



# **MFM Techinvest Special Situations Fund**

**Annual Report and Audited Financial Statements**  
for the year ended 30<sup>th</sup> April 2017

## **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

Investor Support: (0808) 145 2500 (FREEPHONE)

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.

### **Investment Manager**

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

Authorised and regulated by the Central Bank of Ireland.

### **Auditor**

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

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

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## MFM TECHINVEST SPECIAL SITUATIONS FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 30 April 2017

#### Percentage change and sector position to 30 April 2017

	<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	21.46%	29.00%	66.98%	157.55%	84.30%
Quartile Ranking**	2	2	1	1	4

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

\*\* Based on ranking within The Investment Association's UK Smaller Companies sector.

External Source of Economic Data: Morningstar

For the year ended 30 April 2017, the price of your Fund's Class A shares rose 29.00%. This compares with an increase of 15.41% for London's main market index, the FTSE 100, and a climb of 15.80% for the broader-based FTSE All-Share Index. The *MFM Techinvest Special Situations Fund* is a member of the IA UK Smaller Companies sector. The index that tracks smaller company shares, the FTSE SmallCap, recorded an increase of 20.47%, lagging the Fund by more than eight percentage points over the year.

The near-term performance is pleasing. However, our consistent message to investors is that longer-term performance is much more important. Over the five-years to 30 April, your Fund achieved a gain of 157.55%, placing it in fourth position out of the total of 48 funds in the IA UK Smaller Companies table. On a three-year return basis, the Fund ended the period in second place.

Over five years, the FTSE 100 recorded an increase 25.55% and the FTSE All-Share rose 32.76%. The FTSE SmallCap fared significantly better, returning 59.34%. Nevertheless, this lags your Fund by more than 98 percentage points over the five-year period.

It's always nice to have your performance recognised by your peers and your Fund's managers picked up three highly-regarded industry awards for their management of your Fund during the year. These were: Fund Manager of the Year at the Grant Thornton Quoted Company Awards; Fund Manager of the Year at the Small Cap UK Awards; and the Thomson Reuters Lipper Award for Best Fund over three years.

In general, UK shares were stronger over the first half of the fiscal year ended April 30. The second half was dominated by political events, namely the aftermath of the EU referendum vote in the UK and the US Presidential Election. We commented in our Interim Report (dated 30 November 2016) that it is normal for equities to be volatile in times of political and economic uncertainty. Investors should never allow this to detract them from a focus on good companies and your Fund's managers used this period to increase investments in some of the portfolio's best prospects.

At April 30, the ten largest holdings in the Fund, in alphabetical order, were Boohoo (the fast-growing online 'fast fashion' retailer recently reported a near doubling of annual pre-tax profit, along with an acceleration of growth in the all-important US market), D4t4 Solutions (the 'Big Data' analytics specialist recently reported trading ahead of prior expectations), Datalex (the Irish developer of industry-leading ecommerce software for the airline industry continues to grow its global presence, which includes the fast-growing Chinese market), Fulcrum Utility Services (the utility infrastructure specialist has been one of the Fund's core holdings for many years; the Company recently reported a 33% jump in its order book, along with operating profit ahead of market expectations), Lombard Risk Management (the Company has undergone a successful restructuring under a new management team, prompting your Fund to increase its holding), N Brown (with the switch from catalogue to online fashion provider largely complete, the business now has potential for significant growth), Stadium Group (the provider of specialist electronics has reported a strongly-improved order book, thanks to the Company's focus on regional design and manufacturing centres), StatPro (the provider of portfolio analysis software is a recent addition to the Fund's top ten; the Company's cloud-based offering has significant potential), Styles & Wood (the property fit-out specialist reported a robust 2016 and is making solid progress with an expansion into new markets, such as healthcare and data centres) and Yu Group (another recent new addition to the top ten; the supplier of electricity and gas to UK corporates had a very strong 2016 and entered the current year with a healthy pipeline of new business).

The Fund ended the year with 13% of the portfolio in cash. This is significantly higher than the average, due to increased investor inflows and the cash takeover of one of the Fund's largest holdings just prior to the end of the period.

Recent new additions to the portfolio include Medica, a provider of offsite 'teleradiology' to the UK NHS. The Company floated on London's main market in March of this year and offers outsourced interpretation of MRI, CT and x-ray images. It is the UK's market leader by revenue in teleradiology services and counts 99 NHS Trusts and private healthcare providers as customers. Revenue grew 28% during 2016. Another recent addition for the Fund is On the Beach, one of the UK's largest online retailers of beach holidays. The Company's disruptive business model is enabling it to grab market share in a market still dominated by large legacy tour operators and travel agents. Results for the six months ended March 31 highlighted significant growth in pre-tax profit and solid progress towards its goal of becoming Europe's leader in the sector.

