

The top half of the page features a background of soft, out-of-focus green and yellow bokeh lights. Overlaid on this is a dark green horizontal band containing the fund's name in white text.

MFM  
TECHINVEST SPECIAL SITUATIONS FUND

**INTERIM REPORT  
AND UNAUDITED FINANCIAL STATEMENTS**

for the six month period ended 31 October 2019

## **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**

Marlborough Investment Management International Limited (previously Techinvest Ltd)  
7/8 Mount Street Upper  
Dublin 2  
Republic of Ireland

Authorised and regulated by the Central Bank of Ireland.

### **Auditor**

Barlow Andrews LLP  
Carlisle 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 six month period ended 31 October 2019

#### Percentage change and sector position to 31 October 2019

	<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	-2.13%	-10.41%	9.12%	59.46%	65.58%
IA UK Smaller Companies	-1.31%	4.52%	32.43%	60.24%	259.53%
Quartile Ranking**	3	4	4	3	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 (Class A Acc - mid to mid).

For the UK, the period was one of the most politically turbulent in post war history as the government attempted (and failed) on several occasions to obtain parliament's approval for a negotiated EU withdrawal deal. Against this backdrop of seemingly perpetual uncertainty for businesses, it is perhaps no surprise that investors are wary of domestically-focused UK companies, for the time being at least.

For the six months ended 31 October 2019, the price of the Class A shares in your fund declined 2.13%. Regular readers of our reports will be aware of our consistent message; that it is most important to take a long-term, multi-year view toward equity investment. With that in mind, we note that your fund's Class A shares have gained 59.46% over the five-years to 31 October 2019.

At 31 October, the ten largest holdings in the Fund were, in alphabetical order: BATM Advanced Communications (a networking solutions and medical laboratory systems specialist); Boohoo (the online fashion retailer continues to scale its business and has recently exceeded £1 billion in annual sales); D4t4 Solutions (this business operates within the fast-growing data and analytics markets, providing a B2C platform to the finance and consumer sectors for capture, analysis and storage of data); Eckoh (a provider of customer service and secure payments solutions, which is gaining market traction due to increasing awareness of payment card fraud and regulation); Equals (formerly named Fairfax, this firm offers forex payment services, including currency transfer, prepaid travel cards and, more recently, e-banking); Filtronic (a designer and manufacturer of a range of customised communications sub-systems used in wireless telecommunication networks and point-to-point communication systems); GAN (the provider of enterprise level B2B software and gaming content to both online and land-based gaming operators had a transformational year thanks to the ramp-up in the US online gaming sector); Keystone Law (the law firm operating a technology platform allowing lawyers to work more flexibly, has consistently shown impressive growth since its IPO in November 2017); Miton Group (the investment management business recently merged with Premier Asset Management and is now named Premier Miton Group); and Sureserve (growing corporate and government awareness around safety and energy efficiency is creating strong regulatory drivers for the Company's compliance and energy services business).

The Fund ended the period with 7.6% of the portfolio in cash. This is higher than the average of the past few years and reflects a moderately defensive stance taken by the Fund's managers during the period.

During the period, the Fund took a holding in Watkin Jones, a leading developer and manager of large scale multi-occupancy housing, with a focus on purpose-built student accommodation (PBSA) and residential build to rent (BtR). The Company distinguishes itself by operating the entire development lifecycle from site procurement, planning and construction to scheme management. With a forward sale, low risk, cash flow positive and capital light model, the shares are an attractive play on the continued growth of the PBSA and BtR in the UK.

Another recent addition to the portfolio is Applegreen. Founded in 1992, the Company owns a substantial estate of petrol forecourt and filling stations within Ireland, the UK and US, built primarily through organic growth and supported by bolt-on acquisitions. In 2018, it made a transformative acquisition, taking a controlling stake in the Welcome Break brand, enabling it to fast-track its ambitions in the UK market. Growth in the US has stepped up with the adoption of a capital light model and partnerships with leading realty groups Cross-America and Getty Realty. This enables Applegreen to take operational control over forecourt sites while leveraging its expertise in retail. With an estimated 111,000 filling stations across the US, the opportunity is considerable.

It is impossible to precisely quantify the impact Brexit uncertainty has inflicted on the UK economy, although it is clear that many firms are holding off committing significant capital to new projects as they await clarity on the nature of the UK's economic and political relationship with the rest of Europe. According to the Office of National Statistics, annual GDP growth at end of the third quarter of 2019 was just 1%, the weakest year-on-year number in nearly a decade. While services and construction continued to grow in Q3, the overall picture was restrained by weak manufacturing activity.

