

THE MP63 FUND, INC.

Ticker: DRIPX

SEMI-ANNUAL REPORT

August 31, 2021

(Unaudited)

THE MP63 FUND, INC.

SHAREHOLDER LETTER AUGUST 31, 2021 (UNAUDITED)

Dear Fellow Shareholders,

The first half of our 23rd fiscal year ended on August 31st, 2021, with much improved results over the same period last year. We ended our first half of 2020 with a little less than \$77 million in assets while at our mid-point in 2021, Fund assets had grown to nearly \$99 million.

In general, the stock market advance from the worst days of the pandemic, specifically since March 23rd, 2020 until August 31st, 2021 was spectacular. Your fund recovered 87.18%, while the Russell 1000 Value Index Fund from Vanguard, advanced 97.42%, and the S&P 500 Index Fund also from Vanguard, advanced 106.85%. However, based on longer-term results, your fund has exceeded the results of the Russell 1000 Value Index and our peer group and was modestly behind the S&P 500. According to *Morningstar*, a \$10,000 investment in DRIPX in 2011 would have grown to \$34,334 by August 31, 2021 while the *Morningstar* Value Category (our Category) grew to \$29,591, and the Russell 1000 Value Index grew to \$32,666. The S&P 500 Index Fund from Vanguard grew to \$35,277 during the same period.

During the six-month period from March 1, 2021 through August 31, 2021, your Fund didn't do as well as the indexes, returning 13.59% while the Russell 1000 Value Index Fund from Vanguard, returned 14.47% and the S&P 500 also from Vanguard, advanced 19.50%. During that period, the leading sectors (based on SPDR ETFs) were Real Estate (with a cumulative return of 29.60%), Healthcare (19.41%) and Technology (18.24%), which are sectors where the Fund is not well represented.

We are very comfortable with our portfolio allocation. The vast majority of our holdings continued to extend their histories of annual dividend increases, and the total amount of dividends received during the period was \$989,281, which is up from \$899,302 for the same period during the previous year.

DRIPX Expense Ratio is 0.71%, which compares favorably with other funds in its Category but is higher than in fiscal year ending February 28th, 2021, which was 0.69%. The average Expense Ratio of No-load Large-cap Funds is 0.84% according to Morningstar. We believe this is an outstanding achievement given that our assets are among the smallest in that category.

Typically, we are invested in high-quality, dividend paying companies that offer the public the ability to invest directly through the company-sponsored Dividend Reinvestment Plan (DRIP). We continue to limit our top holdings to about 2.5% of total assets and add to companies when we believe they are priced attractively. We think this approach decreases risk, lowers volatility, and builds our dividend base.

As of August 31st, 2021 DRIPX exhibits an overall 5-Star ranking and the Gold Medal by *Morningstar*®, having outperformed the other funds in its Category (Large-cap Value) as well as its best-fit Index (Russell 1000 Value) over the long-term. However, as we write this, DRIPX has a *Morningstar* four-star ranking because, as noted above, our short-term results are lagging the Indexes. We retain the *Morningstar* Gold designation.

As always, we thank you for your confidence in our conservative approach to building wealth and once again congratulate you for your restraint during market sell-offs. We urge you to join us in funding your account(s), either through dollar-cost averaging or periodic purchasing, as we seek to take advantage of opportunities afforded by any volatility in the stock market.

Vita Nelson and Mario Medina
October 27th, 2021

*Past performance is not a guarantee of future results.
Must be preceded or accompanied by a prospectus. Mutual fund investing involves risk. Principal loss is possible.*

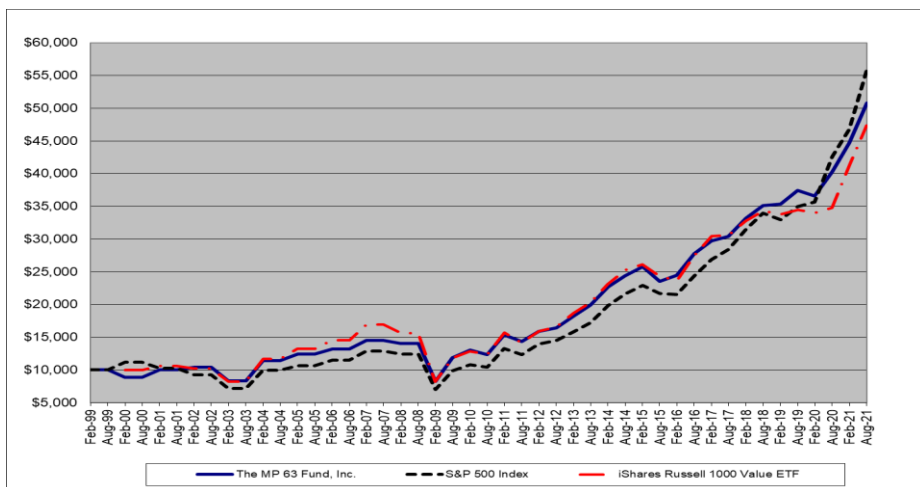
Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. Please refer to the schedule of investments in the report for complete holdings information.

THE MP63 FUND, INC.

PERFORMANCE ILLUSTRATION AUGUST 31, 2021 (UNAUDITED)

AVERAGE ANNUAL RATE OF RETURN (%) FOR PERIODS ENDING AUGUST 31, 2021

	<u>Six</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Annualized</u> <u>Since</u> <u>Inception</u>	<u>Cumulative</u> <u>Since</u> <u>Inception</u>	<u>Ending</u> <u>Value</u>
The MP63 Fund, Inc.	13.59%	26.04%	12.84%	13.49%	7.50%	407.76%	\$ 50,776
S&P 500 Index	19.52%	31.17%	18.01%	16.33%	7.95%	459.10%	\$ 55,910
iShares Russell 1000 Value ETF	14.48%	36.27%	11.50%	12.81%	7.58%	373.34%	\$ 47,334



This chart assumes an initial investment of \$10,000 made on the closing of February 28, 1999. Total return is based on the net change in NAV and assuming reinvestment of all dividends and other distributions. Performance figures represent past performance which 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 their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

The Standard & Poor's 500 Index ("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.

