

# Matthew 25 Fund

## ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2024

Matthew 25 Fund  
1-888-M25-FUND

Fund Symbol: MXXVX  
Website: [www.matthew25fund.com](http://www.matthew25fund.com)

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

## SCHEDULE OF INVESTMENTS DECEMBER 31, 2024

Shares/Principal Amount		Cost	Value	% of Net Assets
<b>COMMON STOCKS</b>				
<b>Air Courier Services</b>				
53,500	FedEx Corp.	\$4,651,809	\$15,051,155	4.74%
<b>Business Services</b>				
-	The Depository Trust & Clearing Corp. (Acquisition Dates 08/24/12 - 04/30/2024) (*) (***) (b)	1,225	6,582	
6,500	MasterCard, Inc. Class A	126,687	3,422,705	
		127,912	3,429,287	1.08%
<b>Carpets &amp; Rugs</b>				
609,000	Interface, Inc.	4,700,681	14,829,150	4.67%
<b>Electronic Computers</b>				
62,500	Apple, Inc.	207,841	15,651,250	4.93%
<b>Federal &amp; Federally - Sponsored Credit Agencies</b>				
60,000	Federal Agricultural Mortgage Corp. Class C	2,605,671	11,817,000	
79,484	Federal Agricultural Mortgage Corp. Class A **	5,589,437	11,763,632	
		8,195,108	23,580,632	7.43%
<b>Fire, Marine &amp; Casualty Insurance</b>				
21	Berkshire Hathaway, Inc. Class A *	1,061,385	14,299,320	4.51%
<b>Hotels &amp; Motels</b>				
235,000	MGM Resorts International *	9,438,582	8,142,750	
1,100,000	Park Hotels & Resorts, Inc.	15,287,715	15,477,000	
		24,726,297	23,619,750	7.44%
<b>Investment Advice</b>				
102,500	KKR & Co., Inc. Class A	1,026,069	15,160,775	4.78%
<b>Motor Vehicles &amp; Passenger Car Bodies</b>				
57,500	Tesla, Inc. *	9,020,540	23,220,800	7.32%
<b>National Commercial Bank</b>				
65,750	JP Morgan Chase & Co.	2,180,736	15,760,932	4.97%
<b>Real Estate Investment Trusts</b>				
122,500	Vornado Realty Trust	2,211,364	5,149,900	1.62%
<b>Retail-Catalog &amp; Mail-Order Houses</b>				
140,000	Amazon.com, Inc. *	16,067,770	30,714,600	9.68%
<b>Security Brokers, Dealers &amp; Exchanges</b>				
27,500	Goldman Sachs Group, Inc.	2,521,632	15,747,050	4.96%
<b>Semiconductors &amp; Related Devices</b>				
420,000	NVIDIA Corp.	24,523,047	56,401,800	17.78%
<b>Services-Business Services</b>				
13,100	Mercadolibre, Inc. (Uruguay) *	22,535,240	22,275,764	7.02%

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

# MATTHEW 25 FUND

## SCHEDULE OF INVESTMENTS (CONTINUED)

DECEMBER 31, 2024

Shares/Principal Amount		Cost	Value	% of Net Assets
<b>Services-Computer Programming, Data Processing, Etc.</b>				
34,250	Flutter Entertainment PLC *	\$ 8,973,435	\$ 8,851,913	2.79%
<b>State Commercial Banks</b>				
122,500	East West Bancorp, Inc.	3,604,683	11,730,600	3.70%
	<b>Total Common Stocks</b>	136,335,549	315,474,678	99.42%
<b>MONEY MARKET FUND</b>				
1,264,035	Goldman Sachs Financial Square Government Fund Class Institutional, 4.42% (a)	1,264,035	1,264,035	0.40%
	Total Investments	\$137,599,584	\$316,738,713	99.82%
	Other Assets Less Liabilities, Net		577,199	0.18%
	<b>Net Assets</b>		<u>\$317,315,912</u>	<u>100.00%</u>

\* Non-Income producing securities during the period.

\*\* Level 2 Security

\*\*\* Level 3 Security. This security was valued using significant unobservable inputs.

(a) Variable rate security; the rate shown represents the yield at December 31, 2024.

(b) Actual shares owned 0.111 shares.

