in the consumer discretionary and industrials sectors, on the back of the strong business investment cycle, a drive to move production back to India from overseas and a robust economic outlook.

Singapore's outperformance was more company specific and driven by corporate restructuring. In general, the defensiveness of the market and Singapore banks benefitting from rate increases during the period, boosted returns. Taiwan's outperformance was mainly driven by the information technology sector, on the emergence of the artificial intelligence theme. All those companies exposed to the theme, and especially suppliers to Nvidia, enjoyed strong returns relative to the benchmark.

Weakness from Hong Kong and China was mainly due to the pace of the Chinese economic recovery. There was disappointment towards weak central government policy measures, in addition to ongoing geopolitical concerns, which are the risks arising out of interactions between countries.

Fund performance and activity

Hong Kong and Chinese quoted companies held in the Sub-fund were the major detractors to performance. Markets were highly volatile during the reporting period, as high expectations of a China recovery were dashed in the second half following weak economic data releases and softer than expected policy response especially in addressing the fragile property market.

The outperformance from companies in the Association of South East Asia Nations ('ASEAN') region, especially contributions from Singapore, Philippines and Indonesia, mitigated some of the underperformance*** from the Hong Kong and Chinese positions. In addition to strong performance from holdings in this region, the ASEAN region also benefitted from an earlier reopening and recovery post the pandemic. Coupled with a relatively better economic outlook and attractive valuations, selected ASEAN nations enjoyed strong investment flows into the stock market.

By sector, positions classified as industrials, consumer discretionary and materials were the main underperformers. On the other hand, utilities and energy sector positions were outperformers.

The Sub-fund was generally positioned defensively, that is in companies that would be less impacted by an economic slowdown. Economic weakness saw the Sub-fund increase further that defensiveness leading to a high cash holding in September 2022. At this point the Sub-fund had a lower exposure than the benchmark in North Asia, especially in China. This position was quickly reversed when the Chinese authorities announced an easing of their COVID restrictions. The markets were also buoyed by easing geopolitical concerns after Presidents Biden and Xi had a face to face meeting in Bali. By year end, the Sub-fund had increased exposure to China as signs of a China reopening were well underway, supported by the positive policy response, attractive equity valuations and strong fund flows. The purchase of Chinese stocks was funded by sales of companies in the ASEAN region and India.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2023

Investment commentary (continued)

Markets were concerned by worrying geopolitical events involving China in early 2023, such as the suspected Chinese spy balloon spotted over Hawaii, leading to a reduction in the earlier exuberance towards China. Subsequent weak Chinese economic releases, a lack of policy stimulus by the government and continued weakness in the property sector led to investors rotating out of China. The Sub-fund also reduced its exposure to Chinese companies ending the reporting period with a lower exposure to China than the benchmark. The proceeds from the sale of Chinese holdings were invested in Taiwanese and Korean technology companies on the expectation of a pick-up in the semiconductor sector and further positive news based on the artificial intelligence theme. The Sub-fund also raised its India exposure as valuations turned more attractive, supported by a revival in the business investment cycle.

Investment outlook

Markets will likely continue to be volatile on the back of geopolitical tensions, the speed of China's policy response to support its economy and uncertainty regarding when the Federal Reserve, the US Central Bank, decides to stop raising rates.

The Sub-fund continues to prefer to invest in companies who have the largest market share in their industry and remains positive about companies in the energy and material sectors. Geopolitical tension, decarbonisation, underinvestment over the last decade and investors having low exposure to basic resources may support demand for shares in these companies in future. We have turned very positive about companies classified in the information technology sector, with expectations that the semiconductor demand cycle is no longer slowing. The emergence of artificial intelligence as a new focus for business growth strongly supports this view.

*Benchmark - Comparator for performance purposes

** Sector allocation or exposure discloses the principle areas of business by industry across all the 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.

*** Outperformance and underperformance describe the performance compared to the benchmark. Hence 'outperformance' means delivering returns higher than the comparable position in the benchmark and 'underperformance' describes returns that are below the comparable position in the benchmark.

BEA Union Investment Management Limited
11 October 2023

Distributions

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Income (pence per share)</u>				
Net income paid 31 March	0.2840	0.4646	0.0517	0.2135
Net income paid 30 September	-	2.3409	1.6752	1.9919
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	0.3542	0.5746	0.0796	0.2588
Net accumulation paid 30 September	1.0159	2.9077	2.0645	2.4282
<u>P Income (pence per share)</u>				
Net income paid 31 March	1.1526	1.5073	0.9901	1.0890
Net income paid 30 September	1.6280	3.2960	2.7068	2.8104
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	1.4233	1.8235	1.1801	1.2766
Net accumulation paid 30 September	2.0207	4.0128	3.2453	3.3256

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2023

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Tencent Holdings	974,335
Alibaba Group Holding	687,721
ICICI Bank	637,484
Meituan	515,319
Bharat Electronics	489,884
AIA Group	474,083
LG Chem	468,473
Ping An Insurance (Group) Co 'H'	468,282
Trip.Com Group	421,450
Singapore Telecommunications	407,193
Other purchases	16,519,413
Total purchases for the year	22,063,637

<u>Largest sales</u>	<u>Proceeds (£)</u>
Alibaba Group Holding	1,103,460
Singapore Telecommunications	897,256
United Overseas Bank	800,416
Reliance Industries	777,521
JD.com	773,500
DBS Group Holdings	703,487
Ganfeng Lithium Co	692,847
SITC International Holdings Co	585,047
China Mengniu Dairy Co	569,973
Santos	562,731
Other sales	20,266,378
Total sales for the year	27,732,616

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

A Income shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	235.57	268.49	229.11
Return before operating charges*	(13.86)	(25.67)	45.29
Operating charges	(3.68)	(4.44)	(4.18)
Return after operating charges*	(17.54)	(30.11)	41.11
Distributions on income shares	-	(2.81)	(1.73)
Closing net asset value per share	218.03 ^E	235.57	268.49

* after direct transaction costs of:

0.92 1.32 0.38

Performance

Return after charges^A (7.45)% (11.21)% 17.94%

Other information

Closing net asset value (£)	- ^D	1,304,818	1,858,105
Closing number of shares	- ^D	553,897	692,055
Operating charges	1.87% ^B	1.68% ^B	1.67% ^B
Direct transaction costs	0.41%	0.50%	0.15%

Prices (pence per share)

Highest share price	241.39	283.04	286.00
Lowest share price	208.64	233.30	223.82

A Accumulation shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	295.63	333.09	282.42
Return before operating charges*	(18.86)	(31.95)	55.94
Operating charges	(5.27)	(5.51)	(5.27)
Return after operating charges*	(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	271.50	295.63	333.09

* after direct transaction costs of:

1.14 1.63 0.48

Performance

Return after charges^A (8.16)% (11.25)% 17.94%

Other information

Closing net asset value (£)	6,951,010	12,984,676	18,612,101
Closing number of shares	2,560,255	4,392,171	5,587,728
Operating charges	1.87% ^B	1.68% ^B	1.67% ^B
Direct transaction costs	0.41%	0.50%	0.15%

Prices (pence per share)

Highest share price	302.94	351.11	352.62
Lowest share price	261.38	289.90	275.89

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

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

^C On 13 June 2023 the A Income share class was converted to the P share class and the A Income share class was closed.

^D Closing net asset value and closing number of shares as at 13 June 2023.

^E Closing net asset value per share is based on the last available quoted price.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

P Income shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	235.97	269.02	229.52
Return before operating charges*	(15.02)	(25.78)	45.61
Operating charges	(2.51)	(2.47)	(2.41)
Return after operating charges*	(17.53)	(28.25)	43.20
Distributions on income shares	(2.78)	(4.80)	(3.70)
Closing net asset value per share	215.66	235.97	269.02

* after direct transaction costs of:

0.91 1.32 0.39

Performance

Return after charges^A (7.43)% (10.50)% 18.82%

Other information

Closing net asset value (£)	4,828,372	5,005,480	6,337,504
Closing number of shares	2,238,894	2,121,232	2,355,731
Operating charges	1.12% ^B	0.93% ^B	0.92% ^B
Direct transaction costs	0.41%	0.50%	0.15%

Prices (pence per share)

Highest share price	241.90	284.39	287.47
Lowest share price	209.10	234.54	224.37

P Accumulation shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	291.36	325.82	274.19
Return before operating charges*	(18.67)	(31.46)	54.51
Operating charges	(3.10)	(3.00)	(2.88)
Return after operating charges*	(21.77)	(34.46)	51.63
Distributions on accumulation shares	(3.44)	(5.84)	(4.43)
Retained distributions on accumulation shares	3.44	5.84	4.43
Closing net asset value per share	269.59	291.36	325.82

* after direct transaction costs of:

1.12 1.61 0.47

Performance

Return after charges^A (7.47)% (10.58)% 18.83%

Other information

Closing net asset value (£)	5,894,468	6,163,976	10,632,193
Closing number of shares	2,186,478	2,115,601	3,263,233
Operating charges	1.12% ^B	0.93% ^B	0.92% ^B
Direct transaction costs	0.41%	0.50%	0.15%

Prices (pence per share)

Highest share price	298.67	344.37	344.69
Lowest share price	259.43	285.60	268.02

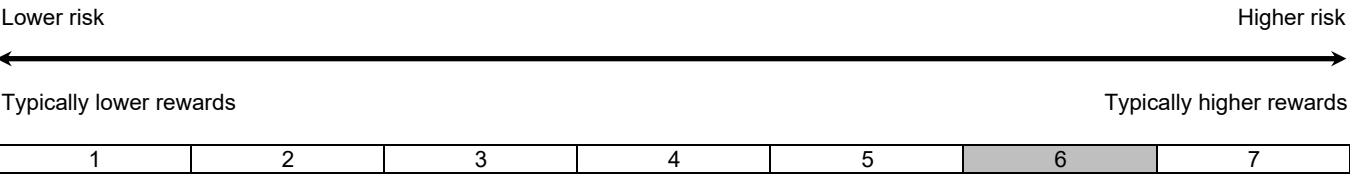
^A The return after charges is calculated using the underlying investments bid prices

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

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH 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 are used.

This sub-fund has been measured as 6 because its investments have experienced high volatility historically. During the year the synthetic risk and reward indicator changed from 5 to 6.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2022 - 7.59%)		
9,105 Charter Hall Group	53,917	0.31
23,218 Goodman Group	245,691	1.39
129,167 Karoon Energy	148,803	0.84
1,555 Macquarie Group	141,853	0.80
27,113 Northern Star Resources	162,393	0.92
43,815 Santos	181,119	1.02
113,995 Telstra Group	252,548	1.43
Total Australia	1,186,324	6.71
CHINA/HONG KONG (31 July 2022 - 36.45%)		
25,200 AIA Group	194,377	1.10
39,700 Alibaba Group Holding	385,348	2.18
14,900 Baidu	226,443	1.28
14,500 BYD Co	398,245	2.25
310,000 China Oilfield Services	283,910	1.61
440,000 CRRC	188,111	1.06
17,800 Ganfeng Lithium Co	88,428	0.50
30,500 H World Group	112,310	0.64
346,000 Kunlun Energy Co	218,954	1.24
1,200 Kweichow Moutai Co	245,286	1.39
67,320 NARI Technology Co	177,954	1.00
850,000 PetroChina Co Ltd 'H'	481,139	2.72
20,500 Ping An Insurance (Group) Co 'H'	114,814	0.65
56,800 Sands China	168,399	0.95
10,500 Swire Pacific	67,963	0.38
17,100 Tencent Holdings	603,599	3.42
6,700 Trip.Com Group	207,920	1.18
238,000 Zijin Mining Group Co 'H'	316,400	1.79
Total China/Hong Kong	4,479,600	25.34
INDIA (31 July 2022 - 14.25%)		
268,403 Bharat Electronics	331,248	1.87
37,968 Bharti Airtel	318,964	1.80
19,249 HDFC Bank	300,133	1.70
68,432 ICICI Bank	644,534	3.65
17,360 Larsen & Toubro	440,150	2.49
2,668 Maruti Suzuki India	247,236	1.40
116,341 Power Grid Corporation of India Ltd	292,550	1.66
12,258 Reliance Industries	294,917	1.67
27,053 SBI Life Insurance Co	327,213	1.85
Total India	3,196,945	18.09
INDONESIA (31 July 2022 - 6.37%)		
657,000 Bank Artos Indonesia Tbk PT	98,536	0.56
462,700 Bank Central Asia	217,606	1.23
674,400 Bank Mandiri	198,121	1.12
1,025,200 Bank Rakyat Indonesia	298,535	1.69
869,700 Telkom Indonesia	166,744	0.94
Total Indonesia	979,542	5.54
MALAYSIA (31 July 2022 - 0.58%)		
PHILIPPINES (31 July 2022 - 2.72%)		
52,572 BDO Unibank	107,952	0.61
62,950 International Container Terminal Services	191,533	1.08
Total Philippines	299,485	1.69

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
SINGAPORE (31 July 2022 - 7.47%)		
7,200 DBS Group Holdings	144,197	0.82
204,200 Yangzijiang Shipbuilding (Holdings)	182,635	1.03
Total Singapore	326,832	1.85
SOUTH KOREA (31 July 2022 - 10.15%)		
860 LG Chem	339,743	1.92
540 LG Chem Pref	129,050	0.73
31,272 Samsung Electronics Co	1,330,725	7.53
704 Samsung SDI Co	284,982	1.61
7,519 SK Hynix	565,656	3.20
1,070 SK Innovation Co	140,575	0.80
Total South Korea	2,790,731	15.79
TAIWAN (31 July 2022 - 9.14%)		
26,000 Accton Technology	245,282	1.39
73,000 ASE Technology Holding Co	206,423	1.17
4,000 ASPEED Technology	229,180	1.30
40,000 Gigabyte Technology Co	310,184	1.75
60,000 Gold Circuit Electronics	251,160	1.42
6,000 Mediatek	102,094	0.58
84,000 Taiwan Semiconductor Manufacturing Co	1,170,004	6.62
17,000 Yageo	192,914	1.09
Total Taiwan	2,707,241	15.32
THAILAND (31 July 2022 - 1.19%)		
61,100 Airports of Thailand - NVDR	99,222	0.56
99,300 Central Retail	93,032	0.53
Total Thailand	192,254	1.09
UNITED STATES (31 July 2022 - 1.87%)		
5,344 Freeport-McMoRan	181,172	1.03
699 Nvidia	253,914	1.44
4,026 Prologis	386,876	2.19
1,092 Stryker	240,178	1.36
Total United States	1,062,140	6.02
UNQUOTED SECURITIES (31 July 2022 - Nil)		
12,258 Jio Financial Services ^A	-	-
Total Unquoted Securities	-	-
Portfolio of investments	17,221,094	97.44
Net other assets	452,756	2.56
Total net assets	17,673,850	100.00

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

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.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

STATEMENT OF TOTAL RETURN
for the year ended 31 July 2023

	Notes	31 July 2023		31 July 2022	
		£	£	£	£
Income:					
Net capital losses	2		(2,079,742)		(3,774,002)
Revenue	4	545,530		939,732	
Expenses	5	<u>(314,344)</u>		<u>(424,554)</u>	
Net revenue before taxation		231,186		515,178	
Taxation	6	<u>(45,024)</u>		<u>(104,046)</u>	
Net revenue after taxation			<u>186,162</u>		<u>411,132</u>
Total return before distributions			(1,893,580)		(3,362,870)
Distributions	7		(185,537)		(444,355)
Change in net assets attributable to shareholders from investment activities			<u><u>(2,079,117)</u></u>		<u><u>(3,807,225)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 July 2023

	31 July 2023		31 July 2022	
	£	£	£	£
Opening net assets attributable to shareholders		25,458,950		37,442,715
Amounts receivable on issue of shares	1,449,858		3,435,523	
Amounts payable on cancellation of shares	(7,268,136)		(11,918,022)	
Amounts payable on share class conversions	<u>(7,312)</u>		<u>(15)</u>	
		(5,825,590)		(8,482,514)
Dilution adjustment		8,445		18,747
Change in net assets attributable to shareholders from investment activities		(2,079,117)		(3,807,225)
Retained distribution on accumulation shares		111,162		287,226
Unclaimed distributions		-		1
Closing net assets attributable to shareholders		<u><u>17,673,850</u></u>		<u><u>25,458,950</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

BALANCE SHEET

as at 31 July 2023

	Notes	31 July 2023 £	31 July 2022 £
Assets:			
Fixed Assets:			
Investments	15	17,221,094	24,892,558
Current Assets:			
Debtors	8	75,640	409,067
Cash and bank balances		509,999	1,003,607
Total assets		<u>17,806,733</u>	<u>26,305,232</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		36,451	82,883
Bank overdrafts		1,046	605,706
Other creditors	9	95,386	157,693
Total liabilities		<u>132,883</u>	<u>846,282</u>
Net assets attributable to shareholders		<u><u>17,673,850</u></u>	<u><u>25,458,950</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 12 to 14.

