

Investment Fund Services

# IFSL Marlborough European Fund

(formerly IFSL Trade Union Unit Trust)

## Annual Report and Audited Financial Statements

for the year ended 15 August 2025

## **IFSL MARLBOROUGH EUROPEAN FUND**

### **CONTACT INFORMATION**

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

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### **Directors of IFSL**

Andrew Staley (Non-Executive)  
Allan Hamer  
Martin Ratcliffe - appointed, 31 July 2025  
Dom Clarke  
Helen Redmond - resigned, 31 July 2025  
Sally Helston  
Simon Chalkley - appointed, 27 November 2024  
Katherine Damsell (Independent Non-Executive)  
Sarah Peaston (Independent Non-Executive)

#### **Investment Manager**

Marlborough Investment Management Limited  
Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP

Authorised and regulated by the Financial Conduct Authority.

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

abrdn Investments Limited  
280 Bishopsgate  
London, EC2M 4AG

Authorised and regulated by the Financial Conduct Authority.

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

HSBC Bank plc  
8 Canada Square  
London, E14 5HQ

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

#### **Administrator and Registrar**

SS&C Financial Services International Limited  
New Marlborough House  
55-57 Chorley New Road  
Bolton, BL1 4QR

#### **Auditor**

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London, EC2A 2AP

## **IFSL MARLBOROUGH EUROPEAN FUND**

<b>CONTENTS</b>	<b>PAGE</b>
AUTHORISED INVESTMENT MANAGER'S REPORT	1
AUTHORISED STATUS	4
GENERAL INFORMATION	4
DIRECTOR'S STATEMENT	8
STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES	8
STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY	9
INDEPENDENT AUDITOR'S REPORT	10
COMPARATIVE TABLE	13
SYNTHETIC RISK AND REWARD INDICATOR	14
PORTFOLIO STATEMENT	15
<b>FINANCIAL STATEMENTS</b>	
STATEMENT OF TOTAL RETURN	17
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	17
BALANCE SHEET	18
NOTES TO THE FINANCIAL STATEMENTS	19
DISTRIBUTION TABLE	25

## IFSL MARLBOROUGH EUROPEAN FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2025

#### Performance to 15 August 2025

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough European Fund	(4.80)%	(2.12)%	11.77%	22.41%
Composite Benchmark <sup>A</sup>	4.67%	11.82%	35.28%	71.57%

<sup>A</sup> 60% FTSE All Share Index / 40% MSCI Europe ex. UK Index, +1%

External Source of Economic Data: Morningstar (A 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 unit class is calculated in sterling.

#### Investment commentary

##### Market review

European stock markets made steady progress over the period as inflation fell further and the European Central Bank (ECB) continued its programme of interest-rate reductions. However, there was significant volatility in share prices in late 2024 and early 2025. Initially, this was as a result of sluggish economic performance and fears that central banks may start to slow the pace of rate cuts, but subsequently, it was the introduction of wide-ranging tariffs by the Trump administration in the US that created significant turbulence in spring 2025. However, markets recovered their losses towards the end of the review period as US officials sought to strike deals with major trade partners, including the European Union (EU) and the UK.

Gains in global stock markets during the period were underpinned by the ongoing resilience of the US economy. However, there were signs around the turn of the year that investors were starting to question the large amounts of capital investment required to develop artificial intelligence (AI) technology. In Europe, markets benefited from a rotation out of US stocks in early 2025, while investors also reacted positively to the news that a number of major European governments planned to increase defence and infrastructure spending.

In economic news, the rate of inflation in the eurozone remained under control and fell below the official 2% target in May 2025, and the ECB cut interest rates on seven occasions during the 12 months under review. Although there were signs of slowing growth and declining employment levels across the eurozone in the final three months of 2024, Economic activity expanded in the first half of 2025 despite concerns around the potential impact of US tariffs.

The value of UK shares advanced as the Bank of England made further cuts to interest rates and investors increasingly favoured defensive stocks, which are strongly represented on the FTSE 100 Index. However, inflation remained stubbornly above target, partly as a result of higher domestic energy prices. British GDP was largely unchanged in the second half of 2024, but recovered in the early months of 2025.

##### Portfolio review

For the 12 months to 15 August 2025, IFSL Marlborough European Fund delivered a total return of -2.12% and lagged its performance measurement benchmark which is a split between the FTSE All Share Index and the MSCI Europe ex UK Index, which achieved a total return of 11.82%. This shortfall was driven primarily by stock selection within the financials, industrials and health care sectors.

In terms of regional performance in continental Europe, Denmark was the largest detractor from returns. The greater-than-benchmark exposure to healthcare company Novo Nordisk weighed significantly on relative performance as the shares declined following the release of trial data from Novo's next-generation diabetes and obesity drug, CagriSema. The results demonstrated more limited levels of weight loss than had been anticipated by the market, putting it on par with competitor Eli Lilly's drug, Zepbound, rather than pushing the company ahead of its peers. Novo shares continued to struggle later in the period, with trading performance negatively impacted by sales of semaglutide (a medication used for the treatment of diabetes) from compounding pharmacies. However, Novo Nordisk announced its intention to pursue legal avenues against these pharmacies and, looking at the share price at the end of the review period, the company appeared to be significantly undervalued.

