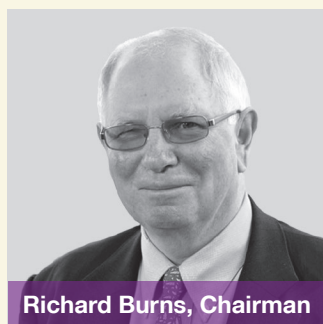


Chairman's Statement



Richard Burns, Chairman

Performance

The year to 30 June 2013 was a disappointing one for Mid Wynd despite shareholders' funds at 30 June 2013 being at a record year end high. Net Asset Value (NAV) per share increased by 10.1% and the share price by 11.2% while the FTSE World Index rose by 18.9% in sterling terms. Following 2011/12, when markets fell modestly as did the Company's net asset value, we have encountered a different challenge in 2012/13: a year when markets rose significantly but the Company's position was designed more to insure against their falling. This held us back particularly in the first half of our year when Mr Draghi's statement that the ECB would do 'whatever it takes' to maintain order in the Eurozone and related actions added to the significant stimulus provided by the Federal Reserve in America. Now that similar stimulatory measures have been announced in Japan under Prime Minister Abe, developed world central banks are effectively easing monetary conditions in a concerted way that has not previously been attempted. As Dallas Fed Governor Richard Fisher has said in relation to quantitative easing, these are 'uncharted waters'.

Asset prices have responded vigorously. Animal spirits have been lifted, primarily in stock markets but to some extent also in the real world. Yields on bonds and cash have declined even further from already exceptionally low levels and a global hunt for yield has had a major influence both on and within equity markets. The progress of economies and corporate profits has been buoyed by central bank action without, as yet, any adverse consequences for the rate of inflation. The question of the long term effect of market-distorting actions sits alongside the equally important issues of how long current exceptional policies will last and how they will eventually end.

The Company's derivatives-based insurance policy against falling markets materially affected performance in the six months to December 2012 and unfortunately this coincided with a lacklustre spell for stock-picking; in the six months to December 2012 the NAV per share fell by 0.5% while the FTSE World Index rose by 5.1%. In the second half of the year, after the derivatives policy was discontinued in early December 2012, equity market exposure has been allowed to run at around the level of shareholders' funds and our relative returns have been less bad; in the six months to end June 2013 NAV per share rose by 10.6% while the Index increase was 13.1%. However, although we have had some notable individual successes, as highlighted in the Managers' Portfolio Review, we still lagged the Index and the overall outcome for the year, as noted above, was disappointing.

Mid Wynd makes no attempt to mimic any indices. A geographically diverse portfolio has served us well in most conditions over the years, though badly over the last two years when the largest index constituent, the US stock market, has consistently outpaced everything else and again now comprises well over half of globally quoted equities by market capitalisation.

Earnings and dividend

The revenue return of 3.1p represents a recovery in earnings compared to the previous year and current earnings forecast for this year suggest a further significant increase. A final dividend of 2.1p will be recommended making a full year total of 3.4p. The portfolio combines a substantial cohort of young, fast growing companies with significant opportunities to deploy their cash generation internally with those which are thriving but have better scope to pay out earnings as dividends. In the latter camp, among newer holdings, fall Sarin Technologies, a Singapore based diamond cutting technology company, Eastern Tobacco, the unloved Egyptian tobacco monopoly and Ulker Biskuvi Sanayi, a Turkish confectionery business. East African Breweries has become quite a large holding and offers a healthy dividend yield. Our companies have in many cases significantly increased pay-outs. Seadrill is a case in point, as is Fuchs Petrolub, and Kone has again paid out a special dividend. Marine Harvest, previously a large dividend payer, has just announced a return to regular quarterly dividends. There is also a new holding in short dated dollar bonds issued by Avangardco, a highly profitable and well capitalised egg producer, which partly offsets the reduction in income resulting from the sale of the soon to mature high yielding hurricane bond issued by Everglades Re.

Share buy backs and issuance

Mid Wynd is distinctive in providing liquidity by offering routine buy backs or issuance either side of a 2% band relative to NAV. Some buy backs have occurred over the course of the year since this policy was instigated, although for much of the time our shares have traded at a modest premium to NAV. The Board hopes that this mechanism will come to be appreciated by the market as a way of ensuring that sizeable buyers and sellers can be accommodated in a manner that would not otherwise occur.

AGM

The AGM is to be held in Baillie Gifford's office in Edinburgh on 7 October 2013 at midday. Our Manager, Michael MacPhee, will make a short presentation and the Directors hope that you might be able to attend.

