

Mid Wynd  
International  
Investment Trust *PLC*

Annual Financial Report  
for the year ended 30 June 2023

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## COMPANY OVERVIEW

Net asset value per share

**719.84p**

Regular dividend per share

**7.80p**

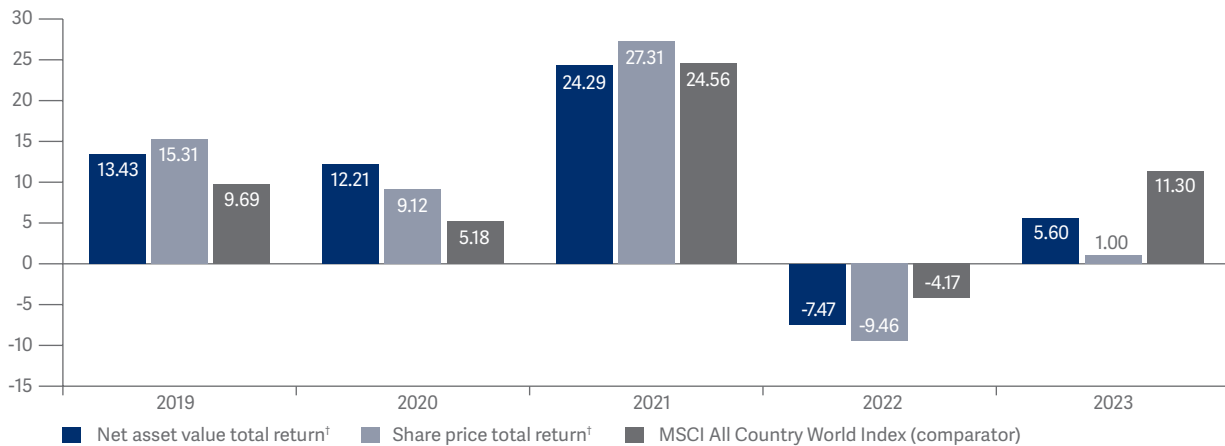
Growth over 5 years: 40%

Net asset value total return

**5.6%<sup>†</sup>**

Growth over 5 years: 54.6%

Percentage total return - five year summary



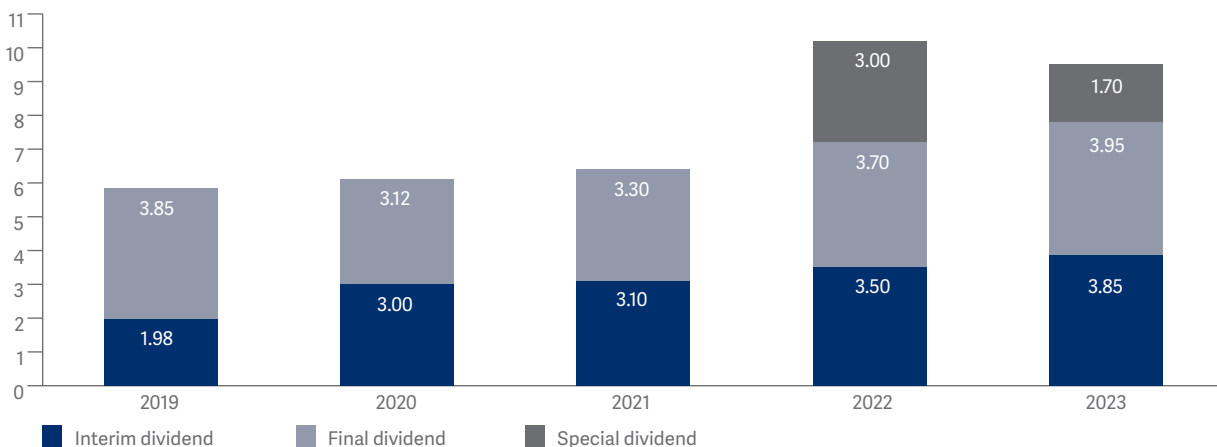
<sup>†</sup> Alternative Performance Measure (see page 74).

Our purpose is to increase the real wealth and prosperity of our shareholders, thus helping them meet their long-term savings needs.

Through our investment company structure, we enable shareholders, large or small, to invest in an actively-managed diversified portfolio of securities in a cost-effective way, giving them access to the growth opportunities offered by world markets. Although the Company aims to provide dividend growth over time, its primary aim is to maximise total returns to shareholders.

The investment management approach is to identify quality growth companies which are likely to deliver superior returns for our investors. The aim is to run a diversified portfolio of holdings. Where appropriate, the Company may use gearing with a view to enhancing shareholder returns.

Dividends pence per ordinary share paid/payable



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# FINANCIAL HIGHLIGHTS

## Returns for the year ended 30 June 2023

	Year ended 30 June 2023	Year ended 30 June 2022
<b>Total returns</b>		
Net asset value per ordinary share <sup>†</sup>	5.6%	(7.5)%
Share price <sup>†</sup>	1.0%	(9.5)%
MSCI All Country World Index (GBP)	11.3%	(4.2)%
<b>Revenue and dividends</b>		
Revenue earnings per share	10.01p	11.72p
Dividends per share*	7.80p	7.20p
Special dividend per share*	1.70p	3.00p
Ongoing charges <sup>†**</sup>	0.62%	0.60%
	<b>As at 30 June 2023</b>	<b>As at 30 June 2022</b>
<b>Capital</b>		
Net asset value per share	719.84p	692.01p
Share price	689.00p	693.00p
Net cash <sup>†</sup>	2.7%	0.3%
(Discount)/Premium <sup>†</sup>	(4.3)%	0.1%

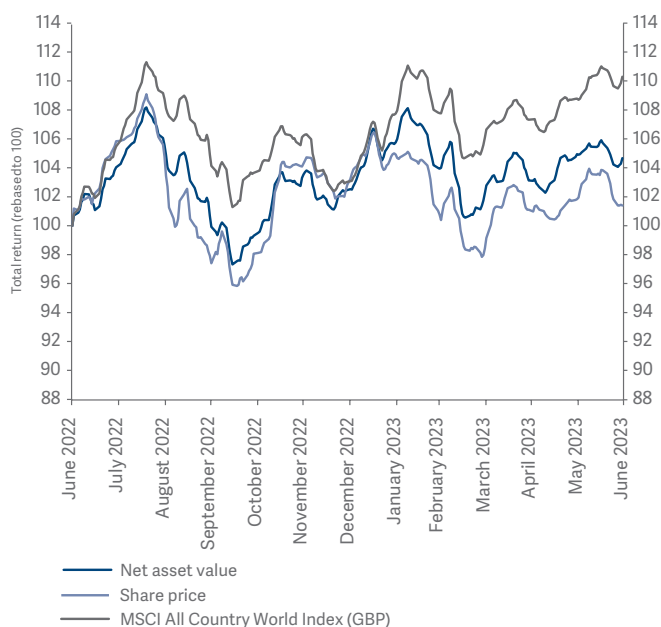
Source: Artemis/Datastream.

\* A final dividend, if approved by shareholders, and a special dividend for the year to 30 June 2023 of 3.95 pence and 1.70 pence respectively will be paid on 10 November 2023 to shareholders on the register at the close of business on 29 September 2023.

\*\* Look-through costs of underlying investment company holdings not included.

† Alternative Performance Measure (see page 74).

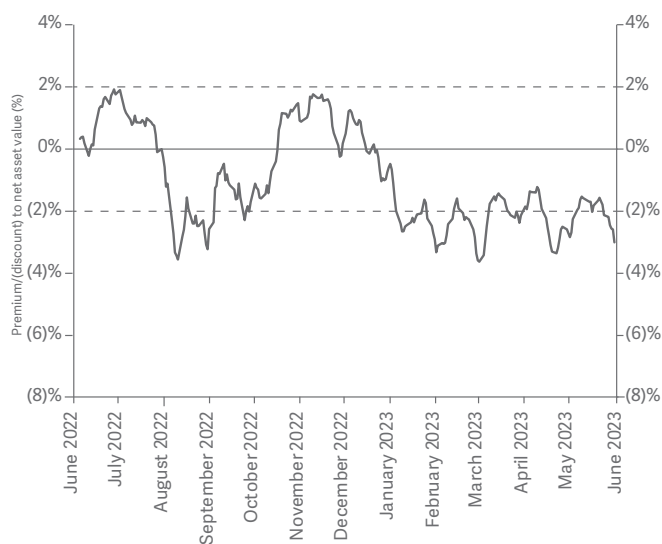
## Performance for the year ended 30 June 2023



Source: Datastream/Morningstar.

All figures based on a weekly rolling average.

## Premium/(discount) during the year ended 30 June 2023



Source: Datastream/Morningstar.

All figures based on a weekly rolling average.

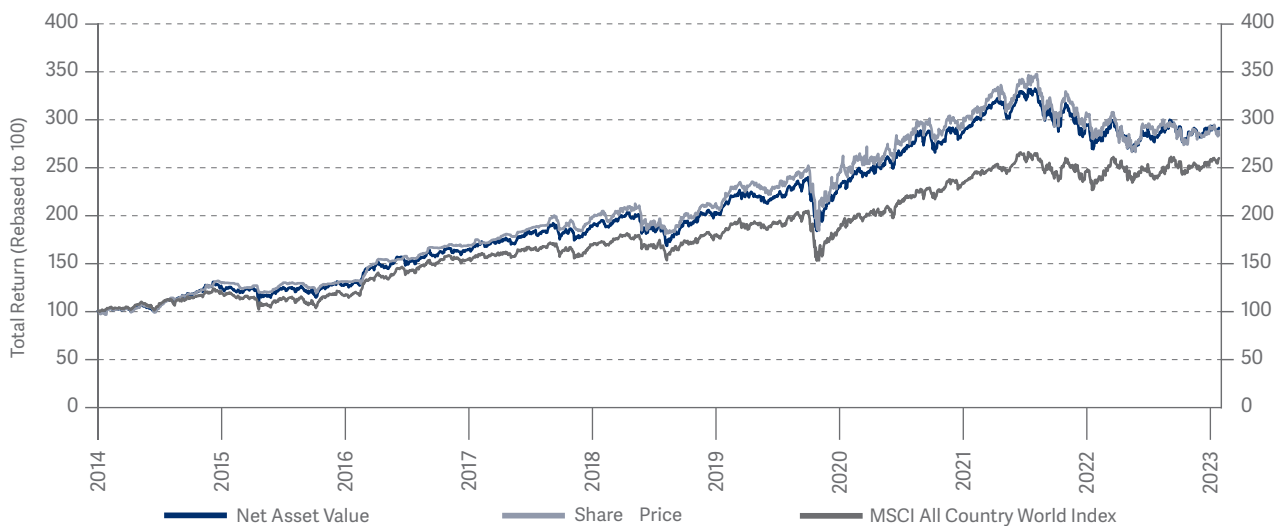
Total returns to 30 June 2023	3 years	5 years	Since 1 May 2014*	10 years
Net asset value per ordinary share <sup>†</sup>	21.5%	54.6%	192.6%	220.1%
Share price <sup>†</sup>	16.4%	46.4%	183.5%	202.1%
MSCI All Country World Index (GBP)	32.9%	53.3%	160.2%	176.1%

Source: Artemis/Datastream/Morningstar, total returns with dividends reinvested.

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

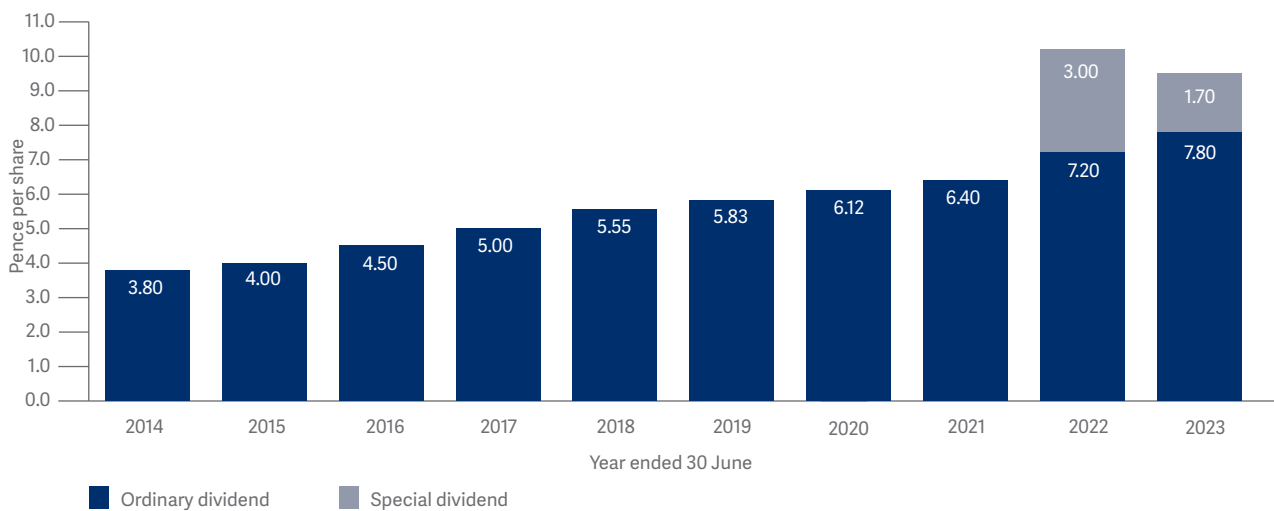
† Alternative Performance Measure (see page 74).

## Performance since Artemis was appointed Investment Manager



Source: Datastream/Morningstar.

## Dividends paid/payable to shareholders



## Ten year summary

At 30 June	Total net assets (£'000) <sup>1</sup>	Borrowings (£'000)	Shareholders' funds (£'000)	Net asset value per share (at fair value) (p)	Share price (p)	Premium/ (discount) (%)	Dividend per share (p) <sup>2</sup>	Ongoing charges (%) <sup>†</sup>	Net cash/ (gearing) (%) <sup>†</sup>
2014	67,744	(4,902)	62,842	279.17	274.50	(1.7)	3.80	0.80	5.8
2015	85,463	(4,622)	80,841	322.87	329.75	2.1	4.00	0.79	–
2016	113,064	(5,438)	107,626	369.70	352.00	(4.8)	4.50	0.72	0.9
2017	146,907	(3,849)	143,058	439.75	441.00	0.3	5.00	0.66	0.3
2018	187,979	(4,442)	183,537	493.23	498.00	1.0	5.55	0.67	2.7
2019	231,126	(5,042)	226,084	553.16	568.00	2.7	5.83	0.64	0.2
2020	317,444	(9,401)	308,043	612.61	612.00	(0.1)	6.12	0.68	1.7
2021	462,042	(9,949)	452,093	754.43	772.00	2.3	6.40	0.61	1.5
2022	458,604	(5,951)	452,653	692.01	693.00	0.1	10.20*	0.60	0.3
<b>2023</b>	<b>449,026</b>	<b>–</b>	<b>449,026</b>	<b>719.84</b>	<b>689.00</b>	<b>(4.3)</b>	<b>9.50**</b>	<b>0.62</b>	<b>2.7</b>

Source: Artemis.

<sup>1</sup> Total net assets comprise net assets before deduction of bank loans.

<sup>2</sup> The 2023 dividend includes the proposed final dividend of 3.95 pence per share which is subject to shareholder approval at the Annual General Meeting.

<sup>†</sup> Alternative Performance Measure (see page 74).

\* Including a special dividend of 3.00 pence per share.

\*\* Including a special dividend of 1.70 pence per share.

## Cumulative ten year performance summary (from 30 June 2013)

At 30 June	Total dividend growth	Net asset value per share (at fair value) total return <sup>††</sup>	Share price total return <sup>††</sup>	MSCI All Country World Index (GBP) total return <sup>†</sup>
2014	11.8%	11.7%	8.4%	9.1%
2015	17.6%	30.9%	31.9%	19.4%
2016	32.4%	51.8%	42.6%	35.3%
2017	47.1%	83.8%	81.9%	65.3%
2018	63.2%	107.1%	106.3%	80.1%
2019	71.5%	134.9%	137.9%	97.6%
2020	80.0%	163.6%	159.6%	107.8%
2021	88.2%	227.6%	230.5%	158.9%
2022	200.0%	203.1%	199.2%	148.1%
<b>2023</b>	<b>179.4%</b>	<b>220.1%</b>	<b>202.1%</b>	<b>176.1%</b>

<sup>†</sup> Source: Datastream/Morningstar.

<sup>††</sup> Alternative Performance Measure (see page 74).

# STRATEGIC REPORT

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## Chairman's Statement

The last twelve months have seen a rise in global equity markets and a rise in the net asset value ("NAV") of our Company. The rise in the NAV of Mid Wynd has not kept pace with the rise in our comparator index. With major structural changes impacting economies, businesses and geo-politics the global equity markets are seeking to price in what the long-term consequences of these changes are for corporate earnings and equity valuations. In our current financial year they concluded that technology stocks are best placed to profit from these structural changes and there has been excitement around the prospects for earnings from artificial intelligence (AI) which, for some, heralds yet another structural change. Our Company has invested in the technology sector and benefited from some of this excitement but not to the extent that the comparator index has benefited. Accurately reflecting all these major structural changes in the price of equities is something that is likely to be achieved by financial markets only over many years. The role of our managers is to see through the short-term volatility associated with such changes and invest to benefit from the developing longer-term trends.

As I mentioned in the Half-Yearly Financial Report, the past twelve months have seen the announcement of the departure of both our managers from Artemis Fund Managers. While Simon Edelsten remains at Artemis until October, his forthcoming departure led the Board to review our management arrangements. This review has led to the appointment of Lazard Asset Management as our new manager and they are scheduled to take over responsibility for managing our assets in October 2023. You will find further details regarding this appointment later in this Chairman's Statement and also later on page 14.

### Performance

For the year ended 30 June 2023 the Company's share price rose by 1.0% on a total return basis with dividends assumed to be re-invested. The Company's net asset value per share, on a total return basis, with dividends assumed to be reinvested, rose by 5.6%. This compares with a rise of 11.3% in the Company's comparator index, the MSCI All Country World Index (GBP).

The share price total return is lower than the NAV return owing to the move from a premium to NAV at the start of the year to a discount at the year end. The discount of 4.3 per cent, seems, on the face of it, to be outside our target range under the Company's discount control policy. The explanation for this apparent anomaly and details of the discount control policy can be found later in this Chairman's Statement. The average NAV discount to share price during the year was 1.0%.

Further details of the performance of the Company during the year are included in the Investment Manager's Review.

### Earnings and dividend

The total return for the year ended 30 June 2023 was a gain of 36.87 pence per share, comprising a revenue gain of 10.01 pence

and a capital gain of 26.86 pence. The Board is proposing a final dividend of 3.95 pence per share which, subject to approval by shareholders at the Annual General Meeting ("AGM"), will be paid together with a special dividend of 1.70 pence per share on 10 November 2023 to those shareholders on the register at the close of business on 29 September 2023. An interim dividend of 3.85p pence per share was paid in March 2023, and so together with the proposed final dividend (but excluding the special dividend), this gives dividend growth of 8.3% over the year.

The dividend is fully covered by the revenue return for the year. The aim remains to grow the regular dividend progressively.

To maintain our status as an investment trust we are required by HMRC to distribute 85% of our earnings in the form of dividends. Last year we decided to distribute a dividend in two forms. The 'regular dividend', which we believe reflects the underlying earnings of our investments, and a 'special dividend' which I described last year as reflecting the 'excess earnings' of our investments. The aim in so dividing our dividend is to provide the maximum flexibility for our manager to pursue the best total return, in the form of capital gains and dividends, rather than to force the manager to focus on the pursuit of dividend income. I reported last year that the earnings of our Company had increased by 72% year on year and this year they have declined by almost 15%. This is the volatile nature of earnings that one expects when much of our income is derived in foreign currencies, particularly in US dollars, the sterling exchange rate moves materially, and we declare our dividends in sterling. Changes to our holdings also impact the total income of the portfolio depending upon the dividend yield of each investment and a one-off shift to higher yielding stocks materially boosted our earnings in the prior financial year. In recognition that such volatility of earnings will likely continue the Board will again declare a special dividend this year. We can again describe this special dividend as our assessment of the 'excess earnings' of our Company. Shareholders should look to the level and growth of the regular dividend for guidance as to the underlying earnings potential and thus dividend potential of our Company.

The growth in the regular dividend this year, of 8.3%, has exceeded the annual rate of inflation. Since the year ended 30 June 2019, before the outbreak of COVID-19 and the surge in inflation that followed, our regular dividend has increased from 5.83p in 2019 to 8.70p in 2023 an increase of 49%. Over the same period the UK Consumer Price Index increased by 22%.

### Management changes

In 2014, on the retirement of our fund manager from Baillie Gifford, the Board of Mid Wynd conducted a review of management arrangements and appointed Artemis Fund Managers to manage our assets. The team of three individuals at Artemis who have successfully managed our assets have now all left or will soon leave Artemis. The team led by Simon Edelsten has produced very good performance for our shareholders in often volatile and difficult circumstances.

Since their appointment in 2014 they have stewarded our Company's assets through shocks that include – Brexit, growing volatility in US politics, a hot war in Europe, a growing cold war between the developed world and China and a global pandemic – to name a few! In successfully navigating through these difficult waters they provided better returns, relative to the comparator index, when equity markets were weak while capturing a significant portion of the gains when the prices of equities were rising. Such an achievement is not common even amongst professional investors and the total return of 192.6% from their appointment to our year end in June 2023, compares very favourably with the total return of 160.2% of our comparator index. This excess performance has been recognised by the marketplace and as a consequence our shares have traded at a premium to NAV and we have issued shares and grown the size of the Company. As Chairman of the Company, and a director and shareholder throughout Artemis's term as manager, I would like to thank Simon and the team for their diligent and very successful stewardship of our assets since 2014.

With the departure of our fund managers from Artemis Fund Managers, announced earlier this year, the Board considered that a full review of management options was necessary. The Board was informed of the change in personnel at Artemis in mid-February and instigated the review of management options in March. A review of global equity managers was conducted by Barnett Waddingham and their brief from the Board was to look for managers successfully pursuing a similar style to our existing managers, whether in managing portfolios for institutions or retail investors. Throughout the process the option of continuing with the new team to be appointed by Artemis was also given due consideration. The Board reviewed a long list of possible managers in May and a short list of managers in June. At the end of June we announced that Lazard Asset Management would be our new investment manager.