In Italy, the holding in hearing-aid retailer Amplifon detracted from performance after the company issued quarterly results that indicated a weaker consumer environment and a longer replacement cycle for hearing aids. The announcement that both Apple and EssilorLuxottica planned to create hearing solutions using AirPods and augmented spectacles respectively also weighed negatively on the stock. However, these concerns seem misplaced given Amplifon primarily serves customers with more severe hearing loss, a segment that these new products do not address. Elsewhere in mainland Europe, technology supplier ASML's shares weakened on worries related to oversupply in the high-bandwidth memory business, combined with capital expenditure cuts from Intel and geopolitical concerns relating to restrictions on the export of ASML's most advanced machinery to China. The Netherlands-based company also reported quarterly results that showed a meaningful fall in European orders, while management struck a more cautious tone around the prospects for expansion in 2026.

**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the year ended 15 August 2025

**Investment commentary (continued)**

Portfolio review (continued)

Conversely, Danish renewables firm Orsted was a positive contributor. The shares rose early in the period as the market responded well to UK auction wins for its Hornsea projects. We subsequently took the opportunity to exit the position due to our concerns that victory for Donald Trump in the US presidential election could act as a headwind for the wider renewables sector – analysis that proved to be correct.

There were also positive contributions to relative performance from Schibsted, the Norway-listed media group, and German construction software specialist Nemetschek. Schibsted stock rose as it became clear that the company's decision to initiate the sales process for its non-core assets had started to bear fruit, while ongoing cost-optimisation efforts led to improved profits. Meanwhile, Nemetschek advanced as the firm continued to make good progress on its subscription transition, which is expected to support growth over the medium term.

The Funds allocation in the UK had a negative impact on relative returns, mainly due to stock selection. However, this was primarily the result of missed opportunities rather than the underperformance of existing holdings. The lack of ownership of both HSBC and Rolls-Royce weighed on relative performance. Shares in HSBC rose after the company upgraded earnings expectations, with higher income forecast across banking fees, while Rolls-Royce advanced following the announcement of increased defence-sector spending by European governments. The company also published a reassuring trading update, reiterating guidance and playing down the impact of tariffs. The holding in beverage company Diageo weighed on performance too as the stock declined due to concerns about the impact of US tariffs and more general weakness in the spirits market.

On the positive side, shares in biotechnology firm Genus rose over the 12 months as investors factored in the benefit of regulatory approval for the company's gene-editing process to protect pigs against porcine reproductive and respiratory syndrome (PRRS). Insurance company Prudential also added to relative performance. The stock advanced on signs that operational performance had started to improve: results published during the first quarter of 2025 showed that insurance profit and revenue for 2024 had risen year-on-year, and management guided for further profit growth in 2025. Coca-Cola HBC was another positive, with the shares rising after the firm issued a strong annual earnings report that showed organic net sales had grown more quickly than expected.

In sector terms, the largest detractor from relative performance was the Funds exposure to health care names, in particular Novo Nordisk and AstraZeneca. The overweight to technology companies also dragged on returns due concerns around the sustainability of capital expenditure levels in AI. Meanwhile, the underweight to financials detracted as banking stocks benefitted from the prospect of interest rates in Europe and the US remaining relatively high for longer than previously expected. More positively, the lack of holdings in both the energy and basic materials sectors added to relative returns as commodity prices weakened.

Outlook

The outlook for European equities remains positive. While global economic uncertainty is likely to remain high amid volatile policymaking in Washington and ongoing geopolitical tensions, this should favour the resilience and access to structural growth from high-quality businesses. Europe benefits from attractive valuations, most acutely relative to the US, and low levels of exposure among global investors. Although we would be cautious on over-extrapolating the domestic economic benefits of recently announced investments in both Germany and the EU, potential positives could come from further economic stabilisation in China and a potential end to the war in Ukraine.

In the UK, business confidence has picked up, GDP growth has beaten expectations and the central bank has continued its rate-cutting cycle. Meanwhile, unemployment remains low, consumers are benefiting from real wage growth and company balance sheets are healthy, creating conditions for greater spending and investment in the future.

abrdn Investments Limited  
4 September 2025

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## IFSL MARLBOROUGH EUROPEAN FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2025

#### Distributions

	<u>Year 2025</u>	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>A Income (pence per unit)</u>				
Net income paid 15 April	-	0.6575	-	-
Net income paid 15 October	10.5458	12.3944	8.6522	3.1167
<u>TU Income (pence per unit)<sup>A</sup></u>				
Net income paid 15 April	-	-	N/A	N/A
Net income paid 15 October	7.8431	11.1185	-	N/A

<sup>A</sup> This unit class launched and commenced pricing on 14 August 2023.

