



MFM Techinvest Technology Fund

Interim Report

For the six month period ended 31st October 2016

(Unaudited)

MFM TECHINVEST TECHNOLOGY FUND

Registered Office

Marlborough House
59 Chorley New Road
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BL1 4QP

Authorised Corporate Director and Registrar

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BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Depositary

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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 and regulated by the Central Bank of Ireland.

Auditor

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
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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 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 Techninvest Technology Fund	24.20%	18.76%	23.59%	106.68%	317.86%
Quartile Ranking**	4	4	4	4	3

* 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

The price of units in the Fund rose by 24.20% to 417.86p during the first half ended midnight on 31 October 2016. This was very comfortably ahead of both the 11.41% increase in the FTSE 100 index during the same period and of the 10.05% advance by the techMARK AllShare.

With typically 75% or a bit more invested in North American traded tech stocks throughout the period, it is also pleasing to note that the performance relative to the tech-rich Nasdaq Composite index was even better. The latter rose 8.66%, while the Russell 2000 index was up by only 5.35% – this tech-rich index is made up of 2000 micro and small-cap US stocks and is therefore even more representative of the Fund's small-cap oriented composition. However, it is only fair to also emphasise that currency played a significant role in this, with the pound buying \$1.4612 at the close of play on April 30 versus just \$1.2245 six months later at midnight on October 31. Much of sterling's fall occurred during the weeks post the Brexit referendum result of June 23.

Since its inception on 19 May 2003 the unit price of shares in the Fund has now risen by 317.86%. This is far in advance of the 76.44% gain recorded over the same period by the FTSE 100 index, the main London market index. It is also usefully ahead of both the Nasdaq Composite (+247.62%) and even more so of the Russell 2000 (+191.78%) over the same period. Currency was also a help along the way, with the pound buying \$1.6333 on the day the Fund formally started versus \$1.2245 at the close of 31 October 2016.

The Fund ended the half year with a cash content of 5.15%, just a little above our usual norm – unless market conditions are clearly very difficult, we prefer to normally remain close to fully invested.

North American content at the end of the half year was 80.76%. This included several positions in Israel-headquartered companies whose shares are primarily traded in the US and which report results in accordance with US format and standards. At October 31 the Fund also held a small number of positions in Canadian companies traded on the Toronto Stock Exchange, as well as in Mitel Networks, which is Ottawa-headquartered but with the majority of trading in its shares on Nasdaq.

The five largest London holdings in the Fund at October 31 were, in alphabetical order: Blancco Technology (now transformed into a specialist in the fast-growing data erasure software and services market), Bond International Software (the shares are scheduled to exit the market, on December 8 following completion of the very long drawn out battle for control of the disposal of the company's assets), Digital Barriers (a provider of visually intelligent fixed and mobile solutions to the global surveillance and safety markets), dotDigital (leading international provider of intuitive software (on a SaaS basis) to digital marketing professionals, with a fast growing US business) and First Derivatives (financial trading analytical software and services on a worldwide basis, with growth increasingly driven by the explosion in Big Data).

With some 80% of the Fund in North American stocks, we are highlighting the ten largest positions held with a listing in the US and/or Canada, also in alphabetical order: Applied Optoelectronics (optical components and sub-assemblies for high-speed telecom networks, especially for links to data-centres), Attunity (Israel-based software specialist in the Big Data space, best known for its Attunity Replicate high-performance data replication solution; suffered a growth glitch in Q3 due to delays in closing several deals of increasing size), Ceragon Networks (world-leading manufacturer of microwave radio-based high capacity transmission systems), Facebook (information-sharing technologies for social networks, with revenue increasingly driven by mobile advertising monetisation; now the largest holding in the Fund), Mitek Systems (identity capture and verification software, with a particular focus on mobile banking applications), PROS Holdings (pricing and revenue optimisation software, now primarily sold on a SaaS basis), Radcom (another winner from the Israel-based Zisapel family; Radcom is the current acknowledged leader in the fast-emerging NFV (Network Function Virtualisation) market; received its largest ever order in August from AT&T; stock is now the second largest position owned by your Fund), Radisys (new products aimed at the fast-emerging SDN/NFV telecoms space have returned the Company to solid profitability), Sapiens International (analytics software solutions for life and medical insurance companies continue to drive profits steadily forward; shares remain at a significant discount to market-leader Guidewire Software (GWRE)) and Xactly (shares have more than doubled since purchase earlier this year, as the market continues to warm to its cloud-based incentive and sales management solutions).

