MORAY PLACE INVESTMENT COMPANY

REPORT AND FINANCIAL STATEMENTS
for the year ended 30 September 2014

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ABOUT YOUR COMPANY

Moray Place Investment Company (MPIC) was formed on 2 May 2012 as an open-ended investment company and commenced trading on 15 May 2012. It is regulated and authorised by the Financial Conduct Authority in the UK as a non-UCITS retail scheme. The company is intended to be a low cost, long-term investment vehicle for like-minded private investors. It is straightforward and free of the conflicts of interest that bedevil the professional money management industry.

MPIC's objective is to preserve and grow (in that order) the purchasing power of its investors' capital. The investment manager believes that it is most meaningful to assess MPIC's progress over a full economic cycle, which is typically 5-10 years. Over this time frame, useful comparators include UK consumer price inflation, the yield on undated gilts, and equity indices.

MPIC expects to achieve its objective primarily through owning shares in established companies listed on stock exchanges around the world. It will not borrow, use derivatives, short-sell securities, or invest in property directly.

The investment approach is uncomplicated, disciplined and patient. The investment manager also believes that it is conservative, if idiosyncratic. MPIC is not designed to appeal to a broad constituency. It is only suitable for investors who are capable of evaluating the merits and risks of such an approach: if you cannot, or it makes you uncomfortable, or it simply does not suit your psychology, you should not invest.

Size of company as at 30 September 2014	£28,257,521
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Investment manager	Hollis Capital Limited
Minimum investment	Initial: £100,000 Subsequent: £10,000 ISA: £15,000
Dealing spread	1%
Ongoing charges (annualised)	0.63% *Capped at 1.0% p.a. until 30 September 2014*
Performance fee	Not applicable
Initial charges	Not applicable
Redemption charges	5% for sales within 2 years of purchase; 2% for sales between 2 and 5 years of purchase *Paid to MPIC, not to the ACD or investment manager*
Ex-dividend date	30 September
Dividend date	30 November

FINANCIAL SUMMARY

		As at and for the period ended		
		30 Sept 2014	**30 Sept 2013**	**30 Sept 2012**
Value of company		£28.3m	£22.8m	£15.6m
Shares outstanding	Gross acc.	14.0m	12.6m	9.9m
	Gross inc.	2.2m	1.8m	1.8m
	Net acc.	3.0m	1.9m	1.1m
	Net inc.	2.9m	2.6m	2.2m
NAV per share	Gross acc.	128.4p	121.9p	104.1p
(mid price)	Gross inc.	125.9p	120.8p	104.1p
	Net acc.	128.4p	121.9p	104.1p
	Net inc.	125.9p	120.8p	104.1p
Dividend per share	Gross acc.	1.45p	1.04p	0p
	Gross inc.	1.45p	1.04p	0p
	Net acc.	1.45p	1.04p	0p
	Net inc.	1.45p	1.04p	0p
Effective liquidity *†*		26%	29%	31%
Ongoing charges (annualised) *‡*		0.63%	0.79%	0.87%
Portfolio turnover (annualised)		3%	7%	0%

The company commenced trading on 15 May 2012 when shares were issued at 100p each
† Effective liquidity includes the investment in gold; all the current constituents are shown on p.9
‡ The ongoing charges ratio is based on the actual charges and the average NAV during the period

Dear fellow shareholders

Moray Place Investment Company's objective is first to protect and then to grow the purchasing power of its investors' capital. My first letter to shareholders in 2012 outlined how, and over what period, I will assess whether MPIC has achieved this objective. Those comments are repeated in full on page six, as part of a reiteration of the guiding principles by which I manage the company. There is one important belief to highlight: annual results are dominated by randomness and offer little insight into future returns. I suggest you evaluate all investment results over an economic cycle.

Returns should be evaluated not just over a meaningful period, but together with the amount of risk incurred. The American money manager, Shelby Davis, used a sailing metaphor to describe the investor's basic challenge: "To sail across the ocean, you must balance making progress in fair weather with the ability to withstand the inevitable storms. Those who think only of the storms will never leave the shore. Those who think only of fair weather will never reach the other side."