Outlook

Equities are an investment in human ingenuity. Companies are living organisms that adapt to survive and thrive. These attributes make equities superior ways of preserving and enhancing savings over time and differentiate them from the great majority of competing investment opportunities. Arguably these qualities are most valuable in times of uncertainty and change and during a period when ingenuity appears to be both in the ascendancy and often available in the stock market.

Past performance is not a guide to future performance.

At the heart of today's economic uncertainty lies debt. Debt is only a problem when perceptions make it one and behaviour alters accordingly. Levels of developed world debts are excessive and constrictive when viewed through this prism. Those afflicted include governments, banking systems (worse in Europe than elsewhere) and individuals. The quandary with regard to individuals is nuanced. Part of it is that promises relating to future welfare seem unlikely to be met. Living standards are falling in many places and inequality of living standards within our societies has become extreme to a degree that potentially poses a challenge to the fabric of our way of life. Taxation is likely to rise to meet this challenge. Companies are in a relatively strong position. Governments are torn between trying to tax them more while still competing to win their favours and the jobs they generate.

If these arguments are structural and long term in nature it is because it is difficult to offer insights into the shorter term. Fears persist that central banks have moved beyond the business of providing liquidity towards that of turning water into wine. We cannot envisage what sort of hangover, if any, this may ultimately leave. Answers to questions about quantitative easing remain for the moment elusive and tentative. That they are important is not in doubt as recent ructions following discussions of Fed 'tapering' or the possible reduction of support measures demonstrate. The direction of travel for developed economies appears to be positive at the margin, though the developing world is slowing down. The world of currencies has been febrile. Should overall stability persist for a while longer we may see the one large group, companies, with the potential to make a difference start to do so. Will companies become more optimistic? Money is cheap and their free cash flows are plentiful. They are searching for reasons to invest more. Typically, such a search eventually results in action.

Mid Wynd's success over time has come from picking good stocks. The Managers' Portfolio Review focuses on our larger holdings for this reason and provides no shortage of reasons to be hopeful that the future will bring us more of what we have enjoyed in the past – worthwhile real returns achieved in a way that bears little resemblance to any index.



Richard RJ Burns
16 August 2013

Performance Attribution for the year to 30 June 2013 (in sterling terms)

Computed relative to the FTSE World Index (in sterling terms) with net income reinvested.

Portfolio breakdown	Index allocation 30.06.12	Index allocation 30.06.13	Mid Wynd asset allocation 30.06.12	Mid Wynd asset allocation 30.06.13	Performance Mid Wynd * %	Performance Index * %	Contribution to relative return %	Contribution attributable to stock selection %	Contribution attributable to asset allocation † %
UK	8.6	8.2	30.9	28.7	4.1	16.4	(4.3)	(3.3)	(1.0)
Europe ex UK	16.1	16.2	20.6	26.7	28.8	28.1	0.3	0.2	0.1
North America	52.8	54.1	22.4	24.7	16.1	23.6	(1.8)	(1.4)	(0.4)
Asia Pacific including Japan	16.1	16.3	5.9	7.4	52.0	20.3	1.3	1.2	0.1
Emerging Markets	6.4	5.2	20.1	15.7	1.5	7.0	(2.4)	(1.0)	(1.4)
Bonds	–	–	5.4	4.0	22.1	–	–	–	–
Futures	–	–	–	–	–	–	(1.7)	–	(1.7)
Cash	–	–	2.6	0.4	–	–	(0.8)	–	(0.8)
Loans	–	–	(7.9)	(7.6)	4.4	–	1.2	–	1.2
Total	100.0	100.0	100.0	100.0	12.3	22.1	(8.2)	(4.3)	(3.9)

Past performance is not a guide to future performance.

Source: StatPro/Baillie Gifford & Co

* The above returns are calculated on a total return basis with net income reinvested. Mid Wynd's figures represent the returns on the Company's portfolio and the index figures for each geographical area represent the return on the appropriate FTSE index.

† Asset allocation includes the contribution attributable to currency movements.

Contributions cannot be added together as they are geometric; for example, to calculate how a return of 12.3% against an index return of 22.1% translates into a relative performance of (8.2%), divide the portfolio performance of 112.3 by the index year end figure of 122.1 and subtract one.

Investment Changes

	Valuation at 30 June 2012 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 30 June 2013 £'000
Equities*:				
UK	19,115	(638)	684	19,161
Continental Europe	12,747	1,756	3,296	17,799
North America	13,860	459	2,212	16,531
Asia Pacific including Japan	3,657	129	1,172	4,958
Emerging Markets	12,432	(1,932)	(39)	10,461
Total equities	61,811	(226)	7,325	68,910
Bonds:				
Euro bonds	1,273	37	93	1,403
US dollar bonds	2,083	(1,133)	307	1,257
Total bonds	3,356	(1,096)	400	2,660
Total investments	65,167	(1,322)	7,725	71,570
Net liquid assets	1,596	(1,280)	(28)	288
Total assets	66,763	(2,602)	7,697	71,858

The figures above for total assets are made up of total net assets before deduction of the bank loans.

