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MFM
HATHAWAY FUND

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

for the year ended 30 September 2020

MFM HATHAWAY FUND

CONTACT INFORMATION

Authorised Fund Manager and Registrar

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Marlborough House
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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

CONTENTS	PAGE
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	4
DIRECTORS' STATEMENT	6
STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES	6
STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY	7
INDEPENDENT AUDITOR'S REPORT	8
COMPARATIVE TABLE	10
SYNTHETIC RISK AND REWARD INDICATOR	11
PORTFOLIO STATEMENT	12
FINANCIAL STATEMENTS	
STATEMENT OF TOTAL RETURN	14
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	14
BALANCE SHEET	15
NOTES TO THE FINANCIAL STATEMENTS	16
DISTRIBUTION TABLE	23

MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2020

Percentage change and sector position to 30 September 2020

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
MFM Hathaway Fund	15.37%	-0.65%	9.09%	51.09%	132.12%
Sector Average	15.22%	-0.04%	9.95%	39.09%	80.53%
Rank*	84/177	90/171	77/150	21/124	5/80
Quartile Ranking*	2	3	3	1	1

* Based on position within IA Mixed Investment 40% - 85% Shares Sector (our benchmark).

The figure after the rank, shows the number of funds in the class (e.g. 5th out of 80 funds over ten years).

External source of economic data: *Morningstar* (bid to bid, income reinvested).

Recent performance

We present with pleasure, albeit slightly chastened by the backdrop of Covid 19, our eighteenth annual report, your Fund recovering in the second half, to take the annual total return to *minus* 0.65%, reflecting a 1.28p decrease in the price of *accumulation* units.

The return was just slightly behind our benchmark – our sector average – but well surpassed the general stock market/blue chips, which were at *minus* 15.3% and *minus* 16.3% respectively; meanwhile, gilts posted +3.6%. Our tabular position, above and below, remains gratifying over longer periods and, since November 2002 (launch), those comprehensive units have advanced from 50p to 200.15p – representing annual compounding at 8% (as against the 8.5% run rate recorded last year); the secular record therefore remains healthy.

Our absolute return partly reflected impairments to (only) some of our investees' *intrinsic value* although, in this thirty-fifth formal report, we record only our eighth negative period return, and yet further significant relative *out* performance of the stock market.

Summary: the annual return was, as noted above, way ahead of equities, but behind gilts' (again) gravity-defying advance; we remain well ahead of *all* our comparators though, over longer periods. Thus: if you had purchased a notional stock market index fund in 2002 (with nil charges), your 50p accumulation units would now be at 154.5p, a like FTSE 100 commitment at 137.1p; those numbers reflect a material widening of the clear blue water margin in the year...

Investing conditions & portfolio developments in the year

Yet again the year was a game of two halves, with a robust reset from the events of the Fund's second quarter, while the general quality of our equity holdings held us almost completely harmless from the maelstrom in the stock market; naturally we saw a sharp decline in our holdings around the half-way point, but the flight to quality soon constructed a sound recovery.

In the 2016 annual letter, we quoted Aristotle Onassis' classic advice that [investors] need to learn to set sail in high winds and not to spend time hoping that the storm and the sea will ever rest; the year produced a refinement of that: we were already far from the shore and quickly had to adjust to *continue* sailing safely, caught in the middle of the tempest of the century. At the first sign of the Covid trouble though, many investors panicked and sold perfectly sound investments, whereas the best course of action, soon vindicated as markets recovered, was to stay generally invested, to check the set of the sail and to ride out the storm.

Poseidon, in the end, left the conservatively invested largely in peace this year...

Meanwhile, the majority of investors sought and seek to do only one thing: to manage returns, leaving them bereft of options when they dry up, whereas we try only to manage our risks; the former is of course impossible (like a pilot trying to manage gravity), while the latter is *feasible* provided you are well prepared – we don't look to build houses on the sand in the summer. The lemming-like approach of the larger group is what leads to corrections, as it desperately tries to hold on to what it has got when there is trouble, *and* euphoria, when caution is thrown to the wind.