Risk: a slippery concept

Risk is a slippery concept. While investment returns are easily quantified, risks avoided are not. In 1952, Harry Markowitz published a seminal academic paper in which he emphasised that return and risk need to be considered jointly. He then made a controversial proposal: that risk could be quantified by one simple statistic – the volatility of investment returns. This radical simplification of a complex concept made models of securities markets mathematically tractable, fathering a revolution in financial thought. But, to quote the economist, John Kay: models are illuminating, but not true. Investors have gained insights from using Markowitz's model, but they have also lost money by believing it.

Markowitz's risk-as-volatility model has important shortcomings. I would highlight three. First, it classifies upside and downside volatility as equally bad. Personally, I know no one who regards upside volatility as risk. Second, it assumes risk is independent of the price paid. Yet, the price paid may be the most critical risk of any investment. Finally, Markowitz's model has encouraged an inherently short term perspective of risk. The fluctuation in asset prices over the time it takes the earth to orbit the sun is a rather arbitrary definition of risk. Moreover, it can be misleading. Time horizon is a critical element of risk perception, and is different for every investor.

A famous quip of the economist and speculator, Maynard Keynes, was that markets could remain irrational longer than the investor could remain solvent. However, an investor with no debt cannot be made insolvent, as he is never forced to sell no matter how irrational the market. Keynes's quip only applies to investors who borrow to invest, as he did, and thus rely on the kindness of strangers. Even five minutes is a long time if your head is under water.

Dr William Bernstein, a neurologist who became an investment adviser, recently published a booklet called *Deep Risk*. In it he argues that loss of real capital (or purchasing power) has two dimensions: depth and duration. Losses that are quickly recovered, say within a year or two, are entirely different in character to those that are sustained. He uses the term "shallow risk" to describe temporary losses, such as market price fluctuations, or volatility – Markowitz's definition. However, Bernstein contends that if you do not have short-term liabilities, shallow risk should only compromise your sleeping patterns. In contrast, what he calls "deep risk" is when the purchasing power of capital is impaired permanently, which could impact your eating patterns.

Bernstein defines "permanent" losses as those sustained over a 30 year period. Perhaps for MPIC's purposes we might adapt that time frame to an economic cycle, or 5-10 years. Regardless, his argument stands: market price volatility of financial assets is a poor proxy for the multi-decade perils of inflation, depression, taxes, outright government confiscation, or war.

Monetary assets, such as bank deposits and traditional bonds, have little shallow risk but lots of deep risk. Modern paper money is backed only by government promises, which are made with little restraint, thus undermining their value. In contrast, gold has lots of shallow risk but little deep risk. It has been the world's most accepted and durable means of preserving purchasing power for thousands of years. Compared to gold, businesses are less durable but have greater potential to grow. While underlying business values fluctuate, the market prices of publicly quoted companies are more volatile still. Long-term owners of quoted equities effectively bear the emotional pain of volatile market prices in exchange for two marvellous features: a stake in the propensity for global living standards to rise, as well as protection from inflation.

Another suggestion comes from the Indian investor, Prof. Sanjay Bakshi. He argues that, as risk is such a personal perception, it may be more helpful to think of returns per unit of stress. Chronic, sustained stress is bad because it impairs decision-making, as well as life expectancy. Shallow risk and volatility are dangerous if they impair decision-making; if they do not, then price fluctuations can be ignored or even viewed as an opportunity. If one uses this mental model, then the low-stress options are obvious: eschew debt; avoid constant decision-making; own an all-weather investment portfolio that can survive unpredictable storms without undue distress; associate only with competent people you trust.

Deep risk, stress and MPIC

Adjusting investment returns for risk is complicated. In my view investment risk is an unquantifiable perception, changes over time and with time, and is largely in the eye of the beholder. Annual asset price volatility is a flawed proxy for risk. I like Warren Buffett's objective test of investing conservatism: results in bear markets. This is akin to Bernstein's pithy definition of risk: bad returns in bad times. Now that *is* stressful.

MPIC is a long-term investment vehicle for private investors. Its prime concern is deep risk; little attention is paid to shallow risk. But deep risk is unavoidable – in investing or life in general. While I believe that the company is taking relatively little deep risk, this is largely a matter of opinion.