Industry data on UK equity funds also points to extreme caution among investors. In the three months to end of September 2019, a total of £4.6 billion was withdrawn from UK-domiciled equity funds, with £1.7 billion withdrawn in September alone, according to the Investment Association. Those funds investing exclusively in UK shares saw outflows of £676 million during September.

Investor wariness has significantly impacted the UK stock market this year, demonstrated by the lacklustre performance of the FTSE 100 index relative to counterparts elsewhere in Europe, North America and Asia during 2019. This has left UK equities on relatively attractive valuations, especially at the small company end of the market.

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 October 2019

Experience tells us that periods of extreme risk aversion can be contrary indicators. With UK equity valuations depressed, the market appears to be 'pricing in' significant and prolonged weakness in the UK economy. This is perhaps unjustified and an improvement in sentiment could herald a strong rebound in share prices, especially if a clearer outlook on the UK's trading relationship with the EU emerges over coming months.

The Fund is valued once a week at 12:00 each Wednesday. The latest price is normally posted by 5:30pm that day on the Techninvest home-page at [www.techninvest.ie](http://www.techninvest.ie). It can also be found each weekday in the Financial Times and at [www.marlbroughfunds.com](http://www.marlbroughfunds.com).

Investment Manager  
22 November 2019

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#### Distributions (pence per share)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</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	0.0000	0.0000
<u>Class B Accumulation</u>				
Net income paid 30 June	0.0000	0.0000	0.2100	0.0100
Net income paid 31 December	0.9000	0.2600	0.2200	0.0508
<u>Class P Accumulation</u>				
Net income paid 30 June	0.0356	0.1191	0.1051	0.2398
Net income paid 31 December	0.1928	0.7991	0.1873	0.2161

#### Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
TP Group	162,620	StatPro Group	668,979
Sosandar	69,217	D4t4 Solutions	344,073
VR Education Holdings	62,547	Mincon Group	289,392
Bonhill Group	40,954	GAN	259,476
Watkin Jones	33,811	easyHotel	237,143
Elecosoft	1,143	Eckoh	161,495
		Keystone Law Group	124,379
		Arena Events Group	94,027
		BATM Advanced Communications	88,378
		Ashley House	57,219
		Other sales	228,938
Total purchases for the period	370,292	Total sales for the period	2,553,499

## **MFM TECHINVEST SPECIAL SITUATIONS FUND**

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

#### **Authorised status**

MFM Techinvest Special Situations Fund (the 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.

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

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.

#### **Changes in prospectus**

No significant changes have been made since the last report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the manager's range 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**  
**10 December 2019**

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### COMPARATIVE TABLE

Accumulation shares were 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>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per share</b>	<b>31.10.2019</b>	<b>30.04.2019</b>	<b>30.04.2018</b>	<b>30.04.2017</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	165.96	196.75	181.51	140.28
Return before operating charges*	(1.95)	(27.70)	18.35	43.76
Operating charges	(1.35)	(3.09)	(3.11)	(2.53)
Return after operating charges*	(3.30)	(30.79)	15.24	41.23
Distributions on accumulation shares	0.00	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00	0.00
Closing net asset value per share	162.66	165.96	196.75	181.51
* after direct transaction costs of:	0.10	0.28	0.62	0.50
<b>Performance</b>				
Return after charges	-1.99%	-15.65%	8.40%	29.39%
<b>Other information</b>				
Closing net asset value	£4,959,084	£5,971,797	£9,134,720	£9,937,950
Closing number of shares	3,048,781	3,598,301	4,642,879	5,475,073
Operating charges	1.66% <sup>A</sup>	1.63%	1.62%	1.64%
Direct transaction costs	0.12% <sup>A</sup>	0.15%	0.33%	0.33%
<b>Prices</b>				
Highest share price	169.59p	214.90p	199.17p	182.38p
Lowest share price	153.62p	159.88p	184.57p	131.86p
<b><u>Class B accumulation shares</u></b>				
<b>Change in net assets per share</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
	<b>31.10.2019</b>	<b>30.04.2019</b>	<b>30.04.2018</b>	<b>30.04.2017</b>
	<b>Pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	170.09	201.00	185.19	142.16
Return before operating charges*	(1.24)	(28.71)	18.01	44.73
Operating charges	(0.97)	(2.20)	(2.20)	(1.70)
Return after operating charges*	(2.21)	(30.91)	15.81	43.03
Distributions on accumulation shares	(0.90)	(0.26)	(0.22)	(0.26)
Retained distributions on accumulation shares	0.90	0.26	0.22	0.26
Closing net asset value per share	167.88	170.09	201.00	185.19
* after direct transaction costs of:	0.10	0.28	0.64	0.49
<b>Performance</b>				
Return after charges	-1.30%	-15.38%	8.54%	30.27%
<b>Other information</b>				
Closing net asset value	£17	£17	£201	£185
Closing number of shares	10	10	100	100
Operating charges	1.16% <sup>A</sup>	1.13%	1.12%	1.14%
Direct transaction costs	0.12% <sup>A</sup>	0.15%	0.33%	0.33%
<b>Prices</b>				
Highest share price	173.80p	220.27p	203.82p	186.06p
Lowest share price	158.20p	164.02p	188.50p	133.81p