Moving on to the occasional unbridled enthusiasm for themes: we note the extended *overvaluation* of many companies which are high profile in the hugely fashionable Environmental Social and Governance space. We have always been acutely aware of the need to acquire sustainable and socially worthwhile investments and in companies which are soundly managed, but overpaying for them is not an option to us – otherwise, effectively, we would be using our unitholders' money to reward the speculation of others. Investment mathematics still apply.

We have previously stated our abhorrence of *short selling*, but we do have a soft spot for Jim Chanos – Wall Street's veteran who tries to make an art of the practice; in a long FT interview on 25 July, he described in no uncertain terms how the wretched excess surrounding certain participants, ostensibly in the sector, is likely not to end well. We agree: if you pay 300 x net profits for a loss making business, no matter how glamorous its prospects and apparently worthy its credentials, at some point the roof is going to cave in; not our idea of a worthwhile ESG journey.

MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2020

Indeed our commitment to Kone (see also below), reflects our more measured approach to such investments: acquired at a material undervalue many years ago (it now has a market price about six times higher than we paid for our holding) the company appeared last year in the top half of Corporate Knights' 100 Most Sustainable Corporations in the World; naturally, Kone is a signatory to the UN Global Compact and committed to its Sustainable Development Goals etc.

Turning then to examine some of our holdings and to compare them with the FTSE 100 (down 20.8% in the fund year), the sterling price movements of certain securities (listed last year) were: Toyo Tire – up 21%, Givaudan and Kone - up 48% and 43%, Games Workshop (GAW) – up 102%, Electrocomponents – up 9%, Next – almost level; the opposite of last year: a glittering roll-call.

However, before we leave the subject of individual performances, we reflect on the 43% discount to last year's price at which we divested our John Menzies holding and other similar disappointments; the Covid 19 epidemic has taken its toll on some of our businesses, but we found ourselves generally – ahem – immune from the worst of it...

In conclusion regarding our performance in the year: the effect of the international emergency has been comparatively slight on the majority of our investees' businesses and their quality dominated our significant outperformance of the stock market; as we have said before when capital markets have been in sharp retreat: *we regard a year when we materially outperform a sharply falling stock market, as superior to any other performance.*

As a footnote, a propos our philosophy and the old saying in golf that the more you practise, the luckier you get: quite early in the year, we were obliged to divest some GAW at 62p (up from 48p at the beginning of the year) as it was becoming overweight according to the sensible (prudency) regulations governing our work; during the nadir of the crisis, we were able to buy some back at 54p and then subsequently repeated the initial pruning exercise – only this time at 83p...

For the eighteenth consecutive year then, applying nothing but the tools of *value investing*, proved wise and so we now have an appropriate juncture to consider how we have fared since launch:

Long-term performance: the eighteen-year record

The numbers below, record our accumulation units well ahead since late 2002; meanwhile, gilts returned 157.8% and inflation was about 66%. Income unitholders, over that long haul, received *capital growth* of 190.3% (their 50p subscription has grown to 145.18p), better than the *total return* on the FTSE 100, while they have received a fair income along the way - expressed as a yield on their original commitment.

Year(s)	MFM Hathaway				Fund equities
	Fund	Benchmark	FTSE 100	FTSE All Share	
2002/2019	302.8%	231.8%	227.7%	264.4%	376.3%
2019/2020	-0.6%	-0.04%	-16.3%	-15.3%	-1.4%
Cumulative	300.3%	231.7%	174.2%	209.1%	369.6%

Our subdued (in absolute terms) but highly satisfactory year (relatively speaking) – was indeed buttressed by strong past performance, with the *compound interest model* again having a magnifying effect (as it does on the downside as much as the up, provided your performance remains superior) and so we now turn to some observations we have made recently and some general themes which emerged in the year.

Investment theory

In recent months, financial pages further predicted the hurrying of the end of active management “in the age of Covid” while a theme we noted, and robustly rebutted in our interim letter – that funds such as ours would now likely be found wanting – was added to by articles stating that *value investing* is at the end of its natural life etc.

We have a three-word reply, with one eye on the numbers above: *res ipsa loquitur*...