NET CAPITAL LOSSES

The net losses on investments during the year comprise:

	31 July 2023 £	31 July 2022 £
Non-derivative securities losses	(2,001,647)	(3,774,881)
Losses on forward currency contract	(335)	-
Currency (losses)/gains	(65,908)	10,663
Transaction charges	(11,852)	(9,784)
Net capital losses	(2,079,742)	(3,774,002)

3 PURCHASES, SALES AND TRANSACTION COSTS

Purchases excluding transaction costs:

Equities	22,031,472	36,338,762
Corporate actions	-	(10,416)

	22,031,472	36,328,346
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Equities: Commissions	16,742	32,360
Taxes and other charges	15,423	22,348

Total purchases transaction costs	32,165	54,708
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Purchases including transaction costs	22,063,637	36,383,054
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Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.08%	0.09%
Taxes and other charges	0.07%	0.06%

Sales excluding transaction costs:

Equities	27,788,082	44,167,888
Corporate actions	-	10,041

	27,788,082	44,177,929
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Equities: Commissions	(25,595)	(36,240)
Taxes and other charges	(29,871)	(68,675)

Total sales transaction costs	(55,466)	(104,915)
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Sales net of transaction costs	27,732,616	44,073,014
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Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.09%	0.08%
Taxes and other charges	0.11%	0.16%

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

Commissions	0.20%	0.22%
Taxes and other charges	0.21%	0.28%
	0.41%	0.50%

No significant in-specie transfers were identified in the year (2022: nil).

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction:	£11,852	£9,784
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Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date	0.22%	0.23%
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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2023

4 REVENUE

	31 July 2023 £	31 July 2022 £
Overseas dividends	522,673	908,350
UK dividends	-	29,719
Overseas Real Estate Investment Trusts	12,104	-
Bank interest	10,753	1,663
Total revenue	545,530	939,732

5 EXPENSES

	31 July 2023 £	31 July 2022 £
Payable to the ACD or associate:		
ACD's periodic charge	245,304	372,906
Registration fees	5,853	6,297
	251,157	379,203
Other expenses:		
Depository's fees	7,777	11,536
Safe Custody fees	14,128	18,179
Bank interest	1,171	1,722
Financial Conduct Authority fee	(29)	124
Audit fee	9,856	7,359
Legal and professional fees	30,284	6,431
	63,187	45,351
Total expenses	314,344	424,554

6 TAXATION

	31 July 2023 £	31 July 2022 £
a Analysis of the tax charge for the year		
Overseas tax	45,649	70,823
Indian capital gains tax	(625)	33,223
Total tax charge (see note 6(b))	45,024	104,046

b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net revenue before taxation	231,186	515,178
Corporation tax at 20% (2022: 20%)	46,237	103,036
Effects of:		
Revenue not subject to taxation	(104,535)	(187,614)
Unrelieved excess management expenses	58,661	84,578
Tax effect of expensed double taxation relief	(363)	-
Overseas tax	45,649	70,823
Indian capital gains tax	(625)	33,223
Total tax charge (see note 6(a))	45,024	104,046

At 31 July 2023 the sub-fund has deferred tax assets of £1,233,321 (2022: £1,174,660) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

7 DISTRIBUTIONS

	31 July 2023 £	31 July 2022 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim	65,515	112,164
Final	106,646	295,494
Amounts deducted on cancellation of shares	23,666	47,826
Amounts added on issue of shares	(2,972)	(11,109)
Equalisation on conversions	(7,312)	(15)
Revenue brought forward	(6)	(5)
Distributions	185,537	444,355
Movement between net revenue and distributions:		
Net revenue after taxation	186,162	411,132
Indian capital gains tax charged to capital	(625)	33,223
	185,537	444,355

8 DEBTORS

	31 July 2023 £	31 July 2022 £
Amounts receivable for issue of shares	2,315	262
Sales awaiting settlement	-	312,543
Accrued income	42,872	65,945
Currency receivable	-	371
Taxation recoverable	30,453	29,946
Total debtors	75,640	409,067

9 OTHER CREDITORS

	31 July 2023 £	31 July 2022 £
Amounts payable for cancellation of shares	48,021	2,993
Purchases awaiting settlement	-	127,380
Currency deals awaiting settlement	1,623	-
Manager's periodic charge and registration fees	16,239	26,397
Accrued expenses	29,503	923
Total other creditors	95,386	157,693

10 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2023 (2022: nil).

11 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due to/from the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due to the ACD at the year end are £61,945 (2022: £29,128).

In addition to the above, some shares in the sub-fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below:

	31 July 2023	31 July 2022
Proportion of shares owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.78%	0.65%

12 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

A Income ^A	1.50%
A Accumulation	1.50%
P Income	0.75%
P Accumulation	0.75%

^A On 13 June 2023 the A Income share class was converted to the P share class and the A Income share class was closed.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

13 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	A Income	A Accumulation
Opening shares in issue at 1 August 2022	553,897	4,392,171
Share issues	2,027	426,164
Share cancellations	(24,138)	(1,487,704)
Share conversions	(531,786)	(770,376)
Closing shares in issue at 31 July 2023	-	2,560,255

	P Income	P Accumulation
Opening shares in issue at 1 August 2022	2,121,232	2,115,601
Share issues	30,730	60,139
Share cancellations	(442,745)	(766,235)
Share conversions	529,677	776,973
Closing shares in issue at 31 July 2023	2,238,894	2,186,478

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £861,055 (2022: £1,244,628). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 31 July 2023</u>	Investments £	Net other assets £	Total £
Australian Dollar	1,186,324	2,635	1,188,959
Chinese Yuan	423,240	16,300	439,540
Hong Kong Dollar	4,056,360	-	4,056,360
Indian Rupee	3,196,945	3,331	3,200,276
Indonesian Rupiah	979,543	-	979,543
Philippine Peso	299,485	-	299,485
Singapore Dollar	326,832	-	326,832
South Korean Won	2,790,730	5,579	2,796,309
Taiwan Dollar	2,707,240	35,640	2,742,880
Thailand Baht	192,254	-	192,254
United States Dollar	1,062,141	21,332	1,083,473
	<u>17,221,094</u>	<u>84,817</u>	<u>17,305,911</u>

<u>Foreign currency exposure at 31 July 2022</u>	Investments £	Net other assets £	Total £
Australian Dollar	1,930,310	(125,349)	1,804,961
Chinese Yuan	3,106,220	55,708	3,161,928
Hong Kong Dollar	6,171,905	409,569	6,581,474
Indian Rupee	3,626,803	8,063	3,634,866
Indonesian Rupiah	1,621,615	-	1,621,615
Malaysian Ringgit	148,487	-	148,487
Philippine Peso	692,484	385	692,869
Singapore Dollar	1,903,835	-	1,903,835
South Korean Won	2,584,606	7,229	2,591,835
Taiwan Dollar	2,327,682	677,165	3,004,847
Thailand Baht	302,175	-	302,175
United States Dollar	476,436	35,373	511,809
	<u>24,892,558</u>	<u>1,068,143</u>	<u>25,960,701</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

RISK DISCLOSURES

Foreign currency risk sensitivity

A five per cent decrease in the value of Sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £865,296 (2022: £1,298,035). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2023

31 July 2022

£

£

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

Financial assets floating rate	509,999	1,003,607
Financial assets non-interest bearing instruments	17,296,734	25,301,625
Financial liabilities floating rate	(1,046)	(605,706)
Financial liabilities non-interest bearing instruments	(131,837)	(240,576)
	<u>17,673,850</u>	<u>25,458,950</u>

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

Liquidity risk

31 July 2023

31 July 2022

£

£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

Within one year:

Distribution payable on income shares	36,451	82,883
Bank overdrafts	1,046	605,706
Other creditors	95,386	157,693
	<u>132,883</u>	<u>846,282</u>

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

	31 July 2023		31 July 2022	
Basis of valuation	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	17,221,094	-	24,892,558	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>17,221,094</u>	<u>-</u>	<u>24,892,558</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the sub-fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

16 POST BALANCE SHEET EVENTS

Since 31 July 2023, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2023 ^A	18 December 2023	Movement (%)
A Accumulation	271.78	273.28	0.55%
P Income	217.51	217.71	0.09%
P Accumulation	269.87	272.14	0.84%

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 August 2022 to 31 January 2023

Group 1: shares purchased prior to 1 August 2022

Group 2: shares purchased on or after 1 August 2022

		Net revenue 31 January 2023 pence per share	Equalisation 31 January 2023 pence per share	Distribution paid 31 March 2023 pence per share	Distribution paid 31 March 2022 pence per share
A Income	Group 1	0.2840	-	0.2840	0.4646
	Group 2	-	0.2840	0.2840	0.4646
A Accumulation	Group 1	0.3542	-	0.3542	0.5746
	Group 2	-	0.3542	0.3542	0.5746
P Income	Group 1	1.1526	-	1.1526	1.5073
	Group 2	0.1389	1.0137	1.1526	1.5073
P Accumulation	Group 1	1.4233	-	1.4233	1.8235
	Group 2	0.1193	1.3040	1.4233	1.8235

Final distribution for the period from 1 February 2023 to 31 July 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue 31 July 2023 pence per share	Equalisation 31 July 2023 pence per share	Distribution paid 30 September 2023 pence per share	Distribution paid 30 September 2022 pence per share
A Income	Group 1	-	-	-	2.3409
	Group 2	-	-	-	2.3409
A Accumulation	Group 1	1.0159	-	1.0159	2.9077
	Group 2	0.7883	0.2276	1.0159	2.9077
P Income	Group 1	1.6280	-	1.6280	3.2960
	Group 2	0.4635	1.1645	1.6280	3.2960
P Accumulation	Group 1	2.0207	-	2.0207	4.0128
	Group 2	1.9512	0.0695	2.0207	4.0128

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the period from 20 September 2022 to 31 July 2023

The launch period of the sub-fund ran from 20 September 2022 to 17 October 2022. Shares were first valued on 18 October 2022.

Investment commentary

Market review

The Fund was launched in October 2022 and is managed by an investment team that works for Ausbil, an Australian fund manager. The team have managed an equivalent fund in Australia since 2018. The strategy has a deliberately tight focus and will only invest in 'essential infrastructure'.

The investment team define essential infrastructure as assets that are essential for the basic functioning of a society, such as water supply. These assets are typically regulated by governments or have a track record of very stable cash flows through the economic cycle. The Fund mostly invests in infrastructure sectors such as regulated electricity, gas and water utilities, regulated or contracted oil or gas pipelines, toll roads, airports and mobile phone towers. Other infrastructure sub-sectors, including rail and renewable energy, for example, wind farms, will be considered on a more case-by-case basis, depending on the specific investment characteristics such as contractual terms, competition, and industry structure.

Fund performance and activity

The Fund has been in existence for a relatively short period of time. Over the 12 month period under review, it has reduced investments in mobile phone towers, transportation and cash, and increased investments in energy infrastructure such as gas storage facilities and utilities. The Fund has increased its exposure in North America (+5.3%) being the strongest performing region and reduced exposure to companies quoted in Asia Pacific (-1.7%), Europe (-1.8%) and the United Kingdom (-1.6%).

The three largest positive contributions to Fund performance over the period under review were from Cellnex Telecom, Aena SME and Vinci SA.

Cellnex Telecom made a significant announcement at the end of 2022, stating its new strategy would shift the focus from takeover activity to improve the quality of its debt by attaining an investment grade credit rating and providing more substantial cash returns to its shareholders. This change in approach led to a change in the CEO position, with the appointment of Marco Patuano being seen as a positive move towards realising the company's objectives.

Aena SME is the largest global airport operator with c.275m passengers. It operates 46 airports in Spain as well as concessions in the UK (Luton), Colombia, Mexico and Jamaica. The shares moved higher in the period as the company continued their recovery from the COVID-19 impact with air traffic beating market expectations and returning ahead of 2019 levels.

Vinci SA has a broad portfolio of private operations where it works with governments including the strategic French road network ASF, key airport holdings with Portugal's Lisbon Airport and London Gatwick, alongside a strategic and growing renewable business among others. The shares continued their recovery from the COVID-19 impact and road and air travel have normalised ahead of market expectations.

The three largest negative contributions to Fund performance over the period under review were from Elia Group, American Water Works and SBA Communications.

Elia Group owns the high voltage electricity transmission grid in Belgium, 80% of 50 Hertz which owns electricity transmission assets in Germany and has an interest in the electricity transmission assets between Belgium and the UK. Elia shares have been under pressure due to uncertainty regarding the funding of its future investment program. Elia Group is at the centre of the energy transition in Europe with record investments planned to connect new renewable energy capacity including offshore wind. However, investors have been focussed on how Elia will fund this growth as interest rates rise and consequently whether projects will be profitable in Germany and Belgium.

American Water Works is the largest investor-owned water utility in the United States providing water and wastewater services to over 14 million customers in around 25 states. The relative weakness in the shares we attribute to the wider environment, as there is little by the way of company specific news to impact the share price. American Water Works is a relatively high growth, high quality, globally unique US regulated water company. These sorts of companies have been relatively poor performers recently as interest rates have risen.

SBA Communications is currently facing challenges due to economic factors. The US phone tower companies are particularly sensitive to higher interest rates because they reduce the present value of future cashflows. In addition to this, the economic environment has resulted in a slowdown in mobile carrier investment. This has led to a decrease in the projected growth from new leasing activities on the towers for the latter part of 2023 and into 2024. Despite these short-term setbacks, we believe the necessary build-out of 5G networks to support the increasing demand for data may provide significant growth opportunities in the future.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the period from 20 September 2022 to 31 July 2023

Investment commentary (continued)

Market outlook and Fund strategy

Investors' recent expectation of a controlled slowing of economic growth led to weak performance of essential infrastructure assets compared to the broader market. The flipside is that valuations for several sectors are looking as cheap as they have done for a long time. Sectors such as mobile phone towers, energy infrastructure and utilities, particularly in the UK, we feel are offering very attractive opportunities for long-term investors.

More generally, given the recent increases in global share prices it would not be a surprise to see them pause for breath. If this were to happen, infrastructure companies should be an appealing proposition, given their strong cashflow generation and attractive valuations.

We continue to believe that interest rates are approaching their peak, which should bring relief to sectors that have suffered as interest rates have risen such as utilities and mobile phone towers. On the other hand, given that their contracts will include inflation in their pricing, although sometimes with a time lag, the benefits from inflation by boosting revenues should continue to feed through to sectors such as toll roads, airports and utilities. This should support earnings growth for the sector for the next couple of years, regardless of how quickly inflation gets back to target.

We therefore remain positive on the longer-term outlook for the Fund and continue to be fully invested, holding little cash, despite short-term negative sentiment.

Ausbil Investment Management Ltd
09 October 2023

Distributions

	<u>Year 2023</u>
<u>X Income (pence per share)</u>	
Net income paid 31 March	0.5060
Net income paid 30 September	1.4804
<u>X Accumulation (pence per share)</u>	
Net accumulation paid 31 March	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 period from 20 September 2022 to 31 July 2023

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Transurban Group	293,266
NextEra Energy	286,849
American Tower	264,278
SBA Communications 'A'	234,510
Cellnex Telecom	221,883
Sempra Energy	211,919
Ferrovial	189,162
Cheniere Energy	188,514
Williams Companies	187,647
VINCI	184,693
Other purchases	2,958,279
Total purchases for the period	5,221,000
<u>Largest sales</u>	<u>Proceeds (£)</u>
Atlas Arteria	129,349
Vantage Towers	79,335
Infrastrutture Wireless Italiane	77,665
National Grid	63,166
Severn Trent	61,002
Cellnex Telecom	55,788
VINCI	49,601
Terna	47,205
Ferrovial	45,537
Aena SME	44,474
Other sales	287,042
Total sales for the period	940,164

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

COMPARATIVE TABLE

The launch period of the sub-fund ran from 20 September 2022 to 17 October 2022 where shares were available at 100 pence. The first valuation point was on 18 October 2022.