Lazard is a very well-known name in the world of finance. The company traces its history back to 1848 when the Lazard brothers, immigrants from France, launched their General Merchandise/dry goods company in New Orleans. The roots of the company are thus not dissimilar to our own as Mid Wynd traces its roots to a textile manufacturer which opened for business in Dundee in 1797. Lazard has been involved in banking and finance since the mid-nineteenth century and as of 2023 manages £166bn for clients in over fifty countries. While well-known to those involved in the institutional fund business, such as pension fund trustees, the company is less well-known to UK retail investors. This lack of awareness of Lazard as a manager of UK retail funds was not a deterrent to the Board in appointing the company as manager of our assets. The Board specifically sought out managers who, while producing excellent performance, were potentially not well known to retail investors. The over-riding priority for the Board was to find the best manager pursuing an approach to investment not dissimilar to that familiar to investors in our Company. We have found that in our new team at Lazard Asset Management and are convinced that as wealth managers and retail investors come to understand their approach to investment management that new investors will be attracted to Mid Wynd.

The team at Lazard Asset Management, of Louis Florentin-Lee and Barney Wilson, have produced impressive long-term returns. Since inception in February 2011 to the end of June this year their Lazard Global Quality Growth approach has produced an outperformance of the comparator index (the MSCI ACW Index) of 2.4% per annum even having deducted the management fees the Board has agreed with the company. These returns have been achieved managing institutional funds and the team will now seek to replicate these returns for Mid Wynd thus making their expertise available to all investors. This excess return is a product of a disciplined approach to assessing the sustainability of high returns on capital from quality companies and also of calculating the appropriate price to pay for the shares of such companies. Economic theory asserts that increased competition will attract others to compete in such areas and thus the returns on capital achievable will decline. This 'fade' in returns, however, has not always materialised and there are companies which have consistently reported high returns despite the threats from increased competition. One can think of various branded products in the alcohol and luxury goods business, for instance, which have attracted premium prices and high returns for their owners – sometimes for over one hundred years. Our managers are searching the globe, across a wide range of business sectors, to find similar high quality businesses with this form of replicable high return with limited or no 'fade' to returns on capital. The Lazard team has outperformed the comparator index since 2011 by identifying those companies where the 'fade' of returns has not occurred and by then not paying too much for them. As these companies achieve particularly high returns on their re-invested capital they tend to re-invest and pay low levels of dividends. For investors the compounding effect from re-investing the cash flows from high-returning businesses to secure higher future returns is particularly rewarding.

In their search for such high-quality companies Louis and Barney draw upon the experience of the more than three hundred investment professionals who work for Lazard Asset Management, including a team of approximately 70 analysts. From a wide range of recommendations from Lazard analysts they construct a portfolio, usually of around 40 to 50 stocks, that they believe can sustain high returns on their capital and represent good value for long-term investors. This approach to investment has produced good returns when equity markets have been rising and outperformed the comparator index when equity markets have been falling. The Lazard team has, since inception in 2011, captured 106% of the upside from markets when equity markets have been rising while capturing 92% of the downside while equity markets have been falling and these returns take into account management fees. The team's long-term focus means that portfolio turnover is low.

The new manager follows a similar approach to stock selection as our previous managers. Both focus on identifying high quality companies with strong sustainable profitability which can compound over the long term. Investors can expect changes in the portfolio but also some similarities in holdings between our new and old investments. Like past managers the Lazard team are free to invest across the globe in pursuit of such investments. In the past I have stressed the importance, particularly at times of structural change, of avoiding



investment in stock market indices. These indices tend to be comprised of companies that have benefited from historical long-term trends. The Lazard team, has an active share, the difference between the portfolio and the composition of the comparator index, of almost ninety percent. If we are entering a period of major structural change, as many of us expect, then this willingness to allocate capital without reference to the comparator index is likely to be key to securing good future returns. The Board very much looks forward to working with the Lazard team in the pursuit of the high-quality businesses which can both preserve and grow the purchasing power of our capital, our shareholders' savings, over the long-term.

The change in investment manager necessitated other changes of service providers for our Company. The Board has conducted a review of other service providers and has selected Juniper Partners and JP Morgan to provide the services previously provided by Artemis and Northern Trust.

### **Share Capital**

Demand for the Company's shares continued in the first half of the year with 1,133,200 new shares issued up to 31 December 2022. However, with market volatility and the announcement of the change in lead fund managers, the Company entered a period of buybacks. Between 24 February and 30 June 2023, 4,002,662 shares were bought back at a value of £27.6 million and all these buybacks were at a discount to NAV and thus accretive to net asset value for continuing shareholders. After the year end, a further 4,466,418 shares were bought back at a further cost of £31.3 million.

The Company's policy, within normal market conditions, is to issue and re-purchase shares where necessary to maintain the share price within a band, plus or minus 2%, relative to the net asset value. Our investment manager assesses the Company's NAV on a real time basis when buying or selling the Company's shares while the price of purchases or issuance are always reported relative to the NAV reported at a set time of the day. The result can be that some purchases or issuances appear to be out-with the 2% band established by the Board but the practice of utilising a live NAV is necessary to ensure that all of our issuance and buybacks are accretive to NAV for continuing shareholders.

Shares were issued and bought back during the year using the existing authorities given at the 2022 AGM. The recent months have seen considerable pressure on investment trust share prices and discounts generally and Simon Edelsten's departure and the ensuing change of investment manager may well have caused some investors to sell their shares in the Company. The Board believes that it is not unusual for there to be higher levels of turnover in a company's shares during a period of a transition of managers. The Board convened a general meeting to be held on 8 September 2023 to increase the Company's flexibility to buy back shares. We have changed our manager before, in 2014, and witnessed significant selling of shares at that time which we bought to ensure that our shares did not trade out-with the band established by our discount control mechanism. The Board will continue to operate the discount control mechanism, and this will include issuing shares at a two percent premium – something we were doing until fairly recently. This discount control

mechanism has operated to the benefit of our shareholders over many years and the current small discount to NAV of our share price is in marked contrast to the large discount to NAV of many other investment trusts with similar mandates. At the forthcoming AGM, the Board will seek new authorities to issue and buy back shares to continue to implement its discount and premium management policy.

### **Borrowings**

At 30 June 2023 the Company had no amounts drawn down on its US\$60m facility with the Bank of Nova Scotia (2022: €5m; US\$2m). The Company pays a small fee for the right to access these additional funds and only when amounts are drawn down is interest expense incurred. Further information on the Company's gearing can be found on page 15.

The Company's revolving credit facility with The Bank of Nova Scotia (UK Branch) needed to be amended to take account of Lazard's appointment as our new manager. Taking account of the current high interest environment, the Board has resolved to terminate the current facility with The Bank of Nova Scotia.

### **Board Succession**

As discussed in the December 2022 Half-Yearly Report, Hamish Baillie joined the Board on 1 November 2022. The process of refreshing the Board continues. As part of this process I will step down from the Board of the Company at the 2024 AGM. The Board has been very busy assessing management options for the Company and also arranging the transition in managers. When that process is completed, we expect in October 2023, we will focus on future Board composition and the changes necessary in preparation for my departure from the Board in Q4 2024.

### **AGM**

The AGM will be held in person on 26 October 2023 at 12.00 noon at the offices of Dickson Minto, 16 Charlotte Square, Edinburgh, EH2 4DF.

As Simon Edelsten will have retired before this meeting, it is not intended that he will present at the forthcoming AGM. However, the new Lazard management team and the CEO of Lazard Asset Management will present in person or via video-link after which they and the Board will be available to answer shareholder questions.

We encourage those shareholders not attending to e-mail any questions in advance to [cosec@junipartners.com](mailto:cosec@junipartners.com).

As always, I would encourage you to make use of your proxy votes by completing and returning the form of proxy enclosed with this report.

### **Outlook**

The savers who own the shares of our Company are seeking to both protect and grow the purchasing power of their wealth. This involves securing positive nominal returns but also, over the long-term, securing returns higher than the rate of inflation. Over the very long-term equities have provided such returns but sometimes it has taken more than a decade for the initial investment in equity indices to result in positive real total returns. If, as Mr Buffet famously said, 'price is what

you pay, value is what you get', then it is possible to pay too much even for the highest quality companies. Assessing the sustainability of corporate returns and the correct price to pay for future returns is the skill and partially the art of investment. Our shareholders have benefited from the skills of our previous managers in selecting high quality companies that can produce sustainably high returns and in investing in those companies at what proved to be attractive valuations. Our Company will continue to pursue such an investment policy under our new managers.

Investing in companies that can both produce high returns on capital and also reinvest their cash flows at similarly high returns is an approach that is likely to be particularly attractive in an age of higher inflation. While none of us can forecast the peak level that inflation might reach in any business cycle, the structural changes underway in the world do seem to augur a materially higher level of inflation than we have been used to over the past decades. To defend savings from the erosion of purchasing power that comes with higher inflation one approach will be to invest in companies that can invest and reinvest their cash flows for returns that very significantly exceed the rate of inflation. Our new manager, Lazard Asset Management, will invest in such companies. Their skill, demonstrated since they began this High Quality Growth strategy, will be in accurately forecasting where corporate returns can remain sustainably high and of course in not paying too much for such high returns. It is a skill they have been deploying for over a decade and since the inception of this approach, in February 2011, that has produced a net outperformance relative to our comparator index of 2.4% per annum. The shares of companies that can invest and reinvest at rates of return well above the rate of inflation are likely to remain in strong demand in an era of high inflation.

The steep rise in interest rates since 2020 has not produced the scale of economic deceleration and perhaps even financial distress that might have been expected. Such a reaction to higher interest rates in 2008 caused a contraction in economic activity, bank collapses and huge losses for equity investors. Despite record high levels of debt, relative to GDP, both the public and the private sector have, so far, been able to service their debts and debt defaults have remained constrained compared to other economic downturns this millennium. This resilience probably primarily reflects a move by many debtors to extend the duration of their borrowing and lock in low interest rates in the period of very low interest rates that pertained up to 2020. Even so debt is always maturing and as it is refinanced the higher costs of servicing that debt will lead to greater strains for those seeking to service their debts. The clock is thus ticking for debtors as their debts are refinanced at higher rates of interest. The data on private sector debt service ratios, which show the proportion of private sector income currently needed to service debts, indicate that many countries, are at a level where historically their private sectors have defaulted on their debt obligations and these ratios will continue to deteriorate as debt is refinanced. Perhaps surprisingly the private sector debt service ratios of the United States, United Kingdom and Japan are reasonable but for some large and important countries, such as France and China, a dangerously high level

of private sector income is being diverted to service debts. The impact from rising interest rates on economic growth, financial stability and equity prices has been benign but as time ticks on and debts are refinanced at higher interest rates this is likely to change. Investing in those corporate cash flows that can remain robust even in such circumstances can protect investors from the worst effects of any economic contraction that may come as the impact from higher interest rates hits the private sector. Companies with high returns on capital and low debt levels should be better placed to weather economic contractions when they come.

It is not easy to discern the major trends that are developing during a period of rapid short-term changes and general volatility. One trend though is becoming more apparent. That is that governments are intervening to create outcomes that they believe should not be left to market forces. That is a trend that involves both the socialisation of private sector risk, as we saw with the significant government support for the private sector during the COVID-19 crisis, but also in the form of governments co-opting or cajoling corporations to assist in delivering their political goals. This is a trend that is very likely to continue as governments react to what are the growing list of 'crises' confronting the electorate – climate change, war in Europe, a cold war with China, higher cost of living etc. While such intervention may mitigate the extremes of the business cycle it comes at a price for savers in the form of greater government interference in the allocation of private capital/savings. History suggests that such government interference rarely results in higher returns on capital for the companies so co-opted by governments. A well-chosen portfolio of equities may be one of the few places for investors to hide in such a world particularly by investing in the high-quality companies that can continue to produce high returns on capital even during such shifts in the balance between markets and governments.

Savers face new challenges but rarely are they unique challenges. History provides some guidance to the future and it suggests that well managed companies, producing high returns on capital and bought at good valuations will provide positive real total returns. Our managers have the freedom to seek out those companies wherever they may be in the world and we expect this ability to find those companies to benefit our investors.

#### **Contact us**

Shareholders can keep up to date with Company performance by visiting [www.midwynd.com](http://www.midwynd.com) where you will find information on the Company, a monthly factsheet and regular updates from the Investment Manager. In addition, the Board is always keen to hear from shareholders.

Should you wish to, you can e-mail me at [cosec@junipartners.com](mailto:cosec@junipartners.com)

**Russell Napier**

5 September 2023

## Investment Manager's Review

### Introduction

Global equity indices rose over the past year, driven predominately by US technology shares. While the Company held a number of investments in this area, it did not have as high a weighting in such shares as our comparator index (MSCI ACWI). The Company's net asset value rose by 5.6% compared with an 11.3% rise in the comparator index in sterling terms.

Global inflation fell over the year as energy prices returned to the levels pertaining before Russia invaded Ukraine. However, core inflation – especially wage inflation – persists and so interest rates have risen, especially in the UK. The companies we invest in have handled these pressures very well and most have grown cash flows significantly through this challenging period.

As shareholders will have read, this will be my last report as the fund manager of your Company and so I will provide a short report on the past year and also some observations on managing the portfolio over the past nine years.

### Regional Performance

Region	Contribution %
Asia Pacific ex Japan	(0.3)
Emerging Markets	0.3
Europe	1.6
Japan	2.7
North America	1.9

### Thematic performance

Theme	Contribution %
Automation	2.1
Digital Finance	1.8
Healthcare Costs	(0.2)
Lower Carbon World	0.8
Online Services	2.8
Scientific Equipment	(1.1)
Screen Time	(0.1)
Sustainable Consumer	0.1

### Performance over the past year

**Online Services** (17% of the portfolio): The investments we hold in this area performed very well, especially Microsoft, Alphabet, Ansys, Adobe and Amazon. Having no exposure to just two stocks, Apple and Nvidia, accounted for nearly half the year's underperformance relative to the comparator index. Our view is that this shows the benchmark has become worryingly concentrated with just a few very large companies dominating total returns. We prefer to keep the portfolio more balanced than the comparator index.

**Automation** (20% of the portfolio): This theme performed well as China slowly reopened and companies around the world resumed capital investment.

**Digital Finance** (7% of the portfolio): Our small allocation to Japanese banks performed well. These companies benefit from persistent – and in Japan's case, reasonably modest – inflation. Even the modest rises in long-term interest rates have allowed banks to lend at higher rates while their average cost of deposits has not been rising as rapidly. This improvement in banks' margins on lending is very positive for profits. This theme, which focuses on more lowly-valued equities, acts within the portfolio as a good balance to more expensive portions, such as US technology shares. Avoiding other developed world bank stocks during the period also boosted performance relative to the comparator index.

**Healthcare Costs** (10% of the portfolio): After a strong year in 2022, this theme performed poorly. The US medical insurance companies are seeing a rise in claims from their customers. Few people willingly went near a hospital during the pandemic, so there seems to be a backlog of the population who need medical care. The short-term impact for the companies is that claims from their customers have risen as the backlog of postponed medical treatment clears.

### Five largest stock contributors

Company	Theme	Contribution %
LVMH Moët Hennessy	Sustainable	1.3
Louis Vuitton	Consumer	
Cie Financière Richemont	Sustainable	0.7
	Consumer	
Amazon	Online Services	0.7
Microsoft	Online Services	0.7
Novo Nordisk	Healthcare Costs	0.7

### Five largest stock detractors

Company	Theme	Contribution %
Estée Lauder	Sustainable	(0.7)
	Consumer	
Olaplex Holdings	Sustainable	(0.6)
	Consumer	
Pfizer	Healthcare Costs	(0.6)
Revvity	Scientific Equipment	(0.4)
Fresenius Medical Care	Healthcare Costs	(0.4)

### Transactions

Buying Japanese banks, buying Rockwell Automation and selling Elevance, one of the larger holdings in US medical insurance, boosted our returns over the year.

## **Observations on managing the Mid Wynd investment portfolio**

In 2014 the Artemis Global Select team was privileged to be appointed to manage the Mid Wynd portfolio. Alex Illingworth, Rosanna Burcheri and I set about managing the investments to benefit from fair equity market conditions, but also to avoid giving up gains too easily when conditions worsened. For most of the past nine years market conditions have been very good indeed and in the one moment of panic – the Covid outbreak in March 2020 – the portfolio’s resilience became apparent.

The Company had assets of £67m in May 2014 and by the end of that year, after some shareholders had sold, the Company held 13% of its shares in Treasury. As at 30 June 2023, the Company had assets of £449m, no gearing and a year’s dividends available as reserves.

Managing an investment trust is different from managing a unit trust. Investment trusts tend to have much longer lives and are often used to pass down wealth through generations. Unit trusts are more often used to manage savings through an individual’s lifetime. The Mid Wynd International Investment Trust is, of course, named after the street in Dundee where the Scott family made a fortune in jute. Many members of that family remain shareholders, illustrating how the Company has been effective over the long term. It has also been a pleasure to have previous investment managers on the shareholder list.

When we took over the management markets had recovered from the 2008 banking crisis, most equities were reasonably priced, inflation was subdued, and interest rates were held down by central banks. The portfolio we constructed was balanced between companies that generated strong growth and others that offered cheaper valuations. The former dominated performance. Over the nine years our best investments, which should be familiar to shareholders as we will have talked about them in great detail in previous reports, have been Louis Vuitton, Boston Scientific, Mastercard, Freeport McMoRan and Thermo Fisher Scientific.

The list of stocks that have reduced the relative performance over the period has just one dominant constituent: Apple. Owning none of its shares (most of the time) has cost around 5% of relative performance during our stewardship of the Company’s capital.

All in all, over the last nine years, the Company’s assets have grown faster than the global equity index. These excess returns have come principally from stock selection. Allocations to particular countries have had little effect though being sceptical about European prospects saved us a little money. By theme, Online Services and Sustainable Consumer contributed the most, followed by Healthcare, Scientific Equipment and being sceptical about banks.

Between 2014 and 2020 economic conditions were reasonably benign and equity funds made very strong returns. Now that inflation has returned, many are looking for ways to defend the value of their savings. With UK inflation currently over 7%, holding cash or UK government debt guarantees a slow loss of purchasing power. Equities offer a way to invest one’s savings in the real economy, in businesses that can adjust to inflation as it ebbs and flows and whose cash flows should grow in real terms over time. Historically, equities have proven to be the best performing asset class during times of high inflation, especially between 1978 and 1983. However, current valuations are much higher.

With the current high valuations for equities in mind, the transition from a low to higher inflation environment means we feel attention must be paid to the value for money in equities, especially value for money in companies like technology companies whose growing cash earnings are sometimes many years in the future.

Over the past nine years the returns we have enjoyed in Louis Vuitton, Boston Scientific, Mastercard and others show that healthy investment returns can come from the steady earnings growth of well-established businesses. The Company’s returns have not relied on a small number of stocks making very high returns. They have come from most of our investments doing quite nicely and thankfully very few proving troublesome. It may mean that we have fewer ‘elephant-hunter’ tales, but it has worked.

We are pleased to be able to hand over the Company in rude health and would like to take the opportunity to thank the management and marketing team at Artemis, Martin Stott at Bulletin PR and the Mid Wynd Board for their support over this time.

We wish the Company and its shareholders all the best for the future.

