
Matthew 25 Fund

ANNUAL REPORT

December 31, 2019

**Matthew 25 Fund
1-888-M25-FUND**

**Fund Symbol: MXXVX
Website: www.matthew25fund.com**

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request from your financial intermediary (such as a broker-dealer or bank) or the Fund to receive (free of charge) paper copies of the reports. Instead, the reports will be made available on the Fund's website www.matthew25fund.com, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically by contacting your financial intermediary or, if you are a direct investor, by following the instructions included with paper Fund documents that will be mailed to you.

This report is provided for the general information of Matthew 25 Fund shareholders. It is not authorized for distribution unless preceded or accompanied by an effective prospectus, which contains more complete information about the Fund. Please read it carefully before you invest.

MATTHEW 25 FUND

MANAGER'S COMMENTARY DECEMBER 31, 2019 (UNAUDITED)

Dear Matthew 25 Fund Shareholders,

Our Matthew 25 Fund gained **42.14% in 2019** which marked our 24th year in business. During this period, a **\$10,000** investment in our Fund at the start of 1996 grew to **\$132,196.27** by 12/31/2019. This was an **11.36% average annual compounded return** after all expenses and fees. During this same 24 year period, the S&P 500 Index grew to **\$82,750.00**. The amount and return would have been lower after deducting any expenses and fees occurring within the selected index fund.

The following table shows our portfolio holdings, additions and deletions for the year followed by the price changes for each:

Portfolio Throughout 2019	Ticker	Beginning Value	Ending Value	% Change
Fannie Mae preferred	FNMAH	\$5.54	\$10.49	89.35%
Apple, Inc.	AAPL	\$157.74	\$293.65	86.16%
Kansas City Southern	KSU	\$95.45	\$153.16	60.46%
MasterCard Inc.	MA	\$188.65	\$298.59	58.28%
Facebook, Inc.	FB	\$131.09	\$205.25	56.57%
KKR & Co. Inc.	KKR	\$19.63	\$29.17	48.60%
JP Morgan Chase & Co.	JPM	\$97.62	\$139.40	42.80%
Federal Agricultural Mortgage Corp.	AGM	\$60.44	\$83.50	38.15%
Goldman Sachs Group, Inc.	GS	\$167.05	\$229.93	37.64%
Polaris Inc.	PII	\$76.68	\$101.70	32.63%
Customers Bancorp, Inc.	CUBI	\$18.20	\$23.81	30.82%
Federal Agricultural Mortgage Corp. "A"	AGM.A	\$56.99	\$73.49	28.95%
Brandywine Realty Trust	BDN	\$12.87	\$15.75	22.38%
Toll Brothers Inc.	TOL	\$32.93	\$39.51	19.98%
Berkshire Hathaway Inc. Class A	BRK/A	\$306,000.00	\$339,590.00	10.98%
FedEx Corporation	FDX	\$161.33	\$151.21	-6.27%
Portfolio Deletions 2019				
Cummins Inc.	CMI	\$133.64	\$163.26	22.16%
Brighthouse Financial, Inc.	BHF	\$30.48	\$35.61	16.83%
Range Resources Corporation	RRC	\$9.57	\$4.46	-53.40%

There were no new investments for the year because I did not find any that were more attractive than the ones we already owned. Therefore, the portfolio deletions were to increase existing holdings or to cover redemptions.

Usually in this shareholder letter, I try to cover a concept or theme to investing, but for the rest of this letter I will discuss my take on the current stock market. First is because some pundits in the financial media are recommending selling stocks because we have had a rising stock market for over ten years. This is bad advice. Second, the market is acting very strong as I write this letter which means more money has been coming into stocks. Crowd following is usually not a successful long-term investment practice!

This is not a directional stock market prediction for I believe no one can accurately do so on a consistent basis! This is my opinion of the stock market's status. I will give you some supporting data based on the three driving forces of the stock market: Growth, Value and Momentum. I will then apply two of these factors to our Matthew 25 Fund's portfolio.

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MANAGER'S COMMENTARY (CONTINUED) DECEMBER 31, 2019 (UNAUDITED)

I see the broad stock market as fairly priced, not undervalued, but not overpriced or in “bubble” territory. Momentum is strong and in the short term momentum is the strongest factor for market moves. Growth may be higher than average, but only time will tell on this variable.

The most ubiquitous measure of value for the stock market is the Price to Earnings Ratio or commonly known as the PE Ratio. Most reports focus on Trailing PE Ratios. Trailing PE Ratios do have some value, but it is like looking in the rearview mirror. You should do so at least sometimes when driving and investing; however, it is more important to look forward when doing both activities. Therefore, I prefer the Forward PE Ratio, but both are included in this following list for the S&P 500 Index over the past 32 years:

S&P 500 Index PE Ratios

Year	Trailing PE Ratio	Forward PE Ratio
2019	20.43	18.41
2018	16.54	15.85
2017	21.47	17.64
2016	21.07	17.98
2015	20.35	19.24
2014	18.22	20.50
2013	17.23	16.36
2012	14.73	13.29
2011	13.04	12.99
2010	15.01	13.04
2009	19.61	13.31
2008	18.24	15.89
2007	17.79	29.66
2006	16.17	17.18
2005	16.33	14.23
2004	17.91	15.85
2003	20.33	16.43
2002	19.11	16.09
2001	29.55	24.94
2000	23.52	33.98
1999	28.43	26.18
1998	27.77	23.79
1997	22.05	21.92
1996	18.23	16.83
1995	16.34	15.16
1994	14.47	12.18
1993	17.34	14.69
1992	20.88	16.20
1991	21.61	19.99
1990	14.58	17.11
1989	14.53	15.60
1988	11.51	11.42
Average	18.89	17.94

You can see that we are above average on the Trailing PE Ratio as of year-end 2019 by around 8% and by less than 3% on a Forward PE Ratio. I included the data for each year so that you can also see that we have been higher and lower. This supports what I see as I search

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MANAGER'S COMMENTARY (CONTINUED) DECEMBER 31, 2019 (UNAUDITED)

for new investments in that I find many good companies that are selling at or above their intrinsic business values.

