PROFIT *hunters*

Mid Wynd International Investment Trust *PLC*

Annual Financial Report
for the year ended
30 June 2014

ARTEMIS
The PROFIT Hunter

Contents

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Mid Wynd International Investment Trust PLC, please forward this document, together with any accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Financial Highlights

- Net asset value total return of 11.7 per cent and share price total return of 8.4 per cent.
- Proposed final dividend of 2.50 pence per share.
- Total dividends for the year of 3.80 pence per share.

	30 June 2014	30 June 2013	% return*
Net asset value per share (borrowings at fair value)	279.2p	253.1p	11.7
Net asset value per share (borrowings at par)	279.3p	253.3p	11.6
Share price†	274.5p	256.6p	8.4
FTSE World Index (in Sterling)	810.5	736.8	10.0
(Discount)/premium (borrowings at fair value)	(1.7)%	1.4%	
(Discount)/premium (borrowings at par)	(1.7)%	1.3%	
Total assets	£67.7m	£71.9m	
Bank loans	£4.9m	£5.1m	
Shareholders' funds	£62.8m	£66.8m	
Dividends paid and proposed**	3.80p	3.40p	
Revenue return per share	4.08p	3.11p	
Capital return per share	24.27p	23.43p	
Total return per share	28.35p	26.54p	
Ongoing charges	0.8%	0.9%	

Year ended 30 June	2014	2014	2013	2013
	High	**Low**	**High**	**Low**
Share price†	288.0p	252.5p	266.0p	221.5p
Net asset value per share (borrowings at fair value)	294.4p	253.3p	271.7p	223.2p
Net asset value per share (borrowings at par)	294.6p	253.6p	272.0p	223.6p
Premium/(discount) (borrowings at fair value)	2.5%	(5.9)%	5.8%	(4.6)%
Premium/(discount) (borrowings at par)	2.4%	(6.0)%	5.6%	(4.7)%

† Mid market price.

* Total return. Includes the reinvestment of dividends during the year.

** The recommended final dividend for the year to 30 June 2014 of 2.50 pence will, if approved by shareholders, be paid on 31 October 2014 to shareholders on the register at the close of business on 3 October 2014. The Company's Registrar offers a Dividend Reinvestment Plan (see page 52) and the final date for receipt of elections for this dividend is 10 October 2014.

Total returns to 30 June 2014	Since 1 May 2014^	3 years	5 years	10 years
Net asset value per share (borrowings at fair value)	2.1%	15.6%	92.7%	141.0%
Net asset value per share (borrowings at par)	2.1%	15.6%	92.7%	141.5%
Share price	1.7%	12.5%	119.7%	204.9%
FTSE World Index (in Sterling)	2.8%	29.7%	95.0%	132.2%

^ The date Artemis was appointed as investment manager.

Source: Morningstar/Artemis.

Ten year summary

At 30 June	Total assets (£'000) *	Bank loans (£'000)	Shareholders' funds (£'000)	Net asset value per share (at fair value) (p)	Share price (p)	Premium/ (discount) (%)
2005	40,209	1,674	38,535	153.3	122.2	(20.3)
2006	46,672	1,622	45,050	179.2	150.6	(16.0)
2007	52,590	2,422	50,168	199.8	168.5	(15.7)
2008	51,411	1,422	49,989	198.9	164.8	(17.1)
2009	40,953	1,888	39,065	155.3	134.5	(13.4)
2010	55,409	5,347	50,062	201.6	187.0	(7.2)
2011	71,795	5,506	66,289	251.4	254.0	1.0
2012	66,763	4,927	61,836	229.8	230.8	0.4
2013	71,858	5,071	66,787	253.1	256.6	1.4
2014	67,744	4,902	62,842	279.2	274.5	(1.7)

At 30 June	Dividends paid and proposed per share (net) (p) **	Ongoing charges (%) ***	Gearing (%) ^	Net asset value total return (at fair value) (%) ^^	Share price total return (%) ^^	FTSE World Index (in Sterling) total return (%) ^^
2005	1.88	0.9	(4)	16.2	18.1	13.3
2006	2.10	0.9	–	17.9	24.9	14.8
2007	2.40	0.8	5	12.8	13.5	15.7
2008	2.80	0.8	(6)	1.7	(0.7)	(8.5)
2009	3.00	0.8	4	(20.4)	(16.6)	(13.5)
2010	3.10	0.9	9	31.9	41.8	22.9
2011	3.30	0.8	6	26.4	37.8	22.4
2012	3.30	0.9	6	(7.3)	(7.9)	(3.5)
2013	3.40	0.9	7	11.7	12.8	22.1
2014	3.80	0.8	7	11.7	8.4	10.0

* Total assets comprise total net assets before deduction of bank loans.

** The 2008 dividend excludes the special dividend of 2.30 pence (0.46 pence if adjusted for the share split in October 2011).

*** From 2012 calculated as total operating costs divided by the average net asset value (with debt at fair value) in accordance with AIC guidelines. Prior years figures have not been recalculated as the change in methodology is not considered to result in a materially different figure. The 2008 figure excludes the impact of VAT recovered.

^ Total assets (including all debt used for investment purposes) less all cash divided by shareholders' funds.

^^ Source: Morningstar.

Strategic Report

This Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, which Mid Wynd International Investment Trust plc (the 'Company') is required to comply with for the first time for the year ended 30 June 2014.

Corporate strategy and operating environment

The Company is incorporated in Scotland and operates as an investment trust company and is an investment company within the meaning of section 833 of the Companies Act 2006 (the 'Act'). Its business as an investment trust is to buy and sell investments with the aim of achieving the investment objective and policy outlined below. The Company has been approved as an investment trust in accordance with the requirements of section 1158 of the Corporation Taxes Act 2010 for the year ended 30 June 2013 and future periods, subject to the Company continuing to meet the eligibility conditions and ongoing requirements of the regulations. The Board will manage the Company so as to continue to meet these conditions.

The Company has no employees and delegates most of its operational functions to service providers, details of which are set out later in the report.

Objective and investment policy

The objective of the Company is to achieve capital and income growth by investing on a worldwide basis. Investments are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

The Company is prepared to move freely between different markets, sectors, industries, market capitalisations and asset classes as investment opportunities dictate. On acquisition, no holding shall exceed 15 per cent of the portfolio. The Company will not invest more than 15 per cent of its gross assets in UK listed investment companies in aggregate. Assets other than equities will be purchased from time to time including but not limited to fixed interest holdings, unquoted securities and derivatives. Subject to prior Board approval, the Company may use derivatives for investment purposes or for efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk).

It is an aim of the Company to provide dividend growth over time, although this is subordinate to the primary aim of maximising total returns to shareholders.

While there is a comparative index for the purpose of measuring performance, little attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. A long term view is taken and there may be periods when the net asset value per share declines in absolute terms and relative to the comparative index. The number of individual holdings will vary over time but to ensure diversification there can be between 40 and 140 holdings and the portfolio is managed on a global basis rather than as a series of regional sub-portfolios.

Company history

The Company can trace its origins to a Dundee-based textile business operated by successive generations of the Scott family since 1797, when premises were first purchased for the business in the lane or 'wynd' from which Company takes its name. The Company obtained a listing of its share capital on the London Stock Exchange in October 1981 and has, since that time, conducted its business as a listed investment trust company. On 1 May 2014, following the retirement of the fund manager, Michael MacPhee, the investment management of the Company was transferred from Baillie Gifford & Co., who had managed the Company since 1965, to Artemis Investment Management LLP. Subsequently, as a result of the Company's adoption of the Alternative Investment Fund Managers Directive (the 'AIFMD') on 15 July 2014, Artemis Fund Managers Limited was appointed as the Investment Manager and Alternative Investment Fund Manager of the Company.

Gearing

The Company may use gearing as part of its investment strategy and the Board has agreed that the Company can borrow up to 30 per cent of its net assets. The Company's borrowings at 30 June 2014 and 30 June 2013 were €3 million and £2.5 million 3 year fixed-rate loans with Scotiabank Europe, both of which expire on 20 February 2015. Borrowings are invested in equity and markets as considered to be appropriate on investment grounds. The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis. As at 30 June 2014, gearing represented 7 per cent of total assets less all cash.

Current and future developments

A summary of the Company's developments during the year ended 30 June 2014, together with its prospects for the future, is set out in the Chairman's Statement on pages 5 and 6 and Investment Manager's Review on pages 7 to 9. The Board's principal focus is the delivery of positive long-term returns for shareholders. This will be dependent on the success of the investment strategy, in the context of both economic and stockmarket conditions. The investment strategy, and factors that may have an influence on it, are discussed regularly by the Board and the Investment Manager. The Board regularly considers the ongoing development and strategic direction of the Company, including its promotion and the effectiveness of communication with shareholders.

Total return

Last year I had to report that Mid Wynd had experienced a disappointing year despite the Net Asset Value ('NAV') reaching an all-time high. I am glad to say that this year's outcome was somewhat better in comparison with stock market indices, although in absolute terms the results were exactly the same as the previous year. The combination of capital appreciation and dividends paid (assuming the reinvestment of those dividends which is known as the 'total return'), was 11.7 per cent which compares to a total return on the FTSE World Index of 10.0 per cent.

Change of Investment Manager

This respectable but unspectacular outcome is not, however, the most important matter on which I have to report to you. Last summer the Board was informed by our then investment manager, Baillie Gifford & Co., of the unexpected news that Michael MacPhee, who had been the partner responsible for our portfolio for over a decade, intended to retire in April 2014. Following receipt of this news, the Board and Baillie Gifford held lengthy discussions as to the Company's future strategy and how the portfolio might be managed. It became clear to the Board that Baillie Gifford's proposals were very far-reaching and that the proper course of action was to consider proposals from other management houses to see how their offerings might compare with what Baillie Gifford were proposing. We consulted with our advisers, JP Morgan Cazenove, and a list of possible alternative investment managers was drawn up and proposals invited. A 'beauty contest' was held in early April, in which Baillie Gifford were one of the participants. After due consideration it was decided that the proposals put forward by Artemis Investment Management LLP offered the best prospects for the Company's future success. Accordingly, our long standing arrangements with Baillie Gifford were terminated and Artemis took over responsibility for portfolio management from 1 May 2014 and for the secretarial and administrative functions from 1 July 2014.

Baillie Gifford had been the investment manager and secretaries of the Company since our shares were listed in October 1981 and had been managing the portfolio of stock market investments which formed the Company's assets since 1965. I hope that shareholders will join me and the Board in heartily thanking Baillie Gifford for their services to the Company and for the excellent results which were achieved by them over a period of many years. It may be of interest to note that the market value of an ordinary share at the time of the Company's listing in 1981 was 12.2 pence compared to 274.5 pence at 30 June 2014.

Capital performance

The NAV per share at 30 June 2014 was 279.2 pence, an increase of 10.3 per cent on the 253.1 pence reported a year earlier. This compares with an increase of 7.3 per cent in the FTSE World Index, and in the Board's view is a satisfactory result considering the costs incurred in the substantial restructuring of the portfolio following the change in investment manager. The thinking behind this restructuring is explained in the Investment Manager's Review on pages 7 to 9. The outperformance of the index was achieved in the first half of the year. As was reported to you in February 2014, the NAV per share in the six months to 31 December 2013 rose by 11.6 per cent against a 5.4 per cent increase in the FTSE World Index. In the second half of the year, the NAV fell by 1.2 per cent while the comparative index gained a further 1.7 per cent. We would have underperformed in the second half, even without the portfolio reconstruction costs referred to above.

Earnings and dividends

Last year I said that we expected a significant increase in earnings in the year ahead, and I am glad to say that this has been achieved. In the first half of the year earnings were up 19.7 per cent, increasing from 1.27 pence per share to 1.52 pence, and the increase in the second half was even sharper, 39.1 per cent, from 1.84 pence to 2.56 pence. For the year as a whole earnings totalled 4.08 pence, up 31.2 per cent on the previous year's 3.11 pence, and are the highest yet achieved in the Company's history.

Prospects for earnings in the coming year seem reasonable and the directors are recommending an increased final dividend of 2.50 pence, which, if approved at the Annual General Meeting (the 'AGM'), would give a total dividend for the year of 3.80 pence, an increase of 11.8 per cent on last year's total of 3.40 pence.

Share capital

The Company, as I said last year, is distinctive in providing liquidity in its shares by offering continued buy backs or issuance either side of a 2 per cent band relative to NAV. We carried out some modest buying in of shares in the early part of the year, but we were aware that one of the consequences of the change in investment manager would be the selling of a substantial proportion of the shares held in the Baillie Gifford Share Plan or in Baillie Gifford ISAs. Much of this selling was unavoidable as in many cases shareholders who owned shares in the Company in these wrappers also held shares in other Baillie Gifford managed investment trusts in those same wrappers, and as the rules of those schemes dictate that only shares in Baillie Gifford managed trusts are eligible investments, the Company's shares had to be sold if members wished to

Strategic Report (continued)

Chairman's Statement (continued)

continue to hold their other investments. This led to substantial selling in May and June and in those months a total of 3,425,369 shares were bought into treasury. Over the year as a whole, 3,863,369 shares have been bought in at a cost of £10,339,000, representing 14.7 per cent of the shares in issue as at 30 June 2013.

