



MFM Techinvest Special Situations Fund

Interim Report

For the six month period ended 31st October 2016

(Unaudited)

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.

Depositary

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
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AUTHORISED INVESTMENT MANAGER'S REPORT

For the six months ended 31 October 2016

Percentage change and sector position to 31 October 2016

	<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	6.21%	9.65%	50.89%	132.02%	51.74%
Quartile Ranking**	1	1	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

Over the half year to midnight 31 October 2016, the Fund's Class A share price rose 6.21%. For the prior six month period, ended 30 April 2016, the share price increased 3.24%. As a constituent of the IA (Investment Association) UK Smaller Companies sector, the Fund's principal investment focus is on smaller companies. This sector contains 46 funds in total and the *MFM Techinvest Special Situations Fund* has, for many years, been one of the sector's strongest performers. At the close on 31 October 2016, the Fund was in 8th place on a one-year return basis, 3rd over a three-year period and 5th over five years.

On a one-year return basis, the Fund's Class A share price rose 9.65%. This compares with a gain of 9.32% for London's main stock market index, the FTSE 100. Over the same period, the Fund also outperformed the broader based FTSE All-Share Index, which climbed 8.14%, and the index of smaller companies, the FTSE SmallCap, which rose 8.10%. At the end of the half year, more than 80% of the Fund's holdings were listed on London's junior exchange, AIM. After many years of underperformance, the index for this market performed relatively well on a one-year return basis, rising 11.42%.

The strong near-term performance of the Fund is pleasing. However, as we've said many times before, the Fund's managers consider long-term performance much more important, and strongly encourage shareholders to take a similar view. On a five-year return basis, the Fund achieved a gain of 132.02%, significantly outperforming the FTSE 100 (+25.43%), the FTSE All-Share (+31.71%) and FTSE AIM-All Share (+13.07%).

In the Annual Report, dated 31st May 2016, we noted we had observed some improvement in investor appetite for small companies. This had driven the share prices of some of the Fund's holdings to new highs. Since then, the Brexit vote of June 23 surprised markets, causing significant volatility in share prices, and the run up to the US Presidential Election was also a very volatile period as markets digested the implications of a Clinton or Trump victory. While it is normal for equity valuations to whipsaw around at times of political or economic uncertainty, the shares of quality companies tend to show good relative strength when compared with the wider stock market. This is a time for investors to consider adding to the 'best ideas' in their portfolios.

Equity investors should never allow market noise to detract them from a focus on good companies. That is a key lesson from the banking crisis of 2008. The *MFM Techinvest Special Situations Fund* emerged very strongly from that period, having taken advantage of the depressed valuations of many quality companies.

It is traditional in our Manager's Report to list the top ten largest holdings in the portfolio at the end of the reporting period. This time we are listing the eleven largest holdings since, as at the close of play on 31 October 2016, two holdings were tied in tenth spot. In alphabetical order, the top eleven are: AFH Financial (the wealth manager and financial advisor has combined organic growth with an ambitious acquisition strategy and has recently reported funds under management above £2 billion), Boohoo.com (the online own-branded international retailer of "fast fashion" clothing recently announced expectations of 30-35% revenue growth for the current fiscal year), Blancco Technology (having transformed itself into a global leader in data erasure technologies, Blancco is excellently placed in this fast growing sector), D4t4 Solutions (the business intelligence specialist, which changed its name from IS Solutions this year, operates in one of the fastest growing segments of the tech sector – Big Data analytics), Datalex (the developer of ecommerce software principally aimed at airline operators has cemented its market-leading position with new customer wins in the strategically important Chinese airline market), Fulcrum Utility Services (the multi-utility infrastructure specialist recently reported very strong trading for the six months ended September 30, boosted by significant gas and electricity installation contract wins), Inspired Energy (a strongly cash-generative energy procurement business aimed at the UK corporate market that has seen strong growth in recurring revenue), Keywords Studios (the acquisitive technical services provider to the global games sector has enjoyed stellar business growth over the past year and has a soaring share price to match), Lombard Risk Management (provider of collateral management and regulatory reporting software that has recently reorganised under a new management team and has seen a substantially improved order book), NetDimensions (a developer of talent management and learning software that has recently received a preliminary takeover approach) and Styles & Wood (a property services and fit-out specialist that is expanding beyond its traditional focus of retail and commercial offices towards higher-margin healthcare facilities and data centres).