We remain very optimistic about the technology sector and its ever expanding choice and variety of new and novel investment opportunities. There is always something new coming along, even if at times not of a very enduring nature. While the sector has suffered in the past from bouts of over-valuation, we find little evidence of this at the moment.

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AUTHORISED INVESTMENT MANAGER'S REPORT (CONTINUED)

The biotech sector remains a little too richly valued for our taste and remains bedevilled by a sequence of one-hit wonders, which flash brightly for a brief period only to then too often flame out spectacularly almost overnight.

We suspect the Donald Trump effect could play out very well for the smaller cap end of the tech sector over coming months. If it does and valuations race away to an uncomfortable level, we intend to be proactive in our profit-taking at extended levels.

In the very short-term, we are of the strong view that the Fed in the US is virtually sure to raise interest rates in December. This time, we don't think markets will be shocked, although there may be a near-term squall on two. As ever, our prime focus will remain on the medium term.

We believe the Fund is the only UK authorised one of its type available to the general public that offers significant dual exposure to both London and North American small cap tech stocks. At October 31 some 95% was invested in these, with the majority in North America.

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 Techninvest home-page at www.techninvest.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 Techninvest website.

Techninvest Ltd.
Investment Manager
24 November 2016

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MFM TECHINVEST TECHNOLOGY FUND

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	0.0000
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	0.0000	0.0000
Net income paid 31 December	0.0000	0.0000	0.0000	0.0000
<u>Class P Accumulation</u>				
Net income paid 30 June	0.0000	0.0000	0.0000	0.0000
Net income paid 31 December	0.0000	0.0000	0.3231	0.0000

Material Portfolio Changes

For the six month period ended 31 October 2016

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
MobileIron	664,942	Silicon Graphics International	946,378
Apple	517,700	Novatel Wireless	837,072
Applied Optoelectronics	516,382	XO Group	739,660
Calix	480,240	NICE Systems	641,189
Harmonic	469,636	Digi International	452,745
SeaChange International	462,423	Infinera	416,390
DIRRT Environmental Solutions	447,297	Mattersight	406,181
Twitter	415,576	BroadSoft	400,737
Sequans Communications	334,209	Twitter	374,101
Espial Group	325,095	Infoblox	359,882
PROS Holdings	297,539	Radisys	354,385
DSP Group	277,584	Lumenpulse	348,324
CalAmp	228,688	Covisint	297,574
Redknee Solutions	226,721	EXFO	275,689
Sapiens International	190,975	CEVA	274,363
Axcelis Technologies	185,427	Planet Payment	264,725
NexJ Systems	183,223	Support.com	244,334
Mitel Networks	182,722	Redknee Solutions	183,017
Sandvine	167,571	NCC Group	179,657
Datawatch	161,624	Sandvine	161,157
Other purchases	1,142,263	Other sales	1,029,988
Total purchases for the period	7,877,837	Total sales for the period	9,187,548

MFM TECHINVEST TECHNOLOGY FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised Status

MFM Techinvest Technology 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.

Nature and Objectives of the Fund

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 FTSE techMARK All-Share Index is the benchmark comparison against which the performance of the Fund is measured.

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 TECHNOLOGY FUND

FUND INFORMATION

Price and distribution record

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.