The result of all this is that over the year, despite the 10.3 per cent rise in NAV per share I noted earlier, shareholders' funds have fallen by £4 million, to £62.8 million. The question of how this decline can be reversed is a matter to which the Board and our Investment Manager are giving serious attention.

Regulations

You will be aware that all investment trust companies have been required to comply with the AIFMD, a piece of EU legislation which came into force on 22 July this year. As a consequence of the change of investment manager, the (considerable) work which had been done by Baillie Gifford and the Board to prepare for the AIFMD coming into force had to be abandoned. However, Artemis already had a number of clients to which the AIFMD applied, so it has been relatively straightforward to achieve compliance by the deadline. Our Depositary, who is part of the same group as our Custodian, is J.P. Morgan Europe Limited, and our Alternative Investment Fund Manager and Investment Manager is Artemis Fund Managers Limited.

Outlook

You will see from the Investment Manager's Review on pages 7 to 9 and from the list of investments on pages 13 to 14 that we are now holding a portfolio which is based around a number of themes. I expect that, over time, this approach will deliver growth in terms of both capital and revenue comparable to what was achieved under Baillie Gifford's management. Undoubtedly there will be periods in the future when we do not do as well as we would like compared both to other investment trusts with similar aims to ourselves as well as to stock market indices. This has certainly been the case on occasions in the past. However, given patience, care, skill and determination, I am confident that the outlook for our Company is good.

In the short term, as ever, there are doubts and concerns. These vary every year, but they are always with us. Politically we face acute crises in the Middle East and Eastern Europe. At home there is the potential for constitutional, fiscal and regulatory change following the Scottish Independence referendum on 18 September 2014. At this stage, it is impossible to see what the implications of the result will be. Economically, Western Europe's recovery from the financial crisis is disappointingly sluggish and there is much uncertainty as to how long the current extraordinary low interest rates will be maintained and what the effect will be if and when unconventional monetary stimulus is reduced and eventually withdrawn.

Fixed interest investments are extremely expensive by historical standards, though they may remain so for a long time, and equities only look attractive by comparison – in their own terms they too are expensive, if not to the same degree as bonds. However, we live in a time of innovation and scientific advances in a host of areas, comparable to the periods when railways were being built and the chemical, electrical and automobile industries were being developed. This has created a wealth of opportunities for investors, which our Investment Manager's thematic approach is well placed to capture.

I hope to be able to report another satisfactory result to you next year.

Richard Burns
Chairman
9 September 2014

Introduction

Over the year to 30 June 2014, global equity markets performed well, giving a total return of 10.0 per cent (FTSE World Index in Sterling) while the Company's total return was 11.7 per cent.

As set out in the Chairman's Statement, Artemis was appointed as Investment Manager on 1 May 2014, replacing Baillie Gifford & Co. Given the date of our appointment as Investment Manager – and in view of the fact that the Company's investment activities in the first half of the year were discussed in the interim report – the comments below do not address investment activities before 1 May. Instead, they provide an overview of the changes that we have made to re-position the portfolio and describe our approach to investing in global equities.

Artemis' investment approach

Our aim is to identify a number of stable global trends, such as demographic or technological change, that we believe companies can exploit to deliver superior growth to their shareholders. By building a focused portfolio of high-quality companies that will profit from these trends we believe our approach will, in time, deliver superior returns.

While a number of companies may be in a position to exploit these investment themes, our preference is to select high quality companies with records of profitability, high cash generation, strong balance sheets and barriers to entry that will allow them to protect their profitability. Shares of these financially strong companies sometimes lag markets when they rise sharply, but tend to protect capital when conditions become more testing.

Once we have identified an investment opportunity, we will only commit capital when we are able to invest at a reasonable valuation. This valuation discipline is at the heart of our investment decisions.

One of our main valuation criteria compares share prices with the current cash flows that a company generates after the investments necessary to maintain its competitive position. We also analyse the balance sheets of our investments and assess the tangible and intangible assets that would be required to compete with it. This helps us avoid investing in companies where the market already prices the shares highly and also in companies which may be in attractive businesses, but which may face intense competition. Our valuation discipline biases the portfolio towards high quality companies with proven and profitable business models and away from more cyclical sectors of the economy. Over time, we have found this approach gives a framework to deliver attractive returns to investors.

In terms of portfolio construction, the capital we commit to each holding will reflect the extent to which it meets our stringent investment criteria rather than its weighting in our benchmark. We aim to run a well-diversified portfolio, with around 55 to 70 holdings spread across eight to 11 investment themes.

You can find more information about our investment approach on midwynd.co.uk.

Reorganisation of the portfolio

Over the final two months of the Company's accounting period, we substantially completed the process of restructuring the portfolio to reflect the new investment approach. The major changes that this produced were twofold. First, there was a reduction in the Company's weighting to the UK, principally through a reduced level of exposure to IP Group and the companies spun out from it. Second, we reduced the portfolio's exposure to companies that had yet to show a profitable business model, especially in biotechnology and internet services. We have increased the number of holdings in frontier markets, adding investments exposed to the long-term growth potential of emerging economies such as Myanmar and Laos.

Two of the themes that we have introduced to the portfolio have already worked well. The first, 'media content', has seen us investing in a number of television programme makers. These included Time Warner (which did attract takeover interest from Rupert Murdoch's 21st Century Fox) and ITV (where media group Liberty Global's purchase of BSkyB's stake has prompted takeover speculation). A second profitable theme has been 'energy in a gas glut'. We have increased the Company's exposure to the oil sector by buying a number of US oil companies that use hydraulic fracturing ('fracking') technologies. These have already shown good production growth.

At the regional level, the largest change was a substantial increase to the Company's exposure to Japan through investments in stocks such as Kyocera, Japan Airport Terminal and Suntory Beverage & Food. As investors with a tilt towards value, we often find good investment opportunities in Japan. A number of Japanese stocks also fit with the thematic trends we have identified. Since the end of May, confidence has returned to the Japanese market and the share prices of many Japanese companies have performed better than those elsewhere. The Company has been a beneficiary of this trend. We have also increased the Company's exposure to China by investing in Bank of China, which trades on a low valuation due to fears of a Chinese property collapse, and China Merchants Holdings (International), the country's main port operator.

Strategic Report (continued)

Investment Manager's Review (continued)

The portfolio no longer has any exposure to sovereign debt and is now almost fully comprised of equities. Following these changes, we believe that the Company is well positioned to benefit – in both capital and income terms – from the long-term growth that our investment themes will generate.

Current investment themes

Healthcare *(14.2 per cent of the portfolio).* We invest in companies that can help healthcare providers to offset rising costs. While it is easy to focus on the extraordinary advances that medical science is making it is, in our view, equally important to monitor the rising costs of treatment. Our portfolio includes generic drug makers and pharmaceutical wholesalers, who make more money from supplying generic drugs than they do from patented medicines. In effect, these wholesalers work with medical insurers or healthcare providers such as the NHS to reduce costs while maintaining standards of clinical care. And while it is to be hoped that research-driven pharmaceutical companies will continue to devise new treatments, they may receive more modest returns on their successes in future while continuing to absorb losses when drugs prove ineffective. The Company's holdings in this area include: Actavis, a leading manufacturer of generic pharmaceuticals; AmerisourceBergen and Medipal Holdings, pharmaceutical wholesalers in the US and Japan respectively; Bayer, which makes over-the-counter medicines; and Premier Class, a leader in the analysis of clinical data from hospitals.

Mobile data and e-commerce *(11.9 per cent of the portfolio).* New database technologies are allowing companies to analyse data in new ways, delivering new business opportunities for the small number of companies that own huge amounts of data. We also hold companies providing web-based services, such as mobile search engines and electronic payment systems, whose global reach is expanding with the spread of internet-enabled smartphones. Holdings here include: Google; Visa; Rakuten, an e-commerce leader in Japan; Experian, the global leader in credit and identity checking; and Singapore Telecom, which, in addition to its dominant position in Singapore, holds controlling interests in the largest mobile-telecoms businesses in India and Indonesia.

Emerging and frontier markets *(12.4 per cent of the portfolio).* Consumption of consumer goods in emerging and frontier markets is growing rapidly, as their young populations become increasingly healthy and better educated. Emerging market stocks have performed poorly over the last few years as their currencies have weakened, reducing the dollar purchasing power of consumers. Longer-term demographic trends, however, remain supportive and we are expanding the Company's exposure to this theme. In particular, we have been expecting growth in China to slow for some time. Given the size of its economy, the combination of high growth without inflation always seemed unlikely to persist indefinitely. We believe the new government is taking sensible measures to moderate property speculation. Speculative bubbles were inevitable given that savings are trapped inside an economy with an under-developed savings market. We therefore view recent losses in the credit market as a necessary part of the learning curve that China is following as it adopts market disciplines. Holdings in this area include: Richemont, owner of Cartier, the jeweller; SATS, which provides flight services at Changi airport in Singapore; and Japan Airport Terminal, which owns Haneda airport and which is a beneficiary of increased tourism from China.

Energy in a gas glut *(13.5 per cent of the portfolio).* Unconventional energy production techniques (such as 'fracking' for shale oil) have disrupted the economics of the conventional oil industry. The resulting 'glut' of gas has made developing hydrocarbon resources in deep water or other challenging regions, such as the Arctic, less attractive. We hold a portfolio of the most successful US shale producers, whose production growth contrasts with falling production by conventional oil majors. Our holdings include: EOG Resources and Concho Resources, oil producers whose assets are principally in the Eagle Ford, Bakken and Permian basins in the US. We also invest in engineering companies that are beneficiaries of changes to the energy supply chain, particularly from growing global demand for liquefied natural gas ('LNG'), which is now being traded in a global spot market, like crude oil. In many emerging economies, imported LNG is an attractive fuel source for electricity producers, compared with coal or nuclear power. Holdings include: Spectra Energy, a US pipeline company; and Ebara, the Japanese leader in pumps for LNG plants.

Distribution *(9.6 per cent of the portfolio).* Here, we invest in companies that are building the infrastructure to supply western consumer goods to emerging markets. Some of these companies are also building automated warehouses designed to facilitate e-commerce. Holdings include: Mapletree Logistics Trust, which operates warehouses in South East Asia; and Nippon Prologis, which owns automated warehouses in Japan.

Retiree spending power *(10.2 per cent of the portfolio).* These are companies that profit from the growing spending power of wealthy, older consumers in developed markets. They include: VF, which owns the North Face and Timberland clothing brands; Shimano, the world leader in bicycle brakes and gears; Pernod Ricard, which makes whisky and cognac; and Cabela's, a US retailer that sells hunting and fishing goods.

Media content *(4.1 per cent of the portfolio).* Producers of high-quality television programs and films are benefitting from increasing affiliate fees and growing overseas sales. Holdings here include Time Warner and ITV.

Asset growth *(17.4 per cent of the portfolio).* We hold a variety of companies in recognition of their ability to improve the value of their assets over time, rather than for the current earnings power of those assets. Holdings in this theme include: Hutchison Whampoa, an industrial conglomerate based in Hong Kong; Unibail-Rodamco, Europe's largest listed property company; and St. Joe, a real estate company on Florida's Gulf Coast.

Outlook

Global equity markets have recovered their poise since the panic selling of 2009. Valuations are quite high compared with historical levels, but are supported by central banks, who are keeping interest rates – and government bond yields – low. Indeed, while many equities trade on high earnings multiples, they often have attractive dividend yields and have sufficient spare cash to buy back shares. Since the global financial crisis, a range of companies have 'put their houses in order' and now have healthy cash flows and strong balance sheets even if sales growth remains modest. By making these companies the core of our portfolio, we intend to provide investors with an exposure to high quality businesses that can profit from growth in the global economy without taking excessive risks. Such exposure should continue to deliver superior returns to those available from other asset classes, such as bonds or cash.

Around this core, we believe that our investment themes give shareholders exposure to growth trends in the global economy, such as increasing spending on internet advertising (Google) or shale energy production in the US (EOG Resources). These investment opportunities are often only available outside the UK and our global mandate provides us with a rich universe of stocks in which we can invest.

Because we find valuations to be stretched, the Company currently has a modest level of exposure to companies that are seeing higher rates of earnings growth. We will, however, seek to increase this exposure should there be any market setbacks. At current levels, we are wary of holding stocks whose valuations seem to reflect a hope that we will see a vigorous recovery in the global economy (particularly where share prices seem to be discounting a strong rebound in Europe).

While we will inevitably make changes to the portfolio, we invest for the long run and do not engage in short-term trading. Our investment style is to identify investments based on real-world trends rather than responding to short-lived market or economic cycles. Overall, our aim is to provide the Company's shareholders with exposure to a select list of high-quality businesses which are set to benefit from longer-term growth trends worldwide.

Simon Edelsten, Alex Illingworth and
Rosanna Burcheri
Fund managers

Strategic Report (continued)

Key Performance Indicators ('KPIs')

The performance of the Company is reviewed regularly by the Board and it uses a number of KPIs to assess the Company's success in meeting its objective. The KPIs which have been established for this purpose are set out below.

