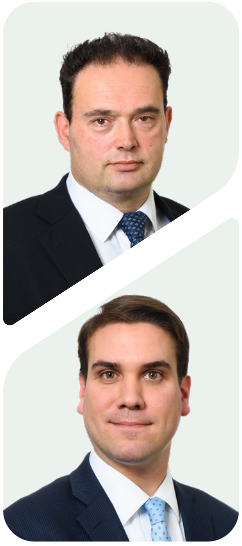
Marlborough



Managers
Guy Feld & Eustace Santa Barbara

Date
05/11/24

Capital is at risk. Please read full risk warning at the end of this document.

Monthly Commentary: November 2024

Nano-Cap Growth

- Invests in the superior growth potential of the UK's smallest listed companies
- Highly diversified portfolio of more than 150 stocks to help manage risk
- Experienced, award-winning investment team

Performance

During October, the price of the fund's P class shares fell 0.84%. This compared with falls of 0.27%, 0.98% and 2.92% for the FTSE AIM, FTSE SmallCap (Ex IT) and FTSE 250 indices respectively. The IA UK Smaller Companies sector fell 0.85%.

Year to date, the P class shares are up 6.58%, compared with a fall of 1.94% for the FTSE AIM Index and increases of 13.79% and 6.50% for the FTSE SmallCap and FTSE 250 indices respectively. Over the same time period, the IA UK Smaller Companies sector is up 7.48%.

Over the month, the number of detractors to contributors was approximately 2 to 1.

The largest riser was **PCI-PAL** (+33%), the provider of contact centre payment solutions, which rose after issuing a solid set of results, with revenue growing 20% and profits and cashflow expected to increase moving forward. The next largest riser was **1Spatial** (+28%), the geospatial software and solutions provider, which rose following a new customer contract in the US and an encouraging set of interim results that highlighted continued execution. **Avation** (+24%), the aircraft leasing business, rose after reports of potential bid interest from Azorra Aviation, a competitor backed by Oaktree Capital. Other parties within the sector are also said to be examining a bid for the company. Other notable risers included **Procook** (+20%), the kitchenware retailer, **IG Design** (+17%), the gift wrapping and stationary company, and **Franchise Brands** (+14%), the franchisor of essential services businesses.

Turning to the detractors, **Thruvision** (-47%) fell after a weak half year report and the announcement of the CEO stepping down. **Kooth** (-45%) fell after the State of Pennsylvania exercised its right to terminate its contract. The following week, a negative and potentially spurious news article was released regarding the company's contract in California. Whilst disappointing, we believe the offering remains compelling but are monitoring the situation closely. **IQE** (-28%) fell following the departure of CEO, Americo Lemos, with the CFO being appointed as interim CEO whilst a replacement is found. Other notable detractors included **Cambridge Cognition** (-24%), **Hardide** (-22%), and **Creo Medical** (-18%).

Portfolio Activity

Over the month, we participated in the **PensionBee**, **React**, and **Ten Lifestyle** placings, increased our position in **Young & Co's Brewery**, and reduced our position in **Centamin**.

The Fund ended the period with a c.7.5% cash weighting.

Investment Outlook

October saw Rachel Reeves deliver her much anticipated inaugural budget as Chancellor of the Exchequer. As expected, it was laden with a swathe of tax changes aimed at increasing government revenue to bolster public services and the nation's infrastructure. UK borrowing costs rose in the wake of the announcement, but gilt yields behaved rationally, and sterling

Data source:
Morningstar,
Canaccord, FTSE
www.ftserussell.com/
legal/legal-disclaimer

broadly treaded water, indicating market participants were not too perturbed with the policies for now. There are however muted concerns regarding the long-term impact of higher government debt on growth and inflation expectations. The Labour party has consistently stated they want to stimulate growth whilst establishing long term fiscal stability and this budget arguably goes some way towards balancing the books. Businesses and the City are now eagerly waiting to learn of the stimulatory growth policies being proposed, the details of which should be revealed at the Mansion House Speech on 14th November.

Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. Our funds invest for the long-term and may not be appropriate for investors who plan to take money out within five years. The Fund will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Fund will be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions. The Fund invests mainly in the UK therefore investments will be vulnerable to sentiment in that market which may strongly affect the value of the Fund. In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. In extreme market conditions redemptions In the underlying funds or the Fund itself may be deferred or suspended.

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Regulatory Information

Issued by Marlborough Investment Management Limited, authorised and regulated by the Financial Conduct Authority (FRN115231). Registered in England No. 01947598. Investment Fund Services Limited (IFSL) is the Authorised Fund Manager of the Fund. IFSL is registered in England No. 06110770 (FRN 464193). Both firms are authorised and regulated by the Financial Conduct Authority in the UK. Registered Office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP.

Copies of the Prospectus and Key Investor Information Documents are available from **www.ifslfunds.com** or can be requested as a paper copy by calling 0808 178 9321 or writing to IFSL at the registered office above.

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