

Mid Wynd  
International  
Investment Trust *PLC*

Half-Yearly Financial Report  
for the six months ended  
31 December 2016



**ARTEMIS**  
The PROFIT Hunter

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## Objective and investment policy

The objective of the Company is to achieve capital and income growth by investing on a worldwide basis.

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% of the portfolio. The Company will not invest more than 15% of its gross assets in UK listed investment companies. 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).

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.

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

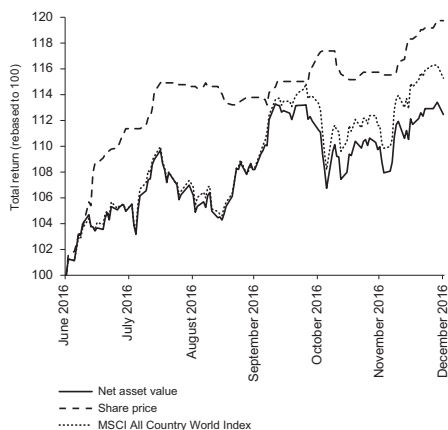
While there is a comparative index for the purpose of measuring performance, little attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. A long term view is taken and there may be periods when the net asset value per share declines in absolute terms and relative to the comparative index.

## Financial highlights

	Six months ended 31 December 2016	Six months ended 31 December 2015
<b>Total returns</b>		
Net asset value per share	12.5%	5.1%
Share price	19.7%	4.1%
MSCI All Country World Index	15.3%	1.5%
<b>Revenue and dividends</b>		
Revenue earnings per share	1.66p	2.01p
Dividend per share*	1.70p	1.65p
Ongoing charges	0.7%	0.7%
<b>Capital</b>	As at 31 December 2016	As at 31 December 2015
Net asset value per share	412.89p	336.61p
Share price	418.50p	340.50p
Gearing	2.6%	0.0%

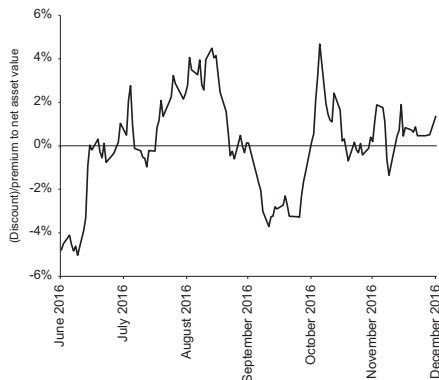
\* The interim dividend for the six months to 31 December 2016 will be paid on 7 April 2017 to shareholders on the register at the close of business on 10 March 2017.

### Performance for the six months ended 31 December 2016



Source: Datastream/Morningstar.

### (Discount)/premium during the six months ended 31 December 2016



Source: Datastream/Morningstar.

Total returns to 31 December 2016	Since 1 May 2014**	3 years	5 years
Net asset value per share	56.1%	51.8%	101.4%
Share price	60.2%	56.6%	102.1%
MSCI All Country World Index	46.9%	47.0%	96.8%

Source: Artemis/Datastream.

\*\* The date when Artemis was appointed as Investment Manager.

## Chairman's statement

### Board changes

In my first report to shareholders as Chairman following Richard Burns' retirement at the end of the Annual General Meeting held on 7 November 2016, I would like to thank him on behalf of the Board for his outstanding service to the Company. He was an advisor to the Company before its flotation in 1981, served as a Director thereafter, acted as Fund Manager and became Chairman in 2011. Over the years, his guidance, insight and wisdom made an invaluable contribution. We shall miss him and wish him well for the future.

At the time of Richard's retirement, the Board appointed David Kidd as a non-executive independent Director of the Company. He has considerable experience in investment management and as a director of investment trusts. We look forward to working with him.

### Performance

Over the six months to 31 December 2016 the Company's net asset value, on a capital return basis, increased by 11.7% to 412.89 pence per share and its share price increased by 18.9% to 418.50 pence per share. This compares with the capital return of 14.3% from the MSCI All Country World Index. The shares outperformed the net asset value and index during the period, reflecting the re-rating of the shares and the reversal of the discount to net asset value that existed at the end of June, following the EU referendum result. The shares ended the period at a premium of 1.4% to the net asset value. This compares to a discount of 4.8% as at 30 June 2016.

The net asset value total return for the period, which is based on the combination of capital appreciation and dividends (assuming dividends are re-invested), was 12.5%, compared to the total return of 15.3% produced by the MSCI All

Country World Index. While the net asset value underperformed the index for the period, the Company's longer term returns remain strong with the net asset value outperforming the index by 9.2 percentage points (net asset value total return of 56.1% versus 46.9% from the index) since Artemis' appointment as Investment Manager on 1 May 2014.

### Revenue account and dividend

For the six months ended 31 December 2016 the Company had a revenue return of 1.66 pence per share. An interim dividend of 1.70 pence per share, 3% higher than last year's equivalent (2016: 1.65 pence), will be paid on 7 April 2017 to shareholders on the register on 10 March 2017, with an ex-dividend date of 9 March 2017.

