

MFM Techinvest Special Situations Fund (Class A)

Fund Update: July 2019

<p>IA Classification: UK Smaller Companies</p> <p>Fund Objective: The MFM Techinvest Special Situations Fund is a UK-based open-ended investment company. The aim 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 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 and 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.</p>	<p>Share Price: 165.20p (at 30th June 2019)</p> <p>Five Year Performance:</p> <p>Fund Share Price: 53.26% FTSE 100: 10.11% FTSE All-Share: 12.69% AIM All-Share: 17.05%</p>
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Source: Bloomberg (Indices), Morningstar (Fund, mid-to-mid)

Manager's Comment

In contrast to the month of May, larger cap market indices in London outperformed the smaller cap dominated indices during June. The UK market continues to lack clear direction, with the shadow of Brexit and added uncertainty of the environment post-election of the new Tory party leader, putting a brake on near term upward momentum. UK equities have begun to look attractive on a comparative basis, but of course this is predicated on the continued resilience of the UK economy, key to which is likely to be coming through the Brexit process with a negotiated settlement with the EU.

Activity

During June, the Fund took an initial position in TP Group, a technology and professional services company operating in the defence, space, communications and energy sectors. Revenue for the year ended 31st December 2018 was up 40% year-on-year to £39.0 million and the Company entered the new year with a record order book. Since then it has used some of its £22 million cash to acquire Sapienza, a Dutch headquartered company which provides specialist technical consultancy, which will enhance TP Group's capabilities in the space sector, bringing in new customers, technologies and broadening its presence in Europe. The Company continues to be on the lookout for synergistic acquisitions to support further growth by broadening its customer base, product offering and geographical reach. With a prospective P/E ex-cash of 15.5 for FY2019, the valuation is attractive.

Fund Performance				
	5 years %	3 years %	1 year %	6 months %
MFM Techinvest Special Situations Fund	53.26	22.91	-21.51	1.17
FTSE 100	10.11	14.16	-2.77	10.37
FTSE All-Share	12.69	15.40	-3.46	10.39

Discrete Year Performance	Fund Performance %
01/07/2018 to 30/06/2019	-21.51
01/07/2017 to 30/06/2018	13.24
01/07/2016 to 30/06/2017	38.28
01/07/2015 to 30/06/2016	7.73
01/07/2014 to 30/06/2015	15.74

Please remember that past performance is not a guide to the future. Fund launched 5th July 2005. Source: Bloomberg (Indices). Morningstar (Fund, mid-to-mid). Data at close 30th June 2019.

Top 10 Holdings	
D4T4 Solutions	9.5%
GAN	7.1%
BATM Advanced Communications	5.5%
Statpro	5.2%
Keystone Law	4.7%
Mincon Group	4.2%
Eckoh	3.7%
Equals Group	3.5%
Tavistock Investments	3.2%
Elecosoft	3.0%

Source: Techinvest Limited. Data at close 30th June 2019.

Authorised Corporate Director	Marlborough Fund Managers Ltd (Authorised and regulated by the Financial Conduct Authority) Head Office: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. Telephone: +44 (0) 1204 380 060
Investment Manager	Techinvest Limited (Regulated by the Central Bank of Ireland) Merchants House, 27/30 Merchants Quay, Dublin 8, Ireland
Fund Size	£7.6m
Fund Launch	5th July 2005
Minimum Investment	£1,000
Valuation Point	Weekly (each Wednesday at noon)
Initial Charge	5%
Ongoing Charge (Class A)	1.62%
Contact	Marlborough Fund Managers Ltd Marlborough House, 59 Chorley New Road Bolton, BL1 4QP Telephone: +44 (0)1204 380 060 The Key Investor Information Document and Full Prospectus are available free of charge.

Source: Marlborough Fund Managers. Data at close 30th June 2019.

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Risk Warnings

The price of shares in the Fund can go down as well as up and therefore investors may not get back all they have invested. The Fund is subject to an initial charge and consequently charges are not made uniformly throughout the period of investment. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. The Fund invests in smaller companies and companies listed on AIM, which carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The Fund invests mainly in the UK. Therefore it may be more vulnerable to market sentiment in the country.

The contents of this document are purely for information purposes only, and are not to be considered as an offer or solicitation to deal in investments. Opinions expressed, whether in general or on the performance of individual securities and in a wider economic context, represent the views of *Techinvest* at the time of preparation. They are subject to change and should not be interpreted as investment advice.

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