* Equities include limited partnerships, unit trusts, OEICs, SICAVs, index options and convertible loan notes expected to convert to equity.

Top Ten and Bottom Ten Contributors to Performance for the year ended 30 June 2013

Top Ten

Name	Contribution (%)
Kone	1.2
ASOS.com	1.1
Nanoco	1.1
Sky Deutschland	0.9
Fuchs Petrolub	0.9
Schindler	0.7
So-Net Entertainment	0.7
Angie's List	0.7
Alnylam Pharmaceuticals	0.7
Visa	0.7

Bottom Ten

Name	Contribution (%)
IP Group	(0.8)
Chariot Oil & Gas	(0.7)
Altus Resource Capital	(0.5)
Curis	(0.5)
MMX Mineracao e Metalicos	(0.4)
Falkland Oil and Gas	(0.4)
Ultra Petroleum	(0.3)
Imagination Technologies	(0.3)
Jubilant Foodworks	(0.3)
Africa Oil Corp	(0.2)

Thirty Largest Holdings at 30 June 2013

Name	Region	Business	2013 Value £'000	2013 % of total assets	2012 Value £'000
IP Group	United Kingdom	Commercialisation of intellectual property	4,101	5.7	3,791
Reinet Investments SCA	Continental Europe	Investment holding company	2,709	3.8	1,929
Kone	Continental Europe	Elevators	2,281	3.2	1,680
Level E Maya Fund	United Kingdom	Artificial intelligence based algorithmic trading	2,061	2.9	2,129
Schindler	Continental Europe	Elevators	2,058	2.9	999
Ocean Wilsons	United Kingdom	Tugboats, platform supply vessels and container handling – Brazil	1,824	2.5	1,344
Sky Deutschland	Continental Europe	German pay TV provider	1,770	2.5	–
Visa	North America	Payments network	1,654	2.3	–
Fuchs Petrolub	Continental Europe	Specialty lubricant manufacture	1,545	2.2	1,030
East African Breweries	Emerging Markets	East African brewer	1,415	2.0	–
Seadrill	Continental Europe	Deep water oil rigs	1,332	1.9	541
Priceline.com	North America	Online travel/hotel reservation service	1,193	1.7	623
Naspers	Emerging Markets	Media company	1,189	1.6	846
Nanoco	United Kingdom	Quantum dot manufacture, second generation LEDs	1,165	1.6	691
Better Capital	United Kingdom	Fund investing in distressed businesses	1,088	1.5	1,114
Ulker Bisküvi Sanayi	Emerging Markets	Food manufacturer – Turkey and surrounding region	1,077	1.5	–
ASOS.com	United Kingdom	Online fashion retailer	1,059	1.5	761
Odontoprev	Emerging Markets	Dental health services – Brazil	1,055	1.5	2,127
Reynolds Group 9.5% 2017	Fixed Interest	Food and beverage packaging and storage company bond	1,043	1.4	903
BİM Birlesik Magazalar	Emerging Markets	Discount food stores – Turkey	1,037	1.4	1,193
Genus	United Kingdom	Livestock farming products	939	1.3	602
IMAX	North America	Media technology company	926	1.3	–
Tripadvisor	North America	Travel website	923	1.3	655
Seek	Asia Pacific including Japan	Online employment agency	910	1.3	684
The Biotech Growth Trust	United Kingdom	Biotechnology investment trust	881	1.2	1,064
Zillow	North America	Internet based property site – US	851	1.2	–
Zodiac Aerospace M3	Continental Europe Asia Pacific including Japan	Aerospace and defence parts	839	1.2	–
		Medical-related internet services	834	1.2	572
Santos Brasil Participacoes	Emerging Markets	Container handling and logistics services – Brazil	829	1.2	921
Doric Nimrod Air Two	United Kingdom	Fund to acquire, lease and sell A380 aircraft	828	1.1	792
			41,416	57.9	26,991