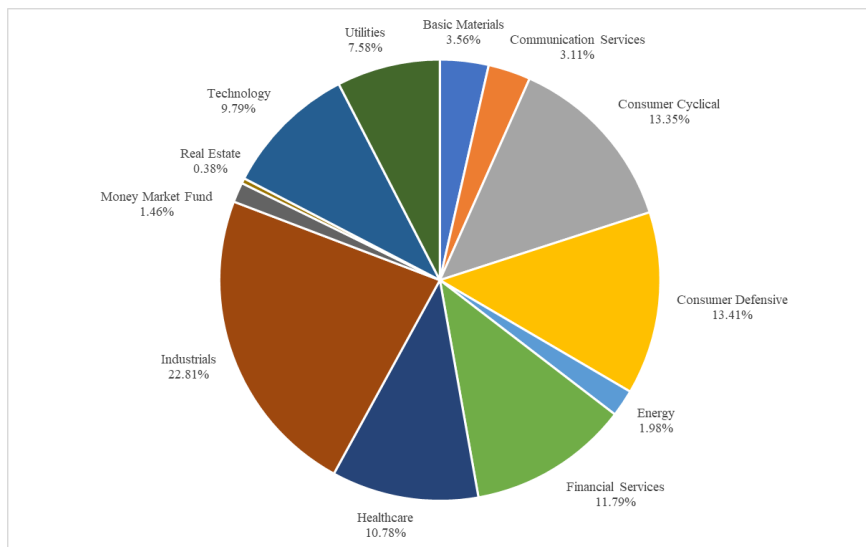
The iShares Russell 1000 Value ETF seeks to track the investment results of an index composed of large- and mid-capitalization U.S. equities that exhibit value characteristics. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

The performance information shown represents past performance and should not be interpreted as indicative of The MP63 Fund, Inc.'s future performance. The performance also reflects reinvestment of all dividend and capital gain distributions. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares.

THE MP63 FUND, INC.

PORTFOLIO ILLUSTRATION AUGUST 31, 2021 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the schedule of investments.



Sectors are categorized using Morningstar® classifications.

THE MP63 FUND, INC.

SCHEDULE OF INVESTMENTS AUGUST 31, 2021 (UNAUDITED)

Shares	Fair Value
COMMON STOCKS (United States) - 97.07%	
Aerospace/Aircrafts/Defense - 3.55%	
5,185 The Boeing Co. *	\$ 1,138,107
28,091 Raytheon Technologies Corp.	2,380,993
	3,519,100
Auto Parts - Retail/Wholesale - 1.40%	
11,315 Genuine Parts Co.	1,382,580
Banks - 4.85%	
42,341 Bank of America Corp.	1,767,737
22,665 Truist Financial Corp.	1,293,265
30,320 US Bancorp	1,740,065
	4,801,067
Beverages - 2.67%	
23,280 The Coca-Cola Co.	1,310,897
8,510 PepsiCo, Inc.	1,330,879
	2,641,776
Biological Products - 0.41%	
5,520 Gilead Sciences, Inc.	401,746
Cable & Other Pay Television Services - 1.80%	
29,345 Comcast Corp., Class A	1,780,655
Chemicals - Diversified - 1.81%	
21,757 RPM International, Inc.	1,790,384
Commercial Services - 1.73%	
7,626 Ecolab, Inc.	1,718,595
Communication Equipment - 1.71%	
11,580 Qualcomm, Inc.	1,698,670
Consumer, Durable & Apparel - 0.11%	
1,100 Sony Group Corp. ADR	113,806
Containers - Paper/Plastic - 1.32%	
101,860 Amcor PLC (Jersey)	1,308,901
Cosmetics & Personal Care - 1.10%	
13,977 Colgate-Palmolive Co.	1,089,507
Diversified Operations - 2.97%	
6,567 3M Co.	1,278,858
41,517 Corning, Inc.	1,660,265
	2,939,123

* Non-income producing securities during the period.

THE MP63 FUND, INC.

SCHEDULE OF INVESTMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

Shares	Fair Value
Electronic Equipment - 2.52%	
11,445 Carrier Global Corp.	\$ 659,232
17,465 Emerson Electric Co.	1,842,557
	2,501,789
Electronic - Semiconductors - 1.76%	
32,230 Intel Corp.	1,742,354
Financial Services - 2.58%	
4,630 American Express Co.	768,395
15,610 Paychex, Inc.	1,786,877
	2,555,272
Food - Misc. Preparation - 4.43%	
20,615 Archer Daniels-Midland Co.	1,236,900
30,397 Conagra Brands, Inc.	1,019,997
14,830 General Mills, Inc.	857,322
28,108 Hormel Foods Corp.	1,280,038
	4,394,257
General Household Products - 1.91%	
9,778 Stanley Black & Decker, Inc.	1,889,794
Healthcare - 1.52%	
8,037 AbbVie, Inc.	970,709
1,275 UnitedHealth Group, Inc.	530,744
	1,501,453
Insurance - Life/Property/Casual - 3.00%	
23,040 AFLAC, Inc.	1,305,907
10,454 The Travelers Companies, Inc.	1,669,608
	2,975,515
Leisure Products - 1.07%	
8,866 Polaris, Inc.	1,061,792
Leisure Services - 1.35%	
7,366 The Walt Disney Co. *	1,335,456
Machinery - Const./Mining/Farming - 4.15%	
9,107 Caterpillar, Inc.	1,920,393
5,786 Deere & Co.	2,187,282
	4,107,675
Machinery - Electrical Equipment - 4.25%	
12,134 Dover Corp.	2,115,684
10,730 Johnson Controls International PLC (Ireland)	802,604
17,508 Tennant Co.	1,295,242
	4,213,530

* Non-income producing securities during the period.

THE MP63 FUND, INC.

