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MFM
HATHAWAY FUND

**ANNUAL REPORT
AND AUDITED FINANCIAL STATEMENTS**

for the year ended 30 September 2021

MFM HATHAWAY FUND

CONTACT INFORMATION

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Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

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

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Authorised and regulated by the Financial Conduct Authority.

Auditor

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Directors of Marlborough Fund Managers Ltd

Andrew Staley (Non-Executive)
Nicholas F J Cooling
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Geoffrey Hitchin (Non-Executive)
Guy Sears (Independent Non-Executive)
David Kiddie (Independent Non-Executive)
Sarah Peaston (Independent Non-Executive)

MFM HATHAWAY FUND

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MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2021

Percentage change and sector position to 30 September 2021

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
MFM Hathaway Fund	8.96%	19.72%	24.10%	53.96%	179.69%
Sector Average	6.36%	16.76%	21.75%	40.23%	118.29%
Rank*	13/198	38/188	58/166	19/141	6/87
Quartile Ranking*	1	1	1	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. 6th out of 87 funds over ten years).

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

Recent performance

We present with pleasure, albeit still slightly subdued by the backdrop of Covid 19, our nineteenth annual report, your fund continuing its upward trajectory in the second half, to take the annual *total return* to 19.7%, reflecting a 39.46p increase in the price of *accumulation* units.

We were ahead of our benchmark – our sector average – but behind the general stock market/blue chips, which were at 27% and 24.2% respectively; meanwhile, gilts posted a slightly more realistic *minus* 6.8%. Our tabular position, above and below, remains gratifying over longer periods and, since November 2002 (launch), those comprehensive units have advanced from 50p to 239.61p – representing annual compounding at 8.5% (as against the 8% run rate recorded last year).

The secular record therefore remains healthy, partly reflecting the 10.5% annual compound rate we have enjoyed over the last decade while, for Wisden readers - statistics fans like no others - our old benchmark (70:30 equities to gilts) returned 16.8% in the year, living proof that our new comparator comes in close to the old.

Our *relative* return in the year - as against our benchmark - further burnished our superiority over that comparator of course, courtesy of the *compound interest model*.

Meanwhile, our *absolute* return in the year, partly reflected a recovery in some of our investees' *intrinsic value* and, in this thirty-seventh formal report, we record our twenty ninth positive period return, and yet further relative outperformance of most of our peer group, even if this time we appreciably lagged the main equity indices.

Summary: the annual return was, as noted above, behind general equities, but ahead of a return of gilts to partial sobriety, and ahead of our benchmark; we also remain well in advance of *all* our comparators, 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 196.1p, a like FTSE 100 commitment being at 170.2p and a gilt-only fund at 120.6p; the margin versus the first two of those indices narrowed somewhat in the year, but long-term, there is clear blue water all around.

Investing conditions & portfolio developments in the year

Returning yet again to the 2016 annual letter, in which 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 vindication of that counsel, with a solid return for committed equity investors after a shaky 2020.

Meanwhile, those selling in early 2020, their only reason being that they feared stocks might go down – clearly making up most of the vendors at the time – would have missed out on much of the recovery, unless their tarot cards led them to recommit early on; whatever the investment outcome in their portfolios, the charges and tax in many cases will also have been injurious to their wealth.

As we recorded last year: the best course of action is always to stay generally invested, to check the set of the sail and to ride out the storm; one of the main adages – which makes sense – is that successful investing is underpinned by time in the market, not market timing...

As we also observed in 2020, by concentrating on what is feasible and seeking to manage risk and not returns, we have again done just fine. Indeed, putting the lag behind the equity indices in perspective (and of course we cannot expect always/ever to outperform them, as we are an equity and bond fund): several times in the last decade we have outrun those demanding targets by a considerably greater margin – including last year – while, to get a sense of perspective about the Covid crisis, since September 2019 our overall return was 19% and general equities 7.5%.

We rest our case for *value investing* ...

MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2021

Movements of prominent holdings

Without question, the performance of our equity portfolio in the year, is what kept our record untarnished - it has been a gift that keeps giving over the years - and saw to it that we also outperformed our peer group in the twelve months.