Classification of Investments

Classification	UK %	Continental Europe %	North America %	Asia Pacific incl. Japan %	Emerging Markets %	2013 Total %	2012 Total %
Equities*							
Oil and gas producers	1.0	–	–	–	1.1	2.1	5.9
Oil equipment, services and distribution	–	1.9	–	–	–	1.9	1.3
Oil and Gas	1.0	1.9	–	–	1.1	4.0	7.2
Chemicals	1.2	2.2	–	–	–	3.4	1.6
Industrial metals and mining	–	–	–	–	0.6	0.6	0.6
Mining	–	–	0.5	–	–	0.5	3.0
Basic Materials	1.2	2.2	0.5	–	0.6	4.5	5.2
Construction and materials	–	0.7	–	–	–	0.7	0.6
Aerospace and defence	–	1.2	–	–	–	1.2	–
General industrials	–	–	–	–	–	–	1.8
Electronic and electrical equipment	0.9	–	–	–	–	0.9	0.8
Industrial engineering	–	6.1	–	–	–	6.1	4.0
Industrial transportation	4.7	0.4	–	–	1.2	6.3	7.3
Support services	–	–	1.1	1.3	–	2.4	1.9
Industrials	5.6	8.4	1.1	1.3	1.2	17.6	16.4
Automobiles and parts	–	–	1.3	–	–	1.3	1.3
Beverages	–	–	–	–	2.0	2.0	–
Food producers	–	1.0	–	–	–	1.0	1.9
Household goods	–	0.7	–	–	–	0.7	0.6
Personal goods	–	0.7	–	–	–	0.7	0.9
Tobacco	–	–	0.9	–	0.9	1.8	0.9
Consumer Goods	–	2.4	2.2	–	2.9	7.5	5.6
Healthcare equipment and services	–	0.7	–	–	1.5	2.2	4.7
Pharmaceuticals and biotechnology	2.6	1.0	1.6	–	–	5.2	5.4
Health Care	2.6	1.7	1.6	–	1.5	7.4	10.1
Food and drug retailers	–	–	1.0	–	2.9	3.9	1.8
General retailers	1.5	–	2.2	–	1.7	5.4	6.3
Media	–	2.5	2.8	1.2	1.6	8.1	3.1
Travel and leisure	–	1.0	3.0	0.9	–	4.9	3.7
Consumer Services	1.5	3.5	9.0	2.1	6.2	22.3	14.9
Gas, water and multiutilities	–	–	–	–	–	–	0.4
Utilities	–	–	–	–	–	–	0.4
Banks	–	–	0.9	–	–	0.9	0.8
Insurance	–	–	0.6	–	–	0.6	–
Nonlife insurance	–	–	1.0	–	–	1.0	–
Real estate investment and services	–	0.9	–	–	–	0.9	1.0
General financial	5.7	–	–	–	–	5.7	9.5
Financial services	–	–	2.3	–	1.0	3.3	–
Investment companies	6.8	3.8	–	–	–	10.6	14.3
Financials	12.5	4.7	4.8	–	1.0	23.0	25.6
Software and computer services	0.3	–	1.6	2.1	–	4.0	6.2
Technology hardware and equipment	2.0	–	2.2	1.4	–	5.6	1.0
Technology	2.3	–	3.8	3.5	–	9.6	7.2
Total Equities*	26.7	24.8	23.0	6.9	14.5	95.9	
Total Equities* – 2012	28.6	19.0	20.6	5.5	18.9		92.6
Bonds	–	2.0	1.7	–	–	3.7	5.0
Net Liquid Assets	(0.3)	0.1	0.6	–	–	0.4	2.4
Total Assets (before deduction of bank loans)	26.4	26.9	25.3	6.9	14.5	100.0	
Total Assets – 2012	28.4	21.0	26.2	5.5	18.9		100.0
Bank Loans	(3.5)	(3.6)	–	–	–	(7.1)	(7.4)
Shareholders' Funds	22.9	23.3	25.3	6.9	14.5	92.9	
Shareholders' Funds – 2012	24.7	17.3	26.2	5.5	18.9		92.6
Number of equity investments*	22	16	23	8	13	82	96

* Equities include limited partnerships, unit trusts, OEICs, SICAVs, index options and convertible loan notes expected to convert to equity.

Managers' Portfolio Review

The Portfolio

Seven of this year's top ten holdings were among the largest holdings last year too. The new arrivals in the list are **Sky Deutschland**, **Visa** and **East African Breweries**, while reductions were made to **Odontoprev**, **The Biotech Growth Trust** and **Marine Harvest**, and they have dropped out. The latter two produced strong performance prior to being trimmed while we reduced Odontoprev because we were becoming concerned about the quality of revenue growth and the prospect of increasingly challenging short term trading conditions. Complete sales from within last year's top twenty holdings include **MMX Mineracao e Metalicos** royalty bonds – Eike Batista's Brazilian empire is in a parlous condition and risk is rising accordingly – and **Yoox.com**. Yoox is a business we still like but where we disagreed strongly with the remuneration committee's decision to award the CEO a further large tranche of options.