Outlook

We expect capital markets in the UK – at the very least – to be influenced not only by the workout of the *pandemic*, but also by the ongoing Brexit saga although, once the process/negotiations are complete, it is likely that it will be business as usual: *i.e.* we will see the usual volatility and the daily battle between fear and greed – our happy hunting ground.

It is possible that, before long, the vast increase in government borrowing will cause higher inflation and the bursting of the bond bubble; the perfect storm of waning enthusiasm for fixed income, accompanied by higher interest rates, would spell trouble ahead. As Bette Davis says in “All About Eve” - enjoying the drama - “...fasten your seatbelts. It's going to be a bumpy night...”

MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2020

Our general stance and view then, remains unchanged: that the shares of quality companies, bought for the long-term, represent the best home for capital. Equities will therefore remain our core, with holdings spread across a range of industries and geographies, the only common factor being that the businesses must remain attractive to us both in their operations and valuation.

We expect some continued pain on the *dividend* front however, as companies hold on to capital to remain liquid; we are also watchful as to the return of serious inflation – remarked upon above.

Finally, all readers should note that this report does not contain, nor purport to contain, investment advice, either about specific securities or more generally (and about whether to act or refrain from action) and such counsel should always be sought from an appropriate, authorized firm. Our unitholders - actual and prospective - should, as ever, expect further turbulence and reflect upon the standard risk warnings; nothing grows to the sky.

With our accumulation units now at 214p, we anticipate our spring report; meanwhile, our website contains more about *value investing*, updated prices/performance figures and all thirty-five former reports. We close thanking MFM, our administrators/registrars: they do a great job.

Graham Englefield / Graham Shaw CFA
Hathaway Investment Management Limited
25 November 2020

www.hathawayinvestment.com

Notes

Statistical sources: certain index figures quote *data* recorded in the Financial Times (and are on a *mid-to-mid* price basis, with income reinvested); fund performance is of course based on the single-price of *accumulation units* (except where stated), which provides a complete record, since they carry accrued income alongside capital performance (less all charges and costs).

"Equities" means company shares, the FTSE All Share Index reflecting almost all quoted companies; "gilts" means UK government bonds. The FTSE 100 Index records "blue chips", "large capitalization" or "large cap" stocks.

Our 2019 annual report included a breakdown of our (then new) benchmark.

"Year", "2002/2019" or "2019/20" means the fund year or years – October 1st to September 30th.

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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	0.3534	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	0.4880	1.7216	1.1698	1.5285

Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Babcock International Group	503,794	Games Workshop Group	926,585
Electrocomponents	290,064	Merlin Entertainments	782,600
Travis Perkins	276,361	Ocean Wilsons Holdings	466,306
PayPoint	274,489	Scottish Mortgage Investment Trust	418,930
UK Treasury 0.75% 22.07.23	250,581	Givaudan	332,484
Law Debenture Corp	249,357	PZ Cussons	264,210
UK Treasury 1.5% 22.01.21	150,692	Electrocomponents	220,217
Games Workshop Group	121,040	Daejan Holdings	220,168
		Menzies (John)	193,589
Total purchases for the year	2,116,378	Total sales for the year	3,825,359

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.

Rights and terms attaching to each unit class

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

Assessment of value

The Manager is required to carry out an assessment of value at least annually and publish its findings in a report to investors. MFM Hathaway Fund is assessed and reported on, in a composite report which the Manager publishes on the website www.marlbroughfunds.com. The next report is expected to be published in a composite report by 31 May 2021.

Changes in prospectus

The annual management charge was reduced from 1.5% to 1.0%, effective on 1 May 2020.

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.

MFM HATHAWAY FUND

AUTHORISED STATUS AND GENERAL INFORMATION

Remuneration policy

In line with the requirements of UCITS V, Marlborough Fund Managers Ltd is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2020 are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the Authorised Fund Manager (AFM) who have a material impact on the risk profile of the Fund				
Senior management	9	818,149	584,012	234,137
Risk takers and other identified staff	3	108,587	91,575	17,012
Allocation of total remuneration of the employees of the AFM to the Fund				
Senior management	0.02	2,818	2,012	806
Risk takers and other identified staff	0.01	374	315	59

The total number of staff employed by the AFM was 193 as at 30 September 2020. The total remuneration paid to those staff was £8,734,877 of which £4,591,672 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFM's. The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund. The way these disclosures are calculated may change in the future.

