

MORAY PLACE INVESTMENT COMPANY

**INTERIM REPORT AND FINANCIAL STATEMENTS
for the six months to 31 March 2016 (unaudited)**

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 long-dated 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.

Value of company at 31 March 2016	£40,735,813
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Investment manager	Hollis Capital Limited
Minimum investment	Initial: £100,000 Subsequent: £10,000 ISA: £15,240
Dealing spread	1%
Ongoing charges (<i>annualised</i>)	0.59%
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 <i>Paid to MPIC, not to the ACD or investment manager</i>
Ex-dividend date	30 September
Dividend date	30 November

FINANCIAL SUMMARY

	At and for the period ended				
	31 Mar 2016	30 Sept 2015	30 Sept 2014	30 Sept 2013	30 Sept 2012
Value of company	£40.7m	£34.2m	£28.3m	£22.8m	£15.6m
Shares outstanding					
Net accumulation	19.9m	19.1m	3.0m	1.9m	1.1m
Net income	5.5m	5.4m	2.9m	2.6m	2.2m
Gross accumulation	n/a	n/a	14.0m	12.6m	9.9m
Gross income	n/a	n/a	2.2m	1.8m	1.8m
NAV per share (mid price)					
Net accumulation	161.4p	141.0p	128.4p	121.9p	104.1p
Net income	157.1p	136.7p	125.9p	120.8p	104.1p
Gross accumulation	n/a	n/a	128.4p	121.9p	104.1p
Gross income	n/a	n/a	125.9p	120.8p	104.1p
Dividend per share					
Net accumulation	0p	1.80p	1.45p	1.04p	0p
Net income	0p	1.80p	1.45p	1.04p	0p
Gross accumulation	n/a	n/a	1.45p	1.04p	0p
Gross income	n/a	n/a	1.45p	1.04p	0p
Effective liquidity	23%	22%	26%	29%	31%
Ongoing charges	0.59%	0.61%	0.63%	0.79%	0.87%
Portfolio turnover	9%	10%	3%	7%	0%

Notes

1. The company started trading on 15 May 2012 when shares were issued at 100p each.
2. On 1 October 2014 gross shares stopped being offered and all existing gross shares were converted into net shares.
3. Effective liquidity includes the investment in gold; all the current constituents are shown on p.5.
4. The ongoing charges ratio is based on the actual charges and the average NAV during the period. It is annualised.
5. Portfolio turnover is annualised.

LETTER TO SHAREHOLDERS

Dear fellow shareholders

The objective of the company is to protect and grow the purchasing power of its investors' capital. I believe that the best means of achieving this is to invest in superior businesses run by good people, bought at fair prices, and own them for many years. An attitude suited to this approach seems to combine that of the private business owner with a stoic indifference to the fluctuations of the stockmarket.

This attitude has shaped MPIC. The company is structured to maximise the influence of owners, and minimise the nonsense that can occur when agents manage other people's money. Thus, I have the majority of my own capital invested in MPIC. All co-investors have invested their own savings in MPIC unaided by agents with fees to justify and careers to protect. Finally, as the investment manager, I specifically seek companies led by people who think like owners.

The motivations, values and deeds of owners are different. This is demonstrated by the two distinct breeds of stockmarket participant: those who love markets, and those who love companies. The mentality of the market-lover is akin to that of a hunter: he seeks a dramatic, quick killing by buying-low-and-selling-high. He is a trader, interested in the stockmarket as the world's greatest game; fluctuating prices are the opportunity. In contrast, the company-lover thinks like a farmer: he needs the judgement to plant good seeds in fertile land, the equanimity to accept the variations in the weather, and the patience to wait. He is an owner, interested in the stockmarket as a means to own companies; fluctuating prices are a distraction.

A prime example of the benefits of an owner mentality is the Mittelstand culture at the heart of the German-speaking and Scandinavian economies. Mittelstand companies tend to be private, family-controlled manufacturers whose ownership often passes through generations. Hermann Simon's book, *Hidden Champions*, revealed that typically they share a low profile, long time horizons and a disregard for investment bankers' advice. Moreover, they are uncommonly successful.

Their financial success is the consequence of focusing on what is both important and controllable: ensuring that they serve their customers well. Strikingly, Mittelstand owners do not regard recessions, falling share prices and financial panics as reasons to sell their companies. Instead, bad times are viewed as part of the inevitable ebb and flow of human endeavour, to be survived without undue distress.