Just last month, we bid a fond farewell to one of our longest-standing top ten holdings, NetDimensions. The developer of 'talent management' software accepted a cash takeover offer of 100p per share from AIM-listed Learning Technologies Group. The Fund had held the shares since July 2009 (paying just 11.5p for its first purchase) and added to its position several times over the following years as the story developed.

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

### **AUTHORISED INVESTMENT MANAGER'S REPORT**

for the year ended 30 April 2017

The takeover of NetDimensions is one of several examples of increased merger and acquisition activity on the London market over the past year. This has resulted in a steady decline in the overall pool of good quality companies available to investors. Of course, this is somewhat offset by fresh IPOs as new listings take place. However, as risk appetite increases, investors are seeking an alternative to the miserly returns offered by bonds and cash and are directing more capital towards a smaller pool of quality stocks. If this trend continues, simple supply and demand economics suggests it should bode well for share prices.

Smaller companies tend to be more domestically focused than their larger peers and uncertainty around Brexit still weighs heavily on the UK economy. However, while there is anecdotal evidence that this is holding back some longer-term capital spending programmes, recent data from the UK Office for National Statistics points to an overall increase in investment spending for the first three months of 2017, after a contraction in the latter part of 2016.

Recent economic data suggests that higher retail prices (due to the weakness of the pound since the Brexit vote) have slowed the UK economy. Analysts appear divided on whether or not this is a temporary phenomenon. However, official retail figures for April and the most recent purchasing managers' survey both suggest that the economy is regaining some lost momentum.

While your Fund's managers are always mindful of the macroeconomic picture, they do not allow market noise to sway them from their core principles; your Fund continues to seek strongly-capitalised, well-managed companies with robust business models that have the potential to significantly outperform the wider-market over the longer-term. Experienced stock pickers are aware that times of economic uncertainty have the potential to cause short-term volatility in share prices. Under these conditions, actively managed funds have a clear advantage over their passively managed 'index tracking' peers in that they can selectively add to some of their best ideas at lower prices.

The Fund is valued once a week at 12:00pm each Wednesday. The latest price is normally posted by 5:30pm that day on the Techinvest home-page at [www.techinvest.ie](http://www.techinvest.ie). It can also be found in the Financial Times each day and at [www.marlboroughfunds.com](http://www.marlboroughfunds.com). A fact-sheet is updated each month with the latest data on the Fund and can be found on the Techinvest website.

Techinvest Ltd.  
Investment Manager  
26 May 2017

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## MFM TECHINVEST SPECIAL SITUATIONS FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the year ended 30 April 2017

#### Distributions (pence per share)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Class A Accumulation</u>				
Net income paid 30 June	0.0000	0.0000	0.0000	0.0000
Net income paid 31 December		0.0000	0.0000	0.0164
<u>Class B Accumulation</u>				
Net income paid 30 June	0.2100	0.0100	0.0000	0.0000
Net income paid 31 December		0.0508	0.0000	0.6700
<u>Class P Accumulation</u>				
Net income paid 30 June	0.1051	0.2398	0.0000	0.0000
Net income paid 31 December		0.2161	0.0000	0.7800

#### Material Portfolio Changes

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Eckoh	354,518	Boohoo.com	625,877
StatPro Group	337,021	NetDimensions Holdings	559,389
Tavistock Investments	307,379	Inspired Energy	313,881
Van Elle Holdings	301,055	Keywords Studios	250,357
Lombard Risk Management	271,867	AFH Financial Group	235,671
Medica Group	260,767	Sophos Group	216,106
Yu Group	255,892	Fulcrum Utility Services	211,630
Stadium Group	251,623	Blanco Technology Group	208,331
Brown (N) Group	218,673	Styles & Wood Group	182,693
On the Beach Group	214,025	WYG	178,636
Independent News & Media	166,461	Applegreen	168,212
Totally	151,103	Venn Life Sciences Holdings	144,291
APC Technology Group	120,931	Richoux Group	142,650
Distil	105,021	Trakm8 Holdings	140,479
Digital Barriers	86,530	Digital Barriers	135,896
WYG	81,509	Norcon	134,495
NetDimensions Holdings	72,209	Kalibrate Technologies	116,589
Safestay	68,005	Filtronic	114,769
Filtronic	66,536	Best of the Best	112,543
Mincon Group	64,592	NCC Group	110,942
Other purchases	609,243	Other sales	968,993
Total purchases for the year	4,364,960	Total sales for the year	5,272,430

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

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

#### **Authorised Status**

MFM Techinvest Special Situations Fund 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). The Company is incorporated in England and Wales with the registration number IC000385 and is authorised and regulated by the Financial Conduct Authority with effect from 7 April 2005. The shareholders are not liable for the debts of the Company.