Even that larger commitment represented a Curate's Egg though with, as examples, the 193% gain in Meggitt aerospace following a takeover offer, tempered by a fall of 22% in Kone (and we thought ESG holdings were supposed to be on a one-way journey!). Meanwhile, regarding certain "fashionable" investments, we divested the final holding of Scottish Mortgage investment trust, which has made us some tremendous returns, but which continues to be exposed to Tesla et al; as we have said many times, trees don't grow to the sky. We were however delighted by Next (up 36% in the year) – doing very well in a difficult area.

For the nineteenth 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 nineteen-year record

The numbers below, record a gratifying superiority over equities over the long haul; meanwhile, gilts returned 141.2% and inflation was about 73% in that time. Alongside the accumulation class the table reflects, income unitholders received *capital growth* of 245.5% (their 50p subscription has grown to 172.73p): better than the *total return* on the FTSE 100, and a fair income along the way – expressed as a yield on their original commitment.

<u>Year(s)</u>	<u>MFM Hathaway</u>		<u>FTSE 100</u>	<u>FTSE All</u>	<u>Fund</u>
	<u>Fund</u>	<u>Benchmark</u>		<u>Share</u>	<u>equities</u>
2002/2020	300.3%	231.7%	174.2%	209.1%	369.6%
2020/2021	19.7%	16.7%	24.2%	27.0%	24.3%
Cumulative	379.2%	287.0%	240.5%	292.3%	483.7%

Outlook

Very recently indeed, the Bank of England declined to use its prerogative to raise rates and bond investors rallied behind their chosen vehicle; the bunker mentality might be taking over...

Last year we remarked about the possible return of serious inflation – in the context of what seemed then to be eye watering government borrowing; since then, the Chancellor has continued to borrow big, spend like a sailor and inflation is heading toward 5%. We will continue to subject our portfolio to an audit on rising prices which, for the first time, present us with a very real challenge.

Against this background we are seeing far more than usual volatility in individual stocks and, at times, almost a whipsaw degree of movement up and down, day by day. This development tells us that people are shortening their time horizons and that their behaviour may lead to opportunity for us should vendors become desperate to sell quality securities even at low prices.

Our last words on *cryptocurrencies*

We could describe at length what is wrong with crypto, but for readers preferring to eschew even Henry Hazlitt's dramatic "Economics in One Lesson" we recommend "The Fables of Aesop": its several hundred postcard length essays, effectively set out the reasons why crypto is a bad idea, in the form of stories of human (or anthropomorphic) folly and triumph and they are not a bad primer for the general investor too...

We close, noting an advertisement in a respectable journal: "Crypto is here to stay...our experts are here to help" ... Aesop could not have stated his conclusions on that any better...

Finally, all readers should note that this report does not contain, nor purport to contain, investment advice about specific securities or more generally (and about whether to act or refrain from action) and 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. They should also note the fact that occasionally we are out of step with the market; a little extra volatility, often rides shotgun with the *value investor*...

Graham Englefield / Graham Shaw CFA
Hathaway Investment Management Limited
10 November 2021

www.hathawayinvestment.com

MFM HATHAWAY FUND

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 30 September 2021

Notes

1. 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 that class carries accrued income alongside capital performance (less all charges and costs). The investment adviser's report above, concentrates on the performance of and outlook for these units, unless otherwise stated...

2. "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.

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

4. "Year", "2002/2020" or "2020/21" means the fund year or years – October 1st to September 30th.

This report contains FTSE data. Source: FTSE International Limited ("FTSE") © FTSE 2021. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and / or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Distributions (pence per unit)

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Income</u>				
Income paid 31 May	0.6041	0.7397	0.5574	0.8801
Income paid 30 November	0.3235	0.3534	1.2630	0.8630
<u>Accumulation</u>				
Accumulation paid 31 May	0.8384	1.0684	0.7540	1.1820
Accumulation paid 30 November	0.4538	0.4880	1.7216	1.1698

Portfolio changes

Largest purchases				Cost (£)
UK Treasury 0.75% 22.07.23				2,981,577
Diageo				898,968
Total purchases for the year				3,880,545
Largest sales				Proceeds (£)
UK Treasury 1.5% 22.01.21				2,642,000
Meggitt				1,001,115
Toyo Tire & Rubber				326,287
Scottish Mortgage Investment Trust				252,333
Electrocomponents				214,667
Wickes Group				189,605
Games Workshop Group				174,885
Tesco				171,574
Travis Perkins				124,774
Total sales for the year				5,097,240

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.marlboroughfunds.com. The last report was published on 31 May 2021.