#### Portfolio changes

<u>Purchases</u>	<u>Cost (£)</u>
Compass Group	2,430,304
FincoBank	2,395,256
Deutsche Börse	1,990,869
Tesco	1,972,706
Softcat	1,795,482
Gaztransport & Technigaz	1,569,628
Diploma	1,478,508
Amplifon	850,359
DSM-Firmenich	702,039
Unilever	454,044
Other purchases	1,758,328
Total purchases for the year	17,397,523
<u>Sales</u>	<u>Proceeds (£)</u>
AstraZeneca	5,055,918
Unilever	4,109,992
LVMH Moët Hennessy Louis Vuitton	1,613,052
London Stock Exchange Group	1,176,468
Ørsted	1,103,638
ASML Holding	975,550
Intermediate Capital Group	941,577
Nemetschek	762,206
RELX	683,615
Genus	554,812
Other sales	2,292,271
Total sales for the year	19,269,099

## **IFSL MARLBOROUGH EUROPEAN FUND**

### **AUTHORISED STATUS**

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

### **GENERAL INFORMATION**

#### **Investment objective** (to 9 March 2025)

The investment objective of the Fund is to provide capital growth, that is, to increase the value of an investment, over a minimum of 5 years, together with some income, which is money paid out of an investment such as dividends from shares.

The Fund aims to outperform the benchmark (60% FTSE All Share Index and 40% MSCI Europe ex UK Index) by 1% each year over any 3 year period, with income reinvested and after any charges have been taken out of the Fund. However, there is no certainty this will be achieved.

#### **Investment objective** (from 10 March 2025)

The investment objective of the Fund is to provide capital growth, which is profit on investments held, and income, which is money paid out of investments such as dividends from shares and interest from bonds, over a minimum of 5 years.

The Fund also aims to outperform its benchmark (60% FTSE All Share Index and 40% MSCI Europe ex UK Index) by an average of 1% per year over any rolling 5-year period, with income reinvested and after any charges have been taken out of the Fund.

There is no certainty that either aim of the Fund will be achieved.

#### **Investment policy** (to 9 March 2025)

At least 80% of the Fund will be invested in the shares of companies listed on UK and European stock markets, with between 50-70% invested in the UK and 30-50% elsewhere in Europe.

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

The Investment Manager uses the FTSE All Share and MSCI Europe ex UK indices as a reference point when constructing the portfolio and for risk management purposes.

From time to time the Fund may also hold other funds (which could include other funds managed by the Authorised Fund Manager (AFM) or the Investment Manager), which themselves invest in UK and European companies although this will not exceed 5%.

The Fund will typically hold a small cash balance (less than 5%) to enable the ready settlement of liabilities, for the efficient management of the Fund and in pursuit of the Fund's objectives although may occasionally exceed this figure. The Fund may also use money market funds for cash management purposes.

#### **Investment policy** (from 10 March 2025)

The Fund is actively managed which means the Investment Manager decides which investments to buy or sell and when.

At least 80% of the Fund will be invested in the shares of companies listed on UK and European stock exchanges, with between 50-70% invested in the UK and 30-50% elsewhere in Europe.

The Investment Manager uses the FTSE All Share and MSCI Europe ex UK indices as a reference point when constructing the portfolio and for risk management purposes.

The Fund will typically hold a concentrated portfolio of between 25-45 companies.

From time to time the Fund may also hold other funds (which could include funds managed by the AFM or the Investment Manager), which themselves invest in UK and European companies although this will not exceed 5% of the Fund.

The Fund may hold up to 20% in cash or in money market funds (funds which invest in short term loans), however will typically hold less than 5%. This is to enable the ready settlement of liabilities (including the redemption of units) for the efficient management of the portfolio or in pursuit of the Fund's investment objective.

Whilst the Fund itself will not use derivatives, the underlying funds purchased may have the ability to use derivatives to varying degrees.

## IFSL MARLBOROUGH EUROPEAN FUND

### GENERAL INFORMATION

#### Investment strategy (from 10 March 2025)

The Investment Manager seeks to identify companies which fit the Fund's quality growth investment style by assessing each company against five key factors:

- Competitiveness of a company's business model;
- Attractiveness of the industry the company operates in;
- The strength of a company's financial performance;
- The strength of a company's management; and
- The strength of a company's ESG (environmental, social, governance) credentials.

The Investment Manager scores prospective companies from 1-to-5 (with 1 being the lowest) against these factors in order to assess their quality. Companies must score at least a 3 overall and against the ESG credentials factor to be considered high quality and suitable for investment. The Investment Manager believes that a company's ESG credentials will enhance company performance over time, and assessment of these credentials is key in identifying ESG risks and opportunities a company may face. The Investment Manager aims to understand what lies ahead for the companies they identify as high quality and identify the factors that will determine their value over time.

When the Investment Manager has identified a company they believe is high quality, they aim to identify if the company is undervalued by the market. The Investment Manager uses a range of valuation techniques and metrics to identify companies they believe are undervalued to invest in.

#### Performance target (to 9 March 2025)

The performance target is the level of performance the Fund aims to deliver.

The AFM believes the target is appropriate based on the investment policy of the Fund and the constituents of each index.

#### Performance target (from 10 March 2025)

The performance target is the level of performance the Fund aims to deliver, however there is no certainty this will be achieved. A composite benchmark comprised of 60% of the FTSE All Share Index and 40% of the MSCI Europe ex UK Index has been chosen as the performance target, and the Fund will aim to outperform it by an average of 1% per year over any rolling 5-year period, with income reinvested and after any charges have been taken out of the Fund.