#### **Nature and Objectives of the Fund**

The investment objective of the Fund 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 stock market 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.

#### **Rights and Terms Attaching to Each Share Class**

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

#### **Change in Prospectus**

No changes have been made since the last report.

Up to date key investor information documents, prospectus and reports and accounts for any fund can be requested by the investor at any time.

#### **Remuneration policy**

In line with the requirement of UCITS V, Marlborough Fund Managers Ltd 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 have not been included in the annual report as the information is not yet available. The authorised corporate director has not completed a full financial period since the regulations were introduced. Implementation of the policy remains ongoing and the disclosures will be included in the annual report for the year ended 30 April 2018.

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

### **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**  
**JOINT MANAGING DIRECTOR**



**G R HITCHIN**  
**INVESTMENT DIRECTOR**

**MARLBOROUGH FUND MANAGERS LTD**  
**19 June 2017**

### **STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES**

Marlborough Fund Managers Ltd is the Authorised Corporate Director (ACD).

The rules contained in the Collective Investment Schemes Sourcebook (COLL) and made by the Financial Conduct Authority pursuant to the Financial Services and Markets Act 2000 require the ACD to prepare financial statements for each annual accounting period, reporting the financial position of the Company as at the end of that period and of its income for the period. In preparing those financial statements the ACD is required to:

- Comply with the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association, the Instrument of Incorporation, and the rules in the COLL.
- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 Regulations, the Instrument of Incorporation and the Prospectus.

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

### **DEPOSITARY'S REPORT TO THE SHAREHOLDERS OF THE MFM TECHINVEST SPECIAL SITUATIONS FUND**

#### **Statement of the Depositary's responsibilities in respect of the Company**

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 (SI2001/1228), 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 the 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 Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

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

#### **Report of the Depositary to the shareholders of the MFM Techinvest Special Situations Fund ("the Company") for the period ended 30 April 2017**

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 AFM:

- (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**

**LONDON**

**19 June 2017**

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE MFM TECHINVEST SPECIAL SITUATIONS FUND**

We have audited the financial statements of the MFM Techinvest Special Situations Fund for the year ended 30 April 2017 which comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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. 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 purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the authorised corporate director, the depositary and the auditor**

As explained more fully in the Statement of Authorised Corporate Director's responsibilities set out on page 5, the authorised corporate director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the authorised corporate director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its net expense and net gains or losses of the company property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### **Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by The Investment Association, the rules contained in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation;
- there is nothing to indicate that proper accounting records for the company have not been kept or that the financial statements are not in agreement with those records;
- we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- the information given in the authorised corporate director's report is consistent with the financial statements.

19 June 2017

BARLOW ANDREWS LLP  
CHARTERED ACCOUNTANTS & STATUTORY AUDITOR  
78 CHORLEY NEW ROAD  
BOLTON BL1 4BY

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### COMPARATIVE TABLE

Accumulation shares first offered at 100p on 14 June 2005. On 31 December 2012 the existing shares were reclassified as Class A shares and Class B and P shares became available for purchase.

<b><u>Class A accumulation shares</u></b>	<b>Year to 30.04.2017</b>	<b>Year to 30.04.2016</b>	<b>Year to 30.04.2015</b>
<b>Change in net assets per share</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	140.28	111.34	109.25
Return before operating charges*	43.76	31.23	4.00
Operating charges	(2.53)	(2.29)	(1.91)
Return after operating charges*	41.23	28.94	2.09
Distributions	0.00	0.00	(0.02)
Retained distributions on accumulation shares	0.00	0.00	0.02
Closing net asset value per share	181.51	140.28	111.34
* after direct transaction costs of:	0.50	0.64	0.32
<b>Performance</b>			
Return after charges	29.39%	25.99%	1.91%
<b>Other information</b>			
Closing net asset value	£9,937,950	£9,426,862	£3,185,076
Closing number of shares	5,475,073	6,719,919	2,860,743
Operating charges	1.64%	1.69%	1.77%
Direct transaction costs	0.33%	0.47%	0.30%
<b>Prices</b>			
Highest share price	182.38p	144.92p	112.97p
Lowest share price	131.86p	114.23p	102.47p
<b><u>Class B accumulation shares</u></b>	<b>Year to 30.04.2017</b>	<b>Year to 30.04.2016</b>	<b>Year to 30.04.2015</b>
<b>Change in net assets per share</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	142.16	112.34	109.58
Return before operating charges*	44.73	31.43	4.14
Operating charges	(1.70)	(1.61)	(1.38)
Return after operating charges*	43.03	29.82	2.76
Distributions	(0.26)	(0.01)	(0.67)
Retained distributions on accumulation shares	0.26	0.01	0.67
Closing net asset value per share	185.19	142.16	112.34
* after direct transaction costs of:	0.49	0.64	0.33
<b>Performance</b>			
Return after charges	30.27%	26.54%	2.52%
<b>Other information</b>			
Closing net asset value	£185	£142	£112
Closing number of shares	100	100	100
Operating charges	1.14%	1.19%	1.27%
Direct transaction costs	0.33%	0.47%	0.30%
<b>Prices</b>			
Highest share price	186.06p	146.80p	113.98p
Lowest share price	133.81p	115.26p	103.23p

