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MFM  
HATHAWAY FUND

**INTERIM REPORT  
AND UNAUDITED FINANCIAL STATEMENTS**

for the six month period ended 31 March 2020

## **MFM HATHAWAY FUND**

### **CONTACT INFORMATION**

#### **Authorised Fund Manager and Registrar**

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

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### **Trustee**

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### **Investment Adviser**

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

Authorised and regulated by the Financial Conduct Authority.

#### **Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

**MFM HATHAWAY FUND**

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## MFM HATHAWAY FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 March 2020

#### Percentage change and sector position to 31 March 2020

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
MFM Hathaway Fund	-13.96%	-6.55%	5.27%	30.53%	99.68%
Sector Average	-13.24%	-7.72%	-2.12%	11.67%	56.92%
Rank*	95/171	75/163	21/144	6/121	6/77
Quartile Ranking*	3	2	1	1	1

\* Reflecting our position within IA Mixed Investment 40% - 85% Shares Sector; the related class size (e.g. 5 years: 6th out of 121 funds) and the corresponding quartile. External source of economic data: Morningstar (bid to bid, income reinvested).

#### Recent performance

*Through chances various, through all  
vicissitudes, we make our way...  
Aeneid*

Not for nothing did Ben Graham begin "The Intelligent Investor" with the quote from Virgil: with pleasure we present our interim report, but against a background of a worldwide health crisis and profound swings in securities markets in the period, of a magnitude not reflected in the table above, but which the professor of *value investing* had witnessed in the 1920s.

Weathering the maelstrom well though, our *equity* and *bond* unit trust, posted a decline of 13.9% (*total return*) in the six months, reflecting a 27.93p decrease in *accumulation units*, compared to *minus* 21.0% from the stock market, *minus* 20.3% from blue chips and +1.9% from gilts. We came in just behind our peer group *benchmark* in the period - it recorded *minus* 13.2%.

Launched in 2002 at 50p, those units are now at 173.5p – reflecting annual compounding, come September - assuming no change meanwhile - at 7% over what will then be eighteen years.

#### A larger decline than posted at this time in the last two years and a virus...

Our half year performance was similar to this juncture in 2019 & 2018 in two respects: a negative return *and* close to the sector average; this time though, and the closing numbers don't fully reveal it, there was incredible volatility during the period. Indeed, our portfolio valuation on 26th March – the last one in the half year - reflected our largest ever weekly *increase* (+10.2%); in fact, larger declines than that recorded over the six months have occurred in "normal" periods...

Not only do the fund's short-term numbers obscure occasional profound volatility then, but the table above does not reflect the crucial outcome as against the stock market (and therefore an *index fund*), a hurdle which is always particularly revealing after a profound decline, providing a reliable litmus test of the quality of any equity-biased portfolio.

Indeed, there are no index funds tracking a peer group – just the mother lode of the market. To note succinctly the outcome in the six months then: the FTSE All Share was way down below us, such that indexing enthusiasts, who cannot count us even as country cousins, have a long way to go to restore even their previous inferior position, as the table below records.

While reflecting on that tough hurdle, the short-term numbers could indeed also be examined alongside the secular record and standpoint of our peers: this time last year we were second in our group over *ten* years, we are now in sixth place. Despite many of our cohort holding much more in fixed income, only four of them managed to overtake us in that very long-term column in the half year.

In the six months we were waving not drowning then but, as ever – no *hubris*: we could still be in for a hiding yet, our notes above only providing a Job's comforter as the nation's journey into the heart of darkness continues...

The background to the recent upsets has of course been the *ex machina* appearance of a type of *corona virus* in the general population and its attendant consequences, about which we have little to say here other than to express our profound sympathies to those affected by it; we have sadly lost a unitholder to the pandemic - an investor since 2002.

A year ago, we noted that "the battle for investment survival", as GM Loeb described it in 1935, involves so much more than the short-term though, and that is particularly important advice to return to right now; a sanguine, calm and long-term approach is called for.

To clarify: the all-time low for the FT30 share index – representing the corporate elite of Britain – was July 1940 during the Battle of Britain; *that* was a time of another existential threat to life as we know it and we had to wait until victory in the Second Battle of El Alamein in late 1942, to feel that a corner had been turned. We are far better off now, but there are still difficulties ahead...