Whilst the AFM believes the performance target is appropriate based on the investment policy of the Fund and the constituents of each index, the Fund's quality growth investment style and ESG screening processes, as well as the concentrated nature of the portfolio, may mean the Fund is at times not exposed to large parts of the indices which could result in the Fund's shorter-term performance being subject to large deviations compared to the performance target.

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

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

#### Assessment of value

The AFM is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The Fund is assessed and reported on, in a separate report which the AFM publishes on the website [www.ifslfunds.com](http://www.ifslfunds.com). The next report is expected to be published by 15 December 2025.

#### Taskforce on climate-related financial disclosures

A statement of the climate-related financial disclosures is published on the website <https://www.ifslfunds.com/tcfd-reporting>.



## IFSL MARLBOROUGH EUROPEAN FUND

### GENERAL INFORMATION

#### Changes in prospectus

On 28 October 2024, Marlborough Investment Management Limited became the Investment Manager of the Fund. Prior to this date the Investment Manager was abrdn Investments Limited. On the same date abrdn Investments Limited became the Sub-Investment Manager of the Fund.

On 10 March 2025, the following changes took effect:

#### Change to the Fund's name

The Fund's name was changed from IFSL Trade Union Unit Trust to IFSL Marlborough European Fund.

#### Change to the Fund's investment objective and policy

There were material changes to the prospectus as follows:

- The investment objective of the Fund was updated;
- The investment policy of the Fund was updated;
- An investment strategy was introduced; and
- The performance target of the Fund was updated.

The changes made in the Prospectus are detailed in the General Information section above.

#### Change to Registration fee

The AFM adjusted the calculation of the Registration Fee to include any investor dealing in the Fund, an increased, but simpler annual charge per investor, and removing some fees altogether.

Fees relating to any investor dealing in the Fund will be charged to the Fund and not to the deal placed by an investor, and will in future be charged at a rate of:

- £5 per deal, when placed through a platform.
- £15 per deal, when placed directly through the Registrar.

The AFM made an increase to the annual charge per investor in the Fund, from £10 per year to £20 per year.

#### Change of calculation method for certain fees

Instead of calculating certain fees using the Fund's value at the end of the month, the AFM will calculate them based on the daily value of the Fund. This will more accurately reflect the fees due.

The fees impacted are the annual management charge, which covers investment management, fund administration, and marketing, and the trustee fee, which is paid to the company that provides independent oversight and safekeeping of the Fund's assets.

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

## GENERAL INFORMATION

### Remuneration policy

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

The quantitative remuneration disclosures as at 30 September 2024 (the AFM's year end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
<b>Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Fund</b>				
Senior management	9	1,081,108	962,506	118,602
Risk takers and other identified staff	4	462,168	394,482	67,686
<b>Allocation of total remuneration of the employees of the AFM to the Fund</b>				
Senior management	0.04	5,141	4,577	564
Risk takers and other identified staff	0.02	2,198	1,876	322

The total number of staff employed by the AFM was 160 as at 30 September 2024. The total remuneration paid to those staff was £12,940,045 of which £4,003,974 is attributable to the AFM.

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 AFM's group. The way these disclosures are calculated may change in the future.

**Statement of Directors of the Fund Manager**

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.



Martin Ratcliffe  
Director



Simon Chalkley  
Director

Investment Fund Services Limited  
8 December 2025

**STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES**

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

In preparing those financial statements the AFM is required to:

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

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

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

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

**Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the IFSL Marlborough European Fund ("the Trust") for the Period Ended 15 August 2025**

The Depositary in its capacity as Trustee of IFSL Marlborough European Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

HSBC Bank plc

8 December 2025

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EUROPEAN FUND**

**Opinion**

We have audited the financial statements of the IFSL Marlborough European Fund ('the Fund'), for the year ending 15 August 2025 which comprise the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Statement of Total Return, the related notes and the Distribution Tables. 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 in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds').

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 15 August 2025 and of the net revenue/(expense) and net capital gains/(loss) on the property of the Fund for the year then ended;
- have been properly prepared in accordance with the Prospectus, the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's 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 Fund Manager's (AFM's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the AFM with respect to going concern are described in the relevant sections of this report.

**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 AFM 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 our 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 course of 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 there is 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the fund manager's report and the AFM report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the fund manager's report and the AFM report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EUROPEAN FUND**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the fund and its environment obtained in the course of the audit, we have not identified material misstatements in the fund manager's report and the AFM report.

