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MFM  
TECHINVEST TECHNOLOGY FUND

**INTERIM REPORT  
AND UNAUDITED FINANCIAL STATEMENTS**

for the six month period ended 31 October 2019

## **MFM TECHINVEST TECHNOLOGY 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 Adviser**

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 TECHNOLOGY FUND**

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## MFM TECHINVEST TECHNOLOGY 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 Technology Fund	-5.83%	5.47%	31.78%	55.42%	450.70%
FTSE Techmark All Share Index	10.63%	23.19%	28.25%	64.57%	683.85%
IA Technology & Telecommunications	1.46%	19.22%	52.29%	120.55%	519.48%
Quartile Ranking**	4	4	4	4	4

\* Launched 29.04.2003 (performance calculated from first pricing point 19.05.03).

\*\* Based on ranking within The Investment Association's Technology & Telecommunications sector.

External Source of Economic Data: Morningstar (Class A Acc - mid to mid).

The price of shares in your Fund at the end of the half-year to midnight on 31 October 2019 was 550.70p, a decline of 5.83% since the end of the Fund's most recent year to 30 April 2019. The Fund has now gained 450.7% since it started operations back in May 2003.

At the end of the period, 86.23% of the value of the Fund consisted of positions in US and Canadian listed stocks. Net cash represented 5.97% of the Fund and the balance was in London-traded shares.

The Fund ended the period with a cash content of 5.97%, a little bit more than is usual. Our normal policy is to remain fairly close to fully invested, as this obliges us to be ever critical of positions held and their respective individual weightings. In addition, we are not aware of any gifted source with a proven consistent long-term accurate record of predicting short or medium-term directional shifts in equity markets.

The ten largest positions in the Fund at 31 October were, in alphabetical order: Allot Communications (this cash-rich network intelligence and security solutions specialist for communications service providers has just reported excellent third quarter results and a significant order backlog); Aviat Networks (the largest position in your Fund has just reported a terrific set of results for the quarter to 30 September and looks well placed to be a prime beneficiary of the forthcoming 5G megacycle); Ceragon Networks (it also provides 5G exposure, although its recent Q3 results were hit by delays in orders from a major customer in India); CEVA (a very cash-rich licensor of chip designs for wireless connectivity and smart sensing technologies); Cloudera (following a slightly botched merger with its main rival in the data management software space, the Company now looks set on the road to full recovery); Mitel Systems (the identity capture and verification software specialist continues to report steady growth); OneSpan (the authentication and fraud prevention solutions provider looks all set to be a significant beneficiary of the recently implemented PSD2, the EU Revised Payment Services Directive); Radware (the cash rich cybersecurity solutions provider for the Cloud and data centres continues to churn out year-on-year record beating numbers on both top and bottom lines); Sapiens (a buy-and-build provider of software solutions and services for the insurance industry); and Silicom (networking and data infrastructure solutions, aimed primarily at improving performance and efficiency in Cloud and data centre environments).

We continue to remain very optimistic about the technology sector as a whole and its ever-changing and always-expanding range of interesting and appealing investment opportunities. There is always something new coming along, especially at the smaller cap end of the market in North America. We continue to find no end of attractive investment choices, especially using our tried-and-trusted metrics of PSR(price-sales ratio), PRR (price-research ratio), balance-sheet strength in the form of comforting net cash per share and the PEG (price-earnings ratio divided by the underlying growth rate of the business as a whole , looking at least one and preferably two/three years out).

We also pay close attention to the short interest in a stock (fresh timely data on this is issued every two weeks for all North American traded stocks). If this, as a percentage of the shares outstanding, is already high and/or is steadily trending higher, we always try to figure out why; experience has taught us that shorters in general are very thorough in their homework.

We also make considerable use of technical analysis to assist in the timing of buy/sell decisions, always keeping in mind that the more liquid a stock is, the greater the credibility that can be attached to such signals.

