

MORAY PLACE INVESTMENT COMPANY

**INTERIM REPORT AND FINANCIAL STATEMENTS
for the six months to 31 March 2017 (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 2017	£62,147,442
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 (<i>annualised</i>)	0.53%
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 2017	30 Sept 2016	30 Sept 2015	30 Sept 2014	30 Sept 2013
Value of company	£62.1m	£51.4m	£34.2m	£28.3m	£22.8m
Shares outstanding					
Accumulation	25.0m	22.2m	19.1m	17.0m	14.5m
Income	5.7m	5.6m	5.4m	5.1m	4.4m
NAV per share <i>(mid price)</i>					
Accumulation	204.0p	186.9p	141.0p	128.4p	121.9p
Income	196.8p	180.3p	136.7p	125.9p	120.8p
Dividend per share					
Accumulation	0p	2.28p	1.80p	1.45p	1.04p
Income	0p	2.22p	1.80p	1.45p	1.04p
Effective liquidity	20%	25%	22%	26%	29%
Ongoing charges	0.53%	0.58%	0.61%	0.63%	0.79%
Portfolio turnover	6%	9%	10%	3%	7%

Notes

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

LETTER TO SHAREHOLDERS

Dear fellow shareholders

The company's objective is to protect and grow the purchasing power of its investors' capital. I believe that the best means of achieving this is to own a careful selection of superior businesses, run by talented people who treat shareholders as partners. In addition, I heed the advice of the financial author Thomas Phelps: "buy right, and hold on". To buy right, I seek what the stockmarket under-appreciates, so I tend to favour the mundane and avoid the glamorous. To hold on, I practise purposeful inactivity.

There are broadly two ways to make money in quoted companies. One is to buy a share in anticipation of a rise in its valuation, sell at a profit, and repeat. This is the foundation of most fund management activity. The second approach is to buy a superior business at a reasonable price, hold on, and grow with the underlying business. This is the foundation of most private business ownership, exemplified by the Mittelstand mentality in Germany.

The two styles reflect Jack Bogle's distinction between the *speculative* and *fundamental* components of investment returns. The speculative return is the fluctuation in share valuations. The fundamental return is that of the underlying business.

I favour the second approach – focusing on the underlying business, holding on, and growing with it for many years. It is less popular with investors because it involves patience and inactivity, which seem to be contrary to human instincts. Nevertheless, I find predicting changes in share valuations more difficult. I agree with Bogle: "the stockmarket is a giant distraction to the business of investing".

A good illustration of my investing style is Markel, the insurance company. It has been MPIC's largest investment since inception. Markel makes money from underwriting risks as well as from investing its policyholders' premiums and its shareholders' funds. It pays no dividend, so the simplest proxy for its fundamental return is the growth in asset value per share. Year to year the progression in asset value is unpredictable, owing to the inevitable vicissitudes of underwriting and investing. However, over any meaningful period Markel has grown its asset value per share by at least 10% annually. Over 20 years its fundamental value has risen twelvefold.

Over the last five calendar years Markel's asset value has grown by more than 70%. Yet, in that time its share price has risen by 134% in US dollars, or by 194% in pounds sterling. Two speculative elements have enhanced the overall return for British investors: an upward revaluation of Markel's shares and the devaluation of sterling.

I have not sold a single share in Markel since MPIC's inception. Perhaps I should, after such a powerful speculative boost to its share price. However, while the boost is unlikely to be repeated, it does not necessarily follow that it will be reversed. It is plausible that the upward revaluation of Markel's shares has merely corrected a previous market error. It is plausible, but complicated.

To my mind the essential point is that the fundamental attractions of Markel remain. It is a durable and profitable business, led by people whose values I like, with prospects to grow at superior rates for many years. Importantly, possibly owing to its mundane nature and low profile, I believe that the stockmarket still under-appreciates Markel's virtues. My inactivity is purposeful.

Charlie Munger is Warren Buffett's longstanding business partner. At 93 he remains one of the world's outstanding investment thinkers. After a long life of reading, observing and learning, Munger's conclusion is that "investing is about finding a few great companies and then sitting on your ass".

