



MFM HATHAWAY FUND

Interim Report

For the six months period ended 31st March 2015



Fund Details
MFM Hathaway Fund

Manager and Registrar

Marlborough Fund Managers Limited
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Authorised and regulated by the Financial Conduct Authority

Customer Support: (0808) 145 2500 (FREEPHONE)

Trustee

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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

Hathaway Investment Management Limited
Grosvenor House
14 Bennetts Hill
Birmingham
B2 5RS

Authorised and regulated by the Financial Conduct Authority

Auditors

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

MFM HATHAWAY FUND

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AUTHORISED INVESTMENT ADVISER'S REPORT

For the six month period ended 31 March 2015

Percentage change and sector position to 31 March 2015

	Six months	1 year	3 years	5 years
MFM Hathaway Fund	4.51%	4.84%	38.50%	52.98%
Sector Average	8.61%	10.57%	31.82%	40.54%
Rank*	133/136	131/134	18/116	12/102
Quartile Ranking	4	4	1	1

*Based on ranking within The Investment Association Mixed Investment 40% - 85% Shares sector; the figure after the rank shows the number of funds in the class (e.g. 12th out of 102 funds).

External Source of Economic Data: *Morningstar* (bid to bid, net income reinvested)

Recent performance

We have pleasure in presenting our semi-annual report on our *equity* and *bond* unit trust, which posted an overall advance of 4.5% in the six months. This performance reflects a 5.825p increase in *accumulation* units (this class recording the Fund's *total return*), which was (again) slightly behind the 5.9% for blue chips, also some way behind the 7.0% from the broader market and the yet further gravity defying behaviour (9.6%) of gilts.

Since launch in November 2002, those units have advanced from 50p to 135.725p, equivalent to annual compounding - assuming that we stayed at the same level until our year end in September - of exactly 8.0% (down slightly from the annualized run rate of 8.5% posted six months ago).

Long term performance – the twelve and a half year record

In summary, the slight weakness of our equity portfolio and our being underweight in gilts compared with the benchmark (and we are only in very short dated bonds (the action was at the long end)) conspired to produce the lacklustre result, which we say more about below; to get a sense of perspective however: we remain with the elite runners over three and five years.

We therefore set out below the complete and up to date records for the Fund, our benchmark, the FTSE 100 and the general stock market, together with the figures for the Fund's equity portfolio:

Year	MFM Hathaway Fund	Benchmark	FTSE 100	FTSE All Share	Our equity portfolio
2002/2014	+159.8%	+144.3%	+146.7%	+169.7%	+189.4%
2014/2015	+ 4.5%	+ 7.7%	+ 5.9%	+ 7.0%	+ 3.5%
Cumulative	+171.5%	+162.9%	+161.3%	+188.8%	+199.5%

Investing conditions & portfolio developments

Turning immediately to government bonds: their performance in the half year, might further encourage fixed income enthusiasts, although their (now) 102.7% *total return* since we launched our Fund, whilst increasingly impressive, still represents only just over 50% of the return we have had from our equity portfolio (60% of that on our whole Fund). That of course is the relationship with equities you would expect from bonds over any longer period, but with some gilts now priced at nearly 40% above par, we would be surprised if they fare so well over the next decade or so.

However, as we said a year ago, expect us to continue casting fixed income stock in a cameo role in the portfolio, while our interim report last year carried further notes about *why* we hold bonds; more generally though, they offer the prospect of calamity ahead.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

Meanwhile, we continue to be cautious about the general equity price level and, for the most part, unenthusiastic about our company share portfolio; equities may not be as high as they look, but they are high nonetheless.

One new member of the portfolio is Ocean Wilsons, a holding company for a large international investment portfolio (the largest commitment of which is to the Findlay Park American Fund – FP being authentic *value investors*, with a truly outstanding track record) and with a subsidiary company which operates maritime (port) services in most of the major ports in Brazil.

Acquired at a most attractive price, the recent performance of the port business – reflecting a marked slow-down in Brazil's economy – has resulted in a temporary weakness in the share price and, in accordance with our general pattern of operations in such cases, we are busy acquiring more stock as we write this report.

Certainly the general stock market is currently in the habit of marking down sharply any company experiencing even a minor slow-down in its business; an example is ISG, which we were praising this time last year.

ISG reported some unexpected business weaknesses in the half year and its stock price was profoundly punished, even though its core undertaking, in quality shop fitting, is fine; again, we are looking at increasing our holding.

Outlook

This year's General Election will overshadow events for a time, while Greece remains a concern; others are clearly shortening their time horizons, which requires us to be even more long term in our thinking. We will continue to treat the stock market as there to serve us and not to instruct us.

In closing, we remind our investors, as always, to keep their expectations to a sensible level, while we look forward to reporting the annual performance in the autumn; meanwhile, more about our *value investing* philosophy, the latest fund prices and performance are on our website.