In our most recent annual report to shareholders, we mentioned that a key area of new focus and attention for us was stocks offering exposure to the forthcoming multi-year 5G megacycle. We also said that this huge cycle was still very much in its early stages. And it still largely is, to a somewhat greater extent than we had thought then. But we remain in no doubt that it will happen and that it will be very big. As such, it remains a prime area of stock-research for us.

## MFM TECHINVEST TECHNOLOGY FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 October 2019

Brexit and all its confusions and uncertainties remains a key factor of interest for investors. However, a Fund such as this one is largely insulated from Brexit. Some 86% by value of the Fund is invested outside the UK. We also believe that it is the only UK authorised fund of its type available to the general public that offers such a high level of exposure to the mid and smaller-cap end of the very extensive North American technology sector, both the US and Canada.

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  
20 November 2019

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### Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Dropbox 'A'	1,227,937	Rapid7	1,345,871
Zynga 'A'	1,075,214	StatPro Group	1,188,290
QAD 'A'	828,564	PayPal Holdings	1,129,298
Zuora 'A'	631,499	Nokia ADR	1,041,910
OneSpan	627,205	Pluralsight 'A'	1,034,034
Tufin Software Technologies	612,139	FireEye	967,424
Castlight Health 'B'	582,259	Aerohive Networks	903,339
PCTEL	544,223	Mitek Systems	696,643
Care.com	531,876	Radware	666,226
D4t4 Solutions	499,514	Invitae	619,874
Other purchases	4,084,473	Other sales	5,606,916
Total purchases for the period	11,244,903	Total sales for the period	15,199,825

## **MFM TECHINVEST TECHNOLOGY FUND**

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

#### **Authorised status**

MFM Techinvest Technology 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 IC000219 and is authorised and regulated by the Financial Conduct Authority with effect from 28 March 2003. The shareholders are not liable for the debts of the Company.

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

The investment objective of the Fund is to provide capital growth from capital appreciation and the accumulation of income through a globally invested portfolio of equities and bonds. Emphasis will be placed on technology-based businesses worldwide. It is envisaged that up to 75% of the total fund value will normally be in securities quoted on the London Stock Exchange, with the balance invested elsewhere, primarily North America.

The technology sector includes, but is not necessarily limited to: companies providing products and services in electronic and electrical equipment, healthcare, information technology hardware, electronic games, media services, support services and telecommunication services.

The Fund is included in the IA Technology & Telecommunications sector.

#### **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**

The latest Prospectus dated 2 October 2019, includes updates to the investment objective and policy. The Prospectus is in the process of being further updated to include the change of name to Marlborough Technology Fund, and the Fund being valued daily, with a 5pm valuation point. The auditor will be also be changed from Barlow Andrews LLP to Ernst & Young LLP. These changes are expected to become effective in January 2020.


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**  
**16 December 2019**

## MFM TECHINVEST TECHNOLOGY FUND

### COMPARATIVE TABLE

Accumulation shares were first offered at 100p on 29 April 2003. 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	583.02	472.18	467.73	335.06
Return before operating charges*	(29.31)	120.18	12.49	139.74
Operating charges	(4.88)	(9.34)	(8.04)	(7.07)
Return after operating charges*	(34.19)	110.84	4.45	132.67
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	548.83	583.02	472.18	467.73

\* after direct transaction costs of: 0.36 0.80 1.18 0.90

#### Performance

Return after charges -5.86% 23.47% 0.95% 39.60%

#### Other information

Closing net asset value	£27,339,653	£31,051,071	£29,120,902	£34,233,539
Closing number of shares	4,981,405	5,325,894	6,167,279	7,319,061
Operating charges	1.74% <sup>A</sup>	1.71%	1.71%	1.71%
Direct transaction costs	0.13% <sup>A</sup>	0.15%	0.25%	0.22%

#### Prices

Highest share price	589.37p	595.83p	501.30p	478.28p
Lowest share price	533.68p	481.95p	437.32p	338.48p

<b><u>Class B 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	602.37	485.42	478.44	341.02
Return before operating charges*	(30.31)	123.77	12.82	142.53
Operating charges	(3.59)	(6.82)	(5.84)	(5.11)
Return after operating charges*	(33.90)	116.95	6.98	137.42
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	568.47	602.37	485.42	478.44

