



MFM TECHINVEST SPECIAL SITUATIONS FUND

Annual Report
For the period ended 30th April 2015

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 Conduct Authority

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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 Adviser:

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

Authorised by the Central Bank of Ireland

Auditors:

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
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MFM TECHINVEST SPECIAL SITUATIONS FUND

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MFM TECHINVEST SPECIAL SITUATIONS FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

For the year ended 30 April 2015

Percentage change and sector position to 30 April 2015

	<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	8.52%	2.10%	57.48%	75.69%	12.69%
Quartile Ranking*	3	3	3	4	4

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

External Source of Economic Data: Morningstar

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

After a tough first six months, a degree of confidence returned to equity markets over the second half of the year to April 30. Over that period, your Fund's share price gained 8.52%. This compares with a rise of 6.33% for London's main index, the FTSE 100. The Fund is focused on smaller companies and is a member of the IA Smaller Companies sector. Over the second half of the year, London's index of smaller companies, the FTSE SmallCap, climbed 7.42%, while the broader-based FTSE All-Share posted an increase of 7.32%. The overwhelming majority of the Fund's holdings are listed on AIM, London's junior exchange. The Fund also outperformed the index for this market, the FTSE AIM All-Share, which recorded a gain of 4.60%.

For the full year to April 30, your Fund's share price increased 2.10%. This compares with gains of 2.66% and 3.87% for the FTSE 100 and FTSE All-Share respectively. The FTSE SmallCap increased 4.12%, while the FTSE AIM-All Share actually posted a fall of 8.43%, lagging your Fund by more than 10 percentage points.

On a three-year return basis, your Fund gained 57.48%. This compares with gains of 21.31% for the FTSE 100, 25.98% for the FTSE All-Share and 49.19% for the FTSE SmallCap. The FTSE AIM-All Share Index fell 3.04% over the three years. For the period since inception on 5 July 2005 to 30 April 2013, the Fund's share price increased 12.69%.

The Fund's managers are focused on longer-term performance and seek to acquire shareholdings in companies at the early stages of growth and before such opportunities become widely appreciated by the investment community. The multi-year, buy-and-hold view is shared by the directors and management of Techinvest Ltd whom, in aggregate, are the largest holders of shares in the *MFM Techinvest Special Situations Fund*.

We commented in your Fund's last Investment Adviser's Report (dated 28 November 2014) that the shares of smaller companies had collectively underperformed the wider stock market for more than a decade. We believe that a prolonged period of outperformance for small cap equities is long overdue. With the shock of the banking crisis behind them, developed economies around the world have settled into a period of slow economic growth. In this environment, investment strategies that passively track stock market indices become less likely to deliver above normal returns and the importance of careful "active" stock picking should again come to the fore. Therefore, investors may gravitate toward the smaller company universe where valuations are, in general, more attractive than large cap stocks.

There are some early signs of improved investor sentiment towards the smaller company sector. However, the shares of many AIM-listed small companies remain extremely tightly-held by investors. This, in turn, results in a lack of market liquidity, with some companies seeing few, if any, of their shares changing hands during the trading day. As a result, many UK fund managers, with tens or hundreds of millions to invest, find it difficult (if not impossible) to build positions in small companies large enough to significantly impact the performance of their equity portfolios.

By contrast, the *MFM Techinvest Special Situations Fund*, with a portfolio valuation of just £3.2m, has a huge advantage over the majority of Funds in its peer group that are much larger. Your Fund has been able to build positions in smaller companies that have been ignored by larger funds due to poor market liquidity.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

At April 30, the ten largest holdings, in alphabetical order, were Accumuli (now acquired by London-listed NCC Group in a deal valuing the IT security specialist at around twice the average price paid by the Fund for its shares), Best of the Best (the organiser of competitions to win luxury cars has announced healthy trading for the fiscal year ended April 30), Dalata Hotel Group (the largest independent hotel operator in Ireland is benefiting from economic recovery in the country), Datalex (a Dublin-based developer of travel ecommerce software to leading airlines), Fulcrum Utility Services (a provider of utility connection services to residential, commercial and industrial customers), Inspired Capital (a lender aimed at small and medium-sized businesses, many of whom are finding credit difficult to access via traditional banking channels), Miton Group (the multi-asset and equity fund management firm headed by highly-regarded fund manager Gervais Williams), NetDimensions (the developer of learning and talent management software saw strong trading last year and this continued into the first quarter of 2015), Park Group (the multi-retailer voucher and gift card operator) and Richoux Group (the owner of restaurants recently announced double digit annual revenue and earnings growth and plans new openings this year).

