



MFM Techinvest Technology Fund

Short Report

For the period from 1st May 2011 to 31st October 2011

Fund Details

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

Authorised and regulated by the Financial Services Authority

Depositary

HSBC Bank plc
8 Canada Square
London E14 5HQ

Authorised and regulated by the Financial Services 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

Auditors

Barlow Andrews LLP
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

GENERAL INFORMATION

- Investment Objectives** The investment objective 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.
- Risk Profile** The Fund has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The ACD reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.
- Reports and Accounts** The purpose of sending this Short Report is to present you with a summary of how the Fund has performed during the accounting period in accordance with the FSA rules. If you wish to request further information, the more detailed long form report is available. For a copy please write to Marlborough Fund Managers Ltd, Marlborough House, 59 Chorley New Road, Bolton BL1 4QP or telephone customer services on 0808 145 2500.
- Risk Warning:** The past is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and the investor may not get back the amount originally invested. The Fund is subject to an initial charge and subsequently charges are not made uniformly throughout the period of the investment. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.
- Change in Prospectus:** No changes have been made since the last report.

AUTHORISED INVESTMENT ADVISER'S REPORT

For the period ended 31 October 2011

Percentage change and sector position to 31 October 2011

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch**</u>
MFM Techinvest Technology Fund	-11.94%	4.00%	106.14%	34.05%	102.18%
Quartile Ranking*	4	4	1	3	3

*Based on ranking within IMA Technology & Telecommunications Sector. External Source of Economic Data: Morningstar

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

During the first half of its current year to 31 October 2011, the Fund turned in a disappointing performance, albeit against a background of very difficult market conditions. Over the six month period, the price of the shares declined by 11.94%.

This compares with a fall in the FTSE 100 of 8.66% and one of 6.58% by the tech-rich Nasdaq Composite index. At October 31, holdings in US and Canadian tech stocks amounted to 54.2% of the Fund's value, down slightly from the 57.5% level at the end of the Fund year on April 30.

Bearing in mind that the majority of holdings in the Fund are small-caps, it is worth noting that over the half year the FTSE Small-Cap index was down 13.69%, while the US equivalent, the Russell 2000, fell by 12.05%. Another useful relevant comparator for London is the performance of the AIM All-Share which declined by as much as 21.06%. Clearly, small cap stocks have underperformed the broad large-cap dominated market indices on both sides of the Atlantic during the period. This is typical bear market behaviour.

Since its inception on 19 May 2003 the unit price of shares in the Fund has increased by 102.18%. This is well ahead of the 40.67% gain achieved by the FTSE 100, the 45.19% improvement in the FTSE Small-Cap and the AIM All-share's 19.63%. It is also comfortably ahead of the 79.83% advance by the Nasdaq Composite and the Russell 2000's slightly better 86.37%. We believe this long term relative outperformance by your Fund justifies the Investment Adviser's continued focus on the small cap technology sector.

The North American content of 54.2% is split between the US (39.7%) and Canada (14.5%). In fact, many of these holdings are viewed as micro-caps on the other side of the Atlantic. Nonetheless, all are far more liquid and easier to deal in than stocks of equivalent size in London.

The fund ended the half year with a cash content of 3.4%. This is in line with our normal policy of remaining pretty much fully invested through all market conditions, based on two factors derived from several decades of stock market experience and of market history stretching back well beyond that.

One is that the very long-term trend in markets is upwards, albeit with significant multi-year blips at times along the way. The second is that we have never come across anyone with a consistent record of accurately predicting market turns. In other words, we are largely indifferent to short-term fluctuations in the overall stockmarket. In this we are at one with renowned US market guru Warren Buffett.

Admittedly, small cap stocks, especially those in the tech sector, have underperformed over recent months, not only in London but on the other side of the Atlantic too. A recent report issued by Minnesota-based Vermilion Technical Research noted that "from the May 2 high to the October 4 low Small-Cap Technology plunged 33.2% compared to the S&P 500's 21.6% drop." The report commented that "the recent large-scale declines in Small-Cap Tech stocks are transitioning into attractive bottom-fishing opportunities."