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

## MFM TECHINVEST SPECIAL SITUATIONS FUND

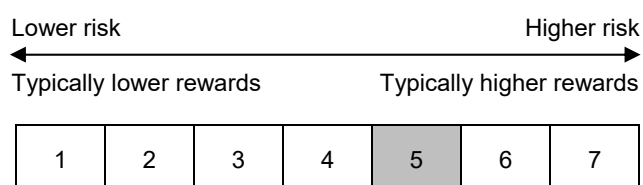
### COMPARATIVE TABLE

<b>Class P accumulation shares</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per share</b>	<b>31.10.2019</b>	<b>30.04.2019</b>	<b>30.04.2018</b>	<b>30.04.2017</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per share	173.39	204.02	186.80	143.23
Return before operating charges*	(2.05)	(28.91)	18.94	45.07
Operating charges	(0.77)	(1.72)	(1.72)	(1.50)
Return after operating charges*	(2.82)	(30.63)	17.22	43.57
Distributions on accumulation shares	(0.19)	(0.83)	(0.31)	(0.32)
Retained distributions on accumulation shares	0.19	0.83	0.31	0.32
Closing net asset value per share	170.57	173.39	204.02	186.80
* after direct transaction costs of:	0.11	0.29	0.64	0.55
<b>Performance</b>				
Return after charges	-1.63%	-15.01%	9.22%	30.42%
<b>Other information</b>				
Closing net asset value	£993,511	£2,230,022	£2,429,227	£1,460,657
Closing number of shares	582,449	1,286,119	1,190,705	781,929
Operating charges	0.91% <sup>A</sup>	0.88%	0.87%	0.89%
Direct transaction costs	0.12% <sup>A</sup>	0.15%	0.33%	0.33%
<b>Prices</b>				
Highest share price	177.19p	223.54p	206.49p	187.67p
Lowest share price	160.87p	166.85p	190.26p	134.82p

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

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

### SYNTHETIC RISK AND REWARD INDICATOR



The synthetic 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.

The Fund has been measured as 5 because it has experienced moderate to high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.



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

as at 31 October 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AEROSPACE AND DEFENCE (2.38%, April 19 - Nil)</b>		
2,250,000 TP Group	141,750	2.38
Total Aerospace and Defence	<u>141,750</u>	<u>2.38</u>
<b>AUTOMOBILES AND PARTS (1.53%, April 19 - 1.07%)</b>		
124,924 Transense Technologies	91,195	1.53
Total Automobiles and Parts	<u>91,195</u>	<u>1.53</u>
<b>CLOSED END INVESTMENTS (1.34%, April 19 - 1.48%)</b>		
153,174 KRM22	79,650	1.34
Total Closed End Investments	<u>79,650</u>	<u>1.34</u>
<b>CONSTRUCTION AND MATERIALS (0.61%, April 19 - 2.85%)</b>		
1,218,724 Ashley House	36,562	0.61
Total Construction and Materials	<u>36,562</u>	<u>0.61</u>
<b>ELECTRONIC AND ELECTRICAL EQUIPMENT (2.19%, April 19 - 1.55%)</b>		
75,000 Strix Group	130,500	2.19
Total Electronic and Electrical Equipment	<u>130,500</u>	<u>2.19</u>
<b>FINANCE AND CREDIT SERVICES (2.00%, April 19 - 1.51%)</b>		
224,288 Bonhill Group	118,873	2.00
Total Finance and Credit Services	<u>118,873</u>	<u>2.00</u>
<b>HOUSEHOLD GOODS AND HOME CONSTRUCTION (2.57%, April 19 - 1.36%)</b>		
65,000 Watkin Jones	152,750	2.57
Total Household Goods and Home Construction	<u>152,750</u>	<u>2.57</u>
<b>INDUSTRIAL SUPPORT SERVICES (10.47%, April 19 - 9.43%)</b>		
216,552 Equals Group	190,566	3.20
50,000 Keystone Law Group	243,000	4.08
701,811 Sureserve Group	189,489	3.19
Total Industrial Support Services	<u>623,055</u>	<u>10.47</u>
<b>INVESTMENT BANKING AND BROKERAGE SERVICES (9.19%, April 19 - 9.33%)</b>		
40,758 Marlowe	179,335	3.01
354,920 Miton Group	191,657	3.22
8,396,332 Tavistock Investments	176,323	2.96
Total Investment Banking and Brokerage Services	<u>547,315</u>	<u>9.19</u>
<b>RETAILERS (6.89%, April 19 - 4.22%)</b>		
100,000 Boohoo Group	263,800	4.43
750,000 Sosandar	146,250	2.46
Total Retailers	<u>410,050</u>	<u>6.89</u>
<b>SOFTWARE AND COMPUTER SERVICES (34.67%, April 19 - 38.16%)</b>		
145,770 Beeks Financial Cloud Group	120,989	2.03
215,000 D4t4 Solutions	500,950	8.42
400,000 Eckoh	200,000	3.36
237,304 Elecosoft	177,978	2.99
450,000 GAN	549,000	9.22
226,986 Pelatro	108,953	1.83
180,000 SmartSpace Software	129,600	2.18
203,000 The Panoply Holdings	162,400	2.73
1,750,000 VR Education Holdings	113,750	1.91
Total Software and Computer Services	<u>2,063,620</u>	<u>34.67</u>