Recent new additions to the portfolio include Van Elle, a ground-engineering contractor with more than 30 years' experience. UK economic forecasts suggest that spending on house building and infrastructure projects could ramp up significantly in coming years. Van Elle is excellently placed to exploit these conditions. The Fund bought its holding in Van Elle's IPO, taking part in a share placing which raised a net £7.2m to support the Company's growth strategy.

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AUTHORISED INVESTMENT MANAGER'S REPORT (CONTINUED)

Yu Group is another recent addition. It is an independent provider of gas and electricity to small and medium-sized businesses in the UK. The shares were listed on London's AIM market in March of this year. Yu Group is a relatively new business (founded in 2013) and is expected to achieve a maiden operating profit this year. Results for the half year to June 30 showed the pipeline of contracted sales growing faster than anticipated.

The Fund ended the half year with 2.28% of the portfolio in cash. This is lower than at the previous half year period. However, we are comfortable with being close to fully invested at this time.

Smaller companies are more domestically focused than their larger peers. Recent data on the UK economy shows the services sector performing especially well, contributing to GDP growth of 0.5% in the third quarter of the year. In addition, business investment increased during the three months following the Brexit vote. However, while the near-term business outlook is supportive for small companies in general, UK equities are likely to experience further volatility as news unfolds on Brexit negotiations which are likely to be both complex and protracted.

At the end of the half year, just over 12% of the portfolio was invested in companies that are listed on the Irish Stock Exchange. The Irish economy has performed very strongly in recent years, boosted by high levels of overseas investment, and GDP growth for 2016 is running significantly ahead of the eurozone average.

Recent elections in the US have left the Republican Party in control of the White House and both houses of Congress. It is likely that fiscal policy in the US will loosen, which should provide some stimulus to its domestic economy over the medium-term. In turn, this should be positive for equity markets across developed economies.

Equities have, in general, performed very well since 2009. While the bull market in shares is looking 'long in the tooth' from a historical perspective, it is worth remembering that the global economy has emerged from arguably its toughest financial challenge since the depression of the 1930s. In addition, equity valuations are not particularly stretched, especially when compared to the miserly returns offered by bonds and cash.

There are some signs that the inflation cycle is turning upwards and that the 30-year bull run in the bond market may be ending. Investor's appetite for risk is improving and this is likely to be positive for shares, especially those of smaller companies, which, in general, remain more attractively valued than their larger cap peers.

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.

Techinvest Ltd.
Investment Manager
30 November 2016

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AUTHORISED INVESTMENT MANAGER'S REPORT (CONTINUED)

Distributions (pence per share)

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Class A Accumulation</u>				
Net income paid 30 June	0.0000	0.0000	0.0000	0.2962
Net income paid 31 December	0.0000	0.0000	0.0164	0.0970
<u>Class B Accumulation</u>				
Net income paid 30 June	0.0100	0.0000	0.0000	0.4100
Net income paid 31 December	0.0508	0.0000	0.6700	0.1900
<u>Class P Accumulation</u>				
Net income paid 30 June	0.2398	0.0000	0.0000	0.5500
Net income paid 31 December	0.2161	0.0000	0.7800	0.4500