So, without for a moment being flippant – and we *all* face practical challenges of one kind or another – we must also concentrate on the horizon and our duty to our unitholders; as one of our investors – a 92 year old who witnessed the Battle of Britain from the ground – remarked to us recently: "if instead of calmness, you propose *panic* as the preferred course of action, just *what* will you do?"

## MFM HATHAWAY FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 March 2020

However, the economic impact of the pandemic has been profound: that is because liquidity has dried up and much economic activity suspended. The action of the Bank of England to reduce interest rates to an all-time low was rewarded with a profound *fall* in the stock market; later on, we describe the impact of the crisis on our holdings.

As encouragement that better things lie ahead though, we note that this is only our seventh report of negative *absolute* performance, across thirty-four formal letters and nearly 18 years, the good times clearly outgunning the disappointments.

To summarize our recent performance: our superior position – shown below since 2002 and in the grid above over shorter periods from 12 up to 120 months – remains untarnished. This is a good juncture then to look in detail at the secular perspective and the customary numbers since launch.

#### Long term performance: the seventeen-and-a-half-year record

Year(s)	MFM Hathaway				Our equity portfolio
	Fund	Benchmark	FTSE 100	FTSE All Share	
2002/2019	302.8%	207.0%	227.7%	264.4%	376.3%
2019/2020	-13.9%	-13.2%	-20.3%	-21.0%	-16.6%
Cumulative	247.0%	166.4%	161.1%	187.8%	297.2%

Our position remains of course well ahead of the comparators over the long-term, the gap widening appreciably between us and the indices in the half year; meanwhile, gilts have returned 153.5% since 2002, confirming their role as shield rather than sword, while our equity portfolio reflected its quality in that *still* crucial asset class.

On 18th March, John Plender – the veteran and hugely respected financial journalist – wrote in his *Markets Insight* column in the “FT”, that the “market shock will...provide a good test of...diversified funds, which claim to offer equity-style returns at a lower risk than in the equity market at large. The long-standing question of whether such funds really can smooth returns and offer a free lunch to investors may find an answer this year.”

Since September and - far more importantly - for a generation, we have indeed more than matched that demanding test of *the equity market at large*. Our challenging goals continue to be met and perhaps the quickest way to satisfy Mr Plender, is to compare the stock market's 53.4% return in the 10 years with our fund in the first table...

#### Investing conditions & portfolio developments

Harold Macmillan said that it was “events” which disturbed “normality” and so it was for us in the half year and the upset continues as we go to press.

We don't propose a full roll-call of the (walking) wounded in our portfolio, as we have weathered the storm well so far overall, though volatility has made some of our thoughts appear erroneous, at least in the short-term. Events have not trapped us though, partly due to our investees' quality and also to our holding, alongside equities, fixed income and certain lower risk securities (with nimble feet in both camps) and some cash; we have a fair war chest.

Tesco of course rejoined our stable in 2018, through acquiring Booker - we had sold the former a long time ago – and we have since seen it return to business glory; very recently, supermarkets have become seen as national infrastructure bedrock and while they have quite rightly avoided exploiting the crisis, the nation's largest grocer is seeing very positive cash flow.

Our stubborn avoidance of panic also proved the correct stance with Kone, which enjoys lucrative contracts for new elevators/escalators and a rich seam of maintenance contracts (added to constantly from the former); recent business growth has come from Asia – particularly China – and, as that region recovers from the health crisis, so too does Kone's share price. It has proven that, just as lifts go up as well as down, so too can share prices.

John Menzies though, was a holding we already had very much under review, before current events overtook us; while expectations had long outrun its achievements and an orderly earlier exit would have been prudent, clearly the tumultuous events rendered that impossible.

Marston's was similarly struck, but we see a recovery in its pub chain long before any aviation business (the latter was already on a down curve before the virus struck); once restrictions on the public are lifted, we expect demand for its value-for-money meals and craft beers to recover quickly and for the business to thrive once again.

Our other holdings, meanwhile, are placed somewhere between Tesco and Marston's, except perhaps our new holding PayPoint, which is demonstrating considerable business resilience during the crisis – it *may* turn out to have the long-term qualities of Games Workshop.