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

The ten largest holdings, in alphabetical order, at October 31 were: blinkx (we believe the recent sharp fall in the share price is overdone), IDOX (in the Fund almost from the beginning, emphasising our long-term approach), Microgen (ditto), March Networks (the video surveillance specialist is a likely takeover candidate), Miranda Technologies (the Fund's largest North American holding), Mitek Systems (leader in imaging technologies for remote bank deposits and bill payments, using mobile phones), Opnet Technologies (conservatively managed fast-growing networking company), Towerstream (skyscraper-based data and Wi-Fi services provider in large densely populated US cities), Sandvine (service management products for operators of mobile data/video networks) and Wi-Lan (intellectual property licensor to communications and consumer electronics product manufacturers).

Looking forward, we continue to view business prospects for the technology sector in a very positive light and better than any other sector we can think of. The Mobile Internet continues to fuel explosive growth in data and video traffic, with social networking fanning the flames. In turn, this is creating huge demand for a very wide variety of supporting services and products. Nonetheless, ratings of so many stocks in the sector remain at very attractive levels. On top of that, there is the extraordinary strength of so many balance-sheets, a startling reverse-image of the struggling banking sector.

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, over 90% was invested in these, with the majority in North America.

The fund is valued once a week at 12.00 p.m. each Wednesday. The latest price is normally posted by 5.30 p.m. 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 updated each month with the latest data on the Fund can also be found on the *Techinvest* website, as can a sample copy of a recent issue of the monthly *Techinvest* newsletter.

Techinvest Ltd.
Investment Manager
25 November 2011

MFM TECHINVEST TECHNOLOGY FUND

Material Portfolio Changes

For the six month period ended 31 October 2011

Major Purchases	Cost (£)	Major Sales	Proceeds (£)
Openware Systems	271,202	Clearstream Technologies	425,000
Bigband Networks	267,992	Smartfocus Group	412,500
Immersion	249,162	Bridgewater Systems	366,990
S1	240,448	S1	319,000
Actuate Software	233,162	System C Healthcare	315,000
Tekelec	228,088	Bigband Networks	279,837
DDD Group	200,146	Blinkx	267,722
Digi International	179,262	Web.com Group	238,732
Antares Pharma	173,837	Sonus Networks	238,442
Cable & Wireless Worldwide	144,802	E2V Technologies	221,582
Aviat Networks	139,682	Silicon Graphics International	205,473
Sandvine	138,377	Falconstor Software	201,886
CEVA	134,441	Quepasa	186,815
Planet Payment	134,438	Progress Software	181,215
Pervasive Software	129,361	Avanir Pharmaceuticals	166,371
Towerstream	123,923	Xerox	159,737
Web.com Group	122,463	Radvision	153,492
dotDigital Group	120,230	Opnet Technologies	150,321
Sangamo Biosciences	99,955	Concurrent Computer	142,627
Quepasa	89,165	Depomed	138,698
Other purchases	809,247	Other sales	991,247
Total purchases for the period	4,229,383	Total sales for the period	5,762,687

TOP TEN HOLDINGS AS AT 31 OCTOBER 2011

	%
blinkx	5.61
Miranda Technologies	3.87
Mitek Systems	3.38
Idox	3.17
March Network	2.77
Microgen	2.33
Opnet Technologies	2.18
Sandvine	2.17
Towerstream	2.08
Wi-Lan	1.86

TOP TEN HOLDINGS AS AT 30 APRIL 2011

	%
blinkx	5.47
Miranda Technologies	3.44
Polycom	2.42
Idox	2.13
Sonus Networks	2.12
Sandvine	1.94
Opnet Technologies	1.90
Towerstream	1.88
EXFO	1.84
Saba Software	1.82

MFM TECHINVEST TECHNOLOGY FUND

FUND FACTS

Launched Accumulation Shares 29 April 2003 at 100p

Accounting Dates (Final) 30 April
(Interim) 31 October

Distribution Dates (Final) 30 June
(Interim) 31 December

Minimum Investment £1,000

IMA Sector Technology & Telecommunications

Total Expense Ratio as at 31 October 2011 1.74%

Total Expense Ratio as at 30 April 2011 1.71%

The Total Expense Ratio (TER) is the total expenses paid by the fund in the period as a percentage of the fund's average net asset value.