Standard & Poor's estimate of 2020 earnings for the S&P 500 Index is \$175.52 up from \$158.13 for 2019. This would be an 11% increase. The average growth in earnings for S&P 500 for the same 32 years listed above is 6.44%. Thus, they are estimating above average growth in this coming year. We will need above average growth in order to receive above average returns on the broad stock market over the next three to five years.

As I write this letter, the S&P 500 Index is 9% above its 200 Day Moving Average (200 DMA) up from 8% above its 200 DMA as of the last day of 2019. This shows that the momentum of the market is strong and getting stronger. 200 DMA is a very important indicator for many Wall Street and Main Street traders. Momentum is fickle, but as I said it is the most pertinent short-term force on the stock market.

Now to our Matthew 25 Fund's portfolio using just growth and value. This is best represented in the Price to Earnings Ratio divided by the Growth Rate or commonly referred to as a PEG Ratio. This incorporates value along with growth. In theory you can pay more for the stock of a company, or a higher PE Ratio, if the company's earnings are growing at a higher rate (Growth Rate.) As I mentioned before I prefer looking forward when driving and investing so when I calculate my PEG Ratios, I use Forward PE Ratios and future growth estimates on my stocks. Analysts will pool their data for individual stocks so that you can usually obtain consensus three to five years' growth estimates for individual stocks but not for the S&P 500 Index as a whole. Therefore, as a base comparison I will take the Average Forward PE Ratio for the S&P 500 of 17.94 and divide this by the same 32 year average growth in its earnings of 6.44% to generate an Average Forward PEG Ratio of 2.79.

Now the following data are to calculate the Weighted Average Forward PEG Ratio for our Matthew 25 Fund. This is for all our holdings except our investment in the Fannie Mae Preferred stocks which is a special situation value investment and, therefore, not valued on a PEG Ratio.

Matthew 25 Fund Description	Year-end Price	Year-end Percentage	Est. 2020 EPS	Forward PE Ratio	Est. 5 Years Growth Rate	WAV PE Ratio	WAV Growth Rate
Apple	\$293.65	11.22%	\$13.15	22.33	10.59%	2.51	1.19%
Farmer Mac	\$83.50	1.52%	\$9.27	9.01	11.00%	0.14	0.17%
Farmer Mac "A"	\$73.49	1.86%	\$9.27	7.93	11.00%	0.15	0.20%
Brandywine REIT	\$15.75	8.11%	\$1.41	11.17	3.20%	0.91	0.26%
Berkshire Hath. "A"	\$339,590.00	5.64%	\$16,171.30	21.00	15.15%	1.18	0.85%
Customers Bancorp	\$23.81	5.00%	\$3.01	7.91	10.00%	0.40	0.50%
Facebook	\$205.25	6.65%	\$9.17	22.38	16.70%	1.49	1.11%
FedEx	\$151.21	6.83%	\$10.81	13.99	5.00%	0.96	0.34%
Goldman Sachs	\$229.93	13.48%	\$24.59	9.35	8.06%	1.26	1.09%
JP Morgan	\$139.40	8.10%	\$10.79	12.92	6.19%	1.05	0.50%
KKR	\$29.17	8.14%	\$2.08	14.02	5.00%	1.14	0.41%
Kansas City Southern	\$153.16	7.89%	\$9.15	16.74	14.50%	1.32	1.14%
Mastercard	\$298.59	2.48%	\$9.06	32.96	16.80%	0.82	0.42%
Polaris	\$101.70	8.16%	\$6.83	14.89	13.50%	1.22	1.10%
Toll Brothers	\$39.51	4.92%	\$3.92	10.08	9.00%	0.50	0.44%
Consensus Data as per Yahoo finance and/or Zacks	100.00%					15.02	9.73%

Weighted Average (WAV) PE Ratio = 15.02

WAV 5 Yr. Growth Rate = 9.73%

WAV PEG Rate = 1.54

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MANAGER'S COMMENTARY (CONTINUED) DECEMBER 31, 2019 (UNAUDITED)

Our Matthew 25 Fund's portfolio has a Forward PE Ratio of 15.02 which is 16% lower than the market's average, but at the same time the estimated growth of our portfolio is 51% higher than the stock market's historical average. This combination gives our portfolio a very healthy PEG Ratio of 1.52 that is 55.2% of the market's average. PEG Ratios are like golf in that the lower the score the better!

All of this data and what I am trying to share with you is contained in one of my favorite stock market quotes from Sir John Templeton:

"Bull markets are born in Pessimism, Grow in Skepticism, Mature on Optimism and Die on Euphoria."

I believe we entered the optimism stage in 2019. So, be cautious but not fearful of the current U.S. stock market. It should help to be selective in picking investments as compared to broad market investments over the next three to five years. I also believe that our Matthew 25 Fund's portfolio is attractively priced and has above average return potential during the same time frame. My actions will confirm my words in that I bought shares of our Fund throughout this past year and intend to continue doing so; however, I will personally try to put some cash aside this year from savings just in case there is any significant market pullback in the future.