Since the last Interim Report, there have been a number of new additions to the portfolio. One of these is CityFibre, an owner and operator of optical-fibre broadband networks for medium-sized UK cities. The Company has networks in 60 towns and cities, totalling more than 490 kilometres of fibre. Several more communities are targeted for deployment. The Fund acquired its holding in CityFibre following the signing of a potentially transformational agreement with EE and Three UK. CityFibre will deploy "dark fibre" backhaul connections to mobile masts which should improve network performance as mobile data traffic continues to ramp up.

Another recent addition to your Fund is SuperGroup, owner and distributor of the popular Superdry brand of clothing. The purchase followed a very positive trading update, highlighting double digit like-for-like annual revenue growth. For the year to April 2015, there were 24 new store openings, taking the global total to 178. Several new openings are planned across European markets and the Company intends to drive significant new business via its newly-acquired North American operation. In addition, the ecommerce channel recorded impressive annual sales growth of 39.5%.

Smaller companies are, in general, more heavily exposed to the domestic economy than their larger peers which tend to derive a greater portion of their revenue internationally. Recent research from the Confederation of British Industry (CBI) suggests that UK business activity jumped considerably over the three months to May, with the services sector being the main driver. The CBI also flagged an acceleration in retail sales with growth exceeding expectations. In addition, market research company Nielsen announced that consumer confidence rose for the fifth successive quarter, reaching its highest level since 2006. News from the manufacturing sector is slightly less upbeat with a slowdown in growth reported, mainly on the back of falling demand from the oil and gas industry.

Therefore, with the outlook for UK economy broadly positive, we expect the improved business optimism to encourage increased capital spending by corporates with plenty of cash on their balance sheets. Of course, the Bank of England may react to accelerating economic growth by raising interest rates. However, the level of interest rates is likely to remain historically low for some time to come. Therefore, small company shares should remain attractive as risk appetite improves and investors seek greater returns than can be found in cash and bonds.

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. It can also be found in the Financial Times each day and at 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, as can a sample copy of a recent issue of the monthly Techinvest newsletter.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

Distributions	Year 2015	Year 2014	Year 2013	Year 2012
<u>Class A</u>				
Net income paid June	0.0000pps	0.0000pps	0.2962pps	0.0755pps
Net income paid December		0.0164pps	0.0970pps	0.3929pps
<u>Class B</u>				
Net income paid June	0.0000pps	0.0000pps	0.4100pps	
Net income paid December		0.6700pps	0.1900pps	
<u>Class P</u>				
Net income paid June	0.0000pps	0.0000pps	0.5500pps	
Net income paid December		0.7800pps	0.4500pps	

Techinvest Ltd
Investment Manager
31 May 2015

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Material Portfolio Changes

For the year ended 30 April 2015

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Miton Group	91,218	MCB Finance Group	221,250
Audioboom Group	87,140	Audioboom Group	124,639
CityFibre Infrastructure Holdings	86,386	Utilitywise	121,808
SuperGroup	77,927	French Connection Group	112,560
ULS Technology	72,577	Cello Group	105,082
Eagle Eye Solutions Group	72,146	Costain Group	103,143
Liontrust Asset Management	69,674	IndigoVision Group	101,627
MXC Capital	69,500	ISG	99,450
Blinkx	65,577	Convivality Retail	93,929
Seeing Machines	62,688	Fairpoint Group	91,993
21st Century Technology	59,859	Access Intelligence	77,415
Richoux Group	53,412	Northbridge Industrial Services	75,554
Eleco	45,738	MXC Capital	73,406
Safestay	45,257	Proxama	72,905
Promethean World	42,085	Motivcom	62,511
Park Group	30,662	Miton Group	59,819
Venn Life Sciences Holdings	29,747	Brown (N) Group	59,731
LightwaveRF	28,000	ULS Technology	57,177
Constellation Healthcare Tech	17,553	SuperGroup	56,978
NetDimensions Holdings	16,783	Greencore Group	50,057
Other purchases	13,341	Other sales	567,724
Total purchases for the year	1,137,270	Total sales for the year	2,388,758

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 Scheme

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.

