

# **MORAY PLACE INVESTMENT COMPANY**

**INTERIM REPORT AND FINANCIAL STATEMENTS  
for the six months to 31 March 2020 (unaudited)**



## ABOUT YOUR COMPANY

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Moray Place Investment Company (MPIC) was formed on 2 May 2012 as an open-ended investment company and started trading on 15 May 2012. It is authorised and regulated by the Financial Conduct Authority in the UK as a non-UCITS retail scheme.

The company is intended to be a long-term investment vehicle for like-minded individuals. It is low-cost, straightforward and free of the conflicts of interest that bedevil the money management industry.

MPIC's objective is to preserve and then grow 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 five to ten 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 can evaluate 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.

<b>Value of company at 31 March 2020</b>	£82.6m
<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Investment manager</b>	Hollis Capital Limited
<b>Minimum investment</b>	Initial: £200,000 Subsequent: £10,000
<b>Dealing spread</b>	1%
<b>Ongoing charges</b> <i>(annualised)</i>	0.46%
<b>Performance fee</b>	Not applicable
<b>Initial charges</b>	Not applicable
<b>Redemption charges</b>	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>
<b>Ex-dividend date</b>	30 September
<b>Dividend date</b>	30 November

## FINANCIAL SUMMARY

	At and for the period ended				
	31 Mar 2020	30 Sept 2019	30 Sept 2018	30 Sept 2017	30 Sept 2016
<b>Value of company</b>	£82.6m	£92.2m	£81.0m	£68.7m	£51.4m
<b>Shares outstanding</b>					
Accumulation	31.1m	30.4m	28.5m	27.3m	22.2m
Income	9.3m	7.6m	7.6m	5.7m	5.6m
<b>NAV per share (mid price)</b>					
Accumulation	208.7p	246.5p	228.2p	210.4p	186.9p
Income	193.3p	228.4p	214.4p	200.4p	180.3p
<b>Dividend per share</b>					
Accumulation	0p	3.48p	3.09p	2.66p	2.28p
Income	0p	3.27p	2.95p	2.56p	2.22p
<b>Effective liquidity</b>	19%	19%	21%	22%	25%
<b>Ongoing charges</b>	0.46%	0.47%	0.49%	0.51%	0.58%
<b>Portfolio turnover</b>	7%	8%	7%	8%	9%

### **Notes**

*The company started 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.5.*

*The ongoing charges ratio is based on the actual charges and the average NAV during the period.*

*Both the ongoing charges ratio and portfolio turnover are annualised.*

# LETTER TO SHAREHOLDERS

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Dear fellow shareholders

The company's objective is to protect and grow the purchasing power of its investors' capital. Over an economic cycle, I believe that the most likely means of achieving that goal is by the undisturbed ownership of superior businesses. MPIC uses stock exchanges as a convenient means of buying a careful selection of businesses. However, while stock exchanges are convenient, their share price fluctuations can be distracting.

The current situation is certainly distracting. We are in a humanitarian crisis. The measures taken to contain the COVID-19 pandemic have created an economic crisis. It is a time of fear, tragedy and stress.

The current situation is unprecedented. Yet, in the past century or so, humanity has faced two world wars, the Spanish flu epidemic, the great depression, a global experiment with communism, the threat of nuclear annihilation, two oil price shocks in a decade, the World Trade Center attack, and the global financial crisis. All these events were unprecedented. Things that have never happened before, happen all the time.

The current situation is stressful. Stress shortens our time horizons and intensifies our perception of risk. This instinctive reaction is helpful when faced with immediate physical danger. It is less helpful when faced with sustained psychological anxiety, which is common when investing. To improve my decisions and MPIC's outcomes, I adhere to the *Guiding Principles* outlined in my first letter to shareholders and restated in each subsequent annual report. They form a mental framework that aids me when the situation is confusing, uncertain and stressful. Some of those principles are worth re-emphasising.

- Purposeful inactivity. I continue to invest so to be untroubled were financial markets to close for five years.
- Long-term optimism about man's instinct to think, adapt and satisfy needs. This is the source of durable wealth. Rising living standards are largely derived from accumulated knowledge and new ideas, which is only constrained by human ingenuity and imagination.
- Politicians promise too much. In exchange for obvious short-term benefits they willingly incur less obvious long-term costs. This undermines the value of government-backed promises, such as paper money and sovereign bonds. One consequence is inflation, which I believe to be at source a political phenomenon.
- Owning a careful selection of businesses allows the investor to benefit from the general tendency for living standards to improve, while simultaneously protecting his capital from inflation.
- Publicly listed businesses experience dramatic declines in their share prices at unpredictable intervals. What is predictable is that they will experience dramatic declines. Widespread share price declines of over 30% have occurred in most decades. I do not think MPIC can avoid these characteristic downturns in business and stockmarket cycles, but it is designed to survive them without undue distress.