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

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# MATTHEW 25 FUND

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## STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 2024

### Assets

Investment in securities at market value (cost \$137,599,584)	\$316,738,713
Receivables:	
Cash	8,616
Dividends & Interest	811,328
Securities Sold	315,499
Shareholder Subscriptions	168,150
Prepaid expenses	18,515
Total Assets	<u>318,060,821</u>

### Liabilities

Payables:	
Securities purchased	370,809
Shareholder Redemptions	61,337
Advisor fees	279,087
Trustee fees	16,862
Accrued expenses	16,814
Total Liabilities	<u>744,909</u>

**Net Assets** (Equivalent to \$34.56 per share based on 9,181,369 \$317,315,912

shares of capital stock outstanding, 100,000,000 shares  
authorized, \$0.01 par value)

Minimum redemption price per share  $\$34.56 \times 0.98 = \$33.87$  (Note 7)

### Composition of Net Assets

Shares of common stock	\$ 91,814
Additional paid-in capital	122,859,567
Distributable earnings	<u>194,364,531</u>

**Net Assets** \$317,315,912

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

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# MATTHEW 25 FUND

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## STATEMENT OF OPERATIONS

For the Year Ended DECEMBER 31, 2024

### Investment Income

Dividends	\$ 4,017,623
Interest	69,196
Total Investment Income	<u>4,086,819</u>

### Expenses

Management fees	2,946,348
Transfer agent and accounting fees	65,201
Trustees' fees and expenses	56,003
Custodian and bank fees	36,199
Professional fees	29,383
Compliance Officer fees	27,987
Office expenses	27,400
Registration fees	21,863
Insurance	16,224
Postage & printing fees	13,500
NSCC fees	6,413
NASDAQ fees	912
Interest expenses	19
Total Expenses	<u>3,247,452</u>

### Net Investment Income

839,367

### Realized and Unrealized Gain (Loss) from Investments

Net realized gain from investments	28,787,586
Net change in unrealized appreciation on investments	42,415,674
Net realized and unrealized gain from investments	<u>71,203,260</u>
Net increase in net assets resulting from operations	<u>\$ 72,042,627</u>

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

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# MATTHEW 25 FUND

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## STATEMENTS OF CHANGES IN NET ASSETS

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	Year Ended 12/31/2024	Year Ended 12/31/2023
<b>Increase (Decrease) in Net Assets From Operations</b>		
Net investment income (loss)	\$ 839,367	\$ 555,475
Net realized gain from investments	28,787,586	23,819,650
Unrealized appreciation on investments	42,415,674	57,895,329
Net increase in assets resulting from operations	<u>72,042,627</u>	<u>82,270,454</u>
<b>Distributions to Shareholders</b>	<u>(21,820,308)</u>	<u>(22,294,576)</u>
<b>Capital Share Transactions</b>	<u>(21,224,016)</u>	<u>(9,677,922)</u>
<b>Total Increase in Net Assets</b>	28,998,303	50,297,956
<b>Net Assets at Beginning of Year</b>	<u>288,317,609</u>	<u>238,019,653</u>
<b>Net Assets at End of Year</b>	<u>\$317,315,912</u>	<u>\$288,317,609</u>

*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				
	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Net Asset Value -					
Beginning of Year	\$ 29.02	\$ 23.01	\$ 35.39	\$ 32.47	\$ 32.04
Net Investment Income (1)	0.09	0.06	0.20	0.11	0.16
Net Gains or (Losses) on Investments (realized and unrealized)	7.95	8.32	(10.78)	7.04	3.88
Total from Investment Operations	8.04	8.38	(10.58)	7.15	4.04
Less Distributions					
From net investment income	0.00	(0.06)	(0.21)	(0.11)	(0.17)
From realized gains	(2.50)	(2.31)	(1.59)	(4.12)	(3.46)
Total Distributions	(2.50)	(2.37)	(1.80)	(4.23)	(3.63)
Paid in capital from redemption fees	0.00 *	0.00 *	0.00 *	0.00 *	0.02
Net Asset Value - End of Year	\$ 34.56	\$ 29.02	\$ 23.01	\$ 35.39	\$ 32.47
Total Return (2)	27.38%	36.44%	(30.08)%	22.27%	12.90%
Net Assets - End of Year (000's omitted)	\$317,316	\$288,318	\$238,020	\$376,399	\$335,937
Ratio of Expenses to Average Net Assets	1.10%	1.10%	1.10%	1.07%	1.11%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.28%	0.21%	0.68%	0.30%	0.52%
Portfolio Turnover Rate	30.26%	23.38%	29.02%	25.43%	14.51%

(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.*

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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

### **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 (2021-2023) or expected to be taken on the Fund's 2024 tax return. 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, 2024, 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.



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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024

### 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.

### Security Transactions and Investment Income

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.

