

# IFSL Marlborough Emerging Markets Trust

**Interim Report and Unaudited Financial Statements**  
for the six month period ended 10 September 2022

IFSL

— Fund Services —

Marlborough

## **IFSL MARLBOROUGH EMERGING MARKETS TRUST**

### **CONTACT INFORMATION**

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

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

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### **Directors of IFSL**

Andrew Staley (Non-Executive)  
Allan Hamer  
Wayne D Green - resigned 24 March 2022  
Helen Derbyshire  
Helen Redmond  
Sally Helston - appointed 12 August 2022  
Guy Sears (Independent Non-Executive)  
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.

#### **Depositary** (in it's capacity as Trustee)

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

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

#### **Auditor**

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

**IFSL MARLBOROUGH EMERGING MARKETS TRUST**

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## IFSL MARLBOROUGH EMERGING MARKETS TRUST

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 10 September 2022

#### Percentage change and sector position to 20 June 2022<sup>A</sup>

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
IFSL Marlborough Emerging Markets Trust	(6.83)%	(9.77)%	10.09%	10.80%	5.12%
IA Global Emerging Markets	(11.38)%	(17.37)%	1.87%	9.32%	5.10%

<sup>A</sup> Date of commencement of wind up.

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

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 takes account of all ongoing charges, but not entry charges. The past performance of this share class is calculated in sterling.

#### Investment commentary

The investment objective of the Fund was to provide capital growth, that is, to increase the value of your investment over a minimum of 10 years. The Fund aimed to outperform the average of the IA Global Emerging Markets sector over any 5 year period, however, there is no certainty this would be achieved.

The Fund achieved its objective of providing capital growth over the ten years up until the commencement of the wind up.

As the ACD, IFSL are responsible for operating the Fund in the interests of the investor and will regularly assess whether the Fund represents good value to the Fund's investor. Having considered all relevant factors, we reluctantly decided, in the interest of the Fund's investors, to close the Fund. As such, we made an application to the Financial Conduct Authority (the "FCA") to close the Fund.

The Fund had not gathered the assets that we hoped and, as a result, its size was below the level that we considered to be viable. In our opinion, the fees to continue operating the Fund would be relatively high and would not represent good value for the Fund's investors.

Unfortunately, given its limited growth potential, we didn't believe the Fund would reach a viable size in the foreseeable future and concluded that continuing to operate the Fund wasn't in the best interests of investors.

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund commenced on 20 June 2022. Payments of net proceeds were made to investors on 27 June 2022. Any remaining payments will be made prior to the final termination of the Fund.

#### Distributions (pence per unit)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>A Income</u>				
Net income paid 10 May	3.3125	1.4507	3.1161	3.3831
Net income paid 20 August	3.4302	N/A	N/A	N/A
<u>P Income</u>				
Net income paid 10 May	6.1221	3.7618	5.4925	5.7517
Net income paid 20 August	4.1657	N/A	N/A	N/A

#### Portfolio changes

<u>Largest sales</u>	<u>Proceeds (£)</u>
Pacific Basin Shipping	187,427
Samsung Electronics Co - Pref	165,978
SK Hynix	155,695
Escorts	150,808
ICICI Bank - SPON ADR	150,572
POSCO	138,025
Taiwan Semiconductor Manufacturing Co	135,353
Xinyi Glass Holdings	120,579
CIMC ENRIC Holdings	116,556
KB Financial Group	110,353
Other sales	3,136,123
Total sales for the period	4,567,469

There were no purchases during the six month period ended 10 September 2022.

## **IFSL MARLBOROUGH EMERGING MARKETS TRUST**

### **AUTHORISED STATUS AND GENERAL INFORMATION**

#### **Authorised status**

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

#### **Investment objective and policy**

The investment objective of the Fund is to provide capital growth, that is, to increase the value of your investment over a minimum of 10 years. The Fund aims to outperform the average of the IA Global Emerging Markets sector over any 5 year period, however, there is no certainty this will be achieved.

At least 80% of the Fund will be invested in the shares of companies which are incorporated, headquartered, operating in or listed on stock markets in emerging market countries.

Emerging markets are countries progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

This may include up to 10% through funds (including exchange traded funds which typically track an index) and investment trusts which themselves invest in these countries or which gain exposure through financial instruments whose returns are linked to these markets (also known as derivatives). The Fund may also invest in shares of investment trusts and other securities whose returns are linked to company performance, such as depositary receipts.

The Fund may also hold money market instruments, a type of short term loan, and money market funds, which themselves invest in these instruments.

The Fund is actively managed which means the Manager decides which investments to buy or sell and when, and will maintain a relatively concentrated portfolio, typically between 60 – 80 holdings in companies of a range of sizes.