The Company's Registrar offers a Dividend Reinvestment Plan; the final date for shareholders to elect to participate for this dividend is 17 March 2017.

### Share capital

With the reversal of the discount to net asset value during July 2016, demand for the Company's shares resulted in 1,030,000 new shares being issued in the period. These shares were issued at a premium to the prevailing net asset value, resulting in a small accretion of value to the net asset value for existing shareholders, and generated £4.1 million of new capital for the Company.

In addition, 260,116 new shares were issued to Drumeldrie Investments Limited, in exchange for £1.0 million on 30 September 2016. This represents the final issue of shares to Drumeldrie. In aggregate, across all four tranches, this transaction resulted in the issue of 1,158,122 shares, in exchange for total proceeds of £4.1 million.

## Chairman's statement (continued)

Since the end of the period, a further 350,000 new shares have been issued, at a premium to net asset value, to meet continuing demand for the Company's shares in the market, raising a further £1.5 million.

### Outlook

Following a long period of sluggish growth, the global economy is accelerating again. With this faster growth we can expect rising inflation and higher interest rates. Indeed, we are already seeing some evidence of this. As the Investment Manager looks for companies with strong market positions and balance sheets, operating in sectors with attractive, long term growth prospects, it is hoped the portfolio will benefit over the long term from this economic growth and provide shareholders with some protection against inflation. At the same time, these attributes are expected to provide a degree of capital protection for shareholders in the event of any market turbulence.

### Keep up-to-date...

Shareholders can keep up to date with developments between formal reports by visiting [midwynd.co.uk](http://midwynd.co.uk), where you will find information on the Company and a factsheet that is updated each month. In addition, the Board is always keen to hear from shareholders. Should you wish, you can e-mail me at [midwyndchairman@artemisfunds.com](mailto:midwyndchairman@artemisfunds.com).

**Malcolm Scott**  
Chairman

27 February 2017

## Investment Manager's review

### Review of period

The second half of 2016 saw a sharp change in market conditions. Although the end of very low interest rates and bond yields has been in prospect for some years, it took the surprise election of Donald Trump to trigger a sharp rise in US bond yields. In equity markets, the fall in bond prices pulled down valuations of utilities and property, whilst boosting the banks. Over the summer we shifted the portfolio to benefit from this change. US bank shares seemed modestly valued compared with their asset values and their profitability was improving. We also took further profits in a number of companies where growth prospects were modest and whose valuations had become stretched.

### Performance

The Company performed well despite the unexpected political developments but lagged the index following its strong run higher after Mr Trump's victory. Our holdings in Asia have been particularly subdued in the last couple of months, but we believe they offer very good value for 2017. Overall, the Company's net asset value total return was 12.5% during the period, compared with the 15.3% gain in the MSCI All Country World Index.

### Five largest stock contributors

Company	Theme	Contribution (%)
Charles Schwab	Online Services	1.0
Time Warner	Media Content	0.9
LVMH	Emerging Market Consumer	0.8
J.P. Morgan Chase	Bank Regulation	0.7
Prudential	Retiree Spending Power	0.6

### Five largest stock detractors

Company	Theme	Contribution (%)
DeNA	Media Content	(0.5)
Publicis	Media Content	(0.2)
China Mobile	Media Content	(0.2)
Avangrid	Low Carbon World	(0.2)
Essilor International	Emerging Market Consumer	(0.1)

### Artemis' investment process

The aim of our thematic approach to portfolio construction is to identify areas of commercial growth around the world and invest in companies that trade on attractive valuations and give the Company exposure to this growth. We select high quality companies, with proven profitability and high levels of cash generation, preferring businesses with strong balance sheets and those that have established strong barriers to entry. Such companies sometimes lag equity markets when they recover, but they protect capital well when economic conditions become more testing. Our strict valuation discipline also helps us to identify opportunities within our themes across regions, and this inevitably leads to additional portfolio turnover. Over time, we have found this investment approach provides a solid framework to deliver consistent returns to investors.

### Current investment themes

**Online Services** (18.1% of investments) – Most of our higher growth investments continued to perform well, with Amazon.com, Alphabet, Tencent Holdings and Priceline Group all meeting the market's expectations. We sold Facebook during the period as we became sceptical about whether its campaigns are proving sufficiently effective to keep attracting more advertising revenue.

**Media Content** (13.0% of investments) – Investors have become concerned that viewers are spending more and more time online. While this may be true of the young (and of the inhabitants of Wall Street), many consumers still watch numerous hours of regular television and quality programming increasingly attracts a

## Investment Manager's review (continued)

global audience. We have added to this out-of-favour theme and were rewarded when Time Warner, one of our largest holdings, was bid for by AT&T. Our investments in programme makers such as Time Warner, Walt Disney and ITV give the Company exposure to the growing demand for entertainment worldwide, whether paid for by advertising or by subscription.