<u>X Income shares</u>	Period to 31.07.2023^A
Change in net assets per share	pence
Opening net asset value per share	100.00
Return before operating charges*	2.89
Operating charges	(0.47)
Return after operating charges*	2.42
Distributions on income shares	(1.99)
Closing net asset value per share	100.43
* after direct transaction costs of:	0.19
Performance	
Return after charges ^B	2.42%
Other information	
Closing net asset value (£)	89,766
Closing number of shares	89,382
Operating charges	0.57% ^C
Direct transaction costs	0.23% ^C
Prices (pence per share)	
Highest share price	110.48
Lowest share price	99.11
<u>X Accumulation shares</u>	Period to 31.07.2023^A
Change in net assets per share	pence
Opening net asset value per share	100.00
Return before operating charges*	2.86
Operating charges	(0.47)
Return after operating charges*	2.39
Distributions on accumulation shares	(1.99)
Retained distributions on accumulation shares	1.99
Closing net asset value per share	102.39
* after direct transaction costs of:	0.19
Performance	
Return after charges ^B	2.39%
Other information	
Closing net asset value (£)	4,191,276
Closing number of shares	4,093,554
Operating charges	0.57% ^C
Direct transaction costs	0.23% ^C
Prices (pence per share)	
Highest share price	111.00
Lowest share price	99.11

^A Period from 17 October 2022 being the end of the launch period.

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

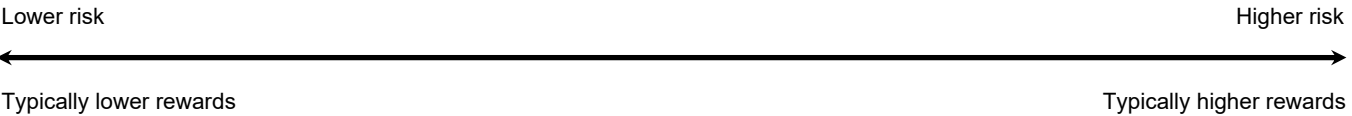
^C These figures have been annualised.

COMPARATIVE TABLE

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. However, the OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs. As the sub-fund does not have 12 months accounting data the OCFs are based on estimated expenses. The sub-fund is benefiting from expense funding whereby some of the charges outlined in the prospectus have been fully or partially funded. Without this expense funding it is anticipated the OCF would be higher and potentially to the extent of having a noticeable impact on the returns investors receive. The expenses will continue to be funded until the sub-fund grows to a size able to support the OCF quoted on the KIID.

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)



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.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA		
34,735 Transurban Group	259,282	6.06
Total Australia	259,282	6.06
BELGIUM		
1,686 Elia Group	161,705	3.78
Total Belgium	161,705	3.78
CANADA		
2,416 TC Energy	67,430	1.58
Total Canada	67,430	1.58
DENMARK		
2,552 Ørsted	174,005	4.06
Total Denmark	174,005	4.06
FRANCE		
1,049 Aéroports de Paris	112,928	2.64
10,419 Getlink	142,795	3.34
1,820 VINCI	166,571	3.89
Total France	422,294	9.87
ITALY		
28,620 Italgas	131,484	3.07
19,501 Terna	128,501	3.00
Total Italy	259,985	6.07
NETHERLANDS		
7,315 Ferrovial	188,908	4.41
Total Netherlands	188,908	4.41
NEW ZEALAND		
35,718 Auckland International Airport	144,817	3.38
Total New Zealand	144,817	3.38
SPAIN		
1,128 Aena SME	140,527	3.28
6,537 Cellnex Telecom	208,037	4.86
16,145 Sacyr	42,981	1.00
Total Spain	391,545	9.14
UNITED KINGDOM		
20,194 Pennon Group	141,863	3.31
3,376 Severn Trent	86,189	2.00
Total United Kingdom	228,052	5.31
UNITED STATES		
1,401 Ameren	93,342	2.18
1,561 American Tower	231,013	5.40
1,023 American Water Works Company	117,252	2.74
6,406 CenterPoint Energy	149,853	3.50
1,051 Cheniere Energy	132,137	3.09
461 Crown Castle International	38,810	0.91
2,021 Edison International	113,046	2.64
1,838 Exelon	59,828	1.40
4,409 NextEra Energy	251,179	5.87
1,945 Ormat Technologies	122,933	2.87
1,079 SBA Communications 'A'	183,689	4.29
1,673 Semptra Energy	193,820	4.53

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
UNITED STATES (continued)		
6,470 Williams Companies	173,281	4.05
1,991 Xcel Energy	97,097	2.27
Total United States	1,957,280	45.74
Portfolio of investments	4,255,303	99.40
Net other assets	25,739	0.60
Total net assets	4,281,042	100.00

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.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

STATEMENT OF TOTAL RETURN

for the period from 20 September 2022 to 31 July 2023

	Notes	31 July 2023	
		£	£
Income:			
Net capital losses	2		(48,116)
Revenue	4	91,465	
Expenses	5	(17,243)	
Net revenue before taxation		<u>74,222</u>	
Taxation	6	<u>(10,216)</u>	
Net revenue after taxation			<u>64,006</u>
Total return before distributions			15,890
Distributions	7		(77,375)
Change in net assets attributable to shareholders from investment activities			<u><u>(61,485)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 20 September 2022 to 31 July 2023

	31 July 2023	
	£	£
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	4,298,643	
Amounts payable on cancellation of shares	<u>(36,853)</u>	
		4,261,790
Dilution adjustment		1,095
Change in net assets attributable to shareholders from investment activities		(61,485)
Retained distribution on accumulation shares		79,642
Closing net assets attributable to shareholders		<u><u>4,281,042</u></u>

As these are the first annual financial statements since the launch of the sub-fund, there are no comparative figures to disclose.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

BALANCE SHEET
as at 31 July 2023

	Notes	31 July 2023 £
Assets:		
Fixed Assets:		
Investments	15	4,255,303
Current Assets:		
Debtors	8	119,745
Cash and bank balances		48,845
Total assets		<u>4,423,893</u>
Liabilities:		
Creditors:		
Distribution payable on income shares		1,323
Bank overdrafts		22,824
Other creditors	9	118,704
Total liabilities		<u>142,851</u>
Net assets attributable to shareholders		<u><u>4,281,042</u></u>

As these are the first annual financial statements since the launch of the sub-fund, there are no comparative figures to disclose.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 12 to 14.

2 NET CAPITAL LOSSES

31 July 2023
£

The net losses on investments during the period comprise:

Non-derivative securities losses	(23,506)
Losses on forward currency contract	(5)
Currency losses	(24,074)
Transaction charges	(531)
Net capital losses	(48,116)

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2023
£

Purchases excluding transaction costs:

Equities	5,208,991
Corporate actions	5,245
	5,214,236

Equities: Commissions	1,952
Taxes and other charges	4,812

Total purchases transaction costs	6,764
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Purchases including transaction costs	5,221,000
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Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.04%
Taxes and other charges	0.09%

Sales excluding transaction costs:

Equities	940,596
	940,596

Equities: Commissions	(427)
Taxes and other charges	(5)

Total sales transaction costs	(432)
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Sales net of transaction costs	940,164
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Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.05%
Taxes and other charges	0.00%

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

Commissions	0.06%
Taxes and other charges	0.12%
	0.18%

No significant in-specie transfers were identified in the period.

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction:

£531

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

0.13%

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

4 REVENUE

31 July 2023
£

UK dividends	11,984
Overseas dividends	65,523
Interest distributions	7,293
Overseas dividends (unfranked)	6,366
Bank interest	299
Total revenue	91,465

5 EXPENSES

31 July 2023
£

Payable to the ACD or associate:	
ACD's periodic charge	15,601
Registration fees	260
ACD's fee rebate	(8,713)
	7,148
Other expenses:	
Depositary's fees	1,123
Safe Custody fees	116
Bank interest	64
Financial Conduct Authority fee	79
Audit fee	8,713
	10,095
Total expenses	17,243

6 TAXATION

31 July 2023
£

a Analysis of the tax charge for the period

Overseas tax	10,216
Total tax charge (see note 6(b))	10,216

b Factors affecting the tax charge for the period

The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net revenue before taxation	74,222
Corporation tax at 20%	14,844
Effects of:	
Revenue not subject to taxation	(15,501)
Unrelieved excess management expenses	888
Tax effect of expensed double taxation relief	(231)
Overseas tax	10,216
Total tax charge (see note 6(a))	10,216

At 31 July 2023 the sub-fund has deferred tax assets of £888 arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

7 DISTRIBUTIONS

31 July 2023
£

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

Interim	18,993
Final	62,231

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

DISTRIBUTIONS (continued)

31 July 2023
£

Amounts deducted on cancellation of shares	26
Amounts added on issue of shares	(3,875)
Distributions	<u><u>77,375</u></u>
Movement between net revenue and distributions:	
Net revenue after taxation	64,006
Add: ACD's periodic charge borne by capital	15,601
Deduct: Tax effect of ACD's periodic charge borne by capital	(2,232)
	<u><u>77,375</u></u>

8 DEBTORS

31 July 2023
£

Amounts receivable for issue of shares	979
Sales awaiting settlement	104,464
Accrued income	12,760
Taxation recoverable	1,542
Total debtors	<u><u>119,745</u></u>

9 OTHER CREDITORS

31 July 2023
£

Purchases awaiting settlement	115,853
Manager's periodic charge and registration fees	1,838
Accrued expenses	1,008
Currency payable	5
Total other creditors	<u><u>118,704</u></u>

10 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2023.

11 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due to/from the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due to the ACD at the period end are £859.

In addition to the above, some shares in the sub-fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below.

31 July 2023

Proportion of shares owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.03%
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12 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

X Income	0.50%
X Accumulation	0.50%

13 SHAREHOLDERS' FUNDS RECONCILIATION

During the period the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	X Income	X Accumulation
Opening shares in issue at 20 September 2022	-	-
Share issues	92,805	4,124,496
Share cancellations	(3,423)	(30,942)
Share conversions	-	-
Closing shares in issue at 31 July 2023	<u><u>89,382</u></u>	<u><u>4,093,554</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £212,765. A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the period end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 31 July 2023</u>	Investments £	Net other assets £	Total £
Australian Dollar	404,099	4,872	408,971
Canadian Dollar	67,430	-	67,430
Danish Krone	174,005	434	174,439
Euro	1,424,432	901	1,425,333
US Dollar	1,957,280	207	1,957,487
	<u>4,027,246</u>	<u>6,414</u>	<u>4,033,660</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £201,683. A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2023
£

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

Financial assets floating rate	48,845
Financial assets non-interest bearing instruments	4,375,048
Financial liabilities floating rate	(22,824)
Financial liabilities non-interest bearing instruments	(120,027)
	<u>4,281,042</u>

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

Liquidity risk

31 July 2023
£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

Within one year:	
Distribution payable on income shares	1,323
Bank overdrafts	22,824
Other creditors	118,704
	<u>142,851</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

	31 July 2023	
	Assets (£)	Liabilities (£)
Basis of valuation		
Level 1 - Quoted prices	4,255,303	-
Level 2 - Observable market data	-	-
Level 3 - Unobservable data	-	-
	<u>4,255,303</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

16 POST BALANCE SHEET EVENTS

Since 31 July 2023, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2023 ^A	18 December 2023	Movement (%)
X Income	101.96	99.45	(2.46)%
X Accumulation	102.45	101.41	(1.02)%

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

DISTRIBUTION TABLE

Interim distribution for the period from 17 October 2022 to 31 January 2023

Group 1: shares purchased prior to 17 October 2022

Group 2: shares purchased on or after 17 October 2022

		Net revenue 31 January 2023 pence per share	Equalisation 31 January 2023 pence per share	Distribution paid 31 March 2023 pence per share
X Income	Group 1	0.5060	-	0.5060
	Group 2	0.2790	0.2270	0.5060
X Accumulation	Group 1	0.5061	-	0.5061
	Group 2	0.3048	0.2013	0.5061

Final distribution for the period from 1 February 2023 to 31 July 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue 31 July 2023 pence per share	Equalisation 31 July 2023 pence per share	Distribution paid 30 September 2023 pence per share
X Income	Group 1	1.4804	-	1.4804
	Group 2	0.9918	0.4886	1.4804
X Accumulation	Group 1	1.4878	-	1.4878
	Group 2	1.2191	0.2687	1.4878

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the period from 20 September 2022 to 31 July 2023

The launch period of the sub-fund ran from 20 September 2022 to 17 October 2022. Shares were first valued on 18 October 2022.

Investment commentary

Market review

The Fund was launched in October 2022 and is managed by an investment team that works for Ausbil, an Australian fund manager. The team has managed a Global Smaller Companies fund in Australia since 2018 – this fund invests in the same companies held by its Australian equivalent. Ausbil's global small cap investment process can be broadly described as "unrecognised growth". The Fund will always have a clear style bias to quality companies at attractive valuations. Focusing on high-quality, attractively valued companies allows the investment team to identify companies with unrecognised growth potential and avoid value traps which are low-quality, cheap companies which stay cheap and do not increase in value and growth traps which are expensive companies which are at risk of a material fall in price if they disappoint.

Fund performance and activity

The Fund has been in existence for less than a year. Over the period under review the Fund has reduced its sector allocations in Consumer Staples, Information Technology, Communication Services, Utilities and Real Estate. It has increased holdings in the Materials, Industrials and Consumer Discretionary* sectors. The Fund has increased its exposure to companies quoted in Asia Pacific and North America and reduced holdings in Japan, United Kingdom and Europe.

The three largest positive contributions to Fund performance over the period under review were from Atkore, Vertiv Holdings and Kempower.

Atkore is the fund's largest holding given the fund manager's expectation that business investment will continue to increase in the US. This is driven by themes including bringing supply chains back to the US (known as 'onshoring') and government legislation in terms of Infrastructure Investment. Atkore is a leading provider of electrical infrastructure used in a whole array of construction. Atkore has an experienced and successful management team.

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 was impacted in 2022 by global supply chain constraints but has recovered strongly in 2023 as the demand for data centre infrastructure continues to expand.

Kempower is a Finnish developer and manufacturer of electric vehicle fast charging units. Kempower has seen rapid growth in its local region of Northern Europe and has expanded further across Europe and into the UK. The group has also won recent contracts in the US and Australia. It has multiple product offerings and flexible solutions, which give it a strong competitive advantage against its European and US competitors.

The three largest negative contributions to Fund performance over the period under review were from LSB Industries, Repligen and Valmet.

LSB Industries is a US chemicals manufacturer producing mainly ammonia related products. LSB's products are used in a number of key industries including agriculture (fertiliser) and mining. Ammonia is a critical element of the nitrogen based fertilisers widely used globally. The recent weakness in the ammonia price and related chemicals has put pressure on LSB's share price. The company currently trades on extremely attractive valuations.

Repligen is a US healthcare company specialising in the development, manufacturing and distribution of bioprocessing technology. The group's products are widely used in live drug development, an area known as biologics. Repligen has a strong history of growing revenues and earnings both naturally and through acquisition. The Fund sold its investment in Repligen as the market value was too high for it to be included in the MSCI World Small Cap Index.

Valmet is a Finnish based global company that specialises in the development, production, and maintenance of process technologies, automation, and services for various industries, with a strong focus on the pulp, paper, and renewable energy sectors. Two of Valmet's segments which the fund manager expects to deliver unrecognised growth are their Energy segment and their Automation segment. Valmet has an attractive valuation given the expected earnings growth over coming years.

Market outlook and fund strategy

The Fund continues to have more exposure than the benchmark to US homebuilders and related companies in the US. The Fund also continues to have relatively more exposure to US and European industrials, with a focus on electrical equipment and machinery which will likely benefit from the Chinese recovery, onshoring, government support and a wider improvement in developing market economies.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the period from 20 September 2022 to 31 July 2023

Investment commentary (continued)

The Fund has a lower weight than the benchmark in sectors related to consumer spending (excluding the US homebuilders) given fears that the consumer is likely to be adversely impacted by elevated interest and inflation rates. The Fund also has a lower weighting than the benchmark to Financials and Real Estate. However, the Fund has increased its exposure to Financial companies over the last few months with the addition of Pinnacle Financial Partners. The largest holding classified as a Financial continues to be Selective Insurance which is a prominent regional insurance company that is expanding across the US from its base in Branchville, New Jersey.

