



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

BALANCED FUND

A pooled management service for private clients

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH April 2014

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**The information provided on the back of this booklet also forms part of the Authorised Fund Manager's Report.*

INTRODUCTION

McInroy & Wood Balanced Fund (the fund) is an authorised unit trust for investors who wish to have their assets personally managed by McInroy & Wood Limited (MW) and for whom a discretionary managed portfolio may not be appropriate. Investors will gain access, through the fund, to a portfolio which it might well be impracticable for them to assemble themselves.

The fund has been established with the aim of providing clients with professional investment management at an economic cost.

Through the fund, investors who have similar objectives are able to pool their resources in order to secure the benefits of scale.

The principal investment objective of the fund is to maximise the total return to unitholders with an equal emphasis on the generation of income and on capital growth.

The fund may invest in any geographic areas and any economic sectors.

Further information and application forms may be obtained from McInroy & Wood Portfolios Limited, Easter Alderston, Haddington, EH41 3SF (Tel.+44 (0)1620 825867) or through the website www.mcinroy-wood.co.uk

MANAGER'S INVESTMENT REPORT

At 30th April 2014, total net assets of the fund amounted to £374,373,733 compared with £295,448,920 twelve months before. There were 989 unitholders, excluding ISAs, with an average holding worth £342,927.

Markets

The more developed equity markets in the Western world rose further over the year to 30th April 2014. Central bank strategies remained supportive of share prices throughout the period. Confidence in the sustainability of economic growth increased, and corporate profits announcements provided further encouragement for equity investors. However, emerging markets were held back by nervousness about the impact of tighter US monetary policy on developing economies.

Against this background, the FTSE-100 equity index in the UK advanced by 5% over the year. Measured by MSCI indices in local currency, the USA (+18%) and Europe (+16%) were much stronger. However, Japan was a mere 1% higher and the rest of the Pacific region fell by 2%. Expressed in sterling, the gain in the overall All Country World index was 3%.

By contrast, it was a difficult year for bond prices; UK conventional gilts (-6%) and index-linked issues (-5%) both lost ground while shorter-dated US Treasury inflation-protected stocks fell by 3-4% in local currency terms.

Sterling rose sharply by 9% against the US dollar, and 3% against the euro. This significantly impacted returns from overseas investments for UK investors.

Results

The price of Personal units in the fund at 30th April 2014 stood at 37.056p, marginally higher than the level of the unit price 12 months ago. The price of Legacy units stood at 36.810p. Gains from investments in developed equity markets were almost completely offset by the weakness of bond prices and the currency movements noted above.

Dividend Distribution

A final dividend distribution of 42.268p per unit is now being paid to holders of the Personal unit class (42.109p to the Legacy unit class). Total distributions for the year of 71.768p (to those who are now Personal unitholders) rose by 8%. Many of the equity holdings in the portfolio continued to increase their regular dividend payments, and 'special' dividends amounted to 3.6p of the total distributed (in the previous year the equivalent figure was 4.5p). The current distribution also received a one-off boost of 1.8p from the reimbursement of withholding tax in respect of the French equity holdings in the portfolio.

MANAGER'S INVESTMENT REPORT

continued

Dividend Distribution (continued)

Ignoring the possible impact of special factors, the distribution for the next six months is expected to be similar to that for the corresponding period in 2013.

Portfolio Strategy

The portfolio's equity allocation was increased by 4% in early April with an equivalent reduction in the bond allocation. This shift in policy reflected increasingly positive prospects for corporate earnings and a less encouraging outlook for fixed-interest investments.

At 30th April 2014, 80% of the portfolio was allocated to equities (76% at 30th April 2013), 19% to bonds (21%), and 1% to cash deposits (3%).

Investments

Net new funds for investment of £79 million were subscribed during the year. In addition to increasing existing positions, new holdings were purchased in Gemalto (Netherlands), Financiero Banorte (Mexico), Kalbe Farma (Indonesia) and Shimano (Japan). The investments in Abbvie, Canon, CP All and Petrobras were sold.

Anixter International (+44%) and O'Reilly Automotive (+39%) recorded the strongest gains during the year; Manila Water (-33%) and Jeronimo Martins (-30%) were the weakest performing holdings.

Within the bond allocation in the portfolio, the Norwegian krone issue and the 2019 gilt were both sold, while an inflation-protected US Treasury stock and a UK Index-linked gilt both matured. New investments were made in short- and medium-dated gilts in order to broaden the maturity of the stocks held in the portfolio.