Rights and Terms attaching to each Share Class

Each share of each class represents a proportional entitlement to the assets of the scheme. The allocation of income and taxation and the rights of each share in the event the scheme 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 manager's reports and accounts for any fund can be requested by the investor at any time.

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
11 June 2015**

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.

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

Statement of the Depositary's responsibilities in respect of the Scheme

The depositary is responsible for the safekeeping of all of the property of the company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("The Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations) and the company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the company; the application of income of the company; and the investment and borrowing powers of the company.

Report of the Depositary to the shareholders of the MFM Techinvest Special Situations Fund

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 Authorised Corporate Director:

- (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 Sourcebook and, where applicable, the OEIC Regulations, the instrument of incorporation and Prospectus of the company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the company.

HSBC BANK PLC

LONDON

11 June 2015

**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 2015 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 opinion 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 2015 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.

11 June 2015

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

MFM TECHINVEST SPECIAL SITUATIONS FUND

COMPARATIVE TABLES

Price and distribution record

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.

	Highest price	Lowest price	Net income per accumulation share	Net income per £1,000 invested 6 January 2010
<u>Class A</u>				
2010	67.24p	58.46p	0.2385p	£3.60
2011	74.90p	62.49p	0.3949p	£5.97
2012	77.57p	64.20p	0.4684p	£7.08
2013	103.68p	77.98p	0.3932p	£5.94
2014	117.03p	102.47p	0.0164p	£0.25
2015*	112.97p	106.51p	-	-
				Net income per £1,000 invested 2 January 2013
<u>Class B</u>				
2013	103.73p	77.96p	0.6000p	£7.53
2014	117.25p	103.23p	0.6700p	£8.41
2015*	113.98p	107.32p	-	-
<u>Class P</u>				
2013	104.23p	78.20p	1.0000p	£12.55
2014	117.85p	103.75p	0.7800p	£9.79
2015*	114.55p	107.88p	-	-

*(up to 30 April 2015)

Number of shares in issue/Net asset value per share

	Net asset value of scheme property	Number of accumulation shares in issue	Net asset value per accumulation Share
at 30 April 2013 Class A	£2,129,557	2,728,007	78.06p
at 30 April 2013 Class B	£78	100	78.02p
at 30 April 2013 Class P	£78	100	78.16p
at 30 April 2014 Class A	£4,190,762	3,835,945	109.25p
at 30 April 2014 Class B	£110	100	109.58p
at 30 April 2014 Class P	£110	100	110.12p
at 30 April 2015 Class A	£3,185,076	2,860,743	111.34p
at 30 April 2015 Class B	£112	100	112.34p
at 30 April 2015 Class P	£113	100	112.91p

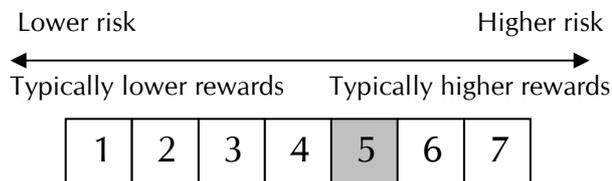
ONGOING CHARGES

	Ongoing charges
30 April 2014 Class A	1.81%
30 April 2014 Class B	1.31%
30 April 2014 Class P	1.06%
30 April 2015 Class A	1.77%
30 April 2015 Class B	1.27%
30 April 2015 Class P	1.02%

The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- Performance fees
- Portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling units in another collective investment scheme.