SCHEDULE OF INVESTMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

Shares	Fair Value
Manufacturing - 2.08%	
8,833 Illinois Tool Works, Inc.	\$ 2,056,852
Medical/Dental - Supplies - 1.93%	
7,615 Becton Dickinson & Co.	1,916,695
Medical Instruments/Products - 1.71%	
12,720 Medtronic PLC (Ireland)	1,697,866
Medical Drugs - 5.18%	
14,645 Abbott Laboratories	1,850,689
10,768 Johnson & Johnson	1,864,264
10,387 Merck & Co., Inc.	792,424
13,590 Pfizer, Inc.	626,091
	5,133,468
National Commercial Banks - 1.34%	
8,290 JPMorgan Chase & Co.	1,325,985
Paper & Paper Products - 1.54%	
11,090 Kimberly Clark Corp.	1,528,313
Petroleum Refining - 1.13%	
1,901 Chevron Corp.	183,960
17,200 Exxon Mobil Corp.	937,744
	1,121,704
Refuse Systems - 1.83%	
11,710 Waste Management, Inc.	1,816,338
Retail - Catalog & Mail Order Houses - 0.78%	
222 Amazon.com, Inc. *	770,515
Retail - Food & Restaurant - 2.21%	
7,578 Starbucks Corp.	890,339
9,925 Yum! Brands, Inc.	1,300,473
	2,190,812
Retail - Variety Stores - 1.97%	
4,286 Costco Wholesale Corp.	1,952,230
Retail/Wholesale - Building Products - 2.05%	
6,230 The Home Depot, Inc.	2,032,101
Services - Computer Programming, Data Processing, Etc. - 1.80%	
616 Alphabet, Inc. Class A *	1,782,673
Services - Prepackaged Software - 2.71%	
8,885 Microsoft Corp.	2,682,204

* Non-income producing securities during the period.

THE MP63 FUND, INC.

SCHEDULE OF INVESTMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

Shares	Fair Value
Shoes & Related Apparel - 1.15%	
6,942 Nike, Inc. Class B	\$ 1,143,625
Soap, Detergent, Cleaning Preparations, Perfumes, Cosmetics - 1.66%	
11,590 The Proctor & Gamble Co.	1,650,300
Telecommunications Services - 1.30%	
31,020 AT&T, Inc.	850,568
8,000 Verizon Communications, Inc.	440,000
	1,290,568
Textile - Apparel/Mill Products - 1.18%	
15,300 VF Corp.	1,169,991
Transportation - Railroads - 1.99%	
9,086 Union Pacific Corp.	1,970,208
Utility - Electric - 4.84%	
5,089 Dominion Energy, Inc.	396,128
12,931 Duke Energy Corp.	1,353,359
26,240 MDU Resources Group, Inc.	844,141
26,196 NextEra Energy, Inc.	2,200,202
	4,793,830
Utility - Gas Distribution - 0.83%	
15,910 National Fuel Gas Co.	824,297
Utility - Water - 1.89%	
37,745 Essential Utilities, Inc.	1,873,285
	1,873,285
TOTAL FOR COMMON STOCK (Cost \$39,669,606) - 97.07%	
	96,188,657
LIMITED PARTNERSHIPS (United States) - 0.85%	
Natural Gas Transmission - 0.48%	
21,500 Enterprise Products Partners LP	478,590
Pipe Lines (No Natural Gas) - 0.37%	
7,300 Magellan Midstream Partners LP	359,233
	359,233
TOTAL FOR LIMITED PARTNERSHIPS (Cost \$771,647) - 0.85%	
	837,823
REAL ESTATE INVESTMENT TRUST (United States) - 0.38%	
2,800 Simon Property Group, Inc.	376,460
	376,460
TOTAL FOR REAL ESTATE INVESTMENT TRUST (Cost \$294,226) - 0.38%	
	376,460
MONEY MARKET FUND - 1.46%	
Fidelity Investments Money Market Funds - Gov't Portfolio,	
1,447,309 Class I (Cost \$1,447,309) 0.01% **	\$ 1,447,309
	1,447,309

* Non-income producing securities during the period.

THE MP63 FUND, INC.

SCHEDULE OF INVESTMENTS (CONTINUED)

AUGUST 31, 2021 (UNAUDITED)

	Fair Value
TOTAL INVESTMENTS - 99.76% (Cost \$42,182,788) (Note 4)	\$ 98,850,249
OTHER ASSETS LESS LIABILITIES - 0.24%	<u>238,991</u>
NET ASSETS - 100.00%	<u><u>\$ 99,089,240</u></u>

* Non-income producing securities during the period.

** Variable rate security; the money market rate shown represents the yield at August 31, 2021.

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

THE MP63 FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES AUGUST 31, 2021 (UNAUDITED)

Assets	
Investments at Fair Value (Cost \$42,182,788)	\$ 98,850,249
Cash	31,960
Receivables	
Dividends and Interest	194,309
Shareholder Subscriptions	41,370
Prepaid Expenses	27,016
Total Assets	<u>99,144,904</u>
Liabilities	
Payables	
Other Accrued Expenses	12,451
Accrued Directors Fees (Note 3)	3,222
Accrued Administrative and Operating Services Fees (Note 3)	3,524
Accrued Administrative Fees (Note 3)	7,144
Accrued Advisor Fees (Note 3)	29,323
Total Liabilities	<u>55,664</u>
Net Assets	<u>\$ 99,089,240</u>
Net Assets Consist of:	
Capital Stock, \$0.001 par value; 1 billion shares authorized; 3,466,395 shares issued and outstanding	\$ 3,466
Additional Paid in Capital	40,208,720
Distributable Earnings	58,877,054
Net Assets	<u>\$ 99,089,240</u>
Net Asset Value and Offering Price (\$99,089,240/3,466,395)	<u>\$ 28.59</u>
Redemption Price Per Share (\$28.59 x .99)*	<u>\$ 28.30</u>

* The Fund will deduct a 1% redemption fee from redemption proceeds if purchased and redeemed within 6 months.
The accompanying notes are an integral part of these financial statements.

THE MP63 FUND, INC.