- **The movement in net asset value per share compared to the FTSE World Index (in Sterling)**

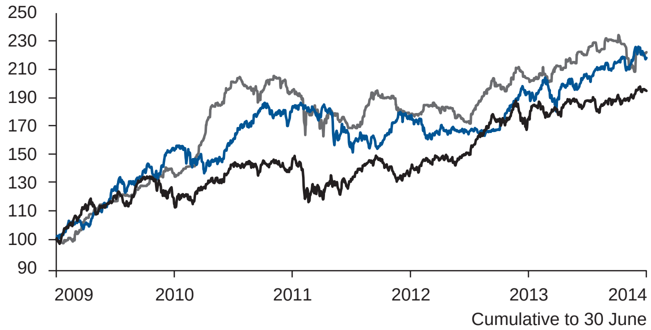
The Board monitors the performance of the net asset value per share against that of the FTSE World Index (in Sterling).

- **The movement in the share price**

The Board monitors the performance of the share price of the Company to ensure that it reflects the performance of the net asset value.

Five year total return performance

(figures rebased to 100 at 30 June 2009)



Source: Morningstar.
NAV (loan at fair value) total return
Share price total return
FTSE World Index (in sterling terms) total return

- **The premium/discount**

The Board recognises that it is in the long term interests of shareholders to maintain a share price as close as possible to the net asset value per share and believes that the prime driver of the premium/discount over the longer term is performance. The Company issues shares at such times as the premium indicates that demand is not being met by natural liquidity in the market, and buys back when there is excess supply of the Company's shares which may cause the discount to widen. In October 2012 the Board confirmed its intention to limit the discount to a maximum of 2 per cent in normal circumstances. Further details of the shares purchased during the year are set out in the Share Capital Management section.

Share price premium/(discount) to net asset value

Source: Morningstar.

The premium/(discount) is the difference between the Company's share price and the underlying net asset value (at fair value) per share.

- **The ongoing charges ratio**

The Board is mindful of the ongoing costs to shareholders of running the Company and monitors operating expenses on a regular basis. The Company's current ongoing charges ratio is 0.8 per cent.

- **The dividend per share**

The Board is committed to growing the dividends paid to shareholders, in addition to capital growth. It monitors the revenue returns generated by the Company during the year and against this determines the dividends to be paid to shareholders.

Other matters

Principal risks and uncertainties

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company. It is used to monitor these risks and to review the effectiveness of the controls established to mitigate them. Further information on the Company's internal controls is set out in the corporate governance section of the Directors' Report on pages 21 to 25. As an investment company the main risks relate to the nature of the individual investments and the investment activities generally. These include market price risk, foreign currency risk, interest rate risk, credit risk and liquidity risk.

A summary of the key areas of risk and uncertainties are set out below.

- *Investment:* the Company's investments are selected on their individual merits and the performance of the portfolio is not likely to track the wider market (represented by the FTSE World Index in Sterling). The Board believes this approach will continue to generate good long-term returns for shareholders. Risk will be diversified through a broad range of investments being held. The Board discusses the investment portfolio and its performance with the Investment Manager at each Board meeting.
- *Regulatory:* failure to comply with the requirements of a framework of regulation and legislation, within which the Company operates. The Company relies on the services of the Company Secretary and Investment Manager to monitor ongoing compliance with relevant regulations and legislation.
- *Operational:* failure of the Investment Manager's and/or any third party service providers' systems which could result in an inability to report accurately and monitor the Company's financial position. The Investment Manager has established a business continuity plan to facilitate continued operation in the event of a major service disruption or disaster and carries out oversight and monitoring of third party service providers.
- *Financial:* any failings in the Investment Manager's and/or third party service providers' controls which could lead to the Company's assets being misappropriated. Failure to comply with appropriate accounting standards could result in a reporting error or breach of regulations or legislation.
- *Gearing:* the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of the losses. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. All borrowing arrangements entered into require the prior approval of the Board and gearing levels are discussed by the Board and Investment Manager at every meeting. The majority of the Company's investments are in listed securities that are readily realisable.

Further information on risks and uncertainties and the management of them are set out in the Directors' Report on pages 24 and 25 and in note 20 of the notes to the financial statements.

Share capital management

During the year the Company bought back 3,863,369 ordinary shares which increased the net asset value per share by 1.5 pence. All of the shares purchased are held in treasury. No shares were issued during the year.

At the last annual general meeting, held on 7 October 2013, shareholders granted the Board authority to make market purchases of up to 14.99 per cent of the Company's shares. A number of investors held shares in the Company through certain savings plans administered by Baillie Gifford Savings Management Limited ('BGSM'), the terms of which did not allow participants to hold shares in companies which are not managed by Baillie Gifford & Co. Following the change in Investment Manager, a number of investors decided to sell their shares. In order to ensure that the increased availability of shares did not result in a widening of the discount to net asset value at which the shares trade, the Board exercised its power to purchase these shares. This resulted in the use of the majority of the authority granted to the Board. On 17 June 2014, the Board sent a Circular to shareholders seeking a renewal of this authority to cover the period up to the next annual general meeting. Shareholders approved this at a general meeting on 14 July 2014. A further resolution to renew the Company's buy back authority will be put to shareholders at the AGM on 27 October 2014.

Directors

The Directors of the Company and their biographical details are set out on pages 16 and 17. Each of the Directors held office throughout the year under review.

No Director has a contract of service with the Company.

Appointments to the Board are made on merit with due regard to the benefits of diversity, including gender. The priority in appointing new directors is to identify the candidate with the best range of skills and experience to complement existing directors.

The Board is currently comprised of five male Directors. The Company does not have any employees.

Social and environmental matters

The Company has delegated the management of the Company's investments to Artemis which, in its capacity as Investment Manager, has a Corporate Governance and Shareholder Engagement document which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders. Artemis undertakes extensive evaluation and engagement with company managements on a variety of matters such as strategy, performance, risk, dividend policy, governance and remuneration. All risks and opportunities are considered as part of the investment process in the context of enhancing the long-term value of shareholders' investments. This will include matters relating to material environmental, human rights and social considerations that may, ultimately, impact the profitability of a company or its stock market rating and hence these matters are an integral part of Artemis' thinking as institutional investors.

Strategic Report (continued)

As the Company has delegated the investment management and administration of the Company to third party service providers, and has no fixed premises, there are no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within the underlying investment portfolio.

Financial Statements

The Financial Statements of the Company are included on pages 31 to 47 of this report.

For and on behalf of the Board

Richard Burns
Chairman
9 September 2014

Investments at 30 June 2014

Investment	Region	Sector	Market value £'000	% of total assets
Equities				
Google	North America	Information Technology	1,667	2.7
Unibail-Rodamco	Europe	Financials	1,614	2.6
Mapletree Logistics Trust	Developed Asia	Financials	1,592	2.5
Ebara	Japan	Industrials	1,589	2.5
Time Warner	North America	Consumer Discretionary	1,579	2.5
Capital One Financial	North America	Financials	1,504	2.4
GlaxoSmithKline	UK	Healthcare	1,452	2.3
Deutsche Post	Europe	Industrials	1,447	2.3
Union Pacific	North America	Industrials	1,419	2.3
St. Joe	North America	Financials	1,392	2.2
Pernod Ricard	Europe	Consumer Staples	1,368	2.2
Perrigo	North America	Healthcare	1,323	2.1
East African Breweries	Emerging	Consumer Staples	1,293	2.1
Spectra Energy	North America	Energy	1,265	2.0
Cabela's	North America	Consumer Discretionary	1,265	2.0
Singapore Telecom	Developed Asia	Telecommunication Services	1,228	2.0
Experian	UK	Industrials	1,216	1.9
China Merchants Holdings (International)	Developed Asia	Industrials	1,184	1.9
Reinet Investments	Europe	Financials	1,183	1.9
AmerisourceBergen	North America	Healthcare	1,167	1.9
Nippon Prologis (REIT)	Japan	Financials	1,151	1.8
Medipal Holdings	Japan	Healthcare	1,132	1.8
Walgreen	North America	Consumer Staples	1,116	1.8
ITV	UK	Consumer Discretionary	1,110	1.8
Suntory Beverage & Food	Japan	Consumer Staples	1,108	1.8
Bank of China	Developed Asia	Financials	1,107	1.7
Actavis	North America	Healthcare	1,101	1.7
Rakuten	Japan	Consumer Discretionary	1,092	1.7
Deutsche Annington	Europe	Financials	1,085	1.7
Richemont	Europe	Consumer Discretionary	1,083	1.7
VF	North America	Consumer Discretionary	1,079	1.7
Hutchison Whampoa	Developed Asia	Industrials	1,079	1.7
Bayer	Europe	Healthcare	1,078	1.7
Shimano	Japan	Consumer Discretionary	1,077	1.7
Visa	North America	Information Technology	1,042	1.7
Continental Resources	North America	Energy	1,012	1.6
Premier Class	North America	Healthcare	1,011	1.6
Laredo Petroleum	North America	Energy	997	1.6
IP Group	UK	Financials	995	1.6
DKSH Holding	Europe	Industrials	966	1.5
Cheung Kong Infrastructure Holdings	Developed Asia	Utilities	954	1.5
Concho Resources	North America	Energy	951	1.5
Kyocera	Japan	Information Technology	941	1.5
Informatica	North America	Information Technology	940	1.5
Japan Airport Terminal	Japan	Industrials	933	1.5
FLIR Systems	North America	Information Technology	915	1.5

Investments at 30 June 2014 (continued)

Investment	Region	Sector	Market value £'000	% of total assets
Eastern Tobacco	Emerging	Consumer Staples	911	1.4
SATS	Developed Asia	Industrials	896	1.4
Lawson	Japan	Consumer Staples	891	1.4
Fujitec	Japan	Industrials	854	1.4
Better Capital	UK	Financials	825	1.3
Ülker Bisküvi Sanayi	Emerging	Consumer Staples	822	1.3
World Duty Free	Europe	Consumer Discretionary	788	1.2
First Republic Bank San Francisco	North America	Financials	788	1.2
EOG Resources	North America	Energy	775	1.2
Baidu	North America	Information Technology	731	1.2
Kolao Holdings	Emerging	Consumer Discretionary	681	1.1
Doric Nimrod Air One	UK	Industrials	669	1.1
Letshego	Emerging	Financials	624	1.0
Yoma Strategic	Developed Asia	Industrials	620	1.0
Applied Graphene Materials	UK	Materials	362	0.6
HaloSource	UK	Industrials	21	–
Ferro Alloy Resources †	Emerging	Materials	8	–
Total equity investments			**66,068**	**105.0**
Bonds				
US dollar denominated				
K1 Life Settlements 0% 10/08/2016 †	Europe	Financials	164	0.3
Euro denominated				
Marfin 5% 19/03/2015 (convertible)	Europe	Financials	96	0.2
Total bond investments			**260**	**0.5**
Total investments			**66,328**	**105.5**
Net current assets			1,416	2.3
Bank loans			(4,902)	(7.8)
Total net assets			**62,842**	**100.0**

† Denotes an unlisted security.

Classification	North America %	Japan %	Europe %	Developed Asia %	UK %	Emerging %	Total %
Equities							
Financials	5.8	1.8	6.2	4.2	2.9	1.0	21.9
Industrials	2.3	5.4	3.8	6.0	3.0	–	20.5
Consumer Discretionary	6.2	3.4	2.9	–	1.8	1.1	15.4
Healthcare	7.3	1.8	1.7	–	2.3	–	13.1
Consumer Staples	1.8	3.2	2.2	–	–	4.8	12.0
Information Technology	8.6	1.5	–	–	–	–	10.1
Energy	7.9	–	–	–	–	–	7.9
Telecommunication Services	–	–	–	2.0	–	–	2.0
Utilities	–	–	–	1.5	–	–	1.5
Materials	–	–	–	–	0.6	–	0.6
Total equities	**39.9**	**17.1**	**16.8**	**13.7**	**10.6**	**6.9**	**105.0**
Bonds	–	–	0.5	–	–	–	0.5
Net current assets	1.2	0.1	0.5	–	0.5	–	2.3
Bank loans	–	–	(3.8)	–	(4.0)	–	(7.8)
Shareholders' funds	**41.1**	**17.2**	**14.0**	**13.7**	**7.1**	**6.9**	**100.0**
Number of investments	**22**	**10**	**11**	**8**	**8**	**6**	**65**

Directors

Richard Burns

Richard Burns became a Director of the Company at the time of the listing of its shares in 1981 and became Chairman on 30 June 2012. He is Chairman of the Nomination Committee. He qualified as a solicitor in 1971 and he joined Baillie Gifford in 1973 as a trainee investment manager, becoming a partner in 1977 and was joint senior partner from 1999 until his retiral in April 2006. He is a director of Standard Life Equity Income Trust PLC, The Bankers Investment Trust PLC, JP Morgan Indian Investment Trust PLC and Polaris Publishing Limited.

