

Investment Fund Services

IFSL Marlborough No 2 OEIC

Annual Report and Audited
Financial Statements

for the year ended 31 July 2024

IFSL MARLBOROUGH NO 2 OEIC

CONTACT INFORMATION

Registered Office

Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised Corporate Director (ACD)

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Directors of IFSL

Andrew Staley (Non-Executive)
Allan Hamer
Dom Clarke
Helen Derbyshire - resigned, 11 December 2023
Helen Redmond
Sally Helston
Guy Sears (Independent Non-Executive) - resigned, 25 March 2024
Katherine Damsell (Independent Non-Executive) - appointed, 25 March 2024
Sarah Peaston (Independent Non-Executive)

Investment Manager

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

Authorised and regulated by the Financial Conduct Authority.

Depository

HSBC Bank plc
8 Canada Square
London
E14 5HQ

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

Auditor

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

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

Authorised and regulated by the Financial Conduct Authority.

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

Administrator and Registrar (from 1 June 2024)

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

Administrator and Registrar (to 1 June 2024)

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

IFSL MARLBOROUGH NO 2 OEIC

CONTENTS	PAGE
AUTHORISED STATUS	1
GENERAL INFORMATION	1
AUTHORISED CORPORATE DIRECTOR'S STATEMENT	8
STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES	8
STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY	9
INDEPENDENT AUDITOR'S REPORT	10
NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES	13
INDIVIDUAL SUB-FUNDS	
IFSL MARLBOROUGH FAR EAST GROWTH FUND	16
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND	30
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND	45
IFSL MARLBOROUGH MULTI CAP INCOME FUND	59
IFSL MARLBOROUGH NANO-CAP GROWTH FUND	77

The statements for each of the above sub-funds are set out in the following order:

AUTHORISED INVESTMENT MANAGER'S REPORT

COMPARATIVE TABLE

SYNTHETIC RISK AND REWARD INDICATOR

PORTFOLIO STATEMENT

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

BALANCE SHEET

NOTES TO THE FINANCIAL STATEMENTS

DISTRIBUTION TABLE

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.

There is no certainty that either aim of the sub-fund will be achieved.

Investment policy

The sub-fund is actively managed which means the Investment Manager decides which investments to buy or sell, and when.

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 derivatives (instruments whose returns are linked to another asset, market or other variable factor). 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 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 sub-fund may also hold money market instruments, (short term loans typically issued by governments and corporations) and money market funds, which themselves invest in these instruments.

The Investment Manager 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 Investment Manager uses 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 hold up to 20% in cash to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the sub-fund's investment objective.

The sub-fund may use derivatives (instruments whose returns are linked to another asset, market or other variable factor) to reduce risk in the sub-fund for efficient portfolio management purposes (also known as hedging).

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Far East Growth Fund (continued)

Investment strategy

The Investment Manager conducts independent research into factors affecting the macroeconomic outlook as well as company specific research.

The Investment Manager undertakes significant research into factors impacting the global economic outlook in order to identify potential opportunities and risks across the investible universe. This is known as top-down investing.

The Investment Manager also undertakes fundamental analysis of individual companies, focusing on understanding their business models, and assessing whether a company's earnings growth opportunity may surpass its current share price, known as valuation. This type of process is known as bottom-up investing.

The Investment Manager will combine the top-down and bottom-up approaches to assess the strongest investment ideas when choosing where to invest.

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 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. However, there is no certainty this will be achieved.

Investment policy

The sub-fund is actively managed which means the Investment Manager decides which investments to buy or sell, and when.

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. Exposure to emerging markets will be limited to 10% of the sub-fund with all other exposure having no maximum or minimum to any market or geographical region.

The sub-fund invests in a focused manner, which means the sub-fund will generally hold a concentrated portfolio of 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 may hold up to 20% in cash to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the sub-fund's investment objective.

The sub-fund will not invest in derivatives.

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.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Global Essential Infrastructure Fund (continued)

Investment strategy (continued)

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 longterm cash flow valuation of a company.

Assessing performance

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

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

IFSL Marlborough 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.

There is no certainty that either aim of the sub-fund will be achieved.

Investment policy

The sub-fund is actively managed which means the Investment Manager decides which investments to buy or sell, and when.

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 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; or
- 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 may hold up to 10% in cash to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the sub-fund's investment objective.

The sub-fund will not invest in derivatives.

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 identify quality companies, which in their view have attractive share valuations due to unrecognised growth potential.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Global SmallCap Fund (continued)

Performance target

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

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

Assessing performance

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

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

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 of investments, such as dividends and interest, as well as deliver capital growth, that is, to increase the value of your investment over a minimum of 5 years.

The sub-fund also aims to deliver a yield, that is, the percentage of income returned on an investment, greater than the yield of the FTSE All-Share Index, over any 3-year period, after any charges have been taken out of the sub-fund.

There is no certainty that either aim of the sub-fund will be achieved.

Investment policy

The sub-fund is actively managed which means the Investment Manager decides which investments to buy or sell, and when.

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 may also invest up to 20% in companies which are listed on overseas stock exchanges, other securities which offer returns linked to a company's performance, such as preference shares, convertible bonds, warrants, and up to 10% in other funds.

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 may hold up to 20% in cash to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the sub-fund's investment objective.

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

Investment strategy

The Investment Manager seeks to identify profitable companies across a diverse range of industries and sectors, with a bias towards companies outside of the FTSE 100 index. This index consists of the top 100 largest companies.

The Investment Manager seeks to invest in companies which they believe can increase dividends and offer the potential for growth or have previously paid steady dividends and are expected to continue to do so.

To identify these companies the Investment Manager researches a company's operating cash flow, which is a measure of the amount of cash generated by normal business operations and its working capital requirement, the amount of financial resources needed to cover the company's costs, in order to seek sustainable long term dividend payments that increase over time. Additional insights are gained from engagement with each company through visits, conferences, and management meetings.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Multi Cap Income Fund (continued)

Investment strategy (continued)

This strategy can result in the sub-fund typically holding over 100 companies.

Income performance target

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

The FTSE All-Share Index has been chosen as the income target benchmark as it is the level of income the sub-fund aims to deliver, however there is no certainty this will be achieved.

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.

Investors should note that whilst the IA UK Equity Income sector is representative of the general nature of the sub-fund, the sector also contains other funds investing across the market capitalisation spectrum from large companies to small companies. Whilst the sub-fund invests in a range of small, medium, and large companies, the sub-fund is likely to have a greater weighting to shares of smaller companies than both the average fund in the sector and the index. When shares of larger companies are performing better than shares of smaller companies the sub-fund is more likely to underperform the sector and index. Conversely, the sub-fund is more likely to outperform when shares of smaller companies perform better than shares of larger companies.

IFSL Marlborough Nano-Cap 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, however, there is no certainty this will be achieved.

Investment policy

The sub-fund is actively managed which means the Investment Manager decides which investments to buy or sell, and when.

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 incorporated/domiciled in the UK or that have significant business operations in the UK. Very small companies are defined by the Investment Manager as companies whose market capitalisation (the market value of a company's shares) is £200m or less at the time of initial purchase.

The sub-fund may also invest up to 20% in companies which are listed on overseas stock exchanges, the shares of larger companies (companies whose market capitalisation is more than £200m at the time the initial purchase), other securities which offer returns linked to a company's performance, such as, preference shares, convertible bonds and warrants.

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 invests in a diverse portfolio of investments and is not constrained by any industry or sector.

The sub-fund may hold up to 20% in cash, government bonds (with maturities of 5 years or less), and money market instruments (short-term loans typically issued by governments and corporations) to enable the ready settlement of liabilities (including the redemption of units), for the efficient management of the portfolio or in pursuit of the sub-fund's investment objective.

The sub-fund will not invest in derivatives.

Investment strategy

The Investment Manager aims to identify companies they believe will grow steadily over time, or are currently undervalued based on their future potential.

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

IFSL Marlborough Nano-Cap Growth Fund (continued)

Investment strategy (continued)

While the Investment Manager monitors economic and market conditions, their focus is on looking closely at individual companies before deciding where to invest.

The Investment Manager has a strong belief in the long-term growth prospects of smaller UK companies, which is why the sub-fund invests mostly in these types of companies. This will include some of the smallest companies, such as those listed on the FTSE AIM All Share Index. This index consists of all companies quoted on the Alternative Investment Market.

The Investment Manager chooses investments with the aim to mitigate performance being overly dependent on any one industry or sector for investment performance.

To identify the best opportunities, the Investment Manager uses both their own research and external research from other sources. The Investment Manager uses fundamental analysis, such as, reviewing a company's plans for the future and their financial reports, understanding how the company is run, and assessing whether the company is valued correctly. The Investment Manager regularly meets with the boards and management teams of companies they might invest in to further understand and identify investment

Assessing performance

The FTSE AIM All-Share Index is an index made up of the shares of companies listed on the Alternative Investment Market (AIM), a sub-market of the London Stock Exchange designed to help smaller companies access the public market. The composition of the FTSE AIM All-Share Index is broadly similar to that of the sub-fund. You may want to assess the sub-fund's performance compared to the performance of the index.

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 2024.

Task force on climate-related financial disclosures

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

Changes in prospectus

On 1 June 2024, SS&C Financial Services International Limited became the administrator and registrar of the Fund. Prior to this date the administrator and registrar was IFSL.

The following changes occurred after the balance sheet date and are effective from 12 August 2024:

Updates to investment objectives, policies and strategies

The investment objective of IFSL Marlborough Nano-Cap Growth Fund was amended to remove the FTSE SmallCap Index (ex. Investment Companies) performance target. A new recommended method for assessing performance, the FTSE AIM All-Share Index, has been added to the Prospectus.

Other minor changes have been made in the Prospectus to enhance how we explain the sub-funds' investment objectives, policies, and strategies. These changes do not reflect a change in the way the sub-funds are managed and are for clarification purposes only.

Changes to Registrar's fee

The ACD made changes to the fee that is taken from each sub-fund to cover the administration costs associated with the Registrar for the sub-funds. The Registrar is responsible for managing the register of investors for the sub-funds, which includes all investor dealing, and this fee is known as the "Registration Fee".

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

IFSL MARLBOROUGH NO 2 OEIC

GENERAL INFORMATION

Changes in prospectus (continued)

Changes to Registrar's fee (continued)

Fees relating to any investor dealing in the sub-funds will be charged to the sub-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 ACD made an increase to the annual charge per investor in the sub-funds, but also removed any fixed annual fee from the calculation. Details of these changes can be found in Appendix 1 of the prospectus.

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 2023 (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	8	908,018	768,628	139,390
Risk takers and other identified staff	4	411,040	375,277	35,763
Allocation of total remuneration of the employees of the ACD to the Company				
Senior management	0.52	58,705	49,693	9,012
Risk takers and other identified staff	0.26	26,574	24,262	2,312

The total number of staff employed by the ACD was 238 as at 30 September 2023. The total remuneration paid to those staff was £12,464,744, of which £4,346,942 is attributable to the ACD.

The allocation of remuneration to the Company 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



Helen Redmond
Director

Investment Fund Services Limited
29 November 2024

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 the IFSL Marlborough No 2 OEIC ("the Company") for the Period Ended 31 July 2024

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
29 November 2024

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 2024, which comprise the Statement of Total Return, the Statement of Changes 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 2024 and of the net revenue/(expense) 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 FCA 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 FCA 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 purposes of our audit.

Responsibilities of the ACD

As explained more fully in the ACDs responsibilities statement set out on page 8, 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 OEIC Regulations, 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 and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company'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 the incorrect valuation of unquoted investments and the incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impacts to amounts available for distribution. In response to our fraud risks, we tested the unquoted investment valuation by reviewing the price used, agreeing the valuation inputs to external sources where possible and providing challenge to management's valuation and we tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to 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 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

29 November 2024

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 2024

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 of the sub-funds of the Company and were applied consistently in the prior period.

Basis of accounting

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

The 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 Authorised Corporate Director (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 2024, 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 2024

ACCOUNTING POLICIES (continued)

Valuation (continued)

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 2024 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.

During the year, all sub-funds were less than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and therefore qualified as equity funds. The sub-funds paid dividend distributions.

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.

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

for the year ended 31 July 2024

RISK MANAGEMENT POLICIES (continued)

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.

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

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.

The ACD has an approved list of counterparties it uses for investment transactions which is reviewed on a regular basis.

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 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Far East Growth Fund	15.44%	19.14%	(1.43)%	15.74%
IA Asia Pacific ex. Japan sector	10.54%	4.23%	(1.27)%	17.54%
Morningstar OIP Asia ex. Japan Net Return Index	13.69%	7.92%	2.29%	22.44%

External Source of Economic Data: Morningstar (P Accumulation - quoted price to quoted price).

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

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

Investment commentary

Performance statement

The sub-fund delivered a return of 19.14% in the year ending 31 July 2024. This compares to a return of 4.23% from the Investment Association ('IA') Asia Pacific (excluding Japan) sector peer group which is referred to as the benchmark*.

Market review

The equities* markets in Asia Pacific region performed positively led by Indian and Taiwanese equities. However, China struggled to keep pace with the other markets. Indian equities' performance was driven by supportive government growth policies which aim to encourage the rise of private sector investment, as well as strong domestic support for equity markets. Taiwan equities' performance was mainly led by the Information Technology (IT) sector on the back of positive outlook in the semiconductor sector, especially driven by Artificial Intelligence (AI). China equities performance was caused mainly by a loss of investor confidence following continued geopolitical and trade tension, a depressed property sector and weak supportive government policy.

Sub-fund performance review

The sub-fund performed well against its benchmark during the reporting period. Investments in South Korea, India and the United States contributed positively to performance. From a sector perspective, our holdings classified in the Industrials and Information Technology (IT) sectors were the strongest contributors. Investment in the Energy and Financials sectors detracted from performance.

Comparing the sub-fund's positioning to the IA sector, the sub-fund's lower weighting to China and Hong Kong contributed positively to the performance relative to the benchmark. The sub-fund had been proactive in reducing its exposure to China on continued weak macro data releases and unclear policy guidance. Geopolitical tension, waning investor confidence and fund outflows further increased our conviction to reduce our risk in China. The higher weighting than the benchmark to Indian and US stocks contributed positively to relative performance.

Our conviction in India is based on the structural growth driven by demographics and a strong investment cycle, which is lacking elsewhere in the region. The market performance also benefitted from the well-received election result and the subsequent positive tone from the Union Government's Budget. Our conviction in Taiwan was driven mainly by its superior technology companies leveraged on the AI trend. Our selection in Korea was a strong contributor to the sub-fund, aided by our conviction on select power, defense and IT-related exposure.

Portfolio activity

The sub-fund reduced investments in quoted companies in China, Hong Kong and Indonesia during the review period. The proceeds were rotated into India and South Korea. We increased exposure in Taiwan towards the end of 2023 and locked-in some profit around March 2024 as prices had risen. We exited our Thai holding at the end of 2023. Sector-wise, we trimmed companies classified in the Consumer, Communication Services and Financials sectors. We increased exposure to companies in the Information Technology, Industrials and Energy sectors.

Investment outlook

The macro backdrop will continue to be challenging as markets seek confidence in China's policy response; as well as monitor the pace of the United States monetary policy easing and inflation path. Geopolitical tensions will add to market volatility, be it trade restrictions or disputes causing supply shocks. Asian countries are likely to benefit in the event of a US rate cut from a potentially weaker US\$ and the lower cost of capital. As for the sector outlook, we are positive about the Information Technology sector as the emergence of AI continues. Near term, we will monitor closely the earnings season, the unwinding of the Yen carry trade, the pace of rate cuts in the United States and the November Presidential election.