Changes in prospectus

No significant changes have been made since the last annual report, however, with effect from 26 November 2021, the Authorised Fund Manager will change from Marlborough Fund Managers Ltd to another Marlborough Group company, Investment Fund Services Limited (IFSL). The name of the MFM Hathaway will also change on the 26 November 2021 to IFSL Hathaway Fund.

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 2021 are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the UCITS Manager who have a material impact on the risk profile of the Fund				
Senior management	9	721,509	600,044	121,465
Risk takers and other identified staff	3	114,004	89,292	24,713
Allocation of total remuneration of the employees of the UCITS Manager to the Fund				
Senior management	0.01	2,158	1,795	363
Risk takers and other identified staff	0.01	341	267	74

The total number of staff employed by the UCITS Manager's group was 226 as at 30 September 2021. The total remuneration paid to those staff was £9,995,870 of which £5,102,703 is attributable to the UCITS Manager.

The allocation of remuneration to the UCITS Manager is based on Assets Under Management (AUM), as staff work for two UCITS Managers. The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund and the figures disclosed only include remuneration paid to individuals directly employed by the UCITS Manager's group. 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
DIRECTOR



WAYNE D GREEN
DIRECTOR

MARLBOROUGH FUND MANAGERS LTD

23 November 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 gains 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 2021

The Depositary in its capacity as 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

23 November 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 2021, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Fund set out on pages 16 and 17, which include 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 including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 30 September 2021 and of the net revenue and the net capital gains 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.

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 Financial Reporting Council's ("FRC") 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

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our audit 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 our audit report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

MFM HATHAWAY FUND

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

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

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 Trust Deed;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- 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.

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 purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Statement of Authorised Fund 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 wind up or terminate 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Accounting Standards (UK GAAP), including FRS 102, the Investment Management Association Statement of Recommended Practice, the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager, the Investment Manager and the Fund's administrators and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified fraud risks in relation to incomplete or inaccurate revenue recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. In response to our fraud risk we tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, including the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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

23 November 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

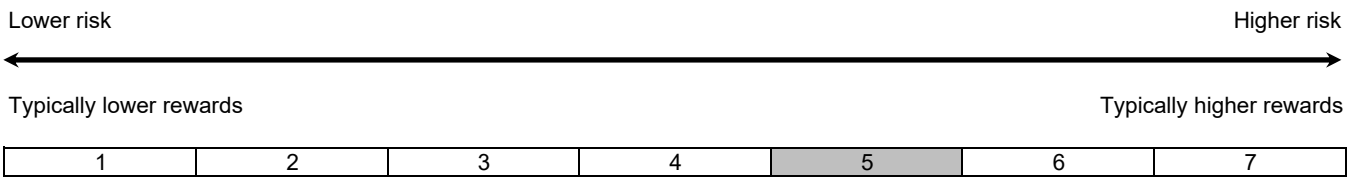
Income units	Year to 30.09.2021	Year to 30.09.2020	Year to 30.09.2019
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	145.60	146.65	142.22
Return before operating charges*	29.46	2.11	8.48
Operating charges	(1.89)	(2.07)	(2.23)
Return after operating charges*	27.57	0.04	6.25
Distributions on income units	(0.93)	(1.09)	(1.82)
Closing net asset value per unit	172.24	145.60	146.65
* after direct transaction costs of:	0.17	0.18	0.09
Performance			
Return after charges	18.94%	0.03%	4.39%
Other information			
Closing net asset value (£)	7,191,033	6,437,730	6,355,014
Closing number of units	4,174,942	4,421,531	4,333,347
Operating charges	1.16% ^A	1.42%	1.60%
Direct transaction costs	0.10%	0.12%	0.07%
Prices			
Highest unit price	179.67p	160.35p	148.37p
Lowest unit price	143.37p	114.88p	127.88p
Accumulation units	Year to 30.09.2021	Year to 30.09.2020	Year to 30.09.2019
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	201.29	200.96	192.42
Return before operating charges*	40.80	3.17	11.57
Operating charges	(2.62)	(2.84)	(3.03)
Return after operating charges*	38.18	0.33	8.54
Distributions on accumulation units	(1.29)	(1.56)	(2.48)
Retained distributions on accumulation units	1.29	1.56	2.48
Closing net asset value per unit	239.47	201.29	200.96
* after direct transaction costs of:	0.23	0.25	0.12
Performance			
Return after charges	18.97%	0.16%	4.44%
Other information			
Closing net asset value (£)	13,123,211	10,887,393	10,644,078
Closing number of units	5,480,195	5,408,722	5,296,633
Operating charges	1.16% ^A	1.42%	1.60%
Direct transaction costs	0.10%	0.12%	0.07%
Prices			
Highest unit price	249.25p	219.73p	201.50p
Lowest unit price	198.13p	157.43p	172.91p

^A From 30 April 2021, the Operating Charges (or Ongoing Charges Figure) calculation has been extended to include, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

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 remained unchanged.