On a regional basis, the Fund has a higher exposure to the benchmark in Europe and the UK and a lower weight to the US given the compelling relative valuation differences between the two regions.

The Fund remains biased to niche leaders within their industries, like Atkore and Vertiv. While we expect central banks to maintain restrictive monetary policies, creating tight financial conditions, the strategy continues to find unrecognised growth opportunities in our universe of under-researched smaller companies.

* Sector allocation or exposure discloses the principle areas of business by industry across all the 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.

Ausbil Investment Management Ltd
11 October 2023

Distributions

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the period from 20 September 2022 to 31 July 2023

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
EastGroup Properties	143,593
Atkore	128,600
Selective Insurance Group	124,352
InMode	117,051
Vertiv Holdings Co	115,192
LSB Industries	108,789
Repligen	106,121
Andritz	97,628
Medpace Holdings	97,463
Valmet	84,370
Other purchases	4,650,532
Total purchases for the period	5,773,691
<u>Largest sales</u>	<u>Proceeds (£)</u>
Repligen	87,763
Vertiv Holdings Co	84,308
Silgan Holdings	74,960
QIAGEN	73,859
Menicon Co	72,401
ASR Nederland	70,701
Weis Markets	67,640
Capcom Co	66,225
LSB Industries	63,030
Ingles Markets 'A'	62,307
Other sales	2,328,731
Total sales for the period	3,051,925

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

COMPARATIVE TABLE

The launch period of the sub-fund ran from 20 September 2022 to 17 October 2022 where shares were available at 100 pence. The first valuation point was on 18 October 2022.

X Accumulation shares

Change in net assets per share

	Period to 31.07.2023^A pence
Opening net asset value per share	100.00
Return before operating charges*	9.05
Operating charges	(0.53)
Return after operating charges*	8.52
Distributions on accumulation shares	(0.95)
Retained distributions on accumulation shares	0.95
Closing net asset value per share	108.52

* after direct transaction costs of:

0.21

Performance

Return after charges^B

8.52%

Other information

Closing net asset value (£)	2,967,931
Closing number of shares	2,735,011
Operating charges	0.65% ^C
Direct transaction costs	0.25% ^C

Prices (pence per share)

Highest share price	109.06
Lowest share price	97.82

^A Period from 17 October 2022 being the end of the launch period.

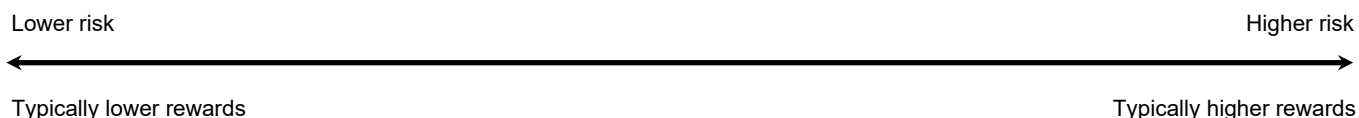
^B The return after charges is calculated using the underlying investments bid prices.

^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. However, the OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs. As the sub-fund does not have 12 months accounting data the OCFs are based on estimated expenses. The sub-fund is benefiting from expense funding whereby some of the charges outlined in the prospectus have been fully or partially funded. Without this expense funding it is anticipated the OCF would be higher and potentially to the extent of having a noticeable impact on the returns investors receive. The expenses will continue to be funded until the sub-fund grows to a size able to support the OCF quoted on the KIID.

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



1	2	3	4	5	6	7
---	---	---	---	---	---	---

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.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA		
11,362 Sandfire Resources	39,282	1.32
Total Australia	39,282	1.32
AUSTRIA		
1,998 Andritz	82,611	2.78
Total Austria	82,611	2.78
BELGIUM		
1,103 Bekaert	41,030	1.38
Total Belgium	41,030	1.38
CANADA		
2,480 Canfor	30,338	1.02
2,741 Interfor	38,145	1.29
Total Canada	68,483	2.31
DENMARK		
773 FLSmith & Co	28,505	0.96
Total Denmark	28,505	0.96
FINLAND		
1,731 Kempower	60,029	2.02
5,267 Metso	46,747	1.58
357 QT Group	23,114	0.78
3,233 Valmet	67,004	2.26
Total Finland	196,894	6.64
ISRAEL		
2,919 InMode	97,262	3.28
Total Israel	97,262	3.28
ITALY		
2,120 Azimut Holding	39,013	1.31
1,206 Freni Brembo	13,303	0.45
1,434 Marr	17,355	0.58
3,490 Technoprobe	24,768	0.83
Total Italy	94,439	3.17
JAPAN		
1,400 Amano	24,702	0.83
1,200 DMG Mori Seiki Co	15,824	0.53
1,300 Horiba	59,620	2.01
400 Okuma	15,678	0.53
200 Socionext	18,344	0.62
800 The Yokohama Rubber Company	13,931	0.47
Total Japan	148,099	4.99
NETHERLANDS		
312 BE Semiconductor Industries	29,055	0.98
Total Netherlands	29,055	0.98
SPAIN		
580 CIE Automotive	14,158	0.48
507 Viscofan	25,639	0.86
Total Spain	39,797	1.34
SWEDEN		
2,243 HEXPOL	18,959	0.64
2,721 Lagercrantz Group 'B'	25,454	0.86
1,061 Paradox Interactive	23,648	0.80

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
SWEDEN (continued)		
999 Surgical Science Sweden	18,055	0.61
396 Vitec Software Group	17,541	0.59
Total Sweden	103,657	3.50
SWITZERLAND		
96 Burckhardt Compression Holding	44,150	1.49
370 Georg Fischer	19,703	0.66
145 Tecan Group	45,028	1.52
Total Switzerland	108,881	3.67
UNITED KINGDOM		
4,858 Britvic	41,973	1.41
1,904 CVS Group	39,260	1.32
1,170 Diploma	37,885	1.28
155 Games Workshop Group	18,042	0.61
2,013 Greggs	55,559	1.87
15,872 Rotork	48,949	1.65
974 Softcat	14,610	0.49
Total United Kingdom	256,278	8.63
UNITED STATES		
565 Applied Industrial Technologies	63,655	2.14
1,156 Atkore	142,597	4.80
619 Century Communities	37,141	1.25
82 Chemed	33,212	1.12
418 Eagle Materials	59,913	2.02
672 EastGroup Properties	92,559	3.12
468 EMCOR Group	78,206	2.64
539 Evercore	56,569	1.91
446 Installed Building Products	51,316	1.73
775 LeMaitre Vascular	38,102	1.28
308 LGI Homes	33,223	1.12
347 Louisiana-Pacific	20,535	0.70
2,231 LSB Industries	19,374	0.65
1,774 LXP Industrial Trust	13,874	0.47
3,528 Marten Transport	62,096	2.09
626 MasTec	57,305	1.93
225 Medpace Holdings	44,286	1.49
370 Meritage Homes	42,813	1.44
1,065 Mueller Industries	67,106	2.26
1,175 Napco Security Technologies	34,237	1.15
1,251 Pinnacle Financial Partners	73,837	2.49
321 RLI	33,278	1.12
903 Selective Insurance Group	72,441	2.44
2,143 Shoals Technologies Group	43,250	1.46
968 Sprouts Farmers Market	29,545	1.00
334 STAAR Surgical Company	14,221	0.48
1,497 Sterling Infrastructure	69,816	2.35
461 Topbuild	98,128	3.31
834 Trex Co	44,828	1.51
3,439 Vertiv Holdings Co	69,539	2.34
Total United States	1,597,002	53.81
Portfolio of investments	2,931,275	98.76
Net other assets	36,656	1.24
Total net assets	2,967,931	100.00

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.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

STATEMENT OF TOTAL RETURN

for the period from 20 September 2022 to 31 July 2023

	Notes	31 July 2023	
		£	£
Income:			
Net capital gains	2		191,075
Revenue	4	36,866	
Expenses	5	(10,556)	
Net revenue before taxation		<u>26,310</u>	
Taxation	6	<u>(4,033)</u>	
Net revenue after taxation			<u>22,277</u>
Total return before distributions			213,352
Distributions	7		(22,277)
Change in net assets attributable to shareholders from investment activities			<u><u>191,075</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 20 September 2022 to 31 July 2023

	31 July 2023	
	£	£
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	2,797,612	
Amounts payable on cancellation of shares	<u>(45,755)</u>	
		2,751,857
Dilution adjustment		537
Change in net assets attributable to shareholders from investment activities		191,075
Retained distribution on accumulation shares		24,462
Closing net assets attributable to shareholders		<u><u>2,967,931</u></u>

As these are the first annual financial statements since the launch of the sub-fund, there are no comparative figures to disclose.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

BALANCE SHEET

as at 31 July 2023

	Notes	31 July 2023 £
Assets:		
Fixed Assets:		
Investments	15	2,931,275
Current Assets:		
Debtors	8	10,030
Cash and bank balances		31,201
Total assets		<u>2,972,506</u>
Liabilities:		
Creditors:		
Other creditors	9	4,575
Total liabilities		<u>4,575</u>
Net assets attributable to shareholders		<u><u>2,967,931</u></u>

As these are the first annual financial statements since the launch of the sub-fund, there are no comparative figures to disclose.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 12 to 14.

2 NET CAPITAL GAINS

31 July 2023
£

The net gains on investments during the period comprise:

Non-derivative securities gains	209,752
Currency losses	(16,946)
Transaction charges	(1,731)
Net capital gains	191,075

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2023
£

Purchases excluding transaction costs:

Equities	5,769,794
	5,769,794
Equities: Commissions	1,988
Taxes and other charges	1,909
Total purchases transaction costs	3,897
Purchases including transaction costs	5,773,691

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

Equities: Commissions	0.03%
Taxes and other charges	0.03%

Sales excluding transaction costs:

Equities	3,052,982
	3,052,982
Equities: Commissions	(1,024)
Taxes and other charges	(33)
Total sales transaction costs	(1,057)
Sales net of transaction costs	3,051,925

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

Equities: Commissions	0.03%
Taxes and other charges	0.00%

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

Commissions	0.12%
Taxes and other charges	0.08%
	0.20%

No significant in-specie transfers were identified in the period.

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction:

£1,731

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

0.15%

IFSL MARLBOROUGH NO 2 OEIC
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NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

4 REVENUE

31 July 2023
£

UK dividends	4,299
Overseas dividends	26,128
Overseas dividends (unfranked)	6,195
Bank interest	244
Total revenue	36,866

5 EXPENSES

31 July 2023
£

Payable to the ACD or associate:	
ACD's periodic charge	9,519
Registration fees	209
ACD's fee rebate	(17,054)
	(7,326)
Other expenses:	
Depositary's fees	685
Safe Custody fees	59
MSCI fee	8,342
Bank interest	5
Financial Conduct Authority fee	79
Audit fee	8,712
	17,882
Total expenses	10,556

6 TAXATION

31 July 2023
£

a Analysis of the tax charge for the period

Overseas tax	4,033
Total tax charge (see note 6(b))	4,033

b Factors affecting the tax charge for the period

The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net revenue before taxation	26,310
Corporation tax at 20%	5,262
Effects of:	
Revenue not subject to taxation	(6,085)
Unrelieved excess management expenses	1,009
Tax effect of expensed double taxation relief	(186)
Overseas tax	4,033
Total tax charge (see note 6(a))	4,033

At 31 July 2023 the sub-fund has deferred tax assets of £1,009 arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

7 DISTRIBUTIONS

31 July 2023
£

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

Interim	5,785
Final	18,677
Amounts deducted on cancellation of shares	71
Amounts added on issue of shares	(2,256)
Distributions	22,277

Movement between net revenue and distributions:

Net revenue after taxation	22,277
	22,277

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

8 DEBTORS

31 July 2023
£

Amounts receivable for issue of shares	7,328
Accrued income	1,238
Currency receivables	2
Taxation recoverable	1,462
Total debtors	10,030

9 OTHER CREDITORS

31 July 2023
£

Purchases awaiting settlement	3,363
Manager's periodic charge and registration fees	1,242
Accrued expenses	(30)
Total other creditors	4,575

10 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2023.

11 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due to/from the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due from the ACD at the period end are £6,086.

In addition to the above, some shares in the sub-fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below.

	31 July 2023
Proportion of shares owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.74%

12 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

X Accumulation	0.50%
----------------	-------

13 SHAREHOLDERS' FUNDS RECONCILIATION

During the period the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	X Accumulation
Opening shares in issue at 20 September 2022	-
Share issues	2,778,783
Share cancellations	(43,772)
Share conversions	-
Closing shares in issue at 31 July 2023	2,735,011

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £146,564. A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the period end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 31 July 2023</u>	Investments £	Net other assets £	Total £
Australian Dollar	39,282	-	39,282
Canadian Dollar	68,483	-	68,483
Swiss Franc	108,881	325	109,206
Danish Krone	28,505	34	28,539
Euro	483,826	1,044	484,870
Japanese Yen	148,099	839	148,938
Swedish Krona	103,656	-	103,656
United States Dollar	1,694,266	68	1,694,334
	<u>2,674,998</u>	<u>2,310</u>	<u>2,677,308</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £133,865. A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2023

£

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

Financial assets floating rate	31,201
Financial assets non-interest bearing instruments	2,941,305
Financial liabilities non-interest bearing instruments	(4,575)
	<u>2,967,931</u>

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

Liquidity risk

31 July 2023

£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

Within one year:	
Other creditors	4,575
	<u>4,575</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the period from 20 September 2022 to 31 July 2023

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

	31 July 2023	
	Assets (£)	Liabilities (£)
Basis of valuation		
Level 1 - Quoted prices	2,931,275	-
Level 2 - Observable market data	-	-
Level 3 - Unobservable data	-	-
	<u>2,931,275</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

16 POST BALANCE SHEET EVENTS

Since 31 July 2023, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2023 ^A	18 December 2023	Movement (%)
X Accumulation	108.55	113.66	4.71%

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

DISTRIBUTION TABLE

Interim distribution for the period from 17 October 2022 to 31 January 2023

Group 1: shares purchased prior to 17 October 2022

Group 2: shares purchased on or after 17 October 2022

		Net revenue 31 January 2023 pence per share	Equalisation 31 January 2023 pence per share	Distribution paid 31 March 2023 pence per share
X Accumulation	Group 1	0.2647	-	0.2647
	Group 2	0.1171	0.1476	0.2647

Final distribution for the period from 1 February 2023 to 31 July 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue 31 July 2023 pence per share	Equalisation 31 July 2023 pence per share	Distribution paid 30 September 2023 pence per share
X Accumulation	Group 1	0.6828	-	0.6828
	Group 2	0.3154	0.3674	0.6828

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2023

Performance to 31 July 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Multi Cap Income Fund	(1.72)%	(6.47)%	13.87%	(4.68)%
IA UK Equity Income Sector*	(1.33)%	2.75%	37.21%	11.31%
FTSE All-Share TR Index*	0.76%	6.09%	41.75%	18.07%

External Source of Economic Data: Morningstar (P Income - quoted price to quoted price, net 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 share class is calculated in sterling.

Investment commentary

The Sub-fund has returned -6.47% in the period to 31 July 2023. In comparison, the benchmark*, the FTSE All-Share Total Return (TR) Index, was up 6.09% over the same period. The Sub-fund's other key comparator benchmark, the UK Investment Association (IA) UK Equity Income Sector, returned 2.75%. Since inception to the end of July 2023, the Sub-fund is up 113.32% ^A (based on the P Accumulation share class) compared with the FTSE All-Share TR Index up 108.70% over the same period.

The dividend payment from the Sub-fund covering the six month period to 31 July 2023 was made at the end of September 2023. Please see the distributions table below across the range of share classes, the P income share class is most widely held by investors.

The Sub-fund value at the end of July 2022 was approximately £792m. At the end of the period under review, the Sub-fund's value had fallen to around £513m driven by market moves and investments redeemed by fundholders. This was a period when smaller company share prices were under significant pressure. A weak pound (August to October 2022) was primarily driven by negative sentiment. Political turmoil in the UK further hampered domestic company prospects. Performance was partly helped by sentiment turning positive again as the new government under Rishi Sunak reversed many of the policy errors of his predecessor. Since reaching its low of 13th October 2022, it has been reassuring to see the Sub-fund rally 15.4% to the end of July 2023, outperforming the FTSE All-Share Total Return (TR) Index, (up 14.9%) over the period.