**Emerging Market Consumer** (12.4% of investments) and **Frontier Investments** (0.2% of investments) – Emerging markets bounced back during the period, helped by recovering commodity prices. Our exposure to China performed well as underlying growth continued to be strong and the much-rumoured debt calamity failed to occur. We have reduced our exposure to this theme as emerging countries and their currencies seldom do well when US interest rates rise.

**Bank Regulation** (11.5% of investments) – We have invested in a range of US financial companies over the last six months. We expect they will benefit from rising US interest rates and they were trading on modest valuations. Banks generally have very stable franchises based on customer relationships, but earnings that can vary with economic conditions. We believe that the larger US banks have paid the bulk of their fines, reduced their risks, have more substantial capital backing and better compliance. Finally, their prospects are improving as interest rates rise. The situation in Europe is also improving, albeit from a darker place, with the main Italian banks finally refinancing. Whilst prospects for improving returns from European banks still seem less compelling, their improved stability is helpful for the financial sector globally. The recent announcement by President Trump that the Dodd Frank legislation will be simplified suggests that US banks will gain a competitive advantage while European banks continue to resolve outstanding issues from 2008.

**Healthcare Costs** (11.1% of investments) – We continued to trim our exposure to healthcare as President Trump seems keen to attack costs in the system. Wall Street had been more concerned about the prospect of a Clinton presidency on this score, but Mr Trump's recent rhetoric seems no better. It is interesting to see that new drug

approvals in the US have been dropping in number. Our investments are in companies able to offer high quality care at affordable prices and, despite budgetary pressures, these businesses seem to be growing nicely.

**Retiree Spending Power** (10.7% of investments) – Some investments in this theme were seen as highly valued and this was a headwind for returns from this theme during the period. The prospects for Nike seem better for the year ahead, however, and we have added to this holding.

**Tourism** (8.4% of investments) – Our tourism theme has been quiet during the period, despite tourist numbers rising steadily in Asia. The falling yen should benefit the Company's holding in Japan Airport Terminal and see Chinese tourists return in numbers in 2017.

**High Quality Assets** (6.4% of investments) – This part of the portfolio contains companies which trade at modest valuations compared with their underlying assets. Over recent months we have reduced the Company's holdings in property companies as they tend to struggle when interest rates rise – and we have added holdings in Japan such as Mitsubishi Heavy Industries which owns stakes in many of the world's best mines. Its investments in coal are especially profitable with demand from China growing as it tries to improve the quality of its domestic steel production.

**Energy in a Gas Glut** (4.6% of investments) – This theme saw the most change following Mr Trump's election. The US is a signatory to the Paris global climate change agreements and the country was promoting the development of renewable energy. These initiatives now seem likely to be reversed, so we have sold the Company's US utility holdings. Over the summer we invested in some leading oil fracking companies, which had reduced costs sufficiently to cope with oil prices at lower levels. The recent production cuts agreed to by Opec have, however, driven oil prices to a level where US fracking may recover, eventually leading to oil price weakness – so we have started taking profits.



**Scientific Equipment** (3.6% of investments) – We took profits in Eurofins Scientific and PerkinElmer during the period as reduced spending on drug research could slow this sector's growth in the medium term. We have invested in Shimadzu in Japan which offers similar exposure but on a more modest valuation.

## Thematic attribution

Theme	Contribution (%)
Online Services	3.8
Emerging Market Consumer	1.8
Bank Regulation	1.8
Retiree Spending Power	1.5
Healthcare Costs	1.2
Media Content	1.0
Scientific Equipment	0.9
Tourism	0.7
Energy in a Gas Glut	0.5
High Quality Assets	0.1
Frontier Investments	(0.1)

## Regional attribution

Region	Contribution (%)
North America	9.7
Emerging	1.0
UK	1.0
Europe	0.8
Japan	0.8
Developed Asia	(0.1)

## Outlook

We are finally seeing the end of artificially low interest rates. Very low rates were introduced following the financial crisis so that bank failures did not provoke a wider crisis. Very low rates tend to result in rising asset prices, but also penalise savers. Some advocates of lower rates hoped that they would encourage higher rates of growth and job creation, but the example of quantitative easing in Japan suggested these hopes were misplaced. This has proven to be the case in Europe, where economic growth remains subdued.

The US has seen steady growth and world trade also now seems to be growing more healthily. This seems a curious moment to introduce

growth-oriented policies in the US, especially tax cuts, but equity markets will, no doubt, enjoy them. Perhaps Mr Trump won the US election through being the 'least bad' candidate, rather than through coherent policies, but some of his growth-oriented rhetoric is now being echoed by mainstream politicians in Europe looking to head off the rise of populist parties. A move away from austerity towards growth policies seems the likely background for 2017; the exception will presumably be Japan which will persist with low rates until deflation has clearly been eliminated. The UK is in a strange period. The Bank of England is determined to keep rates low, despite inflation rising steadily due to the fall in sterling.