Material Portfolio Changes

For the six month period ended 31 October 2016

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Eckoh	245,636	Boohoo.com	416,423
Stadium Group	189,413	Styles & Wood Group	182,693
Tavistock Investments	136,828	Richoux Group	142,650
Van Elle Holdings	129,000	Trakm8 Holdings	140,479
Lombard Risk Management	122,977	Norcon	134,496
Yu Group	122,808	Park Group	101,183
StatPro Group	121,171	Fulcrum Utility Services	99,454
APC Technology Group	120,931	Superglass Holdings	97,015
Distil	105,021	Kainos Group	90,568
Independent News & Media	102,376	Sophos Group	89,998
Brown (N) Group	93,424	Greencore Group	87,162
WYG	81,509	Eagle Eye Solutions Group	73,352
NetDimensions Holdings	72,209	Crawshaw Group	53,075
Safestay	68,005	ServicePower Technologies	45,906
Norcon	54,332	Eckoh	42,624
CentralNic Group	49,025	Applegreen	40,378
Blanco Technology Group	44,090	Tavistock Investments	35,891
AFH Financial Group	33,676	NCC Group	31,439
Park Group	30,621	RM2 International	26,559
Totally	29,145		
Other purchases	195,180		
Total purchases for the period	2,147,377	Total sales for the period	1,931,345

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.

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



WAYNE D GREEN
JOINT MANAGING DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
9 December 2016

MFM TECHINVEST SPECIAL SITUATIONS FUND

FUND INFORMATION

Price and distribution record

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.

Financial year to	Highest Price	Lowest Price	Net income per share
<u>Class A</u>			
30 April 2014	117.03p	77.98p	0.0970p
30 April 2015	112.97p	102.47p	0.0164p
30 April 2016	144.92p	114.23p	0.0000p
30 April 2017*	155.99p	131.86p	0.0000p
<u>Class B</u>			
30 April 2014	117.25p	77.96p	0.1900p
30 April 2015	113.98p	103.23p	0.6700p
30 April 2016	146.80p	115.26p	0.0100p
30 April 2017*	158.49p	133.81p	0.0508p
<u>Class P</u>			
30 April 2014	117.85p	78.20p	0.4500p
30 April 2015	114.55p	103.75p	0.7800p
30 April 2016	147.88p	115.84p	0.2398p
30 April 2017*	159.83p	134.82p	0.2161p

* six month period to 31 October 2016

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 share
<u>Class A</u>			
30 April 2014	£4,190,762	3,835,945	109.25p
30 April 2015	£3,185,076	2,860,743	111.34p
30 April 2016	£9,426,862	6,719,919	140.28p
31 October 2016	£8,439,068	5,664,500	148.98p
<u>Class B</u>			
30 April 2014	£110	100	109.58p
30 April 2015	£112	100	112.34p
30 April 2016	£142	100	142.16p
31 October 2016	£278,625	183,984	151.44p
<u>Class P</u>			
30 April 2014	£110	100	110.12p
30 April 2015	£113	100	112.91p
30 April 2016	£10,954	7,648	143.23p
31 October 2016	£538,782	352,728	152.75p

Ongoing charges

	<u>Class A</u>	<u>Class B</u>	<u>Class P</u>
30 April 2016	1.69%	1.19%	0.94%
31 October 2016	1.65%	1.15%	0.90%

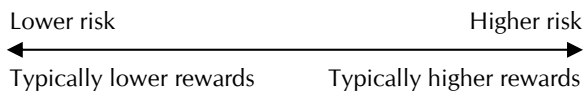
The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- 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

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FUND INFORMATION (CONTINUED)

Synthetic risk and reward indicator



1	2	3	4	5	6	7
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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.