Market review

US inflation figures for June 2023 finally began the long-awaited descent. Core inflation, which excludes more volatile elements such as food and energy, was 4.8%, slightly better than expectations and moved closer to the US Federal Reserve core inflation target of 2.0%. From the end of June, the US dollar weakened against sterling by 5.5% at one point in July to reflect investors' views that further interest rate rises in the US were unlikely. We believe US benchmark interest rates, which are currently 5.5%, will stay around these levels for the rest of the calendar year. We do not expect any rate cuts until inflation reaches target levels.

There was a similar story in the UK with June inflation (CPI) figures rising by 7.9%, but down from the 8.7% recorded in May and better than expected. CPIH, an inflation measure which includes housing costs, rose by 7.3%, down from 7.9% in May. This led to the market rallying on the view that interest rates are unlikely to reach or go over 6.0%, which had become the market expectation prior to June's inflation data. Forecast peak mortgage rates also dropped convincingly. We welcome the long-awaited drop but do not believe it will be in a straight line towards the ultimate 2.0% inflation target from the Bank of England. We share a similar view on the UK as the US, which is that rates will stay high for the rest of the year with potential for cuts in 2024.

Fund performance and activity

The Sub-fund's performance relative to the benchmark over this period is not what we would have liked. However, the differential is largely explained by the bias of the Sub-fund towards small and medium sized companies compared to the benchmark, which also includes much larger companies. By way of a reminder, although ours is a multi-cap strategy with a relatively unconstrained approach, the Sub-fund is still required to have a bias towards small and medium sized companies, which is what we have abided by since launch.

The smaller companies held in the Sub-fund have faced a difficult backdrop. Rising inflation and interest rates, supply chain constraints, labour shortages and weaker consumer demand disproportionately affected investors' view of smaller company business models. In addition, the Sub-fund has less exposure to oil and other basic materials compared to the benchmark. These sectors, typically containing larger companies, rallied on both inflationary fears as well as the tragic consequences of Russia invading Ukraine.

Much of the underperformance was felt in the third and fourth quarter of 2022. The first quarter of 2023 had a better start and the Sub-fund has remained in positive territory for most of this year with performance relative to Investment Association's UK Equity Income sector peer group also much improved, being in the top 25% in its peer group over the last 3 months (as of 9th August 2023), according to Trustnet, a key data provider.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2023

Investment commentary (continued)

Outlook and fund strategy

One of the key opportunities presented by UK shares is that they remain significantly undervalued relative to the rest of Europe and other developed markets. This is due in part to international investors steering clear of the UK because of last year's political upheavals and lingering concerns about the impact of Brexit. We believe UK companies look highly attractive at current valuations. This view is supported by a recent flurry of merger and acquisition activity, including Deutsche Bank agreeing to buy at a significant premium the broker Numis, which we held in the Sub-fund.

It is noteworthy that in early September the Office for National Statistics (ONS) revised up estimates for UK GDP growth to show the economy had recovered to pre-pandemic levels, which means the UK's growth was never significantly behind its global peers. We believe the current discount on UK equities will not last indefinitely and that potentially it presents a highly attractive opportunity for investors taking a view over 12 to 18 months and beyond. In the meantime, despite the economic backdrop, the majority of our portfolio companies are continuing to trade strongly and delivering earnings updates either in line with forecasts or surpassing them.

Ahead of the Autumn statement, we saw a glimmer of hope from the UK chancellor outlining support for smaller companies. In particular, the pledge from UK pension funds to allocate more investment towards UK growth companies has been well received. Although the wording mentions private companies not listed on the stock market, the detail suggests small companies quoted on the FTSE Alternative Investment Market ('AIM') will qualify for such allocations. We currently have around 16.0% of the Sub-fund quoted on AIM and have flexibility in line with our investment process to selectively increase this allocation, while keeping our diversified approach.

We believe another important attraction of the UK market is its strong dividend culture. This means investors are being paid for their patience as we await an improvement in investor sentiment and the beginning of a recovery in markets. The Sub-fund is offering a dividend yield** over the next 12 months of 5.13% at the time of writing which compares to the FTSE All Share index yield of 3.67% (2nd August 2023, Financial Times). As such we are comfortably positioned for the next IA Equity Income Sector 'yield test', which is key for income investors, where funds are required to meet a yield target over 1 and 3 years to remain in the equity income sector.

We have continued to outperform the IA UK Equity Income Sector requirements, which keeps intact our record of beating the target dividend consecutively in every year since launch.

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

* Benchmark – Comparator for performance purposes

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

Canaccord Genuity Asset Management Limited
20 October 2023

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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2023

Distributions

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Income (pence per share)</u>				
Net income paid 31 March	2.6841	2.8695	2.5064	3.4230
Net income paid 30 September	3.7757	3.7747	3.3103	2.7146
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.4373	4.5254	3.7962	4.9620
Net accumulation paid 30 September	6.3834	6.0690	5.1091	4.0207
<u>P Income (pence per share)</u>				
Net income paid 31 March	2.8881	3.0629	2.6551	3.5987
Net income paid 30 September	4.0666	4.0455	3.5217	2.8662
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.5467	4.6012	3.8310	4.9702
Net accumulation paid 30 September	6.5435	6.1962	5.1776	4.0447

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Liontrust Asset Management	4,989,274
National Grid	4,709,290
Clarkson	4,341,262
Solid State	3,871,017
Ricardo	3,704,972
Gaztransport & Technigaz	3,559,427
Tate & Lyle	3,448,843
Spectris	3,432,211
Rio Tinto	2,986,288
OSB Group	2,915,964
Other purchases	110,166,982
Total purchases for the year	148,125,530

<u>Largest sales</u>	<u>Proceeds (£)</u>
Severn Trent	18,081,953
Telecom Plus	16,721,737
Legal & General Group	16,557,517
3i Group	16,058,015
NN Group	11,717,432
TotalEnergies	11,105,115
Phoenix Group Holdings	9,223,939
EMIS Group	8,024,776
Strix Group	7,840,635
Safestore Holdings	7,725,564
Other sales	209,734,551
Total sales for the year	332,791,234

IFSL MARLBOROUGH NO 2 OEIC
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COMPARATIVE TABLE

A Income shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	131.97	149.64	120.05
Return before operating charges*	(7.53)	(8.69)	37.61
Operating charges	(1.93)	(2.34)	(2.20)
Return after operating charges*	(9.46)	(11.03)	35.41
Distributions on income shares	(6.46)	(6.64)	(5.82)
Closing net asset value per share	116.05	131.97	149.64

* after direct transaction costs of:

0.22 0.22 0.31

Performance

Return after charges^A (7.17)% (7.37)% 29.50%

Other information

Closing net asset value (£)	3,207,500	38,281,300	49,376,994
Closing number of shares	2,763,869	29,006,590	32,998,094
Operating charges	1.60% ^B	1.60% ^B	1.62% ^B
Direct transaction costs	0.18%	0.15%	0.23%

Prices (pence per share)

Highest share price	134.23	159.43	153.74
Lowest share price	107.27	127.25	119.08

A Accumulation shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	218.26	236.05	181.85
Return before operating charges*	(12.65)	(14.07)	57.56
Operating charges	(3.21)	(3.72)	(3.36)
Return after operating charges*	(15.86)	(17.79)	54.20
Distributions on accumulation shares	(10.82)	(10.59)	(8.91)
Retained distributions on accumulation shares	10.82	10.59	8.91
Closing net asset value per share	202.40	218.26	236.05

* after direct transaction costs of:

0.37 0.35 0.48

Performance

Return after charges^A (7.27)% (7.54)% 29.80%

Other information

Closing net asset value (£)	3,104,368	58,528,386	69,165,210
Closing number of shares	1,533,761	26,815,413	29,300,796
Operating charges	1.60% ^B	1.60% ^B	1.62% ^B
Direct transaction costs	0.18%	0.15%	0.23%

Prices (pence per share)

Highest share price	221.94	251.44	237.29
Lowest share price	177.38	204.61	180.36

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

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

COMPARATIVE TABLE

P Income shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	141.70	159.45	126.97
Return before operating charges*	(8.02)	(9.30)	39.91
Operating charges	(1.10)	(1.34)	(1.25)
Return after operating charges*	(9.12)	(10.64)	38.66
Distributions on income shares	(6.95)	(7.11)	(6.18)
Closing net asset value per share	125.63	141.70	159.45

* after direct transaction costs of:

0.24 0.24 0.33

Performance

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

Other information

Closing net asset value (£)	240,423,747	365,658,937	656,711,990
Closing number of shares	191,374,400	258,050,071	411,857,122
Operating charges	0.85% ^B	0.85% ^B	0.87% ^B
Direct transaction costs	0.18%	0.15%	0.23%

Prices (pence per share)

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

P Accumulation shares

Change in net assets per share

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

* after direct transaction costs of:

0.38 0.36 0.48

Performance

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

Other information

Closing net asset value (£)	266,762,710	329,426,921	384,261,602
Closing number of shares	127,822,605	147,581,476	160,374,249
Operating charges	0.85% ^B	0.85% ^B	0.87% ^B
Direct transaction costs	0.18%	0.15%	0.23%

Prices (pence per share)

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

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

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

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

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SYNTHETIC RISK AND REWARD INDICATOR (all share classes)

Lower risk

Higher risk



Typically lower rewards

Typically higher rewards

1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the 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 year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
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PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENCE (31 July 2022 - 0.39%)		
500,000 Chemring Group	1,412,500	0.28
1,300,000 QinetiQ Group	4,199,000	0.82
Total Aerospace and Defence	5,611,500	1.10
AUTOMOBILES & PARTS (31 July 2022 - Nil)		
750,000 Dowlais Group	921,000	0.18
Total Automobiles & Parts	921,000	0.18
BANKS (31 July 2022 - 0.66%)		
40,000 Bank of Georgia Group	1,302,000	0.25
300,000 Investec	1,479,000	0.29
40,000 TBC Bank Group	996,000	0.19
Total Banks	3,777,000	0.73
BEVERAGES (31 July 2022 - 0.57%)		
348,511 Shepherd Neame	2,491,854	0.49
Total Beverages	2,491,854	0.49
CHEMICALS (31 July 2022 - 0.32%)		
CLOSED END INVESTMENTS (31 July 2022 - 1.10%)		
1,000,000 3i Infrastructure	3,090,000	0.60
200,000 Blackrock World Mining Trust	1,236,000	0.24
3,500,000 Tufton Oceanic Assets	2,638,635	0.51
Total Closed End Investments	6,964,635	1.35
CONSTRUCTION AND MATERIALS (31 July 2022 - 5.16%)		
600,000 Balfour Beatty	2,104,800	0.41
290,500 Billington Holdings	987,700	0.19
300,000 Breedon Group	1,072,500	0.21
900,000 Forterra	1,535,400	0.30
540,000 Morgan Sindall Group	10,184,400	1.98
575,000 Norcros	937,250	0.18
600,000 Renew Holdings	4,386,000	0.85
2,150,000 Ricardo	12,599,000	2.45
2,370,000 Severfield	1,673,220	0.33
1,500,000 Tclarke	1,972,500	0.39
Total Construction and Materials	37,452,770	7.29
CONSUMER SERVICES (31 July 2022 - 0.54%)		
125,000 Compass Group	2,516,250	0.49
Total Consumer Services	2,516,250	0.49
ELECTRICITY (31 July 2022 - 1.59%)		
850,000 Drax Group	5,202,000	1.01
Total Electricity	5,202,000	1.01
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2022 - 2.14%)		
500,000 Rotork	1,536,000	0.30
400,000 Solid State	5,200,000	1.01
60,000 Spectris	2,085,000	0.41
Total Electronic and Electrical Equipment	8,821,000	1.72
FINANCE AND CREDIT SERVICES (31 July 2022 - 2.84%)		
270,000 Mortgage Advice Bureau (Holdings)	1,755,000	0.34
600,000 OSB Group	2,200,800	0.43
3,200,000 Paragon Banking Group	17,200,000	3.35
Total Finance and Credit Services	21,155,800	4.12

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PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
FOOD PRODUCERS (31 July 2022 - 0.86%)		
350,000 MP Evans Group	2,506,000	0.49
450,000 Tate & Lyle	3,368,250	0.66
Total Food Producers	5,874,250	1.15
GAS, WATER AND MULTI-UTILITIES (31 July 2022 - 3.14%)		
650,000 National Grid	6,721,000	1.31
Total Gas, Water and Multi-utilities	6,721,000	1.31
GENERAL INDUSTRIALS (31 July 2022 - 2.17%)		
1,220,976 Hargreaves Services	5,250,197	1.02
9,500,000 Macfarlane Group	10,307,500	2.01
750,000 Smith (DS)	2,324,250	0.45
Total General Industrials	17,881,947	3.48
HEALTH CARE PROVIDERS (31 July 2022 - 0.47%)		
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2022 - 5.60%)		
517,057 Churchill China	7,342,209	1.43
850,000 Sanderson Design Group	850,000	0.17
2,800,000 Taylor Wimpey	3,218,600	0.63
1,850,000 Vistry Group	14,698,250	2.86
Total Household Goods and Home Construction	26,109,059	5.09
INDUSTRIAL ENGINEERING (31 July 2022 - 0.32%)		
618,000 Castings	2,360,760	0.46
500,000 Somero Enterprises	1,600,000	0.31
Total Industrial Engineering	3,960,760	0.77
INDUSTRIAL METALS AND MINING (31 July 2022 - 2.82%)		
750,000 Central Asia Metals	1,383,000	0.27
11,500,000 Ecora Resources	13,064,000	2.54
1,100,000 Kenmare Resources	4,658,500	0.91
Total Industrial Metals and Mining	19,105,500	3.72
INDUSTRIAL SUPPORT SERVICES (31 July 2022 - 4.60%)		
45,000 Diploma	1,445,400	0.28
400,000 FDM Group (Holdings)	2,216,000	0.43
900,000 Inchcape	7,308,000	1.42
200,000 Keystone Law Group	840,000	0.16
1,500,294 Midwich Group	6,301,235	1.23
1,150,000 NWF Group	2,990,000	0.58
Total Industrial Support Services	21,100,635	4.10
INDUSTRIAL TRANSPORTATION (31 July 2022 - 0.86%)		
130,000 Clarkson	3,614,000	0.70
1,425,000 Wincanton	3,427,125	0.67
Total Industrial Transportation	7,041,125	1.37
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2022 - 13.56%)		
900,000 3i Group	17,896,500	3.49
1,200,000 Bridgepoint Group	2,299,200	0.45
4,792,190 Cenkos Securities	1,437,657	0.28
550,000 Finncap Group	49,500	0.01
200,000 Impax Asset Management Group	1,116,000	0.22
400,000 IntegraFin Holdings	976,000	0.19
1,250,000 Intermediate Capital Group	17,506,250	3.41
910,000 Liontrust Asset Management	5,860,400	1.14
500,000 M&G	998,250	0.19
3,650,000 Man Group	8,654,150	1.69
147,500 Mattioli Woods	870,250	0.17

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
INVESTMENT BANKING AND BROKERAGE SERVICES (continued)		
100,000 Numis	333,000	0.06
3,600,000 Polar Capital Holdings	17,460,000	3.40
985,000 Premier Miton Group	719,050	0.14
Total Investment Banking and Brokerage Services	76,176,207	14.84
LEISURE GOODS (31 July 2022 - 1.06%)		
115,000 Games Workshop Group	13,420,500	2.61
Total Leisure Goods	13,420,500	2.61
LIFE INSURANCE (31 July 2022 - 6.36%)		
6,900,000 Chesnara	18,664,500	3.63
Total Life Insurance	18,664,500	3.63
MEDIA (31 July 2022 - 3.22%)		
20,000 4imprint Group	889,000	0.17
4,550,000 Bloomsbury Publishing	19,383,000	3.78
2,000,000 Centaur Media	860,000	0.17
1,159,466 STV Group	2,434,879	0.47
Total Media	23,566,879	4.59
NON-LIFE INSURANCE (31 July 2022 - 1.72%)		
300,000 Admiral Group	6,390,000	1.24
200,000 Beazley	1,105,000	0.22
250,000 Conduit Holdings	1,211,250	0.24
4,600,000 Sabre Insurance Group	6,265,200	1.22
Total Non-life Insurance	14,971,450	2.92
OIL, GAS AND COAL (31 July 2022 - 4.76%)		
1,800,000 BP	8,613,900	1.68
16,500,000 Diversified Energy Company	15,633,750	3.05
1,000,000 Serica Energy	2,372,000	0.46
Total Oil, Gas and Coal	26,619,650	5.19
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2022 - 1.02%)		
100,000 Greggs	2,738,000	0.53
3,500,000 Kitwave Group	10,640,000	2.07
Total Personal Care, Drug and Grocery Stores	13,378,000	2.60
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2022 - 0.62%)		
10,000 AstraZeneca	1,112,200	0.22
45,000 Bioventix	1,687,500	0.33
225,000 GSK	3,102,300	0.60
Total Pharmaceuticals and Biotechnology	5,902,000	1.15
PRECIOUS METALS AND MINING (31 July 2022 - 0.12%)		
1,300,000 Sylvania Platinum	897,000	0.18
Total Precious Metals and Mining	897,000	0.18
REAL ESTATE INVESTMENT AND SERVICES (31 July 2022 - 1.68%)		
1,820,500 Belvoir Group	3,458,950	0.67
800,000 Boot (Henry)	1,744,000	0.34
976,919 M Winkworth	1,416,532	0.28
400,000 Savills	3,906,000	0.76
Total Real Estate Investment and Services	10,525,482	2.05