As the investment manager of MPIC, I try to maximise not investment returns, but investment returns per unit of stress. From my perspective as an investor who has most of his money invested in MPIC, it is a low stress portfolio: there is no gearing, no shorting, no derivatives and little trading. It is designed to survive unpredictable storms and is dominated by seasoned businesses led by competent people whose values I respect. I also wish to maximise my co-investors' stress-adjusted returns. As we all feel stress in different ways, I believe that the most likely means of achieving this objective is to attract co-investors with similar investment perspectives to my own. Hence, I think it is important that you understand what I am trying to do, which is why I have reiterated my guiding principles in this report on pages six and seven.

The current portfolio

MPIC's portfolio has changed little since last year; the thinking behind it has changed not at all.

1. I remain pessimistic about the consequences of the global experiment in monetary manipulation. Political leaders have a long history of debasing money as an expedient palliative, but the ultimate consequences have rarely been good. If the underlying cause of the financial crisis was excessive debt, lowering interest rates to encourage less saving and more debt seems an unlikely and inappropriate cure.

2. I believe that the major central banks have inflated asset prices and distorted investor behaviour. The market prices of most companies are high compared to their historic norms. However, it is possible that prices are not expensive but have merely corrected an historic anomaly. It is possible, and it is complicated.

3. I remain optimistic on uninhibited human action. Wealth is the product of man's capacity to think. Motivated, skilled, optimistic people are natural problem-solvers with an inherent propensity for productive commerce. The problems of money and debt are temporary; the potential for human progress is not.

4. I view companies as communities of human problem-solvers. MPIC's portfolio is dominated by a careful selection of companies because I believe that that is the best means of balancing deep risk with the potential to participate in rising worldwide living standards.

5. For now, my emphasis is more oriented to preserving than to growing purchasing power. I remain alert to the chronic, if infrequent, tendency of markets to misprice great businesses, and hope to meet such opportunities in future with the correct attitude and adequate liquidity.

The golden rule

Investing is emotionally taxing because it is about dealing with the future, the important elements of which are unknowable. This inherent uncertainty involves (deep) risk and stress. Different people cope with risk and stress in different ways. In managing other people's money, my primary means of coping is to abide by the golden rule: to treat others as I would wish to be treated myself.

The financier and libertarian politician, Harry Browne, offered this advice: "The rules of investing are little different from the rules of life: recognise that you live in an uncertain world, don't expect the impossible, and don't trust strangers."

None of the co-investors in MPIC are strangers to me. I would like to thank you all for your trust, support and long-term commitment. I greatly appreciate it.

Peter Hollis

I introduced my first Letter to Shareholders in 2012 by stating that all enduring human endeavours and relationships appear to have a commitment to common goals and shared values. To help potential co-investors assess whether they share my goals and values, I outlined the objectives and guiding principles by which I manage MPIC. They are repeated below, with an added explanation for my final principle. They are principles, so I do not expect significant changes in coming years; however, they may evolve as I continue to learn from new insights as well as from my mistakes.

Investment objective and appropriate gauges of progress

One key to attracting and keeping like-minded co-investors is that we gauge progress by the same yardstick. Moreover, that yardstick needs to be stated at the start of the relationship.

The essence of investment is to defer consumption today so that one may consume more in future. Hence, MPIC's objective is to preserve and grow (in that order) the purchasing power of its investors' capital. In deferring consumption today one might wish, for instance, to buy more groceries, property or education in future. All would represent valid standards by which to assess progress. However, for ease, I will compare MPIC's results against three benchmarks.

1. *The UK Consumer Price Index*
   Spending power is most commonly evaluated with respect to consumer goods. One basic hurdle for MPIC is thus to grow faster than UK consumer goods inflation.

2. *The yield on UK irredeemable gilts*
   Consumer goods are only a part of personal expenditure. Perhaps the most comprehensive gauge of the expected erosion of purchasing power is the yield on UK irredeemable gilts. This yield can be interpreted as the market's best guess of the nominal return required at least to sustain the purchasing power of pound sterling in the future.

3. *The UK FTSE All-Share Index*
   MPIC is not an equity fund, but it does expect primarily to use quoted equities as the means of achieving its objective. An equity index is thus an informative comparator, as well as a test of whether MPIC is preserving its investors' purchasing power in one specific form of assets: publicly quoted companies.