Equity markets tend to enjoy growth policies and the cash earnings of more economically sensitive sectors of the market are likely to rise. These cyclical sectors, out of favour for most of the last six years, may overshadow less economically sensitive sectors which had led the bull run – such as consumer staples and property companies. Some of the latter are currently regarded as 'quality' stocks which should never be sold. Such convictions may prove similar to the cult of holding technology shares in the late 1990s. Conversely, bank shares, which some investors say they will never own, may now be rather safer, if duller, investments than they were in the mid-2000s. The market always has, and always will, have its phases and cycles. We feel we are now at the start of a very different phase from the one we enjoyed earlier this decade.

Markets will, no doubt, continue to be volatile and political developments unpredictable. The Company's portfolio, however, consists of high quality companies trading on modest valuations and operating in growing areas of the world economy. We believe that, over the medium term, these investments will continue to produce healthy growth in shareholders' wealth in real terms.

**Simon Edelsten, Alex Illingworth & Rosanna Burcheri**

**Fund managers**

## Investments

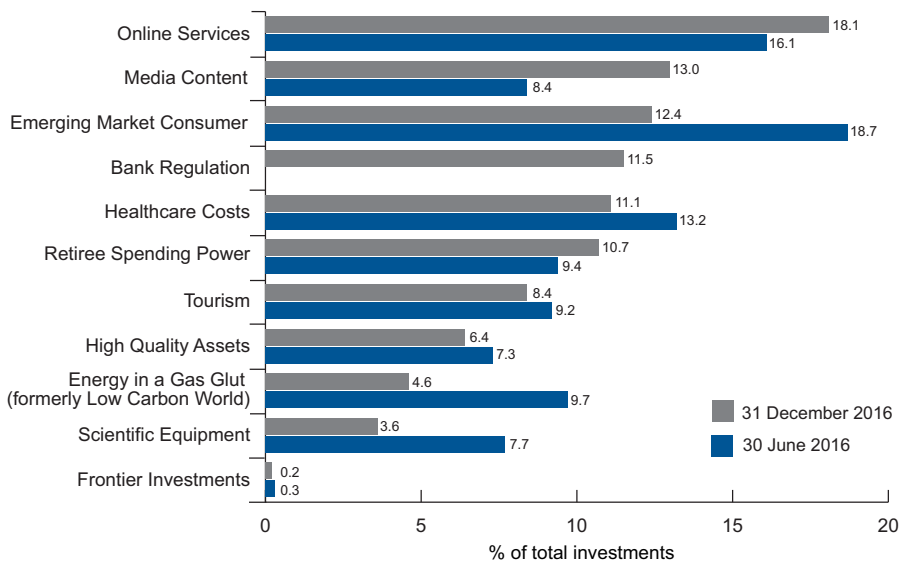
Investment	Region	Industry	Theme	Market Value £'000	% of total net assets
<b>Equities</b>					
J.P. Morgan Chase	North America	Financials	Bank Regulation	3,912	3.1
Alphabet	North America	Information Technology	Online Services	3,442	2.7
Citigroup	North America	Financials	Bank Regulation	3,418	2.7
Microsoft	North America	Information Technology	Online Services	3,254	2.6
Amazon.com	North America	Consumer Discretionary	Online Services	3,173	2.5
Fresenius Medical Care	Europe	Health Care	Healthcare Costs	3,122	2.5
LVMH	Europe	Consumer Discretionary	Emerging Market Consumer	3,097	2.5
Walt Disney	North America	Consumer Discretionary	Media Content	2,975	2.4
Mastercard	North America	Information Technology	Online Services	2,873	2.3
Prudential	UK	Financials	Retiree Spending Power	2,855	2.3
<b>Top 10 investments</b>				<b>32,121</b>	<b>25.6</b>
Boston Scientific	North America	Health Care	Healthcare Costs	2,827	2.3
Verizon	North America	Telecommunication Services	Online Services	2,700	2.2
Time Warner	North America	Consumer Discretionary	Media Content	2,655	2.1
HSBC	UK	Financials	Emerging Market Consumer	2,625	2.1
Zimmer Biomet Holdings	North America	Health Care	Retiree Spending Power	2,614	2.1
Swiss Prime Site	Europe	Real Estate	High Quality Assets	2,613	2.1
Thermo Fisher Scientific	North America	Health Care	Scientific Equipment	2,551	2.0
Essilor International	Europe	Health Care	Emerging Market Consumer	2,548	2.0
Fifth Third Bank	North America	Financials	Bank Regulation	2,538	2.0
Comerica	North America	Financials	Bank Regulation	2,529	2.0
<b>Top 20 investments</b>				<b>58,321</b>	<b>46.5</b>
Nike	North America	Consumer Discretionary	Retiree Spending Power	2,463	2.0
Kikkoman	Japan	Consumer Staples	Emerging Market Consumer	2,407	1.9
Credit Suisse	Europe	Financials	Bank Regulation	2,402	1.9
Tencent Holdings	Emerging	Information Technology	Online Services	2,362	1.9
Lamar Advertising (REIT)	North America	Real Estate	Media Content	2,353	1.9
China Mobile	Emerging	Telecommunication Services	Media Content	2,242	1.8
Equifax	North America	Industrials	Online Services	2,236	1.8
Priceline Group	North America	Consumer Discretionary	Online Services	2,210	1.8
ITV	UK	Consumer Discretionary	Media Content	2,205	1.7
Pioneer Natural Resources	North America	Energy	Energy in a Gas Glut	2,189	1.7
<b>Top 30 investments</b>				<b>81,390</b>	<b>64.9</b>
Agricultural Bank of China	Emerging	Financials	Emerging Market Consumer	2,178	1.7
Asics	Japan	Consumer Discretionary	Retiree Spending Power	2,152	1.7
Shimadzu	Japan	Information Technology	Scientific Equipment	2,038	1.6
EOG Resources	North America	Energy	Energy in a Gas Glut	2,038	1.6

