



MFM Techinvest Special Situations Fund

Short Report

For the period from 1st May 2011 to 31st October 2011

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 and regulated by the Central Bank of Ireland

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.

AUTHORISED INVESTMENT ADVISER'S REPORT

For the period ended 31 October 2011

Percentage change and sector position to 31 October 2011

	<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	-9.02%	1.85%	17.37%	-41.47%	-34.60%
Quartile Ranking*	2	3	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)

Against a tough backdrop for equities, the Fund's share price declined 9.02% to 65.40p during the six months to October 31 2011. This compares with a similar fall of 8.66% by the main market index, the FTSE 100, and a 9.32% decline in the FTSE All-Share Index.

Smaller companies on the London market generally fared worse than their larger peers and the FTSE SmallCap Index recorded a fall of 13.69%. The Fund is overwhelmingly small company focused and is listed in the IMA UK Smaller Companies sector. The majority of the Fund's holdings are shares listed on London's junior exchange, AIM, and against this market the Fund performed relatively well - the AIM All Share index fell 21.06% over the half year.

The Fund's relative performance over a twelve month period was better still. Over the year, the share price rose by 1.85%. This compares to a fall of 2.31% for the FTSE 100 and a decline of 2.56% for the FTSE All-Share Index. Over the same period the FTSE SmallCap saw a steeper decline of 7.1% while the AIM All-Share Index fell 10.71%.

Since inception on 5 July 2005, the Fund's share price is down by 34.6%. This compares with falls of 27.59% from the AIM All-Share and 2.70% from FTSE SmallCap. Over the same period the FTSE All-Share is up 10.27% while the FTSE 100 posted an increase of 6.82%.

Therefore the longer term picture remains disappointing and we continue to focus our efforts on addressing this. However we note that in our last report (for the period ended 30 April 2011) the Fund's price since inception was lagging the FTSE Small Cap Index by 41 percentage points. Over the following six months, the gap narrowed to 32 percentage points. Against the AIM All-Share the relative improvement has been more marked. At April 30 2011, the Fund was trailing by 20 percentage points over the period since the Fund's inception. By October 31, this had closed to just 7 percentage points. Nonetheless, we are very aware that while some headway has been made in improving the longer term performance, there is still plenty to do.

The outlook for the UK economy and its smaller companies remains very challenging. This week, the Chancellor of the Exchequer in his autumn statement painted a bleak picture of further spending cuts, increased borrowing and a squeeze on tax credits for households. And this is all against a backdrop of anaemic growth. Adding to this, serious concerns regarding the Eurozone crisis are compounding the gloomy sentiment.

However, emphasising the economic background to the current weakness in share prices serves as a reminder that we've been here many times before. Furthermore, the notion that there is something unique about current conditions that is deeply threatening to economic and political stability has arguably been overplayed. In short, there's plenty of bad news already priced in.

At times of extreme nervousness in markets, smaller company shares tend to be sold more heavily than their larger brethren as investors take the "flight to safety". IMA Statistics show that for the year ended October 30 2011, European small cap funds were amongst the market's poorest performers while the more risk averse gilts sector benefitted from a stronger investor appetite. Over the year, the IMA UK Index Linked Gilts sector returned 13.4% versus a loss of 3.6% for IMA European Smaller Companies.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

Oversold small caps have the potential to bounce back more strongly in the early stages of a recovery or upon the release of company specific or wider macroeconomic news that surprises on the upside. It is interesting to note that on the day of writing this report, the US released data indicating that unemployment there had fallen to a two-year low in November.

The Fund ended the half year almost fully invested, with a cash content of 2.7%, in line with the average cash content throughout the period.

The ten largest holdings, in alphabetical order, at October 31 were: AI Claims Solutions (the Fund's third largest holding at 3.45%), Avanti Communications, BrainJuicer, Cupid, Datalex, Fairpoint (the second largest at 3.73%), Hansard Global, Lombard Risk Management, Microgen and Real Good Food. Real Good Food is currently the Fund's largest holding despite recently selling 14% at 53p per share following strong interim results. The Fund's last purchase of the shares took place in February 2010 at 6.25p each.