Good fortune,



Mark Mulholland

Except for any historical information, the matters discussed in this letter contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties, including activities, events or developments that the Advisor expects, believes or anticipates will or may occur in the future. A number of factors could cause actual results to differ from those indicated in the forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties. Readers are cautioned that such statements are not guarantees of future performance and actual results may differ materially from those set forth in the forward-looking statements. The Advisor undertakes no obligation to publicly update or revise forward-looking statements whether as a result of new information or otherwise.

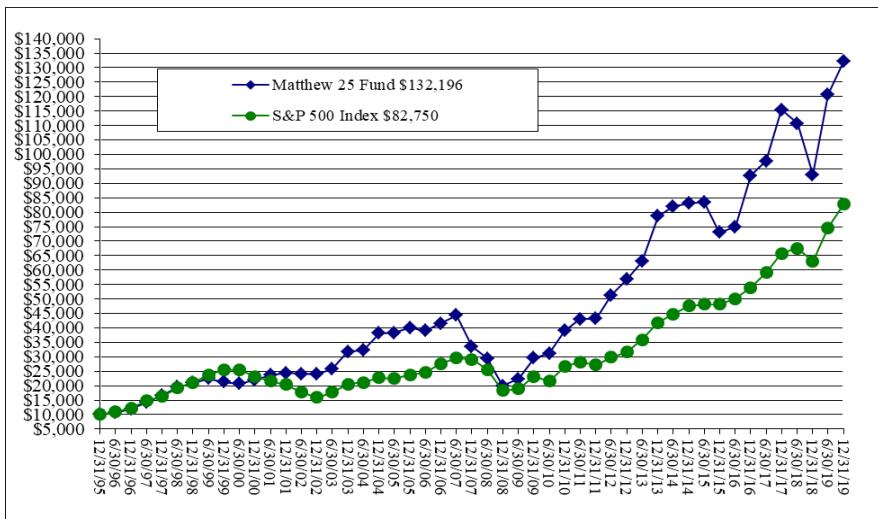
MATTHEW 25 FUND

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2019 (UNAUDITED)

Cumulative Performance Comparison of \$10,000 Investment Since December 31, 1995

Average Annual Total Returns
For the Periods Ended December 31, 2019

	Matthew 25 Fund	S&P 500 Index
1 Year	42.14%	31.49%
3 Year	12.59%	15.26%
5 Year	9.73%	11.69%
10 Year	16.15%	13.55%
12/31/1995 – 12/31/2019	11.36%	9.20%



The graph above represents the changes in value for an initial \$10,000 investment in the Matthew 25 Fund from 12/31/95 to 12/31/2019. These changes are then compared to a \$10,000 investment in the Standard & Poor's 500 Index ("S&P 500"). The Fund's returns include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost.

The S&P 500 is a market value-weighted index, representing the aggregate market value of the common equity of 500 stocks primarily traded on the New York Stock Exchange. The S&P 500 is a widely recognized, unmanaged index of common stock prices. The figures for the S&P 500 reflect all dividends reinvested but do not reflect any deductions for fees, expenses or taxes.

MATTHEW 25 FUND

TOP TEN HOLDINGS & ASSET ALLOCATION DECEMBER 31, 2019 (UNAUDITED)

Top Ten Holdings	(% of Net Assets)
Fannie Mae (a)	18.97%
Goldman Sachs Group, Inc.	10.87%
Apple, Inc.	9.05%
Polaris Industries, Inc.	6.58%
KKR & Co., Inc. Class A	6.56%
Brandywine Realty Trust	6.54%
JP Morgan Chase & Co.	6.54%
Kansas City Southern	6.36%
FedEx Corp.	5.51%
Facebook, Inc. Class A	5.36%
	<hr/>
	82.34%
	<hr/>

(a) Includes the total of Fannie Mae preferred stocks.

Asset Allocation	(% of Net Assets)
Air Courier Services	5.51%
Business Services	2.00%
Electronic Computers	9.05%
Federal & Federally - Sponsored Credit Agencies	2.73%
Fire, Marine & Casualty Insurance	4.55%
Investment Advice	6.56%
National Commercial Bank	6.54%
Operative Builders	3.97%
Railroads, Line-Haul Operations	6.36%
Real Estate Investment Trusts	6.54%
Security Brokers, Dealers & Exchanges	10.87%
Services-Computer Programming, Data Processing, Etc.	5.36%
State Commercial Banks	4.03%
Transportation Equipment	6.58%
Preferred Stocks	18.97%
Money Market Fund	0.32%
Other Assets Less Liabilities, Net	0.06%
	<hr/>
	100.00%
	<hr/>

Industries are categorized using Standard Industrial Classification (SIC).

