



Dear Shareholders,

The purpose of this letter is to inform you of my thoughts and actions regarding the current stock market and our Matthew 25 Fund. First a little background of what are officially bull and bear markets. According to Investopedia:

...The Wall Street Journal and other financial media outlets often use +/- 20% threshold as a rule of thumb to label "bull" or "bear" markets to market uptrends and downtrends. This way, a new bear market has begun when an index or other security falls 20% or more off its peak... Likewise, we have entered a bull market when prices rise 20% or more from a bottom...

(<https://www.investopedia.com/ask/answers/are-we-in-bull-market-or-bear-market/>)

Let us start with valid data from the 2007 and 2009 Bear and Bull Markets. The following is based on closing prices for the S&P 500 Index and the definitions above:

Date	Price	Description
10/9/2007	\$1,565.15	Market Peak
7/9/2008	\$1,244.69	Bear Market (20% decline)
3/6/2009	\$666.79	Market Bottom
3/24/2009	\$805.48	Bull Market (20% increase)

It took 9 months for this cycle to officially hit a bear market, then another 8 months for the market to reach its bottom. Thus, after 17 months of suffering, it only took 18 days to officially enter a bull market. Most experts, if not all, will agree with these market turning points. The problem is even though in hindsight the bull market date is clear, IT DID NOT FEEL LIKE A "BULL MARKET" FOR A LONG TIME PAST MARCH 24, 2009!

This following data are current facts that you are not seeing in the financial media:

Date	Price	Description
2/19/2020	\$3,386.15	Market Peak
3/12/2020	\$2,480.64	Bear Market (20% decline)
3/23/2020	\$2,237.40	Market Bottom
4/8/2020	\$2,749.98	Bull Market (20% increase)

These are not predictions, these are dates and prices that history will report as market turning points. Thus a bull market that lasted just short of 11 years, went from a "Correction" to a "Bear Market" in 22 days. It then bottomed in 11 more days and became a new "Bull Market" in 16 days! Why does it not feel like a bull market? It is because it never does in the beginning as so clearly revealed in Sir John Templeton's quote that I often use in my letters.

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

We are definitely in the pessimism stage of a bull market. Could the stock market decline? Yes, of course, but officially it would be a correction and would not be a new bear market until the price of \$2,299.65 based on the most recent peak of \$2,874.56 on 4/17/2020, as I write this letter.

Now to our Matthew 25 Fund, I believe that I have upgraded the quality and the return potential of our portfolio. This was done in selling Toll Brothers and Customer Bancorp while increasing our holding of Farmer Mac and starting new investments in Amazon.Com, East West Bancorp, Insuperity and Interface. I feel very strongly about the return potential for our Matthew 25 Fund Portfolio over the coming 3 to 5 years but I will keep searching since I believe this is a "Buyer's Market!"

As I try to express in my letters, I do not predict the market in the short run, but I try to manage our Fund as a long-term investment company over rolling 3 to 5 year cycles. I am optimistic for the coming long-term! However, along these lines I would like to include part of an article and a quote from the great retired Federal Reserve Chairman, Ben Bernanke:

...he said, history suggests the recovery will be considerably shorter than that which followed the 2007-2009 financial crisis. "The U.S. economy will recover and within a few years will show only modest marks of this experience," he predicted.

<https://www.foxbusiness.com/markets/former-fed-chief-bernanke-sees-bad-year-no-quick-recovery>

Personally, I have aggressively purchased shares in our Matthew 25 Fund for my family in the systematic way that I described in my shareholder letter of 6/30/2019. This is accessible on our website if you never saw it or need a refresher:

<http://www.matthew25fund.com/wp-content/uploads/2019/09/Matthew-25-Semi-Annual-Print-2019.pdf>

Good fortune,



Mark Mulholland

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