The experience of the German Mittelstand over the past century also provides insights into how to protect and grow the purchasing power of capital. Over 1914-1948 their underlying business values were devastated by two world wars, hyperinflation and depression. International assets and gold provided the only refuge. Nevertheless, Mittelstand wealth proved more durable than the professional classes' savings in domestic deposit accounts and government bonds, which were wiped-out by hyperinflation – twice. Since 1948 freedom and social stability have benefited most west German asset values, but none more so than corporate ones.

A gauge of business owners' ability to survive and thrive is the return on quoted German shares in the 1940s and 1950s. Their purchasing power first fell by 90% from peak to trough, but recovered all of that loss by 1956 and then trebled again before 1960. Owning companies run by skilled people with the right motivations is an enduring means of benefiting from (free) man's ingenuity and entrepreneurial alertness.

The Mittelstand mentality is distinctive, successful and informative. It is akin to that of the great investor, John Templeton, who decades ago concluded about the stockmarket: "The best time to invest is when you have money. This is because history suggests that it is not timing which matters, but time."

Peter Hollis

PORTFOLIO AT 31 MARCH 2016

Security	Country	Holding	Value (£)	%	30 Sept 2015
Markel	US	6,000	3,712,263	9.1%	
Fairfax Financial	Canada	6,000	2,315,639	5.7%	
Jardine Strategic	Singapore	85,000	1,760,971	4.3%	
WH Soul Pattinson	Australia	190,000	1,695,432	4.1%	
Admiral Group	UK	85,000	1,685,975	4.1%	
Philip Morris International	US	21,000	1,441,171	3.5%	
Svenska Handelsbanken A	Sweden	135,000	1,189,551	2.9%	
Royal Dutch Shell B	UK	65,000	1,105,650	2.7%	
Moody's	US	15,000	1,004,097	2.5%	
Investor B	Sweden	40,000	981,083	2.4%	
Progressive Corp	US	40,000	973,682	2.4%	
Wm Morrison Supermarkets	UK	450,000	893,475	2.2%	
RLI Corp	US	18,000	841,191	2.1%	
Sofina	Belgium	10,000	825,054	2.0%	
Rights & Issues Capital	UK	16,500	775,500	1.9%	
Nestle	Switzerland	14,000	728,642	1.8%	
Loews	US	24,000	638,539	1.6%	
GBL	Belgium	10,000	572,992	1.4%	
Colruyt	Belgium	14,000	567,133	1.4%	
Hansa Trust A	UK	75,000	544,125	1.3%	
The Coca-Cola Company	US	16,000	519,019	1.3%	
Atlas Copco B	Sweden	30,000	488,750	1.2%	
Chubb Limited	US	5,417	450,125	1.1%	
Crown Holdings	US	13,000	446,528	1.1%	
Graham Holdings B	US	1,300	433,931	1.1%	
Cable One	US	1,300	399,000	1.0%	
Alleghany Corp	US	1,100	377,102	0.9%	
Spirax-Sarco	UK	10,213	371,855	0.9%	
Imperial Oil	Canada	16,000	371,848	0.9%	
Strayer Education	US	10,000	337,685	0.8%	
J Sainsbury	UK	120,000	331,020	0.8%	
CF-Alba	Spain	12,000	322,969	0.8%	
Motor Oil (Hellas)	Greece	43,071	321,986	0.8%	
JD Wetherspoon	UK	45,000	315,788	0.8%	
Franco-Nevada	Canada	6,000	258,924	0.6%	
PACCAR	US	6,000	227,005	0.6%	
FedEx	US	2,000	225,241	0.6%	
Wells Fargo warrants (28.10.18)	US	20,000	220,332	0.5%	
Kone B	Finland	5,000	167,996	0.4%	
Soc. Fin. des Caoutchoucs	Luxembourg	8,000	151,396	0.4%	
Coca-Cola HBC	UK	10,000	147,950	0.4%	
Hornbach Holding	Germany	1,841	83,479	0.2%	
Owens-Illinois	US	7,000	77,626	0.2%	
Total equities			31,299,720	76.8%	78.1%

