Share prices often end the year with a rally, but this time the gains were relatively weak for December. Since the last issue of Techinvest the techMARK Focus is down 0.8%.

Investors remain worried about the economic slowdown in Asia, though by now much of the concern is priced into the markets. Other factors are likely to come to the fore in 2016 to determine share prices trends. The upcoming US Presidential election will be one factor; another political influence will be the intensifying debate about the future of the EU, a UK referendum on membership likely later this year. The speed and scale of interest rises in the US and UK will also be closely monitored by market participants, while investors will be looking for signs of stronger recovery in the major European economies as the year progresses.

For tech followers, a repeat of the gains made in 2015 would no doubt be an acceptable outcome for 2016. The techMARK Focus put on 15% last year, despite equities experiencing a sizeable sell off over the summer. Tech stocks started the year on the front foot, with the techMARK indices recording gains of circa 17% in the first five months and making new all-time highs in the process. By the end of August, however, most of the gains had evaporated and investors were left wondering whether the long-running bull market in equities might be over. Reassuringly, prices in the tech sector bounced back strongly in the autumn, with the techMARK Focus ending the year only a little below the all-time high recorded in May. This represented a considerable outperformance by tech stocks relative to their blue chip brethren: the circa 6% gain made by the techMARK indices since the end of August contrasts sharply with the flat performance of the FTSE 100 over the same period.

In technical terms, the techMARK Focus broke through key resistance at 3900 for a second time in November. The first time this happened in May 2015, a sell-off soon followed. On that occasion an important support level at 3600 was tested and proved strong enough to resist further selling. Prices then quickly bounced back, marking a return of bull market conditions for tech. Assuming the bulls retain the upper hand, an assault on the next resistance level at 4200 can be expected over the coming weeks. Conversely, any significant pull back beneath 3900 would raise concerns that the rally since last summer has been no more than a dead cat bounce.

Sandvine (SVC; Toronto) # C$3.39
The shares are up 19% since we said Very Strong Buy a month ago (Page 7). This was based on an incredible flood of new orders totally $27m in just a two week spell.

Results for Q4 and the fiscal year to November 30 are set for release before North American markets open on January 7. These will reveal a record level of revenue for any quarter, together with a very positive outlook statement.

Continue to buy.

21st Century Technology (C21; AIM) # 4.375p
The Company has secured a £0.4m contract to supply CCTV technology for a new customer, a leading UK rail operator. 21st Century will provide the systems to the operator’s fleet of trains. The contract is described as an ‘urgent operational requirement’ and the rollout should complete during H1 2016.

A prestigious win. Having languished for a couple of years, the shares could be ripe for recovery in 2016. Speculative add.

ULS Technology (ULS; AIM) # 62.75p
To help expand its share in the UK conveyancing sector, ULS has signed two strategic agreements. One of these is with a leading UK challenger bank. ULS has previously stated its intention to grow market share via partnerships with lenders. The other agreement is with one of the UK’s top five housebuilders. This is a new initiative, most ULS as it plans to penetrate the market for new build conveyancing.

The shares were a New Buy in August 2014 at 42.13p. Gain so far: 49%. Hold.

Sandvine Record revenue
21st Century Technology Ripe for recovery
Digital Barriers Boosts international sales
Trakm8 Stellar performer
Eagle Eye Solutions Key player in customer loyalty
CityFibre Transformational acquisition
Statpro High hopes for Cloud conversion
Amino Technologies Top play in IPTV
IS Solutions Analytics takes off
Kalibrate Technologies Merging forecourt and convenience
NetDimensions SaaS success
Regeneris Data erasure specialist transformed
Digi Intl Powers IoT revolution
Mitek Systems Explosive growth

All prices are as of the close of business on Tuesday January 5

A hash symbol (#) beside the name of any company on which an investment opinion is expressed denotes that the stock is currently held by a fund to which Techinvest Ltd is Investment Adviser. The editor Conor McCarthy is responsible for all content and opinion in this newsletter. For other important regulatory information, please see back page.

New subscribers should note that Update provides comment and reviews of previous Techinvest New Buy ratings until they are no longer worth holding in our view. This is a service to regular readers and as such the notes are written in the context of the original tip. A rating such as “Hold” means that someone who bought at or close to the tip price is advised that the shares are worth holding, even though they could still be a worthwhile buy.

Sometimes a previous tip is again rated a buy. This normally arises where for no apparent reason the price is below the original tip or where subsequent good news justifies a further purchase at a higher price.

Except where noted shares are on the London Official List.

Xchanging (XCH; Support Services) 192p
After a very competitive bid battle, it looks like US giant Computer Sciences (CSC) has emerged as winner with a final knockout offer of 190p a share. On December 23 CSC announced 57.1% effective ownership. The recent October issue of Techinvest had tipped the shares at 105.5p on recovery grounds. An 80% profit in just three months is not to be sniffed at.

Bond Intl Software (BDI; AIM) # 95p
In a market update regarding the ongoing strategic review begun last March, Bond confirmed the process is ongoing and that all options are still being considered, including a sale of the entire business. A further update is expected before the end of January.

Await developments.

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2016 TIPS

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Key player in customer loyalty
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SaaS success
Regeneris
Data erasure specialist transformed
Digi Intl
Powers IoT revolution
Mitek Systems
Explosive growth

Data erasure specialist transformed
Digi Intl
Powers IoT revolution
Mitek Systems
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FTSE100 6137.24
FTSE Small Cap 4163.47
(excl Inv Cos)
FTSE techMARK Focus 3955.03
(formerly techMARK 100)

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Next Trillion-dollar Tech Industry

“If you take a step back, you have a thousand times more computing devices than you did 10 years ago. It used to be PCs and smartphones; now you have tablets and sensors and cars spinning out all kinds of telemetry data, and all kinds of machines and products and services becoming digital products. Within all of those devices, you have a thousand times more applications, and the data is very rich. If you look at companies today, most of them are not very good at using the data they have to make better decisions in real time. I think this is where the next trillion dollars comes from for our customers and for our industry.”

Tech billionaire Michael Dell, CEO of Dell, in an interview with The Irish Examiner's Sophie Curtis, 10 December 2015, on why he is investing $67bn in data storage provider EMC, the biggest technology takeover in history.

Escher Group (ESCH; AIM) # 185p

In a trading update, Escher announced that additional license sales, which it had anticipated in the second half, failed to close. As a result, Group revenues for the year to 31 December 2015 are now expected to total approximately £22.0m compared to £21.0m in 2014. License revenue, which is high margin, will be materially lower than expectations. However, Escher still expects to report adjusted EBITDA growth in excess of 80% from £2.1m in 2014. Net debt was down from £5.3m to £3.1m at year end.