BEA Union Investment Management Limited
21 August 2024

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2024

Investment commentary (continued)

Explanation of terms*

Benchmark – used for comparator purposes.
Equity (equities) – Shares of ownership in a company.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	-	0.3542	0.5746	0.0796
Net accumulation paid 30 September	0.6673	1.0159	2.9077	2.0645
<u>P Income (pence per share)</u>				
Net income paid 31 March	0.5181	1.1526	1.5073	0.9901
Net income paid 30 September	1.4728	1.6280	3.2960	2.7068
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	0.6477	1.4233	1.8235	1.1801
Net accumulation paid 30 September	1.8445	2.0207	4.0128	3.2453

Portfolio changes

Largest purchases

	<u>Cost (£)</u>
Taiwan Semiconductor Manufacturing Co	552,060
Alchip Technologies	426,323
Tencent Holdings	398,859
PetroChina Co 'H'	391,458
Evergreen Marine	372,901
Hindustan Aeronautics	358,583
China Yangtze Power Co	328,131
Paladin Energy	314,311
Wistron	309,590
Henan Pinggao Electric Co	299,751
Other purchases	8,036,870
Total purchases for the year	11,788,837

Largest sales

	<u>Proceeds (£)</u>
Tencent Holdings	679,577
Taiwan Semiconductor Manufacturing Co	581,656
Bharat Electronics	428,659
China Oilfield Services	363,760
Nvidia	339,534
Larsen & Toubro	324,960
Alibaba Group Holding	324,149
BYD Co	313,724
LG Chem	301,405
Gigabyte Technology Co	297,008
Other sales	8,449,800
Total sales for the year	12,404,232

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

<u>A Accumulation shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	271.50	295.63	333.09
Return before operating charges*	53.46	(18.86)	(31.95)
Operating charges	(4.85)	(5.27)	(5.51)
Return after operating charges*	48.61	(24.13)	(37.46)
Distributions on accumulation shares	(0.67)	(1.37)	(3.48)
Retained distributions on accumulation shares	0.67	1.37	3.48
Closing net asset value per share	320.11	271.50	295.63
* after direct transaction costs of:	0.47	1.14	1.63
Performance			
Return after charges ^A	17.90%	(8.16)%	(11.25)%
Other information			
Closing net asset value (£)	4,892,998	6,951,010	12,984,676
Closing number of shares	1,528,549	2,560,255	4,392,171
Operating charges	1.68% ^B	1.87%	1.68%
Direct transaction costs	0.16%	0.41%	0.50%
Prices (pence per share)			
Highest share price	346.26	302.94	351.11
Lowest share price	257.08	261.38	289.90
<u>P Income shares</u>	Year to	Year to	Year to
Change in net assets per share	31.07.2024	31.07.2023	31.07.2022
	pence	pence	pence
Opening net asset value per share	215.66	235.97	269.02
Return before operating charges*	42.63	(15.02)	(25.78)
Operating charges	(2.17)	(2.51)	(2.47)
Return after operating charges*	40.46	(17.53)	(28.25)
Distributions on income shares	(1.99)	(2.78)	(4.80)
Closing net asset value per share	254.13	215.66	235.97
* after direct transaction costs of:	0.38	0.91	1.32
Performance			
Return after charges ^A	18.76%	(7.43)%	(10.50)%
Other information			
Closing net asset value (£)	6,241,257	4,828,372	5,005,480
Closing number of shares	2,455,920	2,238,894	2,121,232
Operating charges	0.93% ^B	1.12%	0.93%
Direct transaction costs	0.16%	0.41%	0.50%
Prices (pence per share)			
Highest share price	276.38	241.90	284.39
Lowest share price	204.31	209.10	234.54

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

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

COMPARATIVE TABLE

<u>P Accumulation shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	269.59	291.36	325.82
Return before operating charges*	53.38	(18.67)	(31.46)
Operating charges	(2.72)	(3.10)	(3.00)
Return after operating charges*	50.66	(21.77)	(34.46)
Distributions on accumulation shares	(2.49)	(3.44)	(5.84)
Retained distributions on accumulation shares	2.49	3.44	5.84
Closing net asset value per share	320.25	269.59	291.36
* after direct transaction costs of:	0.47	1.12	1.61
Performance			
Return after charges ^A	18.79%	(7.47)%	(10.58)%
Other information			
Closing net asset value (£)	8,615,260	5,894,468	6,163,976
Closing number of shares	2,690,142	2,186,478	2,115,601
Operating charges	0.93% ^B	1.12%	0.93%
Direct transaction costs	0.16%	0.41%	0.50%
Prices (pence per share)			
Highest share price	346.27	298.67	344.37
Lowest share price	255.39	259.43	285.60

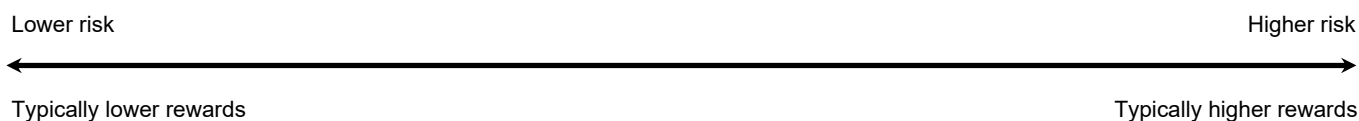
^A The return after charges is calculated using the underlying investments bid prices.

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

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the year. Where it is considered unsuitable to use the total expenses paid by each share class in the year to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the 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.

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 are used.

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 6.71%)		
21,758 Goodman Group	386,047	1.95
206,823 Karoon Energy	194,735	0.99
32,362 NexGen Energy	160,216	0.81
28,297 NEXTDC	239,932	1.21
23,264 Northern Star Resources	165,578	0.84
46,776 Paladin Energy	266,858	1.35
39,856 South32	61,939	0.31
Total Australia	<u>1,475,305</u>	<u>7.46</u>
CANADA (31 July 2023 - Nil)		
4,584 Cameco	158,078	0.80
Total Canada	<u>158,078</u>	<u>0.80</u>
CHINA/HONG KONG (31 July 2023 - 25.34%)		
20,400 Alibaba Group Holding	157,202	0.80
237,500 China Hongqiao Group	230,606	1.17
110,800 China Yangtze Power Co	356,806	1.81
598,000 CRRC	288,532	1.46
157,200 Henan Pinggao Electric Co	338,728	1.72
57,020 NARI Technology Co	147,708	0.75
1,300,000 PetroChina Co 'H'	882,548	4.47
10,500 Swire Pacific	70,498	0.36
6,500 Tencent Holdings	234,698	1.19
8,950 Trip.Com Group	301,391	1.53
252,000 Zijin Mining Group Co 'H'	398,430	2.02
Total China/Hong Kong	<u>3,407,147</u>	<u>17.28</u>
INDIA (31 July 2023 - 18.09%)		
35,120 Aegis Logistics	272,779	1.38
83,302 Bharat Electronics	245,056	1.24
26,873 Bharti Airtel	372,796	1.89
14,230 DOMS Industries	314,160	1.59
11,969 HDFC Bank	180,126	0.91
8,074 Hindustan Aeronautics	369,567	1.87
61,388 ICICI Bank	694,546	3.52
6,992 KEI Industries	281,343	1.42
7,522 Larsen & Toubro	266,699	1.35
20,265 Macrotech Developers	246,992	1.25
186,546 Power Grid Corporation of India	605,009	3.06
15,270 Reliance Industries	427,531	2.16
27,088 SBI Life Insurance Co	441,025	2.23
257,022 Zomato	549,023	2.78
Total India	<u>5,266,652</u>	<u>26.65</u>
INDONESIA (31 July 2023 - 5.54%)		
318,100 Bank Central Asia	156,166	0.79
385,700 Bank Mandiri	117,768	0.60
Total Indonesia	<u>273,934</u>	<u>1.39</u>
PHILIPPINES (31 July 2023 - 1.69%)		
29,042 BDO Unibank	52,912	0.27
82,000 International Container Terminal Services	387,444	1.96
Total Philippines	<u>440,356</u>	<u>2.23</u>
SINGAPORE (31 July 2023 - 1.85%)		
6,160 DBS Group Holdings	131,143	0.66
220,900 Yangzijiang Shipbuilding (Holdings)	345,740	1.75
Total Singapore	<u>476,883</u>	<u>2.41</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SOUTH KOREA (31 July 2023 - 15.79%)		
7,426 Hana Financial Group	272,193	1.38
2,380 HD Hyundai Electric Co	418,628	2.12
4,361 HPSP Co	80,295	0.41
11,220 Hyundai Rotem Co	311,309	1.58
31,433 Samsung Electronics Co	1,494,582	7.57
8,848 SK Hynix	976,962	4.95
Total South Korea	<u>3,553,969</u>	<u>18.01</u>
TAIWAN (31 July 2023 - 15.32%)		
17,000 Accton Technology	204,199	1.03
4,000 Alchip Technologies	248,797	1.26
72,000 ASE Technology Holding Co	256,884	1.30
3,000 ASPEED Technology	291,135	1.47
46,000 Evergreen Marine	186,003	0.94
14,000 MediaTek	404,592	2.05
76,000 Taiwan Semiconductor Manufacturing Co	1,686,585	8.54
Total Taiwan	<u>3,278,195</u>	<u>16.59</u>
THAILAND (31 July 2023 - 1.09%)		
UNITED STATES (31 July 2023 - 6.02%)		
952 ARM Holdings ADR	98,525	0.50
244 CrowdStrike Holdings	44,397	0.22
1,806 Freeport-McMoRan	61,646	0.31
3,505 Nvidia	283,091	1.43
396 Onto Innovation	54,833	0.28
2,321 Prologis	227,934	1.15
1,243 Stryker	319,470	1.62
Total United States	<u>1,089,896</u>	<u>5.51</u>
UNQUOTED SECURITIES (31 July 2023 - 0.00%)		
Portfolio of investments	19,420,415	98.33
Net other assets	<u>329,100</u>	<u>1.67</u>
Total net assets	<u><u>19,749,515</u></u>	<u><u>100.00</u></u>

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital gains/(losses)	2		2,801,659		(2,079,742)
Revenue	4	361,613		545,530	
Expenses	5	<u>(204,894)</u>		<u>(314,344)</u>	
Net revenue before taxation		156,719		231,186	
Taxation	6	<u>(169,586)</u>		<u>(45,024)</u>	
Net (expense)/revenue after taxation			<u>(12,867)</u>		<u>186,162</u>
Total return before distributions			2,788,792		(1,893,580)
Distributions	7		(119,666)		(185,537)
Change in net assets attributable to shareholders from investment activities			<u>2,669,126</u>		<u>(2,079,117)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 July 2024

	31 July 2024		31 July 2023	
	£	£	£	£
Opening net assets attributable to shareholders		17,673,850		25,458,950
Amounts receivable on issue of shares	8,075,068		1,449,858	
Amounts payable on cancellation of shares	<u>(8,761,465)</u>		<u>(7,268,136)</u>	
Amounts payable on share class conversions	-		<u>(7,312)</u>	
		(686,397)		(5,825,590)
Dilution adjustment		19,713		8,445
Change in net assets attributable to shareholders from investment activities		2,669,126		(2,079,117)
Retained distribution on accumulation shares		73,223		111,162
Closing net assets attributable to shareholders		<u>19,749,515</u>		<u>17,673,850</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

BALANCE SHEET
as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	14	19,420,415	17,221,094
Current Assets:			
Debtors	8	434,333	75,640
Cash and bank balances		843,657	509,999
Total assets		<u>20,698,405</u>	<u>17,806,733</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		36,172	36,451
Bank overdrafts		13,693	1,046
Other creditors	9	899,025	95,386
Total liabilities		<u>948,890</u>	<u>132,883</u>
Net assets attributable to shareholders		<u><u>19,749,515</u></u>	<u><u>17,673,850</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 13 to 15.

2 NET CAPITAL GAINS/(LOSSES)

31 July 2024 **31 July 2023**
£ **£**

The net gains/(losses) on investments during the year comprise:

Non-derivative securities gains/(losses)	2,823,916	(2,001,647)
Gains/(losses) on forward currency contracts	1,536	(335)
Currency losses	(20,339)	(65,908)
Transaction charges	(3,454)	(11,852)
Net capital gains/(losses)	2,801,659	(2,079,742)

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024 **31 July 2023**
£ **£**

Purchases excluding transaction costs:

Equities	11,776,070	22,031,472
	11,776,070	22,031,472
Equities: Commissions	8,545	16,742
Taxes and other charges	4,222	15,423
Total purchases transaction costs	12,767	32,165
Purchases including transaction costs	11,788,837	22,063,637

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

Equities: Commissions	0.07%	0.08%
Taxes and other charges	0.04%	0.07%

Sales excluding transaction costs:

Equities	12,420,048	27,788,082
	12,420,048	27,788,082
Equities: Commissions	(8,149)	(25,595)
Taxes and other charges	(7,667)	(29,871)
Total sales transaction costs	(15,816)	(55,466)
Sales net of transaction costs	12,404,232	27,732,616

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

Equities: Commissions	0.07%	0.09%
Taxes and other charges	0.06%	0.11%

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

Commissions	0.09%	0.20%
Taxes and other charges	0.07%	0.21%
	0.16%	0.41%

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: 3,454 11,852

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 0.27% 0.22%

4 REVENUE

31 July 2024 **31 July 2023**
£ **£**

Overseas dividends	336,864	522,673
Overseas dividends (unfranked)	10,263	12,104
Bank interest	14,486	10,753
Total revenue	361,613	545,530

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

5 EXPENSES	31 July 2024	31 July 2023
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	176,586	245,304
Registration fees	5,312	5,853
TCFD fee	122	-
Audit fee - rebated by the ACD	(4,296)	-
	<u>177,724</u>	<u>251,157</u>
Other expenses:		
Depository's fees	4,580	7,777
Safe Custody fees	4,819	14,128
Bank interest	-	1,171
Financial Conduct Authority fee	14	(29)
Audit fee	8,712	9,856
Legal and professional fees	9,045	30,284
	<u>27,170</u>	<u>63,187</u>
Total expenses	<u>204,894</u>	<u>314,344</u>
6 TAXATION	31 July 2024	31 July 2023
	£	£
a Analysis of the tax charge for the year		
Overseas tax	44,576	45,649
Indian capital gains tax	125,010	(625)
Total tax charge for the year (see note 6(b))	<u>169,586</u>	<u>45,024</u>
b Factors affecting the tax charge for the year		
The taxation assessed for the year is higher 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	156,719	231,186
UK corporation tax at 20% (2023: 20%)	31,344	46,237
Effects of:		
Revenue not subject to taxation	(67,373)	(104,535)
Unrelieved excess management expenses	36,311	58,661
Tax effect of expensed double taxation relief	(282)	(363)
Overseas tax	44,576	45,649
Indian capital gains tax	125,010	(625)
Total tax charge (see note 6(a))	<u>169,586</u>	<u>45,024</u>
c Provision for deferred taxation		
At 31 July 2024 the sub-fund has deferred tax assets of £1,269,632 (2023: £1,233,321) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.		
7 DISTRIBUTIONS	31 July 2024	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	24,090	65,515
Final	95,996	106,646
Amounts deducted on cancellation of shares	19,383	23,666
Amounts added on issue of shares	(19,798)	(2,972)
Equalisation on conversions	-	(7,312)
Revenue brought forward	(5)	(6)
Distributions	<u>119,666</u>	<u>185,537</u>
Movement between net revenue and distributions:		
Net revenue after taxation	(12,868)	186,162
Indian capital gains tax charged to capital	125,010	(625)
Shortfall in period	7,524	-
	<u>119,666</u>	<u>185,537</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

8 DEBTORS	31 July 2024	31 July 2023
	£	£
Amounts receivable for issue of shares	135,599	2,315
Sales awaiting settlement	272,833	-
Accrued income	21,191	42,872
Currency receivable	305	-
Taxation recoverable	4,405	30,453
Total debtors	434,333	75,640

9 OTHER CREDITORS	31 July 2024	31 July 2023
	£	£
Amounts payable for cancellation of shares	721,023	48,021
Currency deals awaiting settlement	-	1,623
ACD's periodic charge and registration fees	17,649	16,239
Accrued expenses	35,212	29,503
Indian capital gains tax	125,141	-
Total other creditors	899,025	95,386

10 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 from/to the ACD in respect of share transactions at the year end are disclosed in notes 8 and 9, respectively. 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 £603,073 (2023: £61,945).

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

	31 July 2024	31 July 2023
Proportion of shares owned by directors of IFSL or UFC Fund Management plc	0.83%	0.78%

11 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	1.50%
P Income / Accumulation	0.75%

12 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued and cancelled shares as set out below:

	<u>A Accumulation</u>	<u>P Income</u>	<u>P Accumulation</u>
Opening shares in issue at 1 August 2023	2,560,255	2,238,894	2,186,478
Shares issued	39,856	1,334,269	1,433,914
Shares cancelled	(1,071,562)	(1,117,243)	(930,250)
Closing shares in issue at 31 July 2024	<u>1,528,549</u>	<u>2,455,920</u>	<u>2,690,142</u>

13 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 £971,021 (2023: £861,055). A five per cent decrease would have an equal and opposite effect.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

RISK DISCLOSURES (continued)

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 2024</u>	Investments £	Net other assets £	Total £
Australian dollar	1,413,366	1,404	1,414,770
Chinese yuan	843,242	6,406	849,648
Hong Kong dollar	2,563,905	94,890	2,658,795
Indian rupee	5,266,652	5,712	5,272,364
Indonesian rupiah	273,934	-	273,934
Philippine peso	440,356	-	440,356
Singapore dollar	476,883	-	476,883
South Korean won	3,553,969	7,555	3,561,524
Taiwan dollar	3,278,195	199,224	3,477,419
United States dollar	1,309,913	14,313	1,324,226
	<u>19,420,415</u>	<u>329,504</u>	<u>19,749,919</u>

<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
Thai 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>

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 £987,496 (2023: £865,296). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024

31 July 2023

£

£

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

Financial assets floating rate ^A	843,657	509,999
Financial assets non-interest bearing instruments	19,854,748	17,296,734
Financial liabilities floating rate ^A	(13,693)	(1,046)
Financial liabilities non-interest bearing instruments	(935,197)	(131,837)
	<u>19,749,515</u>	<u>17,673,850</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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 2024

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	36,172	36,451
	Bank overdrafts	13,693	1,046
	Other creditors	899,025	95,386
		<u>948,890</u>	<u>132,883</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH FAR EAST GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

14 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	19,420,415	-	17,221,094	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>19,420,415</u>	<u>-</u>	<u>17,221,094</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.

15 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
A Accumulation	321.38	326.41	1.57%
P Income	256.62	259.80	1.24%
P Accumulation	321.52	327.34	1.81%

^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 2023 to 31 January 2024

Group 1: shares purchased prior to 1 August 2023

Group 2: shares purchased on or after 1 August 2023

		Net revenue 31 January 2024 pence per share	Equalisation 31 January 2024 pence per share	Distribution paid 31 March 2024 pence per share	Distribution paid 31 March 2023 pence per share
A Accumulation	Group 1	-	-	-	0.3542
	Group 2	-	-	-	0.3542
P Income	Group 1	0.5181	-	0.5181	1.1526
	Group 2	-	0.5181	0.5181	1.1526
P Accumulation	Group 1	0.6477	-	0.6477	1.4233
	Group 2	-	0.6477	0.6477	1.4233

Final distribution for the period from 1 February 2024 to 31 July 2024

Group 1: shares purchased prior to 1 February 2024

Group 2: shares purchased on or after 1 February 2024

		Net revenue 31 July 2024 pence per share	Equalisation 31 July 2024 pence per share	Distribution paid 30 September 2024 pence per share	Distribution paid 30 September 2023 pence per share
A Accumulation	Group 1	0.6673	-	0.6673	1.0159
	Group 2	0.0009	0.6664	0.6673	1.0159
P Income	Group 1	1.4728	-	1.4728	1.6280
	Group 2	0.8105	0.6623	1.4728	1.6280
P Accumulation	Group 1	1.8445	-	1.8445	2.0207
	Group 2	1.0485	0.7960	1.8445	2.0207

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>18.10.2022^A</u>
IFSL Marlborough Global Essential Infrastructure Fund	4.59%	1.26%	3.74%
IA Infrastructure sector	6.68%	4.32%	5.30%

^A Since launch period ended.