Russell Napier

Russell Napier became a Director of the Company in 2009 and Chairman of the Audit Committee shortly thereafter. He joined Baillie Gifford in 1989 managing funds in the Japanese, US and, finally, Asian markets. He managed Asian portfolios for Foreign & Colonial Emerging Markets from 1994 and in 1995 became Asian equity strategist for stockbrokers CLSA in Hong Kong. Since 1999 he has been a consultant global macro strategist with CLSA Asia-Pacific markets. He is the author of 'Anatomy of a Bear – Lessons from Wall Street's Four Great Bottoms' and he has established and runs a course called 'A Practical History of Financial Markets' at The Edinburgh Business School. He is a director of the Didasko Education Company Limited, Orlock Advisors Limited and the Scottish Investment Trust PLC.

Harry Morgan

Harry Morgan became a Director of the Company in 2012. He is currently Chief Investment Officer at the law firm Anderson Strathern, having previously been a portfolio manager and director at Thomas Miller Investment. He served as head of investment management at Adam & Company, before which he held a senior role at Newton Investment Management. He has over 29 years' experience of managing portfolios for private clients and charities, having started his investment career in London in 1984. He has an MBA with Distinction from the Edinburgh Business School, and is a Chartered Fellow of the Chartered Institute for Securities & Investment. He was elected a non-executive director of the Association of Investment Companies in 2014.

Alan Scott

Alan Scott became a Director of the Company in 2012. He has over 25 years' experience in banking, within the Royal Bank of Scotland Group, across various divisions including Retail, Corporate and Wealth. In 2003 he joined Adam & Company International in Guernsey as a relationship manager for a portfolio of offshore clients and trusts and in 2004 moved to Adam & Company's onshore operations, where he is an associate director, relationship management, providing a range of wealth management services to a portfolio of private banking clients.


Malcolm Scott, QC

Malcolm Scott became a Director of the Company in 1990. He was educated at Trinity College, Glenalmond and thereafter at Gonville & Caius College, Cambridge and Glasgow University. He became an Advocate in 1978 and a QC in 1991. He is a practising Advocate, and the Company's Senior Independent Director.

All Directors are members of the Nomination and Audit Committees.

Directors' Report

The Directors have pleasure in presenting their report, together with the audited financial statements of the Company for the year ended 30 June 2014.

Results and dividends

The net return on ordinary activities after tax for the year ended 30 June 2014 was £7,281,000 (2013: £7,101,000). The total revenue return available to shareholders was £1,048,000 (2013: £831,000). Further details can be found in the income statement on page 31.

The Directors are recommending the payment of a final dividend of 2.50 pence per share. If approved at the AGM, this will be payable on 31 October 2014, to shareholders on the register as at 3 October 2014. This will result in total dividends for the year of 3.80 pence (2013: 3.40 pence).

In relation to the allocation of investment management fees and finance costs between capital and revenue, the Directors have reviewed the expected split of long term returns from the Company's portfolio and concluded that these would comprise a greater amount of capital over revenue. Therefore, with effect from 1 July 2014 the Company will allocate its investment management fees and finance costs 25 per cent to revenue and 75 per cent to capital. The policy up to 30 June 2014 was to allocate 50 per cent to each of the revenue and capital reserves.

Continuing appointment of the Investment Manager

Ahead of the retirement of the incumbent fund manager, Michael MacPhee, from Baillie Gifford, the Board undertook a thorough review of a number of available investment management options for the Company. The outcome of this review was to appoint Artemis as the Investment Manager of the Company on 1 May 2014. The Board considers the appointment of Artemis to be in the best interests of shareholders as a whole. A review of the Investment Manager, which will include consideration of performance against the broader market and a peer group of comparable investment trusts, the investment process and the general support and information provided by Artemis, will be carried out on an annual basis going forward.

Management and management fees

The Company terminated its investment management agreement with Baillie Gifford on 30 April 2014. Artemis Investment Management LLP was appointed Investment Manager to the Company on 1 May 2014. However, following this, as part of the arrangements to comply with the Alternative Investment Fund Manager's Directive ('AIFMD'), Artemis Fund Managers Limited, a wholly owned subsidiary of Artemis Investment Management LLP (collectively 'Artemis'), was appointed as the Investment Manager and Alternative Investment Fund Manager ('AIFM') on 15 July 2014. Pursuant to the appointment, Artemis is entitled to an investment management fee of 0.5 per cent per annum of the net asset value of the Company and does not receive any fees for acting as the AIFM to the Company.

Following the appointment of Artemis Investment Management LLP on 1 May 2014, the termination notice period was reduced from 12 to six months, which also applies to the Investment Management Agreement dated 15 July 2014. In the event of the Company terminating the agreement by giving less than six months' notice, Artemis is entitled to 0.5 per cent of the net asset value of the Company on the date of termination, adjusted pro rata for any notice period given.

Simon Edelsten, Alex Illingworth and Rosanna Burcheri are the day-to-day fund managers. Artemis is authorised and regulated by the Financial Conduct Authority and at 30 June 2014 the Artemis Group had £18.6 billion of assets under management.

Directors' insurance and indemnification

Directors' and Officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in conducting their duties.

The Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

Share capital

As at 30 June 2014, the capital structure of the Company was 22,500,461 (2013: 26,363,830) ordinary shares of 5 pence each. The Company has only one class of share and each share confers the right to one vote to every member present in person or by proxy at any general meeting of the Company where voting on the business of the Company is carried out by way of a show of hands or by way of a poll. There are no restrictions relating to the holding or transfer of the Company's shares and there are no special rights attached to any of the shares. Holders of the Company's shares may, by ordinary resolution, declare dividends, provided such dividends are not in excess of any dividends recommended by the Directors. Dividends can only be paid out of the Company's profits available for distribution.

The Company is not aware of any agreements between shareholders which may result in the restriction on the transfer of shares or of the voting rights.

As at the date of this report, the table below sets out those shareholders who have notified the Company that they hold more than 3 per cent of the voting rights attaching to the ordinary shares in issue.

Name	Number of ordinary shares in issue as at 9 September 2014	% of shares in issue
Brewin Dolphin Securities Limited – indirect	1,301,940	5.9
Mr Michael MacPhee – direct	1,158,315	5.3
Mr Richard Burns – direct	812,500	3.7
– indirect	119,500	0.5

Details of share buybacks undertaken by the Company are disclosed in the Strategic Report on page 11. Further information on the share capital of the Company is detailed in note 13 of the notes to the financial statements.

Additional shareholder information

There are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office.

As stated in the Strategic Report on page 12, the Company does not have any greenhouse gas emissions. Details of the gearing policy are also included in the Strategic Report on page 4.

Going concern

The Directors, having considered the likely operational costs and liabilities of the Company for the 18 months from the year end, are of the opinion that the Company has adequate financial resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the financial statements.

AGM

Details of the 2014 AGM are set out in the Notice of Meeting on pages 48 to 51. Resolutions in relation to the allotment of shares, including the re-issue of treasury shares and special business are set out below.

Authority to allot shares and disapply pre-emption rights

Resolution 9 in the Notice of the AGM seeks to renew the Directors' general authority to allot shares in the Company up to an aggregate nominal value of £365,734. This amount represents approximately 33.3 per cent of the Company's total ordinary share capital in issue (excluding treasury shares) as at 9 September 2014 (the latest practicable date prior to publication of this document) and meets institutional guidelines.

Resolution 10, which is proposed as a special resolution, seeks to provide the Directors with authority to allot equity securities and to sell ordinary shares held in treasury on a non-pre-emptive basis for cash (i.e. without first offering them to existing shareholders pro-rata to their existing shareholdings) up to an aggregate nominal amount of £109,830 (representing approximately 10 per cent of the issued share capital (excluding treasury shares) of the Company as at 9 September 2014) (the latest practicable date prior to publication of this document). The authorities sought in Resolutions 9 and 10 will continue until the conclusion of the annual general meeting to be held in 2015.

The Directors intend to use the authorities which will be conferred by Resolutions 9 and 10 at times when the share price stands at a premium to net asset value and natural liquidity is unable to meet demand. The Directors will not make any issue of new ordinary shares to investors unless they consider it advantageous to the Company to do so, and no issue of ordinary shares will be made pursuant to the authorisation in Resolution 10 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

During the year the Company did not allot any shares or sell any shares held in treasury. At 9 September 2014, the latest practicable date prior to publication of this document, the Company held 4,897,809 treasury shares, representing 22.3 per cent of the ordinary shares in issue (excluding treasury shares) at 9 September 2014. The Company does not have any warrants or options in issue.

Authority to buyback shares

At the annual general meeting in October 2013 the Company was granted authority to make market purchases of ordinary shares equivalent to 14.99 per cent of its issued share capital, which was subsequently renewed by Shareholders at a general meeting on 14 July 2014. A further resolution to renew the Company's buyback authority will be put to shareholders at the AGM on 27 October 2014.

During the year to 30 June 2014 the Company bought back 3,863,369 ordinary shares, all of which are held in treasury. The total consideration for these shares was £10,339,000 (including stamp duty). At 30 June 2014 the Company held 4,363,369 treasury shares. Between 1 July 2014 and the date of this report the Company has bought back a further 534,440 shares which are held in treasury, at a cost of £1,480,000.

The principal reasons for share buy backs are:

(i) to address any imbalance between the supply of and demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per ordinary share; and

Directors' Report (continued)

(ii) to enhance the net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value.

Resolution 11, which is being proposed as a special resolution seeks shareholders' approval to renew the authority to make market purchases of up to 3,292,706 ordinary shares, or, if less, the number representing approximately 14.99 per cent of the Company's ordinary shares in issue (excluding treasury shares) at the date of passing of the resolution, such authority to expire at the conclusion of the next annual general meeting of the Company.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority will be the higher of:

(i) 5 per cent above the average closing price of the ordinary shares over the five business days immediately preceding the date of purchase; and

(ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange.

The minimum price (exclusive of expenses) that may be paid for any ordinary share is the nominal value thereof.

The authority will not of itself force the Company to make market purchases of its ordinary shares but it is considered desirable for the Company to have the power to purchase such shares when considered appropriate. The authority may be used by the Company to make a series of purchases of its ordinary shares or a single purchase of them and any purchase(s) of ordinary shares will be made within guidelines established by the Board from time to time.

The authority to make market purchases, if conferred, will only be exercised if the Directors are of the opinion that the net asset value per ordinary share will be enhanced for the continuing shareholders and it is considered to be in the best interests of shareholders generally or if the overall financial position of the Company was to benefit from such purchases. If the Company purchases any shares under this authority, it may cancel such shares or hold them in treasury. The Directors believe it is advantageous for the Company to have this choice. No dividends would be paid on treasury shares and the Company cannot exercise any rights (including any right to attend or vote at meetings) in respect of those shares. Shares will only be re-sold from treasury at a premium to the net asset value per ordinary share.

Amendment to the Articles of Association

Over recent years company law in the United Kingdom has seen a number of changes implemented. The Board and its advisers have carried out a review of the existing Articles of Association and it is proposed that new Articles of Association be adopted which reflect current laws and practice.

A notable change was as a result of changes to the UK tax laws for investment trusts which removed the requirement that investment companies' articles of association contain a prohibition on distributing realised capital profits. Investment companies therefore have the potential to pay dividends out of capital. The new Articles of Association reflect this change by removing this prohibition. It should be noted, however, that the Board does not intend to pay dividends out of capital at this stage.

In relation to the AIFMD, the Company's Articles of Association have been amended to include provisions for the Board to be able to vary how it manages its compliance with the AIFMD. The changes will also enable the Board to authorise any depositary appointed under the AIFMD to discharge itself of liability in certain circumstances.

Resolution 12 to adopt the new Articles of Association will be proposed as a special resolution.

A copy of the new Articles of Association and the existing Articles of Association, marked to show the proposed changes, will be available for inspection during normal business hours at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2Y 2EW, up to and including close of business on 27 October 2014.

Recommendation

The Directors consider that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole and unanimously recommend that shareholders vote in favour of each of these resolutions as they intend to do in respect of their own holdings.

Independent auditor

Scott-Moncrieff has expressed its willingness to continue in office as independent Auditor. The Audit Committee has responsibility for making a recommendation to the Board on the re-appointment of the external auditor. After careful consideration of the services provided during the year and a review of their effectiveness, the Audit Committee recommended to the Board that Scott-Moncrieff should be re-appointed as Auditor. Accordingly, a resolution will be proposed at the forthcoming AGM for its re-appointment and to authorise the Directors to agree its remuneration.

Audited information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the

Company's auditor is unaware and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Report of the Audit Committee

The Audit Committee provides a forum through which the Company's auditor reports to the Board. The Audit Committee monitors the non-audit services being provided to the Company by its auditor and a policy with regard to the provision of these services has been formalised. All members of the Audit Committee are considered to have relevant and recent financial and investment experience as a result of their employment in financial services and other industries.

Representatives from the Investment Manager and the Administrator may be invited to attend the meetings of the Audit Committee to report on issues as required. The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties.

The Audit Committee considers annually whether there is a need for an internal audit function, and has agreed that it remains appropriate for the Company to rely on the internal controls that exist within its third party service providers.

Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report to the Board, on a quarterly basis, any breaches of law or regulation or any operational errors. The Audit Committee considers these, along with the semi-annual report on internal controls from the Administrator and the Custodian, as part of a risk and control assessment of the Company, which is undertaken at least every six months. The results of this are reported to the Board. The last review was undertaken in August 2014 and no exceptions were reported.

Scott-Moncrieff was appointed as Auditor to the Company on 10 June 2002. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the Auditor, the Audit Committee considered the quality of service provided by, and the effectiveness of, the Auditor, the length of tenure of the audit firm, its fees and independence from the Investment Manager, along with any matters raised during each audit. As part of the planning for the annual audit, the Audit Committee reviews the audit plan produced by the Auditor, which highlights the level of materiality applied by the Auditor, key perceived audit risks and its scope. The fees paid to Scott-Moncrieff in respect of audit services are disclosed in note 4 of the notes to the financial statements. No fees were paid to Scott-Moncrieff during the year in respect of any non-audit services.

The Audit Committee meets with the Audit Partner responsible for the Company's audit at least once each year to discuss any matters arising from the annual audit.

Following a discussion with the Auditor and the Investment Manager, the Audit Committee considered the main risks that arise in relation to the financial statements to be the valuation of investments, misappropriation of company assets and revenue recognition.

As part of the annual audit, the Auditor has agreed the valuation of a sample of the listed investments in the portfolio to independent pricing providers, and for unquoted investments, reviewed the valuation bases with the Investment Manager, considering recent transactions, underlying investee operating performance and capital structures to assess the appropriateness of the valuations. The Auditor also validated the existence of all the securities held by the Company to the records of the Custodian.

The Auditor has specific tests it uses as part of its review of the financial statements to provide assurance that the figures in the financial statements, including the revenue of the Company, are complete and accurate.

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance and has established procedures to monitor its continuing compliance with the AIC Code of Corporate Governance (the 'AIC Code') issued in February 2013. This statement outlines how the principles of the AIC Code were applied throughout the financial year. The AIC Code has been endorsed by the Financial Reporting Council (the 'FRC') and compliance with the AIC Code enables the Company to meet its obligations in relation to the provisions of the FRC's Code of Corporate Governance, insofar as they relate to the Company's business. The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the AIC Code. Set out below is how the Company applied the principles of the AIC Code.

Previously the Company had applied the principles of the AIC Code of October 2010. As a result of the adoption of the AIC Code of February 2013, the Board's policy on diversity has been added to the Strategic Report and additional information on the role and responsibilities of the Audit Committee has been added to the Directors' Report.

All Directors on the Board of the Company are non-executive and the Company's day-to-day responsibilities are delegated to third party service providers.

Board responsibilities

The Board is responsible for determining the strategic direction of the Company. It meets at least four times a

Directors' Report (continued)

year to review the performance of the Company's investments, the financial position of the Company, its performance in relation to the investment objective and all other important issues to ensure that the Company's affairs are managed within a framework of prudent and effective controls. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Board, the Investment Manager and a number of third party service providers.

No one individual has unfettered powers of decision. The Chairman, Richard Burns, is independent of the Investment Manager. The Chairman leads the Board and ensures its effectiveness on all aspects of its operation ensuring that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board. The Company Secretary liaises with the Chairman prior to each meeting to agree agenda content and papers to be submitted to Board and Committee meetings. In addition, the Chairman is responsible for ensuring there is effective communication with shareholders.

The Board has set the parameters within which the Investment Manager operates and these are set out in the Investment Management Agreement and in Board minutes. Representatives of the Investment Manager attend each Board meeting enabling the Directors to seek clarification on its activities in managing the Company.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representatives, who are responsible to the Board for ensuring that proper procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board composition

The Board comprises five Directors, all of whom are non-executive. There is no chief executive position within the Company. The names of the Directors, together with their biographical details, are set out on pages 16 and 17 of this report.

The Board considers that all the Directors are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code. Each of the Directors is deemed to be independent in character and judgement. The Nomination Committee meets annually to consider matters of independence.

The Company's Senior Independent Director is Malcolm Scott QC. This position is reviewed annually.

Appointment of Directors and performance evaluation

Directors are appointed subject to the provisions of the Act and the Company's Articles. Any Directors appointed by the Board are subject to election by shareholders at the first AGM following their appointment. The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of Directors' appointment are set out in formal letters of appointment which are available for inspection on request at the registered office of the Company.

Richard Burns and Malcolm Scott QC, having served on the Board for more than nine years, offer themselves for re-election annually. Following formal performance evaluation, and notwithstanding their length of service, the Board has concluded that both Directors continue to demonstrate independence of character and judgement and their skills and experience add significantly to the strength of the Board. The Board believes that none of the other commitments of Richard Burns and Malcolm Scott QC, as set out on pages 16 and 17 of this report, interfere with the discharge of their duties to the Company and the Board is satisfied that they are capable of devoting sufficient time to the Company.

Director	Date of appointment	Due for re-election
Richard Burns	25 September 1981	AGM 2014
Harry Morgan	21 May 2012	AGM 2015
Russell Napier	10 August 2009	AGM 2015
Alan Scott	21 May 2012	AGM 2015
Malcolm Scott, QC	12 February 1990	AGM 2014

The Board, led by the Nomination Committee, conducts an annual review of its performance and that of its Committees, the Chairman and individual Directors. This review is based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the Senior Independent Director. The Board is satisfied that it continues to have an appropriate balance of skills and experience and therefore supports the resolutions to re-elect Richard Burns and Malcolm Scott QC at the forthcoming AGM.

Board committees

In order to enable the Directors to discharge their duties, two Board Committees (Audit and Nomination), each with written terms of reference, have been established. Committee membership is set out on pages 16 and 17 of this report. As the Board is currently comprised of five Directors, all members of the Board sit on each Committee. Attendance at meetings of the Committees is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary or on the Investment Manager's website at midwynd.co.uk. The Chairman of the Board acts as Chairman for the

Nomination Committee and the Audit Committee is chaired by Russell Napier.

The Company Secretary acts as the Secretary to each Committee.

As all the Directors are non-executive there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Policy on page 27.

As all the Directors are independent of the Investment Manager, there is no requirement to establish a separate Management Engagement Committee. The Board as a whole reviews the terms of appointment and performance of the Company's third party service providers, including the Investment Manager but excluding the Auditor, who is reviewed by the Audit Committee.

Audit Committee

The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements, the appropriateness of its accounting policies, reviewing the internal control systems and the risks to which the Company is exposed. It is also responsible for making recommendations to the Board regarding the appointment of the Auditor, the independence of the Auditor, the objectivity and effectiveness of the audit process and the approval of the financial statements. It meets at least twice per year.

Nomination Committee

The Nomination Committee meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The Committee undertakes an annual performance evaluation of the Board, led by the Chairman. On those occasions when the Committee is reviewing the Chairman, or considering his successor, the Nomination Committee will normally be chaired by the Senior Independent Director.

As detailed in the Strategic Report on page 11, the Board supports the principles of diversity in the boardroom, and considers this in seeking to ensure that the overall balance of skills and knowledge that the Board has remains appropriate so that it can continue to operate effectively.

Board and Committee Meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

	Board	Audit Committee	Nomination Committee
Number of meetings	6	2	1
Richard Burns	6	2	1
Harry Morgan	6	2	1
Russell Napier	6	2	1
Alan Scott	6	2	1
Malcolm Scott, QC	6	2	1

Directors' tenure

Directors do not serve on the Board for a specified period of time. Each Director will be subject to the election/re-election provisions as set out in the Company's Articles, which provide that a Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years will be subject to an annual re-election, providing that the Nomination Committee and the Board of Directors remain satisfied that the relevant Director's continuing appointment and independence is not impaired by their length of service.

The Board does not consider that the length of time served by a Director is as important as their contribution to the running of the Company, or that it necessarily impairs their independence. Each situation will be rigorously reviewed on a case-by-case basis to ensure that a Director's independence is maintained and that their continuing appointment is in the best interests of the Company.

Induction and training

New Directors appointed to the Board will be provided with an induction which is tailored to the particular circumstances of the appointee. Regular updates are provided on changes in regulatory requirements that could affect the Company. The Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts and receive other training as necessary.

Relations with shareholders

The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. The Board aims to ensure that shareholders are kept fully informed of developments in the Company's business through the Annual and Half-Yearly Reports, as well as the daily announcement of the net asset values of the Company's ordinary shares to the London Stock Exchange. The Investment Manager produces a monthly factsheet which can be found on its website at midwynd.co.uk, along with other information on the Company.

Directors' Report (continued)

All shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager will be available to discuss issues affecting the Company. Details of shareholder voting are declared at every AGM and are available on the Investment Manager's website as soon as practicable following the close of the meeting. All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 48 to 51 of this report.

UK Stewardship Code

Artemis has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this can be found on the Investment Manager's website at artemis.co.uk.

Voting policy

The Board has given the Investment Manager discretion to exercise the Company's voting rights and the Investment Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. The Investment Manager's voting for its clients is summarised on its website at artemis.co.uk.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Investment Manager has established policies and procedures to prevent bribery.

Conflicts of interest

The Board has put in place procedures to deal with conflicts and potential conflicts of interest and considers that these have operated effectively throughout the year. The Board also confirms that its procedures for the approval of conflicts and potential conflicts of interest have been followed by the Directors during the year under review.

Internal controls and management of risk

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed as well as ensuring that a sound system of internal control is maintained to safeguard shareholders' interests and the Company's assets. As the majority of the Company's systems are maintained on behalf of the Company by third party service providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances on their systems of internal control, which are designed to manage, rather than eliminate, risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board does, however, ensure that these service providers are employed subject to clearly defined contracts. Any breaches of these, or of any law or regulation the Company is required to comply with, are reported to the Board on a quarterly basis.

Both the Investment Manager and the Administrator have established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company. In addition, the Investment Manager reports quarterly to the Board on compliance with the terms of its delegated authorities under the Investment Management Agreement and other restrictions determined by the Board.

The Administrator also reports, on a quarterly basis, any breaches of law and regulation and any operational errors. This enables the Board to address any issues with regard to the management of the Company as and when they arise and to identify any known internal control failures.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board has carried out and documented a risk and control assessment, which will be kept under ongoing, and at least a six monthly, review.
- Investment management, accounting and custody of assets are segregated. The procedures of the individual parties carrying out these functions are designed to complement each other.
- Investment management and company secretarial services are provided by Artemis. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager. The Board reviews information produced by the Investment Manager in detail on a regular basis.
- Administration services are provided by J.P. Morgan Europe Limited. The Administrator reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives the Administrator's reports on internal controls.
- The Board is aware of the whistleblowing procedures of Artemis and the Administrator, which are considered satisfactory.
- Safekeeping of the Company's assets is undertaken by J.P. Morgan Chase Bank N.A., overseen by the Company's depositary, J.P. Morgan Europe Limited.
- The Directors of the Company clearly define the duties and responsibilities of its agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of parties involved; their

ongoing performance and contractual arrangements are monitored to ensure that they remain effective.

- Mandates for the authorisation of investment transactions and expense payments are approved by the Board.
- The Board receives the semi-annual report on internal controls from the Administrator and the Custodian.

Further information on the risks and the management of them is set out in the Strategic Report on pages 10 and 11 and in note 20 of the notes to the financial statements.

By the procedures set out above, the Directors review the effectiveness of the Company's internal controls.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and the information provided to shareholders is sufficient to allow them to assess the Company's performance, business model and strategy.

By order of the Board

Artemis Fund Managers Limited
Company Secretary
9 September 2014

Directors' Remuneration Report and Policy

The Directors are pleased to present the Company's remuneration report for the year ended 30 June 2014 in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the 'Regulations'). The Company's Auditor is required to audit certain information contained within this report and, where information set out below has been audited, it is clearly indicated. The Auditor's opinion is included in the Independent Auditor's report which can be found on pages 29 and 30.

In accordance with the Regulations the remuneration policy of the Company is provided on page 27, which shareholders will be asked to approve at the AGM. In addition, an ordinary resolution, Resolution 2, to approve the remainder of this report will be put to shareholders at the AGM.

The Board

During the year ended 30 June 2014 the Board was comprised entirely of independent non-executive Directors. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time.

Each Director is subject to the election/re-election provisions as set out in the Company's Articles, which provide that a Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years will be subject to an annual re-election, providing that the Nomination Committee and the Board of Directors remain satisfied that the relevant Director's continuing appointment and independence is not impaired by their length of service.

After consideration at a meeting of the Board on 19 May 2014, it was agreed that, subject to the Directors' Remuneration Policy being approved by shareholders at the AGM, that the fees for each Director, for the year ending 30 June 2015, remain unchanged. As part of this the Board carried out a review of the fees paid to directors of comparable investment trusts.

The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions.