The Company has continued to make good progress in developing its recurring license and maintenance revenues, having secured significant contracts in Germany and the US. Currently, visible and recurring revenues for 2016 will amount to more than 50% of total revenue. The majority of this is contractually committed for several years, is high margin and not dependent on new licenses. As well as widening its customer base, Escher has continued to expand the product functionality, based on its proprietary Transaction Services Platform, Riposte. This has enabled the business to address the rapidly growing digital transaction management market as well and develop a range of complementary markets.

Following the profit warning, broker Panmure Gordon reduced its rating for Escher from Buy to Hold, slashing forecast adjusted EBITDA for 2015 from £5.7m to £6.5m and earnings per share from 6.7p to 6.1p. However, the broker added that Escher’s overall strategic position is robust given the increasing demand for enhanced digital technologies in the international postal and logistics market. The Company has a strong market presence and is demonstrably expanding its product portfolio.

The shortfall in new license revenue is disappointing, but the balance sheet is robust and the Company is benefiting from an increasing proportion of recurring revenue. The pipeline for non-license revenue for the forthcoming financial year also remains strong. Continue to hold.

K3 Business Tech # 366.5p (KBT; Software & Computer Serv.)

At its AGM on December 9, K3 reported that trading so far this financial year (ending June 30) is in line with the previous financial year, which is an important trading month, started well. K3 is transforming itself into a software vendor with increased levels of own IP in its products. The ax | fashion solution has secured its second UK fashion account with John Lewis, which it has delivered to the retailer on time. Significant strides have been made in the cloud business, where a key focus is on being cost efficient. The focus is now on increasing visibility and improving the channel relationship with the channel partner network.

Broker FinnCap expects earnings per share of 25.4p for FY2016, rising to 30.6p for the following year.

Despite showing a gain of more than 70% for calendar 2015, the shares remain good value.

Avanti Comms (AVN; AIM) # 164.5p

For the second quarter ended 31 December 2015, Avanti expects to show strong growth in continuing business revenue versus the first quarter. The Company also reports visibility for further strong growth into the third quarter. In addition, it expects to meet its target of 50% growth over the $60m recurring revenue achieved in FY2015. Revenue growth supports the fully funded plan to launch HYLAS 3 and 4 satellites during 2017.

During December, contract announcements included a multi-year contract with Italian renewable energy specialist TerniEnergia for connectivity to the weather report module for two regions in Europe and entered negotiations with a major global online travel company to use NLG to create tailored responses to travel queries from online and mobile channels.

In addition, an initial agreement was completed with a global consumer products company for an application of NLG to create a range of textual outputs relating to business intelligence management for both internal and external clients. Of further significance is an announcement, post year-end, that NLG will be deployed in providing real-time data analysis and commentary for the customers of Genpact’s e-fulfillment and order-to-cash cloud platform.

The business case for satellite broadband is slowly but surely proving itself. However, Avanti shares were the $60m. The gain in recurring revenue achieved in FY2015. Revenue growth supports the fully funded plan to launch HYLAS 3 and 4 satellites during 2017.

During December, contract announcements included a multi-year contract with Italian renewable energy specialist TerniEnergia for connectivity to two giant renewable energy plants in South Africa and a deal with Smart Rural in Spain and Portugal to provide satellite broadband to rural farms. The new national grid for satellite broadband is slowly but surely proving itself. However, Avanti shares have risen by 50% in recent months, with heavy losses, cancellations and repeated cash calls. Although results for the year to September 30 showed revenue ahead by 88% to £1.48bn, this was predominantly attributable to the contract with Shell, terminated in April 2016. Despite this setback, however, revenue growth in the year increased by 250% from £2 to £5.6bn, whilst total client engagements rose 300% from 3 to 12.

In April, Avanti’s management announced its intention to focus on the remaining contract with Shell and to develop and expand its non-Shell business, including a deal with BT in the UK to supply satellite broadband services. A multi-year contract with Italian renewable energy company TerniEnergia for connectivity to two giant renewable energy plants in South Africa was completed with a global consumer products company for an application of NLG to create a range of textual outputs relating to business intelligence management for both internal and external clients. Of further significance is an announcement, post year-end, that NLG will be deployed in providing real-time data analysis and commentary for the customers of Genpact’s e-fulfillment and order-to-cash cloud platform.

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Techinvest Fund Performance
Most relevant Trustnet 5-year performance table data to hand (6th January 2016) covers a total of 3,143 UK-authorised unit trusts and OEICs. We are pleased to note that both funds managed by Techinvest Ltd are in the top 7% best performers for the period. The MFM Techinvest Special Situations Fund is ranked at number 19 in the table (and is number 2 year-to-date) while the MFM Techinvest Technology Fund is at 217.

The smaller of the two, the MFM Techinvest Special Situations Fund, invests in a multi-sector variety of quoted stocks on the London (including AIM) and Dublin markets. The majority of these are in the small and microcap category, although the fund manager also invests in a few large cap positions. Typically, some 35% is invested in technology stocks, mainly those too small for the much larger Technology fund.

The MFM Techinvest Technology Fund is typically some 75% invested in North American-listed (US and Canada) technology stocks, with the balance primarily in London. It focuses on smaller cap stocks and, to the best of our knowledge, is the only fund of its type offering a high level of exposure to the smaller cap end of the technology sector on both sides of the Atlantic.

Up-to-date information on the two funds can be found on the back page of this newsletter. Please note that Bolton-based Marlborough Fund Managers (MFM) are the ACD (Authorised Corporate Director) for the funds, both of which are authorised by the FCA in the UK.

Also see back page if you wish to buy or sell shares in either Fund. However, always keep in mind that “the past is not necessarily a guide to future performance”.

Trakm8 (TRAK; AIM) # 342.5p
Trakm8 has announced a strategically important acquisition, which has added fleet routing capabilities to the Company’s telematics offering. The acquired business is Route Monkey, a Livingston, Scotland-based provider of software to optimise route planning for conventional and electric vehicles. The software generates savings for customers by optimising the fleet, resources and infrastructure. Clients include Shell, BMW, Yodel and Iceland.

As well as adding fleet routing and electric vehicle capabilities, Route Monkey’s offering brings dynamic optimisation to Trakm8’s existing Logistics solution. In addition, Route Monkey, which currently counts 23 employees, now has access to Trakm8’s much larger sales force and customer base.

Trakm8 expects the acquisition to be immediately earnings enhancing. For the year ended 31 December 2014, Route Monkey achieved revenue of £1.7m and profit before tax of £0.7m. Trakm8 will pay a maximum of £9.1m (including £2m in deferred cash consideration), funded via a £6.0m equity placing at 333p per share, the issuance of £0.6m new shares to shareholders of Route Monkey and a £0.5m drawdown of debt facilities.

Earlier in the month, a substantial contract extension with the AA was announced. Trakm8 has supplied telematics systems to the AA for more than four years. More recently, the two companies have collaborated to develop a business-to-business fleet management system. The product will be offered to the AA’s business clients, and should be attractive to large fleet operators and smaller managers alike.