MFM HATHAWAY FUND

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
28 January 2021

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net revenue and net capital losses on the property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

MFM HATHAWAY FUND

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the MFM Hathaway Fund ("the Trust") for the period ended 30 September 2020

The Depositary in its capacity of Trustee of MFM Hathaway Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC BANK PLC

LONDON

28 January 2021

MFM HATHAWAY FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MFM HATHAWAY FUND

Opinion

We have audited the financial statements of MFM Hathaway Fund ("the Fund") for the year ended 30 September 2020 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders together with the Balance Sheet, the accounting policies and risk profile, the related notes and the Distribution Table, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2020 and of the net revenue and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for the period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

MFM HATHAWAY FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MFM HATHAWAY FUND

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 5, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh

28 January 2021

Notes:

1. The maintenance and integrity of the Marlborough Fund Managers Ltd website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MFM HATHAWAY FUND

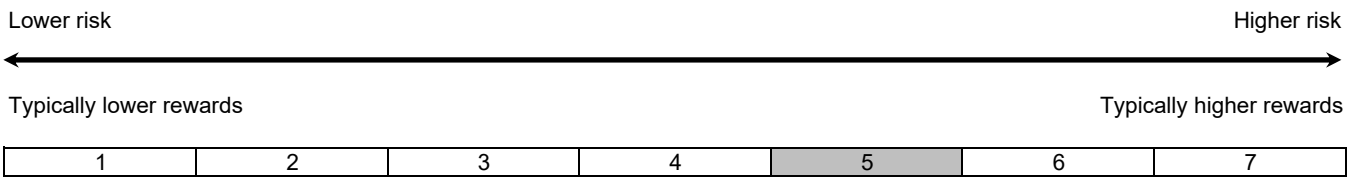
COMPARATIVE TABLE

<u>Income units</u>	Year to 30.09.2020	Year to 30.09.2019	Year to 30.09.2018
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	146.65	142.22	138.03
Return before operating charges*	2.11	8.48	8.12
Operating charges	(2.07)	(2.23)	(2.19)
Return after operating charges*	0.04	6.25	5.93
Distributions on income units	(1.09)	(1.82)	(1.74)
Closing net asset value per unit	145.60	146.65	142.22
* after direct transaction costs of:	0.18	0.09	0.16
Performance			
Return after charges	0.03%	4.39%	4.30%
Other information			
Closing net asset value	£6,437,730	£6,355,014	£6,236,879
Closing number of units	4,421,531	4,333,347	4,385,423
Operating charges	1.42%	1.60%	1.57%
Direct transaction costs	0.12%	0.07%	0.11%
Prices			
Highest unit price	160.35p	148.37p	151.07p
Lowest unit price	114.88p	127.88p	131.56p
<u>Accumulation units</u>	Year to 30.09.2020	Year to 30.09.2019	Year to 30.09.2018
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	200.96	192.42	184.37
Return before operating charges*	3.17	11.57	10.99
Operating charges	(2.84)	(3.03)	(2.94)
Return after operating charges*	0.33	8.54	8.05
Distributions on accumulation units	(1.56)	(2.48)	(2.35)
Retained distributions on accumulation units	1.56	2.48	2.35
Closing net asset value per unit	201.29	200.96	192.42
* after direct transaction costs of:	0.25	0.12	0.21
Performance			
Return after charges	0.16%	4.44%	4.37%
Other information			
Closing net asset value	£10,887,393	£10,644,078	£10,086,581
Closing number of units	5,408,722	5,296,633	5,241,874
Operating charges	1.42%	1.60%	1.57%
Direct transaction costs	0.12%	0.07%	0.11%
Prices			
Highest unit price	219.73p	201.50p	203.04p
Lowest unit price	157.43p	172.91p	176.41p

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the year. Direct transaction costs are the total charges for the year, 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 year 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 5 because it has experienced moderate to high volatility historically. During the year the synthetic risk and reward indicator has changed from 4 to 5.