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Portfolio statement

as at 31 October 2016

Holding or nominal value as at 31 Oct 16		Bid value £	Percentage of total net assets %
BEVERAGES (1.10%, Apr 2016 - Nil)			
8,850,799	Distil	101,784	1.10
	Total Beverages	<u>101,784</u>	<u>1.10</u>
CONSTRUCTION & MATERIALS (4.21%, Apr 2016 - 3.65%)			
1,655,724	Ashley House	124,179	1.34
11,911,728	Mountfield Group	136,985	1.48
129,000	Van Elle Holdings	129,000	1.39
	Total Construction & Materials	<u>390,164</u>	<u>4.21</u>
ELECTRONIC & ELECTRICAL EQUIPMENT (2.85%, Apr 2016 - Nil)			
1,333,418	APC Technology Group	100,006	1.08
212,500	Stadium Group	163,625	1.77
	Total Electronic & Electrical Equipment	<u>263,631</u>	<u>2.85</u>
FINANCIAL SERVICES (7.29%, Apr 2016 - 6.84%)			
145,000	AFH Financial Group	232,000	2.51
547,443	Miton Group	164,233	1.77
281,211	Park Group	179,975	1.94
2,550,000	Tavistock Investments	99,450	1.07
	Total Financial Services	<u>675,658</u>	<u>7.29</u>
FIXED LINE TELECOMMUNICATIONS (2.41%, Apr 2016 - 2.36%)			
384,000	CityFibre Infrastructure Holdings	222,720	2.41
	Total Fixed Line Telecommunications	<u>222,720</u>	<u>2.41</u>
FOOD & DRUG RETAILERS (Nil, Apr 2016 - 1.31%)			
	Total Food & Drug Retailers	<u>0</u>	<u>0.00</u>
FOOD PRODUCERS (Nil, Apr 2016 - 1.06%)			
	Total Food Producers	<u>0</u>	<u>0.00</u>
GAS, WATER & MULTIUTILITIES (6.54%, Apr 2016 - 5.10%)			
1,000,000	Fulcrum Utility Services	445,000	4.81
50,000	Yu Group	160,000	1.73
	Total Gas, Water & Multiutilities	<u>605,000</u>	<u>6.54</u>
GENERAL INDUSTRIALS (Nil, Apr 2016 - 0.35%)			
	Total General Industrials	<u>0</u>	<u>0.00</u>
GENERAL RETAILERS (6.41%, Apr 2016 - 6.40%)			
308,949	Boohoo.com	383,097	4.14
110,000	Brown (N) Group	209,660	2.27
	Total General Retailers	<u>592,757</u>	<u>6.41</u>
HEALTH CARE EQUIPMENT & SERVICES (2.89%, Apr 2016 - 2.83%)			
175,877	Totally	98,491	1.06
787,172	Venn Life Sciences Holdings	169,242	1.83
	Total Health Care Equipment & Services	<u>267,733</u>	<u>2.89</u>
INDUSTRIAL ENGINEERING (0.76%, Apr 2016 - 0.64%)			
106,206	Mincon Group	70,627	0.76
	Total Industrial Engineering	<u>70,627</u>	<u>0.76</u>

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Portfolio statement

as at 31 October 2016

Holding or nominal value as at 31 Oct 16		Bid value £	Percentage of total net assets %
NON EQUITY INVESTMENT INSTRUMENTS (0.76%, Apr 2016 - 0.76%)			
60,000	Gloo Networks	70,800	0.76
	Total Non Equity Investment Instruments	<u>70,800</u>	<u>0.76</u>
SOFTWARE & COMPUTER SERVICES (23.87%, Apr 2016 - 19.58%)			
110,000	Blanco Technology Group	236,500	2.56
37,564	Blue Prism Group	113,443	1.23
238,668	CentralNic Group	107,401	1.16
260,000	D4t4 Solutions	325,000	3.51
400,000	Eckoh	149,000	1.61
350,000	Elecosoft	94,500	1.02
225,000	Kalibrate Technologies	171,000	1.85
3,050,000	Lombard Risk Management	236,375	2.55
45,627	NCC Group	86,463	0.93
559,389	NetDimensions Holdings	285,288	3.08
71,102	Osirium Technologies	127,984	1.38
60,000	Sophos Group	138,480	1.50
125,000	StatPro Group	137,500	1.49
	Total Software & Computer Services	<u>2,208,934</u>	<u>23.87</u>
SUPPORT SERVICES (17.33%, Apr 2016 - 16.65%)			
414,235	Digital Barriers	173,979	1.88
1,939,474	Inspired Energy	256,980	2.78
75,481	Keywords Studios	326,078	3.52
2,240,000	Redhall Group	190,400	2.06
35,000	Restore	121,800	1.32
85,000	Styles & Wood Group	331,500	3.58
190,000	WYG	202,350	2.19
	Total Support Services	<u>1,603,087</u>	<u>17.33</u>
TECHNOLOGY HARDWARE & EQUIPMENT (2.26%, Apr 2016 - 3.33%)			
1,991,515	Filtronic	209,109	2.26
	Total Technology Hardware & Equipment	<u>209,109</u>	<u>2.26</u>
TRAVEL & LEISURE (6.36%, Apr 2016 - 7.19%)			
135,000	easyHotel	121,500	1.31
86,798	Best of the Best	177,936	1.92
400,000	GAN	160,000	1.73
324,948	Safestay	129,979	1.40
	Total Travel & Leisure	<u>589,415</u>	<u>6.36</u>
OVERSEAS SECURITIES (12.68%, Apr 2016 - 10.44%)			
35,000	Applegreen	143,288	1.55
1,300,000	Bank of Ireland	228,091	2.46
150,000	Cairn Homes	157,909	1.71
65,000	Dalata Hotel Group	238,033	2.57
105,000	Datalex	316,493	3.42
850,000	Independent News & Media	90,246	0.97
	Total Overseas Securities	<u>1,174,060</u>	<u>12.68</u>