MATTHEW 25 FUND

SCHEDULE OF INVESTMENTS DECEMBER 31, 2019

Shares/Principal Amount		Cost	Value	% of Net Assets
COMMON STOCKS				
Air Courier Services				
136,000	FedEx Corp.	\$12,470,628	\$20,564,560	5.51%
Business Services				
-	The Depository Trust & Clearing Corp. (Acquisition Dates 08/24/12 - 03/05/19) (*) (**)	1,131	3,341	
25,000	MasterCard, Inc. Class A	494,058	7,464,750	
		495,189	7,468,091	2.00%
Electronic Computers				
115,000	Apple, Inc.	1,814,344	33,769,750	9.05%
Federal & Federally - Sponsored Credit Agencies				
55,000	Federal Agricultural Mortgage Corp. Class C	2,767,524	4,592,500	
76,082	Federal Agricultural Mortgage Corp. Class A	5,106,408	5,591,266	
		7,873,932	10,183,766	2.73%
Fire, Marine & Casualty Insurance				
50	Berkshire Hathaway Class A *	4,452,829	16,979,500	4.55%
Investment Advice				
840,000	KKR & Co., Inc. Class A	12,311,062	24,502,800	6.56%
National Commercial Bank				
175,000	JP Morgan Chase & Co.	6,069,932	24,395,000	6.54%
Operative Builders				
375,000	Toll Brothers, Inc.	10,549,916	14,816,250	3.97%
Railroads, Line-Haul Operations				
155,000	Kansas City Southern	9,429,842	23,739,800	6.36%
Real Estate Investment Trusts				
1,550,000	Brandywine Realty Trust	17,473,179	24,412,500	6.54%
Security Brokers, Dealers & Exchanges				
176,500	Goldman Sachs Group, Inc.	21,465,280	40,582,645	10.87%
Services-Computer Programming, Data Processing, Etc.				
97,500	Facebook, Inc. Class A *	14,511,494	20,011,875	5.36%
State Commercial Banks				
632,500	Customers Bancorp, Inc. *	13,190,723	15,059,825	4.03%
Transportation Equipment				
241,500	Polaris Industries, Inc.	15,702,231	24,560,550	6.58%
Total Common Stocks				
		<u>147,810,581</u>	<u>01,046,912</u>	80.65%

The accompanying notes are an integral part of these financial statements.

MATTHEW 25 FUND

SCHEDULE OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2019

Shares/Principal Amount		Cost	Value	% of Net Assets
PREFERRED STOCKS				
521,300	Fannie Mae - Series F 12/31/49, 0.00% (2-Year CMT - 0.160%) (c) *	\$ 6,431,295	\$ 9,591,920	
401,500	Fannie Mae - Series G 12/31/49, 0.00% (2-Year CMT - 0.180%) (c) *	3,892,234	7,026,250	
229,500	Fannie Mae - Series H 12/31/49, 5.81% *	1,674,242	4,541,805	
183,900	Fannie Mae - Series I 12/31/49, 5.375% *	1,246,946	3,678,000	
385,000	Fannie Mae - Series L 12/31/49, 5.125% *	3,171,687	7,657,650	
566,000	Fannie Mae - Series M 12/31/49, 4.75% *	5,034,497	11,201,140	
315,500	Fannie Mae - Series N 12/31/49, 5.50% *	2,123,684	6,152,250	
307,600	Fannie Mae - Series O 12/31/49, 0.00% (10-Year CMT + 2.375%) (a) (c) *	3,296,633	6,182,760	
1,406,750	Fannie Mae - Series P 12/31/49, 0.00% (3-Month LIBOR + 0.750%) (a) (c) *	4,541,113	14,756,808	
	Total Preferred Stocks	<u>31,412,331</u>	<u>70,788,583</u>	<u>18.97%</u>
MONEY MARKET FUND				
1,202,289	First American Government Obligation Fund Class Z, 1.48% (a)	1,202,289	1,202,289	0.32%
	Total Investments	<u>\$180,425,201</u>	<u>\$373,037,784</u>	<u>99.94%</u>
	Other Assets Less Liabilities, Net		<u>239,947</u>	<u>0.06%</u>
	Net Assets		<u>\$373,277,731</u>	<u>100.00%</u>

* Non-Income producing securities during the period.

** Level 3 Security

(a) Variable rate security; the rate shown represents the yield at December 31, 2019.

(b) Actual shares owned 0.10872 shares.

(c) Floating/variable note with current rate and current maturity or next reset date shown.

The accompanying notes are an integral part of these financial statements.

MATTHEW 25 FUND

STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2019

Assets

Investment in securities at market value (cost \$180,425,201)	\$ 373,037,784
Cash	10,495
Receivables:	
Securities sold	56,263
Shares sold	307,459
Prepaid expenses	17,608
Dividends & Interest	152,358
Total Assets	<u>373,581,967</u>

Liabilities

Payables:	
Securities purchased	87,851
Shares redeemed	195,206
Trustee fees	2,708
Accrued expenses	18,471
Total Liabilities	<u>304,236</u>

Net Assets (Equivalent to \$32.04 per share based on 11,650,503

shares of capital stock outstanding, 100,000,000 shares

authorized, \$0.01 par value)

Minimum redemption price per share \$32.04 x 0.98 = \$31.40 (Note 7)

\$ 373,277,731

Composition of Net Assets

Shares of common stock	\$ 116,505
Additional paid-in capital	177,969,621
Distributable earnings	<u>195,191,605</u>

Net Assets

\$ 373,277,731

MATTHEW 25 FUND

STATEMENT OF OPERATIONS For the Year Ended DECEMBER 31, 2019

Investment Income

Dividends	\$ 5,094,126
Interest	32,872
Total Investment Income	<u>5,126,998</u>

Expenses

Management fees	3,437,192
Transfer agent and accounting fees	68,969
Custodian and bank fees	45,677
Trustees' fees and expenses	34,342
Postage and printing	33,102
Professional fees	23,100
Registration fees	21,589
Compliance Officer fees	18,827
Insurance	15,491
Office expenses	13,048
NSCC fees	3,252
NASDAQ fees	778
Miscellaneous	117
Total Expenses	<u>3,715,484</u>

Net Investment Income1,411,514**Realized and Unrealized Gain (Loss) from Investments**

Net realized gain from investments	9,292,324
Net change in unrealized appreciation on investments	<u>104,648,538</u>
Net realized and unrealized gain from investments	<u>113,940,862</u>
Net increase in net assets resulting from operations	<u><u>\$ 115,352,376</u></u>