### 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 \$1,493,713 from accumulated net realized gain to paid-in-capital.

### **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 Adviser 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 Adviser may use Fair Value Pricing to value the holding in order to calculate the day's NAV.

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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024

### *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.

### *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).* 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 Depositary 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

# MATTHEW 25 FUND

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024

inactive markets or valued by reference to similar instruments are also categorized in level 2, or level 3 as applicable.

*Short-term investment.* Investments in other open-end investment companies, including money market funds, are valued at the investment company's net asset value per share. 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, 2024:

<u>Categories</u>	<b>Financial Instruments – Assets</b>			<u>Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common Stocks *	\$303,704,464	\$ 11,763,632	\$ 6,582	\$315,474,678
Short-Term Investment	1,264,035	-	-	1,264,035
	<u>\$304,968,499</u>	<u>\$ 11,763,632</u>	<u>\$ 6,582</u>	<u>\$316,738,713</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 12/31/2023	\$4,758
Accrued Accretion/(Amortization)	-
Change in Unrealized Appreciation/(Depreciation)	1,775
Realized Gain/(Loss)	-
Purchases/Sales	49
Transfers In/(Out) of Level 3	-
Balance as of 12/31/2024	<u>\$6,582</u>

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, 2024, as computed pursuant to the investment advisory agreement, totaled \$2,946,348. The management fee is the only revenue for the Advisor and the Advisor's expenses are paid out of this revenue.

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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2024

Mr. Mark Mulholland is the sole director of The Advisor and is also the President of the Fund.

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

### **NOTE 5 – Segment Reporting**

The Fund included herein is deemed to be an individual reporting segment and is not part of a consolidated reporting entity. The objective and strategy of the Fund is used by the Advisor to make investment decisions, and the results of the operations, as shown in the statement of operations and the financial highlights for the Fund is the information utilized for the day-to-day management of the Fund. The Fund is party to the expense agreements as disclosed in the notes to the financial statements and resources are not allocated to a Fund based on performance measurements. Due to the significance of oversight and their role, the Advisor is deemed to be the Chief Operating Decision Maker.

### **NOTE 6 - Investments**

For the year ended December 31, 2024, purchases and sales of investment securities other than short-term investments aggregated \$89,165,871 and \$130,674,481, respectively.

### **NOTE 7 - Capital Share Transactions**

As of December 31, 2024, there were 100,000,000 shares of \$0.01 per value capital stock authorized. Transactions in capital stock were as follows:

	December 31, 2024		December 31, 2023	
	Shares	Amount	Shares	Amount
Shares sold	156,745	\$ 4,971,903	145,604	\$ 3,885,143
Shares reinvested	524,573	18,847,905	686,933	19,893,591
Redemption fees	-	847	-	4,335
Shares redeemed	(1,436,424)	(45,044,671)	(1,238,179)	(33,460,991)
Net decrease	(755,106)	\$(21,224,016)	(405,642)	\$ (9,677,922)

### **NOTE 8 - 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, 2024, the Fund received \$847 in redemption fees that were reclassified to paid-in capital.

### **NOTE 9 – Tax Matters**

As of December 31, 2024, the tax basis unrealized appreciation (depreciation) and cost of investment securities, including short-term investments, were as follows:

Federal tax cost of investments +	<u>\$ 137,631,549</u>
Gross tax unrealized appreciation on investments	\$ 182,678,698
Gross tax unrealized depreciation on investments	<u>(3,571,534)</u>
Net tax unrealized appreciation	<u>\$ 179,107,164</u>

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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024

The Fund's distributable earnings on a tax basis is determined only at the end of each fiscal year. As of December 31, 2024, the Fund's most recent fiscal year end, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 850,843
Undistributed capital gain	14,406,524
Unrealized appreciation	<u>179,107,164</u>
Total distributable earnings	<u>\$194,364,531</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, 2024 and 2023 are as follows:

	12/31/2024	12/31/2023
Ordinary income	\$ 10,515	\$ 567,857
Long-term capital gain	21,809,793	21,726,719
Total	<u>\$ 21,820,308</u>	<u>\$ 22,294,576</u>

### **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 – Market and Geopolitical Risk**

The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. Securities in the Fund may underperform due to inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters, climate change and climate-related events, pandemics, epidemics, terrorism, international conflicts, regulatory events and governmental or quasi-governmental actions. The occurrence of global events similar to those in recent years, such as terrorist attacks around the world, natural disasters, social and political discord or debt crises and downgrades, among others, may result in market volatility and may have long term effects on both the U.S. and global financial markets. It is difficult to predict when similar events affecting the U.S. or global financial markets may occur, the effects that such events may have and the duration of those effects. Any such event(s) could have a significant adverse impact on the value and risk profile of the Fund. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments. In times of severe market disruptions, you could lose your entire investment.

