

MORAY PLACE INVESTMENT COMPANY

**INTERIM REPORT AND FINANCIAL STATEMENTS
for the six months to 31 March 2013**

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 individuals. It is straightforward and totally 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 established companies listed on stock exchanges around the world. It will not "short" securities, will not invest in derivatives nor directly in property, and it will not borrow to invest.

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 31 March 2013	£19,581,481
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Investment manager	Hollis Capital Limited
Minimum investment	Initial: £100,000 Subsequent: £10,000
Dealing spread	1%
Ongoing charges (annualised)	0.83% <i>Capped at 1.0% p.a. until 30 September 2014</i>
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
Ex-distribution date	30 September
Distribution date	30 November

FINANCIAL SUMMARY

		As at			
		31 Mar 2013		30 Sept 2012	
Net asset value					
	Value of company	£19,581,481		£15,609,946	
Shares outstanding	Gross accumulation	10,767,357		9,936,182	
	Gross income	1,750,888		1,750,888	
	Net accumulation	1,157,448		1,097,149	
	Net income	2,239,352		2,239,352	
NAV per share		Offer	Bid	Offer	Bid
	Gross accumulation	123.9p	122.6p	104.6p	103.5p
	Gross income	123.9p	122.6p	104.6p	103.5p
	Net accumulation	123.9p	122.6p	104.6p	103.5p
	Net income	123.9p	122.6p	104.6p	103.5p
Effective liquidity		23%		31%	
		Six months to 31 Mar 2013		15 May 2012 to 30 Sept 2012	
Distribution per share					
	Gross accumulation	0p		0p	
	Gross income	0p		0p	
	Net accumulation	0p		0p	
	Net income	0p		0p	
Ongoing charges (annualised)		0.83%		0.87%	
Portfolio turnover (annualised)		1%		0%	
		Calendar YTD 2013		15 May to 31 Dec 2012	
Share price range		Offer high	Bid low	Offer high	Bid low
	Gross accumulation	123.9p	122.6p	107.2p	98.9p
	Gross income	123.9p	122.6p	107.2p	98.9p
	Net accumulation	123.9p	122.6p	107.2p	98.9p
	Net income	123.9p	122.6p	107.2p	98.9p

Shares were issued at 100p each when the company commenced trading on 15 May 2012

LETTER TO SHAREHOLDERS

Dear fellow shareholders

The objective of the company is to protect and grow the purchasing power of investors' capital. In my view, typically the best policy to achieve this objective is to restrict the search for investments to cultures with secure property rights, and to own businesses with pricing power, run by people who treat outside owners as partners – at a reasonable price. One of the worst options is to rely on the promises of governments.

Two decisions since September illustrate this underlying mindset, and also act as a reminder that all options involve compromise. First, I decided not to sell or reduce Markel, despite its agreement to buy another insurer approximately half its size. Second, I bought some gold.

Academic studies suggest that most acquisitions destroy value for the acquiring shareholders. One reason is that the decision-makers are typically hired hands with different incentives to the owners, who pay for the expensive mistakes. Thus, I abide by two simple, powerful investing guidelines: avoid acquisitive companies and seek owner-managers.

Markel underwrites insurance risk, a business with little pricing power, but it is run by owner-managers who are not acquisitive: its last significant deal was in 2000. Therefore I was surprised when it announced a large acquisition of a publicly quoted company, mostly financed with shares. In such circumstances the acquirer is rarely enriched, so, although I have not sold any shares, you should realise that the risks have risen in owning Markel.

Factors influencing my decision included: the target, Alterra, approached Markel, who were the only bidder; Markel knows many Alterra underwriters well, some of whom used to work for Markel and are still based in the same town, Richmond, Virginia; and the sector is out of favour. Indeed, using net asset value as a proxy for underlying business value, Markel's price-to-value ratio is at its lowest point since it floated in 1986.

Gold has been the free man's money of choice throughout recorded history. It has been a favoured medium of exchange between strangers because it is scarce, durable, portable, dense, easily divisible, universally accepted, indestructible and is no one's liability. The key contrast with paper money is that gold is not a government promise and its supply is limited, which is why it has been a good store of purchasing power for thousands of years. The long-term value of gold does not rise; it is the value of paper money that falls.

The company owns gold as a form of liquidity and as an insurance against extreme outcomes, most obviously monetary chaos. Unfortunately, it is not cost-effective for MPIC to buy physical gold, so I have had to compromise with a proxy. The Royal Canadian Mint Gold ETR is an unencumbered closed-end fund, 100%-backed by gold held in the vaults of the Royal Canadian Mint, with a monthly right to convert to physical form. The ETR's counterparty risk is low: it does not rely on an investment bank, and the Canadians have a good record in protecting private (gold) property rights.

These two decisions were the most significant of the last six months; portfolio activity has been low.

Please do contact me if you have any questions or comments about the portfolio or any other aspect of Moray Place Investment Company.