MATTHEW 25 FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended	
	12/31/2019	12/31/2018
Increase (Decrease) in Net Assets From Operations		
Net investment income	\$ 1,411,514	\$ 1,350,952
Net realized gain from investments and warrants	9,292,324	50,325,742
Capital gain (loss) distributions from underlying investments	-	662,720
Unrealized appreciation (depreciation) on investments and warrants	104,648,538	(126,036,619)
Net increase (decrease) in assets resulting from operations	<u>115,352,376</u>	<u>(73,697,205)</u>
Distributions to Shareholders	<u>(6,922,878)</u>	<u>(47,697,863)*</u>
Capital Share Transactions	<u>(20,161,357)</u>	<u>(16,393,103)</u>
Total Increase (Decrease) in Net Assets	88,268,141	(137,788,171)
Net Assets at Beginning of Year	<u>285,009,590</u>	<u>422,797,761</u>
Net Assets at End of Year	<u>\$373,277,731</u>	<u>\$285,009,590</u>

* Prior year comparative amounts have been adjusted to reflect current presentation under new accounting standards. For the year ended December 31, 2018, total distributions consisted of net investment income of \$1,351,537, and long term capital gains of \$46,346,326.

The accompanying notes are an integral part of these financial statements.

MATTHEW 25 FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each year:

	Years Ended				
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Net Asset Value -					
Beginning of Year	\$ 22.97	\$ 34.05	\$ 29.39	\$ 25.38	\$ 31.25
Net Investment Income (Loss) (1)	0.12	0.12	0.07	0.23	(0.02)
Net Gains or (Losses) on Investments (realized and unrealized)	9.54	(6.74)	7.18	6.61	(3.81)
Total from Investment Operations	9.66	(6.62)	7.25	6.84	(3.83)
Less Distributions					
From net investment income	(0.12)	(0.13)	(0.07)	(0.28)	0.00
From realized gains	(0.48)	(4.34)	(2.53)	(2.56)	(2.07)
Total Distributions	(0.60)	(4.47)	(2.60)	(2.84)	(2.07)
Paid in capital from redemption fees	0.01	0.01	0.01	0.01	0.03
Net Asset Value -					
End of Year	\$ 32.04	\$ 22.97	\$ 34.05	\$ 29.39	\$ 25.38
Total Return (2)	42.14%	(19.47)%	24.69%	26.92%	(12.19)%
Net Assets - End of Year (000's omitted)	\$373,278	\$285,010	\$422,798	\$392,531	\$499,630
Ratio of Expenses to Average Net Assets	1.08%	1.10%	1.08%	1.09%	1.06%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.41%	0.36%	0.22%	0.87%	(0.08)%
Portfolio Turnover Rate	10.99%	24.55%	10.87%	10.71%	17.52%

(1) Per share net investment income (loss) has been determined on the average number of shares outstanding during the year.

(2) Total return assumes reinvestment of dividends.

The accompanying notes are an integral part of these financial statements.

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 1 - Nature of Operations

Matthew 25 Fund, Inc. was incorporated on August 28, 1995 in Pennsylvania and commenced operations on October 16, 1995. On November 2, 2012, a new Pennsylvania business trust was formed as Matthew 25 Fund. On January 1, 2013, Matthew 25 Fund was merged into the new business trust, and all of the attributes and ownership of the Pennsylvania Corporation (formerly Matthew 25 Fund, Inc.) are now part of the business trust known as Matthew 25 Fund (the “Fund”). The Fund is registered as an open-end, non-diversified management investment company under the Investment Company Act of 1940, and its shares are registered under the Securities Act of 1933. The Fund’s objective is to seek long-term capital appreciation. Income is a secondary objective.

NOTE 2 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Fund. The Fund follows the accounting and reporting guidance of FASB Accounting Standard Codification 946 applicable to investment companies.

Security Valuation

All investments in securities are recorded at their estimated fair value, as described in Note 3.

Federal Income Taxes

The Fund makes no provision for federal income or excise tax. The Fund intends to qualify each year as a “regulated investment company” (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of their taxable income. The Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that they will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense. Therefore, no federal income tax or excise provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained, assuming examination by tax authorities. Management has analyzed the Fund’s tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2016-2019) or expected to be taken in the Fund’s 2019 tax returns. The Fund identifies their major tax jurisdiction as U.S. Federal, however the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the year ended December 31, 2019, the Fund did not incur any interest or penalties.

Distributions to Shareholders

The Fund intends to distribute to its shareholders substantially all of its net investment income, if any, and net realized capital gains, if any, annually.

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

Cash and cash equivalents

The Fund considers all highly liquid debt instruments having original maturities of three months or less at the date of purchase to be cash equivalents. The Fund may, during the ordinary course of business, maintain account balances with banks in excess of federally insured limits. The Fund has not experienced losses on these accounts, and management believes that the Fund is not exposed to significant risks on such accounts.

Other

The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Warrants

The Fund can invest in warrants of companies of any market capitalization. A warrant gives the Fund the right to buy stock, typically from the issuer. The warrant specifies the amount of underlying stock, the purchase (or “exercise”) price, and the date the warrant expires. Certain warrants permit, without legal obligation, net settlement for stock or cash. The Fund has no obligation to exercise the warrants and buy the stock.

Reclassifications

The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from GAAP. These differences are due to different treatments for items such as net short-term gains, deferrals of wash sales losses, real estate investment trusts and net investment losses. Permanent difference such as tax return of capital, capital gains retained and net investment losses, if any, would be reclassified against capital.