External Source of Economic Data: Morningstar (X Accumulation - quoted price to quoted price).

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

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

Investment commentary

Performance statement

Sub-fund performance for the 12 month period to end of July 2024 was 1.26% versus the benchmark*, the Investment Association (IA) Infrastructure sector, which returned 4.32%.

Market review

Infrastructure assets generally had a disappointing year in terms of share price performance. This was driven by a combination of interest rate cuts being delayed, primarily in the US, and the continued market appetite for companies with earnings linked to the Artificial Intelligence ('AI') growth theme.

In this situation, assets such as infrastructure which have a track record of very stable cashflows that provide the basis for valuations remained out of favour in the current high interest rate environment. Specifically, sectors such as utilities (electric, gas, water) and mobile phone tower companies were sold by investors. One positive sector was that of energy infrastructure (regulated and long-term contracted pipelines for oil and gas) which benefitted from a strong US economy, a supportive commodity environment and cheap valuations.

From a regional perspective, North American infrastructure companies performed better than those in other regions of the world, as the strength of the economy continued, despite expectations of a slowdown. Europe and the UK both suffered as growth in their economies remained lacklustre.

Sub-fund performance review

Given the challenging market backdrop for Global Essential Infrastructure, being assets that are essential for the basic functioning of a society, such as water supply, the sub-fund did not perform as well as the benchmark..

Sectors such as utilities were the worst performer during the year, falling close to 3%. Within this sector, renewable energy companies were hit the hardest as the market ignored the long-term prospects for renewable energy as expectations of interest rate cuts were pushed further out.

The worst performer in the portfolio during this period was Danish offshore wind developer, Orsted, which suffered as the company pulled out of US projects due to adverse economics. We subsequently sold out of our position in the company.

On the positive side, Energy infrastructure companies such as Pembina, TC Energy and Williams performed strongly during the period. These are companies that have benefitted from improving earnings quality, partially driven by improving balance sheets and cashflow, which is supported by long-term contracts. More broadly the energy industry environment was supportive as commodity prices remained firm and the US economy showed resilience.

Looking at the regions, Europe was a mixed bag. Whilst the transportation sectors of airports and tollroads performed well, continuing their post-COVID recovery in traffic, the sectors with stable cashflows including utilities and mobile phone tower companies, such as Cellnex, were weak.

Portfolio activity

Over the past year, we have been reducing our positions in transportation, as the post-Covid recovery in traffic numbers on toll roads and through airports has been reflected in share prices. These opportunities are mainly in Europe and as a result our weighting to Europe has reduced.

Conversely, we have increased our weighting to North America, mainly through the energy infrastructure and utilities sectors.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Investment commentary (continued)

Portfolio activity (continued)

As already mentioned, the energy infrastructure companies continue to benefit from improving quality, and a positive economic backdrop. The utilities are set to benefit significantly from the increased power demand from AI. Electricity demand in the USA has effectively been flat for the past twenty years but is now set to grow significantly from the “electrification of things” such as transport (e.g. Electric Vehicles), industry and heating. In addition, the huge power demand from AI datacenters has super-charged the outlook for growth within the utility sector. Given the sell-off in this sector that we have seen over the past twelve months, we see a severe disconnect between beaten-down share prices and extremely positive fundamentals, which has created a very attractive opportunity.

In addition, we have also been selectively increasing our weighting to those companies whose share prices have been hurt as interest rates rose and remained high. Some of the mobile phone tower companies, such as American Tower, where prospects remain strong despite significantly falling share prices are well positioned in our opinion to reverse the poor performance once interest rates start to fall.

Investment outlook

Generally, company fundamentals remain sound. Investors now expect the first US rate cut in September and are currently pricing almost three US rate cuts this year, with around 150 basis points worth of cuts by June 2025. Our central scenario involves interest rates cuts late in 2024, which we perceive as a favourable catalyst for Essential Infrastructure, a trend we highlighted in 2022.

The second half of 2024 will likely see continued focus on politics given the US election on 5 November – equity markets will consider what different election outcomes might mean for US fiscal and monetary policy but also policies relating to the oil and gas sectors, renewables and the Inflation Reduction Act. This will likely see continued volatility in the sector over the period.

While volatility will likely be the order of the day, given the ongoing combination of attractive valuations, and solid if not improving company fundamentals, we remain convinced that long-term investors in the asset class will be rewarded.

Ausbil Investment Management Ltd
21 August 2024

Explanations of terms*

Benchmark – used for comparator purposes.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>
<u>X Income (pence per share)</u>		
Net income paid 31 March	0.9438	0.5060
Net income paid 30 September	1.6392	1.4804
<u>X Accumulation (pence per share)</u>		
Net accumulation paid 31 March	0.9880	0.5061
Net accumulation paid 30 September	1.6625	1.4878

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Public Service Enterprise Group	234,309
National Grid	203,638
Entergy	175,593
Sacyr	135,122
Targa Resources	129,152
Atmos Energy	128,035
Sempra Energy	125,707
Severn Trent	115,617
Enbridge	114,509
Ameren	104,245
Other purchases	1,448,261
Total purchases for the year	2,914,188
<u>Largest sales</u>	<u>Proceeds (£)</u>
Sempra Energy	197,917
SBA Communications 'A'	171,327
CenterPoint Energy	169,222
Getlink	148,711
NextEra Energy	135,337
Auckland International Airport	133,614
Terna	123,126
Transurban Group	121,598
Cellnex Telecom	115,167
American Tower	114,846
Other sales	1,625,868
Total sales for the year	3,056,733

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

COMPARATIVE TABLE

<u>X Income shares</u>	Year to 31.07.2024	Period to 31.07.2023^A
Change in net assets per share	pence	pence
Opening net asset value per share	100.43	100.00
Return before operating charges*	1.73	2.89
Operating charges	(0.53)	(0.47)
Return after operating charges*	1.20	2.42
Distributions on income shares	(2.58)	(1.99)
Closing net asset value per share	99.05	100.43
* after direct transaction costs of:	0.11	0.19
Performance		
Return after charges ^B	1.19%	2.42%
Other information		
Closing net asset value (£)	89,615	89,766
Closing number of shares	90,471	89,382
Operating charges	0.55% ^C	0.57% ^D
Direct transaction costs	0.12%	0.23% ^D
Prices (pence per share)		
Highest share price	101.37	110.48
Lowest share price	89.26	99.11
<u>X Accumulation shares</u>	Period to 31.07.2024	Period to 31.07.2023^A
Change in net assets per share	pence	pence
Opening net asset value per share	102.39	100.00
Return before operating charges*	1.84	2.86
Operating charges	(0.54)	(0.47)
Return after operating charges*	1.30	2.39
Distributions on accumulation shares	(2.65)	(1.99)
Retained distributions on accumulation shares	2.65	1.99
Closing net asset value per share	103.69	102.39
* after direct transaction costs of:	0.12	0.19
Performance		
Return after charges ^B	1.27%	2.39%
Other information		
Closing net asset value (£)	3,970,755	4,191,276
Closing number of shares	3,829,557	4,093,554
Operating charges	0.55% ^C	0.57% ^D
Direct transaction costs	0.12%	0.23% ^D
Prices (pence per share)		
Highest share price	103.74	111.00
Lowest share price	91.01	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 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.

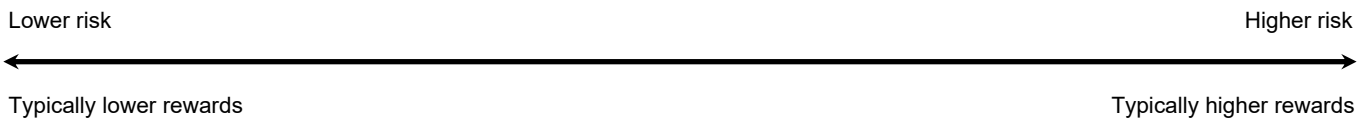
^D These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the year. Where it is considered unsuitable to use the total expenses paid by each share class in the year to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the 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 GLOBAL ESSENTIAL INFRASTRUCTURE FUND

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



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.

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 has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 6.06%)		
17,862 Transurban Group	118,069	2.91
Total Australia	<u>118,069</u>	<u>2.91</u>
BELGIUM (31 July 2023 - 3.78%)		
1,213 Elia Group	98,013	2.41
Total Belgium	<u>98,013</u>	<u>2.41</u>
CANADA (31 July 2023 - 1.58%)		
4,034 Enbridge	117,433	2.89
2,936 Pembina Pipeline	88,547	2.18
3,421 TC Energy	112,718	2.78
Total Canada	<u>318,698</u>	<u>7.85</u>
DENMARK (31 July 2023 - 4.06%)		
FRANCE (31 July 2023 - 9.87%)		
1,028 Aéroports de Paris	105,239	2.59
1,136 VINCI	101,028	2.49
Total France	<u>206,267</u>	<u>5.08</u>
ITALY (31 July 2023 - 6.07%)		
28,858 Italgas	120,018	2.96
Total Italy	<u>120,018</u>	<u>2.96</u>
NETHERLANDS (31 July 2023 - 4.41%)		
3,788 Ferrovial	117,261	2.89
Total Netherlands	<u>117,261</u>	<u>2.89</u>
NEW ZEALAND (31 July 2023 - 3.38%)		
SPAIN (31 July 2023 - 9.14%)		
494 Aena SME	72,882	1.79
4,520 Cellnex Telecom	122,555	3.02
43,963 Sacyr	120,831	2.98
Total Spain	<u>316,268</u>	<u>7.79</u>
UNITED KINGDOM (31 July 2023 - 5.31%)		
16,599 National Grid	163,666	4.03
13,673 Pennon Group	84,773	2.09
7,362 Severn Trent	188,835	4.65
Total United Kingdom	<u>437,274</u>	<u>10.77</u>
UNITED STATES (31 July 2023 - 45.74%)		
1,994 Ameren	123,039	3.03
821 American Tower	140,772	3.47
1,290 Atmos Energy	128,483	3.16
866 Cheniere Energy	123,135	3.03
1,307 CMS Energy	65,933	1.62
1,211 Crown Castle International	103,793	2.56
2,434 Edison International	151,667	3.73
2,067 Entergy	186,623	4.60
4,218 Exelon	122,138	3.01
2,933 NextEra Energy	174,448	4.30
2,794 NiSource	67,982	1.67
1,515 ONEOK	98,259	2.42
5,787 PG&E	82,231	2.02
3,983 Public Service Enterprise Group	247,257	6.09
1,827 Sempra Energy	113,829	2.80
1,337 Targa Resources	140,742	3.47
1,953 TXNM Resources	63,227	1.56

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
UNITED STATES (continued)		
5,694 Williams Companies	190,280	4.69
Total United States	<u>2,323,838</u>	<u>57.23</u>
Portfolio of investments	4,055,706	99.89
Net other assets	4,664	0.11
Total net assets	<u><u>4,060,370</u></u>	<u><u>100.00</u></u>

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

STATEMENT OF TOTAL RETURN
for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital losses	2		(50,242)		(48,116)
Revenue	4	132,769		91,465	
Expenses	5	<u>(22,721)</u>		<u>(17,243)</u>	
Net revenue before taxation		110,048		74,222	
Taxation	6	<u>(17,815)</u>		<u>(10,216)</u>	
Net revenue after taxation			<u>92,233</u>		<u>64,006</u>
Total return before distributions			41,991		15,890
Distributions	7		(110,239)		(77,375)
Change in net assets attributable to shareholders from investment activities			<u>(68,248)</u>		<u>(61,485)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 July 2024

		31 July 2024		31 July 2023	
		£	£	£	£
Opening net assets attributable to shareholders			4,281,042		-
Amounts receivable on issue of shares		218,861		4,298,643	
Amounts payable on cancellation of shares		<u>(475,002)</u>		<u>(36,853)</u>	
			(256,141)		4,261,790
Dilution adjustment			191		1,095
Change in net assets attributable to shareholders from investment activities			(68,248)		(61,485)
Retained distribution on accumulation shares			103,526		79,642
Closing net assets attributable to shareholders			<u>4,060,370</u>		<u>4,281,042</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

BALANCE SHEET
as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	14	4,055,706	4,255,303
Current Assets:			
Debtors	8	32,665	119,745
Cash and bank balances		63,416	48,845
Total assets		<u>4,151,787</u>	<u>4,423,893</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		1,483	1,323
Bank overdrafts		40,249	22,824
Other creditors	9	49,685	118,704
Total liabilities		<u>91,417</u>	<u>142,851</u>
Net assets attributable to shareholders		<u><u>4,060,370</u></u>	<u><u>4,281,042</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 13 to 15.

2 NET CAPITAL LOSSES

31 July 2024
£

31 July 2023
£

The net losses on investments during the year comprise:

Non-derivative securities losses	(49,701)	(23,506)
Gains/(losses) on forward currency contracts	4	(5)
Currency losses	(829)	(24,074)
Transaction write-backs/(charges)	284	(531)
Net capital losses	(50,242)	(48,116)

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024
£

31 July 2023
£

Purchases excluding transaction costs:

Equities	2,883,678	5,208,991
Corporate actions	26,832	5,245
	<u>2,910,510</u>	<u>5,214,236</u>
Equities: Commissions	992	1,952
Taxes and other charges	2,686	4,812
Total purchases transaction costs	<u>3,678</u>	<u>6,764</u>
Purchases including transaction costs	<u>2,914,188</u>	<u>5,221,000</u>

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

Equities: Commissions	0.03%	0.04%
Taxes and other charges	0.09%	0.09%

Sales excluding transaction costs:

Equities	3,057,877	940,596
	<u>3,057,877</u>	<u>940,596</u>
Equities: Commissions	(1,125)	(427)
Taxes and other charges	(19)	(5)
Total sales transaction costs	<u>(1,144)</u>	<u>(432)</u>
Sales net of transaction costs	<u>3,056,733</u>	<u>940,164</u>

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

Equities: Commissions	0.04%	0.05%
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	0.05%	0.06%
Taxes and other charges	0.07%	0.12%
	<u>0.12%</u>	<u>0.18%</u>

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 (write-backs)/charges

These are (write-backs)/charges (receivable by)/payable to the depositary in respect of each transaction:

(284)	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	0.08%	0.13%
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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

4 REVENUE	31 July 2024	31 July 2023
	£	£
UK dividends	14,383	11,984
Overseas dividends	101,964	65,523
Interest distributions	-	7,293
Overseas dividends (unfranked)	16,306	6,366
Bank interest	116	299
Total revenue	<u>132,769</u>	<u>91,465</u>
5 EXPENSES	31 July 2024	31 July 2023
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	20,437	15,601
Registration fees	640	260
TCFD fee	122	-
Audit fee - rebated by the ACD	(8,711)	(8,713)
	<u>12,488</u>	<u>7,148</u>
Other expenses:		
Depositary's fees	1,065	1,123
Safe Custody fees	392	116
Bank interest	12	64
Financial Conduct Authority fee	53	79
Audit fee	8,711	8,713
	<u>10,233</u>	<u>10,095</u>
Total expenses	<u>22,721</u>	<u>17,243</u>
6 TAXATION	31 July 2024	31 July 2023
	£	£
a Analysis of the tax charge for the year		
Overseas tax	17,815	10,216
Total tax charge for the year (see note 6(b))	<u>17,815</u>	<u>10,216</u>
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	110,048	74,222
UK corporation tax at 20% (2023: 20%)	<u>22,010</u>	<u>14,844</u>
Effects of:		
Revenue not subject to taxation	(23,269)	(15,501)
Unrelieved excess management expenses	1,656	888
Tax effect of expensed double taxation relief	(397)	(231)
Overseas tax	17,815	10,216
Total tax charge (see note 6(a))	<u>17,815</u>	<u>10,216</u>
c Provision for deferred taxation		
At 31 July 2024 the sub-fund has deferred tax assets of £2,544 (2023: £888) 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 GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

7 DISTRIBUTIONS

	31 July 2024	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	41,023	18,993
Final	65,151	62,231
Amounts deducted on cancellation of shares	5,559	26
Amounts added on issue of shares	(1,490)	(3,875)
Revenue brought forward	(4)	-
Distributions	<u>110,239</u>	<u>77,375</u>
Movement between net revenue and distributions:		
Net revenue after taxation	92,233	64,006
Add: ACD's periodic charge borne by capital	20,437	15,601
Deduct: Tax effect of ACD's periodic charge borne by capital	(2,431)	(2,232)
	<u>110,239</u>	<u>77,375</u>

8 DEBTORS

	31 July 2024	31 July 2023
	£	£
Amounts receivable for issue of shares	512	979
Sales awaiting settlement	19,163	104,464
Accrued income	11,993	12,760
Taxation recoverable	997	1,542
Total debtors	<u>32,665</u>	<u>119,745</u>

9 OTHER CREDITORS

	31 July 2024	31 July 2023
	£	£
Amounts payable for cancellation of shares	41,051	-
Purchases awaiting settlement	5,240	115,853
ACD's periodic charge and registration fees	1,750	1,838
Accrued expenses	1,643	1,008
Currency payable	1	5
Total other creditors	<u>49,685</u>	<u>118,704</u>

10 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 from/to the ACD in respect of share transactions at the year end are disclosed in notes 8 and 9, respectively. 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 £42,289 (2023: £859).