Graham Englefield / Graham Shaw, CFA / Robert Bogle

30 April 2015

www.hathawayinvestment.com

Notes

1. Statistical sources: the benchmark and index figures we quote in the second table are derived from *data* recorded in the Financial Times newspaper (and all are calculated on a *mid-to-mid* price basis, with net income reinvested); the MFM Hathaway Fund, also, shows performance based on the mid-price of *accumulation* units, so that all figures in that exhibit are on the same footing. Movements in the price of an *accumulation* unit provide a complete record, since accrued income is included alongside capital performance (and all charges and costs are taken into account).
2. "Equities" means company shares and the FTSE All Share Index (what we generally mean by "the stock market") records the aggregate experience of almost all quoted companies; "Gilts" means UK government bonds. The FTSE 100 Index covers just the largest quoted companies (the "blue chips" or "large capitalization" or "large cap" stocks), so we instead use the first of these indices (as to 70%) – the remainder the performance of gilts - in calculating our *comparator* benchmark (it's not a target as such).
3. The benchmark is intended as a rough comparison to judge how adroitly the portfolio has been invested over any period (particularly the chosen allocation between bonds and equities) and it reflects how a typical conservative private investor's commitments might be constructed.
4. The cumulative figures in the second table very accurately show the *total return* from 25.11.02 to 31.03.15; any discrepancy, is due to rounding in preparing discrete statistics and is not material.

AUTHORISED INVESTMENT ADVISER'S REPORT (CONTINUED)

5. Any references to "year" (or, for example, "2002/2014") in the tables or the text, is to the Fund year or years – October 1st to September 30th - except for 2002/03 (now contained only in aggregate numbers here), which was for the period starting on 25th November 2002 (when we launched the Fund). The actual valuation dates for the unit trust (and the comparative indices/benchmark) may, in some years, vary by a day or so from these dates, but we are consistent in using the same numbers to commence subsequent periods etc.

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Distributions

		Year 2015	Year 2014	Year 2013	Year 2012
Net income paid 31 May	(inc units)	0.7198ppu	0.9252ppu	0.8353ppu	0.6043ppu
	(acc units)	0.9209ppu	1.1664ppu	1.0372ppu	0.7399ppu
Net income paid 30 November	(inc units)		0.5542ppu	0.5741ppu	0.5019ppu
	(acc units)		0.7051ppu	0.7195ppu	0.6194ppu

Portfolio Changes

For the six month period ended 31 March 2015

Purchases	Cost (£)	Sales	Proceeds (£)
Ocean Wilsons Holdings	550,488	Caledonia Investments	470,830
Menzies (John)	519,325	Invesco Perpetual Inc No Trail (Inc)	334,200
Games Workshop Group	254,239	Synthomer	308,208
Booker Group	156,178	BP	252,789
Genus	148,443	Vodafone Group	237,575
Nokian Renkaat	138,755	Severfield	207,519
Bond amortisation	1,010	Verizon Communications	147,201
		De La Rue	128,495
		HSBC Holdings	120,163
		M & G High Income Inv Trust (Inc)	110,367
		BlackRock World Mining Trust	65,379
Total purchases for the period	1,768,438	Total sales for the period	2,382,726

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised Status

The Scheme is an authorised unit trust scheme within the meaning of The Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

Nature and Objectives of the Scheme

To achieve long-term growth of investors' capital and income. Though there will be a general emphasis on a fair immediate yield, the Scheme may occasionally buy securities which do not pay dividends. The Investment Advisers to the Manager will undertake their own security analysis (rather than relying on external research sources or commentary) and form their own views as to the merits of specific securities.

At times it may be appropriate for the Scheme not to be fully invested but to hold cash and near cash.

Restrictions

The pattern of operations will concentrate upon investment grade sterling bonds of companies, corporations, public bodies, institutions and sovereign issuers and the equities of corporations considered by the investment adviser to represent sound long-term value.

The Scheme may invest in derivatives and forward transactions for the purposes of hedging only.

Change in Prospectus

No changes have been made since the last report.

Up to date key investor information documents, prospectus and manager's reports and accounts for any fund within the manager's range, can be requested by the investor at any time.

DIRECTORS' 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
14 May 2015

MFM HATHAWAY FUND

FUND INFORMATION

Number of units in issue/Net asset value per unit

	Net asset value of scheme property	Income units in issue	Accumulation units in issue	Net asset value per unit	
				Income	Accum.
30 Sept 2012	£8,043,556	5,017,144	4,181,275	78.78p	97.84p
30 Sept 2013	£9,476,059	4,851,739	4,012,242	95.62p	120.56p
30 Sept 2014	£10,257,521	4,790,947	4,500,236	97.24p	124.42p
31 March 2015	£10,385,228	4,639,979	4,278,498	102.29p	131.79p

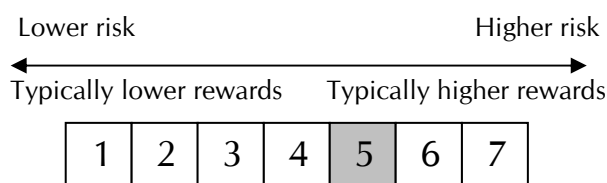
Ongoing charges

	Ongoing charges
30 Sept 2014	1.58%
31 March 2015	1.59%

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.