PORTFOLIO AT 31 MARCH 2016

Security	Country	Holding	Value (£)	%	30 Sept 2015
Sweden 0.5% Inflation-linked Treasury 2017	Sweden	8,000,000	746,943	1.8%	
US 0.125% Inflation-protected Treasury 2016	US	1,000,000	745,566	1.8%	
US 0.625% Inflation-protected Treasury 2021	US	750,000	574,871	1.4%	
US 0.125% Inflation-protected Treasury 2019	US	750,000	538,019	1.3%	
US 0.125% Inflation-protected Treasury 2018	US	700,000	507,108	1.3%	
UK 0.125% Index-linked Gilt 2024	UK	400,000	471,268	1.2%	
UK 1.25% Index-linked Gilt 2017	UK	300,000	420,311	1.0%	
UK 0.125% Index-linked Gilt 2019	UK	300,000	332,634	0.8%	
Royal Canadian Mint Gold ETR	Canada	150,000	1,375,479	3.4%	
Perth Mint Gold ETF	Australia	119,642	1,025,156	2.5%	
Central Fund of Canada	Canada	115,000	960,962	2.4%	
Sprott Physical Gold Trust	Canada	88,216	622,676	1.6%	
Cash and equivalents	Various		1,195,973	2.9%	
Total effective liquidity			9,516,966	23.4%	22.2%
<i>Adjustment to revalue assets from Mid to Bid</i>			-80,873	-0.2%	
Total portfolio			<u>40,735,813</u>	<u>100%</u>	

FINANCIAL STATEMENTS

Statement of total return

For the 6 months ended 31 March	2016	2015
	£	£
Income		
Net capital gains	4,826,454	4,420,632
Revenue	381,906	278,886
Expenses	(111,189)	(101,073)
Currency gains/(losses)	<u>63,416</u>	<u>(19,190)</u>
Net revenues before taxation	334,133	158,623
Taxation	<u>(25,426)</u>	<u>(25,099)</u>
Net revenues after taxation	<u>308,707</u>	<u>133,524</u>
Total return before dividends	5,135,161	4,554,156
Finance costs: dividends	<u>-</u>	<u>-</u>
Change in net assets attributable to shareholders from investment activities	<u><u>5,135,161</u></u>	<u><u>4,554,156</u></u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 31 March	2016	2015
	£	£
Opening net assets attributable to shareholders	34,216,661	28,257,521
Amounts receivable on creation of shares	1,383,991	2,744,207
Amounts payable on cancellation of shares	-	-
Change in net assets attributable to shareholders from investment activities (see above)	<u>5,135,161</u>	<u>4,554,156</u>
Closing net assets attributable to shareholders	<u><u>40,735,813</u></u>	<u><u>35,555,884</u></u>

FINANCIAL STATEMENTS

Balance sheet

At	31 March 2016		30 Sept 2015	
	£	£	£	£
Assets				
Investment assets		39,539,840		34,236,998
Debtors	110,890		488,494	
Cash and bank balances	<u>1,137,644</u>		<u>81,455</u>	
Total other assets		<u>1,248,534</u>		<u>569,949</u>
Total assets		40,788,374		34,806,947
Liabilities				
Creditors	(52,561)		(148,430)	
Dividend payable	<u>-</u>		<u>(441,856)</u>	
Total liabilities		<u>(52,561)</u>		<u>(590,286)</u>
Net assets attributable to shareholders		<u>40,735,813</u>		<u>34,216,661</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 Association (IA) in October 2010. The accounting policies applied are consistent with those in the annual financial statements for the period ended 30 September 2015 and are described in those Financial Statements.

Portfolio purchases and sales

For the period from 1 October 2015 to 31 March 2016 there were purchases of £2,141,892 and sales of £1,629,447.

AUTHORISED CORPORATE DIRECTOR'S REPORT

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 CA

Neil J. Smith MA BA CA

Valu-Trac Investment Management Limited
Authorised Corporate Director

INFORMATION FOR INVESTORS

Authorised Corporate Director's charges

The annual ACD charges are £20,000, indexed annually to the Consumer Price Index 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.

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.

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 year (offer high – bid low)			
	Net accumulation	Net income	Gross accumulation	Gross income
2012 <i>from 15 May</i>	107.2–98.9p	107.2–98.9p	107.2–98.9p	107.2–98.9p
2013	127.1–106.5p	127.1–106.5p	127.1–106.5p	127.1–106.5p
2014	137.5–120.9p	135.0–119.9p	130.9–120.9p	129.8–119.9p
2015	151.0–136.6p	148.5–134.1p	n/a	n/a
2016 <i>to 31 Mar</i>	162.2–145.8p	157.9–141.6p	n/a	n/a

CORPORATE DIRECTORY

ACD, AIFM & Registrar	<p>Valu-Trac Investment Management Limited Orton Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: mpic@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
Director	<p>Valu-Trac Investment Management Limited as ACD</p>
Investment Manager	<p>Hollis Capital Limited 28 Walker Street Edinburgh EH3 7HR</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Depositary	<p>National Westminster Bank Plc Younger Building 1st Floor, 3 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority</p>
Auditors	<p>Johnston Carmichael LLP Chartered Accountants 7-11 Melville Street Edinburgh EH3 7PE</p>