## MFM HATHAWAY FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 March 2020

Finally, one group we won't be lauding are the *short sellers*: those wonderful people, sell a tranche of shares which they don't own - and artificially increase the free float - as they perceive true owners as heading for the rocks and, usually profoundly, add to the downward pressure on the stock price. They keep up the good work, buying up at the reduced price in due course to cover their positions and in the process often make a great deal of money.

Along the way, what they do isn't illegal, but it should be; for a country which believes in the *spirit* of the rule of law as well as the letter - and thus the sanctity of ownership - short selling is an affront to property owners. When we buy stock, we are happily ignorant of the motives of the seller - that is the nature of an orderly market - but to do so with a frisson of suspicion about whether the vendor actually owns what we are buying, casts a different light on the bargain.

The Editor of the FT no less, on 2<sup>nd</sup> April, pointed robustly to how the *rule of law* is vital to the functioning of modern economies; she was talking in fact about insurance policy interpretation, which happens in a market where *uberrimae fidei* is central to the conduct of *all* participants; no lesser standard than "of the utmost good faith" should also apply in the capital markets.

### Outlook

The general conditions present opportunities for the wise to deploy capital, mindful that volatility sows seeds of doubt in the collective mind of general investors. Soundly financed, understandable businesses, with talented managements that deploy capital wisely, are ever-appealing.

Some may reduce/withhold dividends in the near-term of course, to afford their businesses extra resilience or to pursue opportunities, but for shareholders with patience, the return on their capital will flow. Our *income* unitholders should not suffer a readjustment for too long, but we are sorry that unit trusts cannot build a *revenue reserve* as our elders in the investment trust sector can.

We will continue constantly to monitor our holdings for any further impact which the fallout from the virus may cause and to take such actions as appear appropriate, but it is now also for us to consolidate the advantages described earlier on, although there is absolutely no guarantee that we will succeed to do so.

We have good geographical and commercial diversification, but we could see even tougher conditions yet, such as the capital controls prevailing during WWII. So far though, we have weathered what has been one helluva storm, encouragingly well.

Accordingly, we will indeed continue *value investing* while we ask unitholders, as ever, to keep their expectations rational; our customary warning to expect turbulence, applies like never before, as we have no way of estimating how long the present problems will continue for or how awkward developments will prove to be...

In closing, we again thank MFM for their accurate administration in the half year and in difficult circumstances; we anticipate the reporting of our 2020 results in the autumn, while unitholders wanting further information about the impact of the virus can e mail us to the address on our website.

In the meantime, we note the encouraging words of Shakespeare in *As You Like It*: "Sweet are the fruits of adversity"...

Graham Englefield / Graham Shaw CFA  
Hathaway Investment Management Limited  
1 May 2020

[www.hathawayinvestment.com](http://www.hathawayinvestment.com)

## MFM HATHAWAY FUND

### AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 31 March 2020

#### Notes:

1. Statistical sources: index figures quote *data* recorded in the "Financial Times" (and are on a *mid-to-mid* price basis, with income reinvested); fund performance is based on the single price of *accumulation* units, which provide a complete record, since they too include accrued income alongside capital performance (less all charges and costs). All figures in the narrative report are therefore on the same footing.
2. "Equities" means company shares, the FTSE All Share Index reflecting almost all quoted companies; "gilts" means UK government bonds, while the FTSE 100 Index records "blue chips" or "large capitalization" or "large cap" stocks.
3. The benchmark is a rough guide as to how adroitly the portfolio has been invested over any reasonably long period, the statistic reflecting 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 31.03.20; any discrepancy is due to rounding and is not material.
5. "Year" (or "2002/2019") means the fund year (or years), *i.e.* October 1<sup>st</sup> to September 30<sup>th</sup>, except for the first year - 2002/03 - now reflected of course only within aggregate numbers here, which period commenced 25.11.02 (our launch).

