

MORAY PLACE INVESTMENT COMPANY

**INTERIM REPORT AND FINANCIAL STATEMENTS
for the six months to 31 March 2021 (unaudited)**

ABOUT YOUR COMPANY

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.

Value of company at 31 March 2021	£113m
Authorised Corporate Director (ACD)	Valu-Trac Investment Management Limited
Investment manager	Hollis Capital Limited
Minimum investment	Initial: £200,000 Subsequent: £10,000
Dealing spread	1%
Ongoing charges <i>(annualised)</i>	0.46%
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 2021	30 Sept 2020	30 Sept 2019	30 Sept 2018	30 Sept 2017
Value of company	£113.4m	£93.0m	£92.2m	£81.0m	£68.7m
Shares outstanding					
Accumulation	33.4m	31.9m	30.4m	28.5m	27.3m
Income	10.3m	9.2m	7.6m	7.6m	5.7m
NAV per share (mid price)					
Accumulation	265.6p	230.4p	246.5p	228.2p	210.4p
Income	244.2p	211.8p	228.4p	214.4p	200.4p
Dividend per share					
Accumulation	0p	1.82p	3.48p	3.09p	2.66p
Income	0p	1.69p	3.27p	2.95p	2.56p
Effective liquidity	12%	20%	19%	21%	22%
Ongoing charges	0.46%	0.46%	0.47%	0.49%	0.51%
Portfolio turnover	7%	6%	8%	7%	8%

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

Dear fellow shareholders

The company's objective is to protect and then 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 owning businesses. MPIC uses stock exchanges as a convenient way to buy a careful selection of businesses. However, while stock exchanges are convenient, their noise and share price fluctuations can be distracting.

A feature of MPIC is its emphasis on owners. Owners bear the consequences of their decisions. Employees, consultants and bureaucrats do not – so they behave differently. Thus, as the investment manager, I have most of my capital invested in MPIC. Second, all co-investors have invested their savings in MPIC on their own initiative. There is no role for agents with fees to justify and careers to protect. Finally, in my investment research, I seek companies led by owners or managed by people who think like owners.

The contrast between owners and agents was clear in the 2007-9 banking crisis. Agents using other people's money made disastrous decisions – at least from the perspective of those other people. Yet, the results differ when bankers use their own money. This occurs at private partnership banks such as Brown Brothers Harriman, C.Hoare & Co and Pictet & Cie. No private partnership bank asked for government aid in 2007-9. If the captain goes down with the ship, he acts differently.

Philip Meeson, John Elkann and Simon Wolfson epitomise the owner's mentality. Meeson is the founder and dominant shareowner of Jet2. Elkann represents the fifth generation of the Agnelli family, which owns half of the holding company Exor. Wolfson is the longest-standing chief executive in the UK's FTSE100 Index. He owns only 1% of Next, but that is worth over 30 times his annual pay. All three have a deep, nuanced and career-long understanding of their companies and industries. They think and act with a long-term perspective. And they focus on their customers and not their share price.

In February and March last year the share prices of Exor and Next fell by over 50%, while Jet2's fell by over 80%. Yet, owners do not regard financial panics, recessions and pandemics as reasons to sell their companies. Bad times are viewed as part of the inevitable ebb and flow of human endeavour. Indeed, bad times can be when the best decisions are made. Meeson, Elkann and Wolfson have all learnt and adapted during the COVID pandemic. They have improved their businesses while competitors have disappeared. Hence, the prospects for Jet2, Exor and Next may be better than ever.

I do not know Meeson, Elkann or Wolfson. I observe what they do, and I judge that they are men of purpose and integrity. As owners, they act differently. Importantly, they treat public shareholders like MPIC as partners. Investing in quoted businesses is akin to being in a sidecar bound to a motorbike. Overwhelmingly, I prefer to sit tight attached to durable businesses steered by trustworthy owners.

I do not spend my time trading shares or trying to predict fluctuations in financial markets. I do spend my time trying to identify owners with purpose and integrity. So, most of the decisions that influence MPIC's progress are made by leaders like Meeson, Elkann and Wolfson. Occasionally, I need the courage to buy shares in their companies when they are unpopular. But mostly, I need the patience to sit tight. The Dutch proverb seems apt: a handful of patience is worth more than a bushel of brains.