**Simon Edelsten**  
Fund Manager

**Bobby Powar & May Laghzaoui**  
Analysts

5 September 2023

## Investments as at 30 June 2023

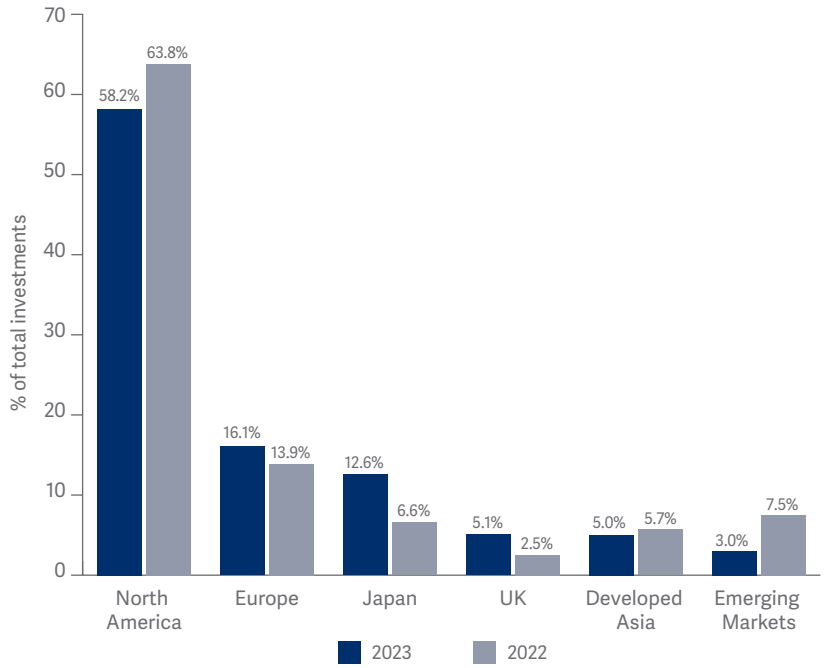
Investment	Region	Industry	Theme	Market value £'000	% of total net assets
<b>Equities</b>					
Amazon	North America	Consumer Discretionary	Online Services	16,969	3.8
Alphabet	North America	Communication Services	Online Services	15,682	3.5
LVMH Moët Hennessy Louis Vuitton	Europe	Consumer Discretionary	Sustainable Consumer	14,052	3.1
Microsoft	North America	Information Technology	Online Services	13,658	3.0
Taiwan Semiconductor Manufacturing	Emerging Markets	Information Technology	Automation	13,100	2.9
UnitedHealth Group	North America	Health Care	Healthcare Costs	12,917	2.9
Mastercard	North America	Financials	Digital Finance	12,326	2.7
Rockwell Automation	North America	Industrials	Automation	11,363	2.5
Merck	North America	Health Care	Healthcare Costs	11,091	2.5
Singapore Telecommunications	Developed Asia	Communication Services	Screen Time	11,063	2.5
<b>Top 10 investments</b>				<b>132,221</b>	<b>29.4</b>
Thermo Fisher Scientific	North America	Health Care	Scientific Equipment	11,046	2.5
Mitsubishi UFJ Financial Group	Japan	Financials	Digital Finance	10,475	2.3
Humana	North America	Health Care	Healthcare Costs	10,353	2.3
Essilorluxottica	Europe	Health Care	Sustainable Consumer	9,671	2.2
Cie Financiere Richemont	Europe	Consumer Discretionary	Sustainable Consumer	9,497	2.1
Sumitomo Mitsui Financial Group	Japan	Financials	Digital Finance	9,350	2.1
ANSYS	North America	Information Technology	Automation	9,317	2.1
Union Pacific	North America	Industrials	Lower Carbon World	9,159	2.0
Schneider Electric	Europe	Industrials	Lower Carbon World	9,118	2.0
Synopsys	North America	Information Technology	Automation	8,652	1.9
<b>Top 20 investments</b>				<b>228,859</b>	<b>50.9</b>
Novo Nordisk	Europe	Health Care	Healthcare Costs	8,602	1.9
Keyence	Japan	Information Technology	Automation	8,563	1.9
Omnicom	North America	Communication Services	Screen Time	8,442	1.9
Panasonic Holdings	Japan	Consumer Discretionary	Lower Carbon World	8,393	1.9
Estee Lauder	North America	Consumer Staples	Sustainable Consumer	8,358	1.9
Accenture	North America	Information Technology	Online Services	8,208	1.8
Mettler-Toledo International	North America	Health Care	Scientific Equipment	7,661	1.7
Adobe	North America	Information Technology	Online Services	7,550	1.7
Revvity (formerly PerkinElmer)	North America	Health Care	Scientific Equipment	7,520	1.7
SMC	Japan	Industrials	Automation	7,480	1.7
<b>Top 30 investments</b>				<b>309,636</b>	<b>69.0</b>
Siemens AG	Europe	Industrials	Lower Carbon World	7,401	1.6
Halliburton	North America	Energy	Lower Carbon World	7,220	1.6
Samsung	Developed Asia	Information Technology	Screen Time	7,155	1.6
Avery Dennison	North America	Materials	Sustainable Consumer	7,088	1.6
Proctor & Gamble	North America	Consumer Staples	Sustainable Consumer	7,026	1.6
Rio Tinto	UK	Materials	Lower Carbon World	6,980	1.6
Diageo	UK	Consumer Staples	Sustainable Consumer	6,761	1.5
EQT	North America	Energy	Lower Carbon World	6,643	1.5
Salesforce	North America	Information Technology	Online Services	6,637	1.5
Hexagon	Europe	Information Technology	Automation	6,636	1.5
<b>Top 40 investments</b>				<b>379,183</b>	<b>84.6</b>

<b>Investment</b>	<b>Region</b>	<b>Industry</b>	<b>Theme</b>	<b>Market value £'000</b>	<b>% of total net assets</b>
Toyota Industries	Japan	Industrials	Automation	6,397	1.4
Prologis (REIT)^	North America	Real Estate	Automation	6,335	1.4
Agilent Technologies	North America	Health Care	Scientific Equipment	5,879	1.3
First Solar	North America	Information Technology	Lower Carbon World	5,719	1.3
Uber Technologies	North America	Industrials	Online Services	5,688	1.3
Unilever	UK	Consumer Staples	Sustainable Consumer	5,566	1.2
Intel Corp	North America	Information Technology	Automation	4,990	1.1
Toppan	Japan	Industrials	Screen Time	4,456	1.0
Thai Beverage	Developed Asia	Consumer Staples	Sustainable Consumer	4,146	0.9
Lam Research	North America	Information Technology	Automation	3,193	0.7
<b>Top 50 investments</b>				<b>431,552</b>	<b>96.2</b>
Gore Street Energy Storage Fund	UK	Financials	Lower Carbon World	3,129	0.7
Siemens Energy AG	Europe	Industrials	Lower Carbon World	3,041	0.7
Aker Carbon Capture	Europe	Industrials	Lower Carbon World	1,216	0.2
<b>Total equity investments (53)</b>				<b>438,938</b>	<b>97.8</b>
<b>Net current assets</b>				10,088	2.2
<b>Total net assets</b>				<b>449,026</b>	<b>100.0</b>

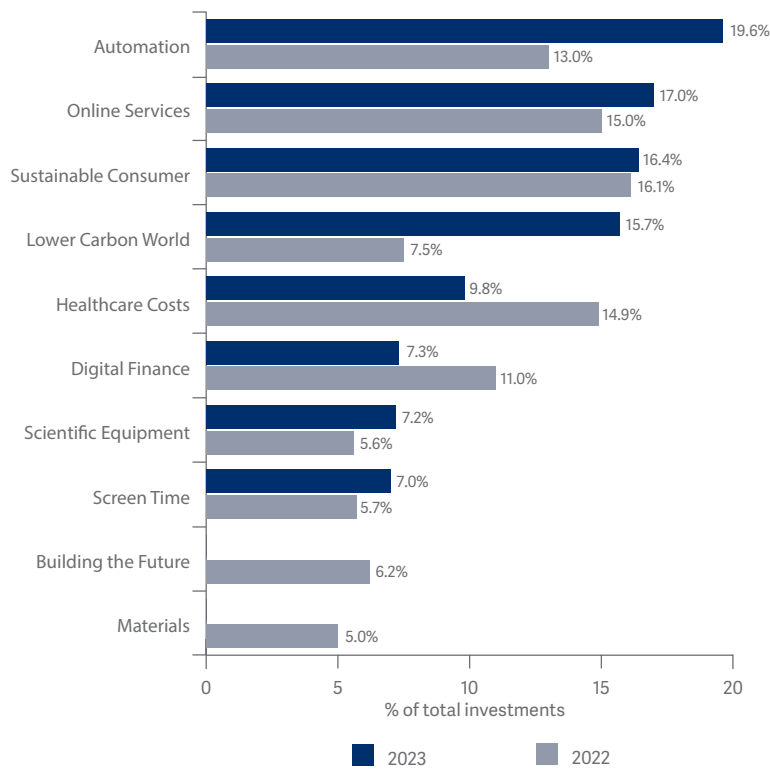
^ Real Estate Investment Trust



## Regional analysis of the portfolio as at 30 June



## Thematic analysis of the portfolio as at 30 June



## Introduction to the Company's new Investment Manager

Lazard Asset Management will be replacing Artemis as Investment Manager in October 2023. Lazard is one of the world's pre-eminent financial institutions, and celebrates its 175th Anniversary this year. Lazard Asset Management manages approximately £166 billion of assets for a very diverse array of clients – with 24 offices across 17 countries, and with equity expertise at its core, the firm is very well positioned to deliver strong investment outcomes.

Lazard Asset Management's global equity managers, Louis Florentin-Lee and Barnaby Wilson will be responsible for managing the Company, and will do so in accordance with the Lazard Global Quality Growth strategy, which launched in 2011.

Louis and Barnaby have worked together at Lazard Asset Management since 2004 and have managed the Lazard Global Quality Growth strategy together for the last decade – in the 10 years to 30 June 2023 the strategy has generated a gross return of 262%, compared with the MSCI All Country World Index (GBP) (MSCI ACWI) return of 176%. Louis and Barnaby began working in the investment industry in 1996 and 1998, respectively.

The Lazard Global Quality Growth strategy aims to invest in what the team considers to be some of the best businesses in the world – companies with sustainable competitive advantages that are expected to generate consistently high returns on capital and that can reinvest in their business to drive future growth. In identifying and investing in such businesses investors see the cash flows generated on their behalf re-invested at much higher returns than available elsewhere. The investment approach is reinforced by 25 years of empirical research and supported by Lazard's extensive fundamental research team of global sector analysts.

Given Lazard's focus on future financial productivity, the investment team fully integrates ESG analysis into its fundamental research. The companies selected for the portfolio tend to be asset light and well-managed with good governance, so the portfolio tends to have an attractive ESG profile, with significantly lower carbon footprint, lower carbon intensity, and lower ESG risk exposure than the MSCI ACWI. This is an outcome of stock selection, not a target objective. Details of the approach to stewardship, sustainability and the investment process will be published in the Company's ESG section of the AIC website.

Full details on the investment approach that Lazard will bring to Mid Wynd can be accessed via: the Research & Insights/Investment Research/Quality investing section of the main website: [www.lazardassetmanagement.com](http://www.lazardassetmanagement.com)



## Strategy and Business Review

This Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

### Purpose

Our purpose is to increase the real wealth and prosperity of our shareholders, thus helping them meet their long-term savings needs.

Mid Wynd International Investment Trust plc can trace its heritage back to 1797, when the founder of the Company set up a textiles business in Dundee. Its origins as an investment company date from 1949, when the Board began to manage the financial reserves as a separate entity from the main trading business. In September 1981, the shares of Mid Wynd International Investment Trust plc were floated on the London Stock Exchange. At that time, the Board was entrusted by shareholders to manage their wealth, with a focus on investing in global companies with strong growth prospects and sustainable businesses. This focus remains as true for the Board and its appointed investment manager today as it did back then.

Through our investment company structure, we enable shareholders, large or small, to invest in an actively-managed diversified portfolio of securities in a cost-effective way, giving them access to the growth opportunities offered by world markets.

### Strategy

As stated above, the Company's purpose is to increase the real wealth and prosperity of our shareholders, thus helping them meet their long-term savings needs. To achieve this goal, the Company has adopted a number of policies which are set out below.

### Objective and investment policy

The objective of the Company is to achieve capital and income growth by investing on a worldwide basis. Although the Company aims to provide dividend growth over time, its primary aim is to maximise total returns to shareholders.

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 may 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. To ensure diversification of opportunity and management of risk, the Company is permitted by its policy to hold between 40 and 140 holdings; however, the portfolio will generally hold a portfolio of shares at the lower end of this range. The portfolio will be managed on a global basis rather than as a series of regional sub-portfolios. As at 30 June 2023 there were 53 holdings in the portfolio.

The Board assesses investment performance with reference to the MSCI All Country World Index (GBP). However, the Directors expect the appointed investment manager to pay little attention 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 comparator index.

### Business model

The Company is incorporated in Scotland and operates as an Investment Trust Company. It is an investment company within the meaning of section 833 of the Companies Act 2006 (the "Act") and is approved as an investment trust by HM Revenue and Customs subject to the Company continuing to comply with the requirements of section 1158 of the Corporation Tax Act 2010. The Company has a premium listing on the London Stock Exchange. The Company is also an Alternative Investment Fund whose investment manager is regulated by the Financial Conduct Authority.

The Company has no employees and the Board, which comprises solely of non-executive Directors, has delegated most of the Company's operational functions to a number of key service providers. All key service providers are appointed under rolling contracts which are periodically reviewed, at which time the appropriateness of the continuing appointment of such service providers is considered. Details of the key service providers are set out later in this Annual Financial Report.

### Dividend policy

The Company's main focus is on growing shareholders' capital. Nevertheless, the Company does have a progressive dividend policy which is not solely determined by the requirements of s1158 of the Corporation Tax Act 2010 to retain no more than 15% of revenue earnings in any financial year. The Board intends to grow dividends, subject to the availability of distributable reserves. Where appropriate, the Board may declare a special dividend.

### Gearing and leverage

The Company may use borrowings to support its investment strategy and can borrow up to 30% of its net assets. The Company has a USD60m multicurrency revolving credit facility with the Bank of Nova Scotia (London Branch) which is available to the Company until 19 February 2024. As at 30 June 2023, no amounts were drawn down from this facility.

The Company's gearing is reviewed by the Board and Investment Manager on an ongoing basis. Given the current environment of high interest rates and the need for amendments to the current facility to take account of the new investment management arrangements, the Company has decided to terminate the facility due to expire in February 2024. The use of gearing will be reviewed in due course.

Leverage is defined in the Alternative Investment Fund Managers Directive ("AIFMD") as any method by which the Company can increase its exposure by borrowing cash or securities, or from leverage that is embedded in derivative positions. The Company is permitted to borrow up to 30% of its net assets (determined as 130% under the Commitment and Gross ratios). The Company is permitted to have additional leverage of up to 100% of its net assets, which results in permitted total leverage of 230% under both ratios. The Alternative Investment Fund Manager (the "AIFM") monitors leverage values on a daily basis and reviews the limits annually. No changes have been made to these limits during the year. At 30 June 2023, the Company's leverage was 99.95% as determined using the Commitment method and 100.13% using the Gross method. Further details can be found in the Glossary on page 75.

### Current and future developments

A summary of the Company's developments during the year ended 30 June 2023 together with its prospects for the future, is set out in the Chairman's Statement on pages 5 to 8 and the Investment Manager's Review on pages 9 to 10. 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 stock market 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 furthermore considers the ongoing development and strategic direction of the Company, as well as any risks which could impact on the Company's ability to achieve its strategic objective.

### Culture and values

#### Culture

Corporate culture for an externally-managed investment trust like Mid Wynd International Investment Trust plc, refers to the beliefs and behaviours that determine how the Directors interact with one another and how the Board manages relationships with shareholders and key service providers, such as the appointed investment manager. The culture is defined by the values which are set out below. The s172 report included in this Strategy and Business Review provides further details of how the Board has operated in this regard.

#### Values

The Board is mindful that it is overseeing the management of a substantial investment portfolio on behalf of investors. In

many cases, the investment in the Company may represent a large proportion of an individual's savings. As all the Directors are invested in the Company, the Directors' interests are aligned with those of fellow shareholders in this regard.

Our approach to governing the Company is therefore underpinned by our determination to do the right thing for our shareholders. Key to this is having a constructive relationship with them, through monthly updates, half-yearly and annual financial reports, and the opportunity to meet with them at the Annual General Meeting, when this is held under normal circumstances. We also believe in having strong relationships with our key service providers, one based on mutual trust and respect, with constructive challenge when required. Below is a summary of the Board's most important values:

- **Excellence:** the Directors want the Company to succeed. The Board is focused on its purpose of delivering long-term value for all its shareholders, whether they are large or small. Focusing on this strategic imperative and adopting best practice wherever appropriate in all the Company's dealings are key to driving excellence. We will always put our shareholders first and will constantly look at how to enhance long term value, for example through the use of gearing, share issuance, and buybacks.
- **Integrity:** the Board seeks to be ethical and honest, to comply with all laws and regulations applicable to investment companies, avoid conflicts of interest and have zero tolerance to bribery and corruption, tax evasion or other fraudulent behaviour. It expects the same high standards to be adopted by all its key service providers.
- **Accountability:** the Board recognises the need to explain the Company's performance to investors, including the upsides, the downsides and the risks in a clear, straightforward and transparent manner. Accountability also involves the Board challenging its key service providers to ensure the Company continues to receive a high standard of service to drive long term shareholder value. Each of the Directors recognises their individual responsibility to shareholders and accordingly each of the Directors will stand for re-election at each Annual General Meeting.
- **Respect:** the Board is collegiate and recognises the value of the diverse backgrounds and opinions of its Directors. It also recognises the importance of treating shareholders and key service providers with respect. Contact by shareholders via the Chairman's email address [cosec@junipartners.com](mailto:cosec@junipartners.com) is welcomed; the Company adheres to key service provider terms and conditions such as prompt payment.
- **Sustainable investing, Stewardship and Environmental, Social and Governance ("ESG") issues:** The Board, recognises that sustainability and ESG matters should be cornerstones to the investment approach.

## Sustainability, Stewardship and Environmental, Social & Governance Matters (“ESG”)

The Board recognises that sustainability and ESG matters are important cornerstones to responsible investment; the Board is committed to taking a responsible approach with the Company’s own governance matters and, more materially, a responsible approach to the impact the Company has through the investment decisions made by its appointed investment manager.

The Board delegates authority to its appointed investment manager to invest responsibly; engaging actively with investee companies to understand their management ethos and to seek sustainable returns.

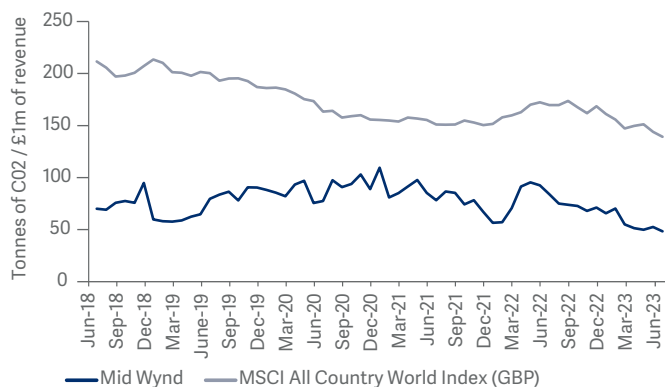
Given Lazard’s focus on future financial productivity, the investment team integrates ESG analysis into its fundamental research. The companies selected for the portfolio tend to be asset light and well-managed with good governance, so the portfolio tends to have an attractive ESG profile, with significantly lower carbon footprint, lower carbon intensity, and lower ESG risk exposure than the MSCI ACWI Index. This is an outcome of stock selection, not a target objective.

### Portfolio carbon emissions

The challenges around climate change are of increasing concern. The Board has placed greater importance on considering the issue separately from other ESG issues.

The portfolio’s carbon emissions have remained consistently below its benchmark, the MSCI All Country World Index (GBP), as detailed in the graph below.

### Mid Wynd Carbon Intensity



### Company engagement

The Board expects its appointed investment manager to influence through engagement. This is not always feasible given the small percentage of any company’s stock which the Company generally holds. The Board favours a policy of engagement over divestment. However, if attempts to influence companies show little evidence of success and they are failing to make their businesses more sustainable we expect our appointed investment manager to sell holdings.

## 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:

### ■ Net asset value performance compared to the MSCI All Country World Index (GBP)

The Board monitors the performance of the net asset value per share against that of the MSCI All Country World Index (GBP).

### ■ Share price performance

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

### Discrete annual total returns

Year ended 30 June	Net asset value	Share price	MSCI All Country World Index (GBP)
2019	13.3%	15.2%	9.7%
2020	12.2%	9.1%	5.2%
2021	24.3%	27.3%	24.6%
2022	(7.5)%	(9.5)%	(4.2)%
<b>2023</b>	<b>5.6%</b>	<b>1.0%</b>	<b>11.3%</b>

Further details of the 2023 returns can be found within the Chairman's Statement and Investment Manager's Review.

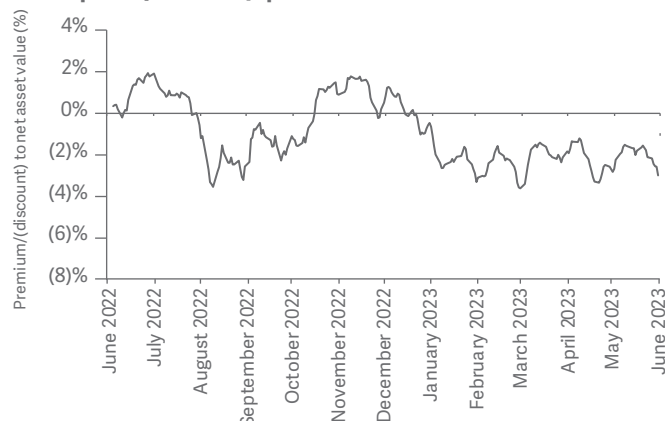
### ■ Share price (discount)/premium to net asset value

The Board recognises that it is in the interests of shareholders to maintain a share price as close as possible to the net asset value (“NAV”) per share. The policy of the Board is to limit the discount or premium to a maximum of 2 per cent of NAV in normal circumstances. The Company may issue shares at such times as demand is not being met by liquidity in the market and buy back shares when there is excess supply. This policy has proved consistently effective in generating value within the Company and protecting shareholders' liquidity requirements. This current year has continued to bring volatility from geopolitical events in Ukraine/Russia as well as inflationary pressures. The Company's shares, which were trading at a premium of 0.1% to NAV at the start of the year, moved to a discount of 4.3% of NAV at the year end. At all times the Company sought to manage the discount and premium within the target parameters and achieved an average discount of 1% over the year. While the Company declares its NAV daily, markets are open almost twenty four hours per day and this accounts for the wider range in premium and discount in 2023 shown on the following chart. During the year the Company issued 1,133,200 shares raising £8.1m net of costs (representing 1.7% of the issued share capital at the start of the year) and bought back 4,002,662 shares (representing 6.1% of the issued share capital at the start of the year) at a cost of £28,729,744. As the Company has utilised a significant proportion of the authorities granted by shareholders at the last AGM to undertake buybacks, the Company convened a special meeting on 8 September 2023 to apply for additional authorities up until the next AGM. The

reason for doing this was to ensure the Company would be able to continue to operate its discount control programme efficiently up until the next AGM.

Although the Company incurs modest costs for operating the policy and when renewing shareholder authority, issuance at a premium and buying back at a discount under the policy more than compensates and is consistently accretive to NAV.

### Share price (discount)/premium to net asset value



Source: Datastream/Morningstar.

All figures based on rolling weekly average.

### ■ Ongoing charges

The Board is mindful of the ongoing costs to shareholders of running the Company and monitors operating expenses on a regular basis. The decrease in average funds under management during the year and certain one-off charges have led to an increase in the Company's current ongoing charges ratio to 0.62% (2022: 0.60%).

### ■ Dividend per share

The Board, in addition to capital growth, continues to pursue its policy of growing dividends. It monitors the revenue returns generated by the Company during the year, its historic revenue reserves and expected future revenue and then determines the dividends to be paid. Revenue earnings during the year decreased by 15% on what was a very strong 2022 return. Revenue earnings will vary depending on macro economic factors affecting investee companies and the composition of the portfolio. As the majority of the Company's revenues are earned in foreign currencies changes in exchange rates can also materially impact the GBP value of the Company's earnings. The earnings per share still allow the Board to increase the interim and final dividends payable to shareholders along with the addition of a special dividend of 1.70p. Subject to approval of the final dividend by shareholders, a total regular dividend of 7.80 pence per share (2022: 7.20 pence per share) will be paid in respect of the year ended 30 June 2023. This represents an increase of 8.3%.

Total dividends payable for the year ended 30 June 2023, including the special dividend, amount to 9.50 pence per share.

Dividends payable/paid in respect of the years ended June 2022 and June 2023 were fully covered by their respective current year earnings.