Investment	Region	Industry	Theme	Market Value £'000	% of total net assets
Dufry	Europe	Consumer Discretionary	Tourism	2,024	1.6
Samsonite International	Developed Asia	Consumer Discretionary	Tourism	1,938	1.6
Time	North America	Consumer Discretionary	Media Content	1,899	1.5
China Life Insurance	Emerging	Financials	Retiree Spending Power	1,891	1.5
Premier	North America	Health Care	Healthcare Costs	1,876	1.5
Japan Airport Terminal	Japan	Industrials	Tourism	1,859	1.5
<b>Top 40 investments</b>				<b>101,283</b>	<b>80.7</b>
Quintiles IMS	North America	Health Care	Healthcare Costs	1,819	1.5
Shimano	Japan	Consumer Discretionary	Retiree Spending Power	1,816	1.4
Mitsubishi Heavy Industries	Japan	Industrials	High Quality Assets	1,760	1.4
Weir Group	UK	Industrials	Energy in a Gas Glut	1,715	1.4
Walgreens Boots Alliance	North America	Consumer Staples	Healthcare Costs	1,712	1.4
Secure Income (REIT)	UK	Real Estate	High Quality Assets	1,624	1.3
Yamaha	Japan	Consumer Discretionary	Emerging Market Consumer	1,568	1.2
Medipal Holdings	Japan	Health Care	Healthcare Costs	1,511	1.2
Colgate Palmolive	North America	Consumer Staples	Emerging Market Consumer	1,510	1.2
Biogen	North America	Health Care	Healthcare Costs	1,495	1.2
<b>Top 50 investments</b>				<b>117,813</b>	<b>93.9</b>
Beijing Capital International Airport	Emerging	Industrials	Tourism	1,431	1.2
Airports of Thailand	Emerging	Industrials	Tourism	1,300	1.0
DeNA	Japan	Information Technology	Media Content	1,249	1.0
Toyota Industries	Japan	Consumer Discretionary	High Quality Assets	1,231	1.0
Scentre Group (REIT)	Developed Asia	Real Estate	Tourism	1,177	0.9
World Wrestling Entertainment	North America	Consumer Discretionary	Media Content	1,167	0.9
Sydney Airport	Developed Asia	Industrials	Tourism	1,131	0.9
LINE	Japan	Information Technology	Online Services	1,064	0.9
Kinden	Japan	Industrials	High Quality Assets	1,021	0.8
East African Breweries	Emerging	Consumer Staples	Frontier Investments	302	0.2
<b>Top 60 investments</b>				<b>128,886</b>	<b>102.7</b>
Ferro Alloy Resources <sup>1</sup>	Emerging	Materials	–	–	–
NBNK Investments (Warrants) <sup>1</sup>	UK	Financials	–	–	–
<b>Total investments (62)</b>				<b>128,886</b>	<b>102.7</b>
Net current assets (excluding credit facility)				5,762	4.6
Amount drawn on credit facility				(9,121)	(7.3)
<b>Total net assets</b>				<b>125,527</b>	<b>100.0</b>

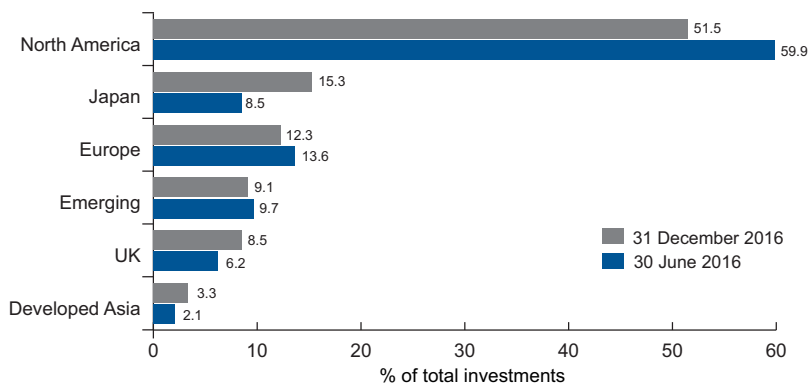
<sup>1</sup> Unquoted security.