Note, first, that the comparators are UK-oriented. This seems appropriate as most of MPIC's owners are British with predominantly pound sterling commitments and liabilities. Second, I do not believe that a single year is an informative time frame over which to assess progress. I believe that the most appropriate period is an economic cycle, not the time it takes the earth to orbit the sun. Thus, I will compare MPIC's returns against its three comparators over a full economic cycle. The economic cycle varies in length, but for simplicity I will define it as a minimum of five years and maximum of ten, and comment on both periods.

My guiding principles

Another way of assessing whether there is a community of interest with my investment values is to compare your investing beliefs, or principles, with mine. These are mine:

- *I will treat your investment in MPIC as I would treat my own*
  I have, and will maintain, most of my personal wealth in MPIC.

- *Costs matter*
  While the investment results of MPIC will be volatile and inherently uncertain, I am certain of one thing: costs erode long-term returns. Therefore, MPIC aspires to be one of the lowest cost investment companies available to private investors.

- *Long-term thinking*
I will invest so as to be untroubled if markets were to close for five years. Expect turnover of investments within MPIC to average less than 10% each year.

- *Independent thinking*
My investment philosophy is to be conservative, but not conventional. I will shun excessively popular, fashionable investments. I believe that an important paradox in investment is that the more popular an idea becomes, the less profitable it is likely to be.

- *Long-term optimism on man's instincts to trade, barter and exchange goods and ideas*
I believe that this is the true source of durable prosperity and wealth. Rising living standards are largely derived from accumulated knowledge and new ideas, which is only constrained by human ingenuity and imagination.

- *Long-term pessimism on the value of government promises*
The logic of politicians is to trade short-term, obvious benefits for long-term, less obvious costs, which undermines the worth of government-backed promises, such as paper money and bonds. One consequence of this process is inflation, which I believe to be at source a political phenomenon. It has been one of the tragedies of modern financial academic work to label government bonds "risk-free".

- *The role of quoted equity investments*
I believe that the long-term ownership of exceptional businesses run by honest people is the best means of allowing the investor to participate in the general tendency for global living standards to rise, while simultaneously protecting his capital from inflation. Quoted equity securities allow the investor to part-own a variety of high quality businesses around the world, at remarkably low cost. Consequently, it is likely that investments in quoted equities will dominate the portfolio.

- *Risk and uncertainty cannot be avoided*
Business and investing are complex, unpredictable and fraught with uncertainty. I do not believe that government bonds are risk-free; I do not believe that investment risk can be quantified; and I do not believe in smooth progress. MPIC is designed to cope with investment risk and uncertainty, not to eliminate it.

- *Progress will be lumpy*
Quoted equities represent claims on corporate cash flows, yet their market prices have proved far more volatile than their underlying business values. Historically, publicly listed businesses have suffered widespread, general falls in market prices in approximately one calendar year in three. Indeed, dramatic declines of over 30% have occurred at some point in most decades. I do not believe that MPIC can avoid such characteristic downturns in business and stockmarket cycles, but it will seek to survive them without undue distress.

- *I will discourage investors who cannot commit funds for at least five years*
MPIC is an open-ended investment company. If funds flow in *and out,* the company's returns may be compromised, to the detriment of the remaining shareholders. Thus, there is an exit charge for all redemptions within five years, which is paid into MPIC to compensate the remaining shareholders. (The charge is not paid to the ACD or the investment manager.)