Peter Hollis

PORTFOLIO AT 31 MARCH 2017

Security	Country	Holding	Value (£)	%	30 Sept 2016
Markel	US	7,400	5,735,148	9.2%	
Jardine Strategic	Singapore	90,000	3,019,775	4.9%	
Fairfax Financial	Canada	7,200	2,662,687	4.3%	
Svenska Handelsbanken A	Sweden	200,000	2,201,961	3.6%	
Admiral Group	UK	110,000	2,190,650	3.5%	
WH Soul Pattinson	Australia	190,000	2,085,987	3.4%	
Philip Morris International	US	21,000	1,902,768	3.1%	
Hansa Trust A	UK	165,000	1,399,200	2.6%	
Hansa Trust Ords	UK	25,000	216,563	2.6%	
VP	UK	200,000	1,611,000	2.6%	
Progressive Corp	US	48,000	1,506,040	2.4%	
Investor B	Sweden	40,000	1,351,240	2.2%	
Moody's	US	15,000	1,339,645	2.2%	
Lloyds Banking Group	UK	2,000,000	1,331,300	2.2%	
JD Wetherspoon	UK	140,000	1,320,200	2.1%	
Strayer Education	US	20,000	1,291,307	2.1%	
US Bancorp	US	30,000	1,244,847	2.0%	
Rights & Issues Investment Trust	UK	66,000	1,229,250	2.0%	
Wm Morrison Supermarkets	UK	500,000	1,201,000	1.9%	
Next	UK	26,000	1,123,720	1.8%	
Sofina	Belgium	10,000	1,107,432	1.8%	
Royal Dutch Shell B	UK	40,000	877,900	1.4%	
RLI Corp	US	18,000	864,262	1.4%	
Nestle	Switzerland	14,000	860,114	1.4%	
Atlas Copco B	Sweden	30,000	764,200	1.2%	
GBL	Belgium	10,000	727,454	1.2%	
Cable One	US	1,300	650,239	1.1%	
Franco-Nevada	Canada	12,000	625,849	1.0%	
Graham Holdings B	US	1,300	612,790	1.0%	
Motor Oil (Hellas)	Greece	43,071	591,399	1.0%	
Wells Fargo warrants (28.10.18)	US	32,000	575,519	0.9%	
Crown Holdings	US	13,000	549,405	0.9%	
Colruyt	Belgium	14,000	547,455	0.9%	
Alleghany Corp	US	1,100	538,887	0.9%	
Greggs	UK	50,000	523,500	0.8%	
Spirax-Sarco	UK	10,213	487,109	0.8%	
Alfa Laval	Sweden	30,000	453,769	0.7%	
CF-Alba	Spain	12,000	450,592	0.7%	
Imperial Oil	Canada	16,000	389,130	0.6%	
PACCAR	US	6,000	324,161	0.5%	
Remgro	South Africa	25,000	306,953	0.5%	
Ocean Wilsons Holdings	UK	30,000	304,500	0.5%	
Coca-Cola HBC	UK	10,000	206,950	0.3%	
Soc. Fin. des Caoutchoucs	Luxembourg	8,000	206,128	0.3%	
Kone B	Finland	5,000	175,874	0.3%	
Total equities			49,685,859	80.2%	75.6%

PORTFOLIO AT 31 MARCH 2017

Security	Country	Holding	Value (£)	%	30 Sept 2016
Sweden 0.5% Inflation-linked Treasury 2017	Sweden	8,000,000	796,901	1.3%	
US 0.625% Inflation-protected Treasury 2021	US	750,000	670,853	1.1%	
US 0.125% Inflation-protected Treasury 2019	US	750,000	630,547	1.0%	
US 0.125% Inflation-protected Treasury 2018	US	700,000	592,863	1.0%	
UK 0.125% Index-linked Gilt 2024	UK	400,000	518,925	0.8%	
UK 1.25% Index-linked Gilt 2017	UK	300,000	429,812	0.7%	
UK 0.125% Index-linked Gilt 2019	UK	300,000	350,045	0.6%	
Royal Canadian Mint Gold ETR	Canada	210,000	2,225,093	3.6%	
Perth Mint Gold ETF	Australia	209,328	2,062,557	3.3%	
Central Fund of Canada	Canada	180,000	1,843,558	3.0%	
Sprott Physical Gold Trust	US	140,000	1,140,940	1.4%	
Cash and equivalents	Various		1,351,166	2.2%	
Total effective liquidity			12,613,260	20.0%	24.6%
<i>Adjustment to revalue assets from Mid to Bid</i>			-151,677	-0.2%	
Total portfolio			<u>62,147,442</u>	<u>100%</u>	