We have nothing to report in respect of the following matters to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of AIFM remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the AFM**

As explained more fully in the AFM's responsibilities statement, the AFM 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 AFM 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 AFM is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the AFM either intends to liquidate the fund or to cease operations, or have 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the AFM.
- Conclude on the appropriateness of the AFM's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF IFSL MARLBOROUGH EUROPEAN FUND**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the fund.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the fund and considered that the most significant are [the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting
- We obtained an understanding of how the fund complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

**Use of our report**

This report is made solely to the shareholders of the Fund, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme Sourcebook (COLL) of the Financial Conduct Authority (FCA). Our audit work has been undertaken so that we might state to the Fund'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 Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Robert Wood**

Senior Statutory Auditor

For and on behalf of Moore Kingston Smith LLP  
Chartered Accountant and Statutory Auditor  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

8 December 2025

COMPARATIVE TABLE

**A Income units**

Change in net assets per unit	Year to 15.08.2025 pence	Year to 15.08.2024 pence	Year to 15.08.2023 pence
Opening net asset value per unit	1,004.07	908.44	899.47
Return before operating charges*	(13.65)	116.37	25.01
Operating charges	(8.05)	(7.69)	(7.39)
Return after operating charges*	(21.70)	108.68	17.62
Distributions on income units	(10.55)	(13.05)	(8.65)
Closing net asset value per unit	971.82	1,004.07	908.44

\* after direct transaction costs of: 0.75 0.53 0.48

**Performance**

Return after charges<sup>A</sup> (2.16)% 11.96% 1.96%

**Other information**

Closing net asset value (£)	26,556,286	37,985,866	57,769,193
Closing number of units	2,732,638	3,783,191	6,359,190
Operating charges	0.81% <sup>C</sup>	0.81% <sup>C</sup>	0.82%
Direct transaction costs	0.08%	0.06%	0.05%

**Prices** (pence per unit)

Highest unit price	1,033.00	1,048.00	972.40
Lowest unit price	884.60	845.40	792.60

**TU Income units**

Change in net assets per unit	Year to 15.08.2025 pence	Year to 15.08.2024 pence	Period to 15.08.2023 <sup>B</sup> pence
Opening net asset value per unit	1,014.92	917.45	927.90
Return before operating charges*	(13.36)	118.92	(10.45)
Operating charges	(10.64)	(10.33)	-
Return after operating charges*	(24.00)	108.59	(10.45)
Distributions on income units	(7.84)	(11.12)	-
Closing net asset value per unit	983.08	1,014.92	917.45

\* after direct transaction costs of: 0.76 0.54 -

**Performance**

Return after charges<sup>A</sup> (2.36)% 11.84% (1.13)%

**Other information**

Closing net asset value (£)	48,103,309	40,427,384	15,234,542
Closing number of units	4,893,138	3,983,304	1,660,530
Operating charges	1.06% <sup>C</sup>	1.06% <sup>C</sup>	1.07% <sup>D</sup>
Direct transaction costs	0.08%	0.06%	0.00%

**Prices** (pence per unit)

Highest unit price	1,042.00	1,058.00	927.90
Lowest unit price	892.10	853.80	917.50

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

<sup>B</sup> This unit class launched on 14 August 2023 at 927.90 pence and commenced pricing on 14 August 2023.

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

<sup>D</sup> 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 unit class in the year. Where it is considered unsuitable to use the total expenses paid by each unit class in the year to calculate the OCF because of material changes to the Fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, [www.ifslfunds.com](http://www.ifslfunds.com)) give an estimate of future costs.

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



### SYNTHETIC RISK AND REWARD INDICATOR (for all unit classes)

Higher risk



Typically higher rewards

1	2	3	4	5	6	7
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The Fund has been measured as 5 because its investments have experienced moderate to high volatility in the past. During the year the synthetic risk and reward indicator has changed from 6 to 5.

# IFSL MARLBOROUGH EUROPEAN FUND

## PORTFOLIO STATEMENT

as at 15 August 2025

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>BELGIUM</b> (15 August 2024 - 1.57%)		
82,557 Azelis Group	935,665	1.25
Total Belgium	935,665	1.25
<b>DENMARK</b> (15 August 2024 - 7.17%)		
43,655 Novo Nordisk	1,639,383	2.20
Total Denmark	1,639,383	2.20
<b>FRANCE</b> (15 August 2024 - 10.01%)		
55,693 Edenred	1,261,921	1.69
11,020 Gaztransport & Technigaz	1,505,400	2.02
7,186 L'Oréal	2,434,620	3.26
11,969 Schneider Electric	2,290,602	3.07
Total France	7,492,543	10.04
<b>GERMANY</b> (15 August 2024 - 5.19%)		
8,610 Deutsche Börse	1,910,085	2.56
9,757 Hannover Rück	2,149,404	2.88
19,184 Nemetschek	2,055,187	2.75
Total Germany	6,114,676	8.19
<b>ITALY</b> (15 August 2024 - 1.72%)		
100,045 Amplifon	1,287,780	1.72
148,518 FinecoBank	2,408,376	3.23
Total Italy	3,696,156	4.95
<b>NETHERLANDS</b> (15 August 2024 - 7.82%)		
1,535 Adyen	1,794,209	2.40
4,404 ASML Holding	2,395,446	3.21
Total Netherlands	4,189,655	5.61
<b>NORWAY</b> (15 August 2024 - 2.34%)		
86,705 Schibsted 'B'	2,437,133	3.26
Total Norway	2,437,133	3.26
<b>SWITZERLAND</b> (15 August 2024 - 9.29%)		
53,104 Coca-Cola HBC	2,042,380	2.74
25,312 DSM-Firmenich	1,814,623	2.43
3,931 Lonza Group	1,989,150	2.66
7,217 Sika	1,255,719	1.68
Total Switzerland	7,101,872	9.51
<b>UNITED KINGDOM</b> (15 August 2024 - 55.16%)		
94,838 Compass Group	2,461,994	3.30
767,188 ConvaTec Group	1,764,532	2.36
126,884 Diageo	2,606,197	3.49
36,500 Diploma	1,934,500	2.59
77,663 Experian	2,965,950	3.97
90,301 Genus	2,334,281	3.13
710,975 Haleon	2,555,955	3.42
79,364 Halma	2,550,759	3.42
192,241 Hiscox	2,551,038	3.42
69,183 Intermediate Capital Group	1,522,026	2.04
33,496 London Stock Exchange Group	3,117,138	4.17
269,647 Prudential	2,692,156	3.61
113,050 RELX	3,983,882	5.34
193,089 Sage Group	2,113,359	2.83
102,270 Softcat	1,597,457	2.14
478,000 Tesco	1,977,008	2.65
79,606 Weir Group	1,955,123	2.62
Total United Kingdom	40,683,355	54.50