## Principal risks and risk management

The Board has carried out a robust assessment of the principal and emerging risks facing the Company. Following consideration of the principal risks, the Board has concluded that there are no emerging risks facing the Company that should be added to the current principal risks.

The Board, has developed a risk map which sets out the principal risks faced by the Company and the controls established to mitigate these risks. This is an ongoing process and the risk map, including any emerging risks, is formally reviewed at least every six months. The Board pays particular attention to those risks that might threaten the long-term performance or viability of the Company. Further information on the Company's risk management process is set out in the corporate governance section on pages 36 and 37.

A summary of the key areas of risk, their movement during the year and their mitigation is set out below:

Movement during the year:



No change



Decreased risk



Increased risk

Movement	Principal risk	Mitigation/control
	<p><b>Strategic risk</b> The management of the portfolio of the Company may not achieve its investment objective and policy.</p>	<p>The investment objective and policy of the Company is set by the Board and is subject to ongoing review and monitoring in conjunction with the appointed investment manager.</p> <p>The Company's investments are selected on their individual merits and the performance of the portfolio may not track the wider market (represented by the MSCI All Country World Index). The Board believes this approach will continue to generate good long-term returns for shareholders. Risk is diversified through a broad range of investments being held. Both the existing and future investment managers have proven track records; the Board discusses the investment portfolio and its performance with the appointed investment manager at each Board meeting.</p>

**Movement****Principal risk****Mitigation/control****Market risks**

The Company invests in a portfolio of international quoted equities. The prices of equity investments may be volatile and are affected by a wide variety of factors many of which can be unforeseen and are outwith the control of the investee company or the appointed investment manager. These price movements could result in significant losses for the Company.

Current events such as inflationary pressures and the current war in Ukraine may negatively affect investment values leading to the inability to buy, sell or value assets at a competitive price, and have an adverse effect on the Company's results. The market risk has increased due to these pressures.

The Company's functional currency and that in which it reports its results is sterling. However, the majority of the Company's assets, liabilities and income are denominated in currencies other than sterling. Consequently, movements in exchange rates will affect the sterling value of those items. The country in which a portfolio company is listed is furthermore not necessarily where it earns its profits and movements in exchange rates on overseas earnings may have a more significant impact upon a portfolio company's valuation than a simple translation of that company's share price into sterling. The Company does not generally hedge its currency exposures and changes in exchange rates may lead to a reduction in the Company's NAV.

Globally, climate change effects are already emerging in the form of changing weather patterns. Extreme weather events could potentially impair the operations of individual investee companies, potential investee companies, their supply chains and their customers.

The war in Ukraine and other geopolitical events have resulted in increasing levels of inflation directly affecting economic growth and the underlying investment values.

The Board considers that the risk of market volatility is mitigated by the longer-term nature of the investment objective and the Company's closed-ended structure, and that such investments should be a source of positive returns for shareholders over the long term.

Risks are diversified through having a range of investments in the portfolio with exposure to various geographies, sectors and themes.

Both the existing and future investment managers have proven track records and are required to report regularly to the Board on market developments. At each Board meeting the appointed investment manager is asked to provide explanations for the performance of the portfolio and the rationale for any changes in equity investments, sectors and geographies. Any use of derivatives to manage market risks requires Board approval.

Both the existing and the future investment managers take climate risks into account, along with the downside risk to any company (whether in the form of its business prospects or market valuation or sustainability of dividends) that is perceived to be making a detrimental contribution to climate change. The Company invests in a broad portfolio of businesses with operations spread geographically, which should limit the impact of location-specific weather events.

The Board and its appointed investment manager have regular discussions to assess the likely impact of inflation rates on the economy, corporate profitability and asset prices.



Movement	Principal risk	Mitigation/control
	<p><b>Legal and regulatory risk</b></p> <p>Changes to the requirements of the framework of regulation and legislation (including rules relating to listed closed-end investment companies), within which the Company operates, could have a material adverse effect on the ability of the Company to carry on its business and maintain its listing. A change to the legal or regulatory rules in the future could, amongst other things, lead to the Company being subject to tax on capital gains.</p>	<p>The Company relies on the services of the company secretary and investment manager to monitor ongoing compliance with relevant regulations, accounting standards and legislation. The company secretary and investment manager also appraise the Board of any prospective changes to the legal and regulatory framework so that any requisite actions can be planned.</p> <p>The Board receives quarterly compliance reports from the investment manager and depositary confirming compliance with regulations. These reports also highlight any matter that the relevant compliance team feel should be brought to the Board's attention.</p>
<b>Operational risks</b>		
	<p><b>Reliance on third-party service providers</b></p> <p>The Company has no employees and all of the Directors have been appointed on a non-executive basis; all operations are outsourced to third-party service providers. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to protect against breaches of the Company's legal and regulatory obligations such as data protection or to perform its obligations to the Company at all as a result of insolvency, fraud, breaches of cybersecurity, failures in business continuity plans or other causes, could have a material adverse effect on the Company's operations.</p>	<p>Experienced third-party service providers are employed by the Company under appropriate terms and conditions and with agreed service level specifications. The Board receives regular reports from its service providers and reviews the performance of its key service providers at least annually.</p>
	<p><b>Reliance on key personnel</b></p> <p>The Company's portfolio is managed by the appointed investment manager and in particular the fund management team which has direct responsibility for portfolio selection. Any change in relation to the investment executives may adversely affect the performance of the Company.</p>	<p>As reported, it was announced earlier in the year, that the two key individuals responsible for managing the Company's investments, would be leaving Artemis. As these were key men, the Board decided that it needed to review the ongoing fund management of the Company and following that review, appointed Lazard Asset Management to take over the investment management role in October 2023. The Lazard team is led by two key individuals, each of whom have worked for Lazard for many years and have a successful track record.</p>

Further information on risks and the management of them are set out in note 20 of the notes to the financial statements on pages 61 to 65.

## Long-term Viability

### **Viability statement**

In accordance with the Association of Investment Companies (the "AIC") Code of Corporate Governance, the Board has considered the longer-term prospects for the Company beyond the twelve months required by the going concern basis of accounting. The period of assessment, in line with our Key Information Document, is five years to 30 June 2028. The Board has concluded that this period is appropriate, taking into account the Company's investment objective and policy and the long-term investor outlook.

In reviewing the Company's viability, the Board considered the Company's business model, the principal risks and uncertainties, including geo-political risks, current high inflation and interest rates and the ensuing market volatility as well as emerging risks such as climate change risks. The Company invests in listed securities and has a liquid portfolio.

Following the publication of this Annual Financial Report, the Company's investment management arrangements will change with Lazard taking over responsibility for managing the Company's investments in October following Simon Edelsten's retirement from the Artemis partnership. In considering the Company's prospects over the next five years, the Directors have assumed that Lazard will, on behalf of the Company, continue to follow the Company's investment objective, that the Company's performance will continue to be attractive to shareholders, and that the Company will continue to meet the requirements to retain its status as an investment trust.

The Company is authorised to trade as an investment company and has the associated tax benefits. Any change to the Company's tax arrangements could affect the Company's viability as an effective investment vehicle.

The Board considered a five year forecast and a number of stress test scenarios in connection with a sustained fall in markets. The Board also considered the Company's ongoing income and expenses and the liquidity of the Company's portfolio to ensure that the Company will be able to meet its liabilities as they fall due.

The conclusion of this review is that the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.



## Duty to Promote the Success of the Company

### **How the Directors discharge their duties under s172 of the Companies Act**

Under section 172 of the Companies Act 2006, the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole, and in doing so have regard to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

As an externally managed investment trust, the Company has no employees or physical assets. Our shareholders, our investee companies, our key external service provider, the investment manager, and other professional service providers, such as the administrator, depositary, registrar, auditor, corporate broker, tax adviser and lenders are all considered to fall within the scope of section 172.

During the year ended 30 June 2023, Artemis acted as the Company's Investment Manager, Fund Administrator and Company Secretary. JP Morgan Europe Limited was the Company's Depositary until 3 March 2023 when this service was moved to Northern Trust as part of a wider project initiated by Artemis and approved by the Board. As announced previously, the Board has appointed Lazard to replace Artemis Fund Managers as Investment Manager with effect from October 2023. Following this change, the Board has also appointed Juniper Partners Limited as Company Secretary and Fund Administrator in place of Artemis Fund Managers; JP Morgan Europe Limited will additionally resume depositary services.

Whilst certain responsibilities are delegated, the Board retains responsibility for promoting the success of the Company; the Directors' responsibilities are set out in the schedule of matters reserved for the Board and the terms of reference of its committees, all of which are reviewed regularly by the Board.

The Company's culture and values, as described on page 16 of this Annual Financial Report, have been established by the Board to manage its key business relationships. The Company's approach on anti-bribery and prevention of tax evasion can be found on page 36 and on the Company's website at [midwynd.com](http://midwynd.com).

## Engagement with key stakeholders

Stakeholders	Benefits of engagement	How the Company engages with Stakeholders
Shareholders and potential investors	<p>The Board is responsible for promoting the success of the Company for the benefit of the shareholders, taken as a whole, having regard to the matters listed above and its stakeholders.</p> <p>Communicating with shareholders is essential to ensure the Board is fully aware of shareholder requirements so that it can respond to evolving shareholder needs. It is also important that the Company communicates its strategy and performance regularly and effectively to shareholders to ensure there continues to be demand for the Company's shares.</p>	<p>To achieve its objective of promoting the success of the Company, for the benefit of the shareholders, taken as a whole, the Board approaches engagement from two angles – how the Board communicates its strategy and performance to shareholders and how it addresses feedback / communications received from shareholders.</p> <p>Engagement with shareholders is both by the Board and the Company's appointed investment manager. Through the publication of the Annual Financial Report, the Half-Yearly Report, monthly factsheets, RNS announcements and Fund Manager updates to the Company's website, shareholders are kept informed of developments in Company strategy as well as Company performance and portfolio activities. The appointed investment manager presents at conferences and webinars throughout the year. The Annual General Meeting presents a further opportunity for shareholders to meet the Board and appointed investment manager in person.</p> <p>The Board receives regular feedback on shareholder meetings from the Company's broker and, where appropriate the Chairman. Any communications from shareholders are reviewed and discussed by the Board at Board meetings to ensure that shareholder views are taken into consideration as part of any decisions taken.</p> <p>Shareholders are encouraged to raise questions and communicate with the Chairman and the appointed investment manager either through the Company's website or by attending and asking questions at the AGM.</p> <p>The Board considers communication with shareholders an important function and Directors are always available to respond to shareholder queries. For further information see 'Relations with shareholders' on page 35.</p>

Stakeholders	Benefits of engagement	How the Company engages with Stakeholders
Investment Manager	<p>Engagement with the Company's appointed investment manager is necessary to:</p> <ul style="list-style-type: none"> <li>■ evaluate its performance against the Company's stated investment strategy and to understand any risks or opportunities this may present;</li> <li>■ ensure the investment manager operates within parameters set by the Board;</li> <li>■ ensure the Board understands key performance issues to inform strategy and enable good communication with shareholders;</li> <li>■ provide the Board with assurances that the investment manager's internal controls are operating effectively; and</li> <li>■ ensure the investment manager's approach to the management of environmental, social and governance ("ESG") issues accords with the Board's values</li> </ul>	<p>The Board, with the support of its Management Engagement Committee, regularly reviews the performance of the appointed investment manager to ensure that services provided to the Company are managed efficiently and effectively for the benefit of the Company's shareholders.</p> <p>The Board meets formally with the investment manager at quarterly Board meetings. The investment manager presents a review of the quarter and any pertinent information on the portfolio and its transactions. Informal calls and ad hoc meetings occur throughout the year and especially at times of heightened market volatility.</p> <p>The Board reviews and discusses plans for the future marketing, strategy and development of the Company with the investment manager.</p> <p>Reports on the internal controls operated by the appointed investment manager to safeguard the Company's assets and to ensure transactions and financial reporting are materially correct are received from the investment manager and reviewed by the Board and Audit Committee as appropriate.</p>
Other third-party service providers	<p>As an investment company, all services are outsourced to third-party service providers.</p> <p>In addition to investment management, other outsourced services include the Depositary, the Broker, the Registrar, the Company's Lender, its Tax Adviser and the Auditor.</p> <p>The Company has detailed the parameters within which authority has been delegated and set service levels to monitor service provider performance.</p> <p>Engagement is important to ensure that:</p> <ul style="list-style-type: none"> <li>■ all service providers are delivering services in accordance with their service level agreements;</li> <li>■ any operational issues are discussed with the Board; and</li> <li>■ the Board receives appropriate assurances that the providers' internal controls are operating effectively.</li> </ul>	<p>The appointed investment manager has frequent interaction with the key service providers and their performance is continually monitored throughout the year.</p> <p>The Management Engagement Committee annually reviews the performance of key service providers, along with their fee levels, and provides recommendations to the Board as required.</p> <p>As and when appropriate, third party providers present to the Board.</p> <p>Annual assurance reports are received to assist the review of the internal control environments of the Depositary and Registrar.</p>

<b>Stakeholders</b>	<b>Benefits of engagement</b>	<b>How the Company engages with Stakeholders</b>
Investee companies	<p>The Company's success relies on its choice of investments and the performance of those investments.</p> <p>Engagement by the appointed investment manager with the investee companies has two principal aims:</p> <ul style="list-style-type: none"> <li>■ to aid the appointed investment manager to understand investee companies and the factors which drive their performance so as to make better investment decisions; and</li> <li>■ to drive positive change in investee companies through active stewardship. The aim of such engagement is to improve performance and hence shareholder returns.</li> </ul>	<p>The Board sets the investment objective and discusses stock selection, asset allocation, and the ESG qualities of investee companies with the appointed investment manager at each Board meeting.</p> <p>The investment manager engages with the investee companies, prior to investment and on an on-going basis.</p> <p>The Board has discussed with both Artemis Fund Managers and Lazard Asset Management how Environmental, Social and Governance ("ESG") factors are taken into account when selecting and retaining investments for the Company. The Board recognises the importance of ESG both in the investment process and the stewardship role.</p> <p>Both Artemis Fund Managers and Lazard Asset Management endorse the UK Stewardship Code.</p>

### **Board discussions and decisions**

Key discussions and decisions made by the Board since the last annual financial report:

<b>Topic</b>	<b>Background &amp; discussion</b>	<b>Decision</b>
Change in Investment Manager	Following the announcement of the retirement of fund manager Simon Edelsten from the Artemis partnership and the departure of Alex Illingworth, the Board assessed its ongoing investment management arrangements and, in conjunction with its adviser, Barnett Waddington, undertook a rigorous assessment of potential management options.	It was decided that following the retirement of Simon Edelsten from Artemis and the departure of Alex Illingworth, it was in shareholders' best interests that Lazard be appointed as the new Investment Manager with effect from October 2023. It is anticipated that Simon Edelsten will remain responsible for the Company's investments until the Company's transition to Lazard. During the manager review process, the Chairman engaged with some of the Company's largest shareholders to ensure they were happy with the approach being taken.
Share issuance and buyback	The Board discussed the on-going strategy of share issuance and buyback to assist in controlling the share premium/discount to NAV.	It was decided this strategy was working as required and the Board continued to give authority as required. The announcement of the departure from the Artemis partnership of Simon Edelsten and Alex Illingworth coincided with a widening of discounts to NAV in the investment trust sector. The Company has been particularly active, during this period, to ensure that the Company's shares trade at a narrow discount to NAV. To ensure the Company has sufficient shareholder authority to continue to operate the discount control mechanism (which seeks to maintain a share price within 2% of the Company's NAV) the Board resolved to seek additional authority from shareholders to continue to buy back the Company's shares at a special general meeting convened for 8 September 2023.

Topic	Background & discussion	Decision
Third party service providers	The Company moved its depositary services from JP Morgan Europe to Northern Trust in March 2023 as part of a larger initiative by Artemis Fund Managers. Further changes in the wake of the replacement of Artemis Fund Managers as Investment Manager have also now been set in motion.	The Board was satisfied that changing depositary so that all funds operated by Artemis Fund Managers would be administered by one party was in shareholders' best interests and accordingly Northern Trust replaced JP Morgan Europe in March 2023. Since the announcement of the replacement of Artemis Fund Managers by Lazard Asset Management, the Company has decided to reappoint JP Morgan as the Company's depositary. Artemis Fund Managers has additionally been responsible for the Company's Company Secretary services and this role, alongside fund administration services, will be transferred to Juniper Partners with effect from October 2023. In selecting new service providers, the Board considered a number of proposals tendered by recognised industry providers and concluded that the appointment of the providers selected was in shareholders' best interests.
Gearing	The Board discussed the current policy and level of gearing utilised.	The Board has considered its continuing use of gearing in light of current high interest rates and the proposed change in Investment Manager. It has been decided that the current bank facility should not be retained and accordingly the facility will be terminated shortly. The future use of gearing by the Company will be kept under review.
Board evaluation	The Board discussed how to conduct its annual board evaluation.	It was agreed that an external specialist should be appointed to lead the evaluation. Following the evaluation process, a number of changes have been made to the administration of the Board and its committees.

The Board's primary focus is to promote the long-term success of the Company for the benefit of the Company's shareholders. In doing so, the Board has regard to the impact of its actions on other stakeholders as described above.

### Directors & diversity

The Directors of the Company and their biographical details are set out on page 29.

No Director has a contract of service with the Company.

The Board supports the recommendations of the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic representation on Boards.

The Board recognises the principles of diversity in the boardroom and acknowledges the benefits of having greater diversity, including gender, social and ethnic backgrounds, and cognitive and personal strengths. When setting a new appointment brief, the Nomination Committee considers diversity alongside 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. The Board's Director selection policy will, first and foremost, seek to identify the person best qualified to become a Director of the Company, based on merit and objective criteria.

The Board is currently comprised of four male Directors and one female Director.

The FCA announced a new policy statement on diversity and inclusion on company boards in April 2022. Companies are required to comply with the targets or explain the reasons for non-compliance. Outlined below is an overview of the targets and the Company's compliance as at 30 June 2023 in accordance with Listing Rule 9.8.6R(9):

- **40% of the Board is represented by women:** As at 30 June 2023 the Company only has one female Director. The Company therefore does not meet this diversity target.
- **One woman in a senior position:** during the year to 30 June 2023, Diana Dyer Bartlett held the position of Chair of the Audit Committee. In the absence of Executive roles, the Company considers the role of Chairman of the Audit Committee to qualify as a senior position. The Board therefore considers that it met this target.
- **One individual from a minority ethnic background:** as at 30 June 2023, no individuals on the Board are from a minority ethnic background. The Company therefore does not therefore meet this diversity target.

The Board does not currently meet the targets described above for the following reasons:

- The Board is small and rotation of Directors does not take place every year.
- The specialist headhunters retained by the Board to seek a new Board Director in 2023 were asked to seek candidates from a broad range of diverse backgrounds, especially those who would extend the Board's gender and ethnic minority representation. Following completion of this process, the Board concluded that Hamish Baillie was the best qualified, notwithstanding that his appointment would not enable the Company to comply with guidance on gender or ethnic minority representation.

For future director appointments, the Board will seek to meet the guidelines on diversity targets.

The following tables set out the data on the diversity of the Directors on the Company's Board in accordance with Listing Rule 9.8.6R(10) as at 30 June 2023. This data has been collected through consultation with the Board. There have been no changes in the below data since 30 June 2023.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management <sup>3</sup>	Percentage of executive management <sup>3</sup>
Men	4	80%	1 <sup>1</sup>	N/A	N/A
Women	1	20%	0 <sup>2</sup>	N/A	N/A
Not specified/prefer not to say	–	–	–	N/A	N/A

<sup>1</sup> Russell Napier is the Chairman of the Board, a senior position as defined by the Listing Rules.

<sup>2</sup> Diana Dyer Bartlett is the Chairman of the Audit Committee. Although this is not a senior position as defined by the Listing Rules, in the absence of executive roles, the Company considers this role to be a senior position.

<sup>3</sup> Not applicable as the Company does not have an executive management team.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management <sup>2</sup>	Percentage of executive management <sup>1</sup>
White British or other White	5	100%	1 <sup>1</sup>	N/A	N/A
Mixed/Multiple ethnic groups	0	0%	0	N/A	N/A
Asian/Asian British	0	0%	0	N/A	N/A
Black/African/Caribbean/Black British	0	0%	0	N/A	N/A
Other ethnic group, including Arab	0	0%	0	N/A	N/A
Not specified/prefer not to say	–	–	–	N/A	N/A

<sup>1</sup> The Chairman of the Board is a senior position as defined by the Listing Rules. In the absence of executive roles, the Company also considers the Chairman of the Audit Committee to be a senior position.

<sup>2</sup> Not applicable as the Company does not have an executive management team.

### Modern Slavery Act 2015

The Company does not fall within the scope of the Modern Slavery Act 2015 as its turnover is less than £36m. Therefore, no slavery and human trafficking statement is included in the Annual Financial Report.

### Sustainability and environmental, social and governance ('ESG') matters

The Board recognises that the most material way in which the Company can have an impact on ESG is through responsible ownership of its investments. The Company's appointed investment manager is expected to engage actively with investee companies undertaking extensive evaluation and engagement 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 includes matters relating to material environmental, human rights and social considerations that will ultimately impact the profitability of a company or its stock market rating.

### Financial statements

The financial statements of the Company are included on pages 50 to 65 of this report.

For and on behalf of the Board,

**Russell Napier**  
Chairman

5 September 2023

## DIRECTORS AND CORPORATE GOVERNANCE

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### Directors

#### **Russell A R Napier (Chairman and Nomination Committee Chairman)**

Russell Napier became a Director of the Company in 2009. He worked for Baillie Gifford from 1989 and for Foreign & Colonial Emerging Markets from 1994. In 1995 he joined stockbrokers CLSA in Hong Kong as its Asian equity strategist. Since 1999 he has been a consultant global macro strategist advising institutional investors. He is the author of 'Anatomy of a Bear – Lessons from Wall Street's Four Great Bottoms' and has established and runs a course called 'A Practical History of Financial Markets'. He is a limited partner and adviser at Cerno Capital Partners, an investment adviser to Kennox Asset Management and a member of the advisory board of Bay Capital.