John Templeton was a great international investor in the twentieth century. After a lifetime of investing during unprecedented events, Templeton concluded, "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 2020

Security	Country	Holding	Value (£)	%	30 Sept 2019
Markel	US	10,000	7,434,661	9.0%	
Svenska Handelsbanken A	Sweden	500,000	3,341,160	4.0%	
Fairfax Financial	Canada	13,000	3,121,749	3.8%	
JD Wetherspoon	UK	340,000	2,979,250	3.6%	
Progressive Corp	US	48,000	2,908,144	3.5%	
Jardine Strategic	Singapore	160,000	2,838,985	3.4%	
Exor	Italy	65,000	2,737,050	3.3%	
Moody's	US	15,000	2,629,733	3.2%	
VP	UK	410,000	2,546,100	3.1%	
Ackermans & van Haaren	Belgium	24,000	2,520,144	3.1%	
Admiral Group	UK	110,000	2,454,100	2.9%	
Pargesa Holding	Switzerland	45,000	2,410,246	2.9%	
Franco-Nevada	Canada	28,000	2,281,566	2.8%	
Next	UK	55,000	2,255,550	2.7%	
AMERCO	US	8,500	2,037,092	2.5%	
Philip Morris International	US	30,000	1,793,005	2.2%	
Sofina	Belgium	10,000	1,645,801	2.0%	
Lloyds Banking Group	UK	5,000,000	1,599,750	1.9%	
Investor B	Sweden	40,000	1,476,080	1.8%	
Hansa Investment Company A	UK	825,000	1,117,875		
Hansa Investment Company Ord	UK	125,000	163,625	1.6%	
RLI Corp	US	18,000	1,270,096	1.5%	
Nestle	Switzerland	14,000	1,161,720	1.4%	
Ryanair	Ireland	140,000	1,141,790	1.4%	
Rights & Issues Investment Trust	UK	66,000	1,092,300	1.3%	
Bunzl	UK	60,000	968,700	1.2%	
Ringkjoebing Landbobank	Denmark	20,000	907,510	1.1%	
US Bancorp	US	30,000	868,664	1.1%	
Strategic Education	US	7,000	789,129	1.0%	
Alleghany Corp	US	1,800	786,989	1.0%	
Dart Group	UK	140,000	759,150	0.9%	
Wm Morrison Supermarkets	UK	400,000	718,400	0.9%	
Atlas Copco B	Sweden	30,000	707,383	0.9%	
CF-Alba	Spain	20,000	617,838	0.7%	
Heineken Holding	Netherlands	10,000	613,419	0.7%	
Itausa – Investimentos Itau Pref	Brazil	400,000	556,904	0.7%	
Greggs	UK	30,000	485,100	0.6%	
Motor Oil (Hellas)	Greece	43,071	428,478	0.5%	
Remgro	South Africa	75,000	417,289	0.5%	
Liberty SiriusXM C	US	15,000	391,068	0.5%	
Wells Fargo	US	11,384	269,767	0.3%	
Ocean Wilsons Holdings	UK	30,000	198,000	0.2%	
<b>Total equities</b>			<b>67,441,360</b>	<b>81.7%</b>	<b>81.3%</b>

## PORTFOLIO AT 31 MARCH 2020

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Security	Country	Holding	Value (£)	%	<i>30 Sept 2019</i>
US 0.625% Inflation-protected Treasury 2021	US	750,000	683,112	0.8%	
Royal Canadian Mint Gold ETR	Canada	375,000	5,246,421	6.4%	
Sprott Physical Gold Trust	US	340,000	3,556,605	4.3%	
Perth Mint Gold ETP	Australia	248,208	3,194,678	3.9%	
Sprott Physical Gold & Silver Trust	Canada	200,000	2,374,979	2.9%	
Cash and equivalents	Various		361,466	0.4%	
<b><i>Total effective liquidity</i></b>			<b><i>15,417,261</i></b>	<b><i>18.7%</i></b>	<i>18.9%</i>
<i>Adjustment to revalue assets from Mid to Bid</i>			<i>-300,821</i>	<i>-0.4%</i>	
<b>Total portfolio</b>			<b><u>82,557,800</u></b>	<b><u>100%</u></b>	

# FINANCIAL STATEMENTS

## Statement of total return

For the 6 months ended 31 March	2020	2019
	£	£
Income		
Net capital gains (losses)	(15,516,171)	(888,316)
Revenue	607,954	801,296
Expenses	(215,584)	(196,602)
Finance costs: interest	<u>(511)</u>	<u>(1,393)</u>
Net revenues before taxation	391,859	603,301
Taxation	<u>(54,377)</u>	<u>(67,334)</u>
Net revenues after taxation	<u>337,482</u>	<u>535,967</u>
Total return before dividend	(15,178,689)	(352,349)
Finance costs: dividend	<u>-</u>	<u>-</u>
Change in net assets attributable to shareholders from investment activities	<u>(15,178,689)</u>	<u>(352,349)</u>