Outlook

Global economic growth has become increasingly robust. Recent figures from the USA show that economic momentum is accelerating again after being impacted by poor winter weather. Trends in manufacturing activity and employment are strongly positive, and consumer spending has recorded its fastest growth rate for five years.

In the UK too, where the economy is now only 1% below its 2008 peak, there is evidence of a broadly based revival. Business confidence is at its highest since 2003, and the continuing low level of inflation is particularly encouraging.

There has been a more subdued recovery in the eurozone, where inflation of a mere 0.7% raises the spectre of a slide into deflation. However the European Central Bank has signalled that it is prepared to take action to address this threat, while manufacturing production and business confidence have picked up faster than anticipated. Perhaps more importantly, conditions have improved among some of the peripheral members of the currency union, notably Portugal and Ireland.

MANAGER'S INVESTMENT REPORT

continued

Outlook (continued)

Elsewhere, economic prospects are also positive even if the transformation of the Japanese economy through the application of the government's programme of 'Abenomics' seems to be losing impetus. There has also been some slowdown in developing regions, but growth in some of them (forecast at over 7% and 4% in China and India respectively) is still much stronger than elsewhere. A significant equity allocation to the emerging markets surely remains an essential component of a balanced investment portfolio.

Equity markets have been boosted by the accommodating monetary policies pursued by major central banks, although the US Federal Reserve is now reducing its purchases of US government bonds as it unwinds its policy of quantitative easing. This 'tapering' does, of course, represent a signal of some confidence in the economy.

Improving sales and higher dividend payments are likely to support share prices as the global economy continues to improve. Even if the outlook for bonds generally appears unexciting, some exposure to a combination of fixed-interest and inflation-protected investments offers a relatively stable means of diversification as well as a ready source of liquidity. Fulfilment of the current expectation of sustained economic growth should over time provide investors with a satisfactory total return.

19th June 2014

CAPITAL RECORD

Highest and lowest unit prices.

Year	High		Low	
	<i>Legacy</i>	<i>Personal</i>	<i>Legacy</i>	<i>Personal</i>
2010	£32.394	—	£26.595	—
2011	£33.569	—	£29.437	—
2012	£33.896	—	£31.088	—
2013	£37.736	£37.848	£34.166	£34.169
2014*	£37.096	£37.296	£35.631	£35.827

*Up to 30th April only.

INCOME RECORD

Year (to 30 th April)	Per unit (net)	
	<i>Legacy</i>	<i>Personal</i>
2010	53.511p	—
2011	56.301p	—
2012	62.813p	—
2013	66.629p	37.141p
2014	71.609p	71.768p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
30.04.12 <i>Legacy</i>	£229,603,890	£32.631	7,036,480
30.04.13 <i>Legacy</i>	£50,577,901	£36.516	1,385,080
30.04.13 <i>Personal</i>	£244,871,019	£36.573	6,695,484
30.04.14 <i>Legacy</i>	£34,556,966	£36.331	951,171
30.04.14 <i>Personal</i>	£339,816,767	£36.577	9,290,379

ONGOING CHARGES FIGURE

Date	Annualised	
	<i>Legacy</i>	<i>Personal</i>
30.04.10	1.583%	—
30.04.11	1.568%	—
30.04.12	1.559%	—
30.04.13	1.566%	1.066%
30.04.14**	1.607%	1.108%

PORTFOLIO TURNOVER

Date	Annualised
30.04.10	26%
30.04.11	28%
30.04.12	22%
30.04.13	3%
30.04.14	6%

**An Ongoing Charges Figure (“OCF”) has replaced the Total Expense Ratio (“TER”). The main difference to the historic TER calculation is the inclusion of custodian handling charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