STATEMENT OF OPERATIONS

For the six months ended AUGUST 31, 2021 (UNAUDITED)

Investment Income:	
Dividend Income	\$ 989,281
Interest Income	68
Total Investment Income	<u>989,349</u>
Expenses:	
Advisor fees (Note 3)	168,833
Administration fees (Note 3)	30,667
Legal fees	24,652
Administrative and Operating Services fees (Note 3)	21,173
Registration fees	17,125
Compliance fees (Note 3)	9,509
Custody fees	9,450
Audit fees	9,310
Printing and postage expense	8,895
Insurance expense	4,814
Miscellaneous expense	4,683
Director fees (Note 3)	4,033
Total Expenses	<u>313,144</u>
Net Investment Income	<u>676,205</u>
Realized and Unrealized Gain on Investments:	
Realized Gain on Investments	962,147
Change in Unrealized Appreciation on Investments	10,096,780
Net Realized and Unrealized Gain on Investments	<u>11,058,927</u>
Net Increase in Net Assets from Operations	<u>\$ 11,735,132</u>

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

THE MP63 FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS

	(Unaudited)	
	For the Six Months Ended	For the Year Ended
	<u>August 31, 2021</u>	<u>February 28, 2021</u>
From Operations:		
Net Investment Income	\$ 676,205	\$ 1,339,711
Realized Gain on Investments	962,147	1,416,462
Change in Unrealized Appreciation on Investments	10,096,780	12,716,902
Increase in Net Assets from Operations	<u>11,735,132</u>	<u>15,473,075</u>
From Distributions to Shareholders:		
Distributions	-	(2,845,203)
Change in Net Assets from Distributions	<u>-</u>	<u>(2,845,203)</u>
From Capital Share Transactions		
Proceeds From Sale of Shares	5,696,461	6,346,491
Shares Issued on Reinvestment of Dividends	-	2,764,115
Cost of Shares Redeemed (net of redemption fees \$737 and \$3,006, respectively)	<u>(3,940,891)</u>	<u>(6,002,182)</u>
Net Increase from Shareholder Activity	<u>1,755,570</u>	<u>3,108,424</u>
Net Increase in Net Assets	13,490,702	15,736,296
Net Assets at Beginning of Year/Period	<u>85,598,538</u>	<u>69,862,242</u>
Net Assets at End of Year/Period	<u>\$ 99,089,240</u>	<u>\$ 85,598,538</u>
Share Transactions:		
Issued	206,924	272,195
Reinvested	-	112,012
Redeemed	<u>(140,876)</u>	<u>(261,810)</u>
Net Increase in shares	66,048	122,397
Shares outstanding beginning of year/period	<u>3,400,347</u>	<u>3,277,950</u>
Shares outstanding end of year/period	<u>3,466,395</u>	<u>3,400,347</u>

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

THE MP63 FUND, INC.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the year/period:

	(Unaudited) For the Six Months Ended <u>August 31, 2021</u>	For the Year Ended <u>February 28, 2021</u>	For the Year Ended <u>February 29, 2020</u>	For the Year Ended <u>February 28, 2019</u>	For the Year Ended <u>February 28, 2018</u>	For the Year Ended <u>February 28, 2017</u>
Net Asset Value - Beginning of Year/Period	\$ 25.17	\$ 21.31	\$ 21.32	\$ 21.26	\$ 19.41	\$ 16.65
Net Investment Income **	0.20	0.41	0.39	0.40	0.36	0.37
Net Gains on Securities (realized and unrealized)	<u>3.22</u>	<u>4.32</u>	<u>0.42</u>	<u>0.85</u>	<u>1.91</u>	<u>3.18</u>
Total from Investment Operations	3.42	4.73	0.81	1.25	2.27	3.55
Early Redemption Fees	0.00 *	0.00 *	0.00 *	0.00 *	0.00 *	0.00 *
Distributions (From Net Investment Income)	0.00	(0.41)	(0.39)	(0.40)	(0.36)	(0.37)
Distributions (From Capital Gains)	<u>0.00</u>	<u>(0.46)</u>	<u>(0.43)</u>	<u>(0.79)</u>	<u>(0.06)</u>	<u>(0.42)</u>
Total Distributions	0.00	(0.87)	(0.82)	(1.19)	(0.42)	(0.79)
Net Asset Value - End of Year/Period	<u>\$ 28.59</u>	<u>\$ 25.17</u>	<u>\$ 21.31</u>	<u>\$ 21.32</u>	<u>\$ 21.26</u>	<u>\$ 19.41</u>
Total Return (a)	13.59%	22.26%	3.42%	6.61%	11.66%	21.55%
Ratios/Supplemental Data						
Net Assets - End of Year/Period (Thousands)	99,089	85,599	69,862	67,931	66,311	61,554
Ratio of Expenses to Average Net Assets	0.65% ***	0.71%	0.69%	0.72%	0.75%	0.77%
Ratio of Net Investment Income to Average Net Assets	1.40% ***	1.79%	1.72%	1.89%	1.78%	2.00%
Portfolio Turnover Rate	2.77%	9.73%	5.66%	5.87%	5.38%	3.95%

(a) Total returns are historical and assume changes in share price, reinvestment of dividends and capital gain distributions and assume no redemption fees.

* Amount is less than \$0.005

** Per share amounts are calculated using the average shares method.

*** Annualized

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

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2021 (UNAUDITED)

NOTE 1. ORGANIZATION

The MP63 Fund, Inc. (the "Fund") is organized as a Maryland Corporation, incorporated on October 13, 1998, and registered as an open-end, diversified, management investment company under the Investment Company Act of 1940, as amended. The Fund's business and affairs are managed by its officers under the direction of its Board of Directors (the "Board"). The Fund's investment objective is to seek long-term capital appreciation for shareholders.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements. The Fund is an investment company that follows the accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946 applicable to investment companies.

- A. Security Valuation - Portfolio securities traded on a national securities exchange are stated at the last reported sales price or a market's official close price on the day of valuation. Portfolio securities for which market quotations are readily available are valued at fair value. Portfolio securities for which market quotations are not considered readily available are valued at fair value on the basis of valuations furnished by a pricing service approved by the Board. Portfolio companies during this reporting period are all widely traded and pricing information is readily available.