## Thematic and regional analysis of investments

### Thematic analysis



### Regional analysis



## Responsibility statement of the Directors in respect of the Half-Yearly Financial Report

The Directors confirm that to the best of their knowledge, in respect of the Half-Yearly Financial Report for the six months ended 31 December 2016:

- the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard ('FRS') 104: 'Interim Financial Reporting';
- having considered the expected cash flows and operational costs of the Company for the 18 months from the period end, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis of accounting continues to be used in the preparation of the Half-Yearly Financial Report;
- the Chairman's statement to shareholders and Investment Manager's review includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on

the financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

The Half-Yearly Financial Report for the six months ended 31 December 2016 was approved by the Board and the above responsibility statement has been signed on its behalf by:

**Malcolm Scott**  
Chairman

27 February 2017

## Condensed statement of comprehensive income

	Note	For the six months ended 31 December 2016 (unaudited)			For the six months ended 31 December 2015 (unaudited)			For the year ended 30 June 2016 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on sales of investments		–	13,862	13,862	–	4,298	4,298	–	13,918	13,918
Currency losses		–	(372)	(372)	–	(293)	(293)	–	(570)	(570)
Income		759	–	759	760	–	760	2,107	–	2,107
Investment management fee		(76)	(228)	(304)	(53)	(160)	(213)	(113)	(340)	(453)
Other expenses		(94)	(10)	(104)	(103)	(10)	(113)	(200)	(20)	(220)
<b>Return before finance costs and taxation</b>		<b>589</b>	<b>13,252</b>	<b>13,841</b>	<b>604</b>	<b>3,835</b>	<b>4,439</b>	<b>1,794</b>	<b>12,988</b>	<b>14,782</b>
Finance costs of borrowings		(15)	(45)	(60)	(9)	(27)	(36)	(20)	(60)	(80)
<b>Return on ordinary activities before taxation</b>		<b>574</b>	<b>13,207</b>	<b>13,781</b>	<b>595</b>	<b>3,808</b>	<b>4,403</b>	<b>1,774</b>	<b>12,928</b>	<b>14,702</b>
Taxation on ordinary activities		(78)	–	(78)	(79)	–	(79)	(214)	–	(214)
<b>Return on ordinary activities after taxation</b>		<b>496</b>	<b>13,207</b>	<b>13,703</b>	<b>516</b>	<b>3,808</b>	<b>4,324</b>	<b>1,560</b>	<b>12,928</b>	<b>14,488</b>
<b>Return per share</b>	<b>2</b>	<b>1.66p</b>	<b>44.13p</b>	<b>45.79p</b>	<b>2.01p</b>	<b>14.83p</b>	<b>16.84p</b>	<b>5.78p</b>	<b>47.94p</b>	<b>53.72p</b>

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 period.

The return for the period disclosed above represents the Company's total comprehensive income.

## Condensed statement of financial position

	Note	As at 31 December 2016 (unaudited) £'000	As at 31 December 2015 (unaudited) £'000	As at 30 June 2016 (audited) £'000
<b>Non current assets</b>				
Investments	5	128,886	89,930	108,969
<b>Current assets</b>				
Debtors		168	193	1,669
Cash and cash equivalents		5,800	6,811	4,427
		5,968	7,004	6,096
<b>Creditors</b>				
Amounts falling due within one year	4	(9,327)	(5,459)	(7,439)
<b>Net current (liabilities)/assets</b>		(3,359)	1,545	(1,343)
<b>Total net assets</b>		<b>125,527</b>	<b>91,475</b>	<b>107,626</b>
<b>Capital and reserves</b>				
Share capital	6	1,520	1,359	1,456
Capital redemption reserve		16	16	16
Share premium		20,087	8,739	15,205
Capital reserve		102,167	79,840	88,851
Revenue reserve		1,737	1,521	2,098
<b>Shareholders' funds</b>		<b>125,527</b>	<b>91,475</b>	<b>107,626</b>
<b>Net asset value per share</b>		<b>412.89p</b>	<b>336.61p</b>	<b>369.70p</b>

## Condensed statement of changes in equity

	Note	For the six months ended 31 December 2016 (unaudited)					
		Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve <sup>1,2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2016		1,456	16	15,205	88,851	2,098	107,626
Return on ordinary activities after taxation		–	–	–	13,207	496	13,703
Transfer of prior year expenses related to issue of the prospectus		–	–	(109)	109	–	–
Expenses related to issue of the prospectus		–	–	(2)	–	–	(2)
Expense related to listing of shares		–	–	(21)	–	–	(21)
Issue of new shares	6	64	–	5,014	–	–	5,078
Dividend paid		–	–	–	–	(857)	(857)
<b>Shareholders' funds at 31 December 2016</b>		<b>1,520</b>	<b>16</b>	<b>20,087</b>	<b>102,167</b>	<b>1,737</b>	<b>125,527</b>