PORTFOLIO STATEMENT

as at 30th April 2014

INVESTMENTS	Holding or Nominal Value of positions at 30 th April 2014	Bid Market Value £	Percentage of Value of total net assets	
			30 th Apr. 2014	30 th Apr. 2013
<i>Bonds</i>				
UK				
UK Treasury 1% 2017	£8,236,000	8,140,462	2.2	
UK Treasury 1.25% I-L 2017	£7,047,000	10,219,486	2.7	
UK Treasury 2% 2016	£7,964,000	8,143,190	2.2	
UK Treasury 2.25% 2023	£8,688,000	8,389,133	2.2	
UK Treasury 3.75% 2021	£3,601,500	3,951,926	1.1	
		<u>38,844,197</u>	<u>10.4</u>	<u>11.9</u>
USA				
US Treasury 0.125% 2014	\$5,420,000	3,210,892	0.9	
US Treasury 0.125% TIPS 2017	\$14,771,000	9,335,526	2.5	
US Treasury 1.625% TIPS 2015	\$17,586,000	13,123,373	3.5	
US Treasury FRN 2016	\$11,354,700	6,722,855	1.8	
		<u>32,392,646</u>	<u>8.7</u>	<u>8.6</u>
NORWAY				
		<u>—</u>	<u>—</u>	<u>0.9</u>
<i>TOTAL BONDS</i>		<u>71,236,843</u>	<u>19.1</u>	<u>21.3</u>
<i>Equities</i>				
UK				
BG	360,990	4,323,758	1.2	
Keller	504,790	5,042,852	1.3	
Land Securities	573,240	6,090,675	1.6	
Majestic Wine	721,801	3,369,006	0.9	
Pearson	355,325	3,937,001	1.1	
Reckitt Benckiser	132,695	6,336,850	1.7	
Rio Tinto	195,415	6,301,645	1.7	
Rotork	232,100	6,010,230	1.6	
Royal Dutch Shell	271,835	6,849,562	1.8	
RPS	1,837,018	5,421,040	1.4	
Spectris	271,075	6,024,642	1.6	
Spirax Sarco	219,197	6,355,617	1.7	
Standard Chartered	103,670	1,328,790	0.4	
		<u>67,391,668</u>	<u>18.0</u>	<u>17.2</u>

PORTFOLIO STATEMENT

as at 30th April 2014

continued

<i>Equities</i> (continued)	Holding or Nominal Value of positions at 30 th April 2014	Bid Market Value £	Percentage of Value of total net assets 30 th Apr. 30 th Apr. 2014 2013	
US				
Abbott Laboratories	277,460	6,367,086	1.7	
Anixter International	105,630	6,128,905	1.6	
Becton Dickinson	89,930	6,018,503	1.6	
Church & Dwight	135,360	5,530,968	1.5	
Donaldson	254,515	6,344,032	1.7	
Ecolab	116,120	7,196,290	1.9	
Grainger WW	39,575	5,961,213	1.6	
Mettler Toledo	45,345	6,260,049	1.7	
O'Reilly Automotive	73,505	6,476,747	1.7	
Paychex	235,745	5,837,076	1.6	
Roper Industries	80,415	6,616,234	1.8	
RPM	246,565	6,229,110	1.7	
Schlumberger	106,765	6,421,140	1.7	
Tractor Supply	139,955	5,573,249	1.5	
Watsco	99,770	6,080,805	1.6	
		<u>93,041,407</u>	<u>24.9</u>	<u>24.1</u>
FRANCE				
Danone	99,120	4,328,864	1.2	
Essilor	93,910	5,948,276	1.6	
Total SA	126,300	5,341,027	1.4	
Unibail-Rodamco	32,905	5,255,472	1.4	
		<u>20,873,639</u>	<u>5.6</u>	<u>5.3</u>
GERMANY				
Fielmann	71,870	5,745,761	1.6	
Fresenius Medical Care	139,955	5,701,413	1.5	
Fuchs Petrolub	98,510	5,350,056	1.4	
SAP	110,895	5,290,976	1.4	
		<u>22,088,206</u>	<u>5.9</u>	<u>5.5</u>
IRELAND				
Kerry	131,155	6,095,421	1.6	1.7
NETHERLANDS				
Boskalis Westminster	157,420	5,282,366	1.4	
Gemalto	81,380	5,399,031	1.4	
		<u>10,681,397</u>	<u>2.8</u>	<u>1.4</u>