The Fund has recorded a reclassification in the capital accounts. The Fund used a tax accounting practice to treat a portion of the price of capital shares redeemed during the year as distributions from realized capital gains. Accordingly, the Fund has reclassified \$1,162,628 from accumulated net realized gains to paid in capital.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were issued and has determined no such events requiring disclosure.

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019

NOTE 3 – Securities Valuations

Processes and Structure

The Fund's Board of Trustees has adopted guidelines for valuing securities including in circumstances in which market quotes are not readily available and has delegated to the Adviser the responsibility for determining fair value prices, subject to review by the Board of Trustees.

The Fund's Board of Trustees has adopted guidelines for Fair Value Pricing, and has delegated to the Advisor the responsibility for determining fair value prices, subject to review by the Board of Trustees. Generally, Fair Value Pricing is used only when market prices are unavailable. As an example, if trading is halted on one of the Fund's portfolio holdings while the market remains open for most other securities, the Advisor may use Fair Value Pricing to value the holding in order to calculate the day's NAV.

Hierarchy of Fair Value Inputs

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

- *Level 1.* Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- *Level 2.* Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments in active markets, interest rates, implied volatilities, credit spreads, yield curves, and market-collaborated inputs.
- *Level 3.* Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019

Fair Value Measurements

A description of the valuation techniques applied to the company's major categories of assets and liabilities measured at fair value on a recurring basis follows.

Equity securities (common stocks and preferred stocks). Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American Depository Receipts, financial futures, Exchange Traded Funds, and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and that are categorized in level 2. Exchange or NASDAQ securities that have not recently traded are valued at the last bid price in the securities primary market. Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are also categorized in level 2, or level 3 as applicable.

Short-term investment. Short-term investments are valued using amortized cost, which approximates fair value. These securities will be categorized Level 1 of the fair value hierarchy.

The following table summarizes the inputs used to value the Fund's assets and liabilities measured at fair value as of December 31, 2019:

<u>Categories</u>	Financial Instruments – Assets			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Common Stocks *	\$295,452,305	\$ 5,591,266	\$ 3,341	\$301,046,912
Preferred Stocks	70,788,583	--	--	70,788,583
Short-Term Investment	1,202,289	--	--	1,202,289
	<u>\$367,443,177</u>	<u>\$ 5,591,266</u>	<u>\$ 3,341</u>	<u>\$373,037,784</u>

* Industry classifications for these categories are detailed in the Schedule of Investments.

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	<u>Level 3</u>
Balance as of 12/31/2018	\$2,645
Accrued Accretion/(Amortization)	-
Change in Unrealized Appreciation/(Depreciation)	692
Realized Gain/(Loss)	-
Purchases/Sales	4
Transfers In/(Out) of Level 3	-
Balance as of 12/31/2019	<u>\$3,341</u>

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019

The Level 3 valuation technique and significant unobservable inputs used for the Fund's investment is the valuation of the security based on the latest available market value provided by the Company.

NOTE 4 - *Investment Advisory Agreement and Other Related Party Transactions*

The Fund has an investment advisory agreement with The Matthew 25 Management Corporation, ("The Advisor") whereby The Advisor receives a fee of 1% per year on the net assets of the Fund. All fees are computed on the daily closing net asset value of the Fund and are payable monthly. The Advisor has agreed to decrease the investment advisory fee or, if necessary, to reimburse the Fund if and to the extent that the Fund's aggregate annual operating expenses exceed 2.0% of the first \$10,000,000 and 1.5% of the next \$20,000,000.

The management fee for the year ended December 31, 2019, as computed pursuant to the investment advisory agreement, totaled \$3,437,192. The management fee is the only revenue for The Matthew 25 Management Corp., and the Advisor's expenses are paid out of this revenue.

Mr. Mark Mulholland is the sole director of The Advisor and is also the President of the Fund. In addition, Mr. Mulholland is a registered representative at Boenning & Scattergood Inc. At Boenning & Scattergood, Mr. Mulholland is the broker of record for 97 non-discretionary brokerage accounts with approximately \$99 million in assets. During the previous 5 years ended December 31, 2019, the Fund placed 3 portfolio trades through Boenning and Scattergood, for which Mr. Mulholland received \$0 in commission. Mr. Mulholland does receive commissions when placing trades through Boenning & Scattergood for his Boenning & Scattergood clients. Additionally, some of Mr. Mulholland's Boenning & Scattergood clients may buy the same securities that are in the Fund's portfolio, sometimes on the same day as the Fund.

During the year ended December 31, 2019, the Fund did not pay brokerage commissions to Boenning & Scattergood Inc. Boenning & Scattergood Inc. is not otherwise associated with Matthew 25 Fund or The Advisor and is not responsible for any of the investment advice rendered to the Fund by The Advisor or Mr. Mulholland.

The Fund's Chief Compliance Officer is the sister of an interested Trustee of the Fund.

NOTE 5 - *Investments*

For the year ended December 31, 2019, purchases and sales of investment securities other than short-term investments aggregated \$37,389,164 and \$65,058,172, respectively.

NOTE 6 - *Capital Share Transactions*

As of December 31, 2019 there were 100,000,000 shares of \$0.01 per value capital stock authorized. The total par value and paid-in capital totaled \$178,086,126. Transactions in capital stock were as follows:

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019

	December 31, 2019		December 31, 2018	
	Shares	Amount	Shares	Amount
Shares sold	1,057,104	\$ 31,508,162	393,358	\$ 12,791,666
Shares reinvested	205,005	6,496,599	1,949,898	44,945,149
Redemption fees	-	71,450	-	77,069
Shares redeemed	(2,017,056)	(58,237,568)	(2,353,783)	(74,206,987)
Net decrease	(754,947)	\$(20,161,357)	(10,527)	\$(16,393,103)

NOTE 7 - Redemption Fee

To discourage short-term trades by investors, and to compensate the Fund for costs that may be incurred by such trades, the Fund will impose a redemption fee of 2% of the total redemption amount (calculated at market value) if shares are held for 365 days or less. The redemption fee does not apply to shares purchased through reinvested distributions. For the year ended December 31, 2019, the Fund received \$71,450 in redemption fees that were reclassified to paid-in capital.