#### **Hamish M Baillie**

Hamish Baillie was appointed as a Director of the Company on 1 November 2022. Hamish joined Ruffer LLP in 2002, becoming a partner in 2006. Between 2011 and 2022 he was the Lead Manager of Ruffer Investment Company Ltd. Hamish also founded and managed the Edinburgh office of Ruffer and held firm-wide responsibilities in relation to portfolio management and investor communications. He was a member of the firm's UK Wealth Leadership Team and a Director of Ruffer (Channel Islands) Limited. Hamish retired from Ruffer with effect from 3 October 2022.

#### **Diana Dyer Bartlett (Audit Committee Chairman)**

Diana Dyer Bartlett became a Director of the Company and Chair of the Audit Committee in February 2020. After qualifying as a chartered accountant with Deloitte Haskins & Sells, Diana spent five years in investment banking with Hill Samuel Bank. Since then she has held a number of roles as finance director of various venture capital and private equity backed businesses and listed companies involved in software, financial services, renewable energy and coal mining. She was also company secretary of Tullett Prebon plc and Collins Stewart Tullett plc.

Diana is currently chairman of Smithson Investment Trust plc and a non-executive director and chair of the audit and risk committee of Schroder British Opportunities Trust plc.

#### **David P Kidd (Senior Independent Director)**

David Kidd became a Director of the Company in 2016. He has over 40 years' investment management experience, having been chief investment officer of the Royal Bank of Scotland's investment management arm, the charity specialists Chiswell Associates and the private bank Arbuthnot Latham. He is chairman of The Baillie Gifford Japan Trust plc and a director of The Golden Charter Trust. David is also the Chair of Trustees of the Associated Board of The Royal Schools of Music Pension Scheme. He recently retired as a Director of The Law Debenture Pension Trust Corporation. He was previously a non-executive director of Martin Currie Global Portfolio Trust plc, Shires Income plc and The Salvation Army International Trustee Company.

David is the Senior Independent Director having assumed the role on the retirement of Mr Harry Morgan at the 2022 Annual General Meeting.

#### **Alan G Scott**

Alan Scott became a Director of the Company in 2012. He has over 37 years' experience in banking, currently a Product Manager with Coutts & Co, having worked at Adam & Company since 2004 most recently as Head of Banking Services. Prior to that he held various positions within the NatWest Group including offshore with Adam & Company International and Royal Bank of Scotland International in Guernsey and onshore within the Corporate and Personal Banking divisions. He is a Member of the Chartered Banker Institute and holds Chartered Banker status.

All Directors are members of the Nomination Committee and Management Engagement Committee. In line with the AIC Code of Corporate Governance 2019 (the 'AIC Code'), all Directors, barring the Chairman of the Board, are members of the Audit Committee.



## 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 2023.

### Results and dividends

The Company's results for the year are set out in the Statement of Comprehensive Income on page 50. Further analysis of the results can be found in the Strategic Report; including the Chairman's Statement, Investment Manager Review and the Business Review.

The Directors are recommending a final dividend, if approved by shareholders, for the year to 30 June 2023 of 3.95 pence, to be paid on 10 November 2023 to shareholders on the register at the close of business on 29 September 2023.

This, together with the special dividend (also to be paid on 10 November 2023) and the interim dividend, will result in total dividends for the year of 9.50 pence (2022: 10.20 pence).

### Key service providers

During the year, Artemis provided the services of the Company's AIFM, appointed investment manager, fund administrator and company secretary. The depositary was JP Morgan until 3 March 2023 when these services were taken over by Northern Trust as part of a wider initiative by Artemis.

Following notification of the retirement of the lead fund manager, Simon Edelsten, from the Artemis partnership and the departure of Alex Illingworth, the Board undertook a review of the investment management arrangements. This resulted in the decision to move the management of the Company to Lazard Asset Management. Lazard is expected to take over as Investment Manager in October 2023. Simon Edelsten will remain lead fund manager until that time.

As a consequence of the change in appointed investment manager, other service provider changes are required and will all take effect at the same time that the investment management services are transferred from Artemis to Lazard. Juniper Partners has been appointed to take over as company secretary, fund administrator and AIFM. JP Morgan will resume the role of depositary.

### Artemis

The Company's investments were managed during the year by Artemis Fund Managers Limited, following its appointment as Investment Manager on 1 May 2014, and subject to an investment management agreement dated 15 July 2014.

Artemis was also AIFM to the Company and provided company secretarial services and fund administration. Artemis is entitled to a fee of 0.5% per annum of the net asset value of the Company. Artemis Fund Managers delegated responsibility for the day-to-day portfolio management of the Company's portfolio to Artemis Investment Management LLP.

Both Artemis entities are authorised and regulated by the Financial Conduct Authority and at 30 June 2023 had £23.8 billion, in aggregate, of assets under management.

Notice has now been given to Artemis pursuant to its Investment Manager and AIFMD agreement and the contract is expected to be concluded in October 2023.

### Lazard

With effect from October 2023 it is expected that Lazard Asset Management will take over as Investment Manager. Lazard Asset Management is authorized and regulated by the Financial Conduct Authority and at 30 June 2023 had in aggregate approximately £166 billion assets under management.

The Company has entered into an investment management agreement with Lazard Asset Management pursuant to which the fee it will receive for managing the Company's investments will be 0.4% of funds under management up to £250m, reducing to 0.38% on funds between £250m to £500m and 0.32% on funds above £500m. As part of the transition, Lazard has additionally agreed to waive its fee for the first three and a half months.

### Election and re-election of Directors

In accordance with the AIC Code, the Board has agreed that Directors will offer themselves for re-election on an annual basis. The Board, on recommendation from the Nomination Committee recommends the re-election of all Directors who currently hold office at this year's AGM.

### Directors' insurance and indemnification

Directors' and Officers' liability insurance cover is maintained 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/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

### Capital structure and voting rights

As at 30 June 2023, the capital structure of the Company was 66,381,114 (2022: 65,411,114) ordinary shares of 5 pence each.

Details of changes to the shares in issue can be found in the Strategic Report on page 18.

As at 31 August 2023 (being the latest practicable date prior to the publication of this Annual Financial Report) the Company's issued share capital consisted of 66,381,114 ordinary shares, carrying one vote each. 8,469,080 ordinary shares are held in Treasury. Therefore, the total voting rights in the Company as at 31 August 2023 were 57,912,034.



### **Rights attaching to ordinary shares**

At any general meeting of the Company, every ordinary shareholder attending in person or by proxy (or by corporate representative) is entitled to one vote on a show of hands and, where a poll is called, every ordinary shareholder attending in person or by proxy is entitled to have one vote for every ordinary share of which he is the holder. There are no restrictions concerning the voting rights of the Company's ordinary shares or the holding or transfer of the Company's

The table below sets out those shareholders who notified the Company that they hold more than 3% of the voting rights attaching to the ordinary shares in issue as at 30 June 2023 and being the latest practicable date before the printing of this document.

### **Significant interests**

<b>Name</b>	<b>Ordinary shares held at 30 June 2023</b>	<b>% of total voting rights at 30 June 2023</b>	<b>Ordinary shares held at 31 August 2023</b>	<b>% of total voting rights at 31 August 2023</b>
Rathbone Investment Management Limited	6,102,477	9.8	6,102,477	10.5
Mr Simon Edelsten	2,449,837	3.9	1,537,837	2.6

Further information on the share capital of the Company is detailed in note 13 of the notes to the financial statements.

### **Additional shareholder information**

The provisions relating to the appointment and replacement of Directors are contained in the Articles of the Company, a copy of which can be found on the Company's website at midwynd.com. The granting of powers to issue or buy back the Company's shares require appropriate resolutions to be passed by shareholders. The current authorities to buy back and issue shares will expire at the AGM and proposals for their renewal are set out in the attached Notice of AGM.

There are no agreements to which the Company is party where that agreement would terminate, or otherwise contain provisions that would come into force, on a change of control. There are no agreements between the Company and its Directors concerning compensation for loss of office.

### **Going concern**

The Directors have considered the likely cash flows and operational costs of the Company for the eighteen months following the year end of this Annual Financial Report. As part of the assessment of going concern the Directors have reviewed the stress testing performed by the investment manager which models the impact of adverse economic and market conditions through various scenarios on the Company's portfolio as well as the impact of the Company's buyback policy.

The Directors, having taken in to account the Principal Risks and Uncertainties as disclosed in the Strategic Report on page 19, believe the Company has adequate financial resources to continue in operational existence for a period of not less than 12 months from the date of this Annual Financial Report. The Company has a diversified and liquid portfolio to fund any short-term operational expenses as required. The Directors have reviewed the revenue and expense forecasts and cash

flows and there are no special rights attached to any of the ordinary shares. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or on the voting rights. The Company's ordinary shareholders may, by ordinary resolution, declare dividends provided such dividends are not in excess of any dividends recommended by the Directors. The Directors may also pay interim dividends.

flows and have concluded the Company should continue to adopt the going concern basis in the preparation of the financial statements.

### **Annual general meeting**

Details of the 2023 Annual General Meeting (AGM) are set out in the Chairman's Statement on page 7 and the Notice of Meeting on pages 66 to 70. An explanation of the resolutions to be put to the AGM is set out on page 71.

The Board, the CEO of Lazard Asset Management and the new Investment Manager will be present at the AGM (Lazard via videolink) and are keen to meet with shareholders. May I remind shareholders, whether or not they are able to attend the AGM in person, that you are welcome, at any time, to submit any questions you may have for the Board or the new Investment Manager at cosec@junipartners.com. Please submit proxy votes in respect of the resolutions to be proposed at the AGM, irrespective of whether you intend to attend the AGM.

### **Voting 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.

### **Greenhouse gas emissions**

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. The Company has no employees and all of its Directors are non-executive, with all day-to-day activities being carried out by third parties. The Company considers itself to be a low energy user as

defined in the Streamlined Energy and Carbon Reporting Regulations and therefore is not required to disclose energy and carbon information.

**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.

**Post balance sheet events**

The Directors confirm that there have been no post balance sheet events up to 5 September 2023 other than those included in note 21 on page 65.

On behalf of the Board,

**Russell Napier**

5 September 2023

## Corporate Governance Report

The Board is committed to high standards of corporate governance and is pleased to report to shareholders on the Company's governance arrangements and the application of the principles of the relevant governance code during the year.

### Statement of compliance

Compliance with the AIC Code:

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"). This statement outlines how the principles of the AIC Code issued in February 2019 were applied throughout the financial year.

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code") that are applicable to investment trusts, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council ("FRC") provides more relevant information to shareholders. The AIC Code is available on the AIC website ([theaic.co.uk](http://theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that in the course of the year, and up to the date of this report, the Company has complied with the Principles and Provisions of the AIC Code. The Board notes the recommendations of the AIC Code and, where possible, has sought to include further detail in the annual financial report to outline how the Principles and Provisions of the AIC Code are being applied.

### Board leadership and purpose

The Board is responsible for promoting the long-term sustainable success and strategic direction of the Company and for providing leadership in terms of the Company's culture, purpose and values (see page 16). The Board appoints all third-party service providers and monitors their performance throughout the year; formally evaluating the quality of the service provided by third parties and considering their terms of engagement. The Board, assisted by the Audit Committee, reviews the risks faced by the Company and assesses the effectiveness of internal controls in place to mitigate these risks.

The Board also provides independent oversight of the operations, particularly those of the appointed investment manager, and challenges investment and operational decisions taken.

The Board meets formally four times a 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.

### Division of responsibilities

Responsibilities are clearly defined and allocated between the Chairman, the Board, the appointed investment manager and a number of third-party service providers. The performance of the investment manager and third-party service providers is reviewed by the Board on a regular basis.

No one individual has unfettered powers of decision. The Chairman, Russell Napier, was at the time of his appointment, and remains, 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 an investment management agreement and in Board minutes. The Board sets the scope of the Investment Manager's responsibilities, including principal operating issues such as investment selection, gearing, and share issuance or buybacks. The Board regularly reviews the investment restrictions set out in the investment management agreement and any other restrictions set by the Board from time to time to confirm their continuing appropriateness. The Board retains authority to approve any changes to investment policy, including such material changes as may require approval of the shareholders and may review and amend the investment policy guidelines laid down for the appointed investment manager as it deems appropriate.

Representatives of the appointed 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 currently comprises five Directors, comprising four male and one female member, all of who are non-executive. The names of the Directors, together with their biographical details, are set out on page 29 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. The Nomination Committee meets annually to consider the performance of the Board and consider matters of independence.

David Kidd is the Company's Senior Independent Director. David Kidd assumed the role following Harry Morgan's retirement at the last Annual General Meeting. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for other Directors and shareholders. Led by the Senior Independent Director, the Directors meet without the Chairman present on an annual basis to discuss the Chairman's performance.

## **Diversity policy**

The Board recognises the importance of having skilled and experienced Directors represented on the Board to allow it to fulfil its obligations. The Board also recognises the benefits of diversity and gives regard to this during its recruitment of new Board members; by doing so the Board will not display bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board seeks to meet the targets of the FCA's Listing rule 9.8.6R (9)(a) and will continue to do so during its succession discussions whilst also ensuring that all appointments are made on the basis of merit against the requirements of the role. Further details on Board diversity are disclosed on pages 27 and 28.

## **Appointments to the Board**

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 and to annual re-election thereafter.

The contribution of each individual Director has been reviewed and considered by the Board, with the support of the Nomination Committee, and the re-election of each of the Directors is recommended on the basis of their industry knowledge, experience and their individual contributions to the operation of the Company.

The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of their appointments are set out in letters of appointment, which are available for inspection at the registered office of the Company and at the AGM.

## **Board committees**

In order to enable the Directors to discharge their duties, a Nomination Committee, an Audit Committee and a Management Engagement Committee, each with written

terms of reference, have been established. Committee membership is set out on page 29 of this Report. 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 Company's website [midwynd.com](http://midwynd.com). The Chairman of the Board acts as Chairman for the Nomination committee and the Management Engagement Committee and the Audit Committee is chaired by Diana Dyer Bartlett.

The Company Secretary acts as the Secretary to each committee.

The Board, being small in size and composed entirely of independent non-executive Directors, has not appointed a Remuneration Committee. Directors' fees and the appointment of new Directors are considered by the Board as a whole.

## **Audit Committee**

The responsibilities of the Audit Committee are disclosed in the Report of the Audit Committee on pages 40 to 42 of this Report.

## **Management Engagement Committee**

A Management Engagement Committee was established during the year and meets at least annually, reviews the terms of appointment and the performance of each of the Company's third-party service providers, including the Investment Manager but excluding the Auditor, which is reviewed by the Audit Committee. The Committee makes recommendations to the Board for improvement or change as appropriate.

## **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 is also responsible for reviewing and making recommendations to the Board with respect to succession planning, governance policies; including those policies relevant to the tenure of the chair and diversity and inclusion.

As detailed in the Strategic Report on page 27, the Board supports the principles of diversity in the boardroom and considers this when seeking to ensure that the overall balance of skills and knowledge of the Directors remains appropriate to enable the Board to operate effectively.

The Committee undertakes an annual performance evaluation of the Board and individual Directors, 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. The Committee annually considers the appointment of an external evaluator and an external evaluator was engaged during the financial period as detailed below.

### Board evaluation and effectiveness review

During the year, the Board engaged an external provider, Lintstock, to undertake an independent evaluation of the Board's performance and that of its Committees, the Chairman and individual Directors. The review addressed Board and committee composition including knowledge, skills, experience, diversity, independence as well as the time commitment of the Directors to allow them to discharge their responsibilities effectively. This review was based on a process of appraisal by interview and detailed questionnaires.

One of the recommendations from the review was that a formal succession plan should be adopted and this has since been agreed by the Board. As part of the succession plan Russell Napier will be stepping down from the Board at the Company's AGM in October 2024. The independent evaluation concluded that the Board has effective oversight of the management of the Company and has the appropriate diversity of skills and experience to safeguard shareholders' interests.

### Board succession

Board appointments are subject to a formal and transparent procedure, The Nomination Committee considers the skill set needs of the Company and seeks to ensure that any vacancies are filled with highly qualified individuals that will bring the required knowledge and experience to the Board. The Nomination Committee considers diversity of gender, social and ethnic backgrounds alongside the individual experience and knowledge.

A plan for the orderly succession over time is regularly discussed.

As noted in the Chairman's Statement, Russell Napier will be retiring from the Board at the 2024 AGM.

### Directors' and Chairman's 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 first annual general meeting following their appointment. Thereafter, Directors are required to submit themselves for re-election annually. Providing that the Nomination Committee and the Board remain satisfied that the relevant Director's continuing appointment and independence is not impaired by length of service, the Board does not consider that there should be a set limit on 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 are 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.

### 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	Management Engagement Committee
<b>Number of meetings</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>1</b>
Russell Napier*	4/4	N/A	1/1	1/1
Hamish Baillie**	2/2	2/2	1/1	1/1
Diana Dyer Bartlett	4/4	3/3	1/1	1/1
David Kidd	4/4	3/3	1/1	1/1
Harry Morgan***	2/2	1/1	N/A	N/A
Alan Scott	4/4	3/3	1/1	1/1

\* In line with best practice, Russell Napier stood down as a member of the Audit Committee on becoming Chairman. However he continues to attend the committee's meetings.

\*\* Hamish Baillie was appointed on 1 November 2022.

\*\*\* Harry Morgan retired on 26 October 2022.

In addition to the above scheduled meetings, there were numerous adhoc Board meetings to manage the review of investment management arrangements as well as sub-committee meetings to approve Company announcements.

### 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 Financial Reports, as well as the daily announcement of the net asset values of the Company's ordinary shares to the London Stock Exchange. The appointed investment manager produces a monthly factsheet and a detailed quarterly commentary on the portfolio and Company performance which can be found on the Company's website at [midwynd.com](http://midwynd.com), along with other information on the Company. The investment manager meets with the Company's major shareholders on a periodic basis.



Shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager are available to discuss issues affecting the Company. Details of shareholder voting are declared at every AGM and are available on the website as soon as practicable following the close of the meeting. Should 20 per cent or more of votes be cast against a Board recommendation for a resolution, an explanation of what actions the Company intends to take in order to consult shareholders will be provided when announcing voting results. An update on views received from shareholders and actions taken will also be published no later than six months after the AGM together with a final summary in the next Annual Financial Report.

All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 66 to 67 of this Report.

### **Engagement with stakeholders**

More information about how the Board fosters the relationships with its shareholders and other stakeholders, and how the Board considers the impact that any material decision will have on relevant stakeholders, can be found in the section 172 statement in the Strategic Report on pages 23 to 27.

### **UK Stewardship Code**

Both Artemis and Lazard are signatories to the Stewardship Code 2023. The Board has given the appointed investment manager discretion to exercise the Company's voting rights and therefore does not intend to apply to become a signatory to the new code itself.

### **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.

### **Bribery Act 2010**

The Company is committed to carrying out business fairly, honestly and openly and policies and procedures have been established to prevent bribery.

### **Criminal Finances Act 2017**

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

### **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.

Russell Napier supplies investment research to Lazard Asset Management. The Board has confirmed there is no conflict of interest. The supply of services is monitored as a potential conflict.

### **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 the Company's assets and shareholders' interests. 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 and only appoints reputable companies with extensive expertise in their respective fields.

The investment manager, depositary and the administrator have established internal control frameworks and annual external audits which provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The investment manager and depositary report to the Board on a regular basis with regard to the operation of their internal controls and risk management within their operations in so far as this impacts the Company. In addition, the investment manager reports quarterly to the Board on compliance with the terms of its delegated authorities under its investment management agreement and other restrictions determined by the Board.

The administrator and depositary also report 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, through the Audit Committee, has carried out and documented a risk and control assessment, which is kept under ongoing, and at least a six monthly, review.
- The Audit Committee receives updates of any internal audit reviews conducted on behalf of the appointed investment manager which may be considered of relevance to the Company.
- 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.
- The Board is responsible for setting the overall investment policy and monitoring the actions of the appointed investment manager. The Board reviews information produced by the appointed investment manager in detail on a regular basis.

- The fund administrator reports to the Board on a quarterly basis and ad hoc as appropriate. In addition, the Board receives the administrator's semi-annual report on its internal controls.
- The Board asks its key service providers to confirm that they have adequate whistleblowing procedures and the Audit Committee reviews the whistleblowing procedures of the appointed investment manager.
- The Board clearly defines the duties and responsibilities of the Company's 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 authorisation of investment transactions and expense payments are approved by the Board.

The Directors have monitored the effectiveness of the Company's internal controls throughout the year under review and up to the date of this report.

Further information on the risks and the management of them is set out in the Strategic Report on pages 19 to 21 and note 20 of the notes to the financial statements.

The Directors consider that the Annual Financial Report, 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

5 September 2023

## Directors' Remuneration Policy and Report

### Directors' Remuneration Policy

The Directors are pleased to present their Remuneration Policy.

The remuneration policy of the Company was approved by shareholders at the Annual General Meeting ("AGM") held on 10 November 2020 when 13,972,266 (99.45%) votes received were in favour, 77,886 (0.55%) were against and votes withheld were 30,697. The policy will apply until the 2023 AGM (being three years from the date of shareholder approval of the policy). A resolution to approve the remuneration policy is included in the Notice of Annual General Meeting convened for 26 October 2023.

Fees 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 £200,000 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, industry surveys, relevant independent research and any comments received from shareholders. Each Director is entitled to a base fee. The Chairman of the Board and the Chairman of the Audit Committee are paid a higher fee than the other Directors, to reflect the additional work required to carry out their roles.

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.

### Directors' Remuneration Report

The Directors are pleased to present the Company's Remuneration Report for the year ended 30 June 2023 which sets out how the Board has implemented the Directors' Remuneration Policy. 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 44 to 49.

The Remuneration Report will be submitted to shareholders for approval at the AGM to be held on 26 October 2023. A Notice of the AGM accompanies this Annual Financial Report. In accordance with the matters reserved for the Board's decision, the Board is responsible for:

- (i) Determining the remuneration of the Directors, subject to compliance with the Articles and the Remuneration Policy, as approved by shareholders.
- (ii) Approving the Directors' Remuneration Report and Directors' Remuneration Policy included in this Annual Financial Report.
- (iii) Approving the Directors' Remuneration Policy at least every three years and monitoring the policy to ensure compliance.