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

	31 July 2024	31 July 2023
Proportion of shares owned by directors of IFSL or UFC Fund Management plc	0.29%	0.03%

11 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 / Accumulation	0.50%
-------------------------	-------

12 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued and cancelled shares as set out below:

	X Income	X Accumulation
Opening shares in issue at 31 July 2023	89,382	4,093,554
Shares issued	40,303	183,943
Shares cancelled	(39,214)	(447,940)
Closing shares in issue at 31 July 2024	<u>90,471</u>	<u>3,829,557</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

13 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 £202,785 (2023: £212,765). 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 2024</u>	Investments £	Net other assets £	Total £
Australian dollar	118,070	4,351	122,421
Canadian dollar	318,698	-	318,698
Danish krone	-	426	426
Euro	857,827	3,741	861,568
US dollar	2,323,837	19,364	2,343,201
	<u>3,618,432</u>	<u>27,882</u>	<u>3,646,314</u>

<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 £182,316 (2023: £201,683). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024

31 July 2023

£

£

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

Financial assets floating rate ^A	63,416	48,845
Financial assets non-interest bearing instruments	4,088,371	4,375,048
Financial liabilities floating rate ^A	(40,249)	(22,824)
Financial liabilities non-interest bearing instruments	(51,168)	(120,027)
	<u>4,060,370</u>	<u>4,281,042</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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 2024

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	1,483	1,323
	Bank overdrafts	40,249	22,824
	Other creditors	49,685	118,704
		<u>91,417</u>	<u>142,851</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL ESSENTIAL INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

14 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	4,055,706	-	4,255,303	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>4,055,706</u>	<u>-</u>	<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 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.

15 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
X Income	100.75	111.45	10.62%
X Accumulation	103.74	116.65	12.44%

^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 1 August 2023 to 31 January 2024

Group 1: shares purchased prior to 1 August 2023

Group 2: shares purchased on or after 1 August 2023

		Net revenue 31 January 2024 pence per share	Equalisation 31 January 2024 pence per share	Distribution paid 31 March 2024 pence per share	Distribution paid 31 March 2023 pence per share
X Income	Group 1	0.9438	-	0.9438	0.5060
	Group 2	0.5279	0.4159	0.9438	0.5060
X Accumulation	Group 1	0.9880	-	0.9880	0.5061
	Group 2	0.2599	0.7281	0.9880	0.5061

Final distribution for the period from 1 February 2024 to 31 July 2024

Group 1: shares purchased prior to 1 February 2024

Group 2: shares purchased on or after 1 February 2024

		Net revenue 31 July 2024 pence per share	Equalisation 31 July 2024 pence per share	Distribution paid 30 September 2024 pence per share	Distribution paid 30 September 2023 pence per share
X Income	Group 1	1.6392	-	1.6392	1.4804
	Group 2	0.9388	0.7004	1.6392	1.4804
X Accumulation	Group 1	1.6625	-	1.6625	1.4878
	Group 2	0.9398	0.7227	1.6625	1.4878

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>18.10.2022^A</u>
IFSL Marlborough Global SmallCap Fund	17.61%	26.35%	37.15%
IA Global sector	8.24%	12.73%	26.98%
MSCI World Small Cap Net Total Return Index	10.58%	11.36%	20.19%

^A Since launch period ended.

External Source of Economic Data: Morningstar (X Accumulation - quoted price to quoted price).

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

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

Investment commentary

Performance statement

Sub-fund performance for the 12 month period to end of July 2024 was +26.35% versus the benchmark* return of +11.36%, as measured by the MSCI World Small Cap Net Total Return Index.

Market review

Global smaller company shares had a strong year of performance. The above-average annual return of the benchmark over the 12 months was driven by reasonable valuations at the start of the period, improving economic data, and a move from being in a rising interest rate cycle to a steady and potentially declining interest rate environment.

Unparalleled amounts of fiscal stimulus in the US from programmes including the Inflation Reduction Act and the Creating Helpful Incentives to Produce Semiconductors ('CHIPS') Act buoyed an already strong economy. The US is going through a domestic manufacturing renaissance and spending on capital equipment and infrastructure continues to grow.

Europe delivered weaker returns than the US market over the period with expectations for European corporate earnings rising a lot less than their US counterparts. The German economy continues to weaken, particularly its industrial manufacturing base, with German manufacturing contracting in output and capacity over the year.

Sub-fund performance review

The sub-fund pleasingly had a very strong period of performance. The positive return was delivered by a broad range of investments throughout the sub-fund operating in different, unrelated industries, reflecting a strong stock selection process.

The biggest position in the sub-fund, Vertiv Holdings, was up 285% over the 12 months. Vertiv is a global niche leader in direct cooling equipment for data centre servers. This is an area that is seeing substantial demand growth and Vertiv delivered much higher earnings results than the market was expecting at every quarterly result over the period.

Our investment in Sterling infrastructure was up 100% over the period as it delivered strong results and upgraded its forward earnings guidance repeatedly over the 12 months. Sterling Infrastructure is a niche leader in ground and foundation work for infrastructure, industrial and housing assets in the US.

Our investment in Sprouts Farmers Market was up 162% over the period. Sprouts is a leading grocer in the US that is expanding its store numbers and focusing on organic and natural products and branding.

Our investment in Evercore was up 95% over the 12 months. Evercore is a leading global investment bank that benefits from increased trading and capital market activity. They have successfully grown their workforce of top industry talent which has helped drive higher earnings growth than was previously forecast.

Our investment in Kempower was a disappointment with the name falling 41%. We sold the position as the fundamental thesis had changed. The investment in Atkore was also a negative contributor over the period falling 11%.

Portfolio activity

We took profits from selling our entire Vertiv position in May 2024. The 285% return was strong and we felt that the share price had increased to a point where the valuation had become stretched relative to our own earnings expectations for the business.

We also took profits from selling our entire position in BE Semiconductors in March 2024. The investment had been a strong performer for the sub-fund as expectations increased for the company's globally leading semiconductor manufacturing equipment. BE Semiconductors is a leader in hybrid bonding that is needed to make the next generation of chips to enable Artificial Intelligence.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Investment commentary (continued)

Portfolio activity (continued)

The proceeds from these investments were allocated to some of our other best ideas in the sub-fund. We increased the size of our investments in Hammond Power Solutions (medium voltage transformers), Powell Industries (inert switchgear and power control systems), and NKT (high voltage transmission cables).

Investment outlook

The outlook remains largely unchanged. Global economic growth is expected to be robust in 2024 with the US likely to deliver reasonable GDP growth as ongoing fiscal support remains strong, and unemployment remains low.

The large fiscal stimulus provided by the US administration will continue to be a robust tailwind for US and global growth, preventing any material recession in the Western economies. Specific focus areas include the manufacturing renaissance in the US; onshoring; data centre investment and the evolution of artificial intelligence; and finally, the move to decarbonisation and the associated electrical grid upgrade in the US and Europe.

The sub-fund continues to see unrecognised earnings growth opportunities with excellent management teams based in the US who are leveraging the growth tailwinds of onshoring, data centres and electrical grid upgrades. The sub-fund continues to hold leading US insulation installers. The sub-fund has less exposure than the benchmark to the consumer, financial and real estate sectors on concerns about the impact from ongoing elevated interest rates.

Ausbil Investment Management Ltd
21 August 2024

Explanation of terms*

Benchmark – used for comparator purposes.

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>
<u>X Accumulation (pence per share)</u>		
Net accumulation paid 31 March	0.2358	0.2647
Net accumulation paid 30 September	0.4481	0.6828

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Fabrinet	466,729
Atkore	342,697
Eagle Materials	337,313
TopBuild	327,478
Installed Building Products	286,607
Powell Industries	269,458
nVent Electric	258,145
Hammond Power Solutions 'A'	235,637
Medpace Holdings	232,136
Vertiv Holdings Co	229,168
Other purchases	7,232,066
Total purchases for the year	10,217,434
<u>Largest sales</u>	<u>Proceeds (£)</u>
Vertiv Holdings Co	513,490
Eagle Materials	267,658
TopBuild	266,722
Fabrinet	260,943
Atkore	248,764
Applied Industrial Technologies	218,592
Evercore 'A'	217,023
BE Semiconductor Industries	209,406
Medpace Holdings	206,191
Horiba	203,061
Other sales	6,607,552
Total sales for the year	9,219,402

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUSTRALIA (31 July 2023 - 1.32%)		
4,888 Guzman y Gomez	70,585	1.46
Total Australia	<u>70,585</u>	<u>1.46</u>
AUSTRIA (31 July 2023 - 2.78%)		
BELGIUM (31 July 2023 - 1.38%)		
CANADA (31 July 2023 - 2.31%)		
3,711 Celestica	151,520	3.13
2,999 Hammond Power Solutions 'A'	199,217	4.12
Total Canada	<u>350,737</u>	<u>7.25</u>
DENMARK (31 July 2023 - 0.96%)		
2,161 NKT	151,775	3.14
Total Denmark	<u>151,775</u>	<u>3.14</u>
FINLAND (31 July 2023 - 6.64%)		
805 Harvia	26,893	0.56
Total Finland	<u>26,893</u>	<u>0.56</u>
ISRAEL (31 July 2023 - 3.28%)		
ITALY (31 July 2023 - 3.17%)		
4,611 Azimut Holding	89,784	1.85
758 Brunello Cucinelli	55,149	1.14
Total Italy	<u>144,933</u>	<u>2.99</u>
JAPAN (31 July 2023 - 4.99%)		
3,600 Amano	70,747	1.46
800 Horiba	49,459	1.02
100 MARUWA Co	20,884	0.43
1,200 Mitsubishi Gas Chemical Company	17,726	0.37
600 ULVAC	28,887	0.60
Total Japan	<u>187,703</u>	<u>3.88</u>
NETHERLANDS (31 July 2023 - 0.98%)		
SPAIN (31 July 2023 - 1.34%)		
SINGAPORE (31 July 2023 - Nil)		
51,300 Digital Core REIT	22,767	0.47
9,800 Keppel DC REIT	11,524	0.24
Total Singapore	<u>34,291</u>	<u>0.71</u>
SWEDEN (31 July 2023 - 3.50%)		
3,959 AQ Group	41,082	0.85
2,790 Axfood	54,056	1.12
3,260 Biotage	47,649	0.98
1,568 HEXPOL 'B'	13,680	0.28
4,605 Lagercrantz Group 'B'	60,651	1.25
2,705 Munters Group	45,708	0.94
Total Sweden	<u>262,826</u>	<u>5.42</u>
SWITZERLAND (31 July 2023 - 3.67%)		
119 Tecan Group	34,452	0.71
Total Switzerland	<u>34,452</u>	<u>0.71</u>
THAILAND (31 July 2023 - Nil)		
1,070 Fabrinet	183,842	3.80
Total Thailand	<u>183,842</u>	<u>3.80</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
UNITED KINGDOM (31 July 2023 - 8.63%)		
3,534 Greggs	110,685	2.29
2,347 Hill & Smith Holdings	53,981	1.11
2,262 Savills	28,863	0.60
4,204 Softcat	68,315	1.41
5,475 Tate & Lyle	35,916	0.74
1,828 Warpaint London	11,334	0.23
Total United Kingdom	<u>309,094</u>	<u>6.38</u>
UNITED STATES (31 July 2023 - 53.81%)		
451 Applied Industrial Technologies	76,681	1.58
2,018 Atkore	212,115	4.38
26 Chemed	11,542	0.24
2,936 Columbia Banking System	59,778	1.23
923 Community Bank System	44,319	0.92
772 Eagle Materials	163,837	3.38
193 EastGroup Properties	28,081	0.58
698 EMCOR Group	203,963	4.21
352 Evercore 'A'	68,624	1.42
247 FormFactor	10,302	0.21
1,653 Fortrea Holdings	35,509	0.73
74 Insight Enterprises	12,934	0.27
906 Installed Building Products	191,048	3.95
928 Knife River	57,507	1.19
1,341 LeMaitre Vascular	90,723	1.87
322 Louisiana-Pacific	24,610	0.51
407 Medpace Holdings	121,183	2.50
1,900 Modine Manufacturing Company	174,060	3.60
3,732 Mueller Industries	206,105	4.26
2,934 nVent Electric	166,055	3.43
66 Onto Innovation	9,815	0.20
596 Pinnacle Financial Partners	44,651	0.92
1,858 Powell Industries	265,040	5.48
225 Preformed Line Products Company	24,028	0.50
3,170 Primoris Services	139,575	2.88
272 Silgan Holdings	10,892	0.23
969 Sprouts Farmers Market	75,364	1.56
2,183 Sterling Infrastructure	197,827	4.09
1,533 Summit Materials 'A'	49,881	1.03
598 TopBuild	223,085	4.61
298 Veeco Instruments	9,613	0.20
Total United States	<u>3,008,747</u>	<u>62.16</u>
Portfolio of investments	4,765,878	98.46
Net other assets	74,545	1.54
Total net assets	<u><u>4,840,423</u></u>	<u><u>100.00</u></u>

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

STATEMENT OF TOTAL RETURN
for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital gains	2		828,343		191,075
Revenue	4	52,911		36,866	
Expenses	5	<u>(22,390)</u>		<u>(10,556)</u>	
Net revenue before taxation		30,521		26,310	
Taxation	6	<u>(5,699)</u>		<u>(4,033)</u>	
Net revenue after taxation			<u>24,822</u>		<u>22,277</u>
Total return before distributions			853,165		213,352
Distributions	7		(24,822)		(22,277)
Change in net assets attributable to shareholders from investment activities			<u>828,343</u>		<u>191,075</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 July 2024

		31 July 2024		31 July 2023	
		£	£	£	£
Opening net assets attributable to shareholders			2,967,931		-
Amounts receivable on issue of shares		4,438,316		2,797,612	
Amounts payable on cancellation of shares		<u>(3,425,210)</u>		<u>(45,755)</u>	
			1,013,106		2,751,857
Dilution adjustment			7,557		537
Change in net assets attributable to shareholders from investment activities			828,343		191,075
Retained distribution on accumulation shares			23,486		24,462
Closing net assets attributable to shareholders			<u>4,840,423</u>		<u>2,967,931</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

BALANCE SHEET
as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	14	4,765,878	2,931,275
Current Assets:			
Debtors	8	71,261	10,030
Cash and bank balances		46,862	31,201
Total assets		<u>4,884,001</u>	<u>2,972,506</u>
Liabilities:			
Creditors:			
Other creditors	9	43,578	4,575
Total liabilities		<u>43,578</u>	<u>4,575</u>
Net assets attributable to shareholders		<u><u>4,840,423</u></u>	<u><u>2,967,931</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 13 to 15.

2 NET CAPITAL GAINS

31 July 2024
£

31 July 2023
£

The net gains on investments during the period comprise:

Non-derivative securities gains	837,446	209,752
Losses on forward currency contracts	(14)	-
Currency losses	(9,517)	(16,946)
Transaction write-backs/(charges)	428	(1,731)
Net capital gains	828,343	191,075

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024
£

31 July 2023
£

Purchases excluding transaction costs:

Equities	10,144,183	5,769,794
Corporate actions	66,919	-
	10,211,102	5,769,794
Equities: Commissions	3,351	1,988
Taxes and other charges	2,981	1,909
Total purchases transaction costs	6,332	3,897
Purchases including transaction costs	10,217,434	5,773,691

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

Equities: Commissions	0.03%	0.03%
Taxes and other charges	0.03%	0.03%

Sales excluding transaction costs:

Equities	9,222,479	3,052,982
	9,222,479	3,052,982
Equities: Commissions	(2,985)	(1,024)
Taxes and other charges	(92)	(33)
Total sales transaction costs	(3,077)	(1,057)
Sales net of transaction costs	9,219,402	3,051,925

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

Equities: Commissions	0.03%	0.03%
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	0.15%	0.12%
Taxes and other charges	0.08%	0.08%
	0.23%	0.20%

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 (write-backs)/charges

These are (write-backs)/charges (receivable by)/payable to the depositary in respect of each transaction:

(428)	1,731
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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	0.23%	0.15%
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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

4 REVENUE	31 July 2024	31 July 2023
	£	£
UK dividends	8,577	4,299
Overseas dividends	41,104	26,128
Overseas dividends (unfranked)	2,709	6,195
Bank interest	521	244
Total revenue	<u>52,911</u>	<u>36,866</u>
5 EXPENSES	31 July 2024	31 July 2023
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	20,477	9,519
Registration fees	383	209
TCFD fee	122	-
Audit fee - rebated by the ACD	(8,711)	(8,712)
MSCI fee - rebated by the ACD	(10,355)	(8,342)
	<u>1,916</u>	<u>(7,326)</u>
Other expenses:		
Depositary's fees	1,043	685
Safe Custody fees	278	59
MSCI fee	10,355	8,342
Bank interest	34	5
Financial Conduct Authority fee	53	79
Audit fee	8,711	8,712
	<u>20,474</u>	<u>17,882</u>
Total expenses	<u>22,390</u>	<u>10,556</u>
6 TAXATION	31 July 2024	31 July 2023
	£	£
a Analysis of the tax charge for the year		
Overseas tax	5,699	4,033
Total tax charge for the year (see note 6(b))	<u>5,699</u>	<u>4,033</u>
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	30,521	26,310
UK corporation tax at 20% (2023: 20%)	<u>6,104</u>	<u>5,262</u>
Effects of:		
Revenue not subject to taxation	(9,936)	(6,085)
Unrelieved excess management expenses	3,904	1,009
Tax effect of expensed double taxation relief	(72)	(186)
Overseas tax	5,699	4,033
Total tax charge for the year (see note 6(a))	<u>5,699</u>	<u>4,033</u>
c Provision for deferred taxation		
At 31 July 2024 the sub-fund has deferred tax assets of £4,913 (2023: £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 2024	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	7,653	5,785
Final	15,835	18,677
Amounts deducted on cancellation of shares	6,459	71
Amounts added on issue of shares	(5,123)	(2,256)
Revenue brought forward	(2)	-
Distributions	<u>24,822</u>	<u>22,277</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2024

8 DEBTORS	31 July 2024	31 July 2023
	£	£
Amounts receivable for issue of shares	43,570	7,328
Sales awaiting settlement	21,444	-
Accrued income	4,030	1,238
Currency receivables	-	2
Taxation recoverable	2,217	1,462
Total debtors	71,261	10,030

9 OTHER CREDITORS	31 July 2024	31 July 2023
	£	£
Amounts payable for cancellation of shares	3,442	-
Purchases awaiting settlement	32,482	3,363
ACD's periodic charge and registration fees	2,059	1,242
Accrued expenses	5,581	(30)
Currency payable	14	-
Total other creditors	43,578	4,575

10 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 from/to the ACD in respect of share transactions at the year end are disclosed in notes 8 and 9, respectively. 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 year end are £38,069 (2023: £6,086).