Route Monkey looks like a very sensible acquisition. Trakm8 shares have been a stellar performer since we made them a New Year Tip at 87.5p last January. Gain so far: 291%. Hold.
Tell the Fed rate fears to take a hike
Mr. Greenspan raised quickly in 1994, doubling Fed funds from 3 per cent that January to 6 percent by February 1995, but stopped when long-term rates plunged. He cut twice, the yield curve steepened and the bull ran for more years.

What will Janet Yellen do? There is no sure way to know for sure. Fed decisions stem from 10 people’s competing biases, views and arguments – not a gameable market function. Official forward guidance doesn’t help. Central bankers frequently say one thing and do another. Bank of England governor Mark Carney is living proof. But we transcribe from 2009 and earlier show Ms Yellen prefers the equal-weighted S&P 500 (down 3 per cent), this made 78.3 per cent.

The long and the short of a year of trading
The long US bull market ended with an equal-weighted basket of the Fangs (down 20 percent). This made 73 percent for 2015, paying for it by shorting the long US bull market. The long US bull market ended with an equal-weighted basket of the Fangs (down 20 percent). This made 73 percent for 2015, paying for it by shorting

Sophos # 253.5p (SOPH; Software & Comp Serv.)
Sophos made a bolt-on acquisition for $31.8m in full Write Up on the expanded business on 31 December 2014. The acquisition propels CityFibre’s

CityFibre (CFH; AIM) # 61p
The Company announced a transformational acquisition during the month, advancing the growth profile of the Group by around five to seven years. Certain infrastructure assets owned by London CityFibre (KCOM; AIM; 120.5p) are being acquired for £90m cash.

Synectics (SNX; AIM) 132.5p
Tough conditions in the oil and gas sector weighed on trading in the year ended 30 November 2015. Synectics believes it will be some time before capital expenditure on major projects returns to normal levels. Nevertheless, the Company achieved revenue growth of more than 10% from oil and gas over the year. Despite this, conditions have been “stable to mildly positive”.

Synectics expects to report revenue of £68m for the period (FY2014: £64.6m) and a return to profitability. Oil and gas related revenues accounted for just under 20% of the total. For the current period, the Board expects to report a modest final dividend. Net cash ended at £0.3m. This compares with £6.1m net debt a year earlier.

Brooker Westhouse Securities is expecting revenue of around £40m and pre tax profit of £1.5m for FY2015. This corresponds to earnings per share of 6.8p.

Not a bad outcome considering very tough headwind in the oil and gas sector. The business also has a total of 70 staff, but could be on the cusp of recovery. Speculative buy.

Constellation Health (CHT; AIM) # 168.5p
The Company announced the acquisition of MDRX, an Ohio-based provider of outsourced hospital and primary care management to independent and health system-based physician groups in the US. Services include outsourced billing, collections, operations and financial management to urban and rural hospitals.

To land such an industry-leading figure is a large feather in the cap for Gloo. Continue to buy.

CentralNic (CNC; AIM) # 49.5p
During the month, CentralNic announced the acquisition of Australia-based Instra Group for AUS$33m (£16m) cash, consisting of AUS$29m cash and AUS$4m CentralNic shares. To fund the cash element, CentralNic raised £10m via a share placing at 40p per share. Instra is a domain name retailer and provides clients with domain names for more than 150 country codes in addition to a 'white-label' offering.

As well as growing Group revenues by around 70%, CentralNic claims the acquisition will significantly increase its retail offering. For the year ended 30 June, revenue at Instra was AUS$14.8m (£7.1m), an increase of 10% over the prior year. Profit before tax for the period was AUS$2.2m (£1.1m), up 20% year on year. Cashflow from operations was AUS$3.7m (£1.77m).

Management also confirmed that trading at CentralNic is in line with its expectations. Following the acquisition and the sale of some premium domain names for £3.6m, cash at the end of December 31 is expected to exceed £4m.

This looks like a sensible acquisition which complements the core CentralNic business very well. It provides accelerated access to new growth markets, namely Brazil, India and China. Buy.

Spot the bubble
As 2014 ended, the long US bull market appeared to be on its last legs. Hindsight bought an equal-weighted basket of the Fangs – Facebook, Amazon, Netflix and Google (up 73 percent for 2015), paying for it by shorting the equal-weighted S&P 500 (down 3 per cent). This made 78.3 per cent. The long and the short of a year of trading in hindsight, John Authers, Financial Times, 19 December 2015.

Eagle Eye Solutions (EYE; AIM) # 230p
Eagle Eye held a Capital Markets Day in December at its headquarters. The philosophy behind its customer engagement technology that allows retailers to reward returning customers more effectively and to reduce fraud which is common in the paper coupon sector account for the year to 31 August 2015 show £6.1m net debt a year earlier. Nevertheless, the Company achieved revenue growth of more than 10% from oil and gas over the year. Despite this, conditions have been ‘stable to mildly positive’.

In addition, Constellation announced an equity placing and subscription at 160p per share, raising £30m. CEO Paul Parmar, CFO Sam Zaharis and directors John Johnston and Sir Rodney Aldridge all added to their shareholdings via the placing or subscription.

For the year ended 31 December 2014, MDRX achieved revenues of £31.5m and adjusted EBITDA of £4.7m ($3.4m after exceptional costs of $1.3m). Unaudited accounts for the year to 31 August 2015 show revenue of £3.1m and underlying EBITDA of £4.8m. Around 80% of revenues are derived from recurring revenue via fixed fees and/or fees based group billing collections. The business counts 150 active clients and employs 420 people. Constellation believes around 150 of these roles can be transferred to its own operations.

The deal will be part funded by an equity placing of £30m at 50p per share. CityFibre estimates that the purchase price represents a 45% discount to the cost of constructing the networks. The acquisition constitutes a reverse takeover and will require shareholder approval at a General Meeting held on January 12.

The deal is highly transformative, we’ve included a full Write Up on the expanded business in Page 6. Buy.

RM (RM; Software & Comp Serv.) 163p
RM expects to report results for the year ended 30 November 2015 that are in line with expectations. Numis Securities expects earnings per share of 15.5p, rising to 16.2p for the current year. Cash and short-term deposits at 30 November were £48.3m (58p per share).

RM has also reached an agreement with the Trustee of its defined benefit pension scheme regarding deficit funding. An initial cash contribution of £4m will be made to the scheme, together with a further £4m placed in escrow. In addition, it was agreed that deficit recovery payments of £3.6m will be made each year until 2024. Key reading.
Cohort (CHRT; AIM) # 380p
Revenue for the six months to October 31 was up 32% to £49.7m. Adjusted operating profit increased 40% to £3.5m, with adjusted earnings per share 39% higher at 7.1p. The increase was driven primarily by growth in revenue and profit at SEA and improved mix at MASS, delivering a higher net margin. Order intake of £55.7m contributed to a strong closing order book and reflected a stronger tonnage, with higher levels of Air Systems work and less overseas support work as a result of the cessation of UK operations in Afghanistan. SEA has continued its integration of the J+S business and this is reflected in an improved adjusted operating profit of £1.8m (H1 2014: £1.1m) on higher revenue of £22.3m, compared to £12.2m a year earlier. Cohort expects to complete the initial stage of the EID acquisition, the Company control of the business, early in 2016.