Peter Hollis

PORTFOLIO AS AT 31 MARCH 2013

Security	Country	Holding	Value (£)	%	<i>(30 Sept 2012)</i>
Markel	US	5,400	1,809,973	9.2%	
Investor B	Sweden	70,000	1,383,487	7.1%	
Fairfax Financial	Canada	3,900	1,009,806	5.2%	
Handelsbanken	Sweden	30,000	864,871	4.4%	
Washington Post B	US	2,600	770,867	3.9%	
Loews	US	24,000	701,670	3.6%	
Progressive Corp	US	40,000	674,362	3.5%	
Nestle	Switzerland	11,000	533,367	2.7%	
Moodys	US	15,000	524,774	2.7%	
Atlas Copco B	Sweden	30,000	510,036	2.6%	
Sofina	Belgium	7,488	449,976	2.3%	
GBL	Belgium	8,000	415,041	2.1%	
Philip Morris	US	6,000	373,896	1.9%	
Hansa Trust A Non-Voting	UK	45,000	368,325	1.9%	
RLI Corp	US	7,000	338,713	1.7%	
Rights & Issues Capital	UK	10,000	321,500	1.6%	
Tesco	UK	80,000	308,400	1.6%	
Spirax-Sarco	UK	11,000	300,300	1.5%	
Greggs	UK	50,000	239,725	1.2%	
Capital Southwest Corp	US	3,000	236,404	1.2%	
Alleghany Corp	US	900	230,708	1.2%	
Pepsico	US	4,000	211,332	1.1%	
Jardine Strategic	Singapore	8,000	208,223	1.1%	
bioMerieux	France	3,000	189,974	1.0%	
Coca-Cola Hellenic	Greece	10,000	179,204	0.9%	
Bank of Ireland	Ireland	1,300,000	176,105	0.9%	
HAL Trust	Netherlands	2,000	170,575	0.9%	
Wm Morrisons Supermarkets	UK	60,000	170,190	0.9%	
The Coca-Cola Company	US	6,000	161,922	0.8%	
Colruyt	Belgium	5,000	160,849	0.8%	
Becton Dickinson	US	2,500	160,065	0.8%	
CF-Alba	Spain	5,000	145,657	0.7%	
BATS	UK	4,000	143,770	0.7%	
Carmax	US	5,000	137,400	0.7%	
Patterson Companies	US	5,000	125,707	0.7%	
N.Brown	UK	30,000	122,790	0.6%	
Northern Trust	US	3,000	108,368	0.6%	
Sigma-Aldrich	US	2,000	101,882	0.5%	
Sysco	US	3,000	69,887	0.4%	
Total Equities			15,110,101	77.2%	(69.1%)

PORTFOLIO AS AT 31 MARCH 2013

Security	Country	Holding	Value (£)	%	<i>(30 Sept 2012)</i>
US 0.125% TIPS 2016	US	1,500,000	1,100,775	5.6%	
US 0.625% TIPS 2013	US	1,000,000	725,703	3.7%	
UK 2.5% ILG 2016	UK	200,000	707,000	3.6%	
Swe 0.5% ILT 2017	Sweden	6,000,000	633,609	3.4%	
UK 1.25% ILG 2017	UK	300,000	455,113	2.3%	
Royal Canadian Mint Gold ETR	Canada	70,000	791,322	4.0%	
Cash & equivalents	Various		70,426	0.4%	
<i>Total effective liquidity</i>			4,483,948	22.9%	<i>(31.1%)</i>
<i>Adjustment to revalue assets from Mid to Bid</i>			<u>-32,568</u>	<u>-0.2%</u>	
Total Portfolio			<u>19,561,481</u>	<u>100%</u>	

FINANCIAL STATEMENTS

Statement of Total Return

For the period from 1 October 2012 to 31 March 2013 (unaudited)

	£	£
Income		
Net capital gains		2,920,659
Revenue	197,376	
Expenses	(74,182)	
Finance costs: interest	-	
Net revenue before taxation	<u>123,194</u>	
Taxation	<u>(20,433)</u>	
Net revenue after taxation		<u>102,761</u>
Total return before distributions		3,023,420
Finance costs: distributions		<u>-</u>
Change in net assets attributable to shareholders from investment activities		<u>3,023,420</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the period from 1 October 2012 to 31 March 2013 (unaudited)

	£
Opening net assets attributable to shareholders	15,609,946
Amounts receivable on creation of shares	948,115
Change in net assets attributable to shareholders from investment activities (see above)	<u>3,023,420</u>
Closing net assets attributable to shareholders	<u>19,581,481</u>

There are no comparative figures for the corresponding period to 31 March 2012 as the company commenced trading on 15 May 2012

FINANCIAL STATEMENTS

Balance Sheet

As at 31 March 2013 (unaudited)

	31 March 2013		30 September 2012	
	£	£	£	£
ASSETS				
Investment assets		19,511,055		14,179,286
Debtors	20,449		17,750	
Cash and bank balances	96,154		1,505,004	
Total other assets		<u>116,603</u>		<u>1,522,754</u>
Total assets		19,627,658		15,702,040
LIABILITIES				
Creditors	(46,177)		(92,094)	
Total liabilities		<u>(46,177)</u>		<u>(92,094)</u>
Net assets attributable to shareholders		<u>19,581,481</u>		<u>15,609,946</u>

Accounting policies

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. The accounting policies applied are consistent with those in the annual financial statements for the period ended 30 September 2012 and are described in those Financial Statements.

Portfolio purchases and sales

For the period from 1 October 2012 to 31 March 2013 there were purchases of £2,547,859 and sales of £136,747.

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 which are unaudited 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.

Director's Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the interim report.

Anne A. Laing

Martin J. Henderson

Valu-Trac Investment Management Limited
Authorised Corporate Director

April 30th 2013

INFORMATION FOR INVESTORS

Authorised Corporate Director's charges

The annual Authorised Corporate Director (ACD) charges are £10,000 plus the Investment Management Fee. The 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.

Distribution

Distributions of the revenue of the Company will be made to shareholders on or before 30 November each year.

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 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 evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. 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.

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

CORPORATE DIRECTORY

Authorised Corporate Director & Registrar	Di- 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 1 st Floor, 3 Redheughs Avenue Edinburgh EH12 9RH Authorised and regulated by the Financial Conduct Authority
Auditor	Johnston Carmichael LLP, Chartered Accountants Commerce House South Street Elgin IV30 1JE