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

	31 July 2024	31 July 2023
Proportion of shares owned by directors of IFSL or UFC Fund Management plc	0.57%	0.74%

11 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%
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12 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued and cancelled shares as set out below:

Opening shares in issue at 31 July 2023	<u>2,735,011</u>
Shares issued	3,564,631
Shares cancelled	(2,766,418)
Closing shares in issue at 31 July 2024	<u>3,533,224</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

13 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 £238,294 (2023: £146,564). 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.

Foreign currency exposure at 31 July 2024

	Investments £	Net other assets £	Total £
Australian dollar	70,585	-	70,585
Canadian dollar	199,217	-	199,217
Danish krone	151,775	-	151,775
Euro	171,827	23,362	195,189
Japanese yen	187,702	2,328	190,030
Singapore dollar	11,524	(11,599)	(75)
Swedish krona	262,826	-	262,826
Swiss franc	34,453	241	34,694
US dollar	3,366,875	(13,033)	3,353,842
	<u>4,456,784</u>	<u>1,299</u>	<u>4,458,083</u>

Foreign currency exposure at 31 July 2023

	Investments £	Net other assets £	Total £
Australian dollar	39,282	-	39,282
Canadian dollar	68,483	-	68,483
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
Swiss franc	108,881	325	109,206
US 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 £222,904 (2023: £133,865). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024
£

31 July 2023
£

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

Financial assets floating rate ^A	46,862	31,201
Financial assets non-interest bearing instruments	4,837,139	2,941,305
Financial liabilities non-interest bearing instruments	(43,578)	(4,575)
	<u>4,840,423</u>	<u>2,967,931</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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 2024
£

31 July 2023
£

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

Within one year:	Other creditors	43,578	4,575
		<u>43,578</u>	<u>4,575</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH GLOBAL SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

14 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	4,765,878	-	2,931,275	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>4,765,878</u>	<u>-</u>	<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.

15 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
X Accumulation	137.15	157.85	15.09%

^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 1 August 2023 to 31 January 2024

Group 1: shares purchased prior to 1 August 2023

Group 2: shares purchased on or after 1 August 2023

		Net revenue 31 January 2024 pence per share	Equalisation 31 January 2024 pence per share	Distribution paid 31 March 2024 pence per share	Distribution paid 31 March 2023 pence per share
X Accumulation	Group 1	0.2358	-	0.2358	0.2647
	Group 2	0.0225	0.2133	0.2358	0.2647

Final distribution for the period from 1 February 2024 to 31 July 2024

Group 1: shares purchased prior to 1 February 2024

Group 2: shares purchased on or after 1 February 2024

		Net revenue 31 July 2024 pence per share	Equalisation 31 July 2024 pence per share	Distribution paid 30 September 2024 pence per share	Distribution paid 30 September 2023 pence per share
X Accumulation	Group 1	0.4481	-	0.4481	0.6828
	Group 2	0.3157	0.1324	0.4481	0.6828

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Multi Cap Income Fund	14.75%	16.89%	1.91%	13.95%
IA UK Equity Income sector	13.22%	16.24%	22.28%	31.84%
FTSE All-Share Total Return Index	12.27%	13.54%	27.10%	32.37%

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

Performance statement

The price of the sub-fund at the end of July 2023 was 209.64p (based on the P Accumulation share class). The sub-fund's target benchmark*, the FTSE All-Share Index, was 4,198.02 at that time. Since then, the target benchmark has risen to 4,588.31 (31 July 2024); an increase of 9.30%. The sub-fund price rose to 245.05p (based on the P Accumulation share class), up 16.89% in the year to 31 July 2024. In comparison, the FTSE All-Share Total Return (TR) Index was up 13.54% from one year ago.

Since inception in May 2011 to the end of January 2024, the sub-fund is up 155.34%** (based on the P Accumulation share class) compared with the FTSE All-Share TR Index up 136.98% from 4,233.69 to 10,033.05 over the same period. The IA UK Equity Income sector is up 137.68% over the same period.

During the annual accounting period, the sub-fund's comparator benchmark, the IA UK Equity Income Sector, returned 16.24%. So, as it did during our last report period which covered six months to 31 January, the fund has once again outperformed both the index and the peer group over this 12-month period as well as since inception.

The sub-fund value at the end of July 2023 was circa (c.) £525m. As of the end of July 2024, the sub-fund value was c. £469m. In common with many of our UK equity fund peers, the sub-fund experienced net outflows, with ours totaling c. £100m. The UK equity fund flow picture has been negative for a number of quarters, although there are signs of stabilisation more recently.

Income distributions

The sub-fund was marked ex-dividend*** for the six-month period to 31 July 2024. Payment will be made at the end of September 2024, as usual. There are slight variations in income distribution across the range of share classes, please see the distributions table below.

Market review

US inflation figures (for June 2024 released in July) have continued the downward trend and now sit at 2.90%. We expect the US Federal Reserve to cut interest rates by 50 basis points (0.5%) at its September meeting. In the UK, headline inflation is at 2.20%, which is close to the target of 2.0% having touched this lower level earlier in the year.

Ahead of the 30th October budget under the new UK Chancellor, we don't expect anything particularly supportive for UK equities. Although there has been some speculation about pro-housebuilding policies, there has also been talk about how it will be a 'difficult budget' and the need to address a £22bn funding hole created by the previous government. We have seen some negative rhetoric around higher taxes for the North Sea oil and gas producers and to this effect we have cut exposure to names such as Serica Energy.

Sub-fund activity

In the broader energy sector, we cut our losses from Diversified Energy because it continued with acquisitions despite higher gearing (proportionately higher levels of debt) and took profits from BP to reallocate to smaller companies, where we saw better value. We cut exposure to utilities such as National Grid where dividend growth may become less of a priority should the new Labour government put greater pressure on it to invest in capital expenditure. We had previously exited the water sector (Severn Trent) and reduced exposure to the national transportation names. Neither of these areas look attractive enough for us to reconsider today. Examples of other sales include the Georgian Banks due to the 'foreign agent law' which caused sustained protests and civil unrest. Although we booked a profit on Bank of Georgia and TBC, we hope to return to such names one day as they had superior margins and growth relative to many European (and UK) counterparts.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Investment commentary (continued)

Sub-fund activity (continued)

Much of the positive performance in the reporting period has come from stock specific progress as exemplified by the likes of Bloomsbury Publishing (+c.72%), Paragon Bank (+c.52%) and Polar Capital (+c.24%). All three are small-mid cap stocks, positioned in very different sectors – book publishing, buy-to-let UK property finance and international fund management (albeit via an AIM listing) respectively. There was also some benefit from take-over activity to include names such as Wincanton, Lookers, DS Smith and T.Clarke. Merger activity was notable as some of our stocks consolidated e.g. Belvoir Lettings with Property Franchise Group, LXI REIT with London Metric Property, Rathbones with Investec and also Cenkos with FinnCap to form Cavendish. The portfolio is, therefore, slightly more concentrated but we are not lacking in new ideas.

Investment outlook

We await the detail on potential higher taxes but expect them to have a limited impact on the economy overall. We do not think they will result in negative revisions to GDP (Gross Domestic Product) forecasts and agree with the view that c.1.25% GDP growth (2024, Panmure Liberum) rising to 1.5% is perfectly plausible. A lower interest rate environment will boost affordability on asset purchases for both businesses and individuals. Investec is forecasting 1.9% GDP growth for 2025 with various caveats and Prime Minister Starmer has ambitions to see 2.5% GDP growth in time. Indeed, the first interest rate cut to 5.0%, is at least a signal that we are not going to see interest rate hikes any time soon. Since this is very much in synch with the other G7 nations it is not likely to have a negative impact on sterling. If anything, the pound has started to stabilise more recently with the financial press referring to sterling being at its strongest for two years versus the US Dollar. This is helpful for domestic smaller companies. Hence, it remains a stock-picker's market and active management, over and above the Merger & Acquisitions (M&A) activity that has been prevalent in the last 12 months, has the potential to reward investors.

The FTSE All Share Index yields**** 3.62% (31 July 2024, Financial Times), while the fund is offering a prospective yield of 4.36% (1 August 2024). As such we are comfortably positioned for the next UK Investment Association (IA) UK Equity Income sector yield test.

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

Canaccord Genuity Asset Management Limited
 29 August 2024

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Explanation of terms

* Benchmark – used for comparative purposes

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

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

**** Yield – the income from an investment, usually stated as a percentage of the value of the investment

Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>A Income (pence per share)</u>				
Net income paid 31 March	2.3052	2.6841	2.8695	2.5064
Net income paid 30 September	3.5418	3.7757	3.7747	3.3103
<u>A Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.0205	4.4373	4.5254	3.7962
Net accumulation paid 30 September	6.2917	6.3834	6.0690	5.1091
<u>P Income (pence per share)</u>				
Net income paid 31 March	2.5000	2.8881	3.0629	2.6551
Net income paid 30 September	3.8592	4.0666	4.0455	3.5217
<u>P Accumulation (pence per share)</u>				
Net accumulation paid 31 March	4.1529	4.5467	4.6012	3.8310
Net accumulation paid 30 September	6.5310	6.5435	6.1962	5.1776

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
WHSmith	3,914,831
Breedon Group	3,290,236
MONY Group	3,100,151
Centamin	3,091,535
Galliford Try Holdings	3,040,497
Sabre Insurance Group	3,022,587
Hilton Food Group	2,935,532
Cairn Homes	2,887,120
XPS Pensions Group	2,877,175
Informa	2,872,116
Other purchases	99,451,567
Total purchases for the year	130,483,347
<u>Largest sales</u>	<u>Proceeds (£)</u>
3i Group	17,061,390
Vistry Group	15,659,353
Wincanton	12,789,535
Intermediate Capital Group	11,347,002
BP	10,202,687
Diversified Energy Company	9,953,136
Admiral Group	7,417,884
National Grid	6,430,146
Morgan Sindall Group	6,329,830
Bloomsbury Publishing	6,265,813
Other sales	131,157,678
Total sales for the year	234,614,454

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

COMPARATIVE TABLE

<u>A Income shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	116.05	131.97	149.64
Return before operating charges*	19.95	(7.53)	(8.69)
Operating charges	(1.80)	(1.93)	(2.34)
Return after operating charges*	18.15	(9.46)	(11.03)
Distributions on income shares	(5.85)	(6.46)	(6.64)
Closing net asset value per share	128.35	116.05	131.97
* after direct transaction costs of:	0.25	0.22	0.22
Performance			
Return after charges ^A	15.64%	(7.17)%	(7.37)%
Other information			
Closing net asset value (£)	2,490,291	3,207,500	38,281,300
Closing number of shares	1,940,263	2,763,869	29,006,590
Operating charges	1.53% ^B	1.60%	1.60%
Direct transaction costs	0.21%	0.18%	0.15%
Prices (pence per share)			
Highest share price	132.51	134.23	159.43
Lowest share price	104.32	107.27	127.25
<u>A Accumulation shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	202.40	218.26	236.05
Return before operating charges*	35.35	(12.65)	(14.07)
Operating charges	(3.19)	(3.21)	(3.72)
Return after operating charges*	32.16	(15.86)	(17.79)
Distributions on accumulation shares	(10.31)	(10.82)	(10.59)
Retained distributions on accumulation shares	10.31	10.82	10.59
Closing net asset value per share	234.56	202.40	218.26
* after direct transaction costs of:	0.44	0.37	0.35
Performance			
Return after charges ^A	15.89%	(7.27)%	(7.54)%
Other information			
Closing net asset value (£)	3,343,820	3,104,368	58,528,386
Closing number of shares	1,425,557	1,533,761	26,815,413
Operating charges	1.53% ^B	1.60%	1.60%
Direct transaction costs	0.21%	0.18%	0.15%
Prices (pence per share)			
Highest share price	235.67	221.94	251.44
Lowest share price	181.94	177.38	204.61

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

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

COMPARATIVE TABLE

<u>P Income shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	125.63	141.70	159.45
Return before operating charges*	21.84	(8.02)	(9.30)
Operating charges	(1.00)	(1.10)	(1.34)
Return after operating charges*	20.84	(9.12)	(10.64)
Distributions on income shares	(6.36)	(6.95)	(7.11)
Closing net asset value per share	140.11	125.63	141.70
* after direct transaction costs of:	0.27	0.24	0.24
Performance			
Return after charges ^A	16.59%	(6.44)%	(6.67)%
Other information			
Closing net asset value (£)	213,329,323	240,423,747	365,658,937
Closing number of shares	152,262,097	191,374,400	258,050,071
Operating charges	0.78% ^B	0.85%	0.85%
Direct transaction costs	0.21%	0.18%	0.15%
Prices (pence per share)			
Highest share price	144.64	144.17	170.44
Lowest share price	113.13	115.35	136.22
<u>P Accumulation shares</u>	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	208.70	223.22	239.60
Return before operating charges*	36.87	(12.77)	(14.36)
Operating charges	(1.67)	(1.75)	(2.02)
Return after operating charges*	35.20	(14.52)	(16.38)
Distributions on accumulation shares	(10.68)	(11.09)	(10.80)
Retained distributions on accumulation shares	10.68	11.09	10.80
Closing net asset value per share	243.90	208.70	223.22
* after direct transaction costs of:	0.45	0.38	0.36
Performance			
Return after charges ^A	16.87%	(6.50)%	(6.84)%
Other information			
Closing net asset value (£)	240,260,028	266,762,710	329,426,921
Closing number of shares	98,505,969	127,822,605	147,581,476
Operating charges	0.78% ^B	0.85%	0.85%
Direct transaction costs	0.21%	0.18%	0.15%
Prices (pence per share)			
Highest share price	245.05	227.06	256.05
Lowest share price	187.93	181.69	208.62

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

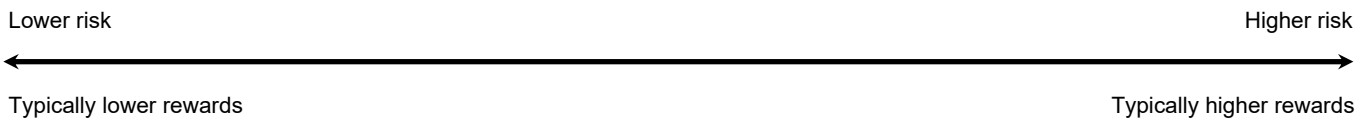
^B On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the year. Where it is considered unsuitable to use the total expenses paid by each share class in the year to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the 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 MULTI CAP INCOME FUND

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the sub-fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The sub-fund has been measured as 6 because its investments have experienced high volatility in the past. During the year the synthetic risk and reward indicator has remained unchanged.