PORTFOLIO STATEMENT

as at 30th April 2014

continued

		Holding or Nominal Value of positions at 30 th April 2014	Bid Market Value £	Percentage of Value of total net assets 30 th Apr. 2014	30 th Apr. 2013
<i>Equities</i> (continued)					
SWITZERLAND					
	Kühne + Nagel	64,490	5,218,656	1.4	
	Lindt & Sprüngli	30	1,037,988	0.3	
	Sonova	67,510	5,767,426	1.5	
			<u>12,024,070</u>	<u>3.2</u>	<u>2.5</u>
AUSTRALIA					
	ARB	589,011	<u>3,950,723</u>	<u>1.1</u>	<u>1.1</u>
JAPAN					
	Shimano	49,300	2,910,356	0.8	
	Symxex	227,800	4,262,665	1.1	
			<u>7,173,021</u>	<u>1.9</u>	<u>2.1</u>
DEVELOPING MARKETS					
<i>Brazil</i>	CEMIG - ADR	360,840	1,610,359	0.4	
	Anhanguera Educacional	465,400	1,703,512	0.5	
	Localiza Rent A Car	201,732	1,791,351	0.5	
	Natura Cosméticos	183,380	1,867,069	0.5	
	Weg	299,533	2,137,078	0.6	
<i>Chile</i>	IAM	1,447,105	1,410,280	0.4	
<i>Hong Kong</i>	Cheung Kong	166,000	1,672,669	0.4	
	China Mobile	381,000	2,146,565	0.6	
	CNOOC	1,282,000	1,252,609	0.3	
	Hang Lung Properties	698,000	1,230,422	0.3	
	Hong Kong & China Gas	1,756,500	2,396,551	0.6	
	Lianhua	1,300,800	427,303	0.1	
	Shandong Weigao	2,576,000	1,533,978	0.4	
	Shenzhen Expressway	2,570,700	696,185	0.2	
	Vitasoy	2,164,000	1,755,654	0.5	
<i>India</i>	Larsen & Toubro-GDR	178,750	2,279,899	0.6	
	Mahindra & Mahindra-GDR	188,020	1,983,876	0.5	
	Marico	856,154	1,726,628	0.5	
	Marico Kaya Enterprises	11,079	17,679	0.0	
<i>Indonesia</i>	Kalbe Farma	23,541,600	1,857,236	0.5	
	Perusahaan Gas Negara	6,544,000	1,772,573	0.5	
	Telekomunikasi Indonesia	17,287,000	2,008,063	0.5	
<i>Malaysia</i>	Digi.com	2,042,000	2,053,685	0.5	

PORTFOLIO STATEMENT

as at 30th April 2014

continued

		Holding or Nominal Value of positions at 30 th April 2014	Bid Market Value £	Percentage of Value of total net assets 30 th Apr. 30 th Apr. 2014 2013	
<i>Equities</i> (continued)					
DEVELOPING MARKETS (continued)					
<i>Mexico</i>	Financiero Banorte	220,000	864,706	0.2	
	Walmart de Mexico	1,305,045	1,954,415	0.5	
<i>Philippines</i>	Manila Water	3,060,600	1,084,665	0.3	
<i>Portugal</i>	Jeronimo Martins	173,745	1,797,054	0.5	
<i>S Africa</i>	MTN	164,600	1,954,317	0.5	
<i>S Korea</i>	POSCO	8,190	1,442,361	0.4	
<i>Singapore</i>	Ezion	2,287,200	2,458,193	0.7	
	Keppel	296,800	1,477,866	0.4	
	Thai Beverage	7,774,000	2,157,659	0.6	
<i>Taiwan</i>	Giant Manufacturing	497,673	2,308,457	0.6	
			<u>54,830,917</u>	<u>14.6</u>	<u>14.8</u>
TOTAL EQUITIES			<u>298,150,469</u>	<u>79.6</u>	<u>75.7</u>
TOTAL INVESTMENTS			369,387,312	98.7	97.0
Net other assets			<u>4,986,421</u>	<u>1.3</u>	<u>3.0</u>
TOTAL NET ASSETS			<u><u>374,373,733</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

Note: Unless otherwise stated, the above securities are admitted to official stock exchange listings or traded on a regulated market.

All debt securities in the portfolio at 30th April 2014 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 30th April 2014

Purchases	Cost £
160,100 Abbott Laboratories	3,790,589
104,200 Anhanguera Educacional	398,908
240,800 Anhanguera Educacional (<i>stock split</i>)	—
220,860 ARB	1,502,846
10,400 Becton Dickinson	743,378
55,115 BG	600,436
94,390 CEMIG - ADR	525,498
105,575 CEMIG - ADR (<i>bonus issue</i>)	—
33,000 Cheung Kong	297,990
220,000 China Mobile	1,335,639
34,880 Church & Dwight	1,407,274
468,000 CNOOC	573,765
20,250 Danone	954,377
54,985 Donaldson	1,398,885
30,850 Essilor	1,887,343
1,115,000 Ezion	1,302,989
381,200 Ezion (<i>bonus issue</i>)	—
17,155 Fielmann	1,260,953
220,000 Financiero Banorte	852,983
52,020 Fresenius Medical Care	2,170,509
81,380 Gemalto	5,670,039
4,125 Grainger WW	631,730
307,000 Hang Lung Properties	645,012
970,000 Hong Kong & China Gas	1,316,519
71,500 Hong Kong & China Gas (<i>bonus issue</i>)	—
434,000 IAM	528,113
59,600 Jeronimo Martins	700,403
23,541,600 Kalbe Farma	1,607,607
57,400 Keller	597,868
54,000 Keppel	300,941
23,744 Keppel REIT (<i>spin off issue</i>)	—
35,370,000 KfW 3.25% 2014	3,986,986
23,070 Kühne + Nagel	1,850,335
101,450 Land Securities	1,051,421
82,700 Larsen & Toubro-GDR	820,230
42,050 Larsen & Toubro-GDR (<i>bonus issue</i>)	—
1,002,000 Lianhua	502,408
74,000 Localiza Rent A Car	650,957
6,082 Localiza Rent A Car (<i>bonus issue</i>)	—