Peter Hollis

PORTFOLIO AT 31 MARCH 2021

Security	Country	Holding	Value £'000	%	30 Sept 2020
Markel	US	11,500	9,684	8.5%	
VP	UK	621,141	5,156	4.6%	
Jardine Strategic	Singapore	210,000	5,036	4.4%	
Next	UK	60,000	4,747	4.2%	
JD Wetherspoon	UK	340,000	4,633	4.1%	
Exor	Italy	75,000	4,592	4.1%	
Fairfax Financial	Canada	13,000	4,199	3.7%	
Svenska Handelsbanken A	Sweden	500,000	3,947	3.5%	
AMERCO	US	8,500	3,770	3.3%	
Ackermans & van Haaren	Belgium	32,000	3,699	3.3%	
Admiral Group	UK	110,000	3,438	3.0%	
Franco-Nevada	Canada	37,000	3,353	3.0%	
Progressive Corp	US	48,000	3,301	2.9%	
Moody's	US	15,000	3,256	2.9%	
GBL	Belgium	41,850	3,149	2.8%	
BAT	UK	100,000	2,760	2.4%	
Investor B	Sweden	40,000	2,322	2.1%	
Lloyds Banking Group	UK	5,000,000	2,133	1.9%	
Bunzl	UK	90,000	2,094	1.8%	
Ryanair	Ireland	140,000	1,975	1.7%	
Philip Morris International	US	30,000	1,939	1.7%	
Hansa Investment Company A	UK	825,000	1,638	1.7%	
Hansa Investment Company Ord	UK	125,000	248	1.7%	
Jet2	UK	140,000	1,775	1.6%	
Swedish Match	Sweden	30,000	1,698	1.5%	
Rights & Issues Investment Trust	UK	66,000	1,502	1.3%	
RLI Corp	US	18,000	1,451	1.3%	
Ringkjoebing Landbobank	Denmark	20,000	1,422	1.3%	
Heineken Holding	Netherlands	20,000	1,297	1.1%	
Atlas Copco B	Sweden	30,000	1,134	1.0%	
Northern Trust	US	12,000	915	0.8%	
Bellway	UK	25,000	851	0.8%	
Alleghany Corp	US	1,800	833	0.7%	
State Street	US	12,000	737	0.7%	
Wm Morrison Supermarkets	UK	400,000	731	0.6%	
CF-Alba	Spain	20,000	721	0.6%	
Charles Schwab	US	15,000	704	0.6%	
Greggs	UK	30,000	674	0.6%	
Itausa	Brazil	400,000	529	0.5%	
Motor Oil (Hellas)	Greece	43,071	496	0.4%	
Strategic Education	US	7,000	466	0.4%	
Remgro	South Africa	75,000	383	0.3%	
Ocean Wilsons Holdings	UK	30,000	255	0.2%	
Total equities			99,643	87.9%	80.3%

PORTFOLIO AT 31 MARCH 2021

Security	Country	Holding	Value £'000	%	<i>30 Sept 2020</i>
Royal Canadian Mint Gold ETR	Canada	375,000	4,794	4.3%	
Sprott Physical Gold Trust	US	340,000	3,301	2.9%	
Perth Mint Gold ETP	Australia	247,836	3,030	2.7%	
Sprott Physical Gold & Silver Trust	Canada	200,000	2,501	2.2%	
Cash and equivalents	Various		395	0.3%	
<i>Total effective liquidity</i>			<i>14,021</i>	<i>12.4%</i>	<i>19.9%</i>
<i>Adjustment to revalue assets from mid to bid</i>			<i>-280</i>	<i>-0.3%</i>	
Total portfolio			113,384	100%	

FINANCIAL STATEMENTS

Statement of total return

For the 6 months ended 31 March	2021	2020
	£'000	£'000
Income		
Net capital gains (losses)	13,967	(15,516)
Revenue	969	608
Expenses	(242)	(216)
Finance costs: interest	<u>(4)</u>	<u>(1)</u>
Net revenues before taxation	723	391
Taxation	<u>(73)</u>	<u>(54)</u>
Net revenues after taxation	<u>650</u>	<u>337</u>
Total return before dividend	14,617	(15,179)
Finance costs: dividend	<u>-</u>	<u>-</u>
Change in net assets attributable to shareholders from investment activities	<u>14,617</u>	<u>(15,179)</u>