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AEROSPACE AND DEFENCE (31 July 2023 - 1.10%)		
400,000 Chemring Group	1,626,000	0.35
Total Aerospace and Defence	<u>1,626,000</u>	<u>0.35</u>
AUTOMOBILES & PARTS (31 July 2023 - 0.18%)		
BANKS (31 July 2023 - 0.73%)		
450,000 Investec	2,776,500	0.60
Total Banks	<u>2,776,500</u>	<u>0.60</u>
BEVERAGES (31 July 2023 - 0.49%)		
360,000 Shepherd Neame ^A	2,412,000	0.53
Total Beverages	<u>2,412,000</u>	<u>0.53</u>
CLOSED END INVESTMENTS (31 July 2023 - 1.35%)		
1,150,000 3i Infrastructure	4,019,250	0.87
125,000 Partners Group Private Equity	1,160,088	0.25
5,600,000 Tufton Oceanic Assets	5,582,337	1.22
Total Closed End Investments	<u>10,761,675</u>	<u>2.34</u>
CONSTRUCTION AND MATERIALS (31 July 2023 - 7.29%)		
300,000 Billington Holdings	1,380,000	0.30
1,150,000 Breedon Group	4,922,000	1.07
130,000 Epwin Group	118,300	0.03
1,200,000 Galliford Try Holdings	3,672,000	0.80
1,200,000 James Halstead	2,184,000	0.48
300,000 Keller Group	4,392,000	0.96
300,000 Morgan Sindall Group	8,415,000	1.83
600,000 Renew Holdings	6,432,000	1.40
1,200,000 Ricardo	6,144,000	1.34
4,000,000 Severfield	3,232,000	0.70
Total Construction and Materials	<u>40,891,300</u>	<u>8.91</u>
CONSUMER SERVICES (31 July 2023 - 0.49%)		
150,000 Compass Group	3,591,000	0.78
Total Consumer Services	<u>3,591,000</u>	<u>0.78</u>
ELECTRICITY (31 July 2023 - 1.01%)		
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2023 - 1.72%)		
200,000 discoverIE Group	1,354,000	0.30
500,000 Rotork	1,800,000	0.39
330,000 Solid State	4,554,000	0.99
Total Electronic and Electrical Equipment	<u>7,708,000</u>	<u>1.68</u>
FINANCE AND CREDIT SERVICES (31 July 2023 - 4.12%)		
313,000 Mortgage Advice Bureau (Holdings)	2,823,260	0.61
2,500,000 Paragon Banking Group	20,150,000	4.39
Total Finance and Credit Services	<u>22,973,260</u>	<u>5.00</u>
FOOD PRODUCERS (31 July 2023 - 1.15%)		
40,000 Cranswick	1,902,000	0.41
400,000 Hilton Food Group	3,732,000	0.81
393,000 MP Evans Group	3,371,940	0.73
Total Food Producers	<u>9,005,940</u>	<u>1.95</u>
GAS, WATER AND MULTI-UTILITIES (31 July 2023 - 1.31%)		
GENERAL INDUSTRIALS (31 July 2023 - 3.48%)		
50,000 Bunzl	1,629,000	0.35
1,400,000 Hargreaves Services	7,868,000	1.71

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
GENERAL INDUSTRIALS (continued)		
9,500,000 Macfarlane Group	11,875,000	2.59
Total General Industrials	<u>21,372,000</u>	<u>4.65</u>
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2023 - 5.09%)		
2,000,000 Cairn Homes	3,208,000	0.70
600,000 Churchill China	6,900,000	1.50
2,000,000 Taylor Wimpey	3,237,000	0.70
750,000 Sanderson Design Group	615,000	0.13
Total Household Goods and Home Construction	<u>13,960,000</u>	<u>3.03</u>
INDUSTRIAL ENGINEERING (31 July 2023 - 0.77%)		
600,000 Somero Enterprises	1,890,000	0.41
Total Industrial Engineering	<u>1,890,000</u>	<u>0.41</u>
INDUSTRIAL METALS AND MINING (31 July 2023 - 3.72%)		
1,134,962 Castings	4,017,766	0.87
652,788 Central Asia Metals	1,271,631	0.28
6,000,000 Ecora Resources	3,882,000	0.84
70,000 Hill & Smith Holdings	1,585,500	0.35
320,822 Kenmare Resources	1,047,484	0.23
Total Industrial Metals and Mining	<u>11,804,381</u>	<u>2.57</u>
INDUSTRIAL SUPPORT SERVICES (31 July 2023 - 4.10%)		
40,000 DCC	2,142,000	0.47
600,000 FDM Group (Holdings)	2,541,000	0.55
400,000 Fonix Mobile	968,000	0.21
1,310,906 FRP Advisory Group	1,691,069	0.37
385,000 Keystone Law Group	2,494,800	0.54
1,758,473 Midwich Group	6,013,978	1.31
1,175,000 NWF Group	1,974,000	0.43
400,000 Restore	1,008,000	0.22
Total Industrial Support Services	<u>18,832,847</u>	<u>4.10</u>
INDUSTRIAL TRANSPORTATION (31 July 2023 - 1.37%)		
30,000 Clarkson	1,374,000	0.30
Total Industrial Transportation	<u>1,374,000</u>	<u>0.30</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2023 - 14.84%)		
250,000 3i Group	7,810,000	1.70
17,000,000 Cavendish Financial	2,040,000	0.44
400,000 Intermediate Capital Group	8,696,000	1.89
1,100,000 Liontrust Asset Management	7,293,000	1.59
4,000,000 Man Group	9,832,000	2.14
47,500 Mattioli Woods	375,250	0.08
3,200,000 Polar Capital Holdings	19,264,000	4.19
300,000 Pollen Street Group	2,100,000	0.46
1,000,000 XPS Pensions Group	3,240,000	0.71
Total Investment Banking and Brokerage Services	<u>60,650,250</u>	<u>13.20</u>
LEISURE GOODS (31 July 2023 - 2.61%)		
135,000 Games Workshop Group	14,053,500	3.06
1,450,000 ME Group International	2,836,200	0.62
Total Leisure Goods	<u>16,889,700</u>	<u>3.68</u>
LIFE INSURANCE (31 July 2023 - 3.63%)		
200,000 Aviva	1,008,000	0.22
5,700,000 Chesnara	14,478,000	3.15
750,000 Legal & General Group	1,745,250	0.38
Total Life Insurance	<u>17,231,250</u>	<u>3.75</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
MEDIA (31 July 2023 - 4.59%)		
20,000 4imprint Group	1,234,000	0.27
3,200,000 Bloomsbury Publishing	22,720,000	4.95
700,000 Centaur Media	217,000	0.05
600,000 GlobalData	1,290,000	0.28
350,000 Informa	3,071,600	0.67
200,000 Next 15 Group	1,680,000	0.37
400,000 Wilmington	1,544,000	0.34
Total Media	<u>31,756,600</u>	<u>6.93</u>
NON-LIFE INSURANCE (31 July 2023 - 2.92%)		
20,000 Admiral Group	553,200	0.12
500,000 Conduit Holdings	2,635,000	0.57
6,500,000 Sabre Insurance Group	10,400,000	2.26
Total Non-life Insurance	<u>13,588,200</u>	<u>2.95</u>
OIL, GAS AND COAL (31 July 2023 - 5.19%)		
500,000 Hunting	2,230,000	0.49
Total Oil, Gas and Coal	<u>2,230,000</u>	<u>0.49</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2023 - 2.60%)		
150,000 Greggs	4,674,000	1.02
3,610,000 Kitwave Group	11,479,800	2.50
Total Personal Care, Drug and Grocery Stores	<u>16,153,800</u>	<u>3.52</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2023 - 1.15%)		
15,000 AstraZeneca	1,853,400	0.40
50,000 Bioventix	2,150,000	0.47
Total Pharmaceuticals and Biotechnology	<u>4,003,400</u>	<u>0.87</u>
PRECIOUS METALS AND MINING (31 July 2023 - 0.18%)		
2,750,000 Centamin	3,448,500	0.75
2,000,000 Sylvania Platinum	1,080,000	0.24
Total Precious Metals and Mining	<u>4,528,500</u>	<u>0.99</u>
REAL ESTATE INVESTMENT AND SERVICES (31 July 2023 - 2.05%)		
976,919 M Winkworth	1,856,146	0.40
300,000 Rightmove	1,725,000	0.38
600,000 Savills	7,692,000	1.67
610,000 The Property Franchise Group	2,684,000	0.58
Total Real Estate Investment and Services	<u>13,957,146</u>	<u>3.03</u>
REAL ESTATE INVESTMENT TRUSTS (31 July 2023 - 8.72%)		
1,300,000 Big Yellow Group	15,860,000	3.45
7,800,000 LondonMetric Property	15,787,200	3.44
1,600,000 Safestore Holdings	12,992,000	2.83
Total Real Estate Investment Trusts	<u>44,639,200</u>	<u>9.72</u>
RETAILERS (31 July 2023 - 5.98%)		
1,500,000 Card Factory	1,800,000	0.39
500,000 Dunelm Group	6,165,000	1.34
200,000 Howden Joinery Group	1,898,000	0.41
400,000 Inchcape	3,336,000	0.73
1,700,000 Pets at Home Group	5,249,600	1.14
1,800,000 Topps Tiles	775,800	0.17
400,000 WHSmith	5,208,000	1.13
Total Retailers	<u>24,432,400</u>	<u>5.31</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
SOFTWARE AND COMPUTER SERVICES (31 July 2023 - 0.15%)		
70,000 Computacenter	1,897,000	0.41
1,300,000 MONY Group	2,984,800	0.65
1,500,000 Oxford Metrics	1,365,000	0.30
150,000 Softcat	2,425,500	0.53
Total Software and Computer Services	<u>8,672,300</u>	<u>1.89</u>
TELECOMMUNICATIONS SERVICE PROVIDERS (31 July 2023 - 2.59%)		
700,000 Telecom Plus	13,062,000	2.84
Total Telecommunications Service Providers	<u>13,062,000</u>	<u>2.84</u>
TRAVEL AND LEISURE (31 July 2023 - 0.46%)		
850,000 Hollywood Bowl Group	2,792,250	0.61
Total Travel and Leisure	<u>2,792,250</u>	<u>0.61</u>
OVERSEAS SECURITIES (31 July 2023 - 0.96%)		
10,000 Blackstone	1,100,424	0.24
12,500 Compagnie Financière Richemont	1,492,141	0.33
2,250 LVMH Moët Hennessy Louis Vuitton	1,252,515	0.27
Total Overseas Securities	<u>3,845,080</u>	<u>0.84</u>
Portfolio of investments	449,410,979	97.82
Net other assets	10,012,483	2.18
Total net assets	<u><u>459,423,462</u></u>	<u><u>100.00</u></u>

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

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital gains/(losses)	2		49,849,254		(82,406,800)
Revenue	4	23,294,876		33,821,898	
Expenses	5	<u>(3,646,008)</u>		<u>(5,378,076)</u>	
Net revenue before taxation		19,648,868		28,443,822	
Taxation	6	<u>(189,274)</u>		<u>(478,219)</u>	
Net revenue after taxation			<u>19,459,594</u>		<u>27,965,603</u>
Total return before distributions			69,308,848		(54,441,197)
Distributions	7		(22,603,825)		(32,662,952)
Change in net assets attributable to shareholders from investment activities			<u>46,705,023</u>		<u>(87,104,149)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 July 2024

	31 July 2024		31 July 2023	
	£	£	£	£
Opening net assets attributable to shareholders		513,498,325		791,895,544
Amounts receivable on issue of shares	2,422,192		2,787,923	
Amounts payable on cancellation of shares	(114,411,568)		(209,556,370)	
Amounts payable on share class conversions	<u>(3)</u>		<u>1,192</u>	
		(111,989,379)		(206,767,255)
Dilution adjustment				50,384
Change in net assets attributable to shareholders from investment activities		46,705,023		(87,104,149)
Retained distribution on accumulation shares		11,209,307		15,423,631
Unclaimed distributions		186		170
Closing net assets attributable to shareholders		<u>459,423,462</u>		<u>513,498,325</u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

BALANCE SHEET
as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	14	449,410,979	503,681,360
Current Assets:			
Debtors	8	4,214,653	4,071,624
Cash and bank balances		12,930,432	15,737,622
Total assets		<u>466,556,064</u>	<u>523,490,606</u>
Liabilities:			
Creditors:			
Distribution payable on income shares		5,944,916	7,886,841
Other creditors	9	1,187,686	2,105,440
Total liabilities		<u>7,132,602</u>	<u>9,992,281</u>
Net assets attributable to shareholders		<u><u>459,423,462</u></u>	<u><u>513,498,325</u></u>

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 13 to 15.

2 NET CAPITAL GAINS/(LOSSES)

31 July 2024
£

31 July 2023
£

The net gains/(losses) on investments during the year comprise:

Non-derivative securities gains/(losses)	49,860,737	(82,427,331)
Currency (losses)/gains	(5,545)	30,050
Transaction charges	(5,938)	(9,519)
Net capital gains/(losses)	49,849,254	(82,406,800)

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024
£

31 July 2023
£

Purchases excluding transaction costs:

Equities	129,825,832	142,681,771
Corporate actions	-	4,730,503
	<u>129,825,832</u>	<u>147,412,274</u>

Equities: Commissions	186,418	189,679
Taxes and other charges	471,097	523,577
	<u>657,515</u>	<u>713,256</u>

Total purchases transaction costs	<u>657,515</u>	<u>713,256</u>
Purchases including transaction costs	130,483,347	148,125,530

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

Equities: Commissions	0.14%	0.13%
Taxes and other charges	0.36%	0.37%

Sales excluding transaction costs:

Equities	234,580,735	329,045,798
Corporate actions	339,000	4,173,179
	<u>234,919,735</u>	<u>333,218,977</u>

Equities: Commissions	(304,756)	(427,045)
Taxes and other charges	(525)	(698)
	<u>(305,281)</u>	<u>(427,743)</u>

Total sales transaction costs	<u>(305,281)</u>	<u>(427,743)</u>
Sales net of transaction costs	234,614,454	332,791,234

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	0.11%	0.10%
Taxes and other charges	0.10%	0.08%
	<u>0.21%</u>	<u>0.18%</u>

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:	5,938	9,519
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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	0.97%	0.93%
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IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

4 REVENUE	31 July 2024	31 July 2023
	£	£
UK dividends	19,031,475	25,718,259
UK dividends (unfranked)	1,655,343	2,085,152
Overseas dividends	2,268,247	5,610,887
Interest distributions	104,245	169,800
Bank interest	235,566	237,800
Total revenue	23,294,876	33,821,898
5 EXPENSES	31 July 2024	31 July 2023
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	3,517,576	5,178,819
Registration fees	6,012	7,053
TCFD fee	122	-
	3,523,710	5,185,872
Other expenses:		
Depositary's fees	99,351	147,872
Safe Custody fees	14,221	34,465
Bank interest	-	84
Financial Conduct Authority fee	15	(29)
Audit fee	8,711	9,812
	122,298	192,204
Total expenses	3,646,008	5,378,076
6 TAXATION	31 July 2024	31 July 2023
	£	£
a Analysis of the tax charge for the year		
Overseas tax	189,274	478,219
Total tax charge for the year (see note 6(b))	189,274	478,219
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	19,648,868	28,443,822
UK corporation tax at 20% (2023: 20%)	3,929,774	5,688,764
Effects of:		
Revenue not subject to taxation	(4,259,945)	(6,265,829)
Unrelieved excess management expenses	330,171	577,065
Overseas tax	189,274	478,219
Total tax charge for the year (see note 6(a))	189,274	478,219
c Provision for deferred taxation		
At 31 July 2024 the sub-fund has deferred tax assets of £14,204,258 (2023: £13,874,087) 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 MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

7 DISTRIBUTIONS

	31 July 2024	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	8,935,500	13,653,275
Final	12,468,072	16,348,864
Amounts deducted on cancellation of shares	1,242,693	2,695,125
Amounts added on issue of shares	(42,338)	(35,208)
Equalisation on conversions	(3)	1,192
Revenue brought forward	(99)	(296)
Distributions	<u>22,603,825</u>	<u>32,662,952</u>
Movement between net revenue and distributions:		
Net revenue after taxation	19,459,594	27,965,603
Add: ACD's periodic charge borne by capital	3,517,576	5,178,819
Deduct: Tax effect of ACD's periodic charge borne by capital	(373,345)	(481,470)
	<u>22,603,825</u>	<u>32,662,952</u>

8 DEBTORS

	31 July 2024	31 July 2023
	£	£
Amounts receivable for issue of shares	246,764	-
Sales awaiting settlement	543,756	214,867
Accrued income	2,958,629	3,235,230
Taxation recoverable	465,504	621,527
Total debtors	<u>4,214,653</u>	<u>4,071,624</u>

9 OTHER CREDITORS

	31 July 2024	31 July 2023
	£	£
Amounts payable for cancellation of shares	823,931	1,719,674
ACD's periodic charge and registration fees	298,908	335,858
Accrued expenses	64,847	49,908
Total other creditors	<u>1,187,686</u>	<u>2,105,440</u>

10 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 from/to the ACD in respect of share transactions at the year end are disclosed in notes 8 and 9, respectively. 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 £876,075 (2023: £2,055,532).

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

	31 July 2024	31 July 2023
Proportion of shares owned by directors of IFSL or UFC Fund Management plc	0.10%	0.08%

11 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 / Accumulation	1.50%
P Income / Accumulation	0.75%

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

12 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 2023	2,763,869	1,533,761
Shares issued	445,954	428,205
Shares cancelled	(1,261,893)	(536,409)
Shares converted	(7,667)	-
Closing shares in issue at 31 July 2024	<u>1,940,263</u>	<u>1,425,557</u>
	P Income	P Accumulation
Opening shares in issue at 1 August 2023	191,374,400	127,822,605
Shares issued	777,185	22,811
Shares cancelled	(40,283,115)	(29,107,708)
Shares converted	393,627	(231,739)
Closing shares in issue at 31 July 2024	<u>152,262,097</u>	<u>98,505,969</u>

13 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 £22,470,549 (2023: £25,184,068). 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.

Foreign currency exposure at 31 July 2024

	Investments £	Net other assets £	Total £
Euro	2,412,603	277,996	2,690,599
Norwegian krona	-	55,858	55,858
Swiss franc	1,492,141	264,306	1,756,447
US dollar	6,682,762	116,941	6,799,703
	<u>10,587,506</u>	<u>715,101</u>	<u>11,302,607</u>

Foreign currency exposure at 31 July 2023

	Investments £	Net other assets £	Total £
Euro	-	349,050	349,050
Norwegian krona	-	155,820	155,820
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>

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 £565,130 (2023: £419,359). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024

£

31 July 2023

£

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

Financial assets floating rate ^A	12,930,432	15,737,622
Financial assets non-interest bearing instruments	453,625,632	507,752,984
Financial liabilities non-interest bearing instruments	(7,132,602)	(9,992,281)
	<u>459,423,462</u>	<u>513,498,325</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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

IFSL MARLBOROUGH NO 2 OEIC
IFSL MARLBOROUGH MULTI CAP INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

RISK DISCLOSURES (continued)

Liquidity risk

31 July 2024
£

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	5,944,916	7,886,841
	Other creditors	1,187,686	2,105,440
		<u>7,132,602</u>	<u>9,992,281</u>

14 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	449,410,979	-	503,681,360	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>449,410,979</u>	<u>-</u>	<u>503,681,360</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.