Mutual Funds must utilize various methods to measure the fair value of most of its investments on a recurring basis. Accounting principles generally accepted in the United States of America ("U.S. GAAP") establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets 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, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuating the asset or liability, and would be based on the best information available.

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

To the extent that valuation is based on models or inputs that are less observable or unobservable, 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. However, the inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of August 31, 2021:

(Assets)	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$96,188,657	\$ -	\$ -	\$96,188,657
Limited Partnerships	837,823	-	-	837,823
Real Estate Investment Trust	376,460	-	-	376,460
Money Market Fund	1,447,309	-	-	1,447,309
Total	<u>\$98,850,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$98,850,249</u>

The Fund did not hold any Level 3 assets during the six months ended August 31, 2021. The Fund did not engage in any derivative transactions during the six months ended August 31, 2021.

- B. Security Transactions and Related Investment Income - Securities transactions are accounted for on the trade date. Gains and losses on sales of securities are determined on a specific identification basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.
- C. Federal Income Taxes - The Fund's policy is to continue to comply with requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income as dividends to its shareholders. The Fund intends to distribute its net long-term capital gains and net short-term capital gains at least once a year. Therefore, no provision for federal income taxes is required.

The Fund recognizes the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. As of and during the six months ended August 31, 2021, management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in the Fund's open tax years or expected to be taken in the Fund's 2022 tax returns. The Fund identifies its major tax jurisdictions as U.S. Federal and certain State tax authorities; 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 twelve months. The Fund recognizes interest and penalties, if any, related to unrecognized tax

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

benefits as income tax expense in the statement of operations. As of and during the six months ended August 31, 2021, the Fund did not incur any interest or penalties.

- D. Dividends and Distributions to Shareholders - The Fund records dividends and distributions to shareholders on the ex-dividend date. The Fund will distribute its net investment income, if any, and net realized capital gains, if any, annually.
- E. Cash – The Fund maintains cash at its custodian which, at times, may exceed United States federally insured limits. Financial instruments that potentially subject the Fund to credit risk include cash deposits in excess of federally insured limits.
- F. Use of Estimates - The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting periods. Actual results could differ from those estimates.
- G. Share Valuation – The net asset value (the “NAV”) is generally calculated as of the close of trading on the New York Stock Exchange (the “Exchange”) (normally 4:00 p.m. Eastern time) every day the Exchange is open. The NAV is calculated by taking the total value of the Fund’s assets, subtracting its liabilities, and then dividing by the total number of shares outstanding, rounded to the nearest cent. The offering price and redemption price per share are equal to the net asset value per share, except for shares redeemed within 6 months.

NOTE 3. INVESTMENT ADVISORY AGREEMENT AND OTHER RELATED PARTY TRANSACTIONS

The Fund has entered into an investment advisory agreement (the "Agreement") with The Moneypaper Advisor, Inc. (the "Advisor"). Under this Agreement, the Advisor provides the Fund with investment advice and supervises the Fund's investments. As compensation for the services rendered, the Fund pays the Advisor a fee accrued daily based on an annualized rate of 0.35% of the daily net asset value. For the six months ended August 31, 2021, the Advisor earned fees of \$168,833. At August 31, 2021, the Fund owed the Advisor \$29,323 for advisory fees.

The Advisor has voluntarily agreed to waive its fee and to reimburse the Fund for other expenses if the total operating expenses of the Fund exceed an annual rate of 1.25% of average daily net assets. The Advisor did not waive any fees or reimburse the Fund during the six months ended August 31, 2021.

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

The Fund has agreements in place with Mutual Shareholder Services ("MSS") to provide administrative, transfer agency, and fund accounting services. Under these agreements, MSS is paid a fixed annual fee for accounting and administration services which increases incrementally at specified asset thresholds, plus blue sky servicing fees paid on a per filing basis. For transfer agency services, MSS receives a fixed fee per account, subject to an annual minimum. For the six months ended August 31, 2021, the Fund paid MSS \$30,667 for the services that it provided to the Fund, comprised of \$21,000 in accounting and administrative services and \$9,667 in transfer agency services. At August 31, 2021, \$7,144 was due to MSS for services provided.

The Fund entered into an Administrative and Operating Services Agreement with Moneypaper Publications LLC, the parent of the Advisor. Under this agreement, Moneypaper Publications LLC provides services to the Fund that are necessary for operation and not provided by other parties. These fund servicing expenses amounted to \$21,173 for the six months ended August 31, 2021. At August 31, 2021, the Fund owed \$3,524 for fund servicing expenses.

Vita Nelson is an officer and director of the Advisor and also an officer and director of the Fund. The Fund currently pays each Independent Director an annual retainer of \$2,000 for regular compensation. The Fund currently does not pay special compensation to any Director. Vita Nelson, as the Interested Director, does not receive any compensation from the Fund for her services as a Director. For the six months ended August 31, 2021, the Fund incurred \$4,033 in regular compensation director fees and expenses.

The Fund pays the Chief Compliance Officer \$1,500 per month. For the six months ended August 31, 2021, the Fund paid the Chief Compliance Officer \$9,509 in fees and expenses.

NOTE 4. INVESTMENT TRANSACTIONS

For the six months ended August 31, 2021, purchases and sales of securities, excluding short-term investments, aggregated \$4,649,305 and \$2,592,113, respectively. Cumulative unrealized appreciation (depreciation) on a tax basis amounted to the following: Unrealized appreciation \$56,832,550, Unrealized depreciation (\$165,089), Net unrealized appreciation \$56,667,461.

For Federal income tax purposes, the cost of investments owned at August 31, 2021 was \$42,182,788. The difference between book and tax cost of investments represents the deferral of losses on wash sales and partnership basis adjustments.

NOTE 5. TAX INFORMATION

Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among the components of net assets in the financial statements to reflect their tax character. Temporary

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

differences arise when certain items of income, expense, gain or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. Differences in classification may also result from the treatment of short-term gain as ordinary income for tax purposes. Due to permanent book to tax differences the following adjustments have been made by management as of February 28, 2021. Reclassifications have no effect on net assets, results of operations or net asset value per share of the Fund.