MFM HATHAWAY FUND
PORTFOLIO STATEMENT

as at 30 September 2020

Holding or nominal value	Bid value £	Percentage of total net assets %
LOAN STOCKS (30 September 2019 - 14.85%)		
244,000 UK Treasury 0.75% 22.07.23	249,633	1.44
2,642,000 UK Treasury 1.5% 22.01.21	2,652,079	15.31
Total Loan Stocks	<u>2,901,712</u>	<u>16.75</u>
AEROSPACE AND DEFENCE (30 September 2019 - 7.46%)		
257,100 Babcock International Group	617,811	3.57
135,625 Meggitt	342,318	1.98
Total Aerospace and Defence	<u>960,129</u>	<u>5.55</u>
BEVERAGES (30 September 2019 - 3.78%)		
65,400 Britvic	537,261	3.10
Total Beverages	<u>537,261</u>	<u>3.10</u>
CLOSED END INVESTMENTS (30 September 2019 - 7.14%)		
211,000 Downing Strategic Micro-Cap Investment Trust	92,840	0.54
163,250 Henderson High Income Trust	203,246	1.17
122,300 Law Debenture Corp	613,946	3.54
18,250 Scottish Mortgage Investment Trust	177,755	1.03
Total Closed End Investments	<u>1,087,787</u>	<u>6.28</u>
INDUSTRIAL SUPPORT SERVICES (30 September 2019 - 12.29%)		
127,000 Electrocomponents	908,050	5.24
110,500 Paypoint	558,025	3.22
86,755 Travis Perkins	953,871	5.51
Total Industrial Support Services	<u>2,419,946</u>	<u>13.97</u>
INDUSTRIAL TRANSPORTATION (30 September 2019 - 5.88%)		
Total Industrial Transportation	<u>-</u>	<u>-</u>
LEISURE GOODS (30 September 2019 - 6.00%)		
10,300 Games Workshop Group	1,029,485	5.94
Total Leisure Goods	<u>1,029,485</u>	<u>5.94</u>
PERSONAL CARE, DRUG AND GROCERY STORES (30 September 2019 - 6.56%)		
336,882 Tesco	722,612	4.17
Total Personal Care, Drug and Grocery Stores	<u>722,612</u>	<u>4.17</u>
REAL ESTATE INVESTMENT AND SERVICES (30 September 2019 - 0.81%)		
Total Real Estate Investment and Services	<u>-</u>	<u>-</u>
REAL ESTATE INVESTMENT TRUSTS (30 September 2019 - 6.16%)		
785,435 Primary Health Properties	1,173,440	6.77
Total Real Estate Investment Trusts	<u>1,173,440</u>	<u>6.77</u>
RETAILERS (30 September 2019 - 3.93%)		
10,750 Next	630,595	3.64
Total Retailers	<u>630,595</u>	<u>3.64</u>
TRAVEL AND LEISURE (30 September 2019 - 8.27%)		
509,300 Marston's	218,082	1.26
Total Travel and Leisure	<u>218,082</u>	<u>1.26</u>

MFM HATHAWAY FUND

PORTFOLIO STATEMENT

as at 30 September 2020

Holding or nominal value	Bid value £	Percentage of total net assets %
OVERSEAS SECURITIES (30 September 2019 - 14.17%)		
4,625 Fresenius Medical Care	306,019	1.77
230 Givaudan	774,956	4.47
17,870 KONE 'B'	1,222,184	7.05
56,600 Toyo Tire & Rubber	705,674	4.07
Total Overseas Securities	<u>3,008,833</u>	<u>17.36</u>
Portfolio of investments	14,689,882	84.79
Net other assets	<u>2,635,241</u>	<u>15.21</u>
Total net assets	<u>17,325,123</u>	<u>100.00</u>