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Portfolio statement

as at 31 October 2016

Holding or nominal value as at 31 Oct 16		Bid value £	Percentage of total net assets %
	UNQUOTED SECURITIES (0.00%, Apr 2016 - 0.00%)		
90,000	Infoserve Group	0	0.00
	Total Unquoted Securities	<u>0</u>	<u>0.00</u>
	Portfolio of investments	9,045,479	97.72
	Net current assets on capital account	<u>210,996</u>	<u>2.28</u>
	Net assets	<u>9,256,475</u>	<u>100.00</u>

The investments of the Fund have been valued at their fair value at close of business on 31 October 2016. 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 authorised corporate director (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. Infoserve Group is deemed to be valueless by the fund manager.

Portfolio transactions for the six months ended 31 October 2016	£
Total purchases, including transaction charges	2,147,377
Total sales proceeds, net of transaction charges	1,931,345

MFM TECHINVEST SPECIAL SITUATIONS FUND

INTERIM FINANCIAL STATEMENTS (unaudited)
For the six months ended 31 October 2016

Statement of total return

	31 October 2016		31 October 2015	
	£	£	£	£
Income:				
Net capital gains/(losses)		476,606		863,398
Revenue	51,024		23,865	
Expenses	(75,040)		(41,433)	
Net revenue/(expense) before taxation	<u>(24,016)</u>		<u>(17,568)</u>	
Taxation	<u>0</u>		<u>(36)</u>	
Net revenue/(expense) after taxation		<u>(24,016)</u>		<u>(17,604)</u>
Total return before distributions		452,590		845,794
Distributions		1,517		(7,352)
Change in net assets attributable to shareholders from investment activities		<u><u>454,107</u></u>		<u><u>838,442</u></u>

Statement of change in net assets attributable to shareholders

	31 October 2016		31 October 2015	
	£	£	£	£
Opening net assets attributable to shareholders		* 9,437,959		3,185,301
Amounts receivable on issue of shares	1,487,680		3,961,564	
Amounts payable on cancellation of shares	(2,123,590)		(389,938)	
Amounts payable on share class conversions	<u>(537)</u>		<u>0</u>	
		(636,447)		3,571,626
Change in net assets attributable to shareholders from investment activities		454,107		838,442
Retained distribution on accumulation shares		856		0
Closing net assets attributable to shareholders		<u><u>9,256,475</u></u>		* <u><u>7,595,369</u></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

INTERIM FINANCIAL STATEMENTS (unaudited) as at 31 October 2016

Balance sheet

	31 October 2016	30 April 2016
	£	£
Assets:		
Fixed Assets:		
Investments	9,045,479	8,351,202
Current Assets:		
Debtors	5,397	83,501
Cash and bank balances	393,826	1,029,905
Total assets	<u>9,444,702</u>	<u>9,464,608</u>
Liabilities:		
Creditors:		
Bank overdrafts	13,762	9,942
Other creditors	174,465	16,708
Total liabilities	<u>188,227</u>	<u>26,650</u>
Net assets attributable to shareholders	<u>9,256,475</u>	<u>9,437,958</u>

Notes to the interim financial statements

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 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.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2016 and are described in those annual financial statements.

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Bolton
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