Paid In Capital	\$ (21,067)
Distributable Earnings	\$ 21,067

The permanent differences were mainly due to non-deductible partnership expenses and prior year true-ups.

As of February 28, 2021, the components of distributable earnings on a tax basis were as follows: Undistributed ordinary income \$93,321, undistributed capital gains \$540,633, unrealized appreciation \$46,529,035, for a total distributable earnings of \$47,162,989.

There were no distributions paid for the six months ended August 31, 2021.

The tax character of distributions paid during the fiscal year ended February 28, 2021 was as follows:

Distributions paid from: Ordinary income \$1,347,680, Long term capital gains \$1,497,523.

NOTE 6. INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts that contain general indemnification 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 7. MARKET RISK

Overall market risks may also affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels and political events affect the securities markets. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions and depressions, or other events could have a significant impact on the Fund and its investments, and may impair market liquidity, thereby increasing liquidity risk. The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments.

THE MP63 FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been detected globally. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were issued. Based upon this evaluation, the Fund has determined no subsequent events have occurred which would require adjustment to or disclosure in the financial statements.

THE MP63 FUND, INC.

EXPENSE ILLUSTRATION

AUGUST 31, 2021 (UNAUDITED)

Expense Example

As a shareholder of the MP63 Fund, you incur two types of costs: (1) transaction costs, including brokerage and other costs associated with portfolio purchases and sales, reinvested dividends, or other distributions; and redemption fees; and (2) ongoing costs, including management fees; service provider fees and expenses and other Fund 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 period, March 1, 2021 through August 31, 2021.

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.

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 expense ratios and an assumed rate of return of 5% per year before expenses, which are not the Fund's actual returns. 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 this 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.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>March 1, 2021</u>	<u>August 31, 2021</u>	<u>March 1, 2021 to August 31, 2021</u>
Actual	\$1,000.00	\$1,135.88	\$3.50
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,021.93	\$3.31

* Expenses are equal to the Fund's annualized expense ratio of .65%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

THE MP63 FUND, INC.

TRUSTEES & OFFICERS

AUGUST 31, 2021 (UNAUDITED)

The Board of Directors supervises the business activities of the Fund. The names of the Directors and principal officers of the Fund are shown below. For more information regarding the Directors, please refer to the Statement of Additional Information, which is available free upon request by calling 1-877-676-3386.

Name, Address and Age	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held By Director
Disinterested Directors:					
Gloria Schaffer Age: 91 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Director	Indefinite – since 1998	Partner, CA White (real estate development)	1	None
Susan Ryan Age: 71 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Director	Indefinite – since March 2016	Vice President, C.A. White (real estate development and management company)	1	Board member, Shambhala USA and Shambhala Canadian, both religious non- profit organizations
Edward Shashoua Age: 62 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Director	Indefinite – since December 2016	Primary Care Internist, Newton-Wellesley Physicians; Owner/Trustee, Brandywine Development Co. (real estate development)	1	Director, Ischemix, Inc.
Daniel Mandell Age: 58 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Director	Indefinite – since December 2016	General Council and Vice President, DialogueDirect Inc.; Founding member, Carabello & Mandell (law firm)	1	DialogueDirect, Inc. - Director

THE MP63 FUND, INC.

TRUSTEES & OFFICERS (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

The Board of Directors supervises the business activities of the Fund. The names of the Directors and principal officers of the Fund are shown below. For more information regarding the Directors, please refer to the Statement of Additional Information, which is available free upon request by calling 1-877-676-3386.

Name, Address and Age	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held By Director
Interested Directors:					
Vita Nelson ^{1,2} Age: 84 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Director, President	Indefinite – since 1998	President, Editor and Publisher of The Moneypaper, Inc. (newsletter)	1	Director, The Moneypaper Advisor, Inc.; Director, Temper of the Times Communications, Inc. Director, Moneypaper, Inc.
J. Mario Medina Age: 55 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Treasurer	Indefinite – since 2017	Co-manager of the Fund since July 1, 2017; Editor for JST Online Solutions.	1	None
Leonard Barenboim Age: 60 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Chief Compliance Officer	Indefinite – since 2017	CEO and Chief Compliance Officer, Temper of the Times Investor Services, Inc.; Principal and project manager, ELBI Systems LLC; Chief Compliance Officer, Moneypaper Advisor Inc..	1	None
Principal Officers who are not Directors:					
Lee Reiner Nelson ¹ Age: 59 8000 Town Centre Dr., Suite 400 Broadview Heights, OH 44147	Secretary	Indefinite – since 2019	President and CEO, EMA, LLC	1	Director, Moneypaper Publications LLC; Temper of the Times Investor Service, Inc.; Moneypaper Advisor, Inc.; Temper of the Times Foundation.

(1) Lee Reiner Nelson is Vita Nelson's son.

(2) Vita Nelson is President of the Fund and a Director of the Fund's Advisor, The Moneypaper Advisor, Inc. and therefore, is an "Interested Director" of the Fund.

THE MP63 FUND, INC.

ADDITIONAL INFORMATION AUGUST 31, 2021 (UNAUDITED)

INFORMATION REGARDING PROXY VOTING

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, are available without charge upon request by (1) calling the Fund at 1-877-676-3386 and (2) from Fund's documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

INFORMATION REGARDING PORTFOLIO HOLDINGS

The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-PORT. The Fund's first and third fiscal quarters end on May 31 and November 30. The Fund's Form N-PORT's are available on the SEC's website at <http://sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-877-676-3386.

LIQUIDITY RISK MANAGEMENT PROGRAM

The Fund has adopted and implemented a liquidity risk management program as required by Rule 22e-4 (the "Liquidity Rule") under the Investment Company Act. The program is reasonably designed to assess and manage the Fund's liquidity risk, taking into consideration, among other factors, the Fund's investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short- and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the six months ended August 31, 2021, Advisor to the Fund reviewed the Fund's investments and determined that the Fund held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Advisor concluded that (i) the Fund's liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund's liquidity risk management program has been effectively implemented. The Board then approved the liquidity risk report the Advisor provided.