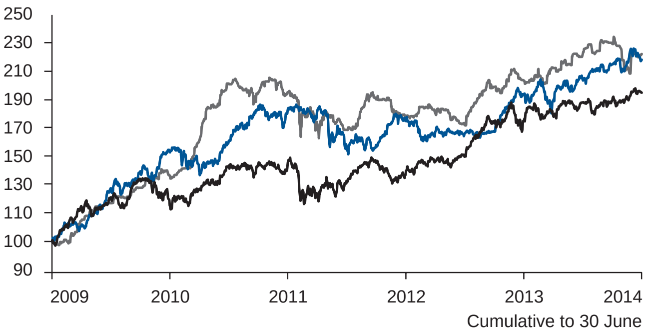
The Directors do not have a contract of service with the Company but are instead appointed by letters of appointment. The letters are available for inspection at the registered office of the Company.

Directors' fees (audited)

The Directors who served during the year to 30 June 2014 and 30 June 2013 received the following fees:

Director	Year ended 30 June 2014	Year ended 30 June 2013
Richard Burns	£19,000	£19,000
Harry Morgan	£14,000	£14,000
Russell Napier	£15,500	£15,500
Alan Scott	£14,000	£14,000
Malcolm Scott, QC	£14,000	£14,000
	£76,500	**£76,500**

Performance graph



Source: Morningstar.
NAV (loan at fair value) total return
Share price total return
FTSE World Index (in sterling terms) total return

The performance graph above sets out the Company's net asset value and share price total return from 1 July 2009, compared to the total return of a notional investment in the FTSE World Index (in Sterling).

Statement of voting at the last annual general meeting

The following table sets out the votes received at the last annual general meeting of shareholders, held on 7 October 2013, in respect of the ordinary resolution to approve the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total	Number of votes
Number	%	Number	%	votes cast	withheld
6,135,251	98.8	73,581	1.2	6,208,832	23,273

Directors' interests

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year were as follows:

Director	Nature of Interest	Holding as at 30 June 2014	Holding as at 30 June 2013
Richard Burns	Beneficial	812,500	812,500
	Non-beneficial trustee	119,500	119,500
Harry Morgan	Beneficial	7,000	7,000
Russell Napier	Beneficial	273,825	273,825
Alan Scott	Beneficial	150,000	150,000
	Beneficial trustee	140,000	140,000
Malcolm Scott, QC	Beneficial	581,690	581,690
	Non-beneficial trustee	250,000	250,000

There have been no changes to the above holdings up to the date of this report. None of the Directors, nor any persons connected with them, had a material interest in any of the Company's transactions, arrangements or agreements during the year under review. There is no requirement for a Director to hold shares in the Company.

Directors' Remuneration Policy

In accordance with the Regulations, which the Company is required to comply with for the first time for the year ended 30 June 2014, the Directors are required to propose a remuneration policy to shareholders that Directors will be required to comply with and will remain in place for a maximum of three years. In each Annual Report, the Board will provide a report confirming how it has complied with the approved policy, which will be subject to a shareholder vote at each annual general meeting.

The Company's proposed remuneration policy is that fees payable to Directors are commensurate with the amount of time Directors are expected to spend on the Company's affairs, whilst seeking to ensure that fees are set at an appropriate level so as to enable candidates of a sufficient calibre to be recruited. The Company's Articles state the maximum aggregate amount of fees that can be paid to Directors in any year. This is currently set at £125,000 per annum and shareholder approval is required for any changes to this. The Board reviews and sets the level of Directors' fees annually, or at the time of the appointment of a new director, as provided for in the Directors' letters of appointment. The review considers a range of external information, including peer group comparisons, relevant independent research and any comments received from shareholders.

Each Director is entitled to a base fee. The Chairman of the Board is paid a higher fee than the other Directors, to reflect the additional work required to be carried out in this role. The Chairman of the Audit Committee receives an additional fee to reflect the additional responsibilities and work associated with the role.

No Director is entitled to any benefits in kind, share options, annual bonuses, long-term incentives, pensions or other retirement benefits or compensation for loss of office.

Directors are appointed with no fixed notice periods and are not entitled to any extra payments on resignation. It is also considered appropriate that no aspect of Directors' remuneration is performance-related in light of the Directors' non-executive status.

Directors are able to claim expenses that are incurred in respect of duties undertaken in connection with the management of the Company.

New Directors will be remunerated in accordance with this policy and will not be entitled to any payments from the Company in respect of remuneration arrangements in place with any other employers which are terminated upon appointment as a Director of the Company.

Shareholder approval and effective date

Resolution 3, which is seeking shareholder approval for the Directors' Remuneration Policy, will, if approved, take effect from the AGM and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

On behalf of the Board and in accordance with the Regulations, I confirm that the Directors' Remuneration Report and Policy summarises, for the year ended 30 June 2014, the review undertaken and the decisions made regarding the fees paid to the Board, and the future remuneration policy of the Company which is to be approved by shareholders.

By order of the Board

Richard Burns
Chairman
9 September 2014

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

Management Report

Listed companies are required by the Financial Conduct Authority's Disclosure and Transparency Rules (the 'Rules') to include a management report in their annual financial statements. The information required to be in the management report for the purpose of the Rules is included in the Strategic Report (pages 4 to 12). Therefore no separate management report has been included.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing each of the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement.

The financial statements are published on a website, midwynd.co.uk, maintained by the Company's Investment Manager, Artemis Fund Managers Limited. The maintenance and integrity of the corporate and financial information relating to the Company is the responsibility of the Investment Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2014 and of the profit for the year then ended; and

(b) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Richard Burns
Chairman
9 September 2014

Independent Auditor's Report

to the shareholders of Mid Wynd International Investment Trust PLC

We have audited the financial statements of Mid Wynd International Investment Trust PLC for the year ended 30 June 2014, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinon on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks that we believe have the greatest impact on the audit strategy:

- investment portfolio valuation;
- revenue recognition; and
- misappropriation of company assets.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the level of error that would change the opinion of the reader of the financial statements.

When establishing our overall audit strategy, we determined the level of uncorrected misstatement that would be material for the financial statements as a whole to be £630,000, which is 1 per cent of net assets (net assets being a key performance indicator for investors in the Company).

Materiality for revenue transactions was determined to be £6,000, as we believe readers of the financial statements will be more sensitive to variances in the revenue account.

We agreed with the Audit Committee that we would report to them individual and extrapolated errors in excess of a threshold of £2,000, as well as differences below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

The way in which we scoped our audit in order to address the assessed risks of material misstatement was as follows:

Investment portfolio valuation

The holdings and valuations of all investments were reconciled to the custodian report. A sample of year end valuations were agreed to appropriate external sources.

Revenue recognition

The income recorded for a sample of securities was checked to appropriate external sources. We paid particular attention to any "special dividends" and their accounting treatment. A sample of investment disposals was agreed to contract notes to ensure these were recorded correctly.

Misappropriation of company assets

We reviewed the accounting records for any significant transactions that were outside the normal course of business.

Independent Auditor's Report (continued)

The Audit Committee's consideration of these risks is set out on page 21.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure and Transparency rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and share capital structure) is consistent with the financial statements.

Matters on which we are required to report by exception

Under the International Standards in Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept and returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and return; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement on page 19 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the Corporate Governance Code specified for our review.

We have nothing to report in respect of any of the above matters.

Iain D Lee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh EH3 8BL
9 September 2014

	Notes	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Gains on investments	9	–	6,601	**6,601**	–	7,725	**7,725**
Losses on futures contracts		–	–	**–**	–	(1,058)	**(1,058)**
Currency losses	14	–	(5)	**(5)**	–	(172)	**(172)**
Income	2	1,603	–	**1,603**	1,347	–	**1,347**
Investment management fee	3	(178)	(178)	**(356)**	(161)	(161)	**(322)**
Other administrative expenses	4	(230)	(120)	**(350)**	(246)	–	**(246)**
Net return before finance costs and taxation		1,195	6,298	**7,493**	940	6,334	**7,274**
Finance costs of borrowings	5	(65)	(65)	**(130)**	(64)	(64)	**(128)**
Net return on ordinary activities before taxation		1,130	6,233	**7,363**	876	6,270	**7,146**
Tax on ordinary activities	6	(82)	–	**(82)**	(45)	–	**(45)**
Net return on ordinary activities after taxation		**1,048**	**6,233**	**7,281**	**831**	**6,270**	**7,101**
Net return per ordinary share	**8**	**4.08p**	**24.27p**	**28.35p**	**3.11p**	**23.43p**	**26.54p**

A final dividend for the year of 2.50 pence per share is proposed (2013 – 2.10 pence), making a total of 3.80 pence for the year (2013 – 3.40 pence). Further information on dividend distributions can be found in note 7 on pages 37 and 38.

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in this statement derive from continuing operations. No operations were acquired or discontinued during the year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 35 to 47 are an integral part of the financial statements.

Balance Sheet

As at 30 June

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		66,328		71,570
Current assets					
Debtors	10	643		76	
Cash and deposits	20	1,288		1,203	
		1,931		1,279	
Creditors					
Amounts falling due within one year	11	(5,417)		(991)	
Net current (liabilities)/assets			(3,486)		288
Total assets less current liabilities			62,842		71,858
Creditors					
Amounts falling due after more than one year	12		–		(5,071)
Total net assets			**62,842**		**66,787**
Capital and reserves					
Called up share capital	13		1,343		1,343
Capital redemption reserve	14		16		16
Share premium	14		4,983		4,983
Capital reserve	14		54,904		59,010
Revenue reserve	14		1,596		1,435
Shareholders' funds	15		**62,842**		**66,787**
Net asset value per ordinary share (borrowings at fair value)	15		**279.2p**		**253.1p**
Net asset value per ordinary share (borrowings at par)	15		**279.3p**		**253.3p**

The financial statements of Mid Wynd International Investment Trust PLC (Company registration number SC042651) were approved and authorised for issue by the Board and were signed on 9 September 2014.

Richard Burns
Chairman

The accompanying notes on pages 35 to 47 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 June 2014

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2013		1,343	16	4,983	59,010	1,435	66,787
Net return on ordinary activities after taxation	14	–	–	–	6,233	1,048	7,281
Shares purchased and held in treasury	13	–	–	–	(10,339)	–	(10,339)
Dividends paid during the year	7	–	–	–	–	(887)	(887)
Shareholders' funds at 30 June 2014		**1,343**	**16**	**4,983**	**54,904**	**1,596**	**62,842**

For the year ended 30 June 2013

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2012		1,343	16	4,983	54,004	1,490	61,836
Net return on ordinary activities after taxation		–	–	–	6,270	831	7,101
Shares purchased and held in treasury	13	–	–	–	(1,264)	–	(1,264)
Dividends paid during the year	7	–	–	–	–	(886)	(886)
Shareholders' funds at 30 June 2013		**1,343**	**16**	**4,983**	**59,010**	**1,435**	**66,787**

The accompanying notes on pages 35 to 47 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 30 June

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow from operating activities	16		763		744
Servicing of finance					
Interest paid		(130)		(129)	
Net cash outflow from servicing of finance			(130)		(129)
Financial investment					
Acquisitions of investments		(77,153)		(24,073)	
Disposals of investments		87,998		26,243	
Futures contracts		–		(643)	
Realised currency loss		(174)		(28)	
Net cash inflow from financial investment			10,671		1,499
Equity dividends paid	7		(887)		(886)
Net cash inflow before financing			10,417		1,228
Financing					
Shares purchased and held in treasury	13	(10,332)		(1,264)	
Net cash outflow from financing			(10,332)		(1,264)
Increase/(decrease) in cash	17		**85**		**(36)**
Reconciliation of net cash flow to movement in net debt	17				
Increase/(decrease) in cash in the year			85		(36)
Exchange movement on bank loans			169		(144)
Movement in net debt in the year			254		(180)
Net debt at 1 July			(3,868)		(3,688)
Net debt at 30 June			**(3,614)**		**(3,868)**

The accompanying notes on pages 35 to 47 are an integral part of the financial statements.

1. Accounting policies

A summary of the accounting policies, which are unchanged from the prior year and have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments.

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the income statement.

Financial assets and financial liabilities are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be Sterling as the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment.

(b) Investments

Purchases and sales of investments are accounted for on a trade date basis.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed investments is bid value or last traded prices for holdings on certain recognised overseas exchanges.

The fair value of unlisted investments uses valuation techniques, determined by the Directors, based upon latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate.

(c) Derivatives

The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating risk in its investments and protection against currency risk) and to achieve capital growth. Such instruments are recognised on the date of the contract that creates the Company's obligation to pay or receive cash flows and are measured as financial assets or liabilities at fair value at subsequent reporting dates, while the relevant contracts remain open. The fair value is determined by reference to the open market value of the contract.

Where the investment rationale for the use of derivatives is to hedge specific risks pertaining to the Company's portfolio composition, hedge accounting will only be adopted where the derivative instrument relates specifically to a single item, or group of items, of equal and opposite financial exposure, and where the derivative instrument has been explicitly designated as a hedge of such item(s) at the date of initial recognition. In all other circumstances changes in the fair value of derivative instruments are recognised immediately in the income statement as capital or revenue as appropriate.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(e) Income

Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Equity investment income includes distributions from Collective Investment Schemes excluding equalisation, which is treated as a capital item. Unfranked investment income includes the taxes deducted at source. Franked investment income is stated net of tax credits. If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

Interest from fixed interest securities is recognised on an effective interest rate basis.

