



MFM Techinvest Special Situations Fund

Short Report

For the period from 1st May 2010 to 31st October 2010

Fund Details

MFM Techinvest Special Situations Fund

Registered Office

Marlborough House
59 Chorley New Road
Bolton BL1 4QP

Authorised Corporate Director and Registrar

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton BL1 4QP

Authorised and regulated by the Financial Services Authority

Depositary

HSBC Bank plc
8 Canada Square
London E14 5HQ

Authorised and regulated by the Financial Services Authority

Investment Adviser

Techinvest Ltd
Merchants House
27/30 Merchants Quay
Dublin 8
Republic of Ireland

Authorised by the Irish Financial Regulator

Auditors

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

GENERAL INFORMATION

Investment Objectives

The investment objective is to provide long term capital growth and the accumulation of income through an actively managed portfolio of equities whose future prospects do not appear to be fully reflected yet in the current stockmarket price. The focus will be on smaller UK companies, although opportunities outside the UK may also be included, where appropriate. Particular attention will be paid to new emerging growth stocks and to recovery situations where change in a company's underlying dynamics or direction can be expected to lead to an improvement in its reported results. There may be occasions when the investment manager, in order to ensure liquidity or stability, chooses to hold bonds, government securities, collective investment schemes or a high level of cash or money market instruments.

Risk Profile

The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

Reports and Accounts

The purpose of sending this Short Report is to present you with a summary of how the Fund has performed during the accounting period in accordance with the FSA rules. If you wish to request further information, the more detailed long form report is available. For a copy please write to Marlborough Fund Managers Ltd, Marlborough House, 59 Chorley New Road, Bolton BL1 4QP or telephone customer services on 0808 145 2500.

Risk Warning

The past is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and the investor may not get back the amount originally invested. The Fund is subject to an initial charge and subsequently charges are not made uniformly throughout the period of the investment. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.

Change in Prospectus

No changes have been made since the last report.

MFM TECHINVEST SPECIAL SITUATIONS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

For the six month period ended 31 October 2010

Percentage change and sector position to 31 October 2010

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch**</u>
MFM Techinvest Special Situations Fund	0.11%	-5.73%	-41.76%	-37.12	-35.79%
Quartile Ranking*	4	4	4	4	4

*Based on ranking within IMA UK Smaller Companies Sector. External Source of Economic Data: Morningstar

** Launched 14.06.2005 (performance calculated from first pricing point 05.07.05)

The price of shares in the Fund at the end of the half year to 31 October 2010 was virtually unchanged at 64.21p, a 0.11% increase from where it stood at April 30. This compares with a gain of 2.19% by the FTSE 100 index while the FTSE All Share was ahead by 2.54%. Both the FTSE Small Cap, up 3.92%, and the AIM All Share, up 11.70%, did better.

Since inception on 5 July 2005, the Fund is down by 35.79%. The equivalent fall in the AIM All Share is 18.90%, while the large-cap FTSE 100 is showing a gain of 9.35% and the FTSE Small Cap is up 4.75%.

The longer term performance therefore remains frustratingly disappointing. Of some consolation was a recent item on star fund managers in the Money Section (Page 12; November 13) of the Saturday Financial Times which noted "that even the great Anthony Bolton underperformed his index for a sustained period at one point. For the three years from October 1989 to October 1992, Fidelity Special Situations lost its investors 23 per cent, while the FTSE All Share rose 21 per cent. Bill Mott, the feted income manager who left Credit Suisse to start up his own fund at pSigma, has underperformed for the past three years."

Of course, it doesn't necessarily follow that the Techinvest team will eventually prove just as successful as those two illustrious examples. It is, however, worth pointing out that the two largest holders of shares in the MFM Techinvest Special Situations Fund are the principal shareholders in Techinvest Ltd. Both remain very determined to restore the performance of the Fund to a far more respectable position. Indeed, as of November 17, the increase in the share price of the Fund since the end of 2008, up 26.07%, is very much inline with that in the FTSE 100, up 28.38%.

The Fund ended the half year almost fully invested, with a cash content of just over 3.2%. This is in line with the normal cash content throughout the period.

The ten largest holdings, in alphabetical order, at October 31 were: AI Claims Solutions, Avanti Communications (the largest at 6.32%), Bango (second largest at 5.58%), N Brown Group, Caretech, Fairpoint (its 4.63% makes it third largest), Hightex, Motivcom, PROACTIS and Real Good Food.