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#### Distributions (pence per unit)

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Income</u>				
Income paid 31 May	0.7397	0.5574	0.8801	0.8262
Income paid 30 November		1.2630	0.8630	1.1503
<u>Accumulation</u>				
Accumulation paid 31 May	1.0684	0.7540	1.1820	1.0920
Accumulation paid 30 November		1.7216	1.1698	1.5285

#### Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Electrocomponents	290,064	Merlin Entertainments	782,600
Travis Perkins	276,362	Games Workshop Group	552,224
PayPoint	274,489	Menzies (John)	168,385
Law Debenture Corp	249,357		
Games Workshop Group	121,040		
Total purchases for the period	1,211,312	Total sales for the period	1,503,209

## **MFM HATHAWAY FUND**

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

#### **Authorised status**

MFM Hathaway Fund (the Fund) 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.

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

The investment objective of the Fund is to grow the value of a unitholder's capital and income, over a period of at least 5 years. This growth is expected to come from a combination of gains in investments held and income received by the Fund - such as bond interest and dividends from shares.

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell, and when, across different industries and regions of the world.

The Investment Manager considers economic and market conditions, but the focus is on individual company analysis. The aim is to identify companies which show good long-term growth potential, and which appear to be undervalued given their prospects.

The Fund will invest between 40 - 85% of its portfolio in the shares of companies. There will be a bias towards enterprises that are expected to pay steady dividends; however, the Fund may occasionally invest in securities which do not pay dividends.

The Fund will invest between 15 - 60% of its portfolio in bonds, which are loans typically issued by companies, governments and other institutions. These will typically be investment grade bonds, where the issuer has a high and reliable capacity to repay the debt. However, from time to time, our operations may include sub-investment grade bonds (which can be more vulnerable to changing market conditions, but typically pay a higher rate of interest) where we judge them to be incorrectly downgraded.

The Fund may also invest in money market instruments, which are shorter term loans.

The Fund will hold cash to enable the ready settlement of liabilities and for the efficient management of the portfolio. The Fund may hold cash up to a maximum of 30%, in extreme market conditions.

The Fund will be included in the IA Mixed investment 40-85% Shares sector.

#### **Changes in prospectus**

No significant changes have been made since the last report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM'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**  
22 May 2020



## MFM HATHAWAY FUND

### COMPARATIVE TABLE

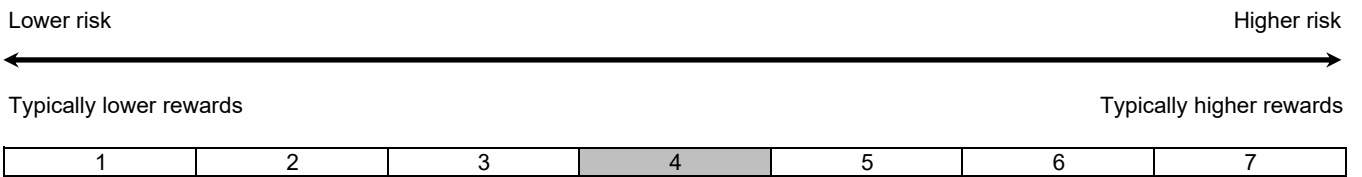
<b>Income units</b>	<b>Period to 31.03.2020</b>	<b>Year to 30.09.2019</b>	<b>Year to 30.09.2018</b>	<b>Year to 30.09.2017</b>
<b>Change in net assets per unit</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	146.65	142.22	138.03	116.77
Return before operating charges*	(19.43)	8.48	8.12	25.22
Operating charges	(1.20)	(2.23)	(2.19)	(1.98)
Return after operating charges*	(20.63)	6.25	5.93	23.24
Distributions on income units	(0.74)	(1.82)	(1.74)	(1.98)
Closing net asset value per unit	125.28	146.65	142.22	138.03
* after direct transaction costs of:	0.09	0.09	0.16	0.15
<b>Performance</b>				
Return after charges	-14.07%	4.39%	4.30%	19.90%
<b>Other information</b>				
Closing net asset value	£5,579,428	£6,355,014	£6,236,879	£6,092,033
Closing number of units	4,453,393	4,333,347	4,385,423	4,413,669
Operating charges	1.60% <sup>A</sup>	1.60%	1.57%	1.57%
Direct transaction costs	0.13% <sup>A</sup>	0.07%	0.11%	0.12%
<b>Prices</b>				
Highest unit price	160.35p	148.37p	151.07p	145.74p
Lowest unit price	114.88p	127.88p	131.56p	113.81p
<b>Accumulation units</b>				
<b>Change in net assets per unit</b>	<b>Period to 31.03.2020</b>	<b>Year to 30.09.2019</b>	<b>Year to 30.09.2018</b>	<b>Year to 30.09.2017</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	200.96	192.42	184.37	153.67
Return before operating charges*	(26.55)	11.57	10.99	33.31
Operating charges	(1.64)	(3.03)	(2.94)	(2.61)
Return after operating charges*	(28.19)	8.54	8.05	30.70
Distributions on accumulation units	(1.07)	(2.48)	(2.35)	(2.62)
Retained distributions on accumulation units	1.07	2.48	2.35	2.62
Closing net asset value per unit	172.77	200.96	192.42	184.37
* after direct transaction costs of:	0.13	0.12	0.21	0.20
<b>Performance</b>				
Return after charges	-14.03%	4.44%	4.37%	19.98%
<b>Other information</b>				
Closing net asset value	£9,331,779	£10,644,078	£10,086,581	£8,740,404
Closing number of units	5,401,166	5,296,633	5,241,874	4,740,654
Operating charges	1.60% <sup>A</sup>	1.60%	1.57%	1.57%
Direct transaction costs	0.13% <sup>A</sup>	0.07%	0.11%	0.12%
<b>Prices</b>				
Highest unit price	219.73p	201.50p	203.04p	192.99p
Lowest unit price	157.43p	172.91p	176.41p	149.70p