The closing order book of £140.0m and order intake of £55.7m contributed to a strong revenue for the five months ended 30 September 2015 was £5.7m, up around 10% on the same period last year. Gross margin was 56.2%. Operating loss for the period was £4.9m.

IT managed service provider (MSP) Selection Services will join AIM on January 21 via a £34.8m reverse takeover by cash shell Castle Street Investments (32.5p suspended). The acquisition will be funded by a combination of existing cash resources and an equity placing, raising £28.4m net of costs. AIM-listed MXC Capital (3.5p) is acting as cornerstone investor and will own 24.9% of the enlarged group which will have £16.5m of cash resources following the transaction.

Selection is a UK-focused provider of IT solutions and services, mainly to the SME sector. It counts more than 500 active customers across the public and private sectors. Its portfolio of services include lifecycle management, infrastructure monitoring, service desk, managed private cloud, backup and recovery, hosted VoIP, project management, IT support, consulting and procurement. Revenue for the year ended 30 June 2015 was £34.5m with EBITDA of £3.3m. The company’s operating cash flows for the period were £1.8m.

The business model differs from other online operators in that Purplebricks uses 165 Local Property Experts (LPEs) plus integrates local knowledge. The company has significant geographic overlap, with LPEs representing local regions.

Service charges for the second half of 2015 were £52.5m, up from £36.1m a year earlier. The average order size for the year ended 30 September 2015 was £585, up 32% on the year.

For the year, service charges were £121.7m, up 30% on the year, with an average order size of £583.

We do not advocate universal use of stop-losses as a safety measure. However, for a monthly publication they do provide an element of protection against unexpected moves between issues.

In general, stop-losses are best suited to protect big gains. They are least helpful in early recovery situations where timing is revenue for the five months ended 30 September 2015 was £5.7m, up around 10% on the same period last year. Gross margin was 56.2%. Operating loss for the period was £4.9m.

Stop-loss introduced and triggered during month (see Page 2)

TWENTY FIVE YEAR RECORD

The table below lists the performance of our nap portfolios in each of the last twenty five years. Using mid-market prices, the table shows both the average subsequent highs of the various constituents and the overall results for each portfolio at the time of the following December issue of Techinvest.

The average year-end result was a gain of 37.5%. Anyone smart enough to sell at or close to the individual highs obviously did a lot better. In general, the portfolios do better in the first half of a year, although 1995 was a notable exception.

A similar exercise for the 22 years of New Year North American Tips (6 each year) shows an average year-end result of 35.6%.
We made CityFibre a New Buy at 64.75p in March 2014, impressed by the Company’s aim to become the UK’s largest independent fibre optic network provider. Since then the business has made good operational progress but without achieving the scale required to be a major national operator. That situation is set to change, however, with the recent acquisition of the leaseback of KCOM’s network assets for £90.0m. The move will effectively double CityFibre’s network footprint, enabling the business to achieve scale at a faster rate than via organic growth alone. The Company estimates that it would cost over £165m and take approximately five years to build a network of similar structure from scratch. In light of the KCOM acquisition, we are providing an update on the current outlook for the enlarged business.

**Superfast Internet Connectivity**

CityFibre is the largest independent wholesale provider of fibre infrastructure to mid-sized cities and major towns across the UK, providing gigabit-capable infrastructure for enterprise and public sector organisations, service providers, mobile network operators and businesses. The Company owns and operates 618 route kilometres of local access networks serving 1,017 customer connections in 61 UK towns and cities. It has also launched six Gigabit City projects where pure fibre networks bring the benefits of gigabit internet speeds to the whole of a city community. Thousand-strand fibre cables in dual ducts are operationally routed to serve the present and future demand of the public sector, mobile base stations, and business parks and estates, also allowing for the subsequent Fibre-to-the-Home deployments. Cities currently covered by the scheme are York, Peterborough, Coventry, Aberdeen, Edinburgh and Glasgow. The software can also incorporate third-party performance, attribution and risk, across all additional terminals. Another benefit is that the same instance of the software. Hence, the software can be extremely disruptive and expensive. However, many of these problems are disappearing due mainly to the revolution in SaaS which is transforming the software industry based around hosted solutions, on-demand software, and cloud services. Finding a business model that works efficiently for both the software provider and end user is becoming simpler and this is creating opportunities for product innovation and commercial development.

**Cost Saving Platform**

StatPro historically developed a suite of data and analytics products that were targeted broadly at the market. StatPro has developed a modular solution to the market segment that it is aimed at. The product innovation and commercial development could lead to an upward re-rating for StatPro’s shares.

**Facts**

- **Address:** 15 Bedford Street, London, WC2E 9HE
- **Telephone:** 0845 293 0774
- **Stockbroker:** FinnCap; Liberum Capital
- **Shares in Issue:** (inc. new shares) 266m
- **Price:** £63p
- **Market Capitalisation:** £168m
- **Year-end:** December 2015
- **Earnings per share:** (est) 2015 -4.2p (est) 2016 -4.7p (est) 2017 -3.6p

**CityFibre**

Software producers face two major challenges when it comes to being commercially successful. Developing an innovative product that meets market demand only to find that the product lacks the operational requirements. But the second and equally important challenge is supplying the product in an efficient and cost effective way. This is an area where software companies have traditionally struggled, largely due to additional terminals. Another benefit is that performance, attribution and risk, across all asset classes, are integrated into one service. The software can also incorporate third-party features and is automatically upgraded.
High Recurring Revenue

StatPro has always operated a rental business model, so recurring revenues are high, and contracts are typically for three years. At the end of June 2015, the Company’s annualised recurring revenues stood at £28.6m, effectively 93% of the total. StatPro has been profitable and generated positive free cash flows each year since 2003. For the six months to June 30, revenues rose by 2% at constant currency to £15.4m, but fell 2% due to stronger sterling. Cloud-related revenues rose by 7%, while the associated EBITDA loss rose by 17% to £3.6m, reflecting higher investment. Meanwhile, revenue from the cash-generative legacy businesses slipped 1%, albeit while generating a 7% increase in profit to £5.3m. Overall adjusted EBITDA diped by 15% to £1.73m. StatPro remained cash generative, with cash from operations at £3.7m, while free cash flow increased to £0.8m, partly due to a fall in capex. Alongside the benefits of StatPro’s new technology, market trends are also favourable. Fund managers are experiencing an improved outlook, with global assets under management up 8% at a record £74tn in 2014 according to BVI. In addition, competitive cost and regulatory pressures all require asset managers to maintain and upgrade their reporting and risk management systems.