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

MFM HATHAWAY FUND

STATEMENT OF TOTAL RETURN

for the year ended 30 September 2020

	Notes	30 September 2020		30 September 2019	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(116,773)		503,324
Revenue	6	378,384		470,783	
Expenses	7	<u>(242,050)</u>		<u>(256,908)</u>	
Net revenue before taxation		136,334		213,875	
Taxation	8	<u>(5,214)</u>		<u>(4,801)</u>	
Net revenue after taxation			<u>131,120</u>		<u>209,074</u>
Total return before distributions			14,347		712,398
Distributions	9		(131,120)		(209,074)
Change in net assets attributable to unitholders from investment activities			<u>(116,773)</u>		<u>503,324</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 September 2020

	30 September 2020		30 September 2019	
	£	£	£	£
Opening net assets attributable to unitholders		16,999,092		16,323,460
Amounts receivable on issue of units	1,162,287		655,918	
Amounts payable on cancellation of units	<u>(803,583)</u>		<u>(614,171)</u>	
		358,704		41,747
Change in net assets attributable to unitholders from investment activities		(116,773)		503,324
Retained distribution on accumulation units		84,100		130,561
Closing net assets attributable to unitholders		<u>17,325,123</u>		<u>16,999,092</u>

MFM HATHAWAY FUND**BALANCE SHEET**

as at 30 September 2020

	Notes	30 September 2020 £	30 September 2019 £
Assets:			
Fixed Assets:			
Investments	17	14,689,882	16,540,772
Current Assets:			
Debtors	10	50,177	76,339
Cash and bank balances		2,628,182	451,569
Total assets		<u>17,368,241</u>	<u>17,068,680</u>
Current Liabilities:			
Creditors:			
Distribution payable on income units		15,626	54,734
Other creditors	11	27,492	14,854
Total liabilities		<u>43,118</u>	<u>69,588</u>
Net assets attributable to unitholders		<u>17,325,123</u>	<u>16,999,092</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (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 financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

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

There are no material events that have been identified that may cast significant doubt about the Fund's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The authorised fund manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following the consideration of the impact of COVID-19, they continue to adopt the going concern basis in preparing the financial statements.

Revenue

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple unit classes, with the exception of the authorised fund manager's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 30 September 2020 being the last valuation point of the accounting year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the authorised fund manager's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Where applicable, investment valuations exclude any element of accrued revenue.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 30 September 2020 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

2 DISTRIBUTION POLICIES

The distribution policy of the Fund is to distribute all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

Equalisation

Equalisation applies only to units purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units for UK capital gains tax purposes.

Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Fund. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective, the Fund holds a number of financial instruments. The Fund's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Fund's financial instruments and the authorised fund manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Fund is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the Fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Fund holds. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised fund manager in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Fund's investments can be affected by foreign currency translation movements as some of the Fund's assets and income may be denominated in currencies other than sterling which is the Fund's functional currency.

The authorised fund manager has identified three principal areas where foreign currency risk could impact the Fund. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Fund. The Fund converts all receipts of income received in currency into sterling on the day of receipt.

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the authorised fund manager as an acceptable counterparty.

MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

RISK MANAGEMENT POLICIES

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Fund's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

The Fund invests in fixed rate securities. The income of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the fund manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Liquidity risk

The Fund's assets comprise mainly of readily realisable securities. The main liability of the Fund is the redemption of any units that investors wish to sell. Assets of the Fund may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Fund's assets is regularly reviewed by the authorised fund manager.

