YFS Hathaway Fund

Interim Report for the six months ended 31 March 2026

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Authorised status

The YFS Hathaway Fund (the 'Fund') is a unit trust authorised by the Financial Conduct Authority ('FCA') with effect from 9 June 2017.

The Fund is a UCITS which complies with the requirement of the FCA's Collective Investment Schemes Sourcebook ('the COLL Sourcebook'), including the investment and borrowing powers in Chapter 5.

Unitholders are not liable for the debts of the Fund.

Fund information

Investment objective and policy

The aim of the Fund is to grow the value of a unitholder's capital and income, over a period of at least five years. This growth is expected to come from a combination of gains in investments held and income received by the Fund – such as bond interest and dividends from shares.

The Fund is actively managed, which means the Investment manager decides which investments to buy or sell, and when, across different industries and regions of the world.

The Investment manager considers economic and market conditions, but the focus is on individual company analysis. The aim is to identify companies which show good long-term growth potential, and which appear to be undervalued given their prospects.

The Fund will invest between 40-85% of its portfolio in the shares of companies. There will be a bias towards enterprises that are expected to pay steady dividends; however, the Fund may occasionally invest in securities which do not pay dividends.

The Fund will invest between 15-60% of its portfolio in bonds, which are loans typically issued by companies, governments and other institutions. These will typically be investment grade bonds, where the issuer has a high and reliable capacity to repay the debt.

However, from time to time, our operations may include sub-investment grade bonds (which can be more vulnerable to changing market conditions, but typically pay a higher rate of interest) where we judge them to be incorrectly downgraded.

The Fund may also invest in money market instruments, which are shorter term loans.

The Fund will hold cash to enable the ready settlement of liabilities and for the efficient management of the portfolio. The Fund may hold cash up to a maximum of 30%, in extreme market conditions.

A Glossary of Definitions which provides definitions to some of the technical language used in this document is available from www.yealand.com/policies.

Comparator benchmark

To gauge the relative performance of the Fund, unitholders may compare the Fund's performance against the Investment Association's Mixed Investment 40-85% Shares Sector (the 'Sector'). This is not a performance target nor constrains the way in which the Fund is managed. For further information on the Sector and its intended use, please refer to the Fund's Prospectus.

Fund information
continued

Target market
The Fund is suitable for retail investors, professional investors and eligible counterparties whose investment requirements are aligned with the objectives, policies and risk profiles of the Fund. The compatibility of the Fund for an investor are detailed in the Fund's Prospectus.

Potential investors should consider the risk factors before investing in the Fund, these risks are detailed under 'Risk Factors' within the Fund's Prospectus.

Investment manager
The Investment manager of the Fund is Hathaway Investment Management Limited.

Distribution
All unitholders own income units, which entitle them to a share in any distribution made by the Fund. Normal distribution dates are 31 May and 30 November for income accrued as at 31 March and 30 September.

Annual Management Charge ('AMC')
The AMC is 1.0% of the Net Asset Value ('NAV') of the Fund.

Investment manager's report - Hathaway Investment Management Limited
for the six months ended 31 March 2026

Performance to 31 March 2026

	Six months	One year	Three years	Five years	Ten years	25 November 2002*
YFS Hathaway Fund	0.8%	+4.5%	+20.2%	+13.0%	+77.7%	+397.0%
IA Mixed Investment 40%-85%[1]	1.5%	+11.0%	+26.4%	+26.9%	+83.2%	+326.0%

External Source of Economic Data: Yealand Fund Services Limited (accumulation units - quoted to quoted price).

Investment commentary – recent performance

Since our second-best year ever, in 2024, we have continued to see a slight consolidation – reflecting the acute volatility haunting the markets – following the addition of war in the Middle East to the ongoing crisis in Ukraine. However, in the six months ending 31 March 2026, our *accumulation units* at least edged forward 0.8%, following a rise in price of 2.01p and a movement in our benchmark[1] of 1.5%.