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 2015

Holding or nominal value as at 30 Apr 15	Bid value £	Percentage of total net assets %
CONSTRUCTION & MATERIALS (Nil, Apr 2014 - 4.92%)		
Total Construction & Materials	0	0.00
ELECTRONIC & ELECTRICAL EQUIPMENT (Nil, Apr 2014 - 0.94%)		
Total Electronic & Electrical Equipment	0	0.00
EQUITY INVESTMENT INSTRUMENTS (Nil, Apr 2014 - 0.41%)		
Total Equity Investment Instruments	0	0.00
FINANCIAL SERVICES (22.58%, Apr 2014 - 12.95%)		
1,550,000 Fulcrum Utility Services	186,000	5.84
752,500 Inspired Capital	112,875	3.54
16,000 Liontrust Asset Management	45,760	1.44
451,314 Miton Group	121,855	3.83
2,929,109 MXC Capital	95,196	2.99
285,000 Park Group	157,462	4.94
Total Financial Services	719,148	22.58
FIXED LINE TELECOMMUNICATIONS (2.47%, Apr 2014 - Nil)		
125,000 CityFibre Infrastructure Holdings	78,750	2.47
Total Fixed Line Telecommunications	78,750	2.47
FOOD & DRUG RETAILERS (2.20%, Apr 2014 - 4.13%)		
140,000 Crawshaw Group	70,000	2.20
Total Food & Drug Retailers	70,000	2.20
FOOD PRODUCERS (1.99%, Apr 2014 - 2.23%)		
17,833 Greencore Group	63,254	1.99
Total Food Producers	63,254	1.99
GENERAL RETAILERS (Nil, Apr 2014 - 5.90%)		
Total General Retailers	0	0.00
HEALTH CARE EQUIPMENT & SERVICES (3.88%, Apr 2014 - 1.67%)		
12,500 Constellation Healthcare Technologies	23,125	0.73
502,631 Venn Life Sciences Holdings	100,526	3.16
Total Health Care Equipment & Services	123,651	3.88
HOUSEHOLD GOODS & HOME CONSTRUCTION (Nil, Apr 2014 - 2.49%)		
Total Household Goods & Home Construction	0	0.00
INDUSTRIAL ENGINEERING (1.77%, Apr 2014 - 5.23%)		
106,206 Mincon Group	56,289	1.77
Total Industrial Engineering	56,289	1.77
MEDIA (Nil, Apr 2014 - 5.97%)		
Total Media	0	0.00
PERSONAL GOODS (2.58%, Apr 2014 - 1.58%)		
8,000 SuperGroup	82,320	2.58
Total Personal Goods	82,320	2.58
PHARMACEUTICALS & BIOTECHNOLOGY (Nil, Apr 2014 - 2.83%)		
Total Pharmaceuticals & Biotechnology	0	0.00

MFM TECHINVEST SPECIAL SITUATIONS FUND

PORTFOLIO STATEMENT

as at 30 April 2015

Holding or nominal value as at 30 Apr 15	Bid value £	Percentage of total net assets %
REAL ESTATE INVESTMENT & SERVICES (1.78%, Apr 2014 - 1.96%)		
45,000 MartinCo	56,700	1.78
Total Real Estate Investment & Services	<u>56,700</u>	<u>1.78</u>
SOFTWARE & COMPUTER SERVICES (25.87%, Apr 2014 - 21.52%)		
500,000 Accumuli	156,250	4.91
220,000 Blinkx	77,000	2.42
45,000 Eagle Eye Solutions Group	95,850	3.01
200,000 Eleco	52,000	1.63
11,750 IndigoVision Group	32,430	1.02
190,000 IS Solutions	102,600	3.22
1,000,000 Nasstar	82,500	2.59
265,000 NetDimensions Holdings	225,250	7.07
Total Software & Computer Services	<u>823,880</u>	<u>25.87</u>
SUPPORT SERVICES (11.81%, Apr 2014 - 16.44%)		
1,200,000 21st Century Technology	66,000	2.07
125,000 Digital Barriers	41,250	1.30
210,000 Norcon	32,550	1.02
30,000 Renew Holdings	86,100	2.70
35,000 Restore	84,000	2.64
125,000 Styles & Wood Group	66,250	2.08
Total Support Services	<u>376,150</u>	<u>11.81</u>
TECHNOLOGY HARDWARE & EQUIPMENT (3.08%, Apr 2014 - Nil)		
175,000 Promethean World	41,125	1.29
1,086,722 Seeing Machines	57,053	1.79
Total Technology Hardware & Equipment	<u>98,178</u>	<u>3.08</u>
TRAVEL & LEISURE (8.51%, Apr 2014 - 3.86%)		
136,798 Best of the Best	119,014	3.74
600,000 Richoux Group	108,000	3.39
64,000 Safestay	44,160	1.39
Total Travel & Leisure	<u>271,174</u>	<u>8.51</u>
OVERSEAS SECURITIES (10.97%, Apr 2014 - 9.02%)		
400,000 Bank of Ireland	100,194	3.15
50,000 Dalata Hotel Group	131,449	4.13
95,000 Datalex	117,939	3.70
Total Overseas Securities	<u>349,582</u>	<u>10.97</u>
UNQUOTED SECURITIES (0.00%, Apr 2014 - 0.00%)		
90,000 Infoserve Group	0	0.00
561,000 Silverdell	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
Portfolio of investments	3,169,076	99.49
Net current assets on capital account	<u>16,225</u>	<u>0.51</u>
Net assets	<u>3,185,301</u>	<u>100.00</u>