For the current financial year, broker Edison is forecasting that StatPro will achieve a pre-tax profit of £2.3m and earnings per share at 8.6p. Todd reported that revenue and profits were in line with revised expectations and noted that the pre-tax profit margin increased to 17% and earnings increased by 15%. The Company reckons it is now the market leader of technology, tools and services in the performance reporting sector in the UK, and with the acquisition of Necors, it has moved to a cash-generative position. The table above lists twelve tips for the coming year. These are all stocks which we feel should outperform the market usefully over the remainder of 2016.

The table above lists twelve tips for the coming year. These are all stocks which we feel should outperform the market usefully over the remainder of 2016.

<table>
<thead>
<tr>
<th>Company</th>
<th>Price (p)</th>
<th>Rating (see text)</th>
</tr>
</thead>
<tbody>
<tr>
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The downside of this success is that first thing on the Monday after the January Techinvest comes out, market makers mark up most, if not all, of our tips. In the case of smaller stocks, this can be quite sharp. So be careful not to get sucked in. Almost invariably, prices ease away in the first few hours. Set a reasonable buy limit. If you can’t deal at this, consider one of the others on the list that may have hardly moved, if at all.

Most readers are unlikely to want to buy all 10. Equally, 10 is far less likely to collapse than a 1. Much more can be said of the standing body blow that could prove fatal for a 1.

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As usual, most on the list have been tipped in line with revised expectations and noted that the pre-tax profit margin increased to 17% and earnings increased by 15%. The Company reckons it is now the market leader of technology, tools and services in the performance reporting sector in the UK, and with the acquisition of Necors, it has moved to a cash-generative position. The table above lists twelve tips for the coming year. These are all stocks which we feel should outperform the market usefully over the remainder of 2016.

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January 2016

(see Page 4, October issue).

As we underlined in that note, the Analytics part of the business was finally taking off “with sales currently well ahead of management budget”. The very recent receipt of two major contracts was also noted which “will add contracted revenue in excess of £4m over the current financial year (to 1 April 2016) and in excess of £50,000 per annum of recurring revenue in subsequent years”. Sales at the recent Celeburs acquisition were also reported to be ahead of plan.

With the Big Data cycle still in its early stages, we see no reason for business levels, especially in the US, to flag. The only forecast calls for earnings per share of 4.74p just raised £10.45m via a placing at 190p per share. This leaves Keywords well placed to enjoy further acquisitions.

Kalibrate (KLB; 91p) was one of our Second-Half Best Buys (at 102.5p) in the July issue. However, the price has lagged since, down to 84p, but the good recent results are entirely consistent with our view of a more positive outlook, with a series of two major contracts was also noted which “will add contracted revenue in excess of £4m over the current financial year (to 1 April 2016) and in excess of £50,000 per annum of recurring revenue in subsequent years”. Sales at the recent Celeburs acquisition were also reported to be ahead of plan.

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Regenesis (RGS; 181.5p) was a New Buy at 183p in last month’s Techinvest, with an accompanying one column write-up. No further news from the Company since.

Regenesis has been totally transformed over the past year. Following two key acquisitions, it is now clear market-leader in corporate data erasure software, particularly for handheld devices. Second-Half Best Buy at 69.5p-based Blancco, growing revenue profitably and at a rate of some 40%, was acquired in April. Since then, number two in the sector, US-based Tabernus, has been acquired for an initial $10m in cash.

Regenesis intends to sell off its existing hardware repair operations, leaving it focussed as a fast-growing certified digital security software specialist. Over time, this should increase revenue exposure to the worldwide trend towards colocation of fuel outlets and retail convenience stores.

Keywords Studios (KWS; 207p): The shares had a good 2015, up 45% for the year. Prospects for 2016 look just as attractive. The Dublin-based company is an outsourced technical services provider to games developers and publishers, with offices across high consequence industries such as healthcare and life sciences.

A few weeks later, the Company raised £7.2m through a placing of 12 million new shares at 60p, to capitalise on opportunities in global markets for its talent management solutions, particularly with large multinationals. Perhaps it is this which has weighed a bit on the share price.

Panmure Gordon’s George O’Connor, arguing that the top IT analyst, has a price target of 182p on the shares, although not necessarily within twelve months. Still, it suggests plenty of scope for price appreciation during 2016.

Lombard Risk Management (LRM; 11.25p) is a stock that has both frustrated and disappointed investors for years, despite being a real player in a sector that always looks to offer considerable growth prospects.

We made the shares a New Buy (at 9.12p) in our December newsletter (Page 4). This noted the resurrection of the Company following the stepping down in May of the long-serving Chief Executive. In the December issue (Page 2) we covered major North American contract wins, as well as the appointment of a new CEO with very relevant technology experience in the investment banking and financial services sector.

We think 2016 was a good year for the share finally starting to deliver on their long-standing prospects, based on highly regarded upmarket software and services for the collateral and regulatory ends of the financial services industry.

NetDimensions (NETD; 56.5p) was one of our New Year tips a year ago, but didn’t work out all that well. As noted in last month’s review of the shares, down 15.7%, then, it has weakened a little more, all despite an absence of any negative newflow. Page 2 of the recent newsletter reviewed a Q3 update from the Company. This highlighted the growing success of its SaaS offering, with invoiced sales up 40% and revenue ahead 24% to $2.6m. NetDimensions continues to add new clients, especially across high consequence industries such as financial services, healthcare and life sciences.

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NORTH AMERICAN TIPS

Digi International DIGI $11.03
ID Systems IDSY $4.46
Mitek Systems MITK $4.16
NetScout Systems NTCT $26.62
Sarang Enterprises SVC $33.39
Westell Technologies WSTL $1.27

The MFM Techinvest Technology Fund has a holding in each of the above.

This is the twenty-third year for which we are also providing a short list of North American favourites for those seeking a little geographic diversification.

Keep in mind there are so many tech stocks out there that no one source covers more than a fraction. However, as usual, we apply our traditional value techniques to ferret out promising growth and recovery situations, especially amongst the smaller caps, paying particular attention to metrics such as P/E (even if the E part is negative at the moment), PEG, PSR (price-sales ratio), PRR (price-research ratio) and balance sheet net cash.

As usual, we don’t plan to do regular formal forecasts of the above, but will provide monthly price updates, commentary and suggested stop-losses, where deemed appropriate.

Last year’s selection ended the eleven months to the December issue with an average gain of 14.9% - versus one for the Nasdaq of 7.9%. Over the past twenty-two years, our average annual gain has been 35.6%. Not bad!

Digi International provides exposure to two of our key investment themes. First, the change-of-management theme. The experienced Richard Kindler (an ex-Buy at Trimble Navigation; and before that, co-founder and CEO of PeopleNet, a provider of transportation industry telematics solutions) came aboard as CEO in mid-December 2014. His brief at Digi was to revitalise growth at a flat lining company.