**IFSL MARLBOROUGH EUROPEAN FUND**

**PORTFOLIO STATEMENT**

as at 15 August 2025

	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>Portfolio of investments</b>	74,290,438	99.51
<b>Net other assets</b>	369,157	0.49
<b>Total net assets</b>	<u>74,659,595</u>	<u>100.00</u>

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

# IFSL MARLBOROUGH EUROPEAN FUND

## STATEMENT OF TOTAL RETURN

for the year ended 15 August 2025

	Notes	15 August 2025		15 August 2024	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(2,323,495)		7,639,611
Revenue	6	1,326,214		1,686,706	
Expenses	7	<u>(733,859)</u>		<u>(697,270)</u>	
Net revenue before taxation		592,355		989,436	
Taxation	8	<u>(41,676)</u>		<u>(78,722)</u>	
Net revenue after taxation			550,679		910,714
Total return before distributions			(1,772,816)		8,550,325
Distributions	9		(671,953)		(937,320)
Change in net assets attributable to unitholders from investment activities			<u>(2,444,769)</u>		<u>7,613,005</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 15 August 2025

	15 August 2025		15 August 2024	
	£	£	£	£
Opening net assets attributable to unitholders		78,413,250		73,003,735
Amounts receivable on issue of units	803,260		484,066	
Amounts payable on cancellation of units	<u>(2,113,010)</u>		<u>(2,688,581)</u>	
		(1,309,750)		(2,204,515)
Change in net assets attributable to unitholders from investment activities		(2,444,769)		7,613,005
Unclaimed distributions		864		1,025
Closing net assets attributable to unitholders		<u>74,659,595</u>		<u>78,413,250</u>

# IFSL MARLBOROUGH EUROPEAN FUND

## BALANCE SHEET

as at 15 August 2025

	Notes	15 August 2025 £	15 August 2024 £
<b>Assets:</b>			
<b>Fixed Assets:</b>			
Investments	17	74,290,438	78,623,213
<b>Current Assets:</b>			
Debtors	10	1,426,069	402,603
Cash and cash equivalents	12	2,013,809	751,079
Total assets		<u>77,730,316</u>	<u>79,776,895</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		671,954	911,789
Bank overdrafts	12	274,050	404,255
Other creditors	11	2,124,717	47,601
Total liabilities		<u>3,070,721</u>	<u>1,363,645</u>
<b>Net assets attributable to unitholders</b>		<u><u>74,659,595</u></u>	<u><u>78,413,250</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2025

### 1 ACCOUNTING POLICIES

#### Basis of preparation

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 Fund. Monetary amounts in these financial statements are rounded to the nearest thousand pound.

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

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

#### Revenue

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

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

Bank interest is accounted for on an accruals basis.

#### Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

#### Valuation

The valuation point was 12:00 on 15 August 2025 being the last valuation point of the accounting year.

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

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

#### Taxation

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

#### Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 15 August 2025 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

#### Dilution adjustment

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

### 2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2025

### DISTRIBUTION POLICIES (continued)

#### Equalisation

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

#### Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

### 3 RISK MANAGEMENT POLICIES

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

The main risks arising from the Fund's financial instruments and the AFM's policies for managing these risks are summarised below. These policies have been applied throughout the year.

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

#### Market price risk

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

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

#### Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as a significant proportion of the Fund's assets and income are denominated in currencies other than sterling which is the Fund's functional currency.

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

#### Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the AFM as an acceptable counterparty.

#### Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 15 August 2025

**RISK MANAGEMENT POLICIES** (continued)

**Liquidity risk**

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

<b>4 NET CAPITAL (LOSSES)/GAINS</b>	<b>15 August 2025</b>	<b>15 August 2024</b>
	<b>£</b>	<b>£</b>
The net (losses)/gains on investments during the year comprise:		
Non-derivative securities (losses)/gains	(2,311,515)	7,644,514
Currency losses	(11,435)	(4,479)
Transaction charges	(545)	(424)
<b>Net capital (losses)/gains</b>	<b>(2,323,495)</b>	<b>7,639,611</b>
<b>5 PURCHASES, SALES AND TRANSACTION COSTS</b>	<b>15 August 2025</b>	<b>15 August 2024</b>
	<b>£</b>	<b>£</b>
Purchases excluding transaction costs		
Equities	17,346,275	10,990,956
	17,346,275	10,990,956
Equities: Commissions	7,277	5,977
Taxes and other charges	43,971	28,835
Total purchase transaction costs	51,248	34,812
<b>Purchases including transaction costs</b>	<b>17,397,523</b>	<b>11,025,768</b>
Purchases transaction costs expressed as a percentage of the principal amount:		
Equities: Commissions	0.04%	0.05%
Taxes and other charges	0.25%	0.26%
Sales excluding transaction costs		
Equities	19,276,129	12,449,982
	19,276,129	12,449,982
Equities: Commissions	(7,030)	(7,384)
Total sale transaction costs	(7,030)	(7,384)
<b>Sales net of transaction costs</b>	<b>19,269,099</b>	<b>12,442,598</b>
Sales transaction costs expressed as a percentage of the principal amount:		
Equities: Commissions	0.04%	0.06%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Equities: Commissions	0.02%	0.02%
Taxes and other charges	0.06%	0.04%
	0.08%	0.06%
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 Fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.		
<b>Transaction handling charges</b>		
These are charges payable to the Custodian in respect each transaction.	545	424
<b>Average portfolio dealing spread</b>		
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	0.09%	0.07%



# IFSL MARLBOROUGH EUROPEAN FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2025

### 6 REVENUE

	15 August 2025 £	15 August 2024 £
UK dividends	826,169	885,044
Overseas dividends	481,435	778,971
Bank credit interest	18,610	22,691
<b>Total revenue</b>	<b>1,326,214</b>	<b>1,686,706</b>

### 7 EXPENSES

	15 August 2025 £	15 August 2024 £
Payable to the AFM or associate:		
AFM's periodic charge	687,175	654,209
Registration fees	15,339	12,228
	<b>702,514</b>	<b>666,437</b>
Payable to the trustee or associate:		
Trustee's fees	18,427	19,352
Safe custody fees	3,567	3,783
	<b>21,994</b>	<b>23,135</b>
Other expenses:		
Audit fee	8,057	7,541
Financial Conduct Authority fee	77	77
Bank interest	1,217	80
	<b>9,351</b>	<b>7,698</b>
<b>Total expenses</b>	<b>733,859</b>	<b>697,270</b>

### 8 TAXATION

	15 August 2025 £	15 August 2024 £
a Analysis of the tax charge for the year		
Overseas tax	41,676	78,722
<b>Total tax charge for the year</b> (see note 8(b))	<b>41,676</b>	<b>78,722</b>

#### b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.

Net revenue before taxation	592,355	989,435
UK corporation tax at 20% (2024: 20%)	118,471	197,887
Effects of:		
Revenue not subject to taxation	(261,521)	(332,803)
Unrelieved excess management expenses	143,050	134,916
Overseas tax	41,676	78,722
<b>Total tax charge for the year</b> (see note 8(a))	<b>41,676</b>	<b>78,722</b>

#### c Provision for deferred taxation

At 15 August 2025 the Fund has deferred tax assets of £3,336,730 (2024: £3,193,680) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

### 9 DISTRIBUTIONS

	15 August 2025 £	15 August 2024 £
The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	-	25,536
Final	671,954	911,789
Revenue brought forward	(1)	(5)
<b>Distributions</b>	<b>671,953</b>	<b>937,320</b>
Net deficit of revenue for the year	(121,274)	(26,606)
<b>Net revenue after taxation for the year</b>	<b>550,679</b>	<b>910,714</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 15 August 2025

**10 DEBTORS**

	15 August 2025 £	15 August 2024 £
Amounts receivable for issue of units	-	5,417
Sales awaiting settlement	1,122,809	-
Accrued revenue	94,221	200,297
Currency receivables	-	6,538
Taxation recoverable	209,039	190,351
<b>Total debtors</b>	<b>1,426,069</b>	<b>402,603</b>

**11 OTHER CREDITORS**

	15 August 2025 £	15 August 2024 £
Amounts payable for cancellation of units	101,387	-
Purchases awaiting settlement	1,972,706	-
AFM's periodic charge and registration fees	29,223	29,249
Accrued expenses	21,401	18,352
<b>Total other creditors</b>	<b>2,124,717</b>	<b>47,601</b>

**12 CASH AND CASH EQUIVALENTS**

	15 August 2025 £	15 August 2024 £
Cash and bank balances	2,013,809	751,079
Bank overdrafts	(274,050)	(404,255)
	<b>1,739,759</b>	<b>346,824</b>

**13 RELATED PARTIES**

The AFM is involved in all transactions in the units of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due from/to the AFM in respect of unit transactions at the year end are disclosed in notes 10 and 11, respectively. Amounts paid to the AFM in respect of the AFM's periodic charge and registration fees are disclosed in note 7. Amounts due from/(to) the AFM at the year end are £130,610 (2024: £23,832).