INVESTMENT ADVISORY AGREEMENT

The Board of Directors of the MP63 Fund, including the Independent Directors voting separately, reviewed and approved the continuance of the Fund's Investment Advisory Agreement ("Advisory Agreement") with Moneypaper Advisor, Inc. (the "Advisor") at a meeting held on May 21, 2021 (the "Meeting"). All of the Directors, including all of the Independent Directors, were present telephonically for the Board's consideration and approval of these matters.¹

¹ All of the participants in the Board's May 21, 2021 Board Meeting, including the Executive Session, participated telephonically and/or by video conference in accordance with the terms of an industrywide no-action letter initially issued on March 13, 2020 by the SEC's Division of Investment Management related to the potential effects of the COVID-19 virus. The crux of the no-action announcement was that the SEC temporarily suspended the requirement that Board meetings to consider and approve advisory contracts and approve auditors (and other matters as well) occur in person. The SEC's original Order of March 13, 2020 applied to Board meetings that occurred between that date and June 15, 2020. The SEC subsequently extended the termination date twice, by Orders that were entered on March 25, 2020 and June 19, 2020, and the new termination date will be no earlier than December 31, 2020.

THE MP63 FUND, INC.

ADDITIONAL INFORMATION (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

At the meeting, Counsel advised the Directors and the Independent Directors of their statutory and fiduciary obligations in determining whether to approve the renewal of the Advisory Agreement. In connection with their consideration of these matters, the Independent Directors requested such information from the Adviser as they deemed reasonably necessary to evaluate the terms of the Advisory Agreement and whether the Agreement continues to be in the best interests of the Fund and its shareholders, and the Adviser provided both written and oral information responsive to the Board's request. In particular, the Directors requested and reviewed information provided by the Adviser related to the following: (i) the nature, extent and quality of the services provided by the Adviser, (ii) the investment performance of the Fund; (iii) the costs of the services provided and the profits realized by the Adviser from its relationship with the Fund; (iv) the financial condition of the Adviser; (v) the extent to which economies of scale would be realized as the Fund grows; and (vi) whether fee levels reflect these economies of scale for the benefit of the Fund's shareholders.

With respect to the nature, extent and quality of the services provided by the Adviser, the Directors reviewed the background, qualifications, education and experience of the Adviser's investment, operational and compliance personnel. The Directors considered the roles of each person as well as their relevant experience in the financial services industry, noting in particular that Vita Nelson had managed the Fund's assets since its inception in 1999 and that Mario Medina, who was appointed as co-manager of the Fund effective July 1, 2017, has extensive investment-related financial experience, including serving as an editor and senior analyst at a firm that contributes to and encourages the financial education of the Hispanic community in the United States and globally, with a focus on financial education programs relating to the benefits of low-cost direct investing in index funds, no-load mutual funds and dividend reinvestment plans (DRIPs). The Directors also discussed and considered the responsibilities of the Adviser under the Investment Advisory Agreement, noting that the Adviser is responsible for providing the Fund with investment research and advice, and determining the securities to be purchased and sold in accordance with the investment objective and policies of the Fund. The Directors also considered the quality of administrative and other services provided to the Fund, the Adviser's compliance program, and the Adviser's role in coordinating such services and programs.

With respect to performance, the Directors reviewed the Fund's performance over various periods and compared such performance to the returns of relevant securities indices and averages of comparably managed mutual funds. The Directors found that while the Fund's performance historically has been in line with the large cap equity markets, they also evaluated the Fund's performance relative to its primary benchmark index, the S&P 500 Index, and to its Morningstar category and benchmark. In particular, the Directors noted that as of the end of the calendar year (December 31) the Fund had achieved positive returns for each year from 2009 through 2019 other than 2015 and 2018. The Directors further noted that as of December 31, 2020, the Fund had achieved positive annualized returns across all standard annualized performance measurement time frames, including 1-year, 3-year, 5-year, 10-year, and since inception (03/01/1999) periods. They also noted that the Fund's year to date performance through 02/28/2021 was positive.

With respect to its performance relative to its primary benchmark, the S&P 500, the directors noted that as of December 31, 2020, the Fund had underperformed the benchmark for 1 year, 3-year, 5-year, and 10-year performance, but only slightly lagged the S&P 500 since the Fund's inception on March 1, 1999 (7.03% return for the Fund vs. 7.23 % annualized return for the Fund). The Directors also took notice, however, that very few funds are outperforming

THE MP63 FUND, INC.

ADDITIONAL INFORMATION (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

the S&P 500 index unless they invest in the large cap growth technology companies that have dominated the performance of that weighted average index.

The Board also considered that the Fund is categorized by Morningstar in the Large Cap Value category, and that the Fund's performance relative to the Morningstar Large Cap Value category average and the Russell 1000 Value Index (the broad-based benchmark index that Morningstar assigns to the Fund) was very strong. In that regard, they noted that the Fund had outperformed both its Morningstar Category (Large Cap Value) and the Morningstar Index (Russell 1000 Value) for 1 year, 3-year, 5-year, 10-year, and 15-year periods ended December 31, 2021, but had underperformed each of them year to date through February 28, 2021. In addition, the Directors considered that during the last 10 years, the Fund had achieved a top quartile percentage rank in the Morningstar Large Cap Value category for 2014, 2016, 2018, 2019, 2020, and had only been in the lowest quartile in two years (2015 and 2017). They also noted that the Fund had achieved a five-star gold quantitative rating from Morningstar as of March 31, 2021, and that over a ten-year period as of that date, the Fund had outpaced its Morningstar category average return by an annualized 1.5% and also exceeded the category's benchmark, the Russell 1000 Value Index, by an annualized 93 basis points over the same time period.

Based on the totality of this information, the Board found that the Fund's performance reflected the Adviser's ability to effectively manage the Fund's assets on a long-term basis in different market environments. The Board concluded that the Fund has performed well on a consistent long-term basis under the Adviser's management.