Past TER data can be found on our website www.marlboroughfunds.com

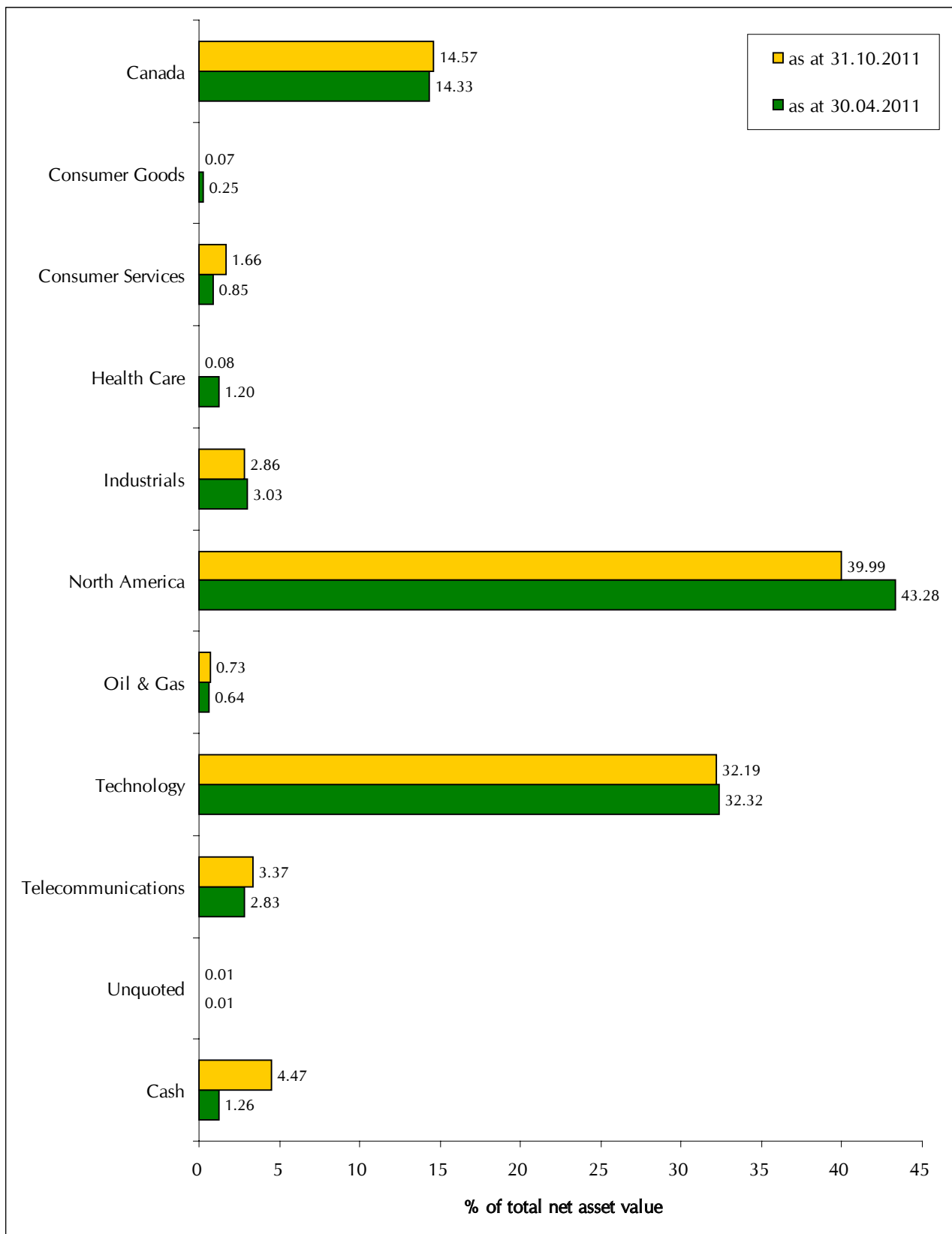
SUMMARY OF FUND PERFORMANCE

Year	Highest Price	Lowest Price	Distribution Per Share
2006	168.11p	139.97p	-
2007	179.95p	139.05p	-
2008	143.12p	87.91p	-
2009	154.48p	87.65p	-
2010	214.63p	153.63p	-
2011	235.05p	187.37p	-

*up to 31 October 2011

	Net asset value of scheme property	Net asset value per accumulation share
30 April 2009	£8,642,995	106.83p
30 April 2010	£13,457,816	173.93p
30 April 2011	£22,203,584	228.57p
31 October 2011	£18,634,731	200.16p

PORTFOLIO BREAKDOWN



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Marlborough Fund Managers Limited
Registered in England No. 2061177
Authorised and regulated by the Financial Services
Authority and a member of IMA