MFM HATHAWAY FUND
PORTFOLIO STATEMENT

as at 30 September 2021

Holding or nominal value	Bid value £	Percentage of total net assets %
LOAN STOCKS (30 September 2020 - 16.75%)		
3,157,000 UK Treasury 0.75% 22.07.23	3,181,483	15.66
Total Loan Stocks	<u>3,181,483</u>	<u>15.66</u>
AEROSPACE AND DEFENCE (30 September 2020 - 5.55%)		
257,100 Babcock International Group	954,355	4.70
Total Aerospace and Defence	<u>954,355</u>	<u>4.70</u>
BEVERAGES (30 September 2020 - 3.10%)		
65,400 Britvic	586,965	2.89
29,600 Diageo	1,076,848	5.30
Total Beverages	<u>1,663,813</u>	<u>8.19</u>
CLOSED END INVESTMENTS (30 September 2020 - 6.28%)		
211,000 Downing Strategic Micro-Cap Investment Trust	159,305	0.79
163,250 Henderson High Income Trust	266,097	1.31
122,300 Law Debenture Corp	946,602	4.66
Total Closed End Investments	<u>1,372,004</u>	<u>6.76</u>
INDUSTRIAL SUPPORT SERVICES (30 September 2020 - 13.97%)		
103,035 Electrocomponents	1,119,990	5.51
110,500 PayPoint	788,970	3.88
Total Industrial Support Services	<u>1,908,960</u>	<u>9.39</u>
LEISURE GOODS (30 September 2020 - 5.94%)		
8,635 Games Workshop Group	897,177	4.42
Total Leisure Goods	<u>897,177</u>	<u>4.42</u>
PERSONAL CARE, DRUG AND GROCERY STORES (30 September 2020 - 4.17%)		
265,959 Tesco	681,254	3.35
Total Personal Care, Drug and Grocery Stores	<u>681,254</u>	<u>3.35</u>
REAL ESTATE INVESTMENT TRUSTS (30 September 2020 - 6.77%)		
785,435 Primary Health Properties	1,193,076	5.87
Total Real Estate Investment Trusts	<u>1,193,076</u>	<u>5.87</u>
RETAILERS (30 September 2020 - 3.64%)		
10,750 Next	884,940	4.36
71,061 Travis Perkins	1,092,918	5.38
Total Retailers	<u>1,977,858</u>	<u>9.74</u>
TRAVEL AND LEISURE (30 September 2020 - 1.26%)		
509,300 Marston's	411,005	2.02
Total Travel and Leisure	<u>411,005</u>	<u>2.02</u>
OVERSEAS SECURITIES (30 September 2020 - 17.36%)		
4,625 Fresenius Medical Care	242,594	1.20
230 Givaudan	778,586	3.83
17,870 KONE 'B'	938,254	4.62
31,600 Toyo Tire & Rubber	420,087	2.07
Total Overseas Securities	<u>2,379,521</u>	<u>11.72</u>
Portfolio of investments	16,620,506	81.82
Net other assets	3,693,738	18.18
Total net assets	<u>20,314,244</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 2021

	Notes	30 September 2021		30 September 2020	
		£	£	£	£
Income:					
Net capital gains/(losses)	4		3,172,775		(116,773)
Revenue	6	322,963		378,384	
Expenses	7	<u>(207,816)</u>		<u>(242,050)</u>	
Net revenue before taxation		115,147		136,334	
Taxation	8	<u>(4,011)</u>		<u>(5,214)</u>	
Net revenue after taxation			<u>111,136</u>		<u>131,120</u>
Total return before distributions			3,283,911		14,347
Distributions	9		(111,136)		(131,120)
Change in net assets attributable to unitholders from investment activities			<u>3,172,775</u>		<u>(116,773)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30 September 2021