With respect to the fees and expenses paid by the Fund, the Board noted that the Advisory fee rate of 0.35%, which had not changed since the Fund's inception, had resulted in the Adviser receiving \$262,083 in advisory fees for the fiscal year ended February 28, 2021, up from \$256,230 in advisory fees for the fiscal year ended February 28, 2020, and from \$231,666 for the fiscal year ended February 28, 2019. The Directors also noted the Fund's annualized expense ratio of 0.71% for the fiscal year ending February 28, 2021 (up from 0.69% for the fiscal year ending February 28, 2020 and down from 0.72% for the fiscal year ended February 28, 2019) compared quite favorably to the average expense ratio for all funds in Morningstar's Large Cap Value Category for the same time periods. After discussion, the Board concluded, based on the information provided to it at the meeting, that the Adviser's fee and the Fund's total expense ratio were low compared with similar funds and therefore acceptable to the Board.

The Directors considered that while the Adviser receives no other fees related to its management of the Fund, the Adviser's parent, Moneypaper Publications, LLC, receives a monthly fee of \$3,500 for performing certain administrative services for the Fund. Those services include (i) negotiating with and supervising the Fund's other service providers, (ii) preparing shareholder communications, including designing and preparing shareholder documents, (iii) production related services, and (iv) maintaining the Fund's website. In connection with this contract, the directors considered that such administrative fees, which by contract are not to exceed \$7,500 per month, were \$3,500 per month -- or \$42,000 for the last fiscal year-- and have been at that level consistently since November 2007. The Board further considered that these fees, which the Adviser classified as a fallout benefit from the Adviser's relationship with the Fund, were included in the Fund's total expense ratio, which they determined was lower than the average expense ratios in the Funds' Morningstar Large Cap Value category.

THE MP63 FUND, INC.

ADDITIONAL INFORMATION (CONTINUED) AUGUST 31, 2021 (UNAUDITED)

With respect to the Adviser's profitability resulting from its relationship with the Fund, the Directors considered and discussed with the Adviser the pro forma profit and loss statement that the Adviser had provided for the period for the twelve month period ending February 28, 2021 (corresponding to the Fund's fiscal year-end), noting that the Adviser realized a reasonable profit on advisory fee revenues of approximately \$262,083 during that time, plus the \$42,000 fee that was paid to the Adviser's parent, Moneypaper Publications, LLC, for performing certain administrative services for the Fund. The Directors noted that since the Adviser managed only the Fund and no other accounts, such profit and loss statement fully encompassed the Adviser's profitability resulting from its relationship with the Fund. In order to assess the overall financial condition of the Adviser, the Directors in addition discussed with the Adviser the financial condition of the Adviser, the Adviser's parent company, and other companies under common control. Finally, the Directors considered the terms and conditions of the errors and omissions policy and how that policy would affect the Adviser's ability to meet unexpected financial contingencies. Based on all the information presented, the Independent Directors concluded that the Adviser is financially capable of satisfying its obligations under the Investment Advisory Agreement.

With respect to economies of scale, the Directors noted that the Advisory Agreement does not contain breakpoints that would reduce the advisory fee rate on assets above specified levels. The Directors agreed that breakpoints may be an appropriate way for the Adviser to share its economies of scale with the Fund and its shareholders if the Fund experiences a substantial growth in assets. However, the Directors recognized that the Fund had not yet reached asset levels where the Adviser could realize significant economies of scale and thus concluded that it was not necessary to consider breakpoints at that time.

Finally, the Directors reviewed the Fund's brokerage practices and discussed the Adviser's "soft dollar" practices. The Directors noted with approval that the Adviser did not currently engage in any soft dollar relationships. They also discussed and reviewed the average commission rates paid by the Fund, and concluded that they are reasonable. Prior to voting, the Independent Directors reviewed the proposed renewal of the Investment Advisory Agreement with management and had the opportunity to meet in a private session at which no representatives of the Adviser were present.

After having received the Adviser's proposal for continuance of the Investment Advisory Agreement and reviewing the information provided to them, the Independent Directors concluded that:

- (i) based on both short-term and long-term performance of the Fund and the other services provided under the Advisory Agreement, such as the selection of broker-dealers for executing portfolio transactions, monitoring adherence to the Fund's investment restrictions, and overseeing the activities of the Fund's other service providers, the Adviser has provided quality services to the Fund as compared to similarly situated funds;
- (ii) the Fund's advisory fee is lower than the average of comparably managed funds, and the Adviser is providing quality portfolio management services to the Fund;
- (iii) shareholders are being provided a quality investment management services at a total expense ratio that compares favorably to other funds managed in the same investment style;

THE MP63 FUND, INC.

ADDITIONAL INFORMATION (CONTINUED)

AUGUST 31, 2021 (UNAUDITED)

(iv) at the present time and at current asset levels, it would not be relevant to consider the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect these economies of scale; the Independent Directors did note that, if the Fund begins to experience significant growth in its assets, it may become necessary for the Adviser to consider adding fee breakpoints to the Advisory Agreement; and

(v.) while there are certain “fallout benefits” to the Adviser flowing from its relationship to the fund, including the administrative services fee that the Fund pays to the Adviser’s parent company, given the amounts involved, these payments did not alter the Director evaluation of the reasonableness of the advisory fees paid by the Fund.

No single factor was considered in isolation to be determinative to the decision of the Directors to approve continuance of the Investment Advisory Agreement. Rather, the Directors concluded, in light of a weighing and balancing of all factors considered, that it would be in the best interests of the Fund and its shareholders to renew the Investment Advisory Agreement for an additional annual period.

As a result of their considerations, the Board of Directors, including all of the Independent Directors, determined that the continuation of the current advisory agreement between the Fund and the Adviser is in the best interests of the Fund and its shareholders, and adopted resolutions to that effect.

Investment Adviser

Moneypaper Advisor, Inc.

Distributor

Arbor Court Capital, LLC

**Administrator, Transfer Agent, &
Shareholder Servicing Agent**

Mutual Shareholder Services, LLC

Custodian

U.S. Bank, N.A.

Legal Counsel

Bernstein Shur Sawyer & Nelson

Independent Registered Public Accounting Firm

Cohen & Company, Ltd.

This report is provided for the general information of MP63 Fund, Inc. shareholders. It is not authorized for distribution unless preceded or accompanied by an effective prospectus, which contains more complete information about the Fund.