### The Board

During the year ended 30 June 2023, the Board consisted solely of non-executive Directors who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established. Following a review on 25 May 2023 the Board agreed that the fees for each Director, with effect from 1 July 2023, should be increased to £40,750 for the Chairman (2023: £37,500), £34,750 for the Chairman of the Audit Committee (2023: £32,000) and £29,000 (2023: £26,750) for the other Directors. Directors' fees were last increased on 1 July 2022. The review considered the fees paid by trusts in the Company's peer group, its position relative to these peers and the industry as a whole and concluded an increase was warranted to ensure salaries were commensurate with peers and for Board positions to remain attractive when recruiting. The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions.

### Directors' fees (audited)

The Directors who served during the year to 30 June 2023 and to 30 June 2022 received the following emoluments.

Director	Year ended 30 June 2023	Year ended 30 June 2022
Russell Napier*	£37,500	£35,000
Diana Dyer Bartlett	£32,000	£30,000
David Kidd	£26,750	£25,000
Harry Morgan**	£15,265	£25,000
Alan Scott	£26,750	£25,000
Hamish Baillie***	£11,122	–
	<b>£149,387</b>	<b>£140,000</b>

\* Russell Napier was appointed as Chairman of the Board on 10 November 2020.

\*\* Harry Morgan resigned from the Board on 26 October 2022.

\*\*\* Hamish Baillie was appointed to the Board on 1 November 2022.



## Annual Percentage Change in Remuneration

This represents the annual percentage change in the total remuneration paid to the Directors over a five year period by position, together with details of the positions held by the current Board.

Year ended	Chairman of the Board		Chairman of the Audit Committee		Director	
	£	% increase	£	% increase	£	% increase
2018	27,500	25.00%	24,000	33.33%	20,000	25.00%
2019	27,500	–	24,000	–	20,000	–
2020	27,500	–	24,000	–	20,000	–
2021	29,500	7.27%	25,500	6.25%	21,500	7.50%
2022	35,000	18.64%	30,000	17.65%	25,000	16.28%
2023	37,500	7.14%	32,000	6.67%	26,750	7.00%

## Expenditure by the Company as remuneration and distributions to Shareholders

The table below compares the remuneration paid to Directors with distributions made to shareholders during the year under review and the prior financial review:

	2023	2022
Directors' fees	£149,387	£140,000
<b>Distributions to Shareholders</b>		
– dividends	£6,958,926	£4,255,161
– net share buybacks	£28,729,744	£nil

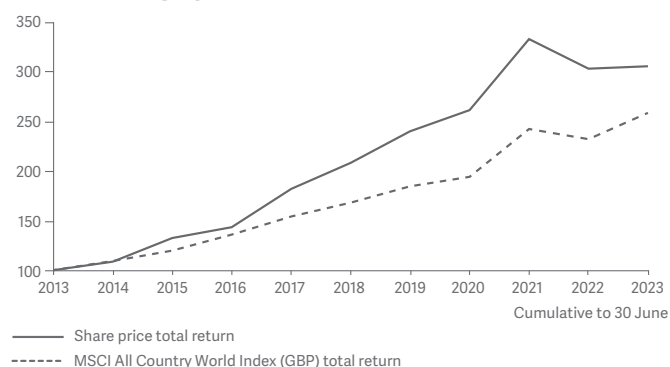
## Directors' interests

The interests of the Directors and their connected persons who held office at the year end in the ordinary shares of the Company were as follows :

Director	Nature of Interest	Holding as at 30 June 2023	Holding as at 1 July 2022
Russell Napier	Beneficial	157,125	157,125
Hamish Baillie	Beneficial	4,350	–
Diana Dyer Bartlett	Beneficial	8,037	8,037
David Kidd	Beneficial	25,000	17,500
Alan Scott	Beneficial	155,675	155,675
	Beneficial trustee	138,850	138,850

On 25 July 2023, a person connected with Alan Scott sold 5,675 shares. There have been no further changes in the Directors' interests up to the date of signing this Annual Financial Report. At no time during the year did any Director hold a material interest in any contract, arrangement or transaction with the Company.

## Performance graph



The ten year performance graph above sets out the Company's share price total return from 1 July 2013, compared to the total return of a notional investment in the MSCI All Country World Index (GBP).

## 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 26 October 2022, in respect of the approval of the Directors' Remuneration Report:

Votes cast for		Votes cast against		Total votes cast	Number of votes withheld
Number	%	Number	%		
18,385,510	97.29	157,898	0.85	18,543,408	30,510

## Statement

On behalf of the Board and in accordance with the Regulations, I confirm that the Remuneration Policy and Remuneration Report summarises, as applicable, for the year to 30 June 2023:

- (i) the major decisions on Directors' remuneration;
- (ii) any substantial changes relating to Directors' remuneration made during the year; and
- (iii) the context in which the changes occurred and decisions have been taken.

The report on Directors' remuneration was approved by the Board on 5 September 2023 and signed on its behalf by the Chairman.

## Russell Napier

Chairman

## Report of the Audit Committee

I am pleased to present the Report of the Audit Committee for the year ended 30 June 2023. Details of the responsibilities of the committee and our activities are described below.

### Meetings

The Committee meets at least three times each year and representatives from the appointed investment manager and the fund administrator may be invited to attend the meetings of the Audit Committee to report on issues as required.

The Audit Committee meets with representatives of the Company's auditor at least twice each year to plan for and discuss any matters arising from the audit.

### Roles and responsibilities

The main responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them;
- providing a challenge to areas of judgement;
- confirming to the Board whether the Annual and Half-yearly Financial Reports, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the appropriateness and consistency of the Company's accounting policies;
- reviewing the effectiveness of the Company's financial reporting, risk management systems and internal control policies and procedures for the identification, assessment and reporting of risks;

### Activities during the year

The Audit Committee met three times during the year. At these meetings, the Committee considered the Annual Report, the Half-yearly Financial Report, the audit plan and reviewed the Company's compliance with s1159 of the Corporation Tax Act 2010. The Committee considered the following significant matters in respect of this Annual Financial Report:

Significant issue	How the issue was addressed
Valuation and ownership of investments	The Company's investments are valued in accordance with the accounting policies, and the listed investments are valued by the Company's administrator. These prices are reviewed and overseen by the Company's appointed investment manager. The investment manager and Board also monitor the liquidity of the portfolio. The Depositary is responsible for holding the Company's assets in custody and verifying the ownership of these assets. The Company receives regular reports from the depositary, including at the year end.
Allocation of expenses	The Committee reviews the allocation of investment management fees and finance costs between income and capital on an annual basis. Following this review, no change was recommended to the current 25% income/75% capital split; other operating expenses are charged to the revenue account.
Compliance with Section 1158 of the Corporation Tax Act 2010	The Board and Audit Committee receives regular reporting from the Investment Manager including as at the year end date.

- reviewing and challenging the Company's going concern and viability statements;
- reviewing the need for an internal audit function;
- conducting the audit tender process and making recommendations to the Board, about the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness and quality of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit Committee provides a forum through which the Company's auditor reports to the Board.

### Composition

All members of the Board are members of the Audit Committee other than the Chairman, Russell Napier, who with reference to guidance from the 2019 AIC Code attends as a guest.

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. The Chairman of the Audit Committee, Diana Dyer Bartlett is a chartered accountant and chairs the audit committee of one other listed company.

Significant issue	How the issue was addressed
Maintaining internal controls	<p>As part of the Board's review of internal controls, the Audit Committee carries out and documents a risk and control assessment, which is kept under ongoing, and at least a six monthly, review. The Audit Committee reports its findings and recommendations to the Board.</p> <p>The appointed investment manager and the administrator are expected to maintain internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties are required to report to the Board, on a quarterly basis, any operational errors or breaches of internal controls, law or regulation.</p>
Revenue recognition, including allocation of special dividends as revenue or capital returns	<p>The recognition of investment income and the allocation of special dividends is undertaken in accordance with accounting policy note 2(g) to the financial statements on page 54.</p> <p>The Board and Audit Committee review the revenue forecast at each meeting.</p>
Going concern & viability	<p>The Committee considered the Company's investment objective, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for at least twelve months from the date of approval of these financial statements. They also determined the period for review of the Company viability should be five years. These recommendations were made to the Board.</p> <p>The Committee also assessed the viability of the Company, reviewing a series of stress tests on the Company's net assets and the impact of negative market movements. Following this assessment, the Committee recommended the Viability Statement to the Board.</p>

### Appointment and remuneration of the external Auditor

Regulations in place require the Company to rotate audit firms after a period of ten years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to perform the audit. The audit firm is required to rotate the partner every five years.

Johnston Carmichael LLP was appointed as external auditor in March 2020. This year is the fourth year of tenure. Mr David Holmes retired and is no longer involved in the audit of the Company and has been replaced by Mr Richard Sutherland.

The fees paid to Johnston Carmichael LLP in respect of audit services are disclosed in note 4 of the notes to the financial statements.

### Audit for the year ended 30 June 2023

As part of the planning for the annual audit, the Audit Committee met with Johnston Carmichael LLP and reviewed their audit strategy document, which highlighted the level of materiality to be applied by the Auditor, the key perceived audit risks, and the scope of the audit.

The key areas of audit focus undertaken by the external auditor and agreed by the Committee were:

- Valuation and ownership of quoted investments

- Revenue recognition, including allocation of special dividends as revenue or capital returns

The audit work performed in these areas included agreement of ownership of all listed investments to the independent custodian report, a 100% recalculation of investment valuations using independent third-party market prices, a 100% recalculation of dividends due to the Company, and allocation of special dividends.

The auditor also considered the going concern and viability of the Company, the maintenance of its investment trust status, share issuances, transition of service providers and its compliance with all relevant regulations.

The Audit Committee discussed with the external auditor their key observation in the external auditor's report regarding the misallocation of dividend income (page 45). This issue arose during the transition of services to Northern Trust. The external auditor performed additional procedures on the transition and this work, together with the procedures performed to audit dividend income led to the issue being identified.

The Audit Committee met with representatives of the Company's auditor at the Audit Committee meeting held on 24 August 2023 to discuss matters arising from the annual audit and to assess the independence and effectiveness of the external audit process.

#### **Effectiveness and independence of the external auditor**

The Committee monitors the auditor's independence through assurances provided by the auditor on its compliance with the relevant ethical standards; through approval of, and compliance with, the non-audit services policy, and by assessing the appropriateness of the fees paid to the auditor for work undertaken during the annual external audit.

During the audit planning, Johnston Carmichael LLP confirmed its independence to the Committee and its willingness to continue in office as independent auditor.

The effectiveness of the audit was evaluated through discussion of the services received from the auditor between the Committee and those at the investment manager closely involved in the audit process. The Committee also assessed the level and robustness of questioning performed by the auditor; the professional scepticism exercised by the auditor; the timeliness of performing the audit tasks; the responsiveness of the audit team to queries, the quality control process operated by the auditor, and the quality of review of the Annual Financial Report. The Committee also met privately with the Audit Partner to discuss the efficiency of response and accuracy of information provided from the investment manager during the audit.

After careful consideration of the services provided since appointment and the above review of its effectiveness, the Audit Committee recommended to the Board that Johnston Carmichael LLP should be re-appointed as auditor for the Company. Accordingly, resolutions will be proposed at the forthcoming AGM for the auditor's appointment and to authorise the Directors to agree the auditor's remuneration.

#### **Non-audit services**

The Audit Committee has established a policy for the provision of non-audit services to the Company which prohibits the provision of certain services by the auditor which the Audit Committee believes would compromise auditor independence. Non-audit services are permitted subject to the Audit Committee being satisfied that the engagement would not compromise independence, where the total fees for non-audit services is less than 70 per cent of the average audit fees for the last three years and where knowledge would be advantageous in carrying out the service.

There were no non-audit services provided by Johnston Carmichael LLP during the year ended 30 June 2023.

#### **Internal audit function**

Systems and controls are in place to maintain a safe environment for the Company's assets and shareholders' investments; helping to ensure the maintenance of proper accounting records and the provision of accurate financial information.

The Company is an investment company, has no employees and delegates all operational and investment activities to third-party service providers, including the appointed investment manager. External audit reports on internal controls operated by key service providers such as the investment manager and depositary are received by the Company. Taking these reports into consideration, the Audit Committee concluded that it is not necessary for the Company to have its own internal audit function; this conclusion is reviewed annually.

#### **Audit Committee effectiveness**

During the year, the Audit Committee reviewed its effectiveness and concluded that it had discharged all its obligations as set out in the Audit Committee's terms of reference in an efficient and effective manner. The Audit Committee concluded that there were no changes required to its procedures.

#### **Audited information**

The Audit Committee considers that the Annual Financial Report, 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 and has reported to the Board accordingly.

On behalf of the Board

#### **Diana Dyer Bartlett**

Chairman of the Audit Committee

5 September 2023

## Statement of Directors' Responsibilities in respect of the Annual Financial Report and the Financial Statements

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Financial Report and the 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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

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, a Directors' Report and Corporate Governance Statement, and a Directors' Remuneration Report that complies with that law and those regulations.

The financial statements are published on a website, midwynd.com, maintained by the Company's Investment Manager. Responsibility for the maintenance and integrity of the corporate and financial information relating to the Company on this website has been delegated to the Investment Manager by the Directors. 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 2023 and of the profit for the year then ended;
- (b) in the opinion of the Directors, the Annual Financial Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- (c) 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.

**Russell Napier**  
Chairman

5 September 2023

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MID WYND INTERNATIONAL INVESTMENT TRUST PLC

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## Opinion

We have audited the financial statements of Mid Wynd International Investment Trust plc ("the Company"), for the year ended 30 June 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 30 June 2023 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 requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our approach to the audit

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by The Northern Trust Company, London Branch (the "Administrator"), Artemis Fund Managers Limited ("the Company Secretary", "Investment Manager" and "AIFM") and The Northern Trust Company, London Branch (the "Custodian"), to whom the Company's directors have delegated the provision of services. For the period pre-transition of service providers we also conducted our audit using information maintained and provided by JP Morgan Europe Ltd (the "Administrator") and JP Morgan Chase Bank N.A (the "Custodian") and we audited the migration of data from pre-transition service providers to post-transition service providers.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the types of investments within the Company, the involvement of the Administrator, the accounting processes and controls, and the industry in which the Company operates.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.



We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Key audit matter	How our audit addressed the key audit matter and our conclusions
<p><b>Valuation and ownership of quoted investments</b></p> <p>(as described on page 40 in the Report of the Audit Committee and as per the accounting policy on page 54 and Note 9).</p> <p>At 30 June 2023 the valuation of the investments portfolio was £438.9m (2022: £439.1m), accounting for 98% (2022: 97%) of net assets.</p> <p>As this is the largest component of the Company's Statement of Financial Position, and a key driver of the Company's net assets and total return, this has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to fraud or error.</p> <p>There is a further risk that the investments held at fair value may not be actively traded and the quoted prices may not be reflective of their fair value (valuation).</p> <p>Additionally, there is a risk that the Company does not have proper legal title to the investments recorded as held at year end (ownership).</p>	<p>We obtained and assessed controls reports provided by the Administrators and the Custodians to evaluate the design of the process and implementation of key controls.</p> <p>We compared market prices and exchange rates applied to all quoted investments held at 30 June 2023 to an independent third-party source and recalculated the investment valuations.</p> <p>We obtained average trading volumes from an independent third-party source for all quoted investments held at year end as evidence of the existence of an active market, and noted no significant illiquid holdings.</p> <p>We agreed the ownership of all quoted investments at year end to the independently received custodian report.</p> <p>From our completion of these procedures, we identified no material misstatements in relation to the valuation and ownership of the investments.</p>
<p><b>Revenue recognition, including allocation of special dividends as revenue or capital returns</b></p> <p>(as described on page 41 in the Report of the Audit Committee and as per the accounting policy on page 54 and Note 3).</p> <p>Investment income recognised in the year to 30 June 2023 was £8.7m (2022: £9.4m), consisting primarily of dividend income from quoted investments.</p> <p>Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The investment income received by the Company during the year directly impacts these metrics and the minimum dividend required to be paid by the Company.</p> <p>There is a risk that revenue is incomplete or inaccurate through failure to recognise income entitlements or failure to appropriately account for their treatment. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to fraud or error.</p> <p>Additionally, there is a risk of incorrect allocation of special dividends as revenue or capital returns as judgement is required in determining their allocation within the Statement of Comprehensive Income.</p>	<p>We obtained and assessed controls reports provided by the Administrators to evaluate the design of the process and implementation of key controls.</p> <p>We confirmed that income was recognised and disclosed in accordance with the AIC SORP by assessing the accounting policies.</p> <p>We recalculated 100% of dividends due to the Company based on investment holdings throughout the year and dividend announcements made by investee companies.</p> <p>We agreed a sample of dividends received to bank statements.</p> <p>We assessed the completeness of the special dividend population with reference to third party market data and determined whether special dividends recognised were revenue or capital in nature with reference to the underlying commercial circumstances of the dividend payments.</p> <p><b>Key observation</b></p> <p>As a result of our completion of these procedures an adjustment was recorded in the financial statements to correct a misallocation of dividend income from the capital column of the Statement of Comprehensive Income to income within the revenue column of the Statement of Comprehensive Income.</p> <p>We have identified no other material misstatements in relation to revenue recognition, including allocation of special dividends as revenue or capital returns.</p>



## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Value
<p><b>Materiality for the Financial Statements as a Whole</b> – we have set materiality as 1% of net assets as we believe that net assets is the primary performance measure used by investors and is the key driver of shareholder value. It is also the standard industry benchmark for materiality for investment trusts and we determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Company's listed status.</p>	<p>£4.49m (2022: £4.53m)</p>
<p><b>Performance Materiality</b> – performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p> <p>In setting this we consider the Company's overall control environment and any experience of the audit that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 75% of our overall financial statement materiality.</p>	<p>£3.37m (2022: £3.40m)</p>
<p><b>Specific Materiality</b> – recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas.</p> <p>Specifically, given the importance of the distinction between revenue and capital for the Company, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income, set at the higher of 5% of the net return before taxation and our Audit Committee Reporting Threshold.</p> <p>We have also set a separate specific materiality in respect of related party transactions and Directors' remuneration.</p> <p>We used our judgement in setting these thresholds and considered our experience and industry benchmarks for specific materiality.</p>	<p>£0.37m (2022: £0.41m)</p>
<p><b>Audit Committee Reporting Threshold</b> – we agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.</p>	<p>£0.22m (2022: £0.23m)</p>

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method of assessing going concern, including assessment of loan covenants and consideration of market conditions and uncertainties;
- Assessing and challenging the forecast cashflows and associated sensitivity modelling used by the Directors in support of their going concern assessment;
- Obtaining and recalculating management's assessment of the Company's ongoing maintenance of investment trust status;

- Evaluating management's assessment of the business continuity plans of the Company's main service providers; and
- Assessing the adequacy of the Company's going concern disclosures included in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Company, or 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 returns; 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; or
- A corporate governance statement has not been prepared by the Company.

## Corporate governance statement

We have reviewed the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 31;
- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 22;
- The Directors' statement on fair, balanced and understandable set out on page 37;
- The Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 22;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 19;
- The section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on pages 36 and 37; and
- The section describing the work of the Audit Committee set out on pages 40 to 42.

## Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 43, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### ***Extent to which the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- FCA listing and DTR rules;
- The principles of the UK Corporate Governance Code applied by the AIC Code of Corporate Governance (the "AIC Code");
- Industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022;
- Financial Reporting Standard 102; and
- The Company's qualification as an investment trust under section 1158 of the Corporation Tax Act 2010.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to the completeness and allocation of special dividends (audit procedures performed in response to these risks are set out in the section on key audit matters above) and management override (procedures in response to this risk are included below).

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

**Other matters which we are required to address**

Following the recommendation of the Audit Committee, we were appointed by the Board on 25 March 2020 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of our total uninterrupted engagement is four years, covering the years ended 30 June 2020 to 30 June 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

**Use of our report**

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.

**Richard Sutherland (Senior Statutory Auditor)**  
**For and behalf of Johnston Carmichael LLP**  
**Statutory Auditor**  
**Edinburgh, United Kingdom**

5 September 2023

## FINANCIAL STATEMENTS

### Statement of Comprehensive Income For the year ended 30 June

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains/(losses) on investments		–	19,123	19,123	–	(45,017)	(45,017)
Currency gains		–	636	636	–	446	446
Income	3	8,725	–	8,725	9,377	–	9,377
Investment management fee		(575)	(1,726)	(2,301)	(609)	(1,828)	(2,437)
Other expenses	4	(572)	(8)	(580)	(488)	(8)	(496)
<b>Net return/(loss) before finance costs and taxation</b>		<b>7,578</b>	<b>18,025</b>	<b>25,603</b>	<b>8,280</b>	<b>(46,407)</b>	<b>(38,127)</b>
Finance costs of borrowings	5	(167)	(506)	(673)	(83)	(252)	(335)
<b>Net return/(loss) on ordinary activities before taxation</b>		<b>7,411</b>	<b>17,519</b>	<b>24,930</b>	<b>8,197</b>	<b>(46,659)</b>	<b>(38,462)</b>
Taxation on ordinary activities	6	(884)	–	(884)	(854)	–	(854)
<b>Net return/(loss) on ordinary activities after taxation</b>		<b>6,527</b>	<b>17,519</b>	<b>24,046</b>	<b>7,343</b>	<b>(46,659)</b>	<b>(39,316)</b>
<b>Net return/(loss) per ordinary share</b>	8	<b>10.01p</b>	<b>26.86p</b>	<b>36.87p</b>	<b>11.72p</b>	<b>(74.47p)</b>	<b>(62.75p)</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.

The net return/(loss) for the year disclosed above represents the Company's total comprehensive income.

**The accompanying notes on pages 54 to 65 are an integral part of the financial statements.**

Statement of Financial Position  
As at 30 June

	Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	9	438,938	439,101
<b>Current assets</b>			
Debtors	10	675	24,969
Cash and cash equivalents	11	12,243	7,096
		12,918	32,065
<b>Creditors</b>			
Amounts falling due within one year	12	(2,830)	(18,513)
<b>Net current assets</b>		<b>10,088</b>	<b>13,552</b>
<b>Total net assets</b>		<b>449,026</b>	<b>452,653</b>
<b>Capital and reserves</b>			
Called up share capital	13	3,320	3,271
Capital redemption reserve	14	16	16
Share premium	14	242,115	235,110
Capital reserve	14	196,730	206,979
Revenue reserve	14	6,845	7,277
<b>Shareholders' funds</b>		<b>449,026</b>	<b>452,653</b>
<b>Net asset value per ordinary share</b>	15	<b>719.84p</b>	<b>692.01p</b>

These financial statements were approved by the Board of Directors and signed on its behalf on 5 September 2023.