Underwriting commission and interest receivable on deposits are recognised on an accruals basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows: where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds; and where they are connected with the maintenance or enhancement of the value of investments, in which case they are charged 50:50 to the revenue account and capital reserve. Following a review of the basis of allocation, with effect from 1 July 2014, such costs will be allocated 25:75 to the revenue account and capital reserve.

(g) Finance costs

Loan interest is accounted for on an accruals basis and is allocated 50:50 to the revenue account and capital reserve. Following a review of the basis of allocation, with effect from 1 July 2014, such costs will be allocated 25:75 to the revenue account and capital reserve. Loan breakage costs are charged to the capital reserve.

(h) Deferred taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date, calculated at the current tax rate relevant to the benefit or liability. Deferred tax assets

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Dividend distributions

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

(j) Foreign currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the balance sheet date, with the exception of forward exchange contracts which are valued at the forward rate ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or revenue account as appropriate.

(k) Capital reserve

Gains and losses on sales of investments, exchange differences of a capital nature and the amount by which the fair value of assets and liabilities differs from their book value are dealt with in this reserve. Up to 30 June 2014, 50 per cent of investment management fees and finance costs together with any associated tax relief were allocated to the capital reserve in accordance with the Company's objective of combining capital and income growth. With effect from 1 July 2014, 75 per cent of these costs will be allocated to this reserve. Purchases of the Company's own shares are also funded from this reserve.

(l) Segmental reporting

The Company has only one material segment of business being that of an investment trust company.

2. Income

	2014 £'000	2013 £'000
Income from investments		
Overseas dividends	1,096	781
Franked investment income	266	249
Overseas interest	241	317
Total income	**1,603**	**1,347**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	1,362	1,030
Interest from financial assets designated at fair value through profit or loss	241	317
	1,603	**1,347**

3. Investment management fee

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Investment management fee	178	178	356	161	161	322

Artemis Fund Managers Limited is employed by the Company as Investment Manager and Secretary under a management agreement which is terminable on not less than six months notice, or on shorter notice in certain circumstances. The fee in respect of each quarter is 0.125 per cent of the net assets of the Company attributable to its shareholders on the last day of each month.

4. Other administrative expenses

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
General administrative expenses	141	120	261	158	–	158
Directors' fees (see Directors' Remuneration Report on pages 26 and 27)	76	–	76	76	–	76
Auditor's remuneration for audit services	13	–	13	12	–	12
	230	**120**	**350**	**246**	**–**	**246**

5. Finance costs of borrowings

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Bank loans repayable within five years:						
Interest	65	65	130	64	64	128

6. Tax on ordinary activities

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Overseas taxation	82	–	82	45	–	45
Total tax	**82**	**–**	**82**	**45**	**–**	**45**

	2014 £'000	2013 £'000
The tax charge for the year is lower than the average standard rate of corporation tax in the UK (22.5%). The differences are explained below:		
Net return on ordinary activities before taxation	7,363	7,146
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	1,657	1,697
Effects of:		
Taxable losses in the year not utilised	130	82
Overseas tax - non offsettable	82	45
Income not taxable (UK dividend income)	(60)	(59)
Income not taxable (overseas dividend income)	(243)	(178)
Capital returns not taxable	(1,484)	(1,542)
Current tax charge for the year	**82**	**45**

As an investment trust, the Company's capital returns are not taxable.

The standard rate of corporation tax in the UK changed from 23 per cent to 21 per cent on 1 April 2014.

Factors that may affect future tax charges

At 30 June 2014 the Company had a potential deferred tax asset of £367,000 (2013: £289,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been recognised on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 20 per cent. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7. Ordinary dividends

	2014	2013	2014 £'000	2013 £'000
Amounts recognised as distributions in the year:				
Previous year's final dividend	2.10p	2.00p	550	537
Interim dividend	1.30p	1.30p	337	349
	3.40p	**3.30p**	**887**	**886**

We also set out overleaf the total dividends paid and payable in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £1,048,000 (2013: £831,000).

Notes to the Financial Statements (continued)

7. Ordinary dividends (continued)

	2014	2013	2014 £'000	2013 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share	1.30p	1.30p	337	349
Proposed final dividend per ordinary share	2.50p	2.10p	549	554
	3.80p	**3.40p**	**886**	**903**

8. Net return per ordinary share

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Net return on ordinary activities after taxation	4.08p	24.27p	28.35p	3.11p	23.43p	26.54p

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £1,048,000 (2013: £831,000), and on 25,684,721 (2013: 26,754,925) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £6,233,000 (2013: £6,270,000), and on 25,684,721 (2013: 26,754,925) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

There are no dilutive or potentially dilutive shares in issue.

9. Fixed assets – investments

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with Financial Reporting Standard ('FRS') 29 'Financial Instruments: Disclosures', the following tables provide an analysis of these investments based on the fair value hierarchy described below which reflects the reliability and significance of the information used to measure their fair value.

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Level 1		
Listed equities	66,060	66,087
Listed debt securities	96	2,080
Listed convertible securities	–	56
Level 2		
Listed equities	–	2,061
Unlisted equities quoted on an investment exchange	–	322
Level 3		
Unlisted debt	164	–
Unlisted equities	8	440
Listed debt securities	–	524
Total financial asset investments	**66,328**	**71,570**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Cost of investments held at 1 July 2013	48,365	2,898	1,478	52,741
Investment holding gains and losses at 1 July 2013	19,858	(515)	(514)	18,829
Fair value of investments held at 1 July 2013	68,223	2,383	964	71,570
Movements in year:				
Purchases at cost	75,919	263	423	76,605
Sales – proceeds	(84,808)	(2,825)	(834)	(88,467)
– gains/(losses) on sales	23,168	(336)	(477)	22,355
Effective interest rate adjustment	12	–	7	19
Changes in investment holding gains and losses	(16,358)	515	89	(15,754)
Fair value of investments held at 30 June 2014	**66,156**	**–**	**172**	**66,328**
Cost of investments held at 30 June 2014	62,656	–	597	63,253
Investment holding gains and losses at 30 June 2014	3,500	–	(425)	3,075
Fair value of investments held at 30 June 2014	**66,156**	**–**	**172**	**66,328**

The purchases and sales proceeds figures above include transaction costs of £74,000 on purchases (2013: £60,000) and £48,000 on sales (2013: £85,000), making a total of £122,000 (2013: £145,000).

The gains and losses included in the above table have all been recognised in the income statement on page 31. The Company believes that other reasonably possible alternative valuations for its Level 3 holdings would not be significantly different from those included in the financial statements. During the year, there was a reduction in the value of one Level 3 asset, Ferro Alloy Resources (£416,000).

10. Debtors

	2014 £'000	2013 £'000
Sales for subsequent settlement	469	–
Income accrued (net of overseas withholding tax)	89	44
Other debtors and prepayments	85	32
	643	**76**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of the debtors is a reasonable approximation of fair value.

Notes to the Financial Statements (continued)

11. Creditors – amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans	4,902	–
Purchases for subsequent settlement	320	868
Other creditors and accruals	188	123
Stamp duty on buybacks	7	–
	5,417	**991**

Included in other creditors is £54,000 (2013: £83,000) in respect of the investment management fee.

12. Creditors – amounts falling due after more than one year

	2014 £'000	2013 £'000
Bank loans	–	5,071

For the year ended 30 June 2014, as the loan facilities are due to mature within 12 months of the year end, they have been recognised as amounts falling due within one year in note 11.

Borrowing facilities

Two three-year, fixed rate loan facilities, maturing 20 February 2015, have been arranged with Scotiabank Europe PLC.

At 30 June 2014 and 30 June 2013 drawings were as follows:

– £2.5 million at an interest rate of 2.653 per cent per annum

– €3.0 million at an interest rate of 2.478 per cent per annum

The main covenants relating to the loans are:

(i) Total borrowings shall not exceed 33.33 per cent of the Company's investment portfolio.

(ii) The Company's minimum net asset value shall be £32 million.

13. Called up share capital

	2014 Number	2014 £'000	2013 Number	2013 £'000
Allotted, called up and fully paid ordinary shares of 5 pence each	22,500,461	1,125	26,363,830	1,318
Ordinary shares of 5 pence each held in treasury	4,363,369	218	500,000	25
Total	**26,863,830**	**1,343**	**26,863,830**	**1,343**

The Company is permitted to hold ordinary shares bought back 'in treasury'. Such treasury shares may be subsequently either sold for cash (at, or at a premium to, net asset value per ordinary share) or cancelled. In the year to 30 June 2014 a total of 3,863,369 ordinary shares (2013: 500,000) with a nominal value of £193,000 (2013: £25,000) were bought back at a total cost of £10,339,000 (including stamp duty) (2013: £1,264,000) and are held in treasury.

Under the provisions of the Company's Articles the share buybacks were funded from the capital reserve.

The Company did not allot any ordinary shares during the year ended 30 June 2014 (2013 - nil).

14. Capital and reserves

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 July 2013	1,343	16	4,983	59,010	1,435	66,787
Gains on sales of investments	–	–	–	22,355	–	22,355
Currency gains on bank loans	–	–	–	169	–	169
Finance costs of borrowings	–	–	–	(65)	–	(65)
Other currency losses	–	–	–	(174)	–	(174)
Expenses charged to capital	–	–	–	(298)	–	(298)
Shares purchased and held in treasury	–	–	–	(10,339)	–	(10,339)
Changes in investment holdings gains and losses	–	–	–	(15,754)	–	(15,754)
Revenue return on ordinary activities after taxation	–	–	–	–	1,048	1,048
Dividends paid in the year	–	–	–	–	(887)	(887)
At 30 June 2014	**1,343**	**16**	**4,983**	**54,904**	**1,596**	**62,842**

The capital reserve includes investment holding gains on fixed asset investments of £3,075,000 (2013: £18,829,000) as disclosed in note 9.

The revenue reserve is distributable by way of dividend.

15. Net asset value per ordinary share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2014		2013	
	Net asset value	Net assets £'000	Net asset value	Net assets £'000
Ordinary shares	279.3p	62,842	253.3p	66,787

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2014 £'000	2013 £'000
Total net assets at 1 July	66,787	61,836
Total recognised gains and losses for the year	7,281	7,101
Shares purchased and held in treasury	(10,339)	(1,264)
Dividends paid in the year	(887)	(886)
Total net assets at 30 June	**62,842**	**66,787**

Net asset value per ordinary share is based on net assets as shown above and on 22,500,461 (2013: 26,363,830) ordinary shares, being the number of ordinary shares in issue (excluding treasury shares) at the year end.

Deducting borrowings at fair value (see note 20) would have had the effect of decreasing the net asset value per ordinary share from 279.3 pence to 279.2 pence. Taking the market price of the ordinary shares at 30 June 2014 of 274.5 pence, this would have given a discount to net asset value of 1.7 per cent, the same discount as the net asset value with debt valued at par.

Notes to the Financial Statements (continued)

16. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net return before finance costs and taxation	7,493	7,274
Gains on investments	(6,601)	(7,725)
Losses on futures contracts	–	1,058
Currency losses	5	172
Effective interest rate adjustment	(19)	(39)
(Increase)/decrease in accrued income	(45)	30
(Increase)/decrease in other debtors and prepayments	(53)	8
Increase in creditors	65	14
Overseas tax suffered	(82)	(48)
Net cash inflow from operating activities	**763**	**744**

17. Analysis of change in net debt

	At 1 July 2013 £'000	Cash flows £'000	Currency gains £'000	At 30 June 2014 £'000
Cash at bank and in hand	1,203	85	–	1,288
Bank loans	(5,071)	–	169	(4,902)
	(3,868)	**85**	**169**	**(3,614)**

18. Contingent liabilities, guarantees and financial commitments

At 30 June 2014 and 30 June 2013 the Company had no contingent liabilities, guarantees or financial commitments.

19. Transactions with the Investment Manager and related parties

The amounts paid to the Investment Manager and amounts outstanding at the year end are disclosed in notes 3 and 11, respectively. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under FRS 8 'Related Party Disclosures' the Investment Manager is not considered to be a related party.

20. Financial instruments

As an investment trust, the Company invests in equities and makes other investments so as to meet its investment objective of achieving capital and income growth by investing on a worldwide basis. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposure to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise short term volatility.