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
REAL ESTATE INVESTMENT TRUSTS (31 July 2022 - 11.21%)		
1,300,000 Big Yellow Group	13,819,000	2.69
7,500,000 LondonMetric Property	13,732,500	2.67
1,000,000 LXi REIT	943,500	0.18
1,850,000 Safestore Holdings	16,317,000	3.18
Total Real Estate Investment Trusts	44,812,000	8.72
RETAILERS (31 July 2022 - 3.68%)		
100,000 B&M European Value Retail	552,000	0.11
1,000,000 Dunelm Group	11,340,000	2.21
150,000 Howden Joinery Group	1,109,400	0.22
1,000,000 Lookers	1,242,000	0.24
3,300,000 Pets at Home Group	12,949,200	2.52
1,800,000 Topps Tiles	936,000	0.18
1,500,000 Vertu Motors	1,059,000	0.21
100,000 WHSmith	1,496,000	0.29
Total Retailers	30,683,600	5.98
SOFTWARE AND COMPUTER SERVICES (31 July 2022 - 1.80%)		
60,000 Kainos Group	771,600	0.15
Total Software and Computer Services	771,600	0.15
TELECOMMUNICATIONS EQUIPMENT (31 July 2022 - 0.39%)		
TELECOMMUNICATIONS SERVICE PROVIDERS (31 July 2022 - 4.36%)		
800,000 Telecom Plus	13,296,000	2.59
Total Telecommunications Service Providers	13,296,000	2.59
TRAVEL AND LEISURE (31 July 2022 - 0.33%)		
400,000 Cake Box Holdings	656,000	0.13
750,000 Hollywood Bowl Group	1,698,750	0.33
Total Travel and Leisure	2,354,750	0.46
OVERSEAS SECURITIES (31 July 2022 - 5.32%)		
15,000 Baloise Holding	1,818,726	0.35
4,000 Swiss Life Holding	1,980,003	0.39
3,000 Zurich Insurance Group	1,134,928	0.22
Total Overseas Securities	4,933,657	0.96
Portfolio of investments	503,681,360	98.09
Net other assets	9,816,965	1.91
Total net assets	513,498,325	100.00

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.

IFSL MARLBOROUGH NO 2 OEIC
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STATEMENT OF TOTAL RETURN

for the year ended 31 July 2023

	Notes	31 July 2023		31 July 2022	
		£	£	£	£
Income:					
Net capital losses	2		(82,406,800)		(108,293,967)
Revenue	4	33,821,898		48,626,397	
Expenses	5	<u>(5,378,076)</u>		<u>(9,038,973)</u>	
Net revenue before taxation		28,443,822		39,587,424	
Taxation	6	<u>(478,219)</u>		<u>(649,188)</u>	
Net revenue after taxation			<u>27,965,603</u>		<u>38,938,236</u>
Total return before distributions			(54,441,197)		(69,355,731)
Distributions	7		(32,662,952)		(47,127,736)
Change in net assets attributable to shareholders from investment activities			<u>(87,104,149)</u>		<u>(116,483,467)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 July 2023

	31 July 2023		31 July 2022	
	£	£	£	£
Opening net assets attributable to shareholders		791,895,544		1,159,843,963
Amounts receivable on issue of shares	2,787,923		41,016,327	
Amounts payable on cancellation of shares	<u>(209,556,370)</u>		<u>(312,144,784)</u>	
Amounts payable on share class conversions	<u>1,192</u>		<u>24</u>	
		(206,767,255)		(271,128,433)
Dilution adjustment		50,384		349,722
Change in net assets attributable to shareholders from investment activities		(87,104,149)		(116,483,467)
Retained distribution on accumulation shares		15,423,631		19,313,759
Unclaimed distributions		170		-
Closing net assets attributable to shareholders		<u>513,498,325</u>		<u>791,895,544</u>

IFSL MARLBOROUGH NO 2 OEIC
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BALANCE SHEET

as at 31 July 2023

	Notes	31 July 2023 £	31 July 2022 £
Assets:			
Fixed Assets:			
Investments	15	503,681,360	770,984,471
Current Assets:			
Debtors	8	4,071,624	4,154,402
Cash and bank balances		15,737,622	30,661,578
Total assets		<u>523,490,606</u>	<u>805,800,451</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		7,886,841	11,534,502
Other creditors	9	2,105,440	2,370,405
Total liabilities		<u>9,992,281</u>	<u>13,904,907</u>
Net assets attributable to shareholders		<u><u>513,498,325</u></u>	<u><u>791,895,544</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 12 to 14.

2 NET CAPITAL LOSSES

The net losses on investments during the year comprise:

	31 July 2023 £	31 July 2022 £
Non-derivative securities losses	(82,427,331)	(108,251,665)
Currency gains/(losses)	30,050	(33,591)
Transaction charges	(9,519)	(8,711)
Net capital losses	(82,406,800)	(108,293,967)

3 PURCHASES, SALES AND TRANSACTION COSTS

Purchases excluding transaction costs:

Equities	142,681,771	229,046,237
Corporate actions	4,730,503	6,094,106

	147,412,274	235,140,343
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Equities: Commissions	189,679	322,136
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Taxes and other charges	523,577	873,813
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Total purchases transaction costs	713,256	1,195,949
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Purchases including transaction costs	148,125,530	236,336,292
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Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.13%	0.14%
Taxes and other charges	0.37%	0.38%

Sales excluding transaction costs:

Equities	329,045,798	310,665,542
Corporate actions	4,173,179	187,564,407

	333,218,977	498,229,949
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Equities: Commissions	(427,045)	(409,936)
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Taxes and other charges	(698)	(464)
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Total sales transaction costs	(427,743)	(410,400)
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Sales net of transaction costs	332,791,234	497,819,549
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Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.13%	0.13%
Taxes and other charges	0.00%	0.00%

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

Commissions	0.10%	0.07%
Taxes and other charges	0.08%	0.08%
	0.18%	0.15%

No significant in-specie transfers were identified in the year (2022: nil).

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction:	<u>£9,519</u>	<u>£8,711</u>
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Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date	<u>0.93%</u>	<u>0.84%</u>
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4 REVENUE

	31 July 2023	31 July 2022
	£	£
UK dividends	25,718,259	37,816,023
UK dividends (unfranked)	2,085,152	3,074,418
Overseas dividends	5,610,887	7,726,510
Interest on distribution	169,800	-
Bank interest	237,800	9,446
Total revenue	33,821,898	48,626,397

5 EXPENSES

	31 July 2023	31 July 2022
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	5,178,819	8,748,099
Registration fees	7,053	7,537
	5,185,872	8,755,636
Other expenses:		
Depository's fees	147,872	216,417
Safe Custody fees	34,465	58,040
Bank interest	84	1,376
Financial Conduct Authority fee	(29)	124
Audit fee	9,812	7,380
	192,204	283,337
Total expenses	5,378,076	9,038,973

6 TAXATION

	31 July 2023	31 July 2022
	£	£
a Analysis of the tax charge for the year		
Overseas tax	478,219	649,188
Total tax charge (see note 6(b))	478,219	649,188

b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net revenue before taxation	28,443,822	39,587,424
Corporation tax at 20% (2022: 20%)	5,688,764	7,917,485
Effects of:		
Revenue not subject to taxation	(6,265,829)	(9,108,507)
Unrelieved excess management expenses	577,065	1,191,022
Overseas tax	478,219	649,188
Total tax charge (see note 6(a))	478,219	649,188

At 31 July 2023 the sub-fund has deferred tax assets of £13,874,087 (2022: £13,393,631) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

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7 DISTRIBUTIONS

	31 July 2023 £	31 July 2022 £
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim	13,653,275	21,589,583
Final	16,348,864	22,306,495
Amounts deducted on cancellation of shares	2,695,125	3,481,170
Amounts added on issue of shares	(35,208)	(249,357)
Equalisation on conversions	1,192	24
Revenue brought forward	(296)	(179)
Distributions	32,662,952	47,127,736
Movement between net revenue and distributions:		
Net revenue after taxation	27,965,603	38,938,236
Add: ACD's periodic charge borne by capital	5,178,819	8,748,099
Deduct: Tax effect of ACD's periodic charge borne by capital	(481,470)	(558,599)
	32,662,952	47,127,736

8 DEBTORS

	31 July 2023 £	31 July 2022 £
Amounts receivable for issue of shares	-	33,452
Sales awaiting settlement	214,867	-
Accrued income	3,235,230	3,560,871
Taxation recoverable	621,527	560,079
Total debtors	4,071,624	4,154,402

9 OTHER CREDITORS

	31 July 2023 £	31 July 2022 £
Amounts payable for cancellation of shares	1,719,674	1,753,663
Manager's periodic charge and registration fees	335,858	556,888
Accrued expenses	49,908	59,854
Total other creditors	2,105,440	2,370,405

10 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2023 (2022: nil).

11 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due to/from the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due to the ACD at the year end are £2,055,532 (2022: £2,277,099).

In addition to the above, some shares in the sub-fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below.

	31 July 2023	31 July 2022
Proportion of shares owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.08%	0.06%

12 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

A Income	1.50%
A Accumulation	1.50%
P Income	0.75%
P Accumulation	0.75%

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13 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	A Income	A Accumulation
Opening shares in issue at 1 August 2022	29,006,590	26,815,413
Share issues	798,986	413,708
Share cancellations	(7,219,509)	(5,173,427)
Share conversions	(19,822,198)	(20,521,933)
Closing shares in issue at 31 July 2023	2,763,869	1,533,761

	P Income	P Accumulation
Opening shares in issue at 1 August 2022	258,050,071	147,581,476
Share issues	769,737	109,148
Share cancellations	(85,968,939)	(39,704,628)
Share conversions	18,523,531	19,836,609
Closing shares in issue at 31 July 2023	191,374,400	127,822,605

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £25,184,068 (2022: £38,549,224). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 31 July 2023</u>	Investments £	Net other assets £	Total £
Euro	-	349,050	349,050
Norwegian Krona	-	155,820	155,820
Swedish Krona	-	-	-
Swiss Franc	4,933,657	249,734	5,183,391
US Dollar	2,638,635	60,283	2,698,918
	<u>7,572,292</u>	<u>814,887</u>	<u>8,387,179</u>

<u>Foreign currency exposure at 31 July 2022</u>	Investments £	Net other assets £	Total £
Euro	30,320,898	334,707	30,655,605
Norwegian Krona	2,342,413	172,625	2,515,038
Swedish Krona	3,671,124	-	3,671,124
Swiss Franc	-	188,816	188,816
US Dollar	5,795,360	70,680	5,866,040
	<u>42,129,795</u>	<u>766,828</u>	<u>42,896,623</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £419,359 (2022: £2,144,831). A five per cent increase would have an equal and opposite effect.

Interest rate risk

	31 July 2023 £	31 July 2022 £
The interest rate risk profile of financial assets and liabilities consists of the following:		
Financial assets floating rate	15,737,622	30,661,578
Financial assets non-interest bearing instruments	507,752,984	775,138,873
Financial liabilities non-interest bearing instruments	(9,992,281)	(13,904,907)
	<u>513,498,325</u>	<u>791,895,544</u>

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

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RISK DISCLOSURES (continued)

Liquidity risk

31 July 2023
£

31 July 2022
£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

Within one year:

Distribution payable on income shares

7,886,841

11,534,502

Other creditors

2,105,440

2,370,405

9,992,281

13,904,907

15 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2023		31 July 2022	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	503,681,360	-	770,984,471	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>503,681,360</u>	<u>-</u>	<u>770,984,471</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

16 POST BALANCE SHEET EVENTS

Since 31 July 2023, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2023 ^A	18 December 2023	Movement (%)
A Income	120.37	116.47	(3.24)%
A Accumulation	203.32	203.10	(0.11)%
P Income	130.28	126.54	(2.87)%
P Accumulation	209.64	210.22	0.28%

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

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DISTRIBUTION TABLE

Interim distribution for the period from 1 August 2022 to 31 January 2023

Group 1: shares purchased prior to 1 August 2022

Group 2: shares purchased on or after 1 August 2022

		Net revenue 31 January 2023 pence per share	Equalisation 31 January 2023 pence per share	Distribution paid 31 March 2023 pence per share	Distribution paid 31 March 2022 pence per share
A Income	Group 1	2.6841	-	2.6841	2.8695
	Group 2	1.3518	1.3323	2.6841	2.8695
A Accumulation	Group 1	4.4373	-	4.4373	4.5254
	Group 2	2.0152	2.4221	4.4373	4.5254
P Income	Group 1	2.8881	-	2.8881	3.0629
	Group 2	1.3559	1.5322	2.8881	3.0629
P Accumulation	Group 1	4.5467	-	4.5467	4.6012
	Group 2	2.2958	2.2509	4.5467	4.6012

Final distribution for the period from 1 February 2023 to 31 July 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue 31 July 2023 pence per share	Equalisation 31 July 2023 pence per share	Distribution paid 30 September 2023 pence per share	Distribution paid 30 September 2022 pence per share
A Income	Group 1	3.7757	-	3.7757	3.7747
	Group 2	2.2800	1.4957	3.7757	3.7747
A Accumulation	Group 1	6.3834	-	6.3834	6.0690
	Group 2	4.4634	1.9200	6.3834	6.0690
P Income	Group 1	4.0666	-	4.0666	4.0455
	Group 2	2.3897	1.6769	4.0666	4.0455
P Accumulation	Group 1	6.5435	-	6.5435	6.1962
	Group 2	3.9649	2.5786	6.5435	6.1962

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Performance to 31 July 2023

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>01.11.2013^A</u>
IFSL Marlborough Nano-Cap Growth Fund	(5.75)%	(7.29)%	19.47%	16.95%	119.68%
IA UK Smaller Companies Sector	(5.81)%	(8.68)%	10.82%	(1.93)%	70.52%
FTSE SmallCap Index (ex. Investment Cos)*	(1.47)%	0.42%	39.01%	24.35%	91.00%

^A Launch period ended 31 October 2013.

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

Market review

The beginning of the period under review saw markets face a continuation of the turbulence and uncertainty arising from rising inflation and central banks lifting interest rates to try and curtail further increases in inflation. However, from mid September, market participants began to look beyond the uncertainty as economic growth and consumer spending appeared to withstand the impact of rising interest rates. Global equity markets improved with an increased risk appetite causing stocks to rally, driven by the chances of a controlled slowing of economic growth in the US and better prospects in the Europe and China. The International Monetary Fund (IMF) raised their forecast for economic growth for the first time in a year. Many investors, who had reduced their allocation to equities ** during 2022, were forced back into the market, further compounding the rally in certain sectors.

Forecasts throughout the period suggested that inflation and interest rates were likely to remain higher for longer, particularly in the UK, with inflation hitting a 30-year high of 10.40% as reported in March 2023. Low unemployment levels and the consumer's preference to spend on services supported this outlook. However, it is feasible the rapid pace of base rate rises (currently 5.25% in the UK) will result in access to cheap credit becoming more difficult for households and enterprises alike in the coming months, especially as loan terms end and are re-priced at higher levels.