Ten Largest Holdings

IP Group

IP Group has unrivalled access to the best ideas emanating from a growing range of the UK's best universities. It adds value by helping develop ideas into companies and often into large, successful enterprises. Help takes the form of funding, people, collaboration and at times ultimately listing. Many interesting businesses have started life with IP Group. Mid Wynd separately owns shares in Retroscreen Virology and Tissue Regenix, two such companies that are in the process of being spun out and have been listed. While IP Group stands at a premium to its net asset value, this is a backward-looking measure in most instances and fails to reflect the very significant progress being made by a number of its investments.



Reinet Investments

Reinet is a holding company spun out of Richemont roughly 5 years ago. Our principal fellow shareholders are members of the Rupert family. Johann Rupert, through BAT and Richemont and their predecessor companies, has consistently done very well for his minority shareholders over the years. Reinet's principal holding is in BAT shares. The yield to Reinet shareholders, who buy BAT shares effectively at a 30% discount, exceeds 6%, which is



worthwhile in these times of historically low yields on almost all classes of investments. The cash flows from BAT are not paid out to Reinet shareholders, however, but rather re-invested in various ways, mostly in private equity type propositions. While Reinet does not, therefore, contribute to our Company's revenue stream, it should continue to make worthwhile contributions to total returns.

Kone

This Finnish elevator company has continued to build on its success of recent years. Rapid growth in orders speaks well for future revenues. Margins may have further to rise and returns and cash flow generation are admirable. Bolt on acquisitions, primarily in the maintenance business, boost revenue growth and frequently fit well into Kone's pre-existing maintenance network. There are few quoted businesses with these qualities and Kone has proved its worth over the decade since it was spun out, during all of which time Mid Wynd has owned the shares.

Level E Maya Fund

We are now 3 years into this investment, where we seeded a new fund in return for an option to own a share of the fund's management company should things go well for the fund and thus its manager. Disappointingly, there is little positive or new to report on the performance of either the fund or the management company. Over the three years, and in part due to teething troubles of different kinds, we have lost close to one fifth of our initial investment. More troubling is that for all the various market conditions that have prevailed during this period, we have yet to meet one that has allowed the investment strategy to make strong absolute returns. The investment results have, nevertheless, delivered low volatility largely uncorrelated to stock markets. This was always an experiment with relatively controlled downside risk and high upside potential. At this stage the former looks more likely than the latter.

Schindler

The investment case for Schindler is similar to that for Kone. This is another family influenced company run for the long term and operating in an attractive industry. Schindler has perhaps been more cautious in growing its new installation business in Asia, which has been the source of most incremental good news in the industry. Elevator operating margins are also somewhat behind those of Kone. Both companies have a long way to go to hit the sort of operating margins achieved by Otis, the global industry leader owned by United Technologies, the US conglomerate.

Ocean Wilsons

Brazil has endured some setbacks over the past year. Lower commodity prices are amongst them. The currency has been correspondingly weak. However, Wilson Sons has fared relatively well through its various maritime businesses during this period, though it has been affected by weak currency translation effects, and is investing in order to fare even better in future. The company's South Eastern and North Eastern ports are well placed to continue to benefit from the exports that Brazil has to offer the world, volumes of which are unlikely to be materially affected. Coastal trade has enormous scope to continue to grow over time, which will prove beneficial to the towage business. The offshore oil and gas business, too, seems likely to provide great opportunities for the platform supply vessel operation. Ocean Wilsons, the holding company with majority ownership in Wilson Sons, stands at a 30% discount to net asset value.

Sky Deutschland

For the first time, Sky has been able to win exclusive rights to live Bundesliga football for an extended period. This, together with many other enhancements to the offering, and multiple deals to sell the service over other German viewing platforms, provides the opportunity to make substantial progress in subscriber growth and also in monthly revenues per user. Both metrics are very low relative to their potential. We bought a small initial holding based on this hypothesis and added to it subsequently as we have seen a steady stream of evidence suggesting things are evolving well.



Schindler
Elevators.



Sky Deutschland
German pay TV.

Visa

Electronic payments are taking market share away from cash over time. Rapid growth of both internet and mobile internet usage is catalysing this process. Multiple new forms of 'e payment' systems are contributing to these changes. The position of Visa within this eco-system is very strong. For example, a high percentage of Paypal payments are ultimately made through Visa. It would seem that Visa stands to gain from change rather than to become a casualty of it. The rating of the shares would not seem to indicate that others agree.