Second, Digi is at the heart of the IoT revolution – its entire solution set is tailored to allow any device to communicate with any application, anywhere in the world.

Results for the company’s fourth quarter (to September 30) showed the first meaningful impact of the fresh hand on the tiller. Revenue was a record $56.4m, up 26.5% over the same period last year. Earnings per share for the quarter was 12 cents, with 22 cents for the full fiscal year. Net cash at September 30 amounted to as much as $4.16 per share, down from $5.50 at the end of the previous quarter.
The Company has been struggling to achieve meaningful traction but appears on the verge of doing so. After a loss-making 2015, consensus forecast for 2016 calls for eps of 27 cents on revenue ahead by 21% to $51.5m.

Walmart was a 25% customer in Q3. The airline industry (especially United) is expected to come good for IDSY in 2016. Chief Operating Officer Officer Norm Ellis joined ID in July 2014; he was previously a senior V-P at Omnitrac, the fleet management solutions division of wireless chip giant Qualcomm.

Mitek Systems and Techinvest go back a long way – Mitek was one of the six picks (at $1.125) back in January 1994, the very first time we gave a list of six North American tech stocks for the year. After a topsy-turvy eleven months, the stock was unchanged by the time we did the annual review in the following December issue.

This time, we’re hoping for something much better. For starters, the Company is actually profitable with fast-rising turnover. In the recent year to September 30, eps amounted to 26 cents a share, with a 50% year-on-year increase alone in Q4 to 9c a share. Revenue was up 32% to $25.4m, with a 79% increase in Q4 to $7.9m.

Driving the explosive growth is the Company’s technology for mobile cheque deposits and identity verification. In its Q4 commentary, Mitek said that mobile cheque deposit adoption is growing rapidly but is still in its infancy, with only 5% market penetration so far. It expects the successful acquisition of IDchecker and launch of the Photo Verify product to drive further expansion into the multi-billion dollar mobile ID verification market in the coming year. Mitek believes it has become the de facto standard in mobile capture in financial services.

Consensus forecast (2 analysts only) for the current year to September 30 is for eps of 20.5 cents on a revenue increase of 26% to $32.0m.

NetScout Systems is by far the largest market cap stock on this year’s list, albeit the price is down some 31% from last April’s high.

In mid-July NetScout completed the long drawn out $2.3bn transformational reverse acquisition of the Communications business of Danaher (DHR; market cap $62.9bn at $91.85) for which it paid 62.5 million shares, each valued at $36.89. NetScout now offers a broad range of innovative service assurance and cybersecurity solutions.

Consensus forecast for the current year to March 31 calls for eps of $1.89 on revenue of $1.06bn. For next year, the corresponding numbers are $2.30 and $1.35 billion. At September 30, the combined entity had net cash of $1.10 per share while annualised R&D expenditure was running at a rate of $2.86 a share.

Danaher has a brilliant long-term record of delivering value for shareholders. Since the end of 1985, the share price has risen from the equivalent of 20.3 cents to the current $91.85, a return of 45,100%! All through a gradual buy-and-build strategy under shareholder-focussed management. Danaher now owns approximately 63% of NetScout.

Sandvine is yet again one of our North American tips for the year. Last year, it was a huge disappointment, down by 10.7% when we did the annual review last month. Results for Q3 (to August 31) were the problem – see Page 5, October issue.

However, newsflow in recent weeks on the new orders front has been dramatically better, as noted in last month’s issue – see Pages 1 and 7. Collectively, these represent a total of $27m, all in a period of just two weeks. In
turn. this led management to issue the opposite of a profits warning on December 10. Fourth quarter revenue (to November 30) will now be an all-time high of some $353m. Clearly, this momentum will have carried over into the current quarter. The normally very-low-key chief executive Dave Caputo said “Sandvine is at the beginning of some very exciting opportunities. We are in the middle of product cycles, having more products to offer than ever and have a bigger sales team to address these opportunities”.

Not surprisingly, the shares are up 19% since then – and could have much further to travel as 2016 unfolds.

Westell Technologies is a long-established Aurora, Illinois based specialist supplier of products and assemblies for use at the customer-facing end of telecommunications networks. As a minnow in the industry, it is subject to constant pricing pressures and fluctuating demand cycles from businesses much larger than itself. It now appears to be on the cusp of one of its cyclical, often powerful, upturns.

A new business definition of what Westell does is that it provides in-building wireless, cell site optimisation, intelligent site management and outside plant solutions to telecoms service providers, cell tower operators and other network operators. A new industry-experienced president and CEO, Thomas Gruenwald, was appointed in February 2015. His prior career includes 16 years at Tellabs. The benefits of this appointment are working significantly improved results going forward.

Q2 results to September 30 saw a reduced loss of 1 cent a share on an 8% year-on-year rise in revenue. The share price featured a double digit sequential revenue increase for both intelligent site management and tower-mounted amplifier products. First shipments are expected in the current quarter to March 31. Shares were trading at 23.7p, up 1p from the previous session at 23.2p. Initial reports on a distributor decision (a contract that featured a $36.4m contract at 26.0p a share) cashed in at 36.4m (60 cents a share, some 47% of the share price). Annualised R&D expenditure is running at a rate of some 30 cents a share, giving a PRR of only 4.2.

TECHMARKET MISCELLANY

- Mobile payments specialist Bango (109p) has announced an extension to its collaboration with Microsoft to put carrier billed payments on Windows 10 devices. This will allow users with devices running Windows 10 to purchase applications or entertainment content via the Windows Store and charge the costs to their mobile phone bill. To ensure maximum coverage, Bango and Microsoft are working with mobile operators and partners globally and plan to announce details of specific operator availability as they are launched.

- The purpose of carrier billing is to make online purchasing easier for customers since no registration or credit cards are required. This is especially important within developing countries where credit cards are not commonplace.

- While Microsoft is using a number of different providers, Bango already has exclusive billing agreements in place with Amazon, Samsung, BlackBerry and Mozilla. Last September, Progressive Research reported that around 280 carrier routes were live with app stores, with over 40% using the Bango Platform.

- Last November, Bango raised £11.0m before expenses via a placing at 90p per share. The Company said the proceeds will enable it to capitalise on a strong pipeline of opportunities, maintain levels of technology development, and support major app store partners as they increase global coverage.

- The Bango Payment Platform is finally gaining industry traction. The shares are worth putting on the watch list again.

- First half results at Kromek (33.5p), for the six months to 31 October 2015, highlighted the strong operational progress made by the radiation detection specialist and the significant potential for further growth. The order book ended the period 19% higher year-on-year, thanks to $7.0m of new contracts signed in Medical and Nuclear markets.

- Kromek’s core cadmium zinc telluride (CZT) technology is used within proprietary x-ray and gamma ray imaging and detection products. These have multiple applications, ranging from the detection of dangerous, toxic or hazardous materials and the analysis of radioactive materials. Kromek is benefitting from its strategic decision to develop OEM relationships within three target areas: CBI and spectrometry and portable networked nuclear detection.