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 30th April 2014

continued

	Cost £
Purchases (continued)	
72,800 Mahindra & Mahindra-GDR	620,205
125,000 Majestic Wine	580,291
618,600 Manila Water	299,355
302,159 Marico	641,230
11,079 Marico (<i>spin off issue</i>)	—
11,145 Mettler Toledo	1,586,822
32,800 MTN	399,709
87,750 Natura Cosmetics	1,021,171
62,480 Paychex	1,608,135
120,100 Pearson	1,503,363
1,303,000 Perusahaan Gas Negara	355,999
31,965 Reckitt Benckiser	1,510,184
54,665 Rio Tinto	1,673,571
22,385 Roper Industries	1,798,143
59,170 Rotork	1,600,504
25,915 Royal Dutch Shell	602,515
47,050 RPM	1,207,142
557,038 RPS	1,394,618
30,380 SAP	1,463,050
19,745 Schlumberger	1,113,947
49,300 Shimano	2,774,233
19,620 Sonova	1,540,902
44,175 Spectris	1,026,631
27,250 Spirax Sarco	795,375
191,947 Spirax Sarco (<i>stock split</i>)	—
7,700 Sysmex	304,825
113,900 Sysmex (<i>stock split</i>)	—
5,422,500 Telekomunikasi Indonesia	1,777,129
13,720,000 Telekomunikasi Indonesia (<i>stock split</i>)	—
5,451,000 Thai Beverage	1,596,005
20,120 Total SA	801,787
22,835 Tractor Supply	922,529
58,560 Tractor Supply (<i>stock split</i>)	—
8,236,000 UK Treasury 1% 2017	8,185,567
1,226,000 UK Treasury 1.25% I-L 2017	1,789,377
8,688,000 UK Treasury 2.25% 2023	8,303,556
9,675 Unibail-Rodamco	1,551,686
640,000 US Treasury 0.125% 2014	402,398

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 30th April 2014

continued

		Cost £
Purchases (continued)		
8,964,000	US Treasury 0.125% TIPS 2017	6,101,082
11,354,700	US Treasury FRN 2016	6,807,652
421,000	Walmart de Mexico	652,373
28,153	Watsco	1,666,503
32,000	Weg	256,303
69,123	Weg (<i>bonus issue</i>)	—
	TOTAL	<u>110,100,798</u>
		Proceeds £
Sales		
117,360	Abbvie	3,415,611
82,000	Canon	1,477,406
2,934,000	CP All	2,713,344
72,304	Keppel REIT	39,005
57,850,000	KfW 3.25% 2014	5,813,920
62,440	Petrobras - ADR	435,654
199,330	Spirax Sarco (<i>stock split</i>)	—
2,744,000	Telekomunikasi Indonesia (<i>stock split</i>)	—
8,287,000	UK Treasury 2.25% 2014	8,287,000
4,143,000	UK Treasury 3.75% 2019	4,522,913
505,500	UK Treasury 3.75% 2021	552,259
4,535,000	US Treasury 2% TIPS 2014	3,497,467
	TOTAL	<u>30,754,579</u>

GENERAL INFORMATION

Authorisation

The Balanced Fund is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is categorised as a UCITS scheme under the rules contained in the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority.

McInroy & Wood Limited and its subsidiary, McInroy & Wood Portfolios Limited, are authorised and regulated by the Financial Conduct Authority.

Income Tax

All income distributions carry a notional tax credit of 10%. A basic rate taxpayer has no further liability in respect of this income but is unable to reclaim the tax.

Capital Gains Tax

Authorised unit trusts are exempt from corporation tax on realised capital gains.