**Russell Napier**  
Chairman

**The accompanying notes on pages 54 to 65 are an integral part of the financial statements.**

## Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	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 2022		3,271	16	235,110	206,979	7,277	452,653
Net return on ordinary activities after taxation		–	–	–	17,519	6,527	24,046
Issue of new shares (net of costs)	14	49	–	6,946	–	–	6,995
Issue of shares from treasury	14	–	–	59	1,116	–	1,175
Repurchase of shares into treasury	14	–	–	–	(28,884)	–	(28,884)
Dividends paid	7	–	–	–	–	(6,959)	(6,959)
<b>Shareholders' funds at 30 June 2023</b>	<b>14</b>	<b>3,320</b>	<b>16</b>	<b>242,115</b>	<b>196,730</b>	<b>6,845</b>	<b>449,026</b>

For the year ended 30 June 2022

	Notes	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 2021		2,997	16	191,253	253,638	4,189	452,093
Net (loss)/return on ordinary activities after taxation		–	–	–	(46,659)	7,343	(39,316)
Issue of new shares (net of costs)	14	274	–	43,857	–	–	44,131
Dividends paid	7	–	–	–	–	(4,255)	(4,255)
<b>Shareholders' funds at 30 June 2022</b>	<b>14</b>	<b>3,271</b>	<b>16</b>	<b>235,110</b>	<b>206,979</b>	<b>7,277</b>	<b>452,653</b>

<sup>1</sup> Capital reserve as at 30 June 2023 includes realised gains of £155,914,000 (30 June 2022: £191,640,000).

<sup>2</sup> The Company may pay dividends from both capital and revenue reserves.

**The accompanying notes on pages 54 to 65 are an integral part of the financial statements.**



Statement of Cash Flows  
For the year ended 30 June

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Cash generated in operations</b>	16		5,486		4,768
Interest received	3	286		10	
Interest paid		(704)		(335)	
			(418)		(325)
<b>Net cash inflow from operating activities</b>			<b>5,068</b>		<b>4,443</b>
<b>Cash flow from investing activities</b>					
Purchase of investments		(554,175)		(689,754)	
Sale of investments		585,162		639,527	
Realised currency gains		28		1,517	
<b>Net cash generated from/(used in) investing activities</b>			<b>31,015</b>		<b>(48,710)</b>
<b>Cash flow from financing activities</b>					
Issue of new shares, net of costs		6,995		44,131	
Issue of shares from treasury		1,175		–	
Repurchase of share to treasury, net of costs		(26,804)		–	
Dividends paid	7	(6,959)		(4,255)	
Net repayment of credit facility		(5,292)		(5,064)	
<b>Net cash (used in)/generated from financing activities</b>			<b>(30,885)</b>		<b>34,812</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>5,198</b>		<b>(9,455)</b>
<b>Cash and cash equivalents at start of the year</b>			<b>7,096</b>		<b>16,556</b>
Increase/(decrease) in cash in the year			5,198		(9,455)
Currency losses on cash and cash equivalents			(51)		(5)
<b>Cash and cash equivalents at end of the year</b>			<b>12,243</b>		<b>7,096</b>

The accompanying notes on pages 54 to 65 are an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 1. General information

Mid Wynd International Investment Trust PLC is an investment trust company domiciled in the United Kingdom and incorporated in Scotland.

The address of its registered office is 6th Floor, Exchange Plaza, 50 Lothian Road Edinburgh, EH3 9BY. The ordinary shares of the Company are premium listed on the London Stock Exchange. The Company's registered number is SC042651.

## 2. Accounting policies

### (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 investments.

The financial statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom accounting standards, including Financial Reporting Standard ('FRS') 102, and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies (the 'AIC') in July 2022.

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 Statement of Comprehensive Income.

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

No significant estimates or judgements have been made in the preparation of the financial statements.

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.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments. Assets are derecognised at the trade date of the disposal.

Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

### (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. No derivatives were used by the Company during this year or the preceding year.

### (d) Financial instruments

The Company's financial instruments comprise securities, cash balances, receivables and payables that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income. Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value.

### (e) 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.

### (f) Bank borrowings

The Company has a three year credit facility with The Bank of Nova Scotia. The amounts borrowed are disclosed as the amounts received. The arrangement fee in relation to the facility is amortised over the three year period on a straight line basis. A monthly non-utilisation fee is charged on the unused balance.

### (g) 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. 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. Special dividends are reviewed on a case by case basis when determining if a dividend is to be treated as revenue or capital. It is likely that where a special dividend results in a significant reduction in the capital value of a holding, then the dividend will generally be treated as capital, otherwise this will be recognised as revenue. Interest from fixed interest securities is recognised on an effective interest rate basis. Interest receivable on deposits is recognised on an accruals basis.

## 2. Accounting policies (continued)

### (h) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue reserve except 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 are charged to the capital reserve. Management fees are accounted for on an accruals basis and allocated 25% to the revenue reserve and 75% to the capital reserve. Costs arising from the filing of claims to reclaim tax on overseas dividends have been deducted from the revenue reserve.

### (i) Finance costs

Loan interest is accounted for on an accruals basis and has been allocated 25% to the revenue reserve and 75% to the capital reserve.

### (j) Taxation

Taxation represents the sum of taxation payable, any withholding tax suffered and any deferred tax. Taxation is charged or credited in the Statement of Comprehensive Income. Any taxation payable is based on the Company's profit for the year, calculated using tax rates in force at the balance sheet date. Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required, the

Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

### (k) Foreign currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities in foreign currencies are translated at the closing rates of exchange at the date of the Statement of Financial Position, with the exception of forward currency contracts which are valued at the forward rate on that 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 reserve as appropriate.

### (l) Reserves

#### Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences and gains on the return of capital by way of investee companies paying dividends that are capital in nature. Expenses may also be charged to this reserve in accordance with the above policies. This reserve is distributable by way of dividend.

#### Capital redemption reserve

This reserve includes the nominal value of all shares bought back and cancelled by the Company. This reserve is not distributable.

#### Revenue reserve

The revenue profit or loss for the year is taken to or from this reserve. This reserve is distributable by way of dividend.

### (m) Segmental reporting

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

## 3. Income

	2023 £'000	2022 £'000
<b>Income from investments</b>		
Overseas dividends	7,447	8,149
UK dividends	992	1,110
Scrip dividends	–	108
	<b>8,439</b>	<b>9,367</b>
<b>Other income</b>		
Bank interest	286	10
<b>Total income</b>	<b>8,725</b>	<b>9,377</b>
<b>Total income comprises:</b>		
Dividends and UK interest from financial assets designated at fair value through profit or loss	8,439	9,367
Other income	286	10
<b>Total income</b>	<b>8,725</b>	<b>9,377</b>

#### 4. Other expenses

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Directors' remuneration	149	–	149	140	–	140
Depository fees	55	–	55	73	–	73
Custody fees	50	8	58	57	8	65
Auditor's remuneration	33	–	33	28	–	28
Stock exchange fees	29	–	29	24	–	24
Printing fees	21	–	21	21	–	21
Registrar fees	19	–	19	20	–	20
Directors' & officers' insurance	13	–	13	15	–	15
Other expenses	203	–	203	110	–	110
	<b>572</b>	<b>8</b>	<b>580</b>	<b>488</b>	<b>8</b>	<b>496</b>

\* Other expenses include AIC membership fees, Directors' expenses, FCA fees, Taxation fees and public relations costs.

#### 5. Finance costs of borrowings

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Loan interest	115	343	458	47	143	190
Loan non-utilisation fee	48	145	193	33	99	132
Bank overdraft interest	4	18	22	3	10	13
<b>Finance costs</b>	<b>167</b>	<b>506</b>	<b>673</b>	<b>83</b>	<b>252</b>	<b>335</b>

#### 6. Taxation on ordinary activities

##### a) Tax charge for the year

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Overseas taxation	884	–	884	854	–	854
<b>Total tax</b>	<b>884</b>	<b>–</b>	<b>884</b>	<b>854</b>	<b>–</b>	<b>854</b>

##### b) Factors affecting the tax charge for the year

The tax charge for the year is lower (2022: higher) than the average standard rate of corporation tax in the UK (20.50%) as explained below:

The differences are explained below:

	2023 £'000	2022 £'000
Net return/(loss) on ordinary activities before taxation	24,930	(38,462)
Net return/(loss) on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	5,111	(7,308)
Effects of:		
Overseas tax – non offsettable	884	854
Taxable losses in the year not utilised	563	533
Double taxation relief expensed	(17)	(11)
Non taxable scrip dividends	–	(20)
Income not taxable (UK dividends)	(203)	(211)
Income not taxable (overseas dividends)	(1,403)	(1,451)
Capital (return)/loss not taxable	(4,051)	8,468
<b>Current tax charge for the year</b>	<b>884</b>	<b>854</b>

Starting 1 April 2023, corporation tax increased from 19% to 25%. The applicable tax rate for the year of 20.5% is the effective rate of tax for the year.

## 6. Taxation on ordinary activities (continued)

### Factors that may affect future tax charges

At 30 June 2023, the Company had a potential deferred tax asset of £3,695,000 (2022: £3,039,000) based on a prospective corporation tax rate of 20.5% (2022: 19.0%), 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. 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. Dividends paid and proposed

	2023	2022	2023 £'000	2022 £'000
<b>Amounts recognised as distributions in the year:</b>				
Unclaimed dividends refunded to the Company	–	–	–	(14)
Previous year's final dividend	3.70p	3.30p	2,431	2,018
Previous year's special dividend	3.00p	nil	1,972	nil
First interim dividend	3.85p	3.50p	2,556	2,251
<b>Total dividend</b>	<b>10.55p</b>	<b>6.80p</b>	<b>6,959</b>	<b>4,255</b>

Set out below are the total dividends paid and payable in respect of the financial year. The revenue available for distribution by way of dividend for the year is £6,527,000 (2022: £7,343,000).

	2023	2022	2023 £'000	2022 £'000
<b>Dividends paid and payable in respect of the year:</b>				
First interim dividend	3.85p	3.50p	2,556	2,251
Proposed final dividend	3.95p	3.70p	2,463	2,431
Special dividend	1.70p	3.00p	667	1,972
<b>Total dividend</b>	<b>9.50p</b>	<b>10.20p</b>	<b>5,686</b>	<b>6,654</b>

## 8. Net return/(loss) per ordinary share

	2023 Revenue	2023 Capital	2023 Total	2022 Revenue	2022 Capital	2022 Total
Net return/(loss) on ordinary activities after taxation	10.01p	26.86p	36.87p	11.72p	(74.47p)	(62.75p)

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation for the financial year of £6,527,000 (2022: £7,343,000) and on 65,211,820 (2022: 62,652,936) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Capital gain per ordinary share is based on the net capital gain on ordinary activities after taxation for the financial year of £17,519,000 (2022: loss £46,659,000) and on 65,211,820 (2022: 62,652,936) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

## 9. Non-current assets – investments

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition in accordance with FRS 102. The following tables provide 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 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 using unadjusted quoted prices for identical instruments 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).

## 9. Non-current assets – investments (continued)

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Quoted (Level 1)	438,938	439,101
<b>Total financial asset investments</b>	<b>438,938</b>	<b>439,101</b>

	Year ended 30 June 2023 Total £'000	Year ended 30 June 2022 Total £'000
Opening book cost	423,603	367,405
Fair value adjustment	15,498	78,187
<b>Opening valuation</b>	<b>439,101</b>	<b>445,592</b>
Purchases at cost	542,350	701,579
Disposals – proceeds	(561,636)	(663,053)
Gains/(losses) on investments	19,123	(45,017)
<b>Closing valuation</b>	<b>438,938</b>	<b>439,101</b>
Closing book cost	398,145	423,603
Fair value adjustment	40,793	15,498
	<b>438,938</b>	<b>439,101</b>

The purchases and sales proceeds figures above include transaction costs of £417,000 on purchases (2022: £521,000) and £203,000 on sales (2022: £224,000), making a total of £620,000 (2022: £745,000).

The Company received £561,636,000 (2022: £663,053,000) from investments sold in the year. The book cost of these investments when they were purchased was £567,808,000 (2022: £645,381,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

All investments are considered level 1. There have been no transfers between levels during the year.

## 10. Debtors

	2023 £'000	2022 £'000
Income accrued (net of irrecoverable overseas withholding tax)	280	1,097
Other debtors and prepayments	395	346
Sales for subsequent settlement	–	23,526
<b>Total debtors</b>	<b>675</b>	<b>24,969</b>

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.

## 11. Cash and cash equivalents

	2023 £'000	2022 £'000
Amounts held in Northern Trust Global Liquidity Fund – US Dollar Liquidity Fund	9,547	–
Cash and bank balances (including Spots contracts)	2,696	3,868
Amounts held in JPMorgan Liquidity Funds – US Dollar Liquidity Fund (Institutional dist.)	–	3,228
<b>Total cash and cash equivalents</b>	<b>12,243</b>	<b>7,096</b>

## 12. Creditors – amounts falling due within one year

	2023 £'000	2022 £'000
Payable on repurchase of ordinary shares into treasury	2,080	–
Other creditors and accruals	750	737
Purchases for subsequent settlement	–	11,825
Bank loans	–	5,951
<b>Total creditors</b>	<b>2,830</b>	<b>18,513</b>

The Company has a three year multi-currency revolving credit facility with The Bank of Nova Scotia for US\$60 million (2022: US\$60 million), terminating in February 2024. Further information can be found in note 20.

## 13. Called up share capital

### (a) Share capital

	2023 Number	2023 £'000	2022 Number	2022 £'000
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 5p each	62,378,452	3,120	65,411,114	3,271
Ordinary shares of 5p each held in treasury	4,002,662	200	–	–
	<b>66,381,114</b>	<b>3,320</b>	<b>65,411,114</b>	<b>3,271</b>

### (b) Ordinary shares

	Shares	£'000
<b>Movements in ordinary shares during the year:</b>		
Ordinary shares in issue on 1 July 2022	65,411,114	3,271
Issuance of ordinary shares	970,000	49
Net movement of ordinary shares in treasury	(4,002,662)	(200)
<b>Ordinary shares in issue on 30 June 2023</b>	<b>62,378,452</b>	<b>3,120</b>

The movements in ordinary shares held in treasury during the year are as follows:

	2023 Shares	2023 £'000	2022 Shares	2022 £'000
<b>Balance brought forward</b>	–	–	–	–
Repurchases of ordinary shares	4,165,862	208	–	–
Sale of ordinary shares	(163,200)	(8)	–	–
<b>Balance carried forward</b>	<b>4,002,662</b>	<b>200</b>	–	–

During the year ended 30 June 2023, the Company repurchased 4,002,662 shares into treasury (2022: 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 2022	3,271	16	235,110	206,979	7,277	452,653
Losses on sales of investments	–	–	–	(6,172)	–	(6,172)
Currency gain on bank loans	–	–	–	659	–	659
Finance costs charged to capital	–	–	–	(506)	–	(506)
Other currency losses	–	–	–	(23)	–	(23)
Expenses charged to capital	–	–	–	(1,734)	–	(1,734)
Issue of new shares	49	–	6,946	–	–	6,995
Issue of shares from treasury	–	–	59	1,116	–	1,175
Repurchase of shares into treasury	–	–	–	(28,884)	–	(28,884)
Changes in unrealised gains	–	–	–	25,295	–	25,295
Revenue return on ordinary activities after taxation	–	–	–	–	6,527	6,527
Dividends paid	–	–	–	–	(6,959)	(6,959)
<b>At 30 June 2023</b>	<b>3,320</b>	<b>16</b>	<b>242,115</b>	<b>196,730</b>	<b>6,845</b>	<b>449,026</b>

The capital reserve includes unrealised gains on non-current asset investments of £40,793,000 (2022: £15,498,000) as disclosed in note 9.

The capital reserve and the revenue reserve are 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 were as follows:

	2023 Net asset value per share	2023 Net assets £'000	2022 Net asset value per share	2022 Net assets £'000
Ordinary shares	719.84p	449,026	692.01p	452,653

During the year the movements in the assets attributable to the ordinary shares were as follows:

	2023 £'000	2022 £'000
Total net assets at 1 July	452,653	452,093
Total recognised gains/(losses) for the year	24,046	(39,316)
Issue of new shares	6,995	44,131
Issue of shares from treasury	1,175	–
Repurchase of shares into treasury	(28,884)	–
Dividends paid	(6,959)	(4,255)
<b>Total net assets at 30 June</b>	<b>449,026</b>	<b>452,653</b>

Net asset value per ordinary share is based on net assets as shown above and on 62,378,452 (2022: 65,411,114) ordinary shares, being the number of ordinary shares in issue at the year end.

## 16. Reconciliation of net return/(loss) before finance costs and taxation to cash generated from operations

At 30 June 2023, the Company did not have any financial commitments which had not been accrued (2022: nil).

	2023 £'000	2022 £'000
Net return/(loss) before finance costs and taxation	25,603	(38,127)
(Gains)/losses on investments	(19,123)	45,017
Currency gains	(636)	(446)
Increase in accrued income and other debtors	768	(847)
Interest received	(286)	(10)
(Decrease)/increase in creditors	44	35
Overseas tax suffered	(884)	(854)
<b>Cash generated from operations</b>	<b>5,486</b>	<b>4,768</b>

## 17. Analysis of changes in net cash

	At 1 July 2022 £'000	Cashflow £'000	Exchange movements £'000	At 30 June 2023 £'000
Cash and cash equivalents	7,096	5,198	(51)	12,243
Debt due within one year	(5,951)	5,292	659	–
<b>Total</b>	<b>1,145</b>	<b>10,490</b>	<b>608</b>	<b>12,243</b>

## 18. Contingent liabilities, guarantees and financial commitments

At 30 June 2023 and 30 June 2022 the Company had no contingent liabilities, guarantees or financial commitments.

## 19. Transactions with the investment manager and related parties

The investment management fees payable to Artemis are disclosed in the Statement of Comprehensive Income on page 50. The amount outstanding at 30 June 2023 was £561,000 (2022: £597,000). The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore the investment manager is not considered to be a related party.

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 38 to 39.

## 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 the short-term volatility.

The Company may enter into derivative transactions as explained in the investment policy on page 54. In the period under review, the Company did not enter into any forward foreign exchange contracts. At the year end there were no open positions (2022: no open positions).

### 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 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 are shown in note 9 and on pages 11 and 12.

## 20. Financial Instruments (continued)

### (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 may limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

	Investments £'000	Cash and cash equivalents £'000	Bank loan £'000	Other debtors and creditors £'000	Net exposure £'000
<b>At 30 June 2023</b>					
US Dollar	256,691	9,626	–	207	266,524
Japanese Yen	55,114	318	–	–	55,432
Euro	43,282	–	–	131	43,413
Singapore Dollar	15,209	–	–	–	15,209
Taiwan Dollar	13,100	–	–	136	13,236
Swiss Franc	9,497	–	–	–	9,497
Danish Krone	8,602	–	–	36	8,638
Korean Won	7,155	–	–	28	7,183
Swedish Krona	6,636	–	–	–	6,636
Norwegian Krone	1,215	–	–	–	1,215
<b>Total exposure to currency risk</b>	<b>416,501</b>	<b>9,944</b>	<b>–</b>	<b>538</b>	<b>426,983</b>
Sterling	22,437	2,299	–	(2,693)	22,043
<b>Total</b>	<b>438,938</b>	<b>12,243</b>	<b>–</b>	<b>(2,155)</b>	<b>449,026</b>

	Investments £'000	Cash and cash equivalents £'000	Bank loan £'000	Other debtors and creditors £'000	Net exposure £'000
<b>At 30 June 2022</b>					
US Dollar	276,810	1,354	(1,647)	7,271	283,788
Japanese Yen	29,396	2,063	–	(889)	30,570
Singapore Dollar	23,304	39	–	–	23,343
Euro	26,877	215	(4,304)	115	22,903
Swedish Krona	14,507	–	–	298	14,805
Hong Kong Dollar	12,308	633	–	(159)	12,782
Taiwan Dollar	7,871	–	–	4,490	12,361
Korean Won	11,615	–	–	51	11,666
Swiss Franc	11,080	–	–	–	11,080
Danish Krone	6,839	–	–	25	6,864
Canadian Dollar	5,659	–	–	29	5,688
Norwegian Krone	1,632	–	–	–	1,632
<b>Total exposure to currency risk</b>	<b>427,898</b>	<b>4,304</b>	<b>(5,951)</b>	<b>11,231</b>	<b>437,482</b>
Sterling	11,203	2,792	–	1,176	15,171
<b>Total</b>	<b>439,101</b>	<b>7,096</b>	<b>(5,951)</b>	<b>12,407</b>	<b>452,653</b>

## 20. Financial Instruments (continued)

### Currency risk sensitivity

At 30 June 2023, if Sterling had strengthened by 5% 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% weakening of Sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the amounts included in the financial statements. The analysis is performed on the same basis as for 2022.

	2023 £'000	2022 £'000
US Dollar	13,326	14,189
Japanese Yen	2,772	1,529
Euro	2,171	1,145
Singapore Dollar	760	1,167
Taiwan Dollar	662	618
Swiss Franc	475	554
Danish Krone	432	343
Korean Won	359	583
Swedish Krona	332	740
Norwegian Krone	61	82
Hong Kong dollar	–	639
Canadian Dollar	–	284
	<b>21,350</b>	<b>21,873</b>

### (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; and
- the interest payable on the value of the Company's borrowings.

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 into borrowing agreements.

Based on the Company's monetary financial instruments at each balance sheet date, an increase of 2% in interest rates, with all other variables being held constant, would increase the Company's total net assets and total return for the year to 30 June 2023 by £245,000 (30 June 2022: £23,000). This is mainly due to the Company's exposure to interest rates on its cash balances held. A decrease of 2% would have an equal but opposite effect.

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 2023 and 30 June 2022 is shown below.