- For the latter segment, Kromek has developed a lightweight, portable, body worn radiation detector than is networked in order to alert law enforcement agencies of possible ‘dirty bombs’. DARPA, part of the US Department of Defence, has already trialled the device and research house Equity Development (EQ) believes the commercial order book is significant, valued in the region of $6m. The product could be rolled out to hundreds of thousands (if not millions) of federal/state employees.

- After raising £10.3m via a placing and open offer (at 25p per share), Kromek ended the half year with net cash of £7.5m, equivalent to 5p per share. EQ expects this funding to be more than adequate to see the business reach EBITDA profitability.

- Nanoco (62p), the developer of nanomaterials, updated the market on progress with the commercialisation of quantum dots during the month. Quantum dot technology has applications in areas such as flat screen displays and bio imaging and Nanoco has developed a seeding process that allows for the production of uniform, high quality quantum dots on a large scale.

- Following the signing of a partnership deal with NYSE-listed giant Dow Chemical, the two companies have been working to manufacture quantum dots on an industrial scale. Initial production planned for Nanoco’s Runcorn facility is being moved to Dow’s plant in South Korea and that site already produces quantum dots to the required specification. The plant should be ready to supply material to meet commercial requirements during Q1 2016.

- Canaccord Genuity says that Dow is committed to producing quantum dots in commercial quantities. Initial royalty revenues should come through in Q2 2016. The broker’s “prudent” forecasts suggest that revenue could jump from US $5.3m in FY2016 (full year end) to $11.2m in FY2018, with earnings per share at 4c.

- At its AGM in December, Tristel (139.5p) updated the market on trading for the first half ended 31 December 2015. The Company is a developer and manufacturer of infection prevention, contamination control and hygiene products. Customers are found in the Healthcare, Animal Health and Pharmaceutical sectors. Tristel expects pre-tax profit of at least £1.4m for the period, compared with £1.1m for H1 last year.

- Since their low in April 2013, the share price has climbed seven fold. However, research house Equity Development believes there’s more to come. Tristel has many qualities, including strong patent protection, double digit annual revenue growth, high recurring revenues and predictable cashflows, as well as an often overlooked strong balance sheet.

- Given the size of the addressable market and the ever increasing demand for infection control solutions, Tristel could have years of strong growth ahead.

- Touch sensor specialist Zytronic (390p) announced a solid set of results for the year to 30 September 2015, highlighting a 13% jump in revenue to £21.3m and a 39% increase in profit before tax to £4.5m. Gross margin improved 41.9% from 36.6%. Basic earnings per share rose to 24.7p from 19.6p a year earlier.

- Zytronic is a developer of capacitive touch technology used in interactive displays such as information kiosks, ATMs, ticketing and gaming machines. Applications are also found in military, commercial, telecommunications and medical device sectors. During the year, Zytronic sold 149,000 embedded touch sensor units, up from 139,000 in FY2014. The Company is heavily export focussed, with 93% of revenues derived overseas. The largest area of export growth was Asia Pacific, in particular South Korea, which was mostly for the gaming sector.

- The Company is highly cash generative and cash from operating activities was £4.9m for the year. Net cash ended at £9.8m (64p per share). House broker N+1 Singer expects pre tax profit of £4.7m for the current year. This corresponds to earnings per share of 25.2p.

TECHNVINVEST FUNDS

Techinvest Ltd is investment manager of the MFM Techinvest Technology Fund (CFTTECA) and of the MFM Techinvest Special Situations Fund (CFTISSA). Both are open-ended investment companies (OEICs) authorised by the FCA in the UK. Fund Operator is Marlborough Fund Managers (MFM).

If you are interested in buying or selling shares in the Funds or would like any assistance in an investment matter, please contact Marlborough Fund Managers at Marlborough House, 59 Chorley New Road, Bolton BL1 4PQ. Telephone: General Enquiries: +44 (0)1204 260445; Dealing: +44 (0)1204 553045; Email: dealing@marlboroughfunds.com

See Back Page for latest fund prices, The Funds are not authorised for sale to the public in the Republic of Ireland.
HALF YEAR INDEX

Index for issues in second half of 2015

**Key to abbreviations:**


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21st Century Technology: Aug-U-2; Oct-U-6; Dec-U-6

Acad: Jul-U-5; Aug-LN-8; Sep-U-2; Nov-U-5; Dec-U-5

Accumuli: Aug-U-2; Nov-U-2; Dec-G-8

Algorithms: Jul-NI-8

Allot Communications: Oct-U-5; Oct-G-8; Nov-U-1

Apple: Sep-LN-7

Arria NLG: Jul-U-5; Aug-U-4; Sep-U-2; Nov-U-4

Attraqt: Jul-U-2; Aug-U-5; Sep-U-7; Oct-U-6; Dec-U-6

Atunity: Jul-G-6; Aug-G-6; Oct-G-8; Nov-G-5; Dec-G-8

Avanti Communications: Jul-U-2; Jul-G-6; Jul-P-10; Aug-U-6; Aug-P-8; Sep-U-2; Oct-U-6; Nov-U-4; Dec-U-4

Boingo Wireless: Aug-G-6; Sep-G-4

Bond International Software: Sep-U-1; Oct-U-7; Nov-U-1; Dec-U-5

Brady: Jul-U-1; Jul-G-6; Jul-LN-8; Aug-U-4; Aug-P-8; Oct-U-2; Oct-P-10; Dec-U-6; Dec-P-10

CDialogues: Aug-U-3; Oct-U-2

CentralNIE: Sep-T-6; Oct-U-7; Oct-F-8; Dec-U-3

Ceragon Networks: Jul-G-6; Aug-G-6; Sep-G-4; Oct-G-8; Nov-G-5; Dec-G-8

CheckPoint Software: Aug-T-7

CityFibre: Jul-U-4; Jul-G-6; Aug-U-6; Sep-U-1; Oct-U-8; Nov-U-3; Dec-U-4; Dec-G-8

ClearStar: Nov-T-7

Cohort: Aug-U-1; Aug-U-4; Sep-U-2; Sep-P-8; Oct-U-8; Nov-U-5; Dec-U-3

ComDev International: Aug-P-8

Constellation Healthcare: Jul-U-5; Jul-G-6; Aug-U-1; Oct-U-1; Nov-U-2; Dec-U-2

Constellation Software: Sep-U-1

Cornerstone: Oct-U-5

CraneWare: Oct-T-9

Crimson Tide: Oct-T-9

CyberARK: Nov-U-2

Datalex: Sep-LN-7; Oct-U-7; Nov-U-1; Dec-U-1; Dec-U-5

Digital Barriers: Jul-U-2; Jul-G-6; Oct-U-1; Oct-LN-9; Nov-U-5; Dec-U-6; Dec-G-8; Dec-P-10