NOTE 8 – Tax Matters

As of December 31, 2019, the tax basis unrealized appreciation (depreciation) and cost of investment securities, including short-term investments, were as follows:

Federal tax cost of investments (including short-term investments)+	<u>\$ 180,448,815</u>
Gross tax unrealized appreciation on investments	\$ 193,139,548
Gross tax unrealized depreciation on investments	(550,579)
Net tax unrealized appreciation	<u>\$ 192,588,969</u>

The Fund's distributable earnings on a tax basis is determined only at the end of each fiscal year. As of December 31, 2019, the Fund's most recent fiscal year end, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 105,863
Undistributed capital gain	2,496,773
Unrealized appreciation	<u>192,588,969</u>
Total distributable earnings	<u>\$195,191,605</u>

+ The difference between the book cost and tax cost of investments represents disallowed wash sales for tax purposes.

Ordinary income and long-term capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from the character of net investment income or net realized gains presented in the financial statements in accordance with U.S. GAAP.

The tax character of distributions paid during the fiscal years ended December 31, 2019 and 2018 are as follows:

MATTHEW 25 FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019

	12/31/2019	12/31/2018
Ordinary income	\$ 1,409,023	\$ 1,351,537
Long-term capital gain	5,513,855	46,346,326
Total	<u>\$ 6,922,878</u>	<u>\$ 47,697,863</u>

NOTE 9 - Control and Ownership

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a Fund creates a presumption of control of the Fund, under section 2 (a) (9) of the Investment Company Act of 1940, as amended. As of December 31, 2019, National Financial Services Corp., for the benefit of its customers, owned approximately 36% of the Fund.

NOTE 10 – Commitments & Contingencies

In the normal course of business, the Fund enters into contracts that contain general indemnifications to other parties. The Fund's maximum exposure under these contracts is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of loss to be remote.

NOTE 11 – New Accounting Pronouncements

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820); *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management is currently evaluating the impact these changes will have on the Fund’s financial statements and disclosures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and
Board of Trustees of
Matthew 25 Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of the Matthew 25 Fund (the "Fund"), including the schedule of investments, as of December 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the related notes (collectively referred to as the "financial statements") and the financial highlights for each of the five years in the period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Matthew 25 Fund as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities and cash owned as of December 31, 2019, by correspondence with the custodian and broker. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.



We have served as the Fund's auditor since 2000
Abington, Pennsylvania
February 26, 2020

MATTHEW 25 FUND

EXPENSE EXAMPLE
DECEMBER 31, 2019 (UNAUDITED)

Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) direct costs, such as IRA fees, and transaction costs which consist of redemption fees; and (2) indirect costs, including management fees and other Fund operating expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period of July 1, 2019 to December 31, 2019.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. IRAs with less than \$10,000 may be charged \$8 annually for IRA Custodian Fees at the discretion of the Fund's Management or Trustees. This \$8 fee is not reflected in the table below. To discourage short-term trades by investors, and to compensate the Fund for costs that may be incurred by such trades, the Fund will impose a redemption fee of 2% of the total redemption amount (calculated at market value) if shares are held for 365 days or less. The redemption fee does not apply to shares purchased through reinvested distributions. The 2% redemption fee is not reflected in the table below.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expenses ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any direct costs, such as IRA fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if IRA fees were included your costs would be higher.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
Actual	<u>July 1, 2019</u>	<u>December 31, 2019</u>	<u>July 1, 2019 through December 31, 2019</u>
	\$1,000.00	\$1,094.16	\$5.65
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,019.81	\$5.45

* Expenses are equal to the Fund's annualized expense ratio of 1.07%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

MATTHEW 25 FUND

ADDITIONAL INFORMATION
DECEMBER 31, 2019 (UNAUDITED)

PROXY VOTING GUIDELINES

Matthew 25 Management Corp., the Fund's Advisor, is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Advisor in fulfilling this responsibility is available without charge, upon request, by calling 1-888-M25-FUND.

QUARTERLY FILING OF PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-PORT. The Fund's Forms N-PORT are available on the SEC's website at <http://www.sec.gov>. The Fund's Forms N-PORT may also be reviewed and copied at the SEC's Public Reference Room in Washington DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

APPROVAL OF INVESTMENT ADVISORY AGREEMENT

At an in-person meeting held on October 15, 2019, the Board of Trustees, including a majority of Trustees that are not "interested" persons of the Fund (as the term is defined in the 1940 Act), re-approved the Advisory Agreement based upon its review of the qualitative and quantitative information provided by the Investment Advisor. The Trustees considered, among other things, the following information regarding the Investment Advisor.

NATURE, EXTENT AND QUALITY OF SERVICES PROVIDED BY THE INVESTMENT ADVISOR

The Trustees reviewed the nature, quality and scope of current and anticipated services provided by the Investment Advisor under the Advisory Agreement. The Trustees also analyzed the Investment Advisor's experience and the capabilities of the Investment Advisor's portfolio manager. For example, the Trustees reviewed and discussed the Investment Advisor's Form ADV and internal compliance policies, as well as the experience of the Investment Advisor as investment advisor or sub-advisor to other investment companies. In addition to the above considerations, the Trustees reviewed and considered a description of the Investment Advisor's portfolio and brokerage transactions. Based on this review, the Trustees concluded that the range and quality of services to be provided by the Investment Advisor to the Fund were appropriate and continued to support its original selection of the Investment Advisor.