Applications

The minimum initial investment in the fund is £10,000. Further investments may be made for a minimum of £1,000.

Data Protection

Unitholders' names will be added to a mailing list which may be used by the Manager, or its associate, to provide investors with information related to their investment, including occasional topical articles. Unitholders who would not like to receive such information can write to the Manager requesting their removal from any such mailing list.

A Word of Caution

You should remember that the price of units and the income from them may go down as well as up. Gains are not necessarily achieved in the short term. Exchange rate fluctuations may also cause the value of an investment to rise and fall. Investment in emerging markets can be subject to risk not normally associated with developed markets.

GENERAL INFORMATION

continued

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7
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Lower risk

Typically lower rewards

Higher risk

Typically higher rewards

Please note, the category stated above is the same for each class of unit within the fund.

This indicator shows how much a fund's price has risen and fallen in the past and therefore how much its returns have varied: it is a measure of the fund's volatility. The higher the past volatility, the higher the number on the scale. The lowest number on the scale does not mean that a fund is risk free.

The fund has been classed as 4 because its volatility has been measured as average.

This indicator is prescribed by EU reporting guidelines and is based on historical data. It should not be used as an indicator of the fund's future risk profile. The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority (“the Rules”) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the fund and of its net revenue and the net capital gains on the property of the fund for the year. In preparing the financial statements the Manager is required to:

- Select suitable accounting policies and then apply them consistently.
- Comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the IMA in October 2010.
- Follow generally accepted accounting principles and applicable accounting standards.
- Prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so.
- Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and the Rules and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The maintenance and integrity of the McInroy & Wood website is the responsibility of the Authorised Fund Manager.

DIRECTORS' STATEMENT

In accordance with the requirements of the rules in the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority, we hereby certify the Report and Financial Statements of the fund on behalf of the Directors of McInroy & Wood Portfolios Limited.

T A U Wood
Director

J C McAulay
Director

Haddington, 19th June 2014

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

The Trustee is under a duty to take into custody and to hold the property of the Scheme in trust for the holders of units. Under the Rules relating to reports it is the duty of the Trustee to enquire into the conduct of the Manager in the management of the Scheme in each annual accounting period and report thereon to unitholders in a report which shall contain the matters prescribed by the Rules. A copy of the Trustee's report is included in this report.

TRUSTEE'S REPORT

In our opinion, the Manager has managed the Scheme, in all material respects, during the period covered by this Report in accordance with the investment and borrowing powers and the restrictions applicable to the Scheme and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

For and on behalf of
BNY Mellon Trust & Depositary
(UK) Limited
London

19th June 2014

INDEPENDENT AUDITORS' REPORT

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the financial position of the Trust as at 30th April 2014 and of the net revenue and the net capital gains of the scheme property of the Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements of McInroy & Wood Balanced Fund (the "Trust"), which are prepared by McInroy & Wood Portfolios Limited (the "Authorised Fund Manager"), comprise:

- the balance sheet of the Trust as at 30th April 2014;
- the statement of total return of the Trust for the year then ended;
- the statement of change in net assets attributable to unitholders of the Trust for the year then ended;
- the notes to the Trust's financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds"), the Collective Investment Schemes Sourcebook and the Trust Deed.

In applying the financial reporting framework, the Authorised Fund Manager has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

INDEPENDENT AUDITORS' REPORT

continued

Report on the financial statements continued

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and
- the overall presentation of the financial statements.

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

Opinions on matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes Sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT

continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Fund Manager

As explained more fully in the Statement of the Manager's Responsibilities, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Edinburgh

19th June 2014

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF TOTAL RETURN

for the year ended 30th April 2014

	Notes	Year ended 30 th April 2014		Year ended 30 th April 2013	
		£	£	£	£
Income					
Net capital gains	2		3,273,173		33,823,717
Revenue	3	7,330,772		5,754,605	
Expenses	4	<u>(3,904,823)</u>		<u>(3,786,028)</u>	
Net revenue before taxation		3,425,949		1,968,577	
Taxation	5	<u>(307,284)</u>		<u>(389,629)</u>	
Net revenue after taxation			<u>3,118,665</u>		<u>1,578,948</u>
Total return before distributions			6,391,838		35,402,665
Finance costs: distributions	6		<u>(6,439,895)</u>		<u>(5,036,067)</u>
Change in net assets attributable to unitholders from investment activities			<u>(48,057)</u>		<u>30,366,598</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30th April 2014