Dillistone: Jul-U-5; Oct-U-7

dotDigital: Aug-T-7; Nov-T-7

Draper Espirit: Dec-NI-7

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Eagle Eye: Jul-G-6; Aug-U-5; Oct-U-4; Dec-U-4

Eckoh: Sep-T-7; Oct-T-9

eg Solutions: Sep-T-6

Elecsoft: Jul-U-5; Jul-G-6; Oct-U-4; Nov-U-4; Nov-P-8

Equiniti: Nov-NI-7

Escher Group: Aug-U-2; Sep-U-2; Oct-U-6; Nov-U-2

Facebook: Jul-G-2

Filtronics: Jul-U-4; Jul-G-6; Dec-G-8

FireEye: Aug-T-7; Nov-U-2

First Derivatives: Jul-U-2; Jul-F-7; Sep-U-3; Oct-U-7; Nov-U-3; Dec-U-2

Fortinet: Nov-U-2

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Gfinity: Sep-T-6

Gloo Networks: Sep-NI-7; Nov-F-6

GoDaddy: Sep-T-6

Google: Jul-G-2; Oct-G-1

GoPro: Oct-U-6

Gresham Computing: Sep-F-4; Oct-U-1; Nov-U-1; Dec-U-4

Gresham House: Aug-U-6

Gresham House Strategic: Nov-U-1; Dec-U-1

GuestLogix: Nov-U-1; Dec-U-5

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Harmonic: Oct-U-6

Ideagen: Jul-G-6; Aug-U-4; Oct-U-2; Dec-U-6; Dec-G-8

IDOX: Nov-T-7

Indigovision: Oct-U-6; Oct-P-10

Innovation Group: Jul-U-2; Sep-P-8; Oct-U-1; Nov-P-8

Instem: Sep-U-2; Oct-U-3

Intercede: Nov-T-7

iomart: Jul-T-5

IS Solutions: Aug-U-4; Oct-U-4; Oct-P-10; Dec-U-5

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K3 Business Technology: Aug-U-6; Oct-U-5; Nov-F-6; Dec-U-6

Kainos: Aug-NI-7; Sep-F-6; Sep-LN-7; Oct-U-1; Oct-P-10; Dec-U-2

Kalibrate Technologies: Jul-G-6; Aug-U-5; Aug-P-8; Sep-U-4; Sep-LN-7; Oct-U-4; Dec-U-6

KBC Advanced Technologies: Jul-U-3; Aug-U-6; Oct-U-5; Nov-U-5

Keywords Studio: Jul-G-7; Aug-U-5; Sep-U-2; Oct-U-2; Oct-P-10; Nov-U-4; Dec-U-5

Kromek: Nov-T-7

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LinkedIn: Dec-U-5

Lombard Risk Management: Nov-G-4; Dec-U-2; Dec-P-10

LPA: Dec-T-7

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Nanoco Group: Sep-T-7; Nov-T-7

NCC Group: Aug-U-2; Nov-U-2; Dec-U-6

NetDimensions: Aug-U-3; Oct-U-5; Nov-U-2; Nov-P-8; Dec-U-6; Dec-G-8

NetDragon: Jul-U-1; Aug-U-1; Sep-U-4

NICE Systems: Jul-G-6; Sep-G-4; Dec-G-8

Palo Alto Networks: Aug-T-7

Pennant International: Oct-U-7

Proactis: Nov-T-7

Promethian World: Jul-U-1; Jul-G-6; Aug-U-1; Sep-U-4; Oct-P-10; Dec-G-8

Radixsys: Aug-G-6; Nov-G-5; Dec-G-8

Rapid 7: Aug-T-7

Regeneris: Jul-G-7; Aug-U-6; Aug-P-8; Nov-U-5; Dec-F-9

Rightster: Aug-T-7

RM: Aug-U-2

Rosslyn Data Technologies: Oct-T-9

Sanderson: Jul-U-4; Nov-U-2; Dec-U-4

Sandvine: Jul-U-1; Jul-G-6; Aug-U-1; Sep-U-1; Oct-U-5; Oct-G-8; Nov-U-1; Nov-U-4; Dec-U-1; Dec-LN-7; Dec-G-8

Satellite Solutions Worldwide: Sep-T-7

Sepura: Sep-T-7; Dec-T-7

Servelec: Aug-U-4

Service Power: Sep-T-7

ShielD Therapeutics: Oct-NI-9

Softcat: Nov-NI-7; Dec-LN-7; Dec-F-9

Software Radio Technology: Jul-T-5

Sosoph: Jul-NI-8; Aug-F-7; Sep-U-3; Nov-U-2; Dec-U-2

Spark Ventures: Aug-U-6; Sep-U-2

Splunk: Jul-G-6

SQS Software Quality Systems: Oct-P-10

Stadium Group: Jul-G-7; Aug-U-6; Oct-U-7

Stride Gaming: Nov-T-7

Synectics: Jul-G-8; Aug-U-2

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Tableau: Jul-G-6

Telit Communications: Jul-G-4; Nov-P-8; Dec-P-10

Trakm8: Jul-U-4; Jul-G-6; Aug-U-5; Sep-P-8; Oct-U-7; Dec-U-4; Dec-G-8

ULS Technology: Jul-U-4; Dec-U-5

Venn Life Sciences: Jul-U-4; Jul-G-6; Jul-G-7; Sep-U-7; Oct-U-4; Oct-P-10; Nov-U-1; Dec-G-8

Viper: Sep-T-7

Vislink: Jul-U-3; Oct-U-6; Oct-P-10; Dec-U-1; Dec-P-10

Workday: Sep-F-6; Oct-U-1

XChanging: Oct-F-9; Nov-U-5; Dec-U-6
Relative to its two benchmarks, the Trader Portfolio had an excellent month. It recorded a gain of 1.2% whereas both had a negative result – in the case of the FTSE 100 this amounted to a loss of 4.0%, while the techMARK Focus was down 0.8%.

One thing that should be noted is that the FTSE 100 returned a positive 14.8% whereas the FTSE 100 fell by as much as 6.7%. The comparisons are even more stark for the 16 years that began the first day of the new millennium.

In that manner the superiority of individual stock selection over index-hugging. It never declined 11.4%. The techMARK Focus, or techMARK 100 as it was back then, just about made it into plus territory with a gain of 4.6%.

These long-term results demonstrate in no uncertain manner the superiority of individual stock selection over index-hugging. It never declined 11.4%. The techMARK Focus, or techMARK 100 as it was back then, just about made it into plus territory with a gain of 4.6%.

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The Trader Portfolio is an unaudited paper fund which is run to illustrate the dynamics of managing an active technology sector portfolio. No new share goes into the portfolio until after it has been eliminated to reflect this, not the corresponding line in the table should have been entered.

On a 12 month basis, the Portfolio returned Gain (40 months): 453.3%

Launched 19 May 2003
Latest Price 346.83p
Change since Launch: 246.83%