INVESTMENT PERFORMANCE

The Trustees considered the Advisor's investment performance during his tenure managing this Fund. The Trustees considered year-to-date performance along with annual performances for 1, 3, 5, and 10 year(s) as well as performance since 1/1/96. Greatest emphasis is placed on the long-term investment performances. As of 6/30/19 the current advisor had outperformed the S&P 500 Index in the 3 year period, the 10 year period, as well as the period since 1/1/1996. The Trustees try to compare this Fund's performance to similar funds such as funds classified by Lipper as Multi-Cap Core whenever this information is attainable without charge to the Fund. Based on this review, the Trustees concluded that the current and historical performance of the Fund, as managed by the Investment Advisor, was satisfactory.

MATTHEW 25 FUND

ADDITIONAL INFORMATION (CONTINUED) DECEMBER 31, 2019 (UNAUDITED)

COST OF SERVICES TO THE FUND AND PROFITABILITY OF ADVISOR

The Trustees discussed at length the advisory fee of 1.00% along with the Fund's other expenses of approximately 0.10% for a total expense rate of 1.10%. This expense ratio was compared to Yahoo Finance's Large Blend Category (its current classification of MXXVX). This peer group average expense ratio was 0.95%. Based on this review, the Trustees concluded that the expense level of the Fund, as managed by the Investment Advisor, was satisfactory.

The Trustees considered the level of profits that could be expected to accrue to the Investment Advisor from the fee payable under the Advisory Agreement. The Trustees considered the increasing use by investors of the brokerage industry's No Transaction Fee (NTF) programs and its potential increasing percentage of the Fund's assets. See below in Economies of Scale for the reduction in the Advisor's fees regarding these assets.

In addition, the Trustees reviewed the current financial condition of the Investment Advisor and a summary of total expense ratios and management fees. The Trustees also discussed the existence of other compensation arrangements with the Investment Advisor. Based on this review, the Trustees concluded that the Fund's advisory fee is competitive with those of comparable funds and that the Investment Advisor's profit margin was reasonable.

ECONOMIES OF SCALE

The Trustees received and considered information regarding whether there have been economies of scale with respect to the management of the Fund, whether the Fund has appropriately benefited from any economies of scale, and whether there is potential for realization of any further economies of scale. The Trustees noted that the total operating expenses of the Fund regarding economies of scale may be realized as the Fund grows. The Trustees also considered that future inflows may increasingly come through the brokerage industry No Transaction Fee (NTF) programs. The Advisor pays the costs to the brokers for the NTF programs. The two major brokers Charles Schwab and Fidelity charge 0.40% on these assets. Therefore, the Advisor earns net 0.60% on such NTF investments in the Fund. Other brokers charge similar fees for their NTF programs. In addition, Charles Schwab has a minimum monthly NTF fee of \$1,000 that the Advisor pays whenever assets with Schwab are below \$3,000,000.

CONCLUSIONS

The Trustees who are non-interested persons met separately to further discuss the performance of the Fund and the Advisor's compensation. On the basis of its review and the foregoing information, the Board of Trustees determined that the Advisory Agreement, including the advisory fee rates payable thereunder, continued to be fair and reasonable in light of all relevant circumstances and concluded that it is in the best interest of the Fund and its shareholders to approve the Advisory Agreement.

MATTHEW 25 FUND

BOARD OF TRUSTEES
DECEMBER 31, 2019 (UNAUDITED)

The business and affairs of the Fund are managed under the direction of the Fund's Trustees. Information pertaining to the Trustees of the Fund are set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees, and is available without charge, by calling 1-888-M25-FUND. Each Trustee may be contacted by writing to the Trustee c/o Matthew 25 Fund, 715 Twining Road, Suite 212, Dresher, PA 19025.

Name and Age	Position with Fund	Length of Time Served with the Trust	Principal Occupation During Last Five Years	Other Directorships
INDEPENDENT TRUSTEES				
Philip J. Cinelli, D.O. Age 59	Trustee	Trustee since 1996	Physician in Family Practice	None
Samuel B. Clement Age 61	Trustee	Trustee since 1996	Stockbroker with Securities of America	None
Linda Guendelsberger Age 60	Trustee	Trustee since 1996	Partner LG Legacy Group, LLC Since 11/2013	None
	Secretary of Fund			
Scott Satell Age 57	Trustee	Trustee since 1996	President of SAS 66 Enterprises, LLC Since 6/2018. Manufacturer's Representative with BPI Ltd Until 6/2018.	None
INTERESTED TRUSTEES				
Steven D. Buck, Esq. Age 59	Trustee	Trustee since 1996	Attorney and Shareholder with Stevens & Lee	None
Mark Mulholland Age 60	Trustee	Trustee since 1996	President of Matthew 25 Fund President of Matthew 25 Management Corp. and registered representative with Boenning & Scattergood	None
	President of Fund			

Mr. Buck and Mr. Mulholland are Trustees of the Fund and are considered "interested persons" as defined by the Investment Company Act of 1940. Mr. Mulholland is an interested person insofar as he is President and owner of the Fund's Investment Adviser. Mr. Buck is an interested person as long as he or his law firm provides legal advice to the Fund for compensation. Additionally, Mr. Buck's sister Lesley Buck is the Chief Compliance Officer of Matthew 25 Fund.

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Matthew 25 Fund