Launched in 2002 at 50p, that class reached 248.50p at the halfway stage, reflecting annual compounding[2] at 7.1% over our first 23½ years (down slightly from the 7.2% annual run rate recorded in September). We remain ahead of our peer group benchmark, the Investment Association Mixed Investment 40%-85% Shares sector, since launch, although we clearly have ground to make up over shorter periods.

To summarise recent performance: with our long-term percentage advantage remaining in place, shorter periods are again adrift as markets ride considerable volatility; equally, since our year end in 2022 (after a tough year), we have advanced 30% as against 32.8% for the benchmark – indicating that the table above does not reflect the full story.

Investing conditions – portfolio and general developments

No excuses though, but we are now investing against a background of even greater instability in the world security situation *and* a particularly difficult economic outlook: we have an incumbent in The White House who appears now to be determined to pursue not just protectionism and tariffs, but military victories/conflict on a grand scale – real or imaginary.

Under this ever longer shadow, we have seen much that we like about our holdings, with further gratifying business reports from the likes of Next and Tesco, as examples; however, we did say a year ago that the very strong advance in the portfolio in 2024 might stall/reverse following President Donald Trump's arrival, and unfortunately this proved accurate.

At the sharp end, there continues to be profound – and irrational – volatility in individual stocks: we are seeing some holdings up 8%, 10% or 12% in a week and then, abruptly, they are marched back down again; times like this call for great patience and concentration upon the long term.

That stance is greatly helped by the flow of dividends though, which continues completely unabated.

Equally, adjusting for the c.50%-85% we have historically held in shares (the remainder in lower performing government bonds/cash), our portfolio has outperformed the stock market over the period since launch in 2002 and is way ahead of its benchmark in that time, something which they teach at business school as being impossible long term.

Meanwhile, our cohort of quality investees continued to post mostly satisfactory *business* reports, although their share prices again generally lagged their owners' economic performance – something which will be reversed at some point.

We have seen so much volatility in the six months though that looking in too much detail at our stocks this time seems futile, but it is interesting to look at the *annual* performance of a few we considered in this report a year ago:

Games Workshop (tabletop war games) was one of the glamorous exceptions to the recent roller-coaster ride: its shares were up 32% in the twelve months, and the dividend flow remains gratifying; indeed, we were obliged partly to cull the investment recently, as it neared the legal ceiling for the proportional size of an individual equity holding. Its ticker/market identifier – GAW – stands for 'the Gift which keeps Giving'.

Investment manager's report - Hathaway Investment Management Limited
for the six months ended 31 March 2026
(continued)

Next (UK clothes retailing) saw its shares advance 15% in the year, reflecting the strength of its profits, retail franchise and offering amidst a grim high street scene; again, strong dividends provided a tail wind.

Last up, amongst our list of stalwarts: Tesco (food retailing) advanced 38%, as its attraction as a defensive investment in times of war, inflation and economic stress, becomes apparent again.

Alongside: US and Hong Kong stocks suffered and set the tone for our laggards amidst the broader international security outlook – with Somero Enterprises (cement screeding) down 44% in the year, but Techtronic (electric DIY tools) was up 7.5% in sterling terms; *both* holdings were proportionally small to begin with.

Many of our holdings came down in the middle of the performance table, summarised by *fair* economic performance, but weak stock market enthusiasm for their shares.

Last to consider is Diageo (Gordon's Gin and Johnnie Walker whisky worldwide), which was down 31% in the year, amid concerns about adverse US consumer trends, although its 2025 annual results appeared a shade more optimistic to us than generally thought; a dividend cut has cemented that negative sentiment for the time being though, while we stress patience.

The conclusion about the last six months (and year) is clear: a tough market period under review in terms of volatility from week to week (less so in business terms), the upsets calmed by our government bond holding, a large cash reserve, and certain holdings escaping the trend.