	30 September 2021		30 September 2020	
	£	£	£	£
Opening net assets attributable to unitholders		17,325,123		16,999,092
Amounts receivable on issue of units	693,114		1,162,287	
Amounts payable on cancellation of units	<u>(947,815)</u>		<u>(803,583)</u>	
		(254,701)		358,704
Dilution adjustment		525		-
Change in net assets attributable to unitholders from investment activities		3,172,775		(116,773)
Retained distribution on accumulation units		70,522		84,100
Closing net assets attributable to unitholders		<u>20,314,244</u>		<u>17,325,123</u>

MFM HATHAWAY FUND

BALANCE SHEET

as at 30 September 2021

	Notes	30 September 2021 £	30 September 2020 £
Assets:			
Fixed Assets:			
Investments	17	16,620,506	14,689,882
Current Assets:			
Debtors	10	90,945	50,177
Cash and bank balances		3,698,357	2,628,182
Total assets		<u>20,409,808</u>	<u>17,368,241</u>
Current Liabilities:			
Creditors:			
Distribution payable on income units		13,508	15,626
Other creditors	11	82,056	27,492
Total liabilities		<u>95,564</u>	<u>43,118</u>
Net assets attributable to unitholders		<u>20,314,244</u>	<u>17,325,123</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2021

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 2021 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 2021 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 2021

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 2021

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 GAINS/(LOSSES)

	30 September 2021	30 September 2020
	£	£
The net gains/(losses) on investments during the year comprise:		
Non-derivative securities gains/(losses)	3,176,570	(116,479)
Currency (losses)/gains	(3,951)	205
Transaction credit / (charges)	156	(499)
Net capital gains/(losses)	<u>3,172,775</u>	<u>(116,773)</u>

5 PURCHASES, SALES AND TRANSACTION COSTS

	30 September 2021	30 September 2020
	£	£
Purchases excluding transaction costs		
Equities	892,274	1,702,176
Debt securities	2,974,142	400,272
	<u>3,866,416</u>	<u>2,102,448</u>
Equities:		
Commissions	2,231	4,255
Taxes and other charges	4,463	8,674
Debt securities:		
Commissions	7,435	1,001
Total purchase transaction costs	14,129	13,930
Purchases including transaction costs	<u>3,880,545</u>	<u>2,116,378</u>

Purchase transaction costs expressed as a percentage of the principal amount:

Equities:	Commissions	0.25%	0.25%
	Taxes and other charges	0.50%	0.51%
Debt securities:	Commissions	0.25%	0.25%

Sales excluding transaction costs

Equities	2,264,640	2,829,980
Debt securities	2,642,000	-
Corporate actions	196,451	1,002,680
	<u>5,103,091</u>	<u>3,832,660</u>
Equities:		
Commissions	(5,661)	(7,075)
Taxes and other charges	(190)	(226)
Total sale transaction costs	(5,851)	(7,301)
Sales net of transaction costs	<u>5,097,240</u>	<u>3,825,359</u>

Sale transaction costs expressed as a percentage of the principal amount:

Equities:	Commissions	0.25%	0.25%
	Taxes and other charges	0.01%	0.01%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions	0.08%	0.07%
Taxes and other charges	0.02%	0.05%
	<u>0.10%</u>	<u>0.12%</u>

Transaction handling (credit)/charges

	<u>(£156)</u>	<u>£499</u>
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MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2021

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

0.17%

0.31%

6 REVENUE

	30 September 2021	30 September 2020
	£	£
UK dividends	212,366	245,023
UK dividends (unfranked)	44,377	33,970
Overseas dividends	66,642	85,596
Interest on debt securities	(422)	12,814
Bank interest	-	981
Total revenue	322,963	378,384

7 EXPENSES

	30 September 2021	30 September 2020
	£	£
Payable to the authorised fund manager or associate:		
Manager's periodic charge	191,611	226,047
Registration fees	583	641
	<u>192,194</u>	<u>226,688</u>
Other expenses:		
Trustee's fees	6,893	6,280
Safe custody fees	1,304	1,455
Financial Conduct Authority fee	168	126
Audit fee	7,257	7,501
	<u>15,622</u>	<u>15,362</u>
Total expenses	207,816	242,050

8 TAXATION

	30 September 2021	30 September 2020
	£	£
a Analysis of the tax charge for the year		
Overseas tax	4,011	5,214
Total tax charge (see note 8(b))	4,011	5,214