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# MATTHEW 25 FUND

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2024

### **NOTE 12 – *New Accounting Pronouncement***

In September 2023, the SEC adopted a final rule relating to “Names Rule” under the 1940 Act. The amendments expanded the rule to require more funds to adopt an 80 percent investment policy, including funds with names suggesting a focus in investments with particular characteristics (e.g., growth or value) or with terms that reference a thematic investment focus (e.g., environmental, social, or governance factors). The amendments will require that a fund review its name for compliance with the rule. If needed, a fund may need to adopt an 80 percent investment policy and review its portfolio assets' treatment under such policy at least quarterly. The rule also requires additional prospectus disclosure and reporting and record keeping requirements. The amendments will become effective on April 9, 2024. The compliance date is February 9, 2026 for Funds with more than \$1 billion in assets and August 9, 2026 for Funds with less than \$1 billion in assets. The Fund is in compliance with this new rule.

### **NOTE 13 – *Change of Service Providers***

As of April 26, 2024, the Fund changed their custodian from U.S. Bank N.A. to Huntington National Bank to perform all custodian services for the Fund.

### **NOTE 14 – *Subsequent Events***

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

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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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, 2024, 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, 2024, 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, 2024, by correspondence with the custodian and brokers. 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  
Huntingdon Valley, Pennsylvania  
February 26, 2025

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# MATTHEW 25 FUND

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ADDITIONAL INFORMATION  
DECEMBER 31, 2024 (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 and a record of the Fund's proxy votes for the most recent twelve month period ended June 30, are available without charge, upon request, by calling toll free 1-888-M25-FUND. The Proxy Voting Record is also available on the Securities and Exchange Commission's ("SEC") website at [www.sec.gov](http://www.sec.gov).

## 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

In preparation for the Advisory Agreement Renewal, on September 12, 2024, the Board of Trustees requested documents from the Investment Advisor in order to evaluate the terms of the Advisory Agreement. At an in-person meeting held on October 22, 2024, 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), approved the continuation of the Advisory Agreement based upon its review of the qualitative and quantitative information provided by the Investment Advisor. The conclusions reached by the Trustees were based on their business judgment, after a comprehensive evaluation of the information provided and were not the result of any one factor. 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 analyzed the Investment Advisor's experience and the capabilities of the Investment Advisor's portfolio manager. The Trustees reviewed and discussed the Investment Advisor's Form ADV. They discussed the Investment Advisor's internal compliance policies, as well as Fund expense ratios and portfolio turnover. They noted that the Investment Advisor receives no soft dollars. 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 full tenure managing this Fund. The Trustees considered year-to-date performance along with



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# MATTHEW 25 FUND

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## ADDITIONAL INFORMATION (CONTINUED)

DECEMBER 31, 2024 (UNAUDITED)

annual performance for 1, 5, and 10 year(s) as well as performance since the Fund's inception. Greatest emphasis is always placed on the long-term investment performances. As of 6/30/2024 the current advisor had underperformed the S&P 500 Index in 1, 5, and 10 year periods, and outperformed the index in the 15 year period and in the period since inception. The Trustees try to compare this Fund's performance to similar funds such as funds classified 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 for the purpose of approving the Advisory Agreement.

### **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 Morningstar's Large Blend Category (its current classification for MXXVX). This peer group average expense ratio was 0.91%, placing the Fund above that average. 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. 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. A review of the Fund's historical expense ratios indicates that as the assets increase, expense ratios decrease. 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 \$2,000 that the Advisor pays whenever assets with Schwab are below \$6,000,000.

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# MATTHEW 25 FUND

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ADDITIONAL INFORMATION (CONTINUED)  
DECEMBER 31, 2024 (UNAUDITED)

## CONCLUSIONS

The Trustees who are non-interested persons met separately to further discuss the performance of the Fund and the Advisor's compensation. The Trustees determined that the information provided was sufficient to evaluate the Advisory Agreement. On the basis of its review and the foregoing information, with no single factor being determinative, the Board of Trustees concluded that the Advisory Agreement, including the advisory fee rates payable thereunder, continued to be fair and reasonable in light of all relevant circumstances. They further concluded that it is in the best interest of the Fund and its shareholders to approve the Advisory Agreement.

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**Matthew 25 Fund**