Statement of changes in net assets attributable to shareholders

For the 6 months ended 31 March	2021	2020
	£'000	£'000
Opening net assets attributable to shareholders	92,956	92,226
Amounts receivable on creation of shares	5,831	5,557
Amounts payable on cancellation of shares	(20)	(46)
Change in net assets attributable to shareholders from investment activities (see above)	<u>14,617</u>	<u>(15,179)</u>
Closing net assets attributable to shareholders	<u>113,384</u>	<u>82,558</u>

FINANCIAL STATEMENTS

Balance sheet

At	31 March 2021		30 Sept 2020	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		112,989		92,099
Debtors	214		264	
Cash and bank balances	<u>287</u>		<u>900</u>	
Total other assets		<u>501</u>		<u>1,164</u>
Total assets		113,490		93,263
Liabilities				
Creditors	(106)		(151)	
Dividend payable	<u>-</u>		<u>(156)</u>	
Total liabilities		<u>(106)</u>		<u>(307)</u>
Net assets attributable to shareholders		<u>113,384</u>		<u>92,956</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 2020 and are described in those financial statements.

Portfolio purchases and sales

From 1 October 2020 to 31 March 2021 there were purchases of £10,535,300 and sales of £3,621,521.

AUTHORISED CORPORATE DIRECTOR

Authorised Corporate Director's charges

The current annual ACD charges are £21,690, indexed each year on 1 October to the Consumer Price Index, plus the investment management fee. The annual investment management fee is:

- 0.50% of the net asset value of the Company on the first £20 million;
- 0.35% of the net asset value of the Company between £20 million and £150 million; and
- 0.30% 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 2021	12 months to 30 Sept 2020	12 months to 30 Sept 2019
Change in net assets per share			
Opening net asset value per share	211.8p	228.4p	214.4p
Return before operating charges †	32.9p	(13.9p)	18.3p
Operating charges	(0.5p)	(1.0p)	(1.0p)
Return after operating charges	32.4p	(14.9p)	17.3p
Dividend on income shares	0p	(1.7p)	(3.3p)
Closing net asset value per share	244.2p	211.8p	228.4p
† after direct transaction costs of	0.07p	0.07p	0.07p
Returns			
Total return after charges	15.3%	(6.5%)	8.0%
Other information			
Closing net asset value	£25.1m	£19.6m	£17.4m
Closing number of shares	10.3m	9.2m	7.6m
Annualised operating charges	0.46%	0.46%	0.47%
Direct transaction costs	0.03%	0.03%	0.03%
Share prices			
Highest offer price	245.4p	243.3p	234.4p
Lowest bid price	209.7p	186.5p	203.6p
	Accumulation shares		
	6 months to 31 Mar 2021	12 months to 30 Sept 2020	12 months to 30 Sept 2019
Change in net assets per share			
Opening net asset value per share	230.4p	246.5p	228.2p
Return before operating charges †	35.8p	(15.0p)	19.4p
Operating charges	(0.6p)	(1.1p)	(1.1p)
Return after operating charges	35.2p	(16.1p)	18.3p
Dividend on accumulation shares	0p	(1.8p)	(3.5p)
Reinvested dividend on accumulation shares	0p	1.8p	3.5p
Closing net asset value per share	265.6p	230.4p	246.5p
† after direct transaction costs of	0.07p	0.07p	0.07p
Returns			
Total return after charges	15.3%	(6.5%)	8.0%
Other information			
Closing net asset value	£88.6m	£73.6m	£75.0m
Closing number of shares	33.4m	31.9m	30.4m
Annualised operating charges	0.46%	0.46%	0.47%
Direct transaction costs	0.03%	0.03%	0.03%
Share prices			
Highest offer price	267.0p	262.6p	249.4p
Lowest bid price	228.1p	201.3p	216.6p

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 43 Melville Street Edinburgh EH3 7JF</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Depositary	<p>NatWest Trustee and Depositary Services Limited House A, Floor 0 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Auditor	<p>Johnston Carmichael LLP Chartered Accountants Commerce House South Street Elgin IV30 1JE</p>