\* after direct transaction costs of: 0.37 0.82 1.21 0.92

#### Performance

Return after charges -5.63% 24.09% 1.46% 40.30%

#### Other information

Closing net asset value	£1,922,818	£2,391,105	£1,635,910	£1,869,956
Closing number of shares	338,244	396,950	337,009	390,844
Operating charges	1.24% <sup>A</sup>	1.21%	1.21%	1.21%
Direct transaction costs	0.13% <sup>A</sup>	0.15%	0.25%	0.22%

#### Prices

Highest share price	609.68p	613.59p	513.38p	489.00p
Lowest share price	551.72p	495.47p	449.47p	344.58p

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

## MFM TECHINVEST TECHNOLOGY FUND

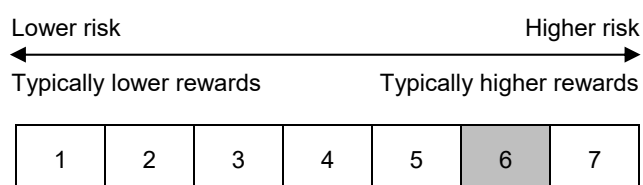
### COMPARATIVE TABLE

<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	610.81	491.02	482.75	343.24
Return before operating charges*	(30.73)	125.26	12.94	143.62
Operating charges	(2.91)	(5.47)	(4.67)	(4.11)
Return after operating charges*	(33.64)	119.79	8.27	139.51
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	577.17	610.81	491.02	482.75
* after direct transaction costs of:	0.38	0.83	1.22	0.93
<b>Performance</b>				
Return after charges	-5.51%	24.40%	1.71%	40.65%
<b>Other information</b>				
Closing net asset value	£10,285,227	£11,533,356	£8,098,716	£7,181,255
Closing number of shares	1,782,005	1,888,214	1,649,354	1,487,570
Operating charges	0.99% <sup>A</sup>	0.96%	0.96%	0.96%
Direct transaction costs	0.13% <sup>A</sup>	0.15%	0.25%	0.22%
<b>Prices</b>				
Highest share price	618.63p	621.20p	518.32p	493.30p
Lowest share price	559.62p	501.20p	454.59p	346.86p

<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 6 because it has experienced high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.



**MFM TECHINVEST TECHNOLOGY FUND**
**PORTFOLIO STATEMENT**

as at 31 October 2019

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>UNITED KINGDOM</b>		
<b>SOFTWARE AND COMPUTER SERVICES (4.46%, April 19 - 5.16%)</b>		
200,000 D4t4 Solutions	466,000	1.18
703,920 dotDigital Group	633,528	1.60
458,402 Ideagen	664,683	1.68
Total Software and Computer Services	<u>1,764,211</u>	<u>4.46</u>
<b>TELECOMMUNICATIONS EQUIPMENT (3.34%, April 19 - 2.45%)</b>		
5,150,000 Filtronic	427,450	1.08
450,000 Spirent Communications	894,600	2.26
Total Telecommunications Equipment	<u>1,322,050</u>	<u>3.34</u>
<b>CANADA (3.52%, April 19 - 3.92%)</b>		
294,500 EXFO	918,012	2.32
273,100 NexJ Systems	160,623	0.41
435,500 Redline Communications	312,489	0.79
Total Canada	<u>1,391,124</u>	<u>3.52</u>
<b>UNITED STATES (82.71%, April 19 - 85.10%)</b>		
225,210 Allot Communications	1,355,680	3.43
52,152 American Software 'A'	652,454	1.65
287,042 Aptose Biosciences	456,925	1.16
227,679 Aviat Networks	2,401,529	6.07
113,000 BlackBerry	459,300	1.16
80,000 Care.com	722,046	1.83
565,000 Castlight Health 'B'	659,261	1.67
502,260 Ceragon Networks	1,156,583	2.92
56,628 CEVA	1,191,547	3.01
177,558 Cloudera	1,162,133	2.94
70,000 Dropbox 'A'	1,071,015	2.71
77,905 DSP Group	895,778	2.27
15,700 Etsy	539,631	1.36
16,766 EXFO	52,341	0.13
81,096 Frequency Electronics	710,005	1.80
245,000 Infinera	1,058,303	2.68
225,000 Inovio Pharmaceuticals	370,335	0.94
110,000 Intevac	491,307	1.24
71,000 Invitae	883,317	2.23
279,900 Mitek Systems	2,082,866	5.27
114,000 OneSpan	1,646,441	4.16
136,656 PCTEL	755,035	1.91
60,000 Pure Storage 'A'	902,249	2.28
26,000 QAD 'A'	935,044	2.36
144,256 RADCOM	1,142,589	2.89
75,000 Radware	1,306,893	3.30
109,015 Sapiens International	1,778,307	4.50
79,200 Sierra Wireless	675,045	1.71
53,680 Silicom	1,382,962	3.50
119,960 Telenav	436,606	1.10
45,000 Tufin Software Technologies	593,926	1.50
30,014 Vicor	843,064	2.13
55,956 Zix	285,379	0.72
55,000 Zuora 'A'	605,208	1.53
220,000 Zynga 'A'	1,048,914	2.65
Total United States	<u>32,710,018</u>	<u>82.71</u>