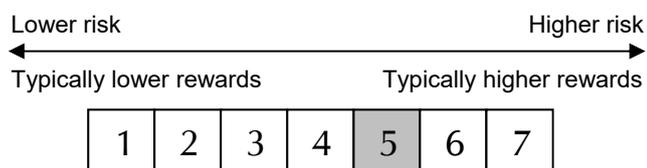
## MFM TECHINVEST SPECIAL SITUATIONS FUND

### COMPARATIVE TABLE

<b>Class P accumulation shares</b>	<b>Year to 30.04.2017</b>	<b>Year to 30.04.2016</b>	<b>Year to 30.04.2015</b>
<b>Change in net assets per share</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	143.23	112.91	110.12
Return before operating charges*	45.07	31.65	3.90
Operating charges	(1.50)	(1.33)	(1.11)
Return after operating charges*	43.57	30.32	2.79
Distributions	(0.32)	(0.24)	(0.78)
Retained distributions on accumulation shares	0.32	0.24	0.78
Closing net asset value per share	186.80	143.23	112.91
* after direct transaction costs of:	0.55	0.67	0.33
<b>Performance</b>			
Return after charges	30.42%	26.85%	2.53%
<b>Other information</b>			
Closing net asset value	£1,460,657	£10,954	£113
Closing number of shares	781,929	7,648	100
Operating charges	0.89%	0.94%	1.02%
Direct transaction costs	0.33%	0.47%	0.30%
<b>Prices</b>			
Highest share price	187.67p	147.88p	114.55p
Lowest share price	134.82p	115.84p	103.75p

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

### SYNTHETIC RISK AND REWARD INDICATOR



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

This Fund has been measured as 5 because it has experienced significant volatility historically.

**MFM TECHINVEST SPECIAL SITUATIONS FUND**
**PORTFOLIO STATEMENT**

as at 30 April 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>BEVERAGES</b> (2.33%, Apr 2016 - Nil)		
8,850,799 Distil	265,524	2.33
Total Beverages	<u>265,524</u>	<u>2.33</u>
<b>CONSTRUCTION &amp; MATERIALS</b> (4.74%, Apr 2016 - 3.65%)		
1,655,724 Ashley House	107,622	0.94
11,911,728 Mountfield Group	172,720	1.52
289,000 Van Elle Holdings	260,100	2.28
Total Construction & Materials	<u>540,442</u>	<u>4.74</u>
<b>ELECTRONIC &amp; ELECTRICAL EQUIPMENT</b> (4.00%, Apr 2016 - Nil)		
1,333,418 APC Technology Group	96,673	0.85
287,500 Stadium Group	359,375	3.15
Total Electronic & Electrical Equipment	<u>456,048</u>	<u>4.00</u>
<b>FINANCIAL SERVICES</b> (6.15%, Apr 2016 - 6.84%)		
547,443 Miton Group	202,554	1.78
281,211 Park Group	224,969	1.97
8,283,333 Tavistock Investments	273,350	2.40
Total Financial Services	<u>700,873</u>	<u>6.15</u>
<b>FIXED LINE TELECOMMUNICATIONS</b> (2.02%, Apr 2016 - 2.36%)		
384,000 CityFibre Infrastructure Holdings	230,400	2.02
Total Fixed Line Telecommunications	<u>230,400</u>	<u>2.02</u>
<b>FOOD &amp; DRUG RETAILERS</b> (Nil, Apr 2016 - 1.31%)		
Total Food & Drug Retailers	<u>0</u>	<u>0.00</u>
<b>FOOD PRODUCERS</b> (Nil, Apr 2016 - 1.06%)		
Total Food Producers	<u>0</u>	<u>0.00</u>
<b>GAS, WATER &amp; MULTIUTILITIES</b> (7.35%, Apr 2016 - 5.10%)		
770,000 Fulcrum Utility Services	438,900	3.85
95,000 Yu Group	399,000	3.50
Total Gas, Water & Multiutilities	<u>837,900</u>	<u>7.35</u>
<b>GENERAL INDUSTRIALS</b> (Nil, Apr 2016 - 0.35%)		
Total General Industrials	<u>0</u>	<u>0.00</u>
<b>GENERAL RETAILERS</b> (6.16%, Apr 2016 - 6.40%)		
163,949 Boohoo.com	309,044	2.71
165,000 Brown (N) Group	393,113	3.45
Total General Retailers	<u>702,157</u>	<u>6.16</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b> (4.56%, Apr 2016 - 2.83%)		
135,000 Medica Group	293,963	2.58
388,578 Totally	225,375	1.98
Total Health Care Equipment & Services	<u>519,338</u>	<u>4.56</u>
<b>INDUSTRIAL ENGINEERING</b> (1.39%, Apr 2016 - 0.64%)		
186,206 Mincon Group	158,275	1.39
Total Industrial Engineering	<u>158,275</u>	<u>1.39</u>