15 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
A Income	132.51	121.60	(8.23)%
A Accumulation	235.67	222.19	(5.72)%
P Income	144.64	133.06	(8.01)%
P Accumulation	245.05	231.60	(5.49)%

^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 MULTI CAP INCOME FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 August 2023 to 31 January 2024

Group 1: shares purchased prior to 1 August 2023

Group 2: shares purchased on or after 1 August 2023

		Net revenue 31 January 2024 pence per share	Equalisation 31 January 2024 pence per share	Distribution paid 31 March 2024 pence per share	Distribution paid 31 March 2023 pence per share
A Income	Group 1	2.3052	-	2.3052	2.6841
	Group 2	0.2452	2.0600	2.3052	2.6841
A Accumulation	Group 1	4.0205	-	4.0205	4.4373
	Group 2	0.0065	4.0140	4.0205	4.4373
P Income	Group 1	2.5000	-	2.5000	2.8881
	Group 2	1.0526	1.4474	2.5000	2.8881
P Accumulation	Group 1	4.1529	-	4.1529	4.5467
	Group 2	1.7774	2.3755	4.1529	4.5467

Final distribution for the period from 1 February 2024 to 31 July 2024

Group 1: shares purchased prior to 1 February 2024

Group 2: shares purchased on or after 1 February 2024

		Net revenue 31 July 2024 pence per share	Equalisation 31 July 2024 pence per share	Distribution paid 30 September 2024 pence per share	Distribution paid 30 September 2023 pence per share
A Income	Group 1	3.5418	-	3.5418	3.7757
	Group 2	1.5796	1.9622	3.5418	3.7757
A Accumulation	Group 1	6.2917	-	6.2917	6.3834
	Group 2	4.9955	1.2962	6.2917	6.3834
P Income	Group 1	3.8592	-	3.8592	4.0666
	Group 2	2.0109	1.8483	3.8592	4.0666
P Accumulation	Group 1	6.5310	-	6.5310	6.5435
	Group 2	3.5013	3.0297	6.5310	6.5435

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

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Performance to 31 July 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
IFSL Marlborough Nano-Cap Growth Fund	14.11%	14.34%	(20.74)%	32.22%
IA UK Smaller Companies sector*	13.81%	17.31%	(14.65)%	22.51%
FTSE SmallCap Index (ex. Investment Cos)	13.20%	15.39%	5.15%	47.16%

* Effective from 12 August 2024, the sub-fund's performance benchmark was changed from the IA UK Smaller Companies sector to the FTSE AIM All-Share Index.

External Source of Economic Data: Morningstar (P Accumulation - quoted price to quoted price).

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

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

Investment commentary

Performance statement

During the 12-month period from 1 August 2023 to 31 July 2024, the price of the sub-fund's 'P' Accumulation units rose 14.34%. This compared to a rise of 17.31% in the IA UK Smaller Companies sector benchmark*.

Market review

Major equity indices in the USA, Europe and the UK hit record highs towards the end of the reporting period as market participants grew increasingly confident that interest rates have peaked, inflation globally has stabilised and is broadly heading downward.

After a torrid couple of years, several UK listed smaller companies showed a marked improvement and positively contributed to the sub-fund's return. This is a trend we expect to continue as fundamentals continue to improve and the cheap valuations relative to international peers, particularly those in the US, potentially narrow.

Encouragingly, UK consumer confidence hit a two year high in May as wage increases and a stable employment environment provided support, although cost of living pressures remain present. Bank of England (BoE) governor, Andrew Bailey, buoyed markets in the same month stating that the next move in interest rates would be down and on 31 July, the BoE did just that, cutting the Bank Rate by 0.25% to 5.0%. Interestingly, both the European Central Bank and the Bank of Canada also cut their key interest rates during the period.

Political noise was particularly prevalent in the latter half of the reporting period after former Prime Minister, Rishi Sunak, surprised the nation by calling an election on 4th July despite the polls predicting a heavy loss for his Conservative party. Indeed, the Conservatives lost in a record landslide to Sir Keir Starmer's Labour party. Financial markets were unconcerned about the outcome in the run up to and after the election given the, almost, inevitable result. The market appears to have initially taken the view that the much-improved political stability will benefit the UK, at least in the short- to medium-term. While it remains very early days under this new government, our assumption is that the Labour administration will have to maintain an air of fiscal prudence given the importance of the Gilt market, which demonstrated its power in September 2022 in what is now commonly referred to as the Liz Truss 'Mini Budget'.

Sub-fund performance and activity

The biggest winners during the period included Filtronic, McBride, Intercede, Beeks Financial Cloud, Ashtead Technology, Mpac, Renold, Pan African Resources, Windward, and hVIVO.

Largest losers during the period included Engage XR, Sosandar, Team, Rosslyn Data Technologies, WH Ireland, Mind Gym, Inspects, Cambridge Cognition, Andrada Mining, and SDI Group.

Filtronic, the manufacturer of radio frequency (RF) technology products, rose 271% after the company won a succession of contracts and secured a transformational partnership with SpaceX, the manufacturer of Starlink satellites. Moving forward, the company plans to continue investing in its engineering and manufacturing capability to penetrate further the defence, aerospace and security sectors and we are hopeful the new CEO can provide increased impetus to sales. The sub-fund has been invested in Filtronic for many years and has long recognised the rarity and strategic value of its intellectual property and human capital in RF technology.

Sosandar, the womenswear retailer, fell 64% following a pivot in strategy with plans to launch 'bricks and mortar' stores, having previously focused solely on online and third-party retailer channels. A weak demand backdrop impacted the company's financial performance, along with many other retailers. The shares languished for much of the second half of the period as profits failed to materialise in the company's financial year. The company is going through a transition and investors remain sceptical as to whether the company can prosecute its multi-channel strategy.

During the period several portfolio companies received bids, including IQGeo, Sopheon, TClarke, Kin & Carta, Shanta Gold, City Pub Group, GRC International and Gresham Technologies.

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

AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 31 July 2024

Investment commentary (continued)

Investment outlook

The prospects for the UK are improving, with inflation appearing to be under control, unemployment remaining low and projections for growth increasing. Having been a pariah for some time, the UK is looking more stable than it has in a long time, especially relative to other leading nations, which should bode well for investors.

The remainder of the year is likely to see increased volatility as the US election gets ever closer, central banks get more vocal regarding when and in what quantum they expect to cut interest rates, and investors consider a rotation out of the largest US (principally technology) companies into other areas.

Irrespective of the geopolitical and macroeconomic environment, many portfolio companies are either trading well or showing tangible signs of recovery. We are encouraged to see solid fundamentals being rewarded with increasing share prices. It must be reiterated that the long-term fundamentals of many of our holdings remain compelling and we continue to see this value highlighted by continuing interest in our assets from both trade and financial acquirers.

Canaccord Genuity Asset Management Limited
13 August 2024

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Explanation of terms*

Benchmark – used for comparative purposes.

Distributions (pence per share)

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>P Accumulation</u>				
Net accumulation paid 31 March	0.1116	0.1437	-	-
Net accumulation paid 30 September	0.0165	0.1119	-	-

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

AUTHORISED INVESTMENT MANAGER'S REPORT
for the year ended 31 July 2024

Portfolio changes

<u>Largest purchases</u>	<u>Cost (£)</u>
Kin and Carta	1,113,490
XP Power	867,520
IQE	846,078
Afentra	845,853
Alpha Group International	821,794
Endeavour Mining	799,477
Hostelworld Group	765,771
Molten Ventures	764,122
Speedy Hire	751,656
Marston's	740,536
Other purchases	22,605,875
Total purchases for the year	30,922,172
<u>Largest sales</u>	<u>Proceeds (£)</u>
Filtronic	5,068,689
Sopheon	4,452,390
Kooth	2,364,519
Instem	2,309,742
Shanta Gold	2,130,079
Ashtead Technology Holdings	1,798,766
Kin and Carta	1,573,347
Cerillion	1,530,117
Andrada Mining	1,439,497
H&T Group	1,311,080
Other sales	32,057,568
Total sales for the year	56,035,794

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

COMPARATIVE TABLE

P Accumulation shares	Year to 31.07.2024	Year to 31.07.2023	Year to 31.07.2022
Change in net assets per share	pence	pence	pence
Opening net asset value per share	209.14	225.91	296.21
Return before operating charges*	27.48	(15.00)	(68.05)
Operating charges	(1.68)	(1.77)	(2.25)
Return after operating charges*	25.80	(16.77)	(70.30)
Distributions on accumulation shares	(0.13)	(0.26)	-
Retained distributions on accumulation shares	0.13	0.26	-
Closing net asset value per share	234.94	209.14	225.91
* after direct transaction costs of:	0.24	0.19	0.19
Performance			
Return after charges ^A	12.34%	(7.42)%	(23.73)%
Other information			
Closing net asset value (£)	152,370,501	168,671,116	183,131,853
Closing number of shares	64,855,087	80,650,923	81,064,828
Operating charges	0.79% ^B	0.82%	0.81%
Direct transaction costs	0.11%	0.09%	0.07%
Prices (pence per share)			
Highest share price	238.48	230.62	315.80
Lowest share price	187.39	200.54	219.52

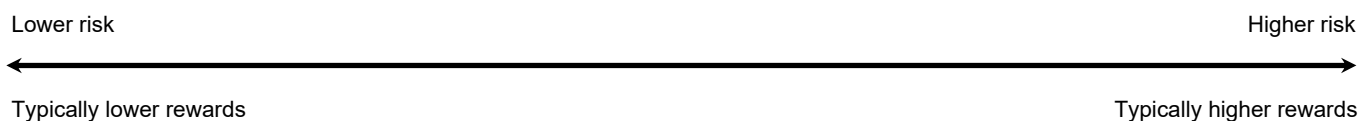
^A The return after charges is calculated using the underlying investments bid prices.

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

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the year. Where it is considered unsuitable to use the total expenses paid by each share class in the year to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, www.ifslfunds.com) give an estimate of future costs.

Direct transaction costs are the total charges for the 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.

SYNTHETIC RISK AND REWARD INDICATOR (all share classes)



1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the sub-fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The sub-fund has been measured as 6 because its investments have experienced high volatility in the past. During the 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 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
AUTOMOBILES AND PARTS (31 July 2023 - 1.20%)		
BEVERAGES (31 July 2023 - 1.48%)		
1,400,000 Gusbourne	910,000	0.60
65,000 Shepherd Neame ^A	435,500	0.29
1,143,236 The Artisanal Spirits Company	491,591	0.32
Total Beverages	<u>1,837,091</u>	<u>1.21</u>
CHEMICALS (31 July 2023 - 0.41%)		
3,611,111 Hardide	252,778	0.17
1,159,770 HeiQ	107,395	0.07
Total Chemicals	<u>360,173</u>	<u>0.24</u>
CLOSED END INVESTMENTS (31 July 2023 - 1.64%)		
550,000 Augmentum Fintech	605,000	0.40
500,000 Golden Prospect Precious Metals	160,000	0.11
10,505,704 Phoenix Digital Assets ^A	409,722	0.27
Total Closed End Investments	<u>1,174,722</u>	<u>0.78</u>
CONSTRUCTION AND MATERIALS (31 July 2023 - 2.07%)		
475,000 Accsys Technologies	257,450	0.17
1,500,000 Brickability Group	1,083,000	0.71
3,666,666 EARNZ	275,000	0.18
228,000 Norcros	533,520	0.35
2,850,000 SigmaRoc	1,972,200	1.29
100,000 Stelrad Group	134,000	0.09
Total Construction and Materials	<u>4,255,170</u>	<u>2.79</u>
ELECTRONIC AND ELECTRICAL EQUIPMENT (31 July 2023 - 3.12%)		
120,000 Flowtech Fluidpower	136,800	0.09
1,086,956 Invinity Energy Systems	255,435	0.17
1,494,000 LifeSafe Holdings	141,930	0.09
770,000 SDI Group	492,800	0.32
5,000 Solid State	69,000	0.05
6,000,000 Thruvision Group	900,000	0.59
202,500 Transense Technologies	283,500	0.19
480,000 Volex	1,699,200	1.12
45,000 XP Power	576,000	0.38
Total Electronic and Electrical Equipment	<u>4,554,665</u>	<u>3.00</u>
FINANCE AND CREDIT SERVICES (31 July 2023 - 1.01%)		
500,000 TruFin	245,000	0.16
Total Finance and Credit Services	<u>245,000</u>	<u>0.16</u>
FOOD PRODUCERS (31 July 2023 - Nil)		
1,503,680 Science in Sport	324,795	0.21
Total Food Producers	<u>324,795</u>	<u>0.21</u>
GENERAL INDUSTRIALS (31 July 2023 - 0.95%)		
220,000 Hargreaves Services	1,236,400	0.81
Total General Industrials	<u>1,236,400</u>	<u>0.81</u>
HEALTH CARE PROVIDERS (31 July 2023 - 2.58%)		
730,000 Cambridge Cognition Holdings	313,900	0.21
857,681 Diaceutics	1,106,408	0.73
10,000,000 hVIVO	2,950,000	1.94
985,000 Induction Healthcare Group	88,650	0.06
10,000,000 Totally	1,050,000	0.69
Total Health Care Providers	<u>5,508,958</u>	<u>3.63</u>

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

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
HOUSEHOLD GOODS AND HOME CONSTRUCTION (31 July 2023 - 0.61%)		
40,000 MJ Gleeson	228,400	0.15
155,000 ProCook Group	37,510	0.02
300,000 Sanderson Design Group	246,000	0.16
1,077,500 Springfield Properties	1,045,175	0.69
135,000 Ultimate Products	178,875	0.12
Total Household Goods and Home Construction	<u>1,735,960</u>	<u>1.14</u>
INDUSTRIAL ENGINEERING (31 July 2023 - 2.06%)		
350,000 Mpac Group	1,743,000	1.14
3,300,000 Renold	1,947,000	1.28
275,000 Somero Enterprises	866,250	0.57
125,000 Xaar	162,500	0.11
Total Industrial Engineering	<u>4,718,750</u>	<u>3.10</u>
INDUSTRIAL MATERIALS (31 July 2023 - 0.09%)		
INDUSTRIAL METALS AND MINING (31 July 2023 - 4.70%)		
38,145,000 Andrada Mining	1,220,640	0.80
400,000 Ecora Resources	258,800	0.17
1,500,000 Phoenix Copper	285,000	0.19
300,000 Tharisa	246,000	0.16
Total Industrial Metals and Mining	<u>2,010,440</u>	<u>1.32</u>
INDUSTRIAL SUPPORT SERVICES (31 July 2023 - 6.07%)		
1,750,000 Capita	337,400	0.22
3,000,000 Frontier IP Group	1,020,000	0.67
1,375,000 Journeo	3,712,500	2.44
142,000 Keystone Law Group	920,160	0.60
125,000 Marlowe	542,500	0.36
1,100,000 Mind Gym	264,000	0.17
4,500,000 Norman Broadbent	315,000	0.21
1,988,333 REACT Group	1,491,250	0.98
27,000 Science Group	116,100	0.08
2,000,000 Speedy Hire	788,000	0.52
50,000 Trifast	37,600	0.02
453,476 Water Intelligence	1,813,904	1.19
Total Industrial Support Services	<u>11,358,414</u>	<u>7.46</u>
INDUSTRIAL TRANSPORTATION (31 July 2023 - 1.23%)		
750,000 Avation	967,500	0.63
785,000 Facilities by ADF	423,900	0.28
155,000 Fisher (James) & Sons	519,250	0.34
Total Industrial Transportation	<u>1,910,650</u>	<u>1.25</u>
INVESTMENT BANKING AND BROKERAGE SERVICES (31 July 2023 - 6.53%)		
170,000 Alpha Group International	4,301,000	2.82
1,000,000 AssetCo	370,000	0.24
808,500 DSW Capital	444,675	0.29
1,200,000 Frenkel Topping Group	552,000	0.36
5,000 Impax Asset Management Group	20,200	0.01
650,000 Mercia Asset Management	223,600	0.15
260,000 Molten Ventures	973,700	0.64
484,000 PensionBee Group	796,180	0.52
1,850,000 Record	1,169,200	0.77
2,206,626 Team	330,994	0.22
675,000 TMT Investments	1,492,933	0.98
5,000,000 WH Ireland Group	150,000	0.10
Total Investment Banking and Brokerage Services	<u>10,824,482</u>	<u>7.10</u>