Fuchs Petrolub

Fuchs has a very strong business within the field of speciality lubricants. These play an increasingly important and valuable role to many end clients, especially those in the automotive industry where engine technologies are changing rapidly. Fuchs is a family controlled business with a long record of successfully meeting its customers' needs and generating a healthy, growing stream of profits for its shareholders in the process. We anticipate there will be many more good years ahead. We believe the market has

under-estimated both growth rates and margins for the business possibly because there are relatively few comparators in what is globally still a fairly fragmented and disparate area of activity.

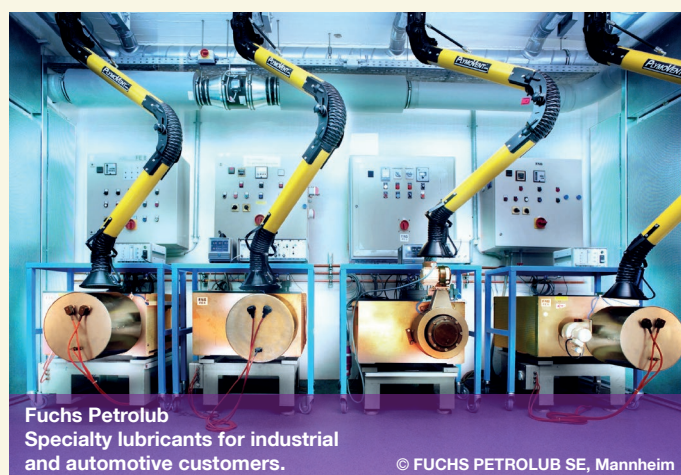
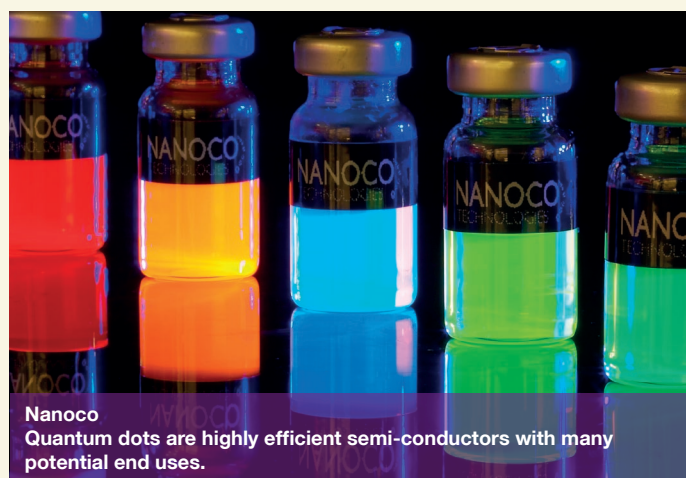
East African Breweries

Kenya and its immediately surrounding region enjoy excellent demographics and are seeing high levels of capital and infrastructure investment that are likely to result in healthy productivity growth over time and thus worthwhile improvements in living standards. These provide the opportunity for beer and spirits consumption to rise and for pricing power and mix improvements within this to be meaningful. East African Breweries is investing significantly to increase its capacity in the region, particularly in Uganda, South Sudan and Tanzania. Under the guidance of majority owner, Diageo, we have high hopes both that the company's optimism will prove well founded and that minority shareholders will be rewarded accordingly.

Contributors to Performance

The Chairman's Statement discusses the portfolio insurance strategy which detracted significantly from investment results in the first half of the Company's year. Markets are said to climb a wall of worry. We were worried and markets climbed. We believe that a diverse portfolio of individual and typically idiosyncratic stock-picks offers the best chance of delivering worthwhile real returns over time and in so doing beating stock market indices. We shall endeavour to avoid making the same mistake again.

The most notable thematic influence over the period under review has been disappointment emanating from our oil and gas exploration and development companies. Last year was a bad year to be a cash hungry proposition asking for more money, added to which operational news on both oil and gas and gold stocks was nearly universally bad. The most valuable thing one can do with mistakes is to learn from them, and we hope it may be of comfort that while the Company remains invested in a number of young and rapidly growing companies, these are nearly all now defined by an uncertainty relating only to the speed of that growth and the degree of future profitability rather than whether they can fund that growth internally.



A second broader factor has been the weakening of prospects for holdings exposed to Brazil where our response was, in retrospect, too slow. Companies affected by this include direct Brazilian holdings **Santos**, **Odontoprev** and **MercadoLibre** and the now sold **Cetip**, **TOTVS** and **MMX Mineracao e Metalicos** royalty bonds. Indirect exposures include **Ocean Wilsons** and **Edenred**. Domestic conditions in Brazil may deteriorate further currently as interest rates rise, but the strong likelihood is that the long term strengths will reassert themselves in due course. Our desire to persist with our holdings is driven by an unusual combination of exceptional companies and some exceptional opportunities they face. Summing our reduced continued direct and indirect exposure to Brazil gives a figure of around 5% of gross assets.