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	115,147	136,334
Corporation tax at 20% (2020: 20%)	23,029	27,267
Effects of:		
Revenue not subject to taxation	(55,802)	(66,124)
Unrelieved excess management expenses	32,772	38,857
Overseas tax	4,011	5,214
Total tax charge (see note 8(a))	4,011	5,214

At 30 September 2021 the Fund has deferred tax assets of £339,054 (2020: £306,282) 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 2021

9 DISTRIBUTIONS

	30 September 2021	30 September 2020
	£	£
The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:		
Interim	71,973	90,648
Final	38,381	42,021
Amounts deducted on cancellation of units	1,615	1,692
Amounts added on issue of units	(832)	(3,236)
Revenue brought forward	(1)	(5)
Distributions	<u>111,136</u>	<u>131,120</u>

10 DEBTORS

	30 September 2021	30 September 2020
	£	£
Amounts receivable for issue of units	24,871	-
Accrued income	31,860	25,036
Taxation recoverable	34,214	23,356
Currency receivables	-	1,785
Total debtors	<u>90,945</u>	<u>50,177</u>

11 OTHER CREDITORS

	30 September 2021	30 September 2020
	£	£
Amounts payable for cancellation of units	51,070	-
Manager's periodic charge and registration fees	21,382	18,613
Accrued expenses	9,604	8,879
Total other creditors	<u>82,056</u>	<u>27,492</u>

12 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 September 2021 (2020: 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 the authorised fund manager at the year end are £47,581 (2020: £18,613).

14 UNIT CLASSES

The Fund has income and accumulation units in issue and the annual management charge 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 2020	4,421,531	5,408,722
Unit issues	24,538	291,907
Unit cancellations	(271,127)	(220,434)
Closing units in issue at 30 September 2021	<u>4,174,942</u>	<u>5,480,195</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2021

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 £831,025 (2020: £734,494). 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 2021

	Investments £	Net current assets £	Total £
Euro	1,180,848	21,897	1,202,745
Swiss Franc	778,586	12,317	790,903
Japanese Yen	420,087	(698)	419,389
	<u>2,379,521</u>	<u>33,517</u>	<u>2,413,038</u>

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 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 £120,652 (2020: £150,442). 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 2021 £	30 September 2020 £
Financial assets fixed interest rate	3,181,483	2,901,712
Financial assets floating rate	3,698,357	2,628,182
Financial assets non-interest bearing instruments	13,529,968	11,838,347
Financial liabilities non-interest bearing instruments	(95,564)	(43,118)
	<u>20,314,244</u>	<u>17,325,123</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 2021 £	30 September 2020 £
Within one year:		
Distribution payable on income units	13,508	15,626
Other creditors	82,056	27,492
	<u>95,564</u>	<u>43,118</u>

MFM HATHAWAY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2021

17 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	30 September 2021		20 September 2020	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	16,620,506	-	14,689,882	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>16,620,506</u>	<u>-</u>	<u>14,689,882</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 2021, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)		
	30 September 2021 ^A	18 November 2021	Movement (%)
Income units	172.24	172.37	0.07%
Accumulation units	239.47	239.57	0.04%

^A 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 2020 to 31 March 2021

Group 1: units purchased prior to 1 October 2020

Group 2: units purchased on or after 1 October 2020

		Net revenue 31 March 2021 pence per unit	Equalisation 31 March 2021 pence per unit	Distribution paid 31 May 2021 pence per unit	Distribution paid 31 May 2020 pence per unit
Income units	Group 1	0.6041p	-	0.6041p	0.7397p
	Group 2	0.2922p	0.3119p	0.6041p	0.7397p
Accumulation units	Group 1	0.8384p	-	0.8384p	1.0684p
	Group 2	0.4911p	0.3473p	0.8384p	1.0684p

Final distribution for the period from 1 April 2021 to 30 September 2021

Group 1: units purchased prior to 1 April 2021

Group 2: units purchased on or after 1 April 2021

		Net revenue 30 September 2021 pence per unit	Equalisation 30 September 2021 pence per unit	Distribution paid 30 November 2021 pence per unit	Distribution paid 30 November 2020 pence per unit
Income units	Group 1	0.3235p	-	0.3235p	0.3534p
	Group 2	0.1207p	0.2028p	0.3235p	0.3534p
Accumulation units	Group 1	0.4538p	-	0.4538p	0.4880p
	Group 2	0.2864p	0.1674p	0.4538p	0.4880p

Marlborough

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