Nineteen of the 61 holdings in the portfolio at October 31 could be classified as tech companies. Most of these are too small for liquidity reasons to be sensibly included in the much larger MFM Techinvest Technology Fund.

Two interesting newcomers to the Fund were Ideal Shopping Direct (home shopping retailer over TV and the Internet), purchased after a positive trading update, and BrainJuicer, a rapidly growing and innovative new wave consumer market research outfit. Both are showing satisfactory share price gains so far.

The Fund also took an initial position in lowly rated ladies wear retailer Jacques Vert and, just after the half year ended, in fashion retailer French Connection, a recovery situation with net cash in excess of 60% of the share price. While the high street clothing retail sector remains tough, low valuations and/or recovery prospects in certain select situations seem to us to more than compensate.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

The UK economic environment remains difficult partly due to government-initiated cutbacks. Inflation has started to creep ahead in the past few months. The banking sector is struggling again, but this time problems seem much more manageable than the hurricane conditions that hit in the autumn of 2008. Overall, it is difficult to generate much enthusiasm for company growth prospects in the near-term. Equally, though, there is little to support the idea that a general fall in the stockmarket is overdue or imminent.

In such aimless conditions, stock-picking is vital, especially amongst smaller companies. There are always a few, especially in the recovery situation category, that will turn in a superior performance. For that reason, we remain optimistic of further improvement in the share price of the Fund, especially in view of its almost one third exposure to the tech sector.

The fund is valued once a week at 12.00 p.m. each Wednesday. The latest price is normally posted by 5.30 p.m. that day on the Techinvest home-page at www.techinvest.ie. It can also be found in the Financial Times each day and at www.marlboroughfunds.com.

A fact-sheet updated each month with the latest data on the Fund can also be found on the Techinvest website, as can a sample copy of a recent issue of the monthly Techinvest newsletter.

Distributions

	Year 2010	Year 2009	Year 2008
Net income paid June	0.0448pps	-	-
Net income paid December	0.1937pps	-	-

Techinvest Ltd.
Investment Manager
24 November 2010

MFM TECHINVEST SPECIAL SITUATIONS FUND

FUND FACTS

Launched Accumulation Shares 14 June 2005 at 100p

Accounting Dates (Final) 30 April
(Interim) 31 October

Distribution Dates (Final) 30 June
(Interim) 31 December

Minimum Investment £1,000

IMA Sector UK Smaller Companies

Total Expense Ratio as at 31 October 2010 1.79%

Total Expense Ratio as at 30 April 2010 2.21%

The Total Expense Ratio (TER) is the total expenses paid by the fund in the period as a percentage of the fund's average net asset value.

Past TER data can be found on our website www.marlboroughfunds.com

Portfolio Turnover Rate as at 31 October 2010 24.47%

Portfolio Turnover Rate as at 30 April 2010 28.45%

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading over a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the fund's shares and is expressed as a percentage of the fund's average net asset value.