MFM TECHINVEST SPECIAL SITUATIONS FUND

FINANCIAL STATEMENTS

For the year ended 30 April 2015

Statement of total return

	Notes	30 April 2015		30 April 2014	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		58,816		929,260
Revenue	6	44,548		41,742	
Expenses	7	(61,946)		(57,294)	
Finance costs: Interest	9	(59)		(70)	
Net revenue/(expense) before taxation		<u>(17,457)</u>		<u>(15,622)</u>	
Taxation	8	<u>0</u>		<u>0</u>	
Net revenue/(expense) after taxation			<u>(17,457)</u>		<u>(15,622)</u>
Total return before distributions			41,359		913,638
Finance costs: Distributions	9		777		(3,113)
Change in net assets attributable to shareholders from investment activities			<u>42,136</u>		<u>910,525</u>

Statement of change in net assets attributable to shareholders

	30 April 2015		30 April 2014	
	£	£	£	£
Opening net assets attributable to shareholders		4,190,982		2,129,713
Amounts receivable on issue of shares	66,289		2,598,154	
Amounts payable on cancellation of shares	<u>(1,114,371)</u>		<u>(1,447,413)</u>	
		(1,048,082)		1,150,741
Stamp duty reserve tax		(284)		(2,857)
Change in net assets attributable to shareholders from investment activities		42,136		910,525
Retained distribution on accumulation shares		549		2,860
Closing net assets attributable to shareholders		<u>3,185,301</u>		<u>4,190,982</u>

MFM TECHINVEST SPECIAL SITUATIONS FUND

FINANCIAL STATEMENTS
as at 30 April 2015

Balance sheet

	Notes	30 April 2015		30 April 2014
		£		£
Assets:				
Investment assets		3,169,076		4,360,603
Debtors	10	4,710	47,023	
Cash and bank balances	11	63,117	3,596	
Total other assets		67,827		50,619
Total assets		<u>3,236,903</u>		<u>4,411,222</u>
Liabilities:				
Investment liabilities		0		0
Creditors	12	(37,629)	(156,474)	
Bank overdrafts		(13,973)	(63,766)	
Total other liabilities		(51,602)		(220,240)
Total liabilities		<u>(51,602)</u>		<u>(220,240)</u>
Net assets attributable to shareholders		<u>3,185,301</u>		<u>4,190,982</u>

FINANCIAL STATEMENTS

Notes to the financial statements

1 ACCOUNTING POLICIES

a Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

b Valuation of investments

The investments of the Fund have been valued using bid market values ruling on international stock exchanges at close of business on 30 April 2015. Market value is defined by the SORP as fair value which is generally the bid value of each security. Where applicable investments are valued to exclude accrued income.