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Statement of total return

For the 6 months ended 31 March	2017		2016	
	£	£	£	£
Income				
Net capital gains		4,373,766		4,889,870
Revenue	479,931		381,906	
Expenses	<u>(156,156)</u>		<u>(111,189)</u>	
Net revenues before taxation	323,775		270,717	
Taxation	<u>(26,386)</u>		<u>(25,426)</u>	
Net revenues after taxation		<u>297,389</u>		<u>245,291</u>
Total return before dividends		4,671,155		5,135,161
Finance costs: dividends		<u>-</u>		<u>-</u>
Change in net assets attributable to shareholders from investment activities		<u>4,671,155</u>		<u>5,135,161</u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 31 March	2017		2016	
	£	£	£	£
Opening net assets attributable to shareholders	51,366,077		34,216,661	
Amounts receivable on creation of shares	6,110,210		1,383,991	
Amounts payable on cancellation of shares	-		-	
Change in net assets attributable to shareholders from investment activities (see above)		<u>4,671,155</u>		<u>5,135,161</u>
Closing net assets attributable to shareholders		<u>62,147,442</u>		<u>40,735,813</u>

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Balance sheet

At	31 March 2017		30 Sept 2016	
	£	£	£	£
Assets				
Investment assets		60,796,276		48,499,520
Debtors	203,463		180,174	
Cash and bank balances	<u>1,213,140</u>		<u>2,875,091</u>	
Total other assets		<u>1,416,603</u>		<u>3,055,265</u>
Total assets		62,212,879		51,554,785
Liabilities				
Creditors	(65,437)		(64,675)	
Dividend payable	<u>-</u>		<u>(124,033)</u>	
Total liabilities		<u>(65,437)</u>		<u>(188,708)</u>
Net assets attributable to shareholders		<u>62,147,442</u>		<u>51,366,077</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 May 2014. The accounting policies applied are consistent with those in the annual financial statements for the period ended 30 September 2016 and are described in those Financial Statements.

Portfolio purchases and sales

For the period from 1 October 2016 to 31 March 2017 there were purchases of £9,045,344 and sales of £1,804,246.

AUTHORISED CORPORATE DIRECTOR

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.

Authorised Corporate Director's report

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director (ACD) 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 ACD 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 ACD is required to keep proper accounting records and to manage the Company in accordance with the regulations and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Authorised Corporate 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

COMPARATIVE TABLES

	Income shares		
	6 months to 31 Mar 2017	12 months to 30 Sept 2016	12 months to 30 Sept 2015
Change in net assets per share			
Opening net asset value per share	180.3p	136.7p	125.9p
Return before operating charges [†]	17.0p	46.7p	13.4p
Operating charges	(0.5p)	(0.9p)	(0.8p)
Return after operating charges	16.5p	45.8p	12.6p
Distribution on income shares	0p	(2.2p)	(1.8p)
Closing net asset value per share	196.8p	180.3p	136.7p
[†] after direct transaction costs of	0.09p	0.06p	0.08p
Returns			
Total return after charges	9.1%	32.6%	9.8%
Other information			
Closing net asset value	£11.3m	£10.1m	£7.3m
Closing number of shares	5.7m	5.6m	5.4m
Annualised operating charges	0.53%	0.58%	0.61%
Direct transaction costs	0.05%	0.04%	0.06%
Share prices			
Highest offer price	199.8p	181.2p	148.5p
Lowest bid price	179.9p	141.6p	134.1p

	Accumulation shares		
	6 months to 31 Mar 2017	12 months to 30 Sept 2016	12 months to 30 Sept 2015
Change in net assets per share			
Opening net asset value per share	186.9p	141.0p	128.4p
Return before operating charges [†]	17.6p	46.8p	13.4p
Operating charges	(0.5p)	(0.9p)	(0.8p)
Return after operating charges	17.1p	45.9p	12.6p
Closing net asset value per share	204.0p	186.9p	141.0p
Retained distributions on accumulated shares	0p	2.3p	1.8p
[†] after direct transaction costs of	0.09p	0.06p	0.08p
Returns			
Total return after charges	9.1%	32.6%	9.8%
Other information			
Closing net asset value	£51.0m	£41.4m	£27.0m
Closing number of shares	25.0m	22.2m	19.1m
Annualised operating charges	0.53%	0.58%	0.61%
Direct transaction costs	0.05%	0.04%	0.06%
Share prices			
Highest offer price	207.1p	187.8p	151.0p
Lowest bid price	186.4p	145.8p	136.6p

CORPORATE DIRECTORY

ACD, AIFM and 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>
Auditor	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>