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

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the period and the average units in issue for the pence per unit figures.

**MFM HATHAWAY FUND**

**SYNTHETIC RISK AND REWARD INDICATOR**



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Fund. It is calculated based on the volatility of the Fund using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

The Fund has been measured as 4 because it has experienced moderate volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

## MFM HATHAWAY FUND

### PORTFOLIO STATEMENT

as at 31 March 2020

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>LOAN STOCKS</b> (30 September 2019 - 14.85%)		
2,493,000 UK Treasury 1.5% 22.01.21	2,519,289	16.90
Total Loan Stocks	<u>2,519,289</u>	<u>16.90</u>
<b>AEROSPACE AND DEFENCE</b> (30 September 2019 - 7.46%)		
72,100 Babcock International Group	266,842	1.79
135,625 Meggitt	381,920	2.56
Total Aerospace and Defence	<u>648,762</u>	<u>4.35</u>
<b>BEVERAGES</b> (30 September 2019 - 3.78%)		
65,400 Britvic	445,701	2.99
Total Beverages	<u>445,701</u>	<u>2.99</u>
<b>CLOSED END INVESTMENTS</b> (30 September 2019 - 7.14%)		
211,000 Downing Strategic Micro-Cap Investment Trust	88,620	0.59
163,250 Henderson High Income Trust	200,798	1.35
122,300 Law Debenture Corp	577,256	3.87
67,000 Scottish Mortgage Investment Trust	383,240	2.57
Total Closed End Investments	<u>1,249,914</u>	<u>8.38</u>
<b>INDUSTRIAL SUPPORT SERVICES</b> (30 September 2019 - 12.29%)		
160,000 Electrocomponents	826,880	5.55
110,500 Paypoint	584,545	3.92
86,755 Travis Perkins	762,923	5.12
Total Industrial Support Services	<u>2,174,348</u>	<u>14.59</u>
<b>INDUSTRIAL TRANSPORTATION</b> (30 September 2019 - 5.88%)		
20,583 Menzies (John)	15,273	0.10
72,500 Ocean Wilsons Holdings	449,500	3.01
Total Industrial Transportation	<u>464,773</u>	<u>3.11</u>
<b>LEISURE GOODS</b> (30 September 2019 - 6.00%)		
14,800 Games Workshop Group	655,936	4.40
Total Leisure Goods	<u>655,936</u>	<u>4.40</u>
<b>PERSONAL CARE, DRUG AND GROCERY STORES</b> (30 September 2019 - 6.56%)		
146,000 PZ Cussons	281,488	1.89
336,882 Tesco	761,353	5.11
Total Personal Care, Drug and Grocery Stores	<u>1,042,841</u>	<u>7.00</u>
<b>REAL ESTATE INVESTMENT AND SERVICES</b> (30 September 2019 - 0.81%)		
2,735 Daejan Holdings	213,330	1.43
Total Real Estate Investment and Services	<u>213,330</u>	<u>1.43</u>
<b>REAL ESTATE INVESTMENT TRUSTS</b> (30 September 2019 - 6.16%)		
785,435 Primary Health Properties	1,236,275	8.29
Total Real Estate Investment Trusts	<u>1,236,275</u>	<u>8.29</u>
<b>RETAILERS</b> (30 September 2019 - 3.93%)		
10,750 Next	435,160	2.92
Total Retailers	<u>435,160</u>	<u>2.92</u>
<b>TRAVEL AND LEISURE</b> (30 September 2019 - 8.27%)		
509,300 Marston's	207,998	1.39
Total Travel and Leisure	<u>207,998</u>	<u>1.39</u>