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**PORTFOLIO STATEMENT**

as at 30 April 2017

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>NON EQUITY INVESTMENT INSTRUMENTS</b> (0.58%, Apr 2016 - 0.76%)		
60,000 Gloop Networks	66,000	0.58
Total Non Equity Investment Instruments	<u>66,000</u>	<u>0.58</u>
<b>SOFTWARE &amp; COMPUTER SERVICES</b> (20.14%, Apr 2016 - 19.58%)		
37,564 Blue Prism Group	254,308	2.23
230,000 D4t4 Solutions	333,500	2.92
680,000 Eckoh	268,600	2.36
380,000 Elecosoft	167,200	1.47
500,000 GAN	145,000	1.27
4,275,000 Lombard Risk Management	598,500	5.25
71,102 Osirium Technologies	87,455	0.77
365,000 StatPro Group	441,650	3.87
Total Software & Computer Services	<u>2,296,213</u>	<u>20.14</u>
<b>SUPPORT SERVICES</b> (9.16%, Apr 2016 - 16.65%)		
34,886 Keywords Studios	283,623	2.49
2,240,000 Redhall Group	201,600	1.77
35,000 Restore	149,100	1.31
100,000 Styles & Wood Group	410,000	3.59
Total Support Services	<u>1,044,323</u>	<u>9.16</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT</b> (1.28%, Apr 2016 - 3.33%)		
1,391,515 Filtronic	146,109	1.28
Total Technology Hardware & Equipment	<u>146,109</u>	<u>1.28</u>
<b>TRAVEL &amp; LEISURE</b> (6.64%, Apr 2016 - 7.19%)		
56,798 Best of the Best	215,832	1.89
135,000 easyHotel	121,500	1.07
77,000 On the Beach Group	254,100	2.23
324,948 Safestay	165,723	1.45
Total Travel & Leisure	<u>757,155</u>	<u>6.64</u>
<b>OVERSEAS SECURITIES</b> (10.49%, Apr 2016 - 10.44%)		
1,100,000 Bank of Ireland	216,676	1.90
190,000 Cairn Homes	250,305	2.20
58,000 Dalata Hotel Group	240,749	2.11
105,000 Datalex	331,542	2.91
1,450,000 Independent News & Media	156,236	1.37
Total Overseas Securities	<u>1,195,508</u>	<u>10.49</u>
<b>UNQUOTED SECURITIES</b> (0.00%, Apr 2016 - 0.00%)		
90,000 Infoserve Group	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
<b>Portfolio of investments</b>	9,916,265	86.99
<b>Net current assets on capital account</b>	<u>1,482,527</u>	<u>13.01</u>
<b>Net assets</b>	<u>11,398,792</u>	<u>100.00</u>

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**STATEMENT OF TOTAL RETURN**

for the year ended 30 April 2017

	Notes	30 April 2017		30 April 2016	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		2,467,760		1,047,724
Revenue	6	98,412		75,350	
Expenses	7	(150,715)		(112,758)	
Net revenue/(expense) before taxation		<u>(52,303)</u>		<u>(37,408)</u>	
Taxation	8	<u>0</u>		<u>0</u>	
Net revenue/(expense) after taxation			<u>(52,303)</u>		<u>(37,408)</u>
Total return before distributions			2,415,457		1,010,316
Distributions	9		1,015		(7,010)
Change in net assets attributable to shareholders from investment activities			<u>2,416,472</u>		<u>1,003,306</u>