Separately, **IP Group** detracted from one year performance. While much has gone very well for the group over the past twelve months, as our spun out holding in IP Group investment **Retroscreen Virology** demonstrates (on the positive contributors page), a combination of delays with its commercial product launch and a news blackout tied to litigation now successfully concluded has held up developments at **Oxford Nanopore**. We are hopeful that Nanopore, a meaningful but by no means dominant part of IP Group's value, will soon update the market on progress and remove the information void that has led to volatility in IP Group's stock.

Successes, by contrast, were rather more typical of our idiosyncratic, stock-picking history. **Kone** has been a strong contributor regularly for many years and continues to be so, as does its peer **Schindler**. **Marine Harvest** benefits from the operational, capital allocation and people-related skills that John Fredriksen's companies typically exhibit. **ASOS** continues to drive home its expanding advantage in online fashion for twenty-somethings and to seize market share from typical High Street stores across a growing range of geographies. **Seattle Genetics**, **Sky Deutschland**, **Alynham Pharmaceuticals**, **Angie's List**, **Zillow**, **Retroscreen Virology** and **Nanoco** are all examples of rapidly evolving younger companies that have proved themselves and are in the process of transitioning, we believe, to high returns, rapid growth and cash generation.

List of Investments at 30 June 2013

Classification	Name	Business	Fair value £'000	% of total assets
United Kingdom				
Oil and gas producers	Enquest	Independent oil and gas development and production	274	
	President Energy	Oil and gas exploration and production – Argentina and Paraguay	453	
			727	1.0
Chemicals	HaloSource	Clean water technology	180	
	Victrex	Speciality chemicals	665	
			845	1.2
Electronic and electrical equipment	Renishaw	Robotic probes	625	0.9
Industrial transportation	Doric Nimrod Air One	Fund to acquire, lease and sell A380 aircraft	704	
	Doric Nimrod Air Two	Fund to acquire, lease and sell A380 aircraft	828	
	Ocean Wilsons	Tugboats, platform supply vessels and container handling – Brazil	1,824	
			3,356	4.7
Pharmaceuticals and biotechnology	Genus	Livestock farming products	939	
	Retroscreen Virology	Clinical and pre-clinical services	700	
	Tissue Regenix Group	Medical products	228	
			1,867	2.6
General retailers	ASOS.com	Online fashion retailer	1,059	1.5
Banks	NBNK Investments	UK High Street banking shell company	28	–
General financial	IP Group	Commercialisation of intellectual property	4,101	5.7
Investment companies	Better Capital	Fund investing in distressed businesses	1,088	
	Damille Investments II	Investment fund	297	
	IG Group	Spread betting	574	
	Level E Maya Fund	Artificial intelligence based algorithmic trading	2,061	
	The Biotech Growth Trust	Biotechnology investment trust	881	
			4,901	6.8
Software and computer services	Craneware	Hospital software	184	0.3
Technology hardware and equipment	Imagination Technologies	Graphics related semiconductors	303	
	Nanoco	Quantum dot manufacture, second generation LEDs	1,165	
			1,468	2.0
Total United Kingdom Equities			19,161	26.7
Continental Europe				
Oil equipment, services and distribution	Seadrill	Deep water oil rigs	1,332	1.9
Chemicals	Fuchs Petrolub	Speciality lubricant manufacture	1,545	2.2
Construction and materials	Geberit	Plumbing systems	488	0.7
Aerospace and defence	Zodiac Aerospace	Aerospace and defence parts	839	1.2
Industrial engineering	Kone	Elevators	2,281	
	Schindler	Elevators	2,058	
			4,339	6.1
Industrial transportation	Frontline 2012*	Marine transport services	322	0.4
Food producers	Marine Harvest	Salmon farming	744	1.0
Household goods	Bang & Olufsen	Audiovisual equipment	524	0.7
Personal goods	Richemont	Luxury goods	495	0.7

* Denotes an unlisted security quoted on the Norwegian OTC market.