## MFM HATHAWAY FUND

### PORTFOLIO STATEMENT

as at 31 March 2020

Holding or nominal value		Bid value £	Percentage of total net assets %
	<b>OVERSEAS SECURITIES</b> (30 September 2019 - 14.17%)		
4,625	Fresenius Medical Care	242,954	1.63
330	Givaudan	820,195	5.50
17,870	KONE 'B'	822,847	5.52
56,600	Toyo Tire & Rubber	522,371	3.50
	Total Overseas Securities	<u>2,408,367</u>	<u>16.15</u>
	<b>Portfolio of investments</b>	13,702,694	91.90
	<b>Net other assets</b>	<u>1,208,512</u>	<u>8.10</u>
	<b>Total net assets</b>	<u>14,911,206</u>	<u>100.00</u>

All investments are listed on a regular market unless stated otherwise.

### PORTFOLIO TRANSACTIONS

for the six month period ended 31 March 2020

	£
Total purchases costs, including transaction charges	1,211,312
Total sales proceeds, net of transaction charges	1,503,209

**MFM HATHAWAY FUND**

**STATEMENT OF TOTAL RETURN**

for the six month period ended 31 March 2020

	31 March 2020		31 March 2019	
	£	£	£	£
Income:				
Net capital losses		(2,534,141)		(640,723)
Revenue	237,632		187,807	
Expenses	<u>(144,852)</u>		<u>(122,930)</u>	
Net revenue before taxation	92,780		64,877	
Taxation	<u>(3,628)</u>		<u>(975)</u>	
Net revenue after taxation		<u>89,152</u>		<u>63,902</u>
Total return before distributions		(2,444,989)		(576,821)
Distributions		(89,152)		(63,902)
Change in net assets attributable to unitholders from investment activities		<u><u>(2,534,141)</u></u>		<u><u>(640,723)</u></u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

for the six month period ended 31 March 2020

	31 March 2020		31 March 2019	
	£	£	£	£
Opening net assets attributable to unitholders		* 16,999,092		16,323,460
Amounts receivable on issue of units	624,196		140,718	
Amounts payable on cancellation of units	<u>(235,649)</u>		<u>(239,474)</u>	
		388,547		(98,756)
Change in net assets attributable to unitholders from investment activities		(2,534,141)		(640,723)
Retained distribution on accumulation units		57,708		39,374
Closing net assets attributable to unitholders		<u><u>14,911,206</u></u>		* <u><u>15,623,355</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

### BALANCE SHEET

as at 31 March 2020

	31 March 2020 £	30 September 2019 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	13,702,694	16,540,772
<b>Current Assets:</b>		
Debtors	145,443	76,339
Cash and bank balances	1,105,074	451,569
Total assets	<u>14,953,211</u>	<u>17,068,680</u>
<b>Current Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable on income units	32,943	54,734
Other creditors	9,062	14,854
Total liabilities	<u>42,005</u>	<u>69,588</u>
<b>Net assets attributable to unitholders</b>	<u><u>14,911,206</u></u>	<u><u>16,999,092</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 March 2020

#### Basis for preparation

The interim financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014 and amended in June 2017.

The interim financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The interim financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2019 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 31 March 2020.

# Marlborough

— Fund Managers —

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