	Note	For the six months ended 31 December 2015 (unaudited)					
		Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve <sup>1,2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2015		1,343	16	6,650	71,146	1,686	80,841
Return on ordinary activities after taxation		–	–	–	3,808	516	4,324
Issue of new shares	6	16	–	1,010	–	–	1,026
Issue of shares from treasury	6	–	–	1,079	4,886	–	5,965
Dividend paid		–	–	–	–	(681)	(681)
<b>Shareholders' funds at 31 December 2015</b>		<b>1,359</b>	<b>16</b>	<b>8,739</b>	<b>79,840</b>	<b>1,521</b>	<b>91,475</b>

	Note	For the year ended 30 June 2016 (audited)					
		Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve <sup>1,2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2015		1,343	16	6,650	71,146	1,686	80,841
Return on ordinary activities after taxation		–	–	–	12,928	1,560	14,488
Issue of new shares	6	113	–	7,476	–	–	7,589
Expenses related to issue of the prospectus		–	–	–	(109)	–	(109)
Issue of shares from treasury	6	–	–	1,079	4,886	–	5,965
Dividends paid		–	–	–	–	(1,148)	(1,148)
<b>Shareholders' funds at 30 June 2016</b>		<b>1,456</b>	<b>16</b>	<b>15,205</b>	<b>88,851</b>	<b>2,098</b>	<b>107,626</b>

<sup>1</sup> Capital reserve as at 31 December 2016 includes unrealised gains of £15,799,000 (31 December 2015: £6,400,000; 30 June 2016: £14,627,000).

<sup>2</sup> These reserves form the distributable reserves of the Company.



## Condensed statement of cash flows

	Note	For the six months ended 31 December 2016 (unaudited) £'000	For the six months ended 31 December 2015 (unaudited) £'000	For the year ended 30 June 2016 (audited) £'000
<b>Cash used in operations</b>		556	308	916
Interest received		12	5	15
Interest paid		(60)	(36)	(80)
<b>Net cash generated from operating activities</b>		508	277	851
<b>Cash flow from investing activities</b>				
Purchase of investments		(96,707)	(48,806)	(130,162)
Sale of investments		90,066	43,553	115,732
Realised currency gains		270	–	244
<b>Net cash used in investing activities</b>		(6,371)	(5,253)	(14,186)
<b>Cash flow from financing activities</b>				
Issue of new shares	6	5,078	1,026	7,589
Drawdown of credit facility		3,205	–	–
Issue of shares from treasury	6	–	5,965	5,965
Expenses related to issue of the prospectus		(5)	–	(106)
Expense related to listing of shares		(21)	–	–
Dividends paid		(857)	(681)	(1,148)
<b>Net cash generated from financing activities</b>		7,400	6,310	12,300
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,537</b>	<b>1,334</b>	<b>(1,035)</b>
<b>Cash and cash equivalents at start of the period</b>		4,427	5,460	5,460
Increase/(decrease) in cash in the period		1,537	1,334	(1,035)
Unrealised currency (losses)/gains on cash and cash equivalents		(164)	17	2
<b>Cash and cash equivalents at end of the period</b>		<b>5,800</b>	<b>6,811</b>	<b>4,427</b>

## Notes to the Half-Yearly Financial Report

### 1 Accounting policies

The condensed financial statements for the six months to 31 December 2016 comprise the statements set out on pages 12 to 15 together with the related notes on pages 16 to 18. The financial statements have been prepared in accordance with the Company's accounting policies as set out in the Annual Financial Report for the year ended 30 June 2016 and are presented in accordance with the Companies Act 2006 (the 'Act'), FRS 104 and the requirements of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') issued by the Association of Investment Companies (the 'AIC') in November 2014.

The financial information contained within this Half-Yearly Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Act. The financial information for the year ended 30 June 2016 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's report on those accounts was not qualified and did not contain statements under sections 498(2) or (3) of the Act.

### 2 Return per share

Return per share has been calculated based on the weighted average number of ordinary shares in issue for the six months ended 31 December 2016 being 29,929,531 (six months ended 31 December 2015: 25,675,244; year ended 30 June 2016: 26,969,898).

### 3 Dividend

An interim dividend for the six months ended 31 December 2016 of 1.70 pence per ordinary share (31 December 2015: 1.65 pence) has been declared. This dividend will be paid on 7 April 2017 to those shareholders on the register at close of business on 10 March 2017.

### 4 Borrowing facilities

The Company has entered into a three-year US\$16 million revolving credit facility with Scotiabank, of which US\$11.3 million (£9.1 million) was drawn down at 31 December 2016 (31 December 2015: US\$7.3 million (£4.9 million); 30 June 2016: US\$7.3 million (£5.4 million)). This is recognised in amounts falling due within one year in the condensed statement of financial position. Interest is charged at variable rates equivalent to 0.9% over the US Dollar London interbank market rate. The interest rate as at 31 December 2016 was 1.644% (31 December 2015: 1.3021%; 30 June 2016: 1.3508%).