## MFM TECHINVEST TECHNOLOGY FUND

### PORTFOLIO STATEMENT

as at 31 October 2019

<b>Holding or nominal value</b>	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>UNQUOTED SECURITIES</b> (0.00%, April 19 - 0.00%)		
330,000 Infoserve Group	0	0.00
64,600 NexJ Health	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
<b>Portfolio of investments</b>	37,187,403	94.03
<b>Net other assets</b>	<u>2,360,295</u>	<u>5.97</u>
<b>Total net assets</b>	<u><u>39,547,698</u></u>	<u><u>100.00</u></u>

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

NexJ Health is unlisted and deemed to be valueless by the fund manager.

### PORTFOLIO TRANSACTIONS

for the six month period ended 31 October 2019

	<b>£</b>
Total purchases costs, including transaction charges	11,244,903
Total sales proceeds, net of transaction charges	15,199,825

## MFM TECHINVEST TECHNOLOGY 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)		(2,286,981)		4,253,074
Revenue	73,833		45,708	
Expenses	<u>(318,891)</u>		<u>(341,715)</u>	
Net revenue/(expense) before taxation		<u>(245,058)</u>		<u>(296,007)</u>
Taxation		<u>(7,396)</u>		<u>(5,252)</u>
Net revenue/(expense) after taxation		<u>(252,454)</u>		<u>(301,259)</u>
Total return before distributions		(2,539,435)		3,951,815
Distributions		9,162		4,390
Change in net assets attributable to shareholders from investment activities		<u><u>(2,530,273)</u></u>		<u><u>3,956,205</u></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		* 44,975,532		38,855,528
Amounts receivable on issue of shares	298,927		1,439,209	
Amounts payable on cancellation of shares	(3,196,000)		(2,116,986)	
Amounts payable on share class conversions	<u>(488)</u>		<u>(367)</u>	
		(2,897,561)		(678,144)
Change in net assets attributable to shareholders from investment activities		(2,530,273)		3,956,205
Closing net assets attributable to shareholders		<u><u>39,547,698</u></u>		* <u><u>42,133,589</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 TECHNOLOGY FUND

### BALANCE SHEET

as at 31 October 2019

	31 October 2019	30 April 2019
	£	£
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	37,187,403	43,458,000
<b>Current Assets:</b>		
Debtors	667,502	10,967
Cash and bank balances	2,931,883	1,801,443
Total assets	<u>40,786,788</u>	<u>45,270,410</u>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts	195,870	232,469
Other creditors	1,043,220	62,409
Total liabilities	<u>1,239,090</u>	<u>294,878</u>
<b>Net assets attributable to shareholders</b>	<u>39,547,698</u>	<u>44,975,532</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  
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59 Chorley New Road,  
Bolton BL1 4QP

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