### Financial assets

The Company's cash balances are primarily maintained in US Dollar Liquidity Funds. The interest received is determined by the interest rate in the relevant country of the currency.

## 20. Financial Instruments (continued)

### Financial liabilities

The interest rate risk profile of the Company's bank loan is shown below.

#### Interest rate exposure

	2023 £'000	2022 £'000
Euro	–	4,304
US dollar	–	1,647
<b>Total exposure</b>	<b>–</b>	<b>5,951</b>

As at the year end, the Company had a three year multi-currency revolving credit facility with The Bank of Nova Scotia (UK Branch) for US\$60 million terminating on 19 February 2024. Taking account of the current high interest environment, the Board has resolved to terminate the facility with The Bank of Nova Scotia.

The Company pays interest separately on each currency drawn down. Interest is charged on each currency at variable rates. Sterling is calculated with reference to RFR (Risk-free rate); US dollar with reference to SOFR (Secured Overnight Financing Rate) RFR and Japanese yen with reference to TONAR (Tokyo Overnight Averaged Rate) RFR.

No currency drawn down as at 30 June 2023.

As at 30 June 2022 US\$2.0 million (£1.6 million) was drawn down at the interest rate of 2.36% and €5.0 million (£4.3 million) was drawn down at the interest rate of 1.30%.

The main covenants relating to the revolving credit facility are:

- (i) Total borrowings shall not exceed 33.33% (2022: 33.33%) of the Company's investment portfolio.
- (ii) The Company's minimum net asset value shall be £170 million (2022: £170 million).

#### Interest rate risk sensitivity on bank borrowings

As the majority of the Company's financial assets are non-interest bearing and the loan can be repaid within the next 12 months the exposure to fair value interest rate fluctuations on bank loans is limited.

#### (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 short term fluctuations in the comparative index.

#### Other price risk sensitivity

Investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on pages 11 and 12. In addition, an analysis of the investment portfolio by geographical split is given on page 13. A 5% increase in quoted valuations at 30 June 2023 would have increased total assets, and the total return on ordinary activities after taxation by £21,947,000 (2022: £21,955,000). A decrease of 5% 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.

The Alternative Investment Fund Manager ("AIFM") has a liquidity management policy for the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's expected outflows, which include share buy backs, dividends and operational expenses. This policy involves an assessment of the prices or values at which it expects to be able to liquidate its assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

## 20. Financial Instruments (continued)

This requires the AIFM to identify and monitor investment in asset classes which are considered to be relatively illiquid. Illiquid assets of the Company are likely to include investments in unquoted companies. None of the Company's investments were unquoted in the current year or prior year. The quoted companies in the portfolio are generally deemed to be liquid but from time to time, however, liquidity in these holdings may be affected by wider economic events. The Company's portfolio is monitored on an ongoing basis to ensure that it is adequately diversified and liquid. The AIFM's liquidity management policy is reviewed on at least an annual basis and updated, as required.

There have been no material changes to the liquidity management systems and procedures during the year. In addition, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

The Company has the power to enter into borrowings, which gives it access to additional funding when required.

### **Credit and counterparty risk**

This is the risk that a 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:

- The Company's quoted investments and cash are held on its behalf by the Company's Custodian and Banker. 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 their 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.

### **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.

### **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 note 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 in page 15. 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 19 to 21. The Company has the ability to issue and buy back its shares (see page 18) and changes to the share capital during the year are set out in note 13. The Company does not have any externally imposed capital requirements.

## 21. Post Balance Sheet Events

At 31 August 2023, a further 4,466,418 shares have been bought back to be held in Treasury for net consideration of £31.3 million.

On 31 August 2023, the Company gave Notice of a General Meeting at which shareholder authority will be sought to ensure the Company's buyback authorities are not exhausted and the Company is able to continue to buy back shares in the period up until the 2023 AGM. The General Meeting will be held at 10.00 a.m. on 8 September 2023 at the offices of Dickson Minto, 16 Charlotte Square, Edinburgh EH2 4DF.

On 5 September 2023, the Board resolved to terminate the revolving credit facility with the Bank of Nova Scotia.

## SHAREHOLDER INFORMATION

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### 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 the offices of Dickson Minto, 16 Charlotte Square, Edinburgh, EH2 4DF on 26 October 2023 at 12 noon (the 'Meeting') for the following purposes:

#### Ordinary Business

To consider and, if thought fit, pass Resolutions 1 to 12 (inclusive) which will be proposed as ordinary resolutions:

1. To receive and adopt the Annual Financial Report of the Company for the year ended 30 June 2023 together with the Report of the Directors.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2023.
4. To approve a final dividend of 3.95 pence per ordinary share for the year ended 30 June 2023.
5. To re-elect Russell Napier as a Director of the Company.
6. To re-elect Diana Dyer Bartlett as a Director of the Company.
7. To re-elect David Kidd as a Director of the Company.
8. To re-elect Alan Scott as a Director of the Company.
9. To elect Hamish Baillie as a Director of the Company.
10. To re-appoint Johnston Carmichael LLP as 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.
11. To authorise the Directors to determine the remuneration of the Auditor.
12. 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 new shares in the Company and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company (such shares and rights together being 'Securities') up to an aggregate nominal value of £964,235, being equal to approximately 33.3% of the Company's issued share capital (excluding treasury shares) as at 31 August 2023, 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 Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass Resolution 13, which will be proposed as a special resolution:

13. 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 8,681,013, or, if less, the number representing approximately 14.99% 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 which may be paid for any ordinary share is the nominal value thereof;
  - (c) the maximum price which may be paid for any ordinary share shall not be more than the higher of:
    - (i) 5% above the average of the middle market quotations for an ordinary share (as derived from the Daily Official List of 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

To consider, and if thought fit, pass Resolutions 14 and 15 which will be proposed as special resolutions:

14. That, subject to the passing of Resolution 12, above (the 'Section 551 Resolution'), 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(1) of the Act), for cash pursuant to the authority given by the Section 551 Resolution or by way of a sale of treasury shares (as defined in Section 560(3) of the Act), in each case as if Section 561(1) of the Act did not apply to any such allotment of equity securities or sale of treasury shares, provided that this power:

- (a) shall be limited to the allotment of equity securities or sale of treasury shares 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 or sale of treasury shares (otherwise than pursuant to sub-paragraph (a) of this resolution) up to an aggregate nominal value of £434,340 being approximately 15% of the nominal value of the issued share capital of the Company (excluding treasury shares), as at 31 August 2023; 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.

15. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

By order of the Board

### **Artemis Fund Managers Limited**

Company Secretary  
5 September 2023

Registered Office:  
6th Floor, Exchange Plaza,  
50 Lothian Road  
Edinburgh, EH3 9BY

## Notes

### 1. Attending the Meeting in person

If you wish to attend the Meeting, please arrive at the venue for the Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity prior to being admitted to the Meeting.

### 2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights. A proxy need not be a member of the Company. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact Computershare on 0370 707 1186. Lines are open from 8.30am to 5.30pm, Monday to Friday).

A member may instruct their proxy to abstain from voting on any resolution to be considered at the Meeting by marking the "vote withheld" option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" the resolution.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

Appointing the Chairman of the Meeting will ensure your vote will be registered.

### 3. Appointment of a proxy using a proxy form

A proxy form for use in connection with the Meeting is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Computershare Investor Services PLC, The Pavilions, Bristol BS99 6ZY or [eproxyappointment.com](http://eproxyappointment.com) no later than 48 hours (excluding non-working days) before the time of the Meeting or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar on 0370 707 1186 (Lines are open from 8.30am to 5.30pm, Monday to Friday).

### 4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website:

[euroclear.com/CREST](http://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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the Registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the Meeting or any adjournment of that 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 Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

### 5. Appointment of proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s). Appointing the Chairman of the Meeting will ensure your vote will be registered.

7. Entitlement to attend and vote

To be entitled to attend and vote at the Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 pm on 24 October 2023 (or, if the Meeting is adjourned, at 6.00 pm two working days prior to the adjourned meeting).

Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Meeting.

Please see note 1 regarding attendance at this year's AGM.

8. Nominated persons

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 him/her and the member by whom he/she was 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, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Forms of proxy

A personalised form of proxy will be sent to each registered shareholder with the Annual Financial Report and instructions on how to vote will be contained therein.

10. Website giving information regarding the Meeting

Information regarding the Meeting, including information required by Section 311A of the Act, and a copy of this Notice of Meeting is available on the website: [midwynd.com](http://midwynd.com).

11. Voting rights

As at 31 August 2023 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 66,381,114 ordinary shares, carrying one vote each. 8,469,080 ordinary shares are held in Treasury. Therefore, the total voting rights in the Company as at 31 August 2023 were 57,912,034 votes.

12. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the

Chairman of the general meeting as his proxy will need to ensure that they both comply with their respective disclosure obligations under the UK Disclosure Rules and Transparency Rules.

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast, and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's ordinary shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Rules and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Rules and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

13. Members' right to require circulation of resolution to be proposed at the Meeting

Members meeting the threshold requirements set out in the Act have the right to: (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the Meeting pursuant to Section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the Meeting, pursuant to Section 338A of the Act.

14. Further questions and communication

Under Section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Shareholders are invited to submit questions in advance of the AGM to the Company Secretarial Department by writing to Artemis Fund Managers Limited, 6th Floor, Exchange Plaza, 50 Lothian Road, Edinburgh, EH3 9BY. Alternatively, questions may be sent via email to the Chairman's email address [midwyndchairman@artemisfunds.com](mailto:midwyndchairman@artemisfunds.com).

Members may not use any electronic address provided in this notice or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.

15. Documents available for inspection

The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Meeting:

15.1. a statement of all transactions of each Director and of their family interests in the share capital of the Company; and

15.2. copies of the Directors' letters of appointment.

No Director has a service contract with the Company.

16. Directors' biographies

The biographies of the Directors standing for re-election or election are set out on page 29 of the Company's Annual Financial Report for the year ended 30 June 2023.

17. Announcement of results

As soon as practicable following the Meeting, the results of the voting at the Meeting will be announced via a Regulatory Information Service and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be placed on the website: [midwynd.com](http://midwynd.com).

18. Audit concerns

Members should note that it is possible that, pursuant to requests made by members 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: (a) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements were laid in accordance with Section 437 of the Act. The Company may not require the members 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.

## Appendix to Notice of AGM

The Annual General Meeting ('AGM') of the Company will be held on 26 October 2023 at 12 noon. The formal Notice of AGM is set out on pages 66 to 67 which includes important information on the arrangements for this year's AGM. The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The information set out below is an explanation of the business to be considered at the 2023 Annual General Meeting. To be passed, the ordinary resolutions require 50% of the votes cast to be in their favour and the special resolutions require 75% of votes cast to be in their favour.

### Ordinary business

Resolutions 1 to 12 are all ordinary resolutions. Resolution 1 is a resolution to adopt the Annual Financial Report. Resolutions 2 and 3 concern the approval of the Directors' Remuneration Policy and Directors' Remuneration Report, as detailed on pages 38 to 39. Resolution 4 invites shareholders to approve the final dividend. Resolutions 5 to 8 invite shareholders to re-elect each of the existing Directors for another year whilst resolution 9 invites shareholders to elect Mr Hamish Baillie to the Board. The Board, on recommendation from the Nomination Committee, recommends the re-election or election of all Directors at this year's AGM (their biographies are set out on page 29). Resolutions 10 and 11 concern the re-appointment and remuneration of the Company's auditor, discussed in the Report of the Audit Committee on pages 40 to 42. Resolution 12 is the proposal to seek authorisation for the Directors to allot shares up to a maximum aggregate nominal amount of £964,235 (being approximately 33.3% of the issued share capital (excluding any shares held in treasury) as at 31 August 2023).

### Resolution 13: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 26 October 2022, the Company was granted authority to make market purchases of up to 9,839,872 ordinary shares of 5p each for cancellation or holding in treasury. A further General Meeting is due to be held on 8 September 2023 at which a further 14.99% of buyback authority will be sought to ensure the authority is not exhausted prior to the 2023 AGM. Both these authorities will expire at the forthcoming AGM. The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to NAV. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date on which the resolution is passed (excluding treasury shares). If renewed, this authority will lapse at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

### Special business

#### Resolution 14: power to disapply pre-emption rights (special resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures. A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £434,340 (being 15% of the issued share capital as at 31 August 2023) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. If approved, this authority will expire at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

#### Resolution 15: authority to call a general meeting on fewer days' notice (special resolution)

This resolution is seeking authority for the Company to call a general meeting, other than an annual general meeting, on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.



## Information for Shareholders (unaudted)

### 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 advisor or via an investment platform. Find out more at [midwynd.com](http://midwynd.com).

### 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 confirmation or your share certificate).

### Dividend Reinvestment Plan

Computershare provides 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](http://investorcentre.co.uk) and follow the instructions or telephone 0370 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](http://eproxyappointment.com). If you have any questions about this service please contact Computershare on 0370 707 1186.

### Financial Advisers and retail investors

The Company currently conducts its affairs so that the 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 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](http://trustnet.com)). Up-to-date information can be found on the Company's website ([midwynd.com](http://midwynd.com)), 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 email address: [midwyndchairman@artemisfunds.com](mailto:midwyndchairman@artemisfunds.com).

### AIFMD disclosures

A number of disclosures are required to be made under the AIFMD as follows:

- Information in relation to the leverage of the Company is provided in the Strategic Report on pages 15 and 16.
- Details of the Company's principal risks and their management are provided in the Strategic Report on pages 19 to 21.
- Details of the monitoring undertaken of the liquidity of the portfolio is provided in note 20 in the notes to the financial statements.
- The Investment Manager is not able to enter into any stocklending agreements; to borrow money against the security of the Company's investments; nor create any charges over any of the Company's investments, unless prior approval has been received from the Board.
- Details of the Company's strategy and policies, administration arrangements and risk management and monitoring, required to be made available to investors in the Company before they invest, are available at [midwynd.co.uk](http://midwynd.co.uk).

Any material changes to this information is required to be reported in the Company's Annual Financial Report.

There have been no material changes from the prior year to the information above which requires disclosure to shareholders.

As the AIFM to the Company, Artemis is required to make certain disclosures regarding remuneration which will be disclosed at the appropriate time.

### **Remuneration**

Artemis operates its remuneration policies and practices at a group level which includes both Artemis Investment Management LLP and its subsidiary Artemis Fund Managers Limited (AFML). Details of the group remuneration policies are available on Artemis' website [artemisfunds.com](http://artemisfunds.com).

No staff are employed by AFML directly but are employed and paid by other entities of Artemis. Artemis has apportioned the total amount of remuneration paid to all 224 Artemis partners and staff in respect of AFML's duties performed based on the number of funds. It has estimated that the total amount of remuneration paid in respect of duties for the Company for the year ended 31 December 2022 is £887,387, of which £388,396 is fixed remuneration and £498,991 is variable remuneration.

The aggregate amount of remuneration paid to Identified Staff that is attributable to duties for the Company for the year ended 31 December 2022 is £315,886. Identified Staff are those senior individuals whose managerial responsibilities or professional activities could influence, and have a material impact on, the overall risk profile of each regulated entity and the funds it manages. The AFML Code staff are the members of Artemis' Management and Executive Committees, certain fund managers, and others in specified roles. This includes certain individuals who are partners in Artemis Investment Management LLP.

### **Common Reporting Standard**

The Organisation for Economic Co-operation and Development's Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard') requires the Company to provide information annually to HM Revenue & Customs ("HMRC") on the tax residencies of those certificated shareholders that are tax resident in countries out with the UK that have signed up to the Common Reporting Standard.

All new shareholders, excluding those whose shares are held in CREST, will be sent a certification form by 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/exchangeofinformationaccount-holders](http://gov.uk/government/publications/exchangeofinformationaccount-holders).

### **Data Protection**

The Company is committed to ensuring the protection of any personal data provided to them.

Further details of the Company's privacy policy can be found on the Company's website at [midwynd.com](http://midwynd.com).

### **Reporting calendar**

#### **Year End**

30 June

#### **Results announced**

Interim: February

Annual: September

#### **Dividends Payable**

March and November

#### **Annual General Meeting**

October



## Alternative Performance Measures ('APM')

### Alternative Performance Measure ('APM')

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

A description and explanation of the APMs used within the Annual Financial Report can be found below:

### Ongoing charges

Total expenses (excluding finance costs and taxation) incurred by the Company as a percentage of average net asset values.

Due to lack of information, no account has been taken of the Company's share of costs of its holdings in investment companies on a look-through basis.

The decrease in average funds under management during the year and certain one-off charges have led to an increase in the Company's current ongoing charges ratio.

	As at 30 June 2023 £'000	As at 30 June 2022 £'000
<b>Ongoing charges</b>		
Investment management fee	2,301	2,437
Other expenses	580	496
Total expenses	2,881	2,933
<b>Average net assets</b>	<b>464,206</b>	<b>485,437</b>
<b>Ongoing charges</b>	<b>0.62%</b>	<b>0.60%</b>

### Total return

The total return on an investment is made up of capital appreciation (or depreciation) and any income paid out (which is deemed to be reinvested) by the investment. Measured over a set period, it is expressed as a percentage of the value of the investment at the start of the period.

### Net asset value total return for the year ended 30 June

	2023 pence	2022 pence
Opening net asset value	692.01	754.43
Closing net asset value	719.84	692.01
Dividends paid during financial year	10.55	6.80
	<b>5.6%</b>	<b>(7.5)%</b>

### Share price total return for the year ended 30 June

	2023 pence	2022 pence
Opening share price	693.00p	772.00p
Closing share price	689.00p	693.00p
Dividends paid during financial year	10.55p	6.80p
	<b>1.0%</b>	<b>(9.5)%</b>

The total returns percentages assumes that dividends paid out by the Company are re-invested into shares at the value on the ex-dividend date and so the figure will be slightly different to the arithmetic calculation.

### Premium/(Discount)

The amount, expressed as a percentage, by which the share price is more or less than the NAV per ordinary share.

### Net Gearing

The net gearing reflects the amount of borrowings (see Note 12) the Company has used to invest in the market less cash and cash equivalents, divided by net assets.

A negative percentage reflects a net cash position.

The Company's position is set out below:

	As at 30 June 2023 £'000	As at 30 June 2022 £'000
<b>Gearing</b>		
Bank loans	–	5,951
Cash and cash equivalents	(12,243)	(7,096)
Net gearing	(12,243)	(1,145)
Net assets	449,026	452,653
<b>Net cash</b>	<b>(2.7)%</b>	<b>(0.3)%</b>

Further disclosure of the borrowings/debt position of the Company can be found in note 20.

### Leverage

Leverage is defined in the AIFMD as any method by which an AIFM increases the exposure of an Alternative Investment Fund it manages, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

There are two measures of calculating leverage:

- the gross method, which does not reduce exposure for hedging; and
- the commitment method, which reduces exposure for hedging.

### Net asset value

Net asset value represents the total value of the Company's assets less the total value of its liabilities, and is normally expressed on a per share basis.

## Glossary

### **Administrator**

Is an entity that provides certain services to support the operation of an investment fund or investment company. These services include, amongst other things, settling investment transactions, maintaining accounting books and records and calculating daily net asset values. Please refer to page 76 for further information on the administration providers during the year.

### **Alternative Investment Fund Managers Directive (AIFMD)**

A European Union directive from 2012 and 2013, now adopted in to UK law, that applies to certain types of investment funds, including investment companies.

### **Alternative Investment Fund Manager (AIFM)**

Is an entity that provides certain investment services, including portfolio and risk management services. For the Company, Artemis Fund Managers Limited is the AIFM.

### **Banker and Custodian**

Is a bank that is responsible for holding an investment fund's or investment company's assets and securities and maintaining their bank accounts. Please refer to page 76 for further information on the banking and custodial service providers during the year.

### **Depository**

Is a financial institution that provides certain fiduciary services to investment funds or investment companies. The AIFMD requires that investment funds and investment companies have a depository appointed to safe-keep their assets and oversee their affairs to ensure that they comply with obligations in relevant laws and constitutional documents. Please refer to page 76 for further information on the depository service providers during the year.

### **Discount/Premium**

If the share price of an investment trust is lower than the net asset value per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage of the net asset value per share. If the share price is higher than the net asset value per share, the shares are said to be trading at a premium.

### **Net Gearing**

The net gearing reflects the amount of borrowings (see Note 12) the Company has used to invest in the market less cash and cash equivalents, divided by net assets.

A negative percentage reflects a net cash position.

## Investment Manager, Company Secretary and Advisers

### Registered office

6th Floor, Exchange Plaza  
50 Lothian Road  
Edinburgh  
EH3 9BY

*From October 2023:*

28 Walker Street  
Edinburgh  
EH3 7HR

Website: [midwynd.com](http://midwynd.com)

### Investment Manager, Alternative Investment Fund Manager and Company Secretary

Artemis Fund Managers Limited  
Cassini House  
57 St James's Street  
London SW1A 1LD

*From October 2023*

### Investment Manager

Lazard Asset Management Limited  
50 Stratton Street  
London W1J 8LL

### Alternative Investment Fund Manager and Company Secretary

Juniper Partners Limited  
28 Walker Street  
Edinburgh  
EH3 7HR

### Registrar

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

Lines are open from 8.30am to 5.30pm, Monday to Friday.

Website: [investorcentre.co.uk](http://investorcentre.co.uk)

### Administrator

Artemis Fund Managers Limited  
Cassini House  
57 St James's Street  
London SW1A 1LD

*From October 2023:*

Juniper Partners Limited  
28 Walker Street  
Edinburgh  
EH3 7HR

### Depository

Northern Trust Investor Services Limited  
50 Bank Street  
Canary Wharf  
London E14 5NT

*From October 2023:*

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

### Banker & Custodian

The Northern Trust Company, London Branch  
50 Bank Street  
Canary Wharf  
London E14 5NT

*From October 2023:*

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

### Independent Auditor

Johnston Carmichael LLP  
7-11 Melville Street  
Edinburgh EH3 7PE

### Broker

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



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**Artemis Fund Managers Limited**

Cassini House, 57 St James's Street, London SW1A 1LD  
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Fund Service Centre 0800 092 2051

Facsimile 0207 643 3708

Email [artemisenquiries@ntrs.com](mailto:artemisenquiries@ntrs.com)

Website [www.artemisfunds.com](http://www.artemisfunds.com)

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