	Year ended 30 th April 2014		Year ended 30 th April 2013	
	£	£	£	£
Opening net assets attributable to unitholders		295,448,920		229,603,890
Amounts receivable on creation of units	99,247,749		48,159,688	
Amounts payable on cancellation of units	<u>(20,258,056)</u>		<u>(12,694,938)</u>	
		<u>78,989,693</u>		<u>35,464,750</u>
Stamp duty reserve tax		(16,823)		(9,427)
Securities exchanged		—		23,109
Change in net assets attributable to unitholders from investment activities		<u>(48,057)</u>		<u>30,366,598</u>
Closing net assets attributable to unitholders		<u>374,373,733</u>		<u>295,448,920</u>

BALANCE SHEET

as at 30th April 2014

	Notes	30 th April 2014		30 th April 2013	
		£	£	£	£
ASSETS:					
Investment assets			369,387,312		286,586,980
Debtors	7	1,892,143		1,143,105	
Cash & bank balances		<u>7,858,450</u>		<u>11,300,595</u>	
Total other assets			<u>9,750,593</u>		<u>12,443,700</u>
Total assets			<u>379,137,905</u>		<u>299,030,680</u>
LIABILITIES:					
Creditors	8	(436,757)		(580,694)	
Distribution payable		<u>(4,327,415)</u>		<u>(3,001,066)</u>	
Total liabilities			<u>(4,764,172)</u>		<u>(3,581,760)</u>
Net assets attributable to unitholders			<u>374,373,733</u>		<u>295,448,920</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 30th April 2014

1. Accounting policies

- (a) The Financial Statements have been prepared under the historical cost basis, as modified by the re-valuation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.
- (b) Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex dividend. Interest receivable from debt securities is accounted for on an effective yield basis. All other income is recognised on an accruals basis.
- (c) Special dividends are treated as revenue or capital depending on the facts of each particular case.
- (d) Expenses of the fund are charged against revenue except for Stamp Duty Reserve Tax and costs associated with the purchase and sale of investments which are allocated to the capital of the fund. The annual management charge is initially charged to revenue but ultimately borne by the capital of the fund.
- (e) Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

- (f) The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on the last business day of June. An interim distribution based on available revenue is distributed on the last day of December. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution.
- (g) Listed investments of the fund have been valued at market value on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security.
- (h) Foreign currency transactions are translated at the rates ruling on the date of the transaction.
- (i) Stamp Duty Reserve Tax (SDRT) suffered on the surrender of units has been charged against the capital assets of the fund.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Net gains on investments:

	Year ended 30 th April 2014	Year ended 30 th April 2013
	£	£
Non-derivative securities	3,319,705	33,829,077
Currency losses	(13,660)	(5,360)
Transaction costs	(32,872)	—
Net capital gains*	<u>3,273,173</u>	<u>33,823,717</u>
<i>*includes realised gains on investments sold</i>	<u>4,061,340</u>	<u>1,442,844</u>

3. Revenue

Dividends on overseas securities	4,256,639	3,530,642
Dividends on UK investments	1,492,167	1,188,023
Interest on French withholding tax recoverable	19,496	—
Interest on overseas interest-bearing securities	489,887	481,151
Interest on UK interest-bearing securities	920,994	425,079
Property income distributions	151,589	129,710
Total revenue	<u>7,330,772</u>	<u>5,754,605</u>

4. Expenses

Payable to the Manager, associates
of the Manager and agents of
either of them:

- Manager's periodic charge	3,577,051	3,597,177
- Registrar's fee	51,365	34,935

Payable to the Trustee, associates
of the Trustee and agents of
either of them:

- Trustee's fee	50,870	40,422
- Safe custody fee and activity charges	106,616	100,398

Other expenses:

- Administration fee	32,335	—
- Audit fee	7,080	9,612
- FCA fee	344	290
- French withholding tax recovery fee	11,776	—
- Legal fee	—	3,194
- Sundry expenses	22,212	—
- Transfer agency fee	45,174	—
Total expenses	<u>3,904,823</u>	<u>3,786,028</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

5. Taxation

	Year ended 30 th April 2014 £	Year ended 30 th April 2013 £
(a) Analysis of tax charge		
French withholding tax recoverable	(156,499)	—
Overseas tax	463,783	389,629
	<u>307,284</u>	<u>389,629</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	Year ended 30 th April 2014 £	Year ended 30 th April 2013 £
Net revenue before taxation	<u>3,425,949</u>	<u>1,968,577</u>
Corporation tax at 20%	685,190	393,715
<i>Effects of:</i>		
French withholding tax recoverable	(156,499)	—
Irrecoverable overseas withholding tax	463,783	389,629
Movement in excess management charges	451,626	550,018
Revenue not subject to corporation tax	(1,133,850)	(943,733)
Overseas tax expensed	<u>(2,966)</u>	<u>—</u>
Current tax charge for the year	<u>307,284</u>	<u>389,629</u>