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### PORTFOLIO STATEMENT

as at 31 October 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>TELECOMMUNICATIONS EQUIPMENT</b> (9.13%, April 19 - 8.42%)		
770,000 BATM Advanced Communications	332,640	5.59
2,541,515 Filtronic	210,946	3.54
Total Telecommunications Equipment	<u>543,586</u>	<u>9.13</u>
<b>TRAVEL AND LEISURE</b> (2.23%, April 19 - 6.82%)		
1,400,000 The Fulham Shore	133,000	2.23
Total Travel and Leisure	<u>133,000</u>	<u>2.23</u>
<b>OVERSEAS SECURITIES</b> (7.21%, April 19 - 9.23%)		
35,000 Applegreen	161,717	2.72
140,000 Cairn Homes	139,994	2.35
28,000 Dalata Hotel Group	127,201	2.14
Total Overseas Securities	<u>428,912</u>	<u>7.21</u>
<b>UNQUOTED SECURITIES</b> (0.00%, April 19 - 0.00%)		
90,000 Infoserve Group	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
<b>Portfolio of investments</b>	5,500,818	92.41
<b>Net other assets</b>	451,794	7.59
<b>Total net assets</b>	<u>5,952,612</u>	<u>100.00</u>

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

### PORTFOLIO TRANSACTIONS

for the six month period ended 31 October 2019

	£
Total purchases costs, including transaction charges	370,292
Total sales proceeds, net of transaction charges	2,553,499

**MFM TECHINVEST SPECIAL SITUATIONS FUND****STATEMENT OF TOTAL RETURN**

for the six month period ended 31 October 2019

	31 October 2019		31 October 2018	
	£	£	£	£
Income:				
Net capital gains/(losses)		(145,730)		(882,036)
Revenue	40,009		98,754	
Expenses	<u>(52,059)</u>		<u>(89,303)</u>	
Net revenue/(expense) before taxation		<u>(12,050)</u>		<u>9,451</u>
Taxation	<u>0</u>		<u>0</u>	
Net revenue/(expense) after taxation		<u>(12,050)</u>		<u>9,451</u>
Total return before distributions		(157,780)		(872,585)
Distributions		(700)		(10,459)
Change in net assets attributable to shareholders from investment activities		<u>(158,480)</u>		<u>(883,044)</u>

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

for the six month period ended 31 October 2019

	31 October 2019		31 October 2018	
	£	£	£	£
Opening net assets attributable to shareholders		* 8,201,836		11,564,148
Amounts receivable on issue of shares	126,645		450,223	
Amounts payable on cancellation of shares	(2,218,469)		(587,104)	
Amounts payable on share class conversions	<u>(43)</u>		<u>(179)</u>	
		(2,091,867)		(137,060)
Change in net assets attributable to shareholders from investment activities		(158,480)		(883,044)
Retained distribution on accumulation shares		1,123		10,679
Closing net assets attributable to shareholders		<u>5,952,612</u>		* <u>10,554,723</u>

\* These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

## MFM TECHINVEST SPECIAL SITUATIONS FUND

### BALANCE SHEET

as at 31 October 2019

	31 October 2019	30 April 2019
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	5,500,818	7,827,410
<b>Current Assets:</b>		
Debtors	27,127	18,041
Cash and bank balances	573,525	395,208
Total assets	<u>6,101,470</u>	<u>8,240,659</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts	2,776	26,118
Other creditors	146,082	12,705
Total liabilities	<u>148,858</u>	<u>38,823</u>
<b>Net assets attributable to shareholders</b>	<u>5,952,612</u>	<u>8,201,836</u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 October 2019

#### Basis for preparation

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

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

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2019 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at close of business on 31 October 2019.

# Marlborough

— Fund Managers —

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

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