4 NET CAPITAL (LOSSES)/GAINS	30 September 2020	30 September 2019
	£	£
The net (losses)/gains on investments during the year comprise:		
Non-derivative securities (losses)/gains	(116,479)	504,423
Currency gains	205	-
Transaction charges	(499)	(99)
Net capital (losses)/gains	(116,773)	504,324
	<hr/>	<hr/>
5 PURCHASES, SALES AND TRANSACTION COSTS	30 September 2020	30 September 2019
	£	£
Purchases excluding transaction costs		
Equities	1,702,176	1,395,479
Debt securities	400,272	-
	<hr/>	<hr/>
	2,102,448	1,395,479
Equities:		
Commissions	4,255	3,489
Taxes and other charges	8,674	6,981
Debt securities:		
Commissions	1,001	-
Total purchase transaction costs	13,930	10,470
Purchases including transaction costs	2,116,378	1,405,949
	<hr/>	<hr/>
Purchase transaction costs expressed as a percentage of the principal amount:		
Equities:		
Commissions	0.25%	0.25%
Taxes and other charges	0.51%	0.50%
Debt securities:		
Commissions	0.25%	0.00%
Sales excluding transaction costs		
Equities	2,829,980	-
Corporate actions	1,002,680	-
	<hr/>	<hr/>
	3,832,660	-
Equities:		
Commissions	(7,075)	-
Taxes and other charges	(226)	-
Total sale transaction costs	(7,301)	-
Sales net of transaction costs	3,825,359	-
	<hr/>	<hr/>
Sale transaction costs expressed as a percentage of the principal amount:		
Equities:		
Commissions	0.25%	0.00%
Taxes and other charges	0.01%	0.00%
Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:		
Commissions	0.07%	0.02%
Taxes and other charges	0.05%	0.04%
	<hr/>	<hr/>
	0.12%	0.06%
Transaction handling charges	£499	£99
	<hr/>	<hr/>

MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

PURCHASES, SALES AND TRANSACTION COSTS

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

0.31%

0.26%

6 REVENUE

	30 September 2020	30 September 2019
	£	£
UK dividends	245,023	330,111
UK dividends (unfranked)	33,970	21,992
Overseas dividends	85,596	102,734
Interest on debt securities	12,814	13,148
Bank interest	981	2,798
Total revenue	378,384	470,783

7 EXPENSES

	30 September 2020	30 September 2019
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	226,047	240,211
Registration fees	641	643
	<u>226,688</u>	<u>240,854</u>
Other expenses:		
Trustee's fees	6,280	5,760
Safe custody fees	1,455	1,332
Financial Conduct Authority fee	126	158
Audit fee	7,501	8,804
	<u>15,362</u>	<u>16,054</u>
Total expenses	242,050	256,908

8 TAXATION

	30 September 2020	30 September 2019
	£	£
a Analysis of the tax charge for the year		
Overseas tax	5,214	4,801
Total tax charge (see note 8(b))	<u>5,214</u>	<u>4,801</u>

b Factors affecting the tax charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.

Net revenue before taxation	136,334	213,875
Corporation tax at 20% (2019: 20%)	27,267	42,775
Effects of:		
Revenue not subject to taxation	(66,124)	(86,569)
Unrelieved excess management expenses	38,857	43,794
Overseas tax	5,214	4,801
Total tax charge (see note 8(a))	<u>5,214</u>	<u>4,801</u>

At 30 September 2020 the Fund has deferred tax assets of £306,282 (2019: £267,425) arising from surplus management expenses, which have not been recognised due to uncertainty over the availability of future taxable profits.

MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

9 DISTRIBUTIONS

	30 September 2020	30 September 2019
	£	£
The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	90,648	63,550
Final	42,021	145,922
Amounts deducted on cancellation of units	1,692	2,946
Amounts added on issue of units	(3,236)	(3,338)
Equalisation on conversions	-	-
Revenue brought forward	(5)	(6)
Distributions	<u>131,120</u>	<u>209,074</u>

10 DEBTORS

	30 September 2020	30 September 2019
	£	£
Amounts receivable for issue of units	-	16,651
Accrued income	25,036	40,960
Taxation recoverable	23,356	18,728
Currency receivables	1,785	-
Total debtors	<u>50,177</u>	<u>76,339</u>

11 OTHER CREDITORS

	30 September 2020	30 September 2019
	£	£
Amounts payable for cancellation of units	-	6,019
Manager's periodic charge and registration fees	18,613	55
Accrued expenses	8,879	8,780
Total other creditors	<u>27,492</u>	<u>14,854</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 September 2020 (2019: nil).

13 RELATED PARTIES

The authorised fund manager is involved in all transactions in the shares of the Fund, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders and note 9. Amounts due to/from the authorised fund manager in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the authorised fund manager in respect of the manager's periodic charge and registration fees are disclosed in note 7. Amounts due to/(from) the authorised fund manager at the year end are £18,613 (2019: £(10,577)).