Financial year to	Highest price	Lowest price	Net income per share
<u>Class A</u>			
30 April 2014	381.46p	267.03p	0.0000p
30 April 2015	391.63p	320.92p	0.0000p
30 April 2016	394.51p	297.72p	0.0000p
30 April 2017*	436.84p	338.48p	0.0000p
<u>Class B</u>			
30 April 2014	383.83p	267.50p	0.0000p
30 April 2015	396.50p	324.29p	0.0000p
30 April 2016	399.66p	302.71p	0.0000p
30 April 2017*	445.62p	344.58p	0.0000p
<u>Class P</u>			
30 April 2014	384.24p	267.71p	0.0000p
30 April 2015	398.07p	325.27p	0.3231p
30 April 2016	401.37p	304.56p	0.0000p
30 April 2017*	449.03p	346.86p	0.0000p

* 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	£40,831,579	11,938,349	342.02p
30 April 2015	£35,474,796	9,436,280	375.94p
30 April 2016	£27,366,719	8,167,686	335.06p
31 October 2016	£32,479,768	7,817,507	415.47p
<u>Class B</u>			
30 April 2014	£678,563	196,854	344.70p
30 April 2015	£1,305,312	342,847	380.73p
30 April 2016	£1,320,443	387,199	341.02p
31 October 2016	£1,701,512	400,424	424.93p
<u>Class P</u>			
30 April 2014	£779,183	225,642	345.32p
30 April 2015	£4,334,690	1,133,869	382.29p
30 April 2016	£4,720,730	1,375,334	343.24p
31 October 2016	£7,499,890	1,749,271	428.74p

Ongoing charges

	<u>Class A</u>	<u>Class B</u>	<u>Class P</u>
30 April 2016	1.73%	1.23%	0.98%
31 October 2016	1.72%	1.22%	0.97%

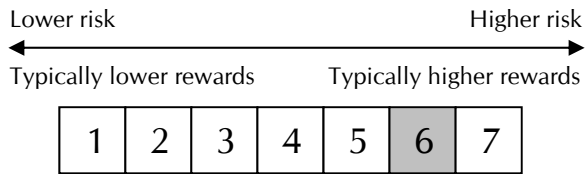
The ongoing charge figure is based on expenses for the year. This figure may vary from year to year. It excludes:

- 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

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 6 because it has experienced high 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 %
UNITED KINGDOM			
AEROSPACE & DEFENCE (0.93%, Apr 2016 - 1.85%)			
112,684	Cohort	388,760	0.93
	Total Aerospace & Defence	<u>388,760</u>	<u>0.93</u>
SOFTWARE & COMPUTER SERVICES (11.49%, Apr 2016 - 12.13%)			
357,993	Blanco Technology Group	769,685	1.85
442,000	Bond International Software	534,820	1.28
1,053,920	dotDigital Group	537,499	1.29
178,500	Escher Group Holdings	294,525	0.71
50,000	First Derivatives	987,500	2.37
958,402	Ideagen	505,557	1.21
165,000	Kainos Group	334,125	0.80
252,020	NCC Group	477,578	1.15
150,000	Sophos Group	346,200	0.83
	Total Software & Computer Services	<u>4,787,489</u>	<u>11.49</u>
SUPPORT SERVICES (1.53%, Apr 2016 - 3.91%)			
1,515,000	Digital Barriers	636,300	1.53
	Total Support Services	<u>636,300</u>	<u>1.53</u>
TECHNOLOGY HARDWARE & EQUIPMENT (Nil, Apr 2016 - 1.33%)			
	Total Technology Hardware & Equipment	<u>0</u>	<u>0.00</u>
CANADA (7.69%, Apr 2016 - 7.39%)			
150,000	DIRRT Environmental Solutions	455,171	1.09
390,000	Espial Group	385,697	0.93
273,100	NexJ Systems	463,006	1.11
402,000	Redline Communications	360,525	0.86
836,700	Sandvine	1,541,868	3.70
	Total Canada	<u>3,206,267</u>	<u>7.69</u>
UNITED STATES (73.21%, Apr 2016 - 71.25%)			
93,040	Allot Communications	396,045	0.95
6,000	Apple	559,865	1.34
82,000	Applied Optoelectronics	1,295,801	3.11
259,600	Attunity	1,305,573	3.13
70,000	Axcelis Technologies	785,192	1.88
156,000	BlackBerry	903,772	2.17
17,000	BroadSoft	579,752	1.39
41,267	CalAmp	437,799	1.05
81,208	Calix	417,084	1.00
661,477	Ceragon Networks	1,396,989	3.35
38,654	CEVA	951,341	2.28
160,917	Connecture	244,635	0.59
73,794	Datawatch	460,871	1.11
129,972	Determine	195,455	0.47
23,449	Digi International	175,352	0.42
65,722	DSP Group	585,984	1.41
16,000	Echelon	64,426	0.15
75,000	Etsy	799,367	1.92