Outlook – what our investors may expect

We anticipate healthy business performance from almost all our investees, but we expect further turbulence in their share prices. Generally, stock market participants continue to concentrate on the *very* short term, hence the volatility stalking stock markets worldwide and the feverish speculation taking place; the latter actors, should heed the advice of the great investor Ben Graham: "speculators will get *speculators' results*".

So, while we continue *value investing* amidst the mayhem, as ever we ask unitholders to keep their expectations sharply rational; remember too, that markets always turn upwards, two or three years before economic conditions improve. Patience is always rewarded.

In closing, we thank Yealand Fund Services Limited for their accurate and efficient administration and we look forward to reporting our annual results in the autumn, while unitholders requiring up to date prices etc., should refer to our website.

Hathaway Investment Management Limited

17 April 2026

**Launch date of the YFS Hathaway Fund.*

1. *A benchmark is a comparator fund or appropriate group of funds/index, against which a fund's performance is measured; it is used to evaluate a fund by comparing its returns over time, most usefully over the long term.*
2. *Annual compounding means that interest rate which, if uniformly applied each year over a given period, would arrive at the actual result; thus: 50p becomes 248.50p over 23.5 years at a continuous annual rate of 7.1%. Returns naturally differ widely in fact from period to period; compounding smooths the numbers, without compromising accuracy.*

Net asset value and units in issue
for the six months ended 31 March 2026

	Net asset value ('NAV')	Units in issue	Net asset value per unit	Operating charges
Accumulation units	£10,228,836	4,125,477	247.94p	1.10%*
Income units	£4,885,911	3,009,231	162.36p	1.10%*

All prices quoted are based on bid price.

**The operating charges of 1.10% is based on the average NAV in the period and the running costs of the Fund. The expected ongoing charges of the Fund for the year are expected to be around 1.15%.*

Key Investor Information Document ('KIID') risk and reward profile

The numerical risk and reward indicator as published in the latest KIID document is in category 4 (2025: category 4).

For more information on the Fund's risk and reward profile, and other information to the Fund, please refer to the most up to date KIID which is available at www.yealand.com.

Assessment of value report

We are required to undertake a formal review of the Fund in order to assess the value which unitholders are receiving from their investments. This assessment considers elements such as the fees which are paid, the quality of services provided and the investment performance obtained.

We are required to publish a report which summarises the outcome of the review and, if relevant, to take steps to address any instances of poor value.

We assess the value of each Yealand Fund at regular intervals, linked to the accounting dates of each Yealand Fund. The most recently available Assessment of value report specific to each Yealand Fund can be obtained from the Yealand website, via the document link on each respective Fund page https://yealand.com/funds/.

Approval of the interim report by the Authorised Fund Manager ('AFM')

In accordance with the requirements of a UCITS which complies with the FCA COLL as per the COLL Sourcebook 4.5.8B R, I hereby approve the report on behalf of Yealand Fund Services Limited for the six months ended 31 March 2026.

Rob Leedham
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
29 May 2026

Samuel Jackson
On behalf of Yealand Fund Services Limited,
the Authorised Fund Manager
29 May 2026