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

for the year ended 30 April 2017

	30 April 2017		30 April 2016	
	£	£	£	£
Opening net assets attributable to shareholders		9,437,958		3,185,301
Amounts receivable on issue of shares	2,656,941		7,179,390	
Amounts payable on cancellation of shares	(3,113,351)		(1,930,048)	
Amounts payable on share class conversions	<u>(907)</u>		<u>(9)</u>	
		(457,317)		5,249,333
Change in net assets attributable to shareholders from investment activities		2,416,472		1,003,306
Retained distribution on accumulation shares		1,679		18
Closing net assets attributable to shareholders		<u>11,398,792</u>		<u>9,437,958</u>

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**BALANCE SHEET**

as at 30 April 2017

	Notes	30 April 2017	30 April 2016
		£	£
<b>Assets:</b>			
<b>Fixed Assets:</b>			
Investments	16	9,916,265	8,351,202
<b>Current Assets:</b>			
Debtors	10	171,123	83,501
Cash and bank balances	11	1,359,099	1,029,905
Total assets		<u>11,446,487</u>	<u>9,464,608</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Bank overdrafts		32,088	9,942
Other creditors	12	15,607	16,708
Total liabilities		<u>47,695</u>	<u>26,650</u>
<b>Net assets attributable to shareholders</b>		<u>11,398,792</u>	<u>9,437,958</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 April 2017

**1 ACCOUNTING POLICIES**

**a Basis of preparation**

The financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest 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. The principal accounting policies adopted are set out below.

**b Going concern**

The authorised corporate director (ACD) has at the time of approving the financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

**c Revenue**

Dividends from shares are recognised when the security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

**d Expenses**

All expenses are accounted for on an accruals basis and, other than those relating to purchase and sale of investments, are charged against income as shown in these accounts.

**e Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on net revenue for the year. The taxable amount differs from net revenue as reported in the Statement of Total Return (SOTR) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient tax profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the SOTR. Deferred tax assets and liabilities are offset when the Fund has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**f Valuation of investments**

The investments of the Fund have been valued at their fair value at close of business on 28 April 2017. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the ACD believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the ACD's best estimate of a fair and reasonable value for that investment. The fair value excludes any element of accrued interest.

**g Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange ruling at the date of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the net capital gains/(losses) for the period.

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 April 2017

#### **ACCOUNTING POLICIES**

##### **h Cash and bank balances**

Cash and bank balances include deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within creditors in liabilities.

##### **i Financial assets**

The ACD has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of the Fund's financial instruments.

Financial assets are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include amounts receivable for the issue of shares, accrued income and cash and bank balances are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. Amortised cost is the amount at which the financial asset is measured at initial recognition, less any reduction for impairment or uncollectability.

Basic financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOTR.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **j Financial liabilities**

Financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of recognition.

Basic financial liabilities, which include amounts payable for cancellation of shares and accrued expenses, are initially measured at transaction price. Other financial liabilities are measured at fair value.

Financial liabilities are derecognised when, and only when, the Fund's obligations are discharged, cancelled, or they expire.

#### **2 DISTRIBUTION POLICIES**

##### **a Basis of distribution**

The policy of the Fund is to distribute any net revenue shown as such in the statement of total return. Revenue attributable to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

##### **b Apportionment to multiple share classes**

The ACD's periodic charge is directly attributable to individual share classes. All other income and expenses are allocated to the share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

##### **c 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.

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2017

#### 3 RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 4, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities and other instruments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued income.

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

##### Market price risk

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

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

##### Foreign currency risk

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

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

##### Credit and counterparty risk

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

##### Interest rate risk

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

##### Liquidity risk

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

#### 4 NET CAPITAL GAINS/(LOSSES)

	30 April 2017	30 April 2016
	£	£
The net gains/(losses) on investments during the year comprise:		
Non-derivative securities	2,472,651	1,051,613
Currency gains/(losses)	(1,923)	(574)
Transaction charges	(2,968)	(3,315)
<b>Net capital gains/(losses)</b>	<b>2,467,760</b>	<b>1,047,724</b>

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 April 2017

**5 PURCHASES, SALES AND TRANSACTION COSTS**

(All purchases and sales are in the equity asset class)