Sentiment towards the UK stock market, and smaller companies in particular, remains muted and the government and professional bodies are becoming increasingly vocal regarding potential reforms to the pension system to increase domestic ownership of UK assets. These proposals combined with amendments to the UK stock market listing rules aim to make the UK a more attractive venue for investing. A recent speech by the Chancellor outlined a series of measures and reforms, including for defined contribution pension funds to allocate 5% of their funds to privately owned companies by 2030. We understand that these unlisted companies include those traded on the FTSE Alternative Investment Market ('AIM') where the prices of many of the fund's investments are quoted. We eagerly await future announcements and consultations but in the interim note that UK Gross Domestic Product (GDP) estimates have been revised up by the IMF. In addition, many companies have reported better earnings than expected, which could lead to an influx of international capital into the UK market which is now one of the cheapest globally.

Fund performance and activity

Smaller companies have had a particularly challenging period, as they dealt with multiple issues: rising inflation and interest rates, supply chain constraints, labour shortages and lower consumer demand. Smaller companies often do not have diversified businesses and hence can be more sensitive to the slowing of the economy. The fund has been hit particularly hard because it has greater exposure to growing companies which tend to have higher valuations because of their forecast future profits. Rising interest rates reduce the value of a company's future profits so the shares of many of these growth companies have dropped sharply. The fund has higher exposure compared to the benchmark to technology companies, which have fallen out of favour. However, the reality is that most of the companies in the portfolio are continuing to trade strongly, and we believe they have very strong long-term growth prospects. In the past when the fund has experienced negative periods of performance, it has bounced back with strong performance in subsequent years.

The biggest winners during the period included Kooth (more detail below), IQGEO, Global Ports, McBride, NIOX, Ashtead Technology, NFT Investments, React, Ten Lifestyle and hVIVO. The largest losers during the period included Xeros Technology (more detail below), WH Ireland, Jadestone Energy, Dianomi, Rosslyn Data Technologies, Engage XR, Crossword Cybersecurity, Totally, TPXImpact and Seen.

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Kooth, the provider of digital mental health services, rose 172% in the period. Whilst the company continues to execute well in the UK, investors were particularly interested in expansion opportunities in the United States. The shares rose significantly in June 2023 following the signing of a \$188m four-year contract with the State of California, leading to a significant upward revision to forecasts. The company subsequently raised c.£10m to help execute this contract. Additionally, the company announced positive outcomes from their new launch programme in the State of Pennsylvania. If Kooth successfully executes against these opportunities, there is scope for further US expansion, which could lead to them becoming a materially bigger business.

Xeros Technology, the water filtration technology company, fell 90% in the period. Despite a handful of positive announcements regarding agreements with washing machine component manufacturers and distributors, the company's finances came under pressure as commercial revenues took longer than expected to materialise. The company subsequently issued more shares, raising just over £6m, and recruited a new CEO to focus on commercial efforts, which appears to be working. Xeros has innovative technology that can facilitate the reduction of microplastic and microfibre pollution entering the environment and therefore we believe there is inherent value in the company's intellectual property, although mass commercialisation is pivotal.

Market outlook and fund strategy

It has been another difficult period, with UK assets being indiscriminately shunned by investors, particularly the smallest quoted companies. Despite the ongoing macroeconomic turbulence, there are areas of positivity, with select companies continuing to win new contracts and gaining market share. Interestingly, the number of companies looking to raise capital has significantly increased recently, with companies taking advantage of their strong market position and potential to grow whether it be by acquiring competitors or investing in organic growth initiatives. There are, however, inevitably those businesses that are raising money to maintain their ongoing operations. We remain supportive of companies that have favourable medium- to long-term prospects and aim to take advantage where share prices do not reflect a company's fair price.

As growth orientated investors, it would be remiss of us not to mention the buzzword of the past few months: AI (artificial intelligence). The month of May saw a flurry of AI news from leading players within the technology industry and many companies' (small and large) share prices moved substantially in response. It is too early to determine the successful companies from AI but, given the diversified nature of the fund, we believe we have a handful of stocks that have the potential to benefit from AI over the coming years.

To conclude, the difference in value between small and medium sized companies is near record levels versus the largest companies, not to mention UK shares being especially cheap relative to other regions. This has led to the re-emergence of takeover activity from international businesses, as evidenced with a core holding, Instem, being bid for by a US based private equity firm post the end of the year under review. As we look towards 2024, it is hoped trading with companies listed on the stock market increases, possibly spurred on by new supportive action by government and professional bodies, leading to additional investment in fundamentally cheap UK companies.

* Benchmark – Comparator for performance purposes

** Equity – Shares of ownership in a company.

Canaccord Genuity Asset Management Limited
17 October 2023

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Distributions (pence per share)

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>A Accumulation</u>				
Net accumulation paid 31 March	-	-	-	-
Net accumulation paid 30 September	-	-	-	-
<u>P Accumulation</u>				
Net accumulation paid 31 March	0.1437	-	-	-
Net accumulation paid 30 September	0.1119	-	-	-

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Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
H&T Group	1,597,703
IG Design Group	1,552,324
Ashtead Technology Holdings	1,439,178
Saietta Group	1,430,233
Redcentric	1,231,836
IQE	1,065,152
Gresham Technologies	905,731
Avation	903,782
Inspeks Group	824,157
ActiveOps	776,088
Other purchases	19,914,943
Total purchases for the year	31,641,127

<u>Largest sales</u>	<u>Proceeds (£)</u>
IQGeo Group	5,305,923
Sureserve Group	3,325,697
Alpha Group International	3,035,523
Moxico Resources	2,263,221
Andrada Mining	2,214,173
Cerillion	2,143,972
ATTRAQT Group	2,106,044
Volex	1,892,580
K3 Capital Group	1,891,040
Horizonte Minerals	1,699,062
Other sales	23,843,830
Total sales for the year	49,721,065

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COMPARATIVE TABLE

A Accumulation shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	211.28	279.21	166.25
Return before operating charges*	(11.07)	(63.87)	116.64
Operating charges	(2.67)	(4.06)	(3.68)
Return after operating charges*	(13.74)	(67.93)	112.96
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	197.54 ^D	211.28	279.21

* after direct transaction costs of:

0.18 0.17 0.24

Performance

Return after charges^A (6.50)% (24.33)% 67.95%

Other information

Closing net asset value (£)	- ^C	25,065,803	34,831,740
Closing number of shares	- ^C	11,863,768	12,474,902
Operating charges	1.57% ^B	1.56% ^B	1.56% ^B
Direct transaction costs	0.09%	0.07%	0.10%

Prices (pence per share)

Highest share price	215.81	297.58	293.57
Lowest share price	187.42	205.55	165.50

P Accumulation shares

Change in net assets per share

	Year to 31.07.2023 pence	Year to 31.07.2022 pence	Year to 31.07.2021 pence
Opening net asset value per share	225.91	296.21	175.09
Return before operating charges*	(15.00)	(68.05)	123.16
Operating charges	(1.77)	(2.25)	(2.04)
Return after operating charges*	(16.77)	(70.30)	121.12
Distributions on accumulation shares	(0.26)	-	-
Retained distributions on accumulation shares	0.26	-	-
Closing net asset value per share	209.14	225.91	296.21

* after direct transaction costs of:

0.19 0.19 0.25

Performance

Return after charges^A (7.42)% (23.73)% 69.18%

Other information

Closing net asset value (£)	168,671,116	183,131,853	315,583,278
Closing number of shares	80,650,923	81,064,828	106,539,742
Operating charges	0.82% ^B	0.81% ^B	0.81% ^B
Direct transaction costs	0.09%	0.07%	0.10%

Prices (pence per share)

Highest share price	230.62	315.80	310.74
Lowest share price	200.54	219.52	174.18

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

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

^C On 31 May 2023 the A share class was converted to the P share class and the A share class was closed.

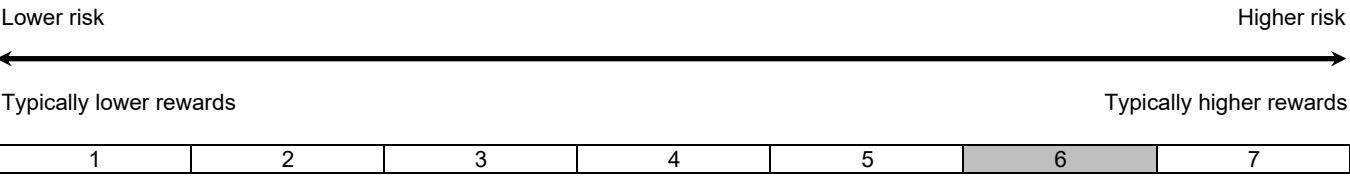
^C Closing net asset value and closing number of shares as at 31 May 2023.

^D Closing net asset value per share is based on the last available quoted price.

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH 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 year 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 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENCE (31 July 2022 - 0.07%)		
AUTOMOBILES AND PARTS (31 July 2022 - 0.65%)		
1,036,401 Saietta Group	445,652	0.26
4,684,255 Surface Transforms	1,592,647	0.94
Total Automobiles and Parts	2,038,299	1.20
BEVERAGES (31 July 2022 - 1.11%)		
1,450,000 Gusbourne	1,102,000	0.65
65,000 Shepherd Neame	464,750	0.28
1,250,000 The Artisanal Spirits Company	925,000	0.55
Total Beverages	2,491,750	1.48
CHEMICALS (31 July 2022 - 0.44%)		
2,525,305 Hardide	277,784	0.16
4,800,000 Plant Health Care	424,800	0.25
Total Chemicals	702,584	0.41
CLOSED END INVESTMENTS (31 July 2022 - 1.74%)		
550,000 Augmentum Fintech	569,250	0.34
2,000,000 Golden Prospect Precious Metals	590,000	0.35
3,735,000 KRM22	1,606,050	0.95
Total Closed End Investments	2,765,300	1.64
CONSTRUCTION AND MATERIALS (31 July 2022 - 0.90%)		
651,000 Accsys Technologies	680,295	0.40
500,000 Brickability Group	275,000	0.16
176,801 Norcros	288,186	0.17
3,000,000 SigmaRoc	1,794,000	1.06
354,611 Tclarke	466,313	0.28
Total Construction and Materials	3,503,794	2.07
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2022 - 3.99%)		
38,020,424 CAP-XX	703,378	0.42
535,000 SDI Group	711,550	0.42
6,480,000 Thruvision Group	1,684,800	1.00
750,000 Volex	2,163,750	1.28
Total Electronic and Electrical Equipment	5,263,478	3.12
FINANCE AND CREDIT SERVICES (31 July 2022 - Nil)		
335,000 H&T Group	1,433,800	0.85
600,000 LendInvest	276,000	0.16
Total Finance and Credit Services	1,709,800	1.01
GENERAL INDUSTRIALS (31 July 2022 - 1.61%)		
372,500 Hargreaves Services	1,601,750	0.95
Total General Industrials	1,601,750	0.95
HEALTH CARE PROVIDERS (31 July 2022 - 2.52%)		
557,100 Cambridge Cognition Holdings	534,816	0.32
687,681 Diaceutics	687,681	0.41
11,680,000 hVIVO	1,927,200	1.14
2,290,000 Induction Healthcare Group	458,000	0.27
6,000,000 Totallly	750,000	0.44
Total Health Care Providers	4,357,697	2.58
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2022 - 0.72%)		
250,000 Sanderson Design Group	250,000	0.15
1,127,500 Springfield Properties	777,975	0.46
Total Household Goods and Home Construction	1,027,975	0.61

IFSL MARLBOROUGH NO 2 OEIC
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PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
INDUSTRIAL ENGINEERING (31 July 2022 - 1.50%)		
550,000 Mpac Group	1,254,000	0.74
4,000,000 Renold	1,144,000	0.68
200,000 Somero Enterprises	640,000	0.38
25,000 Xaar	44,375	0.03
12,974,825 Xeros Technology Group	389,245	0.23
Total Industrial Engineering	3,471,620	2.06
INDUSTRIAL MATERIALS (31 July 2022 - Nil)		
15,000,000 Haydale Graphene Industries	157,500	0.09
Total Industrial Materials	157,500	0.09
INDUSTRIAL METALS AND MINING (31 July 2022 - 5.06%)		
64,866,160 Andrada Mining	4,670,364	2.77
1,200,000 Horizonte Minerals	1,884,000	1.12
3,750,000 Phoenix Copper	900,000	0.53
620,000 Tharisa	477,400	0.28
Total Industrial Metals and Mining	7,931,764	4.70
INDUSTRIAL SUPPORT SERVICES (31 July 2022 - 6.82%)		
1,000,000 eEnergy Group	54,000	0.03
300,000 Equals Group	297,000	0.18
3,000,000 Frontier IP Group	1,440,000	0.85
1,643,500 Journeo	2,892,560	1.71
10,000 Keystone Law Group	42,000	0.03
250,000 Marlowe	1,385,000	0.82
1,075,000 Mind Gym	645,000	0.38
100,000,000 REACT Group	1,400,000	0.83
12,000 Science Group	48,000	0.03
50,000 Trifast	42,500	0.03
453,476 Water Intelligence	1,995,294	1.18
Total Industrial Support Services	10,241,354	6.07
INDUSTRIAL TRANSPORTATION (31 July 2022 - 0.23%)		
750,000 Avation	765,000	0.45
785,000 Facilities by ADF	337,550	0.20
139,973 Fisher (James) & Sons	564,091	0.33
200,000 Global Ports Holding	426,000	0.25
Total Industrial Transportation	2,092,641	1.23
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2022 - 7.23%)		
143,000 Alpha Group International	3,146,000	1.87
525,000 Argentex Group	601,125	0.36
808,500 DSW Capital	525,525	0.31
100,000 Impax Asset Management Group	558,000	0.33
2,919,000 Record	2,422,770	1.44
60,000,000 RiverFort Global Opportunities	360,000	0.21
1,706,626 Team	648,518	0.38
754,939 TMT Investments	1,701,568	1.01
66,926 Volvere	769,649	0.46
3,743,000 WH Ireland Group	262,010	0.16
Total Investment Banking and Brokerage Services	10,995,165	6.53
MEDIA (31 July 2022 - 7.18%)		
837,001 Dianomi	376,650	0.22
3,050,000 Digitalbox	183,000	0.11
6,000,000 Ebiquity	2,760,000	1.64
1,337,000 Everyman Media Group	802,200	0.48
290,000 LBG Media	226,200	0.13
2,800,000 National World	518,000	0.31

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

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
MEDIA (continued)		
31,193,730 One Media iP Group	1,403,718	0.83
594,111 Time Out Group	279,232	0.17
1,928,333 Zinc Media Group	1,696,933	1.01
Total Media	8,245,933	4.90
MEDICAL EQUIPMENT AND SERVICES (31 July 2022 - 2.25%)		
2,063,587 Creo Medical Group	660,348	0.39
1,870,000 Inspiration Healthcare Group	935,000	0.55
16,736,590 Kromek Group	1,037,669	0.62
3,000,000 NIOX Group	2,016,000	1.20
Total Medical Equipment and Services	4,649,017	2.76
OIL, GAS AND COAL (31 July 2022 - 2.36%)		
450,000 Ashtead Technology Holdings	1,759,500	1.04
1,992,500 Deltic Energy	597,750	0.35
300,000 i3 Energy	40,260	0.02
2,722,222 Jadestone Energy	598,889	0.36
2,133,332 Longboat Energy 'Reg S'	640,000	0.38
16,400,000 Westmount Energy	328,000	0.19
Total Oil, Gas and Coal	3,964,399	2.34
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 July 2022 - 0.18%)		
625,000 450	10,000	0.01
2,250,000 TMT Acquisition	382,500	0.23
Total Open End and Miscellaneous Investment Vehicles	392,500	0.24
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2022 - 0.11%)		
1,500,000 IG Design Group	1,890,000	1.12
479,000 McBride	168,129	0.10
Total Personal Care, Drug and Grocery Stores	2,058,129	1.22
PERSONAL GOODS (31 July 2022 - Nil)		
1,375,000 Inspects Group	1,718,750	1.02
628,173 Superdry	471,758	0.28
Total Personal Goods	2,190,508	1.30
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2022 - 0.79%)		
6,500,000 Agronomics	650,000	0.39
1,500 Bioventix	56,250	0.03
Total Pharmaceuticals and Biotechnology	706,250	0.42
PRECIOUS METALS AND MINING (31 July 2022 - 3.09%)		
22,000,000 Jubilee Metals Group	1,606,000	0.95
9,000,000 Pan African Resources	1,245,600	0.74
14,945,455 Shanta Gold	1,494,546	0.89
Total Precious Metals and Mining	4,346,146	2.58
REAL ESTATE INVESTMENT AND SERVICES (31 July 2022 - 0.91%)		
585,000 The Property Franchise Group	1,521,000	0.90
Total Real Estate Investment and Services	1,521,000	0.90
RETAILERS (31 July 2022 - 1.80%)		
1,416,390 Angling Direct	509,900	0.30
813,750 CMO Group	179,025	0.11
8,465,000 Sosandar	2,006,205	1.19
350,000 TheWorks.co.uk	107,450	0.06
Total Retailers	2,802,580	1.66