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

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
MEDIA (31 July 2023 - 4.90%)		
837,001 Dianomi	460,351	0.30
5,750,000 Ebiquity	2,127,500	1.40
1,000,000 LBG Media	1,280,000	0.84
31,193,730 One Media iP Group	1,091,781	0.72
120,000 STV Group	325,200	0.21
68,000 System1 Group	523,600	0.34
969,111 Time Out Group	523,320	0.34
1,750,000 Zinc Media Group	1,225,000	0.80
Total Media	<u>7,556,752</u>	<u>4.95</u>
MEDICAL EQUIPMENT AND SERVICES (31 July 2023 - 2.76%)		
227,273 AOTI	300,000	0.20
2,000,000 Creo Medical Group	600,000	0.39
14,500,000 Kromek Group	855,500	0.56
3,250,000 NIOX Group	2,002,000	1.31
Total Medical Equipment and Services	<u>3,757,500</u>	<u>2.46</u>
OIL, GAS AND COAL (31 July 2023 - 2.34%)		
1,625,000 Afentra	867,750	0.57
150,000 Ashtead Technology Holdings	1,294,500	0.85
2,250,000 i3 Energy	215,325	0.14
3,000,000 Jadestone Energy	945,000	0.62
400,000 Kistos Holdings	504,000	0.33
12,250,000 Westmount Energy	159,250	0.10
Total Oil, Gas and Coal	<u>3,985,825</u>	<u>2.61</u>
OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES (31 July 2023 - 0.24%)		
1,500 Rosebank Industries	12,225	0.01
Total Open End and Miscellaneous Investment Vehicles	<u>12,225</u>	<u>0.01</u>
PERSONAL CARE, DRUG AND GROCERY STORES (31 July 2023 - 1.22%)		
1,400,000 IG Design Group	2,968,000	1.95
479,000 McBride	629,885	0.41
Total Personal Care, Drug and Grocery Stores	<u>3,597,885</u>	<u>2.36</u>
PERSONAL GOODS (31 July 2023 -1.30%)		
1,325,000 Inspects Group	689,000	0.45
Total Personal Goods	<u>689,000</u>	<u>0.45</u>
PHARMACEUTICALS AND BIOTECHNOLOGY (31 July 2023 - 0.42%)		
4,000,000 Agronomics	232,000	0.15
240,000 Animalcare Group	667,200	0.44
1,500 Bioventix	64,500	0.04
3,500,000 Oxford BioDynamics	245,000	0.16
Total Pharmaceuticals and Biotechnology	<u>1,208,700</u>	<u>0.79</u>
PRECIOUS METALS AND MINING (31 July 2023 - 2.58%)		
310,000 Centamin	388,740	0.26
45,000 Endeavour Mining	783,450	0.51
20,000,000 Jubilee Metals Group	1,200,000	0.79
7,250,000 Pan African Resources	2,088,000	1.37
725,000 Sylvania Platinum	391,500	0.26
Total Precious Metals and Mining	<u>4,851,690</u>	<u>3.19</u>
REAL ESTATE INVESTMENT AND SERVICES (31 July 2023 - 0.90%)		
1,000,000 Foxtons Group	664,000	0.44
425,000 The Property Franchise Group	1,870,000	1.23
Total Real Estate Investment and Services	<u>2,534,000</u>	<u>1.67</u>

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

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
RETAILERS (31 July 2023 - 1.66%)		
1,000,000 Angling Direct	360,000	0.24
813,750 CMO Group	113,925	0.07
5,861,100 Sosandar	498,193	0.33
Total Retailers	972,118	0.64
SOFTWARE AND COMPUTER SERVICES (31 July 2023 - 29.15%)		
3,200,000 1Spatial	2,208,000	1.45
320,349 accesso Technology Group	2,210,408	1.45
2,500,000 ActiveOps	3,325,000	2.18
1,670,000 Beeks Financial Cloud Group	3,941,200	2.59
730,000 Celebrus Technologies	2,044,000	1.34
115,000 Cerillion	2,012,500	1.32
300,000 Crimson Tide	450,000	0.30
2,750,000 Crossword Cybersecurity	129,250	0.08
275,000 Eagle Eye Solutions Group	1,309,000	0.86
6,900,000 ENGAGE XR Holdings	75,900	0.05
1,620,000 essensys	486,000	0.32
2,500,000 GetBusy	1,750,000	1.15
4,990,000 GRC International Group	374,250	0.25
1,450,000 Ingenta	1,667,500	1.09
1,050,000 Intercede Group	1,575,000	1.03
1,250,000 IQGeo Group	5,850,000	3.84
825,000 K3 Business Technology Group	701,250	0.46
345,000 Kooth	1,117,800	0.73
3,735,000 KRM22	933,750	0.61
450,000 Microlise Group	630,000	0.41
45,000,000 Narf Industries	337,500	0.22
575,000 Netcall	529,000	0.35
2,050,000 Oxford Metrics	1,865,500	1.22
3,465,490 PCI-PAL	2,252,568	1.48
2,100,000 Pulsar Group	1,575,000	1.03
1,250,000 Redcentric	1,743,750	1.14
525,000 Rosslyn Data Technologies	47,250	0.03
1,625,000 SEEEN	48,750	0.03
3,316,028 SysGroup	1,094,289	0.72
800,000 TPXimpact Holdings	400,000	0.26
950,000 Vianet Group	1,235,000	0.81
1,600,000 Windward	1,600,000	1.05
Total Software and Computer Services	45,519,415	29.85
TECHNOLOGY HARDWARE AND EQUIPMENT (31 July 2023 - 2.29%)		
3,000,000 Concurrent Technologies	3,525,000	2.31
400,010 EnSilica	184,005	0.12
9,850,000 IQE	3,092,900	2.03
Total Technology Hardware and Equipment	6,801,905	4.46
TELECOMMUNICATIONS EQUIPMENT (31 July 2023 - 3.16%)		
3,000,000 BATM Advanced Communications	597,000	0.39
8,200,000 Filtronic	5,330,000	3.50
1,875,000 MTI Wireless Edge	712,500	0.47
Total Telecommunications Equipment	6,639,500	4.36
TRAVEL AND LEISURE (31 July 2023 - 5.34%)		
11,300,000 DP Poland	1,186,500	0.78
5,000,000 Gaming Realms	1,955,000	1.28
525,000 Hostelworld Group	750,750	0.49
2,250,000 Marston's	922,500	0.61
22,000,030 Tasty	319,000	0.21
2,200,000 Ten Lifestyle Group	1,595,000	1.05
1,000,000 The Gym Group	1,444,000	0.95

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

PORTFOLIO STATEMENT

as at 31 July 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
TRAVEL AND LEISURE (continued)		
750,000 Tortilla Mexican Grill	390,000	0.26
4,445,133 Various Eateries	755,673	0.50
87,500 Young & Co's Brewery 'NV'	612,500	0.40
Total Travel and Leisure	<u>9,930,923</u>	<u>6.53</u>
WASTE AND DISPOSAL SERVICES (31 July 2023 - 0.27%)		
388,445 Franchise Brands	660,356	0.43
Total Waste and Disposal Services	<u>660,356</u>	<u>0.43</u>
OVERSEAS SECURITIES (31 July 2023 - 0.18%)		
UNQUOTED SECURITIES (31 July 2023 - 1.14%)		
3,356,366 Albert Technologies ^B	-	-
58,791,414 Gfinity Warrants (£0.00225) 07.09.24 ^E	-	-
100,558 Gusbourne Warrants (£0.75) 16.12.22 ^E	-	-
2,843,978 HaloSource 'Reg S' ^B	-	-
5,942 Infinity Reliance ^C	249,980	0.16
1,000,000 Moxico Resources ^C	600,000	0.39
10,000,000 One Media iP Group Warrants (£0.06) 25.09.25 ^E	-	-
53,500,000 RiverFort Global Opportunities ^D	117,700	0.08
18,000 SCA Investments 'J' ^C	504,000	0.33
3,198 SCA Investments 'M' ^C	178,960	0.12
4,805,090 Trackwise Designs ^B	-	-
Total Unquoted Securities	<u>1,650,640</u>	<u>1.08</u>
Portfolio of investments	152,424,104	100.04
Net other liabilities	(53,603)	(0.04)
Total net assets	<u><u>152,370,501</u></u>	<u><u>100.00</u></u>

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

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

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

^D These shares are suspended and are being valued using the latest information received.

^E All holdings of warrants have been valued at the exercise price less the price of the underlying ordinary shares.

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

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

STATEMENT OF TOTAL RETURN

for the year ended 31 July 2024

	Notes	31 July 2024		31 July 2023	
		£	£	£	£
Income:					
Net capital gains/(losses)	2		16,528,227		(15,160,017)
Revenue	4	1,333,769		1,758,967	
Expenses	5	(1,205,866)		(1,649,471)	
Net revenue before taxation		<u>127,903</u>		<u>109,496</u>	
Taxation	6	<u>(33,874)</u>		<u>(28,293)</u>	
Net revenue after taxation			<u>94,029</u>		<u>81,203</u>
Total return before distributions			16,622,256		(15,078,814)
Distributions	7		(94,029)		(153,219)
Change in net assets attributable to shareholders from investment activities			<u>16,528,227</u>		<u>(15,232,033)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 July 2024

	31 July 2024		31 July 2023	
	£	£	£	£
Opening net assets attributable to shareholders		168,671,116		208,197,656
Amounts receivable on issue of shares	1,030,189		2,428,699	
Amounts payable on cancellation of shares	(34,195,246)		(27,248,442)	
Amounts payable on share class conversions	<u>-</u>		<u>(49,806)</u>	
		(33,165,057)		(24,869,549)
Dilution adjustment		244,969		374,060
Change in net assets attributable to shareholders from investment activities		16,528,227		(15,232,033)
Retained distribution on accumulation shares		91,246		200,982
Closing net assets attributable to shareholders		<u>152,370,501</u>		<u>168,671,116</u>

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

BALANCE SHEET
as at 31 July 2024

	Notes	31 July 2024 £	31 July 2023 £
Assets:			
Fixed Assets:			
Investments	14	152,424,104	161,243,884
Current Assets:			
Debtors	8	215,868	690,826
Cash and bank balances		327,813	7,413,406
Total assets		<u>152,967,785</u>	<u>169,348,116</u>
Liabilities:			
Creditors:			
Other creditors	9	597,284	677,000
Total liabilities		<u>597,284</u>	<u>677,000</u>
Net assets attributable to shareholders		<u><u>152,370,501</u></u>	<u><u>168,671,116</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

Please refer to the notes applicable to the Company on pages 13 to 15.

2 NET CAPITAL GAINS/(LOSSES)

31 July 2024
£

31 July 2023
£

The net gains/(losses) on investments during the year comprise:

Non-derivative securities gains/(losses)	16,534,101	(15,153,284)
Currency losses	(368)	-
Transaction charges	(5,506)	(6,733)
Net capital gains/(losses)	16,528,227	(15,160,017)

3 PURCHASES, SALES AND TRANSACTION COSTS

31 July 2024
£

31 July 2023
£

Purchases excluding transaction costs:

Equities	26,025,154	22,226,030
Corporate actions	4,802,113	9,348,855
	<u>30,827,267</u>	<u>31,574,885</u>
Equities: Commissions	49,093	37,383
Taxes and other charges	45,812	28,859
Total purchases transaction costs	<u>94,905</u>	<u>66,242</u>
Purchases including transaction costs	30,922,172	31,641,127

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

Equities: Commissions	0.19%	0.17%
Taxes and other charges	0.18%	0.13%

Sales excluding transaction costs:

Equities	47,621,355	42,340,032
Corporate actions	8,493,204	7,483,856
	<u>56,114,559</u>	<u>49,823,888</u>
Equities: Commissions	(78,290)	(102,494)
Taxes and other charges	(475)	(329)
Total sales transaction costs	<u>(78,765)</u>	<u>(102,823)</u>
Sales net of transaction costs	56,035,794	49,721,065

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

Equities: Commissions	0.16%	0.24%
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	0.08%	0.07%
Taxes and other charges	0.03%	0.02%
	<u>0.11%</u>	<u>0.09%</u>

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: 5,506 6,733

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 2.90% 4.46%

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

4 REVENUE	31 July 2024	31 July 2023
	£	£
UK dividends	1,047,270	1,360,256
Overseas dividends	201,304	193,635
Bank interest	85,195	205,076
Total revenue	<u>1,333,769</u>	<u>1,758,967</u>
5 EXPENSES	31 July 2024	31 July 2023
	£	£
Payable to the ACD or associate:		
ACD's periodic charge	1,147,386	1,556,951
Registration fees	3,084	3,457
TCFD fee	122	-
	<u>1,150,592</u>	<u>1,560,408</u>
Other expenses:		
Depositary's fees	40,087	67,750
Safe Custody fees	4,583	9,683
Financial Conduct Authority fee	15	(29)
Audit fee	10,589	11,659
	<u>55,274</u>	<u>89,063</u>
Total expenses	<u>1,205,866</u>	<u>1,649,471</u>
6 TAXATION	31 July 2024	31 July 2023
	£	£
a Analysis of the tax charge for the year		
Overseas tax	33,874	28,293
Total tax charge for the year (see note 6(b))	<u>33,874</u>	<u>28,293</u>
b Factors affecting the tax charge for the year		
The taxation assessed for the year is higher 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	127,903	109,496
UK corporation tax at 20% (2023: 20%)	<u>25,581</u>	<u>21,899</u>
Effects of:		
Revenue not subject to taxation	(249,715)	(310,778)
Unrelieved excess management expenses	224,134	288,879
Overseas tax	33,874	28,293
Total tax charge for the year (see note 6(a))	<u>33,874</u>	<u>28,293</u>
c Provision for deferred taxation		
At 31 July 2024 the sub-fund has deferred tax assets of £3,194,316 (2023: £2,970,182) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.		
7 DISTRIBUTIONS	31 July 2024	31 July 2023
	£	£
The distributions take account of revenue deducted on the issue of shares and revenue received on the cancellation of shares, and comprise:		
Interim	80,561	110,717
Final	10,701	90,265
Amounts deducted on cancellation of shares	2,461	3,655
Amounts added on issue of shares	322	(1,612)
Equalisation on conversions	-	(49,806)
Revenue brought forward	(16)	-
Distributions	<u>94,029</u>	<u>153,219</u>
Net deficit of revenue for the year	-	(72,016)
Net revenue after taxation for the year	<u>94,029</u>	<u>81,203</u>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

8 DEBTORS	31 July 2024	31 July 2023
	£	£
Sales awaiting settlement	84,093	467,415
Accrued income	131,775	223,332
Currency Receivables	-	79
Total debtors	<u>215,868</u>	<u>690,826</u>

9 OTHER CREDITORS	31 July 2024	31 July 2023
	£	£
Amounts payable for cancellation of shares	463,471	508,887
Purchases awaiting settlement	-	27,877
ACD's periodic charge and registration fees	98,198	110,463
Accrued expenses	35,615	29,773
Total other creditors	<u>597,284</u>	<u>677,000</u>

10 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 from/to the ACD in respect of share transactions at the year end are disclosed in notes 8 and 9, respectively. 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 £561,669 (2023: £619,350).

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

	31 July 2024	31 July 2023
Proportion of shares owned by directors of IFSL or UFC Fund Management plc	0.48%	0.38%

As at 31 July 2024, 76.80% (2023: 76.54%) of the sub-fund's shares were held by Hargreaves Lansdown Asset Management Limited which is a separate nominee company but deemed as a related party due to being a material shareholder.

11 SHARE CLASSES

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

P Accumulation	0.75%
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12 SHAREHOLDERS' FUNDS RECONCILIATION

During the year the ACD has issued and cancelled shares as set out below:

	P Accumulation
	£
Opening shares in issue at 1 August 2023	<u>80,650,923</u>
Shares issued	460,470
Shares cancelled	<u>(16,256,306)</u>
Closing shares in issue at 31 July 2024	<u>64,855,087</u>

13 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 £7,621,205 (2023: £8,062,194). 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 2024</u>	Investments	Net other assets	Total
	£	£	£
US dollar	1,492,933	13,489	1,506,422
	<u>1,492,933</u>	<u>13,489</u>	<u>1,506,422</u>

<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>

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2024

RISK DISCLOSURES (continued)

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 £75,321 (2023: £101,515). A five per cent increase would have an equal and opposite effect.

Interest rate risk

31 July 2024 **31 July 2023**
£ £

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

Financial assets floating rate ^A	327,813	7,413,406
Financial assets non-interest bearing instruments	152,639,972	161,934,710
Financial liabilities non-interest bearing instruments	(597,284)	(677,000)
	<u>152,370,501</u>	<u>168,671,116</u>

^A Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

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 2024 **31 July 2023**
£ £

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

Within one year:	Other creditors	<u>597,284</u>	<u>677,000</u>
		<u>597,284</u>	<u>677,000</u>

14 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 July 2024		31 July 2023	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	150,773,464	-	159,309,753	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	1,650,640	-	1,934,131	-
	<u>152,424,104</u>	<u>-</u>	<u>161,243,884</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.

15 POST BALANCE SHEET EVENTS

Since 31 July 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)		
	31 July 2024 ^A	25 November 2024	Movement (%)
P Accumulation	238.48	217.37	(8.85)%

^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 NANO-CAP GROWTH FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 August 2023 to 31 January 2024

Group 1: shares purchased prior to 1 August 2023

Group 2: shares purchased on or after 1 August 2023

		Net revenue 31 January 2024 pence per share	Equalisation 31 January 2024 pence per share	Distribution paid 31 March 2024 pence per share	Distribution paid 31 March 2023 pence per share
P Accumulation	Group 1	0.1116	-	0.1116	0.1437
	Group 2	0.0105	0.1011	0.1116	0.1437

Final distribution for the period from 1 February 2024 to 31 July 2024

Group 1: shares purchased prior to 1 February 2024

Group 2: shares purchased on or after 1 February 2024

		Net revenue 31 July 2024 pence per share	Equalisation 31 July 2024 pence per share	Distribution paid 30 September 2024 pence per share	Distribution paid 30 September 2023 pence per share
P Accumulation	Group 1	0.0165	-	0.0165	0.1119
	Group 2	0.0165	-	0.0165	0.1119

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