The Company may enter into derivative transactions as explained in the investment policy on page 4. There were no derivative transactions in the period under review and there are no open positions at the year end.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements - currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Manager assesses the exposure to market risk when making individual investment decisions and monitors the overall level of market risk across the investment portfolio on an ongoing basis. Details of the Company's investment portfolio is shown in note 9 and on pages 13 to 14.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. The Investment Manager assesses the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

At 30 June 2014	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors £'000	Net exposure £'000
US dollar	25,214	896	–	(137)	25,973
Japanese yen	10,768	–	–	27	10,795
Euro	8,659	–	(2,402)	285	6,542
Singapore dollar	4,336	–	–	–	4,336
Hong Kong dollar	4,324	–	–	21	4,345
Swiss franc	2,049	–	–	21	2,070
Kenyan shilling	1,293	–	–	–	1,293
Turkish lira	822	–	–	–	822
Other overseas currencies	2,214	–	–	3	2,217
Total exposure to currency risk	**59,679**	**896**	**(2,402)**	**220**	**58,393**
Sterling	6,649	392	(2,500)	(92)	4,449
	66,328	**1,288**	**(4,902)**	**128**	**62,842**

At 30 June 2013	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors £'000	Net exposure £'000
US Dollar	17,765	1,169	–	(712)	18,222
Euro	12,499	9	(2,571)	31	9,968
Swiss franc	3,041	–	–	–	3,041
Norwegian krone	2,398	–	–	–	2,398
Japanese yen	2,288	–	–	4	2,292
Turkish lira	2,114	–	–	–	2,114
Brazilian real	1,884	–	–	2	1,886
Kenyan shilling	1,415	–	–	–	1,415
Danish krone	1,264	–	–	–	1,264
South African rand	1,189	–	–	–	1,189
Other overseas currencies	5,782	–	–	–	5,782
Total exposure to currency risk	**51,639**	**1,178**	**(2,571)**	**(675)**	**49,571**
Sterling	19,931	25	(2,500)	(240)	17,216
	71,570	**1,203**	**(5,071)**	**(915)**	**66,787**

Notes to the Financial Statements (continued)

20. Financial instruments (continued)

(i) Currency risk (continued)

Currency risk sensitivity

At 30 June 2014, if sterling had strengthened by 5 per cent in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5 per cent weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statements amounts. The analysis is performed on the same basis for 2013.

	2014 £'000	2013 £'000
US dollar	1,299	911
Japanese yen	540	115
Euro	327	498
Singapore dollar	217	–
Hong Kong dollar	217	–
Swiss franc	104	152
Kenyan shilling	65	71
Turkish lira	41	106
Norwegian krone	–	120
Brazilian real	–	94
Danish krone	–	63
South African rand	–	60
Other overseas currencies	111	289
	2,921	**2,479**

(ii) Interest rate risk

Interest rate movements may affect directly:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of the Company's fixed-rate borrowings; and
- the interest payable on any variable rate borrowings which the Company may take out.

Interest rate movements may also impact the market value of the Company's investments outwith fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The interest rate risk profile of the Company's financial assets and liabilities at 30 June 2014 and 30 June 2013 is shown overleaf.

Financial assets

	2014 Fair value £'000	2014 Weighted average interest rate	2014 Weighted average period until maturity	2013 Fair value £'000	2013 Weighted average interest rate	2013 Weighted average period until maturity
Fixed rate:						
Euro bonds	96	5.0%	0.7 years	1,099	9.3%	4 years
US dollar bonds	–	–	–	1,037	10.4%	8 years
Floating rate:						
Euro bonds (interest rate linked to Euro LIBOR)	–	–	–	304	8.4%	2 years
Fixed interest collective investment schemes:						
K1 Life Settlements 0% 10/08/2016	164	–	N/A	220	–	N/A

The cash deposits generally comprise all call deposits or short term money market deposits with original maturities of less than three months, which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the Bank of England base rate.

Financial liabilities

The interest rate risk profile of the Company's bank loans and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 June 2014 and 30 June 2013 are shown below.

Interest rate exposure

	2014 £'000	2013 £'000
Sterling denominated (fixed rate at 2.653 per cent per annum)	2,500	2,500
Euro denominated (fixed rate at 2.478 per cent per annum)	2,402	2,571
	4,902	**5,071**

Maturity profile

	2014 Within 1 year £'000	2014 Between 1 and 5 years £'000	2013 Within 1 year £'000	2013 Between 1 and 5 years £'000
Repayment of loans	4,902	–	–	5,071
Interest on loans	84	–	130	87
	4,986	**–**	**130**	**5,158**

Interest rate risk sensitivity

As the majority of the Company's financial assets are non-interest bearing and the interest paid on the loans is fixed and the loan is due for repayment within the next 12 months, the exposure to fair value interest rate fluctuations is limited.

Notes to the Financial Statements (continued)

20. Financial instruments (continued)

(iii) Other price risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the index. Investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

Other price risk sensitivity

Fixed asset investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on pages 13 to 14. In addition, an analysis of the investment portfolio by geographical split and broad industrial or commercial sector is given on page 15. A 5 per cent increase in quoted valuations at 30 June 2014 would have increased total assets, and total return on ordinary activities, by £3,308,000 (2013: £3,540,000). A decrease of 5 per cent would have had an equal but opposite effect.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's borrowing facilities are detailed in notes 11 and 12.

Credit risk

This is the risk that the failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

This risk is managed as follows:

- Where the Investment Manager makes an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Company's listed investments are held on its behalf by J.P. Morgan Chase Bank N.A., the Company's Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed. The Investment Manager monitors the Company's risk by reviewing the Custodian's internal control reports and reporting on its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's Custodian ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Manager of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Investment Manager.

Credit risk exposure

The exposure to credit risk at 30 June 2014 and 30 June 2013 was:

	2014 £'000	2013 £'000
Cash and deposits	1,288	1,203
Debtors and prepayments	643	76
Fixed interest investments	260	2,660
	2,191	**3,939**

None of the Company's financial assets are past due or impaired.

Fair value of financial assets and financial liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of borrowings which are stated in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. Short term borrowings have a fair value equal to par.

	2014 Book £'000	2014 Fair £'000	2013 Book £'000	2013 Fair £'000
Fixed rate sterling loan	2,500	2,511	2,500	2,530
Fixed rate euro loan	2,402	2,419	2,571	2,606
Total long term borrowings	**4,902**	**4,930**	**5,071**	**5,136**

Capital management

The capital of the Company is its share capital and reserves as set out in notes 13 and 14 together with its borrowings (see notes 11 and 12). The objective of the Company is to achieve capital and income growth by investing on a worldwide basis. The Company's investment policy is set out on page 4. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 24 and 25. The Company has the ability to issue and buy back its shares (see pages 19 and 20) and changes to the share capital during the year are set out in notes 13 and 15. The Company does not have any externally imposed capital requirements other than the covenants on its loan which are detailed in note 12.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Mid Wynd International Investment Trust PLC will be held at 42 Melville Street, Edinburgh EH3 7HA on Monday, 27 October 2014 at 12.00 noon (the 'Meeting') for the following purposes:

Ordinary Business

To consider and, if thought fit, pass Resolutions 1 to 9 (inclusive) which will be proposed as ordinary resolutions:

1. To receive and adopt the Annual Report and Financial Statements of the Company for the financial year ended 30 June 2014 together with the Report of the Directors.
2. To approve the Directors' Remuneration Report for the financial year ended 30 June 2014.
3. To approve the Directors' Remuneration Policy.
4. To declare a final dividend of 2.50 pence per ordinary share for the financial year ended 30 June 2014.
5. To re-elect Richard Burns as a Director of the Company.
6. To re-elect Malcolm Scott QC as a Director of the Company.
7. To reappoint Scott-Moncrieff as Independent Auditor of the Company to hold office from the conclusion of the Meeting until the conclusion of the next meeting at which the financial statements are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Independent Auditor.
9. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for ordinary shares in the Company (such shares and rights together being 'Securities') up to an aggregate nominal value of £365,734, being equal to approximately 33.3 per cent of the Company's issued share capital as at 9 September 2014, to such persons and on such terms as the Directors may determine, such authority to expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require shares to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant shares in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass Resolutions 10 to 12 as special resolutions:

10. That, subject to the passing of Resolution 9 above (the 'Section 551 Resolution'), and in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act), for cash pursuant to the Section 551 Resolution or by way of a sale of treasury shares, in each case as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:
    (a) shall be limited to the allotment of equity securities in connection with an offer of such securities to the holders of shares in the capital of the Company in proportion (as nearly as may be) to their respective holdings of such shares but subject to such exclusions, limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or any legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever; or
    (b) shall be limited to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) of this resolution) up to an aggregate nominal value of £109,830 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 9 September 2014; and
    (c) expires at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, save that the Company may, before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised pursuant to Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of any of its ordinary shares in the capital of the Company in such manner and upon such terms as the Directors of the Company may from time to time determine, provided that:

   (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 3,292,706, or, if less, the number representing approximately 14.99 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at the date on which this resolution is passed;

   (b) the minimum price (excluding expenses) which may be paid for any ordinary share is the nominal value thereof;

   (c) the maximum price (excluding expenses) which may be paid for any ordinary share shall not be more than the higher of:

      (i) 5 per cent above the average closing price of an ordinary share on the London Stock Exchange over the five business days immediately preceding the date of purchase; and

      (ii) the higher of the price of the last independent trade in ordinary shares and the highest current independent bid for such shares on the London Stock Exchange; and

   (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company held after the passing of this resolution, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

Special Business

12. That the draft regulations produced to the meeting, and, for the purposes of identification, initialled by the Chairman of the meeting, be adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the existing Articles of Association of the Company.

By order of the Board

Artemis Fund Managers Limited
Company Secretary
9 September 2014

Registered Office:
Cassini House
57 St James's Street
London SW1A 1LD

Notice of Annual General Meeting (continued)

Notes

1. Information about the Meeting is available on the Company's page of the Investment Manager's website at midwynd.co.uk.

2. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A proxy need not be a shareholder of the Company.

3. A Form of Proxy is enclosed and to be valid must be lodged with the Registrar of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or eproxyappointment.com so as to arrive not later than 48 hours, excluding non-working days, before the time set for the Meeting, or any adjourned meeting. Any Power of Attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the Meeting in person.

4. The right to vote at the Meeting is determined by reference to the Register of Members of the Company as at the close of business on 23 October 2014. Changes to entries on the Register of Members after the close of business on 23 October 2014 shall be disregarded in determining the rights of any shareholder to attend and vote at the Meeting.

5. As a shareholder, you have the right to put questions at the Meeting relating to the business being dealt with at the Meeting.

6. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a 'Nominated Person') may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2 and 3 above does not apply to Nominated Persons. The rights described in these Notes can only be exercised by shareholders of the Company.

7. As at 9 September 2014, the latest practicable date before publication of this document, the Company had 21,966,021 ordinary shares (excluding treasury shares) of 5 pence each in issue. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9 September 2014 is 21,966,021.

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual on the Euroclear website at euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the Meeting. For this purpose the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. No Director has a contract of service with the Company. Copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting.

13. It is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act.

    The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

Information for Shareholders

Buying shares in the Company

The Company's ordinary shares are traded on the London Stock Exchange and can be bought or sold through a stockbroker. Find out more at midwynd.co.uk.

Investors can also buy ordinary shares in the Company through the product range offered by Alliance Trust Savings, which includes an investment dealing account, a stocks and shares ISA and a SIPP. Further information can be found at alliancetrustsavings.co.uk.

Company numbers:

London Stock Exchange (SEDOL) number: B6VTTK0

ISIN number: GB00B6VTTK07

Ticker: MWY

Capital Gains Tax

For Capital Gains Tax indexation purposes, the market value of an ordinary share in the Company as at 31 March 1982 was 52 pence. The equivalent price, adjusted for the five for one share split in October 2011, is 10.4 pence.

Share register enquiries

Computershare maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrar on 0870 707 1186. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance;
- confirm your payment history; and
- order Change of Address forms, Dividend Bank Mandates and Stock Transfer forms.

By quoting the reference number on your share certificate you can also check your holding on the Registrar's website at investorcentre.co.uk.

It also offers a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

To take advantage of this service, please log in at investorcentre.co.uk. You will need your Shareholder Reference Number and Company Code to do this (this information can be found on the last dividend voucher or your share certificate).

Dividend reinvestment plan

Computershare operates a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Electronic proxy voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at eproxyappointment.com. If you have any questions about this service please contact Computershare on 0870 707 1186.

IFAs and retail investors

The Company currently conducts its affairs so that the shares in issue can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's ('FCA's') rules in relation to non-mainstream investment products and intends to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Further information on the Company

The Company's net asset value is calculated daily and released to the London Stock Exchange. The share prices are listed in the Financial Times and also on the TrustNet website (trustnet.com). Up-to-date information can be found on the Investment Manager's website (midwynd.co.uk), including a factsheet which is updated monthly. Shareholders can also contact the Chairman to express any views on the Company or to raise any questions they have using the e-mail address: richard.burns@artemisfunds.com.

Reporting calendar

Year End

30 June

Results announced

Interim: February

Annual: September

Dividends Payable

April and October

Annual General Meeting

October

Investment Manager, Company Secretary and Advisers

Registered office
42 Melville Street
Edinburgh EH3 7HA

Website: midwynd.co.uk

Investment Manager, Alternative Investment Fund Manager and Company Secretary
Artemis Fund Managers Limited
Cassini House
57 St James's Street
London SW1A 1LD

The Investment Manager is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS

Tel: 0800 092 2051
Email: investor.support@artemisfunds.com
Website: artemis.co.uk

Administrator
J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Registrar
Computershare Investor Services PLC
The Pavillions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0870 707 1186

Depositary
J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Banker & Custodian
J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Auditor
Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh EH3 8BL

Broker
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

ARTEMIS
The Profit Hunter