Peter Hollis

PORTFOLIO AS AT 30 SEPEMBER 2014

Security	Country	Holding	Value (£)	%	*30 Sept 2013*
Markel	US	6,000	2,361,695	8.3%	
Fairfax Financial	Canada	6,000	1,657,493	5.9%	
Investor B	Sweden	70,000	1,521,271	5.4%	
Graham Holdings B	US	2,600	1,123,354	4.0%	
Handelsbanken	Sweden	36,000	1,040,756	3.7%	
Moody's	US	15,000	874,615	3.1%	
Hansa Trust A	UK	75,000	697,125	2.5%	
Sofina	Belgium	10,000	674,903	2.4%	
Nestle	Switzerland	14,000	633,714	2.2%	
Progressive Corp	US	40,000	627,004	2.2%	
Loews	US	24,000	622,121	2.2%	
Philip Morris International	US	12,000	611,652	2.2%	
GBL	Belgium	10,000	563,696	2.0%	
RLI Corp	US	18,000	488,563	1.7%	
Atlas Copco B	Sweden	30,000	478,539	1.7%	
Wm Morrison Supermarkets	UK	280,000	470,960	1.7%	
Admiral Group	UK	35,000	449,050	1.6%	
Rights & Issues Capital	UK	10,000	423,250	1.5%	
The Coca-Cola Company	US	16,000	418,496	1.5%	
Colruyt	Belgium	14,000	379,857	1.3%	
Crown Holdings	US	13,000	356,578	1.3%	
bioMerieux	France	5,000	318,956	1.1%	
Jardine Strategic	Singapore	14,000	301,406	1.1%	
Spirax-Sarco	UK	10,592	299,595	1.1%	
Royal Dutch Shell B	UK	12,000	292,770	1.0%	
Alleghany Corp	US	1,100	285,362	1.0%	
Capital Southwest Corp	US	12,000	273,588	0.9%	
Imperial Oil	Canada	8,000	234,944	0.8%	
WH Soul Pattinson	Australia	30,000	232,926	0.8%	
Chubb	US	4,000	225,388	0.8%	
FedEx	US	2,000	201,806	0.7%	
Wells Fargo warrants (28.10.18)	US	16,000	198,964	0.7%	
HAL Trust	Netherlands	2,000	191,280	0.7%	
Soc. Fin. des Caoutchoucs	Luxembourg	8,000	185,959	0.7%	
Tesco	UK	100,000	185,500	0.7%	
J Sainsbury	UK	70,000	176,085	0.6%	
Silgan Holdings	US	6,000	173,674	0.6%	
CF-Alba	Spain	5,000	164,534	0.6%	
BAT	UK	4,000	139,320	0.5%	
Coca-Cola HBC	UK	10,000	133,350	0.5%	
Patterson Companies	US	5,000	128,006	0.4%	
Owens-Illinois	US	7,000	113,718	0.4%	
Hornbach Holding prefs.	Germany	1,841	89,727	0.3%	
Total equities			***21,021,550***	***74.4%***	*70.9%*

PORTFOLIO AS AT 30 SEPTEMBER 2014

Security	Country	Holding	Value (£)	%	*30 Sept 2013*
US 0.125% Inflation-protected Treasury 2016	US	1,500,000	1,011,318	3.6%	
Sweden 0.5% Inflation-linked Treasury 2017	Sweden	8,000,000	729,883	2.6%	
UK 2.5% Index-linked Gilt 2016	UK	200,000	668,440	2.4%	
US 0.625% Inflation-protected Treasury 2021	US	750,000	500,369	1.8%	
US 0.125% Inflation-protected Treasury 2019	US	750,000	472,043	1.7%	
US 0.125% Inflation-protected Treasury 2018	US	700,000	449,168	1.6%	
UK 0.125% Index-linked Gilt 2024	UK	400,000	447,182	1.6%	
UK 1.25% Index-linked Gilt 2017	UK	300,000	432,785	1.4%	
UK 0.125% Index-linked Gilt 2019	UK	300,000	325,929	1.1%	
Royal Canadian Mint Gold ETR	Canada	140,000	1,122,341	3.9%	
Perth Mint Gold ETF	Australia	10,000	75,243	0.3%	
Cash and equivalents	Various		1,042,187	3.7%	
Total effective liquidity			**7,276,888**	**25.7%**	*29.3%*
Adjustment to revalue assets from Mid to Bid			-40,917	-0.1%	
Total portfolio			**28,257,521**	**100%**	

AUTHORISED CORPORATE DIRECTOR’S RESPONSIBILITIES

The rules of the Financial Conduct Authority’s Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the Company and of its revenue or expense for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the regulations and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Anne A. Laing　　　　Martin J. Henderson

Valu-Trac Investment Management Limited
Authorised Corporate Director

October 29th 2014

The depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended ('the OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company, the application of revenue of the Company, and the investment and borrowing powers applicable to the Company.