## 5 Fair value hierarchy

All investments are designated at fair value through profit or loss on initial recognition in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The following table provides an analysis of these investments based on the fair value hierarchy as described below which reflects the reliability and significance of the information used to measure their fair value.

The disclosure is split into the following categories:

Level 1 – Investments with unadjusted quoted prices in an active market;

Level 2 – Investments whose fair value is based on inputs other than quoted prices that are either directly or indirectly observable;

Level 3 – Investments whose fair value is based on inputs that are unobservable (i.e. for which market data is unavailable).

	31 December 2016 £'000	31 December 2015 £'000	30 June 2016 £'000
Level 1	128,886	89,858	108,864
Level 3	–	72	105
<b>Total value of investments</b>	<b>128,886</b>	<b>89,930</b>	<b>108,969</b>

## 6 Share capital

As at 31 December 2016 there were 30,401,952 ordinary shares in issue (31 December 2015: 27,175,460; 30 June 2016: 29,111,836).

In the six months ended 31 December 2016 1,290,116 ordinary shares were allotted with total proceeds of £5,078,000 (six months ended 31 December 2015: 311,360 ordinary shares were allotted with total proceeds of £1,026,000; year ended 30 June 2016: 2,248,006 ordinary shares were allotted with total proceeds of £7,589,000).

In the six months ended 31 December 2016 no ordinary shares were issued from treasury (six months ended 31 December 2015: 1,825,321 ordinary shares were issued with total proceeds of £5,965,000; year ended 30 June 2016: 1,825,321 ordinary shares were issued with total proceeds of £5,965,000).

In the six months ended 31 December 2016 no ordinary shares were bought back (six months ended 31 December 2015: nil; year ended 30 June 2016: nil).

## Notes to the Half-Yearly Financial Report (continued)

### 7 Related party transactions

There were no related party transactions during the period.

### 8 Transactions with the Investment Manager

The investment management fee payable to Artemis Fund Managers Limited for the six months ended 31 December 2016 was £304,000 (six months ended 31 December 2015: £213,000; year ended 30 June 2016: £453,000) of which £155,000 was outstanding at the period end (31 December 2015: £111,000; 30 June 2016: £124,000).

### 9 Principal risks and uncertainties

Pursuant to DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, the principal risks faced by the Company include general market risk, regulatory, operational, financial and gearing risks.

These risks, which have not materially changed since the Annual Financial Report for the year ended 30 June 2016, and the way in which they are managed, are described in more detail in the Annual Financial Report which is available at [midwynd.co.uk](http://midwynd.co.uk).

## 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, a financial adviser or via an investment platform. Find out more at [midwynd.co.uk](http://midwynd.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 0370 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](http://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](http://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 the Company's dividend reinvestment plan which can be used to buy additional shares instead of receiving your dividend in cash. For further information log in to [investorcentre.co.uk](http://investorcentre.co.uk) and follow the instructions or telephone 0370 707 1186.

### Tax information reporting

Tax legislation in the UK requires the Company to provide information annually to HM Revenue & Customs ('HMRC') on the tax residencies of those certificated shareholders that are tax resident outwith the UK and resident in a country that has signed up to the OECD's ('Organisation for Economic Co-Operation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information, or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

## Information for shareholders (continued)

All new shareholders, excluding those whose shares are held in CREST, that enter the share register will be sent a certification form from the Registrar to complete. Existing shareholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence.

Failure to provide this information may result in the holding being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: [gov.uk/government/publications/exchange-of-information-account-holders](http://gov.uk/government/publications/exchange-of-information-account-holders).

### Financial Advisers and retail investors

The Company currently conducts its affairs so that its shares in issue can be recommended by Financial Advisers 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 Company's 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 price is listed in the Financial Times and also on the TrustNet website ([trustnet.com](http://trustnet.com)). Further information can be found on the Company's website ([midwynd.co.uk](http://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: [midwyndchairman@artemisfunds.com](mailto:midwyndchairman@artemisfunds.com).

### Reporting calendar

#### Year End

30 June

#### Results announced

Interim: February  
Annual: September

#### Dividends payable

April and November

#### Annual General Meeting

November

## General information

### Directors

Malcolm Scott (Chairman)  
Richard Burns (retired 7 November 2016)  
David Kidd (appointed 8 November 2016)  
Harry Morgan  
Russell Napier  
Alan Scott

### Registered office

42 Melville Street  
Edinburgh EH3 7HA

Website: [midwynd.co.uk](http://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

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](mailto:investor.support@artemisfunds.com)  
Website: [artemis.co.uk](http://artemis.co.uk)

### Registrar

Computershare Investor Services PLC  
The Pavillions  
Bridgwater Road  
Bristol BS99 6ZZ  
Tel: 0370 707 1186

Calls to this number cost 2 pence per minute plus  
network extras. Lines are open from 8.30 a.m. to  
5.30 p.m., Monday to Friday.  
Website: [investorcentre.co.uk](http://investorcentre.co.uk)

### Administrator

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

### Depository

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
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



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