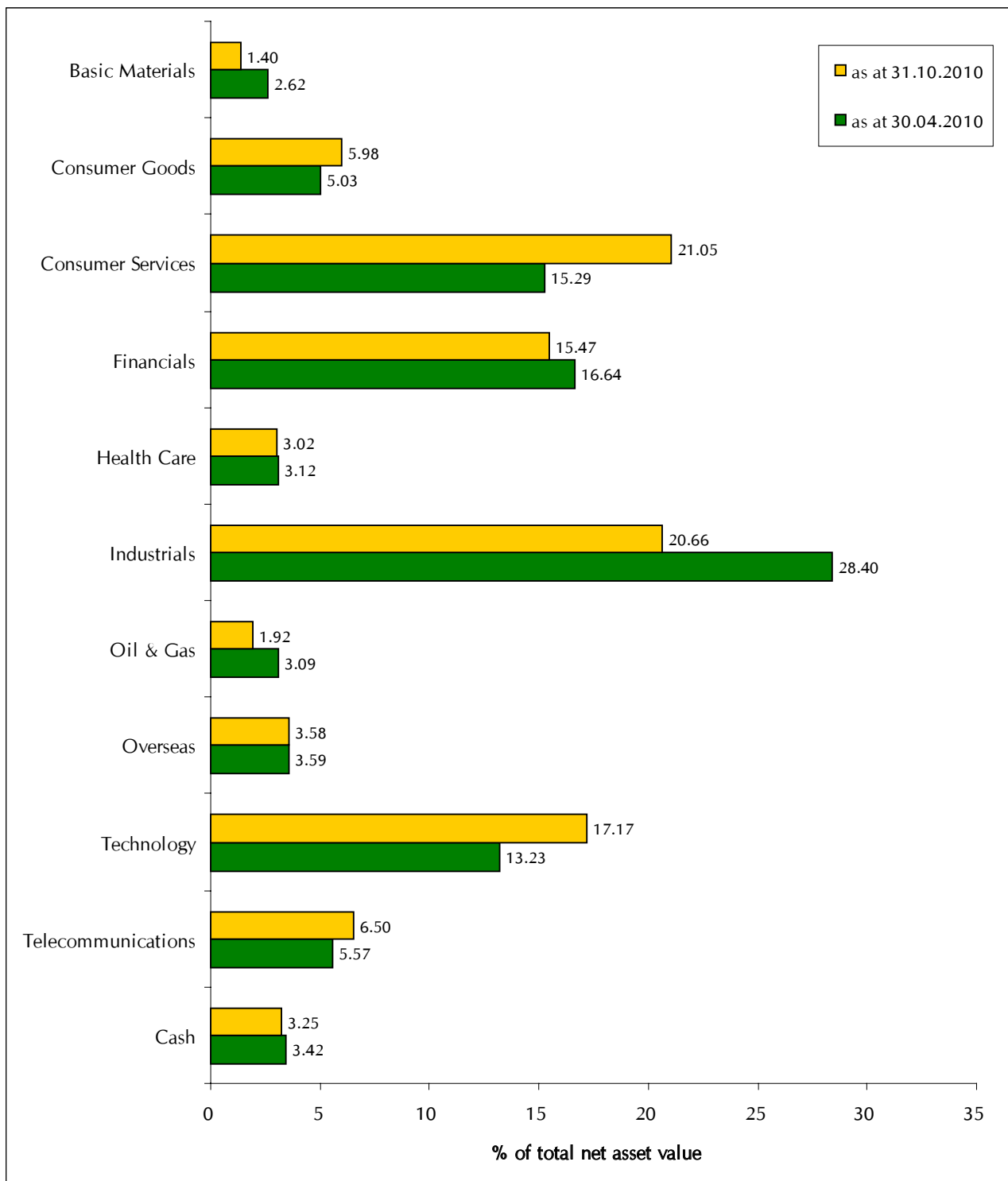
SUMMARY OF FUND PERFORMANCE

Year	Highest Price	Lowest Price	Distribution Per Share
2005	104.97p	99.73p	-
2006	115.96p	98.46p	-
2007	129.73p	95.30p	-
2008	97.29p	51.08p	-
2009	69.11p	46.45p	-
2010*	67.24p	58.46p	0.2385p

*up to 31 October 2010

	Net asset value of scheme property	Net asset value per accumulation share
30 April 2008	£2,567,853	81.89p
30 April 2009	£1,685,907	52.34p
30 April 2010	£1,977,149	61.94p
31 October 2010	£1,921,765	62.27p

PORTFOLIO BREAKDOWN



MFM TECHINVEST SPECIAL SITUATIONS FUND

TOP TEN HOLDINGS AS AT 31 OCTOBER 2010

	%
Avanti Communications	6.50
Bango	5.66
Fairpoint Group	4.64
Real Good Food Company	3.59
Hightex Group	3.10
AI Claims Solutions	3.10
Caretech Holdings	3.02
Motivcom	2.73
Brown (N) Group	2.63
Public Service Properties Investments	2.49

TOP TEN HOLDINGS AS AT 30 APRIL 2010

	%
Avanti Communications	5.57
Fairpoint Group	5.33
Melorio	3.98
Hightex Group	3.33
Bango	3.16
Caretech Holdings	3.12
AI Claims Solutions	2.85
Renew Holdings	2.83
KBC Advanced Technology	2.53
Real Good Food Company	2.43

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Marlborough Fund Managers Limited
Registered in England No. 2061177
Authorised and regulated by the Financial Services
Authority and a member of IMA