Report of the Depositary

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company, and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
1 October 2014

We have audited the Company's financial statements for the year ended 30 September 2014 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet and the related Notes to the Financial Statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the ACD and Auditors

As explained more fully in the Statement of the ACD's Responsibilities set out on page 10, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company as at 30 September 2014 and of the net income and the net capital gains on the property of the Company for the year then ended;
- the financial statements have been properly prepared in accordance with the IMA Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the report of the ACD is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditors
Edinburgh

October 30th 2014

Statement of total return

For the year ended 30 September	Notes	2014 £	2014 £	2013 £	2013 £
Income					
Net capital gains	2		980,669		2,544,991
Revenue	3	520,558		399,613	
Expenses	4	(165,522)		(153,841)	
Currency losses		(20,399)		(6,214)	
Net revenues before taxation		334,637		239,558	
Taxation	6	(38,582)		(32,006)	
Net revenues after taxation			296,055		207,552
Total return before dividends			1,276,724		2,752,543
Finance costs: dividends	5		(320,308)		(196,057)
Change in net assets attributable to shareholders from investment activities			956,416		2,556,486

Statement of changes in net assets attributable to shareholders

For the year ended 30 September	2014 £	2013 £
Opening net assets attributable to shareholders	22,793,043	15,609,946
Amounts receivable on creation of shares	4,311,785	4,475,544
Amounts payable on cancellation of shares	(50,000)	-
Dividends accumulated	246,277	151,067
Change in net assets attributable to shareholders from investment activities (see above)	956,416	2,556,486
Closing net assets attributable to shareholders	28,257,521	22,793,043

Balance sheet

As at 30 September	Notes	2014 £	2014 £	2013 £	2013 £
Assets					
Investment assets			27,215,334		20,661,816
Debtors	7	340,515		180,765	
Cash and bank balances	8	1,066,297		2,192,959	
Total other assets			1,406,812		2,373,724
Total assets			28,622,146		23,035,540
Liabilities					
Creditors	9	(44,317)		(46,440)	
Dividend payable		(320,308)		(196,057)	
Total liabilities			(364,625)		(242,497)
Net assets attributable to shareholders			28,257,521		22,793,043

For the year ended 30 September 2014

1 Accounting policies

(a) The financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association (IMA) in October 2010.

(b) Dividends on equities are recognised when the security is quoted ex-dividend. Bond interest is accrued daily into the fund. An adjustment is made to the amount of income recognised in bonds using the effective interest yield basis. Interest on deposits is accounted for on an accruals basis. Other revenue is accounted for on receipts basis. Accumulation of revenue, relating to accumulation units or shares held in underlying funds, is not included in the amount available for distribution.

Equalisation received by the way of distributions from OEICs or unit trust investments is not included in revenue but is reflected as a reduction in the book cost of that investment.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Company, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.

(d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

(e) All expenses are accounted for on an accruals basis and other than those relating to the buying and selling of investments, all expenses are charged to the revenue of the Company.

(f) Where the revenue from investments exceeds the expenses of the Company, annual dividends are paid to all holders of income shares. In all cases, tax vouchers will be issued to shareholders.

(g) The Company is not more than 60% invested in qualifying investments (as defined by S468L ICTA 1988) and where applicable will pay a dividend distribution.

(h) The listed investments of the Company have been valued at bid market prices at 4.30pm UK time on 30 September 2014. Suspended securities are valued initially at the suspended price but are subject to constant review.

(i) All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 30 September 2014.

(j) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.

(k) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Company, is intended to cover certain charges not included in the bid market value of the Company, used in calculating the share price, which could have a diluting effect on the performance of the Company.

(l) Stamp duty reserve tax (SDRT), where payable, is deducted as an expense from the capital of the Company. SDRT was abolished on 1 April 2014.

2 Net capital gains

	2014 £	2013 £
The net capital gains comprise:		
Currency losses	(2,841)	(11,293)
Non-derivative securities gains	985,303	2,557,582
Transaction charges	(1,793)	(1,298)
Total net capital gains	980,669	2,544,991

3 Revenue

	2014 £	2013 £
UK dividends	95,098	66,674
Overseas dividends	381,138	308,973
Bond income	44,322	23,966
Total revenue	520,558	399,613

4 Expenses

	2014 £	2013 £
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	134,638	108,694
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary and safekeeping fees	22,515	36,719
Other expenses:		
Audit fee	8,100	8,100
FCA fee	269	328
	8,369	8,428
Total expenses	165,522	153,841