List of Investments

Classification	Name	Business	Fair value £'000	% of total assets
Continental Europe (continued)				
Healthcare equipment and services	Essilor	Ophthalmology	533	0.7
Pharmaceuticals and biotechnology	Novozymes	Enzyme producer	740	1.0
Media	Sky Deutschland	German pay TV provider	1,770	2.5
Travel and leisure	Edenred	Prepaid service vouchers	751	1.0
Real estate investment and services	Deutsche Wohnen	Residential property – Germany	668	0.9
Investment companies	Reinet Investments SCA	Investment holding company	2,709	3.8
Total Continental Europe Equities			17,799	24.8
North America				
Mining	Silver Wheaton	Silver mining royalty company	390	0.5
Support services	IHS	Technical databases	812	1.1
Automobiles and parts	Harley-Davidson	Motorcycle manufacturer	450	
	Westport Innovations	Combustion technology	521	
			971	1.3
Tobacco	Philip Morris International	Tobacco	613	0.9
Pharmaceuticals and biotechnology	Alnylam Pharmaceuticals	Biopharmaceuticals	628	
	Seattle Genetics	Biopharmaceuticals	528	
			1,156	1.6
Food and drug retailers	Kraft Foods Group	Food and beverage company	736	1.0
General retailers	Burger King Worldwide	Restaurant chain	795	
	TJX Companies	Discount clothing and homeware stores	779	
			1,574	2.2
Media	Angie's List	Internet based services – US	684	
	Facebook	Social networking website	439	
	Zillow	Internet based property site – US	851	
			1,974	2.8
Travel and leisure	Priceline.com	Online travel/hotel reservation service	1,193	
	Tripadvisor	Travel website	923	
			2,116	3.0
Banks	First Republic Bank San Francisco	Banking and wealth management	621	0.9
Insurance	American International Group	Insurance company	466	0.6
Nonlife insurance	Fairfax Financial Holdings	Insurance company	748	1.0
Financial services	Visa	Payments network	1,654	2.3
Software and computer services	Solera	Software services for automobile claims processing	630	
	Teradyne	Supplier of semi-conductor test equipment	521	
			1,151	1.6
Technology hardware and equipment	IMAX	Media technology company	926	
	Stratasys	Manufacturer of 3D printers and production systems	623	
			1,549	2.2
Total North American Equities			16,531	23.0

Classification	Name	Business	Fair value £'000	% of total assets
Asia Pacific including Japan				
Support services	Seek	Online employment agency	910	1.3
Media	M3	Medical-related internet services	834	1.2
Travel and leisure	Shimano	Manufacturer of cycling equipment	671	0.9
Software and computer services	Digital Garage	Internet business incubator – Japan	406	
	Trade Me Group	Internet auction and classifieds site – New Zealand	678	
	Xero	Online accounting software for businesses	406	
			1,490	2.1
Technology hardware and equipment	Sarin Technologies	Systems for diamond grading and gemstone production	676	
	Tokyo Electron	Manufacturer of semiconductor production equipment	377	
			1,053	1.4
Total Asia Pacific including Japan Equities			4,958	6.9
Emerging Markets				
Oil and gas producers	Dragon Oil	Oil and gas exploration and production – Turkmenistan	770	1.1
Industrial metals and mining	Ferro Alloy Resources†	Vanadium and rare earths production – Kazakhstan	420	0.6
Industrial transportation	Santos Brasil Participacoes	Container handling and logistics services – Brazil	829	1.2
Beverages	East African Breweries	East African brewer	1,415	2.0
Tobacco	Eastern Tobacco	Cigarette production – Egypt	644	0.9
Healthcare equipment and services	Odontoprev	Dental health services – Brazil	1,055	1.5
Food and drug retailers	BIM Birlesik Magazalar	Discount food stores – Turkey	1,037	
	Ulker Biskuvi Sanayi	Food manufacturer – Turkey and surrounding region	1,077	
			2,114	2.9
General retailers	Jubilant Foodworks	Pizza restaurant chain – India	609	
	MercadoLibre	eBay's Latin American partner	675	
			1,284	1.7
Media	Naspers	Media company	1,189	1.6
Investment companies	Vision Opportunity China Fund†	Investment fund – China	20	–
Financial services	Letshego	Consumer lending – Africa	721	1.0
Total Emerging Markets Equities			10,461	14.5
Total Equity Investments			68,910	95.9

† Denotes an unlisted security.

List of Investments

Classification	Name	Business	Fair value £'000	% of total assets
Fixed Interest				
Euro denominated	Marfin 5% 19/03/2015 CV	Investment holding company – Greece	56	
	Reynolds Group 9.5% 2017	Food and beverage packaging and storage company bond	1,043	
	Semper Finance FRN SLP 2015	East German housing association funding	304	
			1,403	2.0
US dollar denominated	Avangardco 10% 2015	Leading egg producer bond – Ukraine	558	
	K1 Life Settlements 0% 2016	Life settlements bond	220	
	Venezuela 9.25% 15/09/2027	Venezuelan bond	178	
	Venezuela 11.75% 21/10/2026	Venezuelan bond	301	
			1,257	1.7
Total Fixed Interest			2,660	3.7
Total Investments			71,570	99.6
Net Liquid Assets			288	0.4
Total Assets at Fair Value (before deduction of bank loans)			71,858	100.0