Portfolio statement
as at 31 March 2026

Holding	Investment	Market value £'000	% of total net assets
	DEBT SECURITIES - 16.63% (15.92%)		
	Sterling Denominated Bonds - 16.63% (15.92%)		
£2,615,000	UK Treasury 1.25% 22/07/2027	2,513	16.63
	TOTAL DEBT SECURITIES	**2,513**	**16.63**
	EQUITIES - 65.67% (68.12%)		
	Asia and Australasia - 4.50% (4.19%)		
	Hong Kong - 4.50% (4.19%)		
69,000	Techtronic Industries	679	4.50
	Total Asia and Australasia	**679**	**4.50**
	Europe (excluding UK) - 9.35% (11.26%)		
	Finland - 4.45% (5.75%)		
14,070	Kone 'B'	673	4.45
	Germany - 1.04% (1.14%)		
4,625	Fresenius Medical Care	157	1.04
	Switzerland - 3.86% (4.37%)		
230	Givaudan	584	3.86
	Total Europe (excluding UK)	**1,414**	**9.35**
	United Kingdom - 51.82% (52.67%)		
110,000	B&M European Value Retail	185	1.22
59,000	Big Yellow Group	499	3.30
20,000	Diageo	279	1.85
211,000	Downing Strategic Micro-Cap Investment Trust	1	0.01
7,067	Games Workshop Group	1,250	8.27
163,250	Henderson High Income Trust	302	2.00
46,300	Law Debenture	488	3.23
6,925	Next	877	5.80
102,000	PayPoint	565	3.74
117,025	Personal Assets Trust	614	4.06
785,435	Primary Health Properties	714	4.72
103,035	RS Group	576	3.81
170,000	Somero Enterprises	314	2.08
162,374	Tesco	768	5.08
71,061	Travis Perkins	401	2.65
	Total United Kingdom	**7,833**	**51.82**
	TOTAL EQUITIES	**9,926**	**65.67**

Portfolio statement
as at 31 March 2026
continued

Investment	Market value £'000	% of total net assets
Portfolio of investments	**12,439**	**82.30**
Net other assets	**2,676**	**17.70**
Net assets	**15,115**	**100.00**

Summary portfolio of investments	Market value £'000	% of investments
Debt securities	2,513	20.20
Equities	9,926	79.80
Portfolio of investments	**12,439**	**100.00**

Figures in brackets refer to the proportion of the Fund invested in the equivalent investments as at 30 September 2025.*
All equities are in ordinary stocks and shares except where otherwise stated.
**All categories from prior year have been restated.*

Statement of total return (unaudited)
for the six months ended 31 March 2026

	31 March 2026		31 March 2025	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(308)		(1,005)
Revenue	286		304	
Expenses	(91)		(88)	
Net revenue before taxation	195		216	
Taxation	(13)		(3)	
Net revenue after taxation		182		213
Total return before distributions		(126)		(792)
Distributions		(182)		(213)
Change in net assets attributable to unitholders from investment activities		(308)		(1,005)

Statement of change in net assets attributable to unitholders (unaudited)
for the six months ended 31 March 2026

	31 March 2026		31 March 2025	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		15,675		16,708
Amounts receivable on issue of units	133		146	
Amounts payable on cancellation of units	(505)		(469)	
		(372)		(323)
Change in net assets attributable to unitholders from investment activities (see above)		(308)		(1,005)
Retained distribution on accumulation units		120		140
Closing net assets attributable to unitholders		15,115		15,520

Balance sheet (unaudited)
as at 31 March 2026

	31 March 2026 £'000	30 September 2025 £'000
Assets:		
Investments	12,439	13,174
Current assets:		
Debtors	106	105
Cash and bank balances	2,648	2,834
	2,754	2,939
Total assets	**15,193**	**16,113**
Liabilities:		
Creditors:		
Distributions payable	(59)	(57)
Other creditors	(19)	(381)
Total liabilities	**(78)**	**(438)**
Net assets attributable to unitholders	**15,115**	**15,675**

Notes to the financial statements (unaudited)
as at 31 March 2026

Accounting policies
The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, updated June 2017.

The financial statements have been prepared on the going concern basis.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2025.

Distribution table
for the six months ended 31 March 2026
in pence per unit

Unit class	Distribution	Units	Net revenue	Equalisation	Payable/ Allocation 2026	Paid/ Allocated 2025
Accumulation	Interim	Group 1	2.9074	-	2.9074	3.1940
		Group 2	1.9814	0.9260	2.9074	3.1940
Income	Interim	Group 1	1.9791	-	1.9791	2.1676
		Group 2	1.4580	0.5211	1.9791	2.1676

Interim period: 1 October 2025 to 31 March 2026

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

General information

Buying and selling units

On purchasing units, you will receive a contract note confirming your purchase, which will be issued the business day after the deal has been priced. As proof of ownership, your name will be recorded on the register following receipt of payment and full registration details.