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 5 because it has experienced significant volatility historically.

MFM HATHAWAY FUND

Portfolio statement

as at 31 March 2015

Holding or nominal value as at 31 Mar 15		Bid value £	Percentage of total net assets %
LOAN STOCKS (14.14%, 30 Sept 14 -14.33%)			
1,018,000	Treasury 2% 22/01/16	1,030,771	9.92
428,500	Treasury 1.75% 22/01/17	438,679	4.22
	Total Loan Stocks	<u>1,469,450</u>	<u>14.14</u>
BANKS (Nil, 30 Sept 14 - 1.17%)			
	Total Banks	<u>0</u>	<u>0.00</u>
BEVERAGES (4.65%, 30 Sept 14 - 4.29%)			
65,400	Britvic	482,979	4.65
	Total Beverages	<u>482,979</u>	<u>4.65</u>
CHEMICALS (Nil, 30 Sept 14 - 2.77%)			
	Total Chemicals	<u>0</u>	<u>0.00</u>
CONSTRUCTION & MATERIALS (4.28%, 30 Sept 14 - 3.87%)			
140,000	Costain Group	444,500	4.28
	Total Construction & Materials	<u>444,500</u>	<u>4.28</u>
EQUITY INVESTMENT INSTRUMENTS (11.41%, 30 Sept 14 - 16.23%)			
163,250	Henderson High Income Trust	305,277	2.94
77,300	Law Debenture Corp	397,322	3.82
181,500	Scottish Mortgage Investment Trust	483,153	4.65
	Total Equity Investment Instruments	<u>1,185,752</u>	<u>11.41</u>
FOOD & DRUG RETAILERS (4.74%, 30 Sept 14 - 2.84%)			
336,000	Booker Group	492,576	4.74
	Total Food & Drug Retailers	<u>492,576</u>	<u>4.74</u>
INDUSTRIAL ENGINEERING (Nil, 30 Sept 14 - 1.89%)			
	Total Industrial Engineering	<u>0</u>	<u>0.00</u>
INDUSTRIAL TRANSPORTATION (4.35%, 30 Sept 14 - Nil)			
53,500	Ocean Wilsons Holdings	452,075	4.35
	Total Industrial Transportation	<u>452,075</u>	<u>4.35</u>
LEISURE GOODS (2.44%, 30 Sept 14 - 0.37%)			
51,225	Games Workshop Group	253,564	2.44
	Total Leisure Goods	<u>253,564</u>	<u>2.44</u>
MOBILE TELECOMMUNICATIONS (Nil, 30 Sept 14 - 2.00%)			
	Total Mobile Telecommunications	<u>0</u>	<u>0.00</u>
NONEQUITY INVESTMENT INSTRUMENTS (Nil, 30 Sept 14 - 1.09%)			
	Total Nonequity Investment Instruments	<u>0</u>	<u>0.00</u>
OIL & GAS PRODUCERS (Nil, 30 Sept 14 - 2.65%)			
	Total Oil & Gas Producers	<u>0</u>	<u>0.00</u>
PHARMACEUTICALS & BIOTECHNOLOGY (4.14%, 30 Sept 14 - 2.13%)			
31,200	Genus	429,936	4.14
	Total Pharmaceuticals & Biotechnology	<u>429,936</u>	<u>4.14</u>