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Purchases excluding transaction costs	4,068,583	5,466,315
Corporate actions	277,793	773,885
	<u>4,346,376</u>	<u>6,240,200</u>
Commissions	11,072	15,638
Taxes and other charges	7,512	11,621
Total purchase transaction costs	<u>18,584</u>	<u>27,259</u>
<b>Purchases including transaction costs</b>	<u><u>4,364,960</u></u>	<u><u>6,267,459</u></u>
Purchase transaction costs expressed as a percentage of the principal amount:		
Commissions	0.27%	0.29%
Taxes and other charges	0.18%	0.21%
Sales excluding transaction costs	4,629,041	1,868,346
Corporate actions	656,404	274,119
	<u>5,285,445</u>	<u>2,142,465</u>
Commissions	(12,936)	(5,491)
Taxes and other charges	(79)	(28)
Total sale transaction costs	<u>(13,015)</u>	<u>(5,519)</u>
<b>Sales net of transaction costs</b>	<u><u>5,272,430</u></u>	<u><u>2,136,946</u></u>
Sale transaction costs expressed as a percentage of the principal amount:		
Commissions	0.28%	0.29%
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:	<u>0.33%</u>	<u>0.47%</u>
<b>Transaction handling charges</b>		
These are charges payable to the trustee in respect each transaction.	<u>£2,968</u>	<u>£3,315</u>

**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 3.41% 4.01%

**6 REVENUE**

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
UK dividends	79,648	70,339
Overseas dividends	18,663	4,843
Bank interest	101	168
<b>Total revenue</b>	<u><u>98,412</u></u>	<u><u>75,350</u></u>

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 April 2017

**7 EXPENSES**

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Payable to the ACD or associate:		
ACD's periodic charge	140,000	103,081
Registration fees	3,552	3,600
	<u>143,552</u>	<u>106,681</u>
Payable to the depositary or associate:		
Depositary's fees	3,465	2,475
Safe custody fees	0	490
Interest	591	0
	<u>4,056</u>	<u>2,965</u>
Other expenses:		
Financial Conduct Authority fee	164	164
Audit fee	2,880	2,948
Publication fee	63	0
	<u>3,107</u>	<u>3,112</u>
<b>Total expenses</b>	<u><u>150,715</u></u>	<u><u>112,758</u></u>

**8 TAXATION**

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	0	0
<b>Total tax charge</b>	<u><u>0</u></u>	<u><u>0</u></u>
b Factors affecting the tax charge for the year		
Net revenue/(expense) before taxation	<u>(52,303)</u>	<u>(37,408)</u>
Corporation tax at 20%	<u>(10,461)</u>	<u>(7,482)</u>
Effects of:		
Revenue not subject to taxation	(19,662)	(15,036)
Unutilised excess management expenses	30,123	22,518
<b>Total tax charge</b>	<u><u>0</u></u>	<u><u>0</u></u>

At 30 April 2017 the Fund has deferred tax assets of £140,841 (30.04.16 - £110,718) arising from surplus management management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

**9 DISTRIBUTIONS**

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
The distributions take account of revenue deducted on the issue of shares and revenue received on the cancellation of shares and comprise:		
Interim	856	0
Final	823	18
Amounts added on cancellation of shares	(2,829)	(3,947)
Amounts deducted on issue of shares	1,042	10,948
Equalisation on conversions	(907)	(9)
<b>Distributions</b>	<u><u>(1,015)</u></u>	<u><u>7,010</u></u>
Net deficit of revenue for the year	<u>(51,288)</u>	<u>(44,418)</u>
<b>Net revenue/(expense) after taxation for the year</b>	<u><u>(52,303)</u></u>	<u><u>(37,408)</u></u>

Details of the distribution per share are set out in the distribution table in note 17.

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2017

<b>10 DEBTORS</b>	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Amounts receivable for issue of shares	151,609	73,943
Sales awaiting settlement	0	2,695
Accrued income	19,514	6,863
<b>Total debtors</b>	<u>171,123</u>	<u>83,501</u>

<b>11 CASH AND BANK BALANCES</b>	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Capital bank account	1,359,099	1,029,905
<b>Total cash and bank balances</b>	<u>1,359,099</u>	<u>1,029,905</u>

<b>12 OTHER CREDITORS</b>	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Accrued expenses	15,607	16,708
<b>Total other creditors</b>	<u>15,607</u>	<u>16,708</u>

### 13 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.

Amounts payable to the ACD in respect of the ACD's periodic charge and registration fees are disclosed in note 7.