5 Finance costs

	2014 £	2013 £
Final dividend for the year	320,308	196,057
Reconciliation of dividends:		
Net revenue after taxation	296,055	207,552
Prior year net revenue expenses including foreign exchange	-	(11,495)
Equalisation on subscriptions	18,082	-
Prior year undistributed income	6,171	-
Net dividend for the year	320,308	196,057

6	**Taxation**	**2014**	**2013**
		£	**£**
(a)	**Analysis of charge in the year**		
	Irrecoverable income tax	38,582	32,006
	Total current tax charge for the year (note 6b)	38,582	32,006
(b)	**Factors affecting current tax charge for the year**		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
	Net revenues/(expenses) before taxation	334,637	239,558
	Corporation tax at 20%	66,927	47,912
	Effects of:		
	Revenue not subject to taxation	(95,247)	(75,129)
	Current year expenses not utilized	28,320	27,217
	Overseas tax expenses	38,582	32,006
	Current tax charge for year (note 6a)	38,582	32,006

(c) Provision for deferred taxation

At 30 September 2014 there is a potential deferred tax asset of £63,704 (2013 £35,384) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

7	**Debtors**	**2014**	**2013**
		£	**£**
	Accrued revenue	44,489	29,682
	Other debtors	49,749	16
	Dividend accumulated	246,277	151,067
	Total debtors	340,515	180,765

8	**Cash and bank balances**	**2014**	**2013**
		£	**£**
	Cash and bank balances	1,066,297	2,192,959

9	**Creditors**	**2014**	**2013**
		£	**£**
	Accrued expenses	44,317	46,440
	Total creditors	44,317	46,440

10	**Related party transactions**	**2014**	**2013**
		£	**£**
	Authorised Corporate Director's fees and Investment Manager's fees were payable to the following related parties during the period:		
	Valu-Trac Investment Management Limited	10,000	10,000
	Hollis Capital Limited	124,638	98,694
	The balances due to these related parties at 30 September 2014 were as follows:		
	Valu-Trac Investment Management Limited	2,493	2,493
	Hollis Capital Limited	32,266	27,464

11 Financial instruments

In pursuing its investment objective as stated on page 1, the Company holds a number of financial instruments. The Company's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Company's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The Company's investment portfolio can be invested in holdings that are registered overseas, and this means that the balance sheet can be affected by movements in foreign exchange rates. Revenue received in other currencies is converted to sterling on or near the date of receipt.

A portion of the net assets of the Company is denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

As at 30 September 2014, net currency monetary assets and liabilities consist of:

	Monetary assets		Non-monetary assets		Total net assets	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
Sterling	1,109,832	1,813,103	5,029,009	4,080,371	6,138,841	5,893,474
Australian Dollar	(48)	-	311,640	-	311,592	-
Canadian Dollar	975	-	3,010,628	2,444,545	3,011,603	2,444,545
Euro	(62,190)	-	2,585,396	2,031,709	2,523,206	2,031,709
Swedish Kroner	(42)	92,311	3,797,883	3,202,621	3,797,841	3,294,932
Swiss Franc	12,613	-	640,275	521,308	652,888	521,308
US Dollar	5,157	287,545	11,816,393	8,319,530	11,821,550	8,607,075
Total	1,066,297	2,192,959	27,191,224	20,600,084	28,257,521	22,793,043

Interest rate risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company currently does not invest in floating rate securities. Interest rate risk exposure is restricted to interest receivable on fixed rate securities and bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the period end date 21.5% of the Company's assets by value were interest bearing.

Maturity of financial liabilities

The financial liabilities of the Company as at 30 September 2014 are payable either within one year or on demand.

Liquidity risk

The Company's assets comprise mainly of readily realisable securities. The main liability of the Company is the redemption of any shares that the investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

Credit risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Company only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their market value.

12 Contingent assets and liabilities

At 30 September 2014, the Company had no contingent liabilities or commitments.

13	Portfolio transaction costs	2014 £	2013 £
	Analysis of total purchase costs:		
	Purchases before transaction costs	6,390,637	5,303,751
	Commissions and taxes	11,667	4,528
	Total purchases plus transaction costs	6,402,304	5,308,279
	Analysis of total sales costs:		
	Sales before transaction costs	850,961	1,388,107
	Commissions and taxes	517	513
	Total sales less transaction costs	850,444	1,387,594

Authorised Corporate Director's charges

The annual ACD charges were £10,000 up to 30 September 2014 and will be £20,000 from 1 October 2014, plus the investment management fee. The annual investment management fee is currently equal to:

1. 0.50% of the Net Asset Value of the Company on the first £20 million; and
2. 0.35% of the Net Asset Value of the Company thereafter.