Notable recent additions to the Fund include Silverdell and Park Group. Silverdell is a specialist in asbestos removal and remediation to large corporate and government customers. The Company is benefiting from a strongly favourable legislative environment and long-term contracts help provide excellent visibility over future revenue. Full year results, released last week, highlighted a 73% jump in the order book.

Park Group is a financial services business specialising in corporate gift vouchers and Christmas savings. This solidly profitable and highly cash generative business reported healthy trading at its September AGM. The Company pointed to strong demand for its recently launched flexecash prepaid card with 430 corporate customers having signed for the system.

In conclusion, we believe that recent market weakness has created excellent opportunities for stock pickers seeking companies with solid fundamentals that can prosper even in a low growth environment. Good quality businesses with strong balance sheets and solid cash flow can thrive as weaker competitors fail, skilled staff become more widely available and the drive to secure new markets has a greater urgency. We believe the Fund is well positioned to benefit from these trends.

The fund is valued once a week at 12.00 p.m. each Wednesday. The latest price is normally posted by 5.30pm 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 2011	Year 2010	Year 2009
Net income paid June	0.0770pps	0.0448pps	-
Net income paid December	0.3179pps	0.1937pps	-

Techinvest Ltd.
Investment Manager
2 December 2011

MFM TECHINVEST SPECIAL SITUATIONS FUND

Material Portfolio Changes

For the six month period ended 31 October 2011

Purchases	Cost (£)	Sales	Proceeds (£)
Cable & Wireless Worldwide	66,832	Dawson Holdings	203,803
SuperGroup	41,731	Ideal Shopping Direct	55,000
Silverdell	33,517	Clearstream Technologies	51,000
Park Group	32,477	Avon Rubber	41,275
Bank of Ireland	30,202	Public Services Properties	39,551
Smiths News	29,604	Real Good Food	32,916
CAP-XX	27,972	SuperGroup	28,762
Imaginatik	25,000	Parkwood Holdings	26,918
MCB Financial Group	24,596	CBG Group	12,800
Dawson Holdings	24,559	Alexon Group	10,378
Norcon	23,445	Spark Ventures	4,000
Fulcrum Utility Services	23,436	Datalex	3,420
Clearstream Technologies	23,401		
Top Level Domain Holdings	20,664		
Greencore Group	18,539		
Best of the Best	16,784		
Styles & Wood Group	16,373		
Ant	10,328		
Lombard Risk Management	9,828		
Nasstar	9,600		
Total purchases for the period	508,888	Total sales for the period	509,823

TOP TEN HOLDINGS AS AT 31 OCTOBER 2011

	%
Real Good Food Company	4.41
Fairpoint Group	3.73
AI Claims Solutions	3.45
Microgen	3.40
Brainjuicer	2.95
Datalex	2.77
Hansard Global	2.75
Lombard Risk Management	2.67
Cupid	2.62
Avanti Communication	2.49

TOP TEN HOLDINGS AS AT 30 APRIL 2011

	%
Real Good Food Company	5.78
Fairpoint Group	5.17
Avon Rubber	3.37
AI Claims Solutions	3.34
Avanti Communications	3.29
Motivcom	3.25
Dawson Holdings	3.20
Microgen	2.76
Styles & Wood Group	2.75
Public Service Properties Investments	2.52