The team approaches construction of the portfolio from three overlapping standpoints:

- economic and market conditions in each country and sector;
- a selection of companies which the team believes to be financially strong or whose valuations appear out of line with expectations; and
- companies which fit broader themes, such as, manufacturing automation, which the investment team believes are likely to drive share price returns over the medium term. Themes will change and this can often happen quickly.

The team use the Morningstar Emerging Markets Index as a reference point for portfolio construction and risk management purposes, however, the Fund will not be constrained by the Index.

The Fund may invest in derivatives and forward transactions, whose returns are linked to exchange rates, in order to reduce currency risk or to protect against market movements (also known as hedging) although this is anticipated to be infrequent.

The Fund may hold cash to enable ready settlement of liabilities, for the efficient management of the Fund and in order to meet its objective. This will typically be below 10% but may from time to time exceed this level.

The Fund aims to be in the top half of all funds included in the IA Global Emerging Markets sector.

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

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

## IFSL MARLBOROUGH EMERGING MARKETS TRUST

### AUTHORISED STATUS AND GENERAL INFORMATION

#### Changes in prospectus

The Fund was deemed to be too small to be economically viable on the understanding that the Assets Under Management (AUM) were not expected to significantly increase and the Fund was at risk of suffering significant redemptions. As a result, on 25 March 2022 the Authorised Fund Manager (AFM) applied to the FCA to wind up the Fund.

The proposed winding up of the Fund by the AFM, for the reasons detailed above, was approved by the FCA on 6 April 2022.

A letter of notification and further information was sent to the unitholders on 20 April 2022 and the winding up of the Fund commenced on 20 June 2022. Payments of net proceeds were made to investors on 27 June 2022. Any remaining payments will be made prior to the final termination of the Fund.

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

### DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



Allan Hamer  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
9 November 2022

**IFSL MARLBOROUGH EMERGING MARKETS TRUST**
**COMPARATIVE TABLE**

<b><u>A Income units</u></b>	<b>Period to 10.09.2022</b>	<b>Year to 10.03.2022</b>	<b>Year to 10.03.2021</b>	<b>Year to 10.03.2020</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	344.03	345.60	274.22	300.64
Return before operating charges*	(11.40)	9.40	78.57	(17.31)
Operating charges	(2.07)	(7.66)	(5.74)	(5.99)
Return after operating charges*	(13.47)	1.74	72.83	(23.30)
Distributions on income units	(3.43)	(3.31)	(1.45)	(3.12)
Repayment of capital <sup>A</sup>	(327.09)	N/A	N/A	N/A
Closing net asset value per unit	0.04	344.03	345.60	274.22
* after direct transaction costs of:	0.76	0.48	0.40	0.44
<b>Performance</b>				
Return after charges <sup>B</sup>	(3.92)%	0.50%	26.56%	(7.75)%
<b>Other information</b>				
Closing net asset value (£)	31	354,296	438,223	1,083,325
Closing number of units <sup>C</sup>	71,723	102,983	126,800	395,060
Operating charges	2.13% <sup>D,E</sup>	2.13% <sup>D</sup>	1.93%	1.90%
Direct transaction costs	0.22%	0.13%	0.14%	0.14%
<b>Prices<sup>F</sup></b>				
Highest unit price	362.85p	372.61p	366.84p	338.88p
Lowest unit price	329.55p	339.83p	242.35p	276.51p
<b><u>P Income units</u></b>	<b>Period to 10.09.2022</b>	<b>Year to 10.03.2022</b>	<b>Year to 10.03.2021</b>	<b>Year to 10.03.2020</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	344.06	345.70	274.06	300.75
Return before operating charges*	(11.37)	9.46	79.03	(17.55)
Operating charges	(1.34)	(4.98)	(3.63)	(3.65)
Return after operating charges*	(12.71)	4.48	75.40	(21.20)
Distributions on income units	(4.17)	(6.12)	(3.76)	(5.49)
Repayment of capital <sup>A</sup>	(327.14)	N/A	N/A	N/A
Closing net asset value per unit	0.04	344.06	345.70	274.06
* after direct transaction costs of:	0.76	0.48	0.42	0.44
<b>Performance</b>				
Return after charges <sup>B</sup>	(3.69)%	1.30%	27.51%	(7.05)%
<b>Other information</b>				
Closing net asset value (£)	366	4,531,654	6,440,045	5,088,951
Closing number of units <sup>C</sup>	939,964	1,317,098	1,862,915	1,856,904
Operating charges	1.38% <sup>D,E</sup>	1.38% <sup>D</sup>	1.18%	1.15%
Direct transaction costs	0.22%	0.13%	0.14%	0.14%
<b>Prices<sup>F</sup></b>				
Highest unit price	363.08p	374.95p	369.22p	341.23p
Lowest unit price	330.34p	342.59p	242.28p	278.71p

<sup>A</sup> Capital was returned to the investors on 27 June 2022.