MFM TECHINVEST TECHNOLOGY FUND

Portfolio statement

as at 31 October 2016

Holding or nominal value as at 31 Oct 16		Bid value £	Percentage of total net assets %
UNITED STATES (continued)			
25,000	Facebook	2,691,470	6.46
66,936	Frequency Electronics	499,999	1.20
160,000	Harmonic	663,982	1.59
103,379	I.D. Systems	426,463	1.02
284,900	Kopin	489,310	1.17
310,000	Mitek Systems	1,719,533	4.13
136,501	Mitel Networks	749,303	1.80
265,000	MobileIron	783,959	1.88
27,564	NetScout Systems	621,770	1.49
120,090	Planet Payment	345,398	0.83
68,900	PROS Holdings	1,241,095	2.98
146,432	RADCOM	2,442,739	5.86
368,916	Radisys	1,261,148	3.03
25,000	Radware	277,139	0.66
122,423	Sapiens International	1,369,198	3.29
200,000	SeaChange International	432,246	1.04
227,437	Sequans Communications	375,666	0.90
47,000	Silver Spring Networks	543,036	1.30
242,436	Tremor Video	336,689	0.81
926,072	Westell Technologies	372,971	0.89
124,370	Xactly	1,318,410	3.16
	Total United States	<u>30,516,827</u>	<u>73.21</u>
UNQUOTED SECURITIES (0.00%, Apr 2016 - 0.00%)			
330,000	Infoserve Group	0	0.00
64,600	Nexj Systems Newco	0	0.00
	Total Unquoted Securities	<u>0</u>	<u>0.00</u>
	Portfolio of investments	39,535,643	94.85
	Net current assets on capital account	2,145,527	5.15
	Net assets	<u>41,681,170</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 and Nexj Systems Newco, which was a spin-off from the ordinary shares, are deemed to be valueless by the fund manager.

Portfolio transactions for the six months ended 31 October 2016

	£
Total purchases, including transaction charges	7,867,601
Total sales proceeds, net of transaction charges	9,187,548

MFM TECHINVEST TECHNOLOGY 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)		8,144,754		(2,555,257)
Revenue	80,768		86,964	
Expenses	<u>(298,806)</u>		<u>(324,866)</u>	
Net revenue/(expense) before taxation	(218,038)		(237,902)	
Taxation	<u>(6,618)</u>		<u>(4,731)</u>	
Net revenue/(expense) after taxation		<u>(224,656)</u>		<u>(242,633)</u>
Total return before distributions		7,920,098		(2,797,890)
Distributions		174		5,255
Change in net assets attributable to shareholders from investment activities		<u><u>7,920,272</u></u>		<u><u>(2,792,635)</u></u>

Statement of change in net assets attributable to shareholders

	31 October 2016		31 October 2015	
	£	£	£	£
Opening net assets attributable to shareholders		* 33,407,892		41,114,798
Amounts receivable on issue of shares	1,982,364		436,730	
Amounts payable on cancellation of shares	(1,628,146)		(1,417,360)	
Amounts payable on share class conversions	<u>(1,212)</u>		<u>(1,000)</u>	
		353,006		(981,630)
Change in net assets attributable to shareholders from investment activities		7,920,272		(2,792,635)
Closing net assets attributable to shareholders		<u><u>41,681,170</u></u>		* <u><u>37,340,533</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

INTERIM FINANCIAL STATEMENTS (unaudited) as at 31 October 2016

Balance sheet

	31 October 2016	30 April 2016
	£	£
Assets:		
Fixed Assets:		
Investments	39,535,643	32,691,297
Current Assets:		
Debtors	861,157	692,665
Cash and bank balances	2,026,309	631,746
Total assets	<u>42,423,109</u>	<u>34,015,708</u>
Liabilities:		
Creditors:		
Bank overdrafts	175,883	179,110
Other creditors	566,056	428,706
Total liabilities	<u>741,939</u>	<u>607,816</u>
Net assets attributable to shareholders	<u>41,681,170</u>	<u>33,407,892</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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member of The Investment Association.