14 UNIT CLASSES

The Fund has income and accumulation units in issue and the annual management charge was 1.5% up to 30 April 2020. Effective from that date the rate is 1%.

15 UNITHOLDERS' FUNDS RECONCILIATION

During the year the authorised fund manager has issued, cancelled and converted units from one unit class to another as set out below:

	Income	Accumulation
Opening units in issue at 1 October 2019	<u>4,333,347</u>	<u>5,296,633</u>
Unit issues	196,794	437,714
Unit cancellations	(108,610)	(325,625)
Closing units in issue at 30 September 2020	<u>4,421,531</u>	<u>5,408,722</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

16 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Fund's portfolio would have the effect of increasing the return and net assets by £734,494 (2019: £827,039). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

Foreign currency exposure at 30 September 2020

	Investments £	Net current assets £	Total £
Euro	1,528,203	-	1,528,203
Swiss Franc	774,956	-	774,956
Japanese Yen	705,674	-	705,674
	<u>3,008,833</u>	<u>-</u>	<u>3,008,833</u>

Foreign currency exposure at 30 September 2019

	Investments £	Net current assets £	Total £
Euro	1,083,638	8,891	1,092,529
Swiss Franc	745,222	9,837	755,059
Japanese Yen	581,880	-	581,880
	<u>2,410,740</u>	<u>18,728</u>	<u>2,429,468</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £150,442 (2019: £121,473). A five per cent increase would have an equal and opposite effect.

Interest rate risk

The interest rate risk profile of financial assets and liabilities consists of the following:

	30 September 2020 £	30 September 2019 £
Financial assets fixed interest rate	2,901,712	2,525,022
Financial assets floating rate	2,628,182	451,569
Financial assets non-interest bearing instruments	11,838,347	14,092,089
Financial liabilities non-interest bearing instruments	(43,118)	(69,588)
	<u>17,325,123</u>	<u>16,999,092</u>

As most of the Fund's financial assets are non-interest bearing, a sensitivity analysis has not been included.

Liquidity risk

The following table provides a maturity analysis of the Fund's financial liabilities:

	30 September 2020 £	30 September 2019 £
Within one year:		
Distribution payable on income units	15,626	54,734
Other creditors	27,492	14,854
	<u>43,118</u>	<u>69,588</u>

MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2020

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	30 September 2020		20 September 2019	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	14,689,882	-	16,540,772	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>14,689,882</u>	<u>-</u>	<u>16,540,772</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

18 POST BALANCE SHEET EVENTS

Since 30 September 2020, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	30 September 2020 *	21 January 2021	Movement (%)
Income units	145.18	158.26	9.01%
Accumulation units	200.15	218.70	9.27%

* These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

MFM HATHAWAY FUND

DISTRIBUTION TABLE

Interim distribution for the period from 1 October 2019 to 31 March 2020

Group 1: units purchased prior to 1 October 2019

Group 2: units purchased on or after 1 October 2019

		Net revenue 31 March 2020 pence per unit	Equalisation 31 March 2020 pence per unit	Distribution paid 31 May 2020 pence per unit	Distribution paid 31 May 2019 pence per unit
Income units	Group 1	0.7397p	-	0.7397p	0.5574p
	Group 2	0.1651p	0.5746p	0.7397p	0.5574p
Accumulation units	Group 1	1.0684p	-	1.0684p	0.7540p
	Group 2	0.3128p	0.7556p	1.0684p	0.7540p

Final distribution for the period from 1 April 2020 to 30 September 2020

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased on or after 1 April 2020

		Net revenue 30 September 2020 pence per unit	Equalisation 30 September 2020 pence per unit	Distribution paid 30 November 2020 pence per unit	Distribution paid 30 November 2019 pence per unit
Income units	Group 1	0.3534p	-	0.3534p	1.2630p
	Group 2	0.1652p	0.1882p	0.3534p	1.2630p
Accumulation units	Group 1	0.4880p	-	0.4880p	1.7216p
	Group 2	0.1505p	0.3375p	0.4880p	1.7216p

Marlborough

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