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

<sup>C</sup> Closing number of units on the day of suspension.

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

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

<sup>F</sup> Trading was suspended on 20 June 2022.

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

**IFSL MARLBOROUGH EMERGING MARKETS TRUST**

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



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

The Fund has been measured as 5 because its investments have experienced moderate to high volatility in the past. During the period the synthetic risk and reward indicator has remained unchanged.



**IFSL MARLBOROUGH EMERGING MARKETS TRUST**

**PORTFOLIO STATEMENT**

as at 10 September 2022

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>CHINA/HONG KONG</b> (10 March 2022 - 31.42%)		
<b>INDIA</b> (10 March 2022 - 10.90%)		
<b>INDONESIA</b> (10 March 2022 - 2.70%)		
<b>MALAYSIA</b> (10 March 2022 - 2.12%)		
<b>PHILIPPINES</b> (10 March 2022 - 0.49%)		
<b>SOUTH KOREA</b> (10 March 2022 - 14.30%)		
<b>TAIWAN</b> (10 March 2022 - 14.25%)		
<b>THAILAND</b> (10 March 2022 - 4.37%)		
<b>EMERGING EUROPE</b> (10 March 2022 - 1.08%)		
<b>LATIN AMERICA</b> (10 March 2022 - 8.22%)		
<b>MIDDLE EAST &amp; AFRICA</b> (10 March 2022 - 5.87%)		
<b>INTERNATIONAL</b> (10 March 2022 - 1.97%)		
<b>Portfolio of investments</b>	-	-
<b>Net other assets</b>	397	100.00
<b>Total net assets</b>	<u>397</u>	<u>100.00</u>

**PORTFOLIO TRANSACTIONS**

for the six month period ended 10 September 2022

	£
Total purchases cost, including transaction charges	-
Total sales proceeds, net of transaction charges	4,567,469

**IFSL MARLBOROUGH EMERGING MARKETS TRUST**

**STATEMENT OF TOTAL RETURN**

for the six month period ended 10 September 2022

	<b>10 September 2022</b>		<b>10 September 2021</b>	
	£	£	£	£
Income:				
Net capital (losses)/gains		(204,834)		379,793
Revenue	90,370		133,617	
Expenses	<u>(35,567)</u>		<u>(41,049)</u>	
Net revenue before taxation	54,803		92,568	
Taxation	<u>6,923</u>		<u>(23,962)</u>	
Net revenue after taxation		<u>61,726</u>		<u>68,606</u>
Total return before distributions		(143,108)		448,399
Distributions		(56,374)		(10,855)
Change in net assets attributable to unitholders from investment activities		<u>(199,482)</u>		<u>437,544</u>

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

for the six month period ended 10 September 2022

	<b>10 September 2022</b>		<b>10 September 2021</b>	
	£	£	£	£
Opening net assets attributable to unitholders		<sup>A</sup> 4,885,950		6,881,734
Amounts receivable on issue of units	13,999		52,025	
Amounts payable on cancellation of units	(1,394,111)		(1,545,018)	
Amounts payable on unit class conversions	(4)		(6)	
Capital repayment to shareholders	<u>(3,309,573)</u>		<u>-</u>	
		(4,689,689)		(1,492,999)
Dilution Adjustment		3,618		4,325
Change in net assets attributable to unitholders from investment activities		(199,482)		437,544
Unclaimed distributions		-		-
Closing net assets attributable to unitholders		<u>397</u>	<sup>A</sup>	<u>5,830,604</u>

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

## IFSL MARLBOROUGH EMERGING MARKETS TRUST

### BALANCE SHEET

as at 10 September 2022

	10 September 2022	10 March 2022
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	-	-
<b>Current Assets:</b>		
Investments	-	4,773,063
Debtors	647	18,803
Cash and bank balances	17,694	196,933
<b>Total assets</b>	<b>18,341</b>	<b>4,988,799</b>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts	5,521	-
Distribution payable	-	84,046
Other creditors	12,423	18,803
<b>Total liabilities</b>	<b>17,944</b>	<b>102,849</b>
<b>Net assets attributable to unitholders</b>	<b>397</b>	<b>4,885,950</b>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 10 September 2022

#### Basis for preparation

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

The interim financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

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

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 10 March 2022 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 9 September 2022.

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member of The Investment Association.