Dividend

All the revenue of the Company will be paid as dividends to shareholders on or before 30 November each year.

Taxation

The Company will pay no corporation tax for the year ended 30 September 2014 and capital gains within the Company will not be taxed.

The information below on taxation is only a general summary, and shareholders should consult their own tax advisers in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

Individual shareholders

Tax on dividends
Revenue distributed by an OEIC is paid net but individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit equivalent to one ninth of the amount of the net dividend. Tax vouchers are sent to shareholders with each dividend and UK resident shareholders will be taxed on the total of the dividend and tax credit shown on the voucher. The credit will meet liability to basic rate tax but if the shareholder pays tax at a higher rate there will be a further liability. If the shareholder is not liable to income tax the amount of the tax credit cannot be reclaimed from HM Revenue and Customs.

Capital gains tax
Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £11,000 of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual taxpayer.

ISAs
Individuals resident in the UK for tax purposes may invest up to £15,000 each year in Individual Savings Accounts (ISAs), free of income and capital gains tax. The ACD offers a simple, zero-charge ISA. To help limit the administration burden, only a single lump sum subscription of £15,000 is permitted each year, which is to be invested solely in MPIC net accumulation shares. The overall minimum investment in MPIC for each investor still applies. Further details may be obtained from the ACD.

Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC dividends are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which is subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

Stamp duty reserve tax

SDRT was abolished on 1 April 2014.

Issue and redemption of shares

Valu-Trac Investment Management Limited is the Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours. Instructions may be given by telephone (01343 880344) or by sending an Application Form. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 4.30pm on the 1st and 15th (or the next business day) of each month.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the second business day following the valuation point by reference to which the purchase price is determined. Settlement is due on the date specified on the Contract Note.

Ownership of shares will be recorded by an entry on the Company's Register of Shareholders. Certificates will not be issued. Annual Statements will show the number of shares held by the recipient on which the dividend is paid. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the trade date. The minimum value of shares that a shareholder may hold is £100,000 at cost. The ACD may at its discretion accept subscriptions lower than the minimum amount.

A redemption charge is payable on any shares redeemed within five years of purchase. The redemption charge is paid to the Company to compensate continuing shareholders; it is not paid to the ACD or the investment manager.

The most recent issue and redemption prices are available from the ACD.

Share price range

	Calendar YTD 2014	**Calendar year 2013**	**15 May 2012 to 31 Dec 2012**
	Offer high–Bid low	Offer high–Bid low	Offer high–Bid low
Gross accumulation	130.9–120.9p	127.1–106.5p	107.2–98.9p
Gross income	129.8–119.9p	127.1–106.5p	107.2–98.9p
Net accumulation	130.9–120.9p	127.1–106.5p	107.2–98.9p
Net income	129.8–119.9p	127.1–106.5p	107.2–98.9p

Advantages of investing through an open-ended investment company

Moray Place Investment Company is an open-ended investment company (OEIC). Investing through an OEIC offers considerable advantages for private investors compared to managing their own portfolio directly or through a financial adviser. These advantages include:

- The full-time attention of an experienced professional investor
- Participation in a diversified portfolio of assets
- The OEIC does not incur capital gains tax on transactions within its portfolio. Investors thus defer any capital gains tax liability until they sell their shares in the OEIC
- The OEIC is able to offset management and administration costs against taxable income. It is not possible to do this with the costs of directly managed portfolios or financial adviser fees
- Less paperwork and record-keeping

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Valu-Trac Investment Management Limited Orton Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 E-mail: mpic@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Investment Manager	Hollis Capital Limited 18 Torphichen Street Edinburgh EH3 8JB Authorised and regulated by the Financial Conduct Authority
Depositary	National Westminster Bank Plc Younger Building 1st Floor, 3 Redheughs Avenue Edinburgh EH12 9RH Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Auditors	Johnston Carmichael LLP Chartered Accountants 7-11 Melville Street Edinburgh EH3 7PE