Where a stock is unlisted or where there is a non liquid market, a valuation for this stock has been obtained from market makers where possible, and suspended stocks are normally valued at their suspension price. However, where the Manager believes that these prices do not reflect a fair value, or where no reliable price exists for a security, it is valued at a price which in the opinion of the Manager reflects a fair and reasonable price for that investment. Infoserve Group and Silverdell are delisted and deemed to be valueless by the fund manager.

c Foreign exchange

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at close of business on 30 April 2015.

d Revenue

Revenue includes dividends on shares when the security is quoted ex - dividend by 30 April 2015 and interest received and accrued up to that date. All UK dividends are disclosed net of UK tax.

e Expenses

All expenses (other than those relating to the purchase and sale of investments) are charged against income as shown in these accounts.

f Taxation/Deferred taxation

The tax accounting treatment follows that of the principal amount. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounts purposes. The deferred tax balance is not discounted.

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. This amount therefore takes into account the treatment of accumulation shares and of management expenses as described in the accounting policies above.

b Stock dividends

In the case of an ordinary stock dividend the whole amount is recognised as revenue. In the case of an enhanced stock dividend, the value of the enhancement, calculated as the amount by which the total market value of the shares on the date they are quoted ex - dividend exceeds the cash dividend is treated as capital. The balance is treated as revenue.

c Accumulation shares

Revenue attributable to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

d 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.

FINANCIAL STATEMENTS

Notes to the financial statements

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 Instrument of Incorporation, the Prospectus and in the Collective Investment Schemes Sourcebook (COLL) mitigate the risk of excessive exposure to any particular type of security or issuer.

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 are 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 during the period between when an investment purchase or sale is entered and the date when settlement of the investment occurs; and 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.

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 share 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.

Credit 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.

FINANCIAL STATEMENTS

Notes to the financial statements

4 NET CAPITAL GAINS/(LOSSES)

	30 April 2015	30 April 2014
	£	£

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

Non-derivative securities	59,961	931,537
Currency gains/(losses)	200	37
Transaction charges	(1,345)	(2,314)
Net capital gains/(losses)	58,816	929,260

5 PURCHASES, SALES AND TRANSACTION COSTS

	30 April 2015	30 April 2014
	£	£

Purchases excluding transaction costs	1,132,894	2,868,301
Commissions	3,049	4,158
Taxes	1,301	13,920
PTM Levy	26	68
Total purchase transaction costs	4,376	18,146
Purchases including transaction costs	1,137,270	2,886,447

Sales excluding transaction costs	2,395,066	1,541,044
Commissions	(6,257)	(3,925)
PTM Levy	(51)	(39)
Total sale transaction costs	(6,308)	(3,964)
Sales net of transaction costs	2,388,758	1,537,080

Transaction handling charges	1,345	2,314
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6 REVENUE

	30 April 2015	30 April 2014
	£	£

UK dividends	38,833	37,283
UK dividends (unfranked)	2,228	4,417
Overseas dividends	3,461	0
Bank interest	26	42
Total revenue	44,548	41,742

7 EXPENSES

	30 April 2015	30 April 2014
	£	£

Payable to the ACD or associate:		
ACD's periodic charge	53,600	49,190
Registration fees	3,478	3,619
	57,078	52,809

Payable to the Depositary or associate:		
Depositary's fees	1,286	1,183
Safe Custody fees	330	259
	1,616	1,442

Other expenses:		
Financial Conduct Authority fee	192	163
Audit fee	3,060	2,880
	3,252	3,043

Total expenses	61,946	57,294
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FINANCIAL STATEMENTS

Notes to the financial statements

8 TAXATION

	30 April 2015 £	30 April 2014 £
a Analysis of the tax charge for the year		
UK Corporation tax at 20%	0	0
Total tax charge	<u>0</u>	<u>0</u>
b Factors affecting the tax charge for the year		
Net revenue before taxation	(17,457)	(15,622)
Corporation tax at 20%	(3,491)	(3,124)
Effects of:		
Revenue not subject to taxation	(8,459)	(7,457)
Unutilised excess management expenses	11,950	10,581
Total tax charge	<u>0</u>	<u>0</u>

At 30 April 2015 the Fund had surplus management expenses of £440,998 (30.04.14 - £381,249). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

9 FINANCE COSTS

	30 April 2015 £	30 April 2014 £
Distributions and interest		
The distributions take account of revenue deducted on the issue of shares and revenue received on the cancellation of shares and comprise:		
Interim	549	2,859
Final	0	0
Amounts (added)/deducted on cancellation of shares	(1,421)	(3,231)
Amounts deducted/(received) on issue of shares	95	3,485
Finance costs: Distributions	<u>(777)</u>	<u>3,113</u>
Finance costs: Interest	59	70
Total finance costs	<u>(718)</u>	<u>3,183</u>

Details of the distribution per share are set out in the distribution table in note 16.