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PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
SOFTWARE AND COMPUTER SERVICES (31 July 2022 - 26.98%)		
4,000,000 1Spatial	2,000,000	1.19
2,100,000 Access Intelligence	1,218,000	0.72
300,000 accesso Technology Group	2,256,000	1.34
1,932,000 ActiveOps	2,009,280	1.20
100,000 Bango	190,000	0.11
1,700,000 Beeks Financial Cloud Group	1,751,000	1.04
225,000 Cerillion	2,880,000	1.71
40,000,000 Crimson Tide	920,000	0.55
3,548,300 Crossword Cybersecurity	248,381	0.15
800,000 D4t4 Solutions	1,480,000	0.88
500,000 Eagle Eye Solutions Group	2,700,000	1.60
1,808,906 essensys	578,850	0.34
3,500,000 GetBusy	2,310,000	1.37
6,750,000 GRC International Group	675,000	0.40
561,113 Gresham Technologies	757,502	0.45
1,543,207 Ingenta	1,774,688	1.05
280,000 Instem	1,680,000	1.00
1,374,125 Intercede Group	673,321	0.40
1,496,500 IQGeo Group	4,519,430	2.68
825,000 K3 Business Technology Group	1,006,500	0.60
1,126,347 Kooth	3,874,634	2.30
392,500 Made Tech Group	60,837	0.04
300,000 Microlise Group	360,000	0.21
65,000 Netcall	58,500	0.03
20,000,000 NFT Investments	330,000	0.20
2,526,281 Oxford Metrics	2,576,807	1.53
3,600,000 PCI-PAL	1,800,000	1.07
1,000,000 Redcentric	1,255,000	0.74
20,000,000 Rosslyn Data Technologies	90,000	0.05
4,600,000 SEEEN	115,000	0.07
445,239 Sopheon	2,493,338	1.48
2,862,695 SysGroup	801,555	0.48
800,000 TPXimpact Holdings	296,000	0.18
950,000 Vianet Group	731,500	0.43
24,310,913 VR Education Holdings	753,638	0.45
800,000 Woodward	400,000	0.24
2,100,000 ZOO Digital Group	1,470,000	0.87
Total Software and Computer Services	49,094,761	29.15
TECHNOLOGY HARDWARE AND EQUIPMENT (31 July 2022 - 1.70%)		
3,500,000 Concurrent Technologies	2,485,000	1.47
60,000 Gooch & Housego	344,400	0.20
5,325,760 IQE	1,042,784	0.62
Total Technology Hardware and Equipment	3,872,184	2.29
TELECOMMUNICATIONS EQUIPMENT (31 July 2022 - 2.42%)		
2,500,000 BATM Advanced Communications	622,500	0.37
23,000,000 Filtronic	3,910,000	2.32
1,875,000 MTI Wireless Edge	787,500	0.47
Total Telecommunications Equipment	5,320,000	3.16
TRAVEL AND LEISURE (31 July 2022 - 4.62%)		
293,000 Cake Box Holdings	480,520	0.28
9,000,000 DP Poland	648,000	0.38
5,752,000 Gaming Realms	1,852,144	1.10
116,805,161 Gfinity	81,764	0.05
4,900,000 Nightcap	441,000	0.26
24,193,663 Tasty	411,292	0.24
3,000,000 Ten Lifestyle Group	2,610,000	1.55
800,000 The City Pub Group	744,000	0.44

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

PORTFOLIO STATEMENT

as at 31 July 2023

Holding or nominal value	Bid value £	Percentage of total net assets %
TRAVEL AND LEISURE (continued)		
600,000 The Gym Group	628,800	0.37
875,000 Tortilla Mexican Grill	708,750	0.42
1,645,133 Various Eateries	427,735	0.25
Total Travel and Leisure	9,034,005	5.34
WASTE AND DISPOSAL SERVICES (31 July 2022 - Nil)		
338,889 Franchise Brands	450,722	0.27
Total Waste and Disposal Services	450,722	0.27
OVERSEAS SECURITIES (31 July 2022 - 1.32%)		
199,111 HealthBeacon	309,148	0.18
Total Overseas Securities	309,148	0.18
UNQUOTED SECURITIES (31 July 2022 - 3.11%)		
3,356,366 Albert Technologies ^A	-	-
2,600,000 Crawshaw Group ^B	-	-
1,500,000 Gable Holdings ^B	-	-
58,791,414 GFINITY Warrants (£0.00225) 07.09.24 ^C	-	-
100,558 Gusbourne Warrants (£0.75) 16.12.23 ^D	-	-
2,843,978 HaloSource 'Reg S' ^E	-	-
7,500,000 Haydale Graphene Industries Warrants (£0.02) 14.09.23	-	-
700,000 HeiQ ^F	141,400	0.08
5,942 Infinity Reliance ^C	249,980	0.15
1,500,000 Moxico Resources ^C	751,500	0.45
10,000,000 One Media iP Group Warrants (£0.06) 25.09.25	-	-
18,000 SCA Investments ^C	664,740	0.39
3,198 SCA Investments 'M' ^C	118,102	0.07
4,805,090 Trackwise Designs ^E	8,409	-
9,489,983 Xeros Technology Group Warrants (£0.05) 21.04.24	-	-
Total Unquoted Securities	1,934,131	1.14
Portfolio of investments	161,243,884	95.60
Net other assets	7,427,232	4.40
Total net assets	168,671,116	100.00

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

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

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

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

^E These shares are valued at zero, as the companies are being wound up with no expected return.

^F These shares are suspended and are valued using the latest information received until a resumption in trading or more information is released.

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 or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

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

BALANCE SHEET

as at 31 July 2023

	Notes	31 July 2023 £	31 July 2022 £
Assets:			
Fixed Assets:			
Investments	15	161,243,884	194,477,105
Current Assets:			
Debtors	8	690,826	270,164
Cash and bank balances		7,413,406	14,223,562
Total assets		<u>169,348,116</u>	<u>208,970,831</u>
Liabilities:			
Creditors:			
Bank overdrafts		-	311,132
Other creditors	9	677,000	462,043
Total liabilities		<u>677,000</u>	<u>773,175</u>
Net assets attributable to shareholders		<u><u>168,671,116</u></u>	<u><u>208,197,656</u></u>

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

STATEMENT OF TOTAL RETURN
for the year ended 31 July 2023

	Notes	31 July 2023		31 July 2022	
		£	£	£	£
Income:					
Net capital losses	2		(15,160,017)		(67,411,332)
Revenue	4	1,758,967		1,469,736	
Expenses	5	<u>(1,649,471)</u>		<u>(2,468,757)</u>	
Net revenue/(expense) before taxation		109,496		(999,021)	
Taxation	6	<u>(28,293)</u>		<u>(22,585)</u>	
Net revenue/(expense) after taxation			<u>81,203</u>		<u>(1,021,606)</u>
Total return before distributions			(15,078,814)		(68,432,938)
Distributions	7		(153,219)		44,350
Change in net assets attributable to shareholders from investment activities			<u><u>(15,232,033)</u></u>		<u><u>(68,388,588)</u></u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 July 2023

	31 July 2023		31 July 2022	
	£	£	£	£
Opening net assets attributable to shareholders		208,197,656		351,164,297
Amounts receivable on issue of shares	2,428,699		6,399,659	
Amounts payable on cancellation of shares	<u>(27,248,442)</u>		<u>(81,857,004)</u>	
Amounts payable on share class conversions	<u>(49,806)</u>		<u>(858)</u>	
		(24,869,549)		(75,458,203)
Dilution adjustment		374,060		880,150
Change in net assets attributable to shareholders from investment activities		(15,232,033)		(68,388,588)
Retained distribution on accumulation shares		200,982		-
Closing net assets attributable to shareholders		<u><u>168,671,116</u></u>		<u><u>208,197,656</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 12 to 14.

2 NET CAPITAL LOSSES

The net losses on investments during the year comprise:

	31 July 2023 £	31 July 2022 £
Non-derivative securities losses	(15,153,284)	(67,375,120)
Currency losses	-	(25,614)
Transaction charges	(6,733)	(10,598)
Net capital losses	(15,160,017)	(67,411,332)

3 PURCHASES, SALES AND TRANSACTION COSTS

Purchases excluding transaction costs:

	31 July 2023 £	31 July 2022 £
Equities	22,226,030	12,327,440
In specie transfer	-	-
Corporate actions	9,348,855	14,123,251
	31,574,885	26,450,691
Equities: Commissions	37,383	18,023
Taxes and other charges	28,859	6,359
Total purchases transaction costs	66,242	24,382
Purchases including transaction costs	31,641,127	26,475,073

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

Equities: Commissions	0.17%	0.15%
Taxes and other charges	0.13%	0.05%

Sales excluding transaction costs:

Equities	42,340,032	86,785,935
Corporate actions	7,483,856	15,180,735
	49,823,888	101,966,670
Equities: Commissions	(102,494)	(163,216)
Taxes and other charges	(329)	(677)
Total sales transaction costs	(102,823)	(163,893)
Sales net of transaction costs	49,721,065	101,802,777

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

Equities: Commissions	0.24%	0.19%
Taxes and other charges	0.00%	0.00%

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

Commissions	0.07%	0.07%
Taxes and other charges	0.02%	0.00%
	0.09%	0.07%

No significant in-specie transfers were identified in the year (2022: nil).

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

Transaction handling charges

These are charges payable to the depositary in respect of each transaction:

£6,733	£10,598
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Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

4.46%	4.38%
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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH NANO-CAP GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2023

4 REVENUE

	31 July 2023	31 July 2022
	£	£
UK dividends	1,360,256	1,219,784
Overseas dividends	193,635	240,384
Bank interest	205,076	9,568
Total revenue	1,758,967	1,469,736

5 EXPENSES

	31 July 2023	31 July 2022
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	1,556,951	2,355,883
Registration fees	3,457	3,229
	1,560,408	2,359,112
Other expenses:		
Depository's fees	67,750	87,316
Safe Custody fees	9,683	14,825
Financial Conduct Authority fee	(29)	124
Audit fee	11,659	7,380
	89,063	109,645
Total expenses	1,649,471	2,468,757

6 TAXATION

	31 July 2023	31 July 2022
	£	£
a Analysis of the tax charge for the year		
Overseas tax	28,293	22,585
Total tax charge (see note 6(b))	28,293	22,585

b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.

Net expense before taxation	109,496	(999,021)
Corporation tax at 20% (2022: 20%)	21,899	(199,804)
Effects of:		
Revenue not subject to taxation	(310,778)	(292,034)
Unrelieved excess management expenses	288,879	491,838
Overseas tax	28,293	22,585
Total tax charge (see note 6(a))	28,293	22,585

At 31 July 2023 the sub-fund has deferred tax assets of £2,970,182 (2022: £2,681,302) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

7 DISTRIBUTIONS

	31 July 2023	31 July 2022
	£	£
The distributions take account of revenue deducted on the issue of shares and revenue received on the cancellation of shares, and comprise:		
Interim	110,717	-
Final	90,265	-
Amounts deducted on cancellation of shares	3,655	(51,107)
Amounts added on issue of shares	(1,612)	7,615
Equalisation on conversions	(49,806)	(858)
Distributions	153,219	(44,350)
Net deficit of revenue for the year	(72,016)	(977,256)
Net revenue/(expense) after taxation for the year	81,203	(1,021,606)

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2023

8 DEBTORS

	31 July 2023 £	31 July 2022 £
Amounts receivable for issue of shares	-	6,262
Sales awaiting settlement	467,415	114,801
Dilution adjustment	-	6,026
Accrued income	223,332	143,075
Currency Receivables	79	-
Total debtors	690,826	270,164

9 OTHER CREDITORS

	31 July 2023 £	31 July 2022 £
Amounts payable for cancellation of shares	508,887	245,639
Purchases awaiting settlement	27,877	35,583
Manager's periodic charge and registration fees	110,463	151,027
Accrued expenses	29,773	29,794
Total other creditors	677,000	462,043

10 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 31 July 2023 (2022: nil).

11 RELATED PARTIES

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due to/from the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due to the ACD at the year end are £619,350 (2022: £390,404).

In addition to the above, some shares in the sub-fund are owned by directors of Investment Fund Services Limited or directors of UFC Fund Management plc, the ultimate parent company of Investment Fund Services Limited, as set out below.

	31 July 2023	31 July 2022
Proportion of shares owned by directors of Investment Fund Services Limited or UFC Fund Management plc	0.38%	0.39%

12 SHARE CLASSES

The share classes in issue for the sub-fund and the annual management charge for each share class is as follows:

A Accumulation ^A	1.50%
P Accumulation	0.75%

^A On 31 May 2023 the A share class was converted to the P share class and the A share class was closed.

13 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	A Accumulation	P Accumulation
Opening shares in issue at 1 August 2022	11,863,768	81,064,828
Share issues	74,217	1,056,083
Share cancellations	(1,174,867)	(11,484,427)
Share conversions	(10,763,118)	10,014,439
Closing shares in issue at 31 July 2023	-	80,650,923

14 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £8,062,194 (2022: £9,723,855). A five per cent decrease would have an equal and opposite effect.

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RISK DISCLOSURES

Foreign currency risk

At the year end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 31 July 2023</u>	Investments £	Net other assets £	Total £
Euro	309,148	-	309,148
US Dollar	1,701,568	19,574	1,721,142
	<u>2,010,716</u>	<u>19,574</u>	<u>2,030,290</u>

<u>Foreign currency exposure at 31 July 2022</u>	Investments £	Net other assets £	Total £
Euro	451,907	-	451,907
US Dollar	2,292,764	31,722	2,324,486
	<u>2,744,671</u>	<u>31,722</u>	<u>2,776,393</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £101,515 (2022: £138,820). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2023
£

31 July 2022
£

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

Financial assets floating rate	7,413,406	14,223,562
Financial assets non-interest bearing instruments	161,934,710	194,747,269
Financial liabilities floating rate	-	(311,132)
Financial liabilities non-interest bearing instruments	(677,000)	(462,043)
	<u>168,671,116</u>	<u>208,197,656</u>

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

Liquidity risk

31 July 2023
£

31 July 2022
£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

On demand:		
Bank overdrafts	-	311,132
Within one year:		
Other creditors	677,000	462,043
	<u>677,000</u>	<u>773,175</u>

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15 FAIR VALUE HIERARCHY FOR INVESTMENTS

	31 July 2023			31 July 2022	
Basis of valuation	Assets (£)	Liabilities (£)		Assets (£)	Liabilities (£)
Level 1 - Quoted prices	159,309,753	-		188,000,972	-
Level 2 - Observable market data	-	-		-	-
Level 3 - Unobservable data	1,934,131	-		6,476,133	-
	<u>161,243,884</u>	<u>-</u>		<u>194,477,105</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

16 POST BALANCE SHEET EVENTS

Since 31 July 2023, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2023 ^A	18 December 2023	Movement (%)
P Accumulation	208.57	198.11	(5.02)%

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

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DISTRIBUTION TABLE

Interim distribution for the period from 1 August 2022 to 31 January 2023

Group 1: shares purchased prior to 1 August 2022

Group 2: shares purchased on or after 1 August 2022

		Net revenue 31 January 2023 pence per share	Equalisation 31 January 2023 pence per share	Distribution paid 31 March 2023 pence per share	Distribution paid 31 March 2022 pence per share
A Accumulation	Group 1	-	-	-	-
	Group 2	-	-	-	-
P Accumulation	Group 1	0.1437	-	0.1437	-
	Group 2	0.0173	0.1264	0.1437	-

Final distribution for the period from 1 February 2023 to 31 July 2023

Group 1: shares purchased prior to 1 February 2023

Group 2: shares purchased on or after 1 February 2023

		Net revenue 31 July 2023 pence per share	Equalisation 31 July 2023 pence per share	Distribution paid 30 September 2023 pence per share	Distribution paid 30 September 2022 pence per share
A Accumulation	Group 1	-	-	-	-
	Group 2	-	-	-	-
P Accumulation	Group 1	0.1119	-	0.1119	-
	Group 2	0.1025	0.0094	0.1119	-

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Investment Fund Services