## Statement of changes in net assets attributable to shareholders

For the 6 months ended 31 March	2020	2019
	£	£
Opening net assets attributable to shareholders	92,225,527	81,033,711
Amounts receivable on creation of shares	5,557,455	3,100,279
Amounts payable on cancellation of shares	(46,493)	(164,882)
Change in net assets attributable to shareholders from investment activities (see above)	<u>(15,178,689)</u>	<u>(352,349)</u>
Closing net assets attributable to shareholders	<u>82,557,800</u>	<u>83,616,759</u>



# FINANCIAL STATEMENTS

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## Balance sheet

At	31 March 2020		30 Sept 2019	
	£	£	£	£
<b>Assets</b>				
Investment assets		82,196,334		90,764,586
Debtors	3,179,474		259,548	
Cash and bank balances	<u>180,683</u>		<u>1,559,651</u>	
Total other assets		<u>3,360,157</u>		<u>1,819,199</u>
Total assets		85,556,491		92,583,785
<b>Liabilities</b>				
Creditors	(2,998,691)		(109,105)	
Dividend payable	<u>-</u>		<u>(249,153)</u>	
Total liabilities		<u>(2,998,691)</u>		<u>(358,258)</u>
<b>Net assets attributable to shareholders</b>		<u>82,557,800</u>		<u>92,225,527</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 2019 and are described in those financial statements.

### **Portfolio purchases and sales**

From 1 October 2019 to 31 March 2020 there were purchases of £10,272,281 and sales of £3,300,441.

# AUTHORISED CORPORATE DIRECTOR

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## Authorised Corporate Director's charges

The current annual ACD charges are £21,582, indexed each year on 1 October to the Consumer Price Index, 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 (FCA) 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 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 FCA's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director 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 FCA's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook, we hereby certify the interim report.

Anne A. Laing CA

David Fraser FCCA

Valu-Trac Investment Management Limited  
Authorised Corporate Director

## COMPARATIVE TABLES

	Income shares		
	6 months to 31 Mar 2020	12 months to 30 Sept 2019	12 months to 30 Sept 2018
<b>Change in net assets per share</b>			
Opening net asset value per share	228.4p	214.4p	200.4p
Return before operating charges †	(34.6p)	18.3p	18.0p
Operating charges	(0.5p)	(1.0p)	(1.0p)
Return after operating charges	(35.1p)	17.3p	17.0p
Dividend on income shares	0p	(3.3p)	(3.0p)
Closing net asset value per share	193.3p	228.4p	214.4p
† after direct transaction costs of	0.04p	0.07p	0.04p
<b>Returns</b>			
Total return after charges	(15.3%)	8.0%	8.5%
<b>Other information</b>			
Closing net asset value	£18.0m	£17.4m	£16.3m
Closing number of shares	9.3m	7.6m	7.6m
Annualised operating charges	0.46%	0.47%	0.49%
Direct transaction costs	0.02%	0.03%	0.02%
<b>Share prices</b>			
Highest offer price	245.8p	234.4p	219.9p
Lowest bid price	192.4p	203.6p	193.5p
<b>Accumulation shares</b>			
	6 months to 31 Mar 2020	12 months to 30 Sept 2019	12 months to 30 Sept 2018
<b>Change in net assets per share</b>			
Opening net asset value per share	246.5p	228.2p	210.4p
Return before operating charges †	(37.3p)	19.4p	18.9p
Operating charges	(0.5p)	(1.1p)	(1.1p)
Return after operating charges	(37.8p)	18.3p	17.8p
Dividend on accumulation shares	0p	(3.5p)	(3.1p)
Reinvested dividend on accumulation shares	0p	3.5p	3.1p
Closing net asset value per share	208.7p	246.5p	228.2p
† after direct transaction costs of	0.05p	0.07p	0.04p
<b>Returns</b>			
Total return after charges	(15.3%)	8.0%	8.5%
<b>Other information</b>			
Closing net asset value	£64.9m	£75.0m	£64.9m
Closing number of shares	31.1m	30.4m	28.5m
Annualised operating charges	0.46%	0.47%	0.49%
Direct transaction costs	0.02%	0.03%	0.02%
<b>Share prices</b>			
Highest offer price	265.2p	249.4p	230.8p
Lowest bid price	207.6p	216.6p	205.2p

# CORPORATE DIRECTORY

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<b>ACD, AIFM and Registrar</b>	<p>Valu-Trac Investment Management Limited Orton Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: <a href="mailto:mpic@valu-trac.com">mpic@valu-trac.com</a></p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No. 2428648</p>
<b>Director</b>	<p>Valu-Trac Investment Management Limited as ACD</p>
<b>Investment Manager</b>	<p>Hollis Capital Limited 43 Melville Street Edinburgh EH3 7JF</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depositary</b>	<p>NatWest Trustee and Depositary Services Limited Drummond House 2<sup>nd</sup> Floor, 1 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>