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 2011 1.84%

Total Expense Ratio as at 30 April 2011 1.78%

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

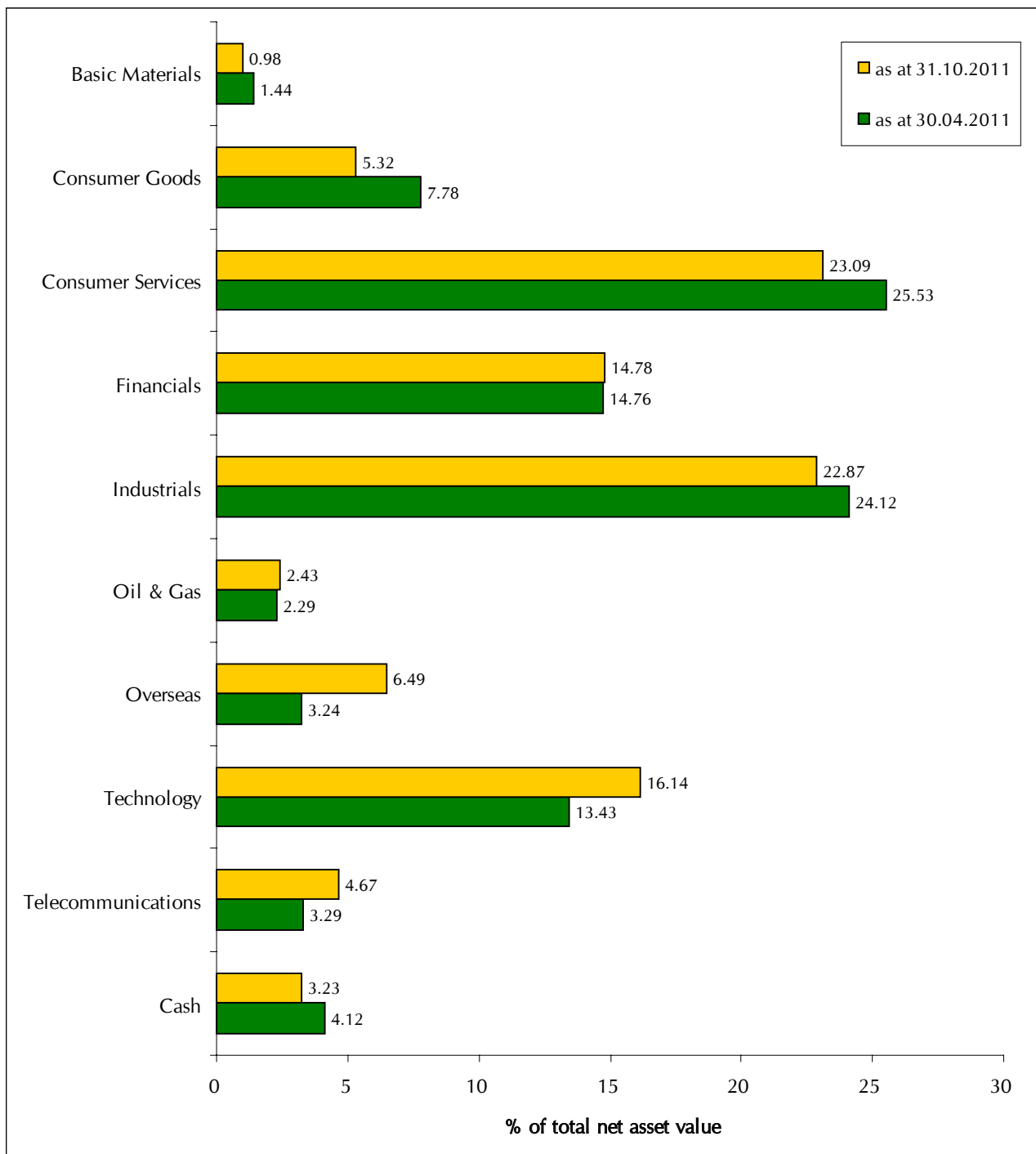
SUMMARY OF FUND PERFORMANCE

Year	Highest Price	Lowest Price	Distribution Per Share
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
2011	74.90p	62.49p	0.3949p

*up to 31 October 2011

	Net asset value of scheme property	Net asset value per accumulation share
30 April 2009	£1,685,907	52.34p
30 April 2010	£1,977,149	61.94p
30 April 2011	£2,181,477	71.04p
31 October 2011	£1,918,049	63.62p

PORTFOLIO BREAKDOWN



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BL1 4QP

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Marlborough Fund Managers Limited
Registered in England No. 2061177
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Authority and a member of IMA