**14 UNIT CLASSES**

The unit classes in issue for the Fund and the annual management charge for each unit class is as follows:

A Income	0.75%
TU Income	1.00%

**15 UNITHOLDERS' FUNDS RECONCILIATION**

During the year the AFM has issued and cancelled units as set out below:

	A Income	TU Income
Opening units in issue at 16 August 2024	3,783,191	3,983,304
Unit issues	37,541	41,780
Unit cancellations	(199,566)	(13,000)
Unit conversions	(888,528)	881,054
Closing units in issue at 15 August 2025	<b>2,732,638</b>	<b>4,893,138</b>

**16 RISK DISCLOSURES**

**Market price risk sensitivity**

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £3,714,522 (2024: £3,931,161). A five per cent decrease would have an equal and opposite effect.

**Foreign currency risk**

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2025

## RISK DISCLOSURES

Foreign currency exposure at 15 August 2025	Investments	Net other assets	Total
	£	£	£
Danish krone	1,639,383	35,415	1,674,798
Euro	24,243,317	456,375	24,699,692
Norwegian krone	2,437,133	33,295	2,470,428
US dollar	-	20,456	20,456
Swiss franc	3,244,869	79,065	3,323,934
	<u>31,564,702</u>	<u>624,606</u>	<u>32,189,308</u>

Foreign currency exposure at 15 August 2024	Investments	Net other assets	Total
	£	£	£
Danish krone	5,621,406	55,970	5,677,376
Euro	22,368,572	72,121	22,440,693
Norwegian krone	1,831,633	31,371	1,863,004
US dollar	-	20,026	20,026
Swiss franc	3,844,661	73,689	3,918,350
	<u>33,666,272</u>	<u>253,177</u>	<u>33,919,449</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 £1,609,465 (2024: £1,695,972). A five per cent increase would have an equal and opposite effect.

## Interest rate risk

The interest rate risk profile of financial assets and liabilities for the year ended 15 August 2025 consists of the following:

	Floating Rate Financial Assets	Floating Rate Financial Liabilities	Non-Interest Bearing Financial Assets	Non-Interest Bearing Financial Liabilities	Total
	£	£	£	£	£
Danish krone	68,684	68,684	1,674,798	-	1,674,798
Euro	205,332	205,331	24,699,692	-	24,699,693
Norwegian krone	9	5	2,475,878	-	2,475,882
Sterling	1,739,715	-	43,521,789	2,796,671	42,464,833
Swiss franc	-	-	3,323,934	-	3,323,934
US dollar	68	29	20,416	-	20,455
	<u>2,013,808</u>	<u>274,049</u>	<u>75,716,507</u>	<u>2,796,671</u>	<u>74,659,595</u>

The interest rate risk profile of financial assets and liabilities for the year ended 15 August 2024 consists of the following:

	Floating Rate Financial Assets	Floating Rate Financial Liabilities	Non-Interest Bearing Financial Assets	Non-Interest Bearing Financial Liabilities	Total
	£	£	£	£	£
Danish krone	33,627	31,269	5,675,018	-	5,677,376
Euro	166,802	166,802	22,440,693	-	22,440,693
Norwegian krone	206,164	206,154	1,862,994	-	1,863,004
Sterling	344,444	-	45,108,746	959,390	44,493,800
Swiss franc	-	-	3,918,350	-	3,918,350
US dollar	42	30	20,015	-	20,027
	<u>751,079</u>	<u>404,255</u>	<u>79,025,816</u>	<u>959,390</u>	<u>78,413,250</u>

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

## Liquidity risk

15 August 2025  
£

15 August 2024  
£

The following table provides a maturity analysis of the Fund's financial liabilities:

Within one year:	Distribution payable	671,954	911,789
	Bank overdrafts	274,050	404,255
	Other creditors	2,124,717	47,601
		<u>3,070,721</u>	<u>1,363,645</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2025

## 17 FAIR VALUE HIERARCHY FOR INVESTMENTS

	15 August 2025		15 August 2024	
Basis of valuation	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	74,290,438	-	78,623,213	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>74,290,438</u>	<u>-</u>	<u>78,623,213</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

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

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

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

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

Level 3 - Valuation techniques using unobservable inputs.

## 18 POST BALANCE SHEET EVENTS

Since 15 August 2025, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	15 August 2025 <sup>A</sup>	3 December 2025	Movement (%)
A Income	983.40	940.30	(4.38)%
TU Income	991.00	949.50	(4.19)%

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

## DISTRIBUTION TABLE

### Interim distribution for the period from 16 August 2024 to 15 February 2025

	Net revenue 15 February 2025 pence per unit	Distribution paid 15 April 2025 pence per unit	Distribution paid 15 April 2024 pence per unit
A Income	-	-	0.6575
TU Income	-	-	-

### Final distribution for the period from 16 February 2025 to 15 August 2025

	Net revenue 15 August 2025 pence per unit	Distribution paid 15 October 2025 pence per unit	Distribution paid 15 October 2024 pence per unit
A Income	10.5458	10.5458	12.3944
TU Income	7.8431	7.8431	11.1185

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