MFM HATHAWAY FUND

Portfolio statement

as at 31 March 2015

Holding or nominal value as at 31 Mar 15	Bid value £	Percentage of total net assets %
REAL ESTATE INVESTMENT & SERVICES (3.04%, 30 Sept 14 - 2.60%)		
5,475 Daejan Holdings	315,360	3.04
Total Real Estate Investment & Services	<u>315,360</u>	<u>3.04</u>
REAL ESTATE INVESTMENT TRUSTS (8.04%, 30 Sept 14 - 6.67%)		
30,357 Land Securities Group	382,802	3.69
112,000 Primary Health Properties	451,360	4.35
Total Real Estate Investment Trusts	<u>834,162</u>	<u>8.03</u>
SUPPORT SERVICES (13.78%, 30 Sept 14 - 11.63%)		
100,000 Electrocomponents	243,200	2.34
150,000 ISG	229,500	2.21
137,574 Menzies (John)	517,278	4.98
22,515 Travis Perkins	441,069	4.25
Total Support Services	<u>1,431,047</u>	<u>13.78</u>
TRAVEL & LEISURE (4.90%, 30 Sept 14 - 4.82%)		
336,000 Marston's	509,040	4.90
Total Travel & Leisure	<u>509,040</u>	<u>4.90</u>
UNIT TRUST/OEIC (Nil, 30 Sept 14 - 3.11%)		
Total Unit Trust/OEIC	<u>0</u>	<u>0.00</u>
OVERSEAS EQUITIES (16.28%, 30 Sept 14 - 13.77%)		
4,625 Fresenius Medical Care	260,259	2.51
320 Givaudan	396,341	3.82
17,870 Kone 'B'	536,988	5.17
24,685 Nokian Renkaat	496,011	4.78
Total Overseas Equities	<u>1,689,599</u>	<u>16.27</u>
UNQUOTED SECURITIES (Nil, 30 Sept 14 - Nil)		
65,000 Anglo & Overseas Trust	0	0.00
Total Unquoted Securities	<u>0</u>	<u>0.00</u>
Portfolio of investments	9,990,040	96.19
Net current assets on capital account	395,188	3.81
Net assets	<u>10,385,228</u>	<u>100.00</u>

The investments of the Fund have been valued using bid market values ruling on international stock exchanges at 12 noon on 31 March 2015, being the last valuation point of the period. Market value is defined by the SORP as fair value which is generally the bid value of each security.

Where a stock is unlisted or where there is a non liquid market, a valuation for this stock has been obtained from market makers where possible, and suspended stocks are normally valued at their suspension price. However, where the Manager believes that these prices do not reflect a fair value, or where no reliable price exists for a security, it is valued at a price which in the opinion of the Manager reflects a fair and reasonable price for that investment. Anglo & Overseas Trust will be removed from the valuation when we receive confirmation that the stock has been wound up and no other liquidation payments are due to be paid.

Portfolio transactions for the six months ended 31 March 2015

	£
Total purchases, including transaction charges	1,768,438
Total sales proceeds, net of transaction charges	2,382,726

MFM HATHAWAY FUND

INTERIM FINANCIAL STATEMENTS (unaudited)
For the six months ended 31 March 2015

Statement of total return

	31 March 2015		31 March 2014	
	£	£	£	£
Income:				
Net capital gains/(losses)		527,993		464,132
Revenue	159,639		173,780	
Expenses	(83,901)		(79,531)	
Finance costs: Interest	0		0	
Net revenue/(expense) before taxation	<u>75,738</u>		<u>94,249</u>	
Taxation	<u>(512)</u>		<u>(340)</u>	
Net revenue/(expense) after taxation		<u>75,226</u>		<u>93,909</u>
Total return before distributions		603,219		558,041
Finance costs: Distributions		(75,226)		(93,909)
Change in net assets attributable to unitholders from investment activities		<u><u>527,993</u></u>		<u><u>464,132</u></u>

Statement of change in net assets attributable to unitholders

	31 March 2015		31 March 2014	
	£	£	£	£
Opening net assets attributable to unitholders		* 10,257,521		9,476,059
Amounts receivable on issue of units	78,734		468,996	
Amounts payable on cancellation of units	<u>(518,422)</u>		<u>(23,344)</u>	
		(439,688)		445,652
Stamp duty reserve tax		0		(373)
Change in net assets attributable to unitholders from investment activities		527,993		464,132
Retained distribution on accumulation units		39,402		50,704
Closing net assets attributable to unitholders		<u><u>10,385,228</u></u>		* <u><u>10,436,174</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 HATHAWAY FUND

INTERIM FINANCIAL STATEMENTS (unaudited)
as at 31 March 2015

Balance sheet

	31 March 2015		30 September 2014	
	£		£	
Assets:				
Investment assets		9,990,040		10,075,690
Debtors	63,881		62,642	
Cash and bank balances	<u>368,490</u>		<u>190,040</u>	
Total other assets		<u>432,371</u>		<u>252,682</u>
Total assets		<u>10,422,411</u>		<u>10,328,372</u>
Liabilities:				
Investment liabilities		0		0
Creditors	(3,783)		(44,298)	
Distribution payable on income units	<u>(33,400)</u>		<u>(26,553)</u>	
Total other liabilities		<u>(37,183)</u>		<u>(70,851)</u>
Total liabilities		<u>(37,183)</u>		<u>(70,851)</u>
Net assets attributable to unitholders		<u>10,385,228</u>		<u>10,257,521</u>

Notes to the interim financial statements.

Accounting policies

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2014 and are described in those annual financial statements.

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Marlborough Fund Managers Limited
Registered in England No. 2061177
Authorised and regulated by the Financial Conduct
Authority and a member of The Investment Association