The total amounts due to/(from) the ACD at the year end were as follows:

	<b>Outstanding at year end</b>	
	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Marlborough Fund Managers Ltd	(139,662)	(61,562)

Techinvest Limited, the Fund's investment advisor, and its associates had the following shareholdings in the Fund:

	<b>30 April 2017</b>	<b>30 April 2016</b>
	<b>£</b>	<b>£</b>
Accumulation shares	4.92%	4.59%

### 14 SHAREHOLDERS' FUNDS

The Fund currently has three share classes; Class A (minimum investment £1,000), Class B (minimum investment £50,000), Class P (minimum investment £1,000,000). The annual management charges are 1.5%, 1.0% and 0.75% respectively.

During the year the ACD has issued, cancelled and converted shares from one share class to another as set out below:

	Class A	Class B	Class P
Opening shares in issue at 1 May 2016	6,719,919	100	7,648
Share issues	830,798	66,556	781,337
Share cancellations	(1,746,888)	(183,884)	(211,538)
Share conversions	(328,756)	117,328	204,482
Closing shares in issue at 30 April 2017	<u>5,475,073</u>	<u>100</u>	<u>781,929</u>

### 15 RISK DISCLOSURES

#### Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net by £495,813 (30.04.16 - £417,560). A five per cent decrease would have an equal and opposite effect.

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2017

#### RISK DISCLOSURES

##### Foreign currency risk

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

Foreign currency exposure at 30 April 2017:

	Investments £	Net current assets £	Total £
Euro	1,195,508	0	1,195,508
US Dollar	0	366	366
	<u>1,195,508</u>	<u>366</u>	<u>1,195,874</u>

Foreign currency exposure at 30 April 2016:

	Investments £	Net current assets £	Total £
Euro	984,228	0	984,228
US Dollar	0	323	323
	<u>984,228</u>	<u>323</u>	<u>984,551</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 £59,794 (30.04.16 - £49,228). A five per cent increase would have an equal and opposite effect.

##### Liquidity risk

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

	30 April 2017 £	30 April 2016 £
Within one year:		
Bank overdrafts	32,088	9,942
Other creditors	15,607	16,708
	<u>47,695</u>	<u>26,650</u>

#### 16 FAIR VALUE HIERARCHY FOR INVESTMENTS

Fair value hierarchy as at 30 April 2017

Valuation technique	30 April 2017		30 April 2016	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1	9,916,265	0	8,351,202	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<u>9,916,265</u>	<u>0</u>	<u>8,351,202</u>	<u>0</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 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Infoserve Group is delisted and deemed to be valueless by the fund manager.

**MFM TECHINVEST SPECIAL SITUATIONS FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 April 2017

**17 DISTRIBUTION TABLE**

**ACCUMULATION SHARES**

**For the period from 1 May 2016 to 31 October 2016**

Group 1: shares purchased prior to 1 May 2016

Group 2: shares purchased on or after 1 May 2016

		Net revenue 31 Oct 2016 pence per share	Equalisation 31 Oct 2016 pence per share	Distribution payable 31 Dec 2016 pence per share	Distribution paid 31 Dec 2015 pence per share
<u>Class A</u>	Group 1	0.0000	0.0000	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
<u>Class B</u>	Group 1	0.0508	0.0000	0.0508	0.0000
	Group 2	0.0508	0.0000	0.0508	0.0000
<u>Class P</u>	Group 1	0.2161	0.0000	0.2161	0.0300
	Group 2	0.0508	0.1653	0.2161	0.0300

For Corporate Unitholders the percentage split between Franked and Unfranked income relating to this distribution was:

Franked 99.84% Unfranked 0.16%

£0.00 is the depositary's net liability to corporation tax in respect of the gross revenue.

0.0000p is the depositary's net liability to corporation tax per share.

**For the period from 1 November 2016 to 30 April 2017**

Group 1: shares purchased prior to 1 November 2016

Group 2: shares purchased on or after 1 November 2016

		Net revenue 30 Apr 2017 pence per share	Equalisation 30 Apr 2017 pence per share	Distribution payable 30 Jun 2017 pence per share	Distribution paid 30 Jun 2016 pence per share
<u>Class A</u>	Group 1	0.0000	0.0000	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
<u>Class B</u>	Group 1	0.2100	0.0000	0.2100	0.0100
	Group 2	0.2100	0.0000	0.2100	0.0100
<u>Class P</u>	Group 1	0.1051	0.0000	0.1051	0.2398
	Group 2	0.0742	0.0309	0.1051	0.2398

For Corporate Unitholders the percentage split between Franked and Unfranked income relating to this distribution was:

Franked 99.96% Unfranked 0.04%

£0.00 is the depositary's net liability to corporation tax in respect of the gross revenue.

0.0000p is the depositary's net liability to corporation tax per share.

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