The Fund is valued at 12:00 noon every Thursday that is a business day, except where the Thursday is not a business day it shall be the next business day thereafter. The prices calculated at these valuations will determine the price at which your deal is transacted. The Fund is priced on a forward basis, i.e. all deals struck before the 12:00 noon valuation point receive prices calculated at that valuation point.

The current unit prices are available online at www.yealand.com (together with yield information) or at the registered office of the AFM. Also available from the website and AFM is the distribution information and the latest Key Investor Information Document ('KIID'), which includes risk and reward numerical indicators of the Fund. The full report and accounts are available free of charge on request from the AFM.

The AFM may impose a charge payable by the unitholder on the issue of units (the 'initial charge') in the Fund. If an initial charge is applied, it will be deducted from the investment proceeds at the outset and is calculated as a percentage of the price of a unit.

Subject to the FUND and COLL Sourcebooks, the basis upon which prices may be calculated and any discounts on the initial charge are at the discretion of the AFM.

The AFM may vary the initial charge by giving the unitholder notice of the change and amending the Prospectus.

The minimum initial investment in the Fund which any one person can purchase is £1,000, with £500 subsequent minimum purchase value of additional net accumulation/income units. The minimum holding is £1,000.

Units may be purchased or sold by telephoning 0345 850 0255 or writing to: Yealand Fund Services Limited, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ.

For your protection calls are recorded. A contract note will be issued to confirm any sale of units with payment being issued on the third business day following the pricing of the sale and all necessary renunciation documentation being received by the AFM. The time for telephone deals is 09:00 – 17:00 every business day.

Revenue

The Fund offers accumulation and income units which entitle you to a share in any distribution to unitholders of the revenue made by the Fund, less expenses and applicable taxation, provided you retain those units until and including the Fund's dividend dates i.e. 31 March and 30 September each year. Any revenue to be distributed to unitholders is paid out on the Fund pay dates i.e. the last business day in May andthe last business day in November each year. The revenue may be paid to unitholders, directly to certain bank and building society accounts ('BACS'), by cheque or reinvested in the Fund.

Tax

Capital gains

Authorised funds are currently exempt from capital gains tax on the disposal of their investments. UK residents who are individuals or trusts may be liable to UK taxation of capital gains arising from the sale or other disposal of units in the Fund if their total gains from all sources exceed the exemption limit for the tax year in which the disposal takes place.

UK corporates will be subject to corporation tax on chargeable gains on profits made on the disposal of their units in the Fund.

General information
continued

Tax - continued

Income tax
The following paragraphs summarise the basis of taxation on distributions, based on current legislation.

UK resident individuals are taxed on the sum of their distributions in excess of the tax-free dividend allowance of £500. Basic rate taxpayers pay 10.75% income tax on dividends received in excess of the dividend allowance, higher rate taxpayers pay 35.75% income tax, and additional rate taxpayers pay 39.35% income tax. The dividend allowance is not available to Trusts.

Potential investors are advised to seek professional advice.

Corporate holders
For corporate unitholders, where the gross income from which the dividend distribution is made is not wholly franked investment income, part of the distribution is received as an annual payment. Corporate unitholders will be subject to corporation tax on the non-franked element of distributions, which will be covered by the tax withheld by the Fund.

The amount of tax recoverable on dividends deemed to be annual payments will match the corporation tax paid by the Fund.

It should be noted that levels and bases of tax may be subject to change.

If investors are in any doubt as to their taxation position they should consult their professional advisor.

Further information
Further details of the Fund are included in the Prospectus, which is available upon request from: Yealand Fund Services Limited, Fountain Suite B, Lynch Wood Park, Lynch Wood, Peterborough, Cambridgeshire, PE2 6FZ.

Directory

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Fax: 01733 286833

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