There was no distribution for the six months to 30 April 2015 as the expenses exceeded revenue.

10 DEBTORS

	30 April 2015 £	30 April 2014 £
Accrued income	4,710	4,636
Sales awaiting settlement	0	42,387
Total debtors	<u>4,710</u>	<u>47,023</u>

11 CASH AND BANK BALANCES

	30 April 2015 £	30 April 2014 £
Capital bank account	63,117	3,596
Total cash and bank balances	<u>63,117</u>	<u>3,596</u>

FINANCIAL STATEMENTS

Notes to the financial statements

12 CREDITORS

	30 April 2015	30 April 2014
	£	£
Amounts payable for cancellation of shares	11,390	146,142
Purchases awaiting settlement	17,553	0
Accrued expenses	8,686	10,332
Total creditors	<u>37,629</u>	<u>156,474</u>

13 RELATED PARTIES

The ACD is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the Statement of Change in Net Assets Attributable to Shareholders on page 12.

During the year the ACD held shares in the sub-Fund and had holdings of 189.139 class 'A', 100.000 class 'B' and 100.000 class 'P' shares at the year end.

During the year, the scheme paid management and registration charges to the ACD as follows:

		Outstanding at year end	
	£	30 April 2015	30 April 2014
	£	£	£
Marlborough Fund Managers Ltd,	57,078	4,233	6,477

During the year the Fund paid depositary and safe custody fees and transaction charges to its depositary as follows:

		Outstanding at year end	
	£	30 April 2015	30 April 2014
	£	£	£
HSBC Bank plc	2,961	1,620	1,262

Techinvest Limited and its associates had the following shareholdings in the Fund:

	30 April 2015	30 April 2014
	£	£
Accumulation shares	11.25%	10.11%

14 RISK DISCLOSURES

Currency

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. These net assets consist of the following:

Foreign currency exposure at 30 April 2015:

	Investments	Net current assets	Total
	£	£	£
Euro	349,582	0	349,582
US Dollar	0	4,151	4,151
	<u>349,582</u>	<u>4,151</u>	<u>353,733</u>

Foreign currency exposure at 30 April 2014:

	Investments	Net current assets	Total
	£	£	£
Euro	378,317	0	378,317
US Dollar	0	3,596	3,596
	<u>378,317</u>	<u>3,596</u>	<u>381,913</u>

FINANCIAL STATEMENTS

Notes to the financial statements

15 SHARE CLASSES

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. The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 8.

16 DISTRIBUTION TABLE

ACCUMULATION SHARES

For the period from 1 May 2014 to 31 October 2014

Group 1: shares purchased prior to 1 May 2014

Group 2: shares purchased on or after 1 May 2014

		Net revenue 31 Oct 2014 pence per share	Equalisation 31 Oct 2014 pence per share	Distribution payable 31 Dec 2014 pence per share	Distribution paid 31 Dec 2013 pence per share
<u>Class A</u>	Group 1	0.0164	0.0000	0.0164	0.0970
	Group 2	0.0164	0.0000	0.0164	0.0970
<u>Class B</u>	Group 1	0.6700	0.0000	0.6700	0.1900
	Group 2	0.6700	0.0000	0.6700	0.1900
<u>Class P</u>	Group 1	0.7800	0.0000	0.7800	0.4500
	Group 2	0.7800	0.0000	0.7800	0.4500

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

Franked	93.64%	Unfranked	6.36%
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£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.

There was no distribution for the period from 1 November 2014 to 30 April 2015.

There was no distribution for the equivalent period last year.

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