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,948,745 (2013 - £1,497,119) in respect of unutilised management expenses. The fund may not generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

NOTES TO THE FINANCIAL STATEMENTS

continued

6. Finance costs: Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	Year ended 30 th April 2014	Year ended 30 th April 2013
	£	£
Interim	2,705,141	2,225,798
Final	4,327,415	3,001,066
	<u>7,032,556</u>	<u>5,226,864</u>
Add: Revenue deducted on cancellation of units	167,824	65,191
Less: Revenue received on creation of units	(760,485)	(255,988)
Net distribution for the year	<u>6,439,895</u>	<u>5,036,067</u>
Reconciliation of distributions:		
Net revenue after taxation	3,118,665	1,578,948
Expenses taken to capital	3,577,051	3,618,262
Tax attributable to capital	(255,821)	(161,143)
Net distribution for the year	<u>6,439,895</u>	<u>5,036,067</u>

Details of the distributions per unit are shown in the Distribution Tables on page 33.

7. Debtors

	30 th April 2014	30 th April 2013
	£	£
Amounts receivable for creation of units	687,885	—
Overseas withholding tax recoverable	129,654	132,441
Prepaid expenses	4,550	—
Revenue receivable:		
Overseas bond interest	87,406	169,438
Overseas equities	323,895	287,718
UK bond interest	154,480	156,623
UK equities	493,068	396,885
Sales awaiting settlement	11,205	—
	<u>1,892,143</u>	<u>1,143,105</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Creditors	30 th April 2014	30 th April 2013
	£	£
Accrued expenses:		
Audit fee	7,080	7,080
Administration fees	29,835	—
Manager's periodic charge	357,651	248,497
Registrar's fee	3,451	2,872
Safe custody fee	20,337	14,258
Trustee's fee	5,080	3,779
Transaction charges	6,264	2,014
Other	7,059	24
Purchases awaiting settlement	—	302,170
	<u>436,757</u>	<u>580,694</u>

9. Related Party Transactions

Trustee fees, safe custody fees and transaction costs paid to BNY Mellon Trust & Depositary (UK) Limited are shown in note 4 and details of units created and cancelled by BNY Mellon Trust & Depositary (UK) Limited are shown in the Statement of Change in Net Assets Attributable to Unitholders.

The Manager and the Trustee actively co-operate to exercise control over the fund and are therefore related parties by virtue of their controlling influence.

Amounts paid during the year or due to the Manager or the Trustee at the balance sheet date are disclosed under Expenses and Creditors in the Notes to the Financial Statements. Bank interest payable by the fund which is paid or payable to the Trustee is disclosed separately within Finance costs in the Notes to the Financial Statements.

Cash and bank balances with the Trustee are disclosed in the Balance Sheet. Bank interest paid or payable to the fund by the Trustee is disclosed in Revenue and Debtors in the Notes to the Financial Statements.

The Manager acts as principal on all transactions of units in the fund. The aggregate monies received through the creation and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Finance costs in the Notes to the Financial Statements. Amounts due to or from the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Creditors in the Notes to the Financial Statements.

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's value at the balance sheet date were 1.4% (2013 - 1.6%).

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Unit Classes

The fund currently has two unit classes: Legacy units and Personal units. The annual management charge is based on the average value of the fund, calculated on a weekly basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

Legacy units	1.50%
Personal units	1.00%

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the Net Asset Value and Comparative Tables on page 6. The distributions per unit class are given in the Distribution Table on page 33. All classes have the same rights on winding up.

11. Portfolio Risk Analysis

In pursuing its investment objectives, the fund invests in a variety of financial assets. These comprise securities and other investments. There are also cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and debtors for accrued revenue.

Credit and Liquidity Risk

The Fund has little exposure to any specific credit risk, holding prime quality government or government-backed issues in its fixed interest allocations.

The fund's assets mainly comprise of readily realisable securities. There are no borrowings or unlisted securities of a material nature. The main potential liability of the fund is the redemption of any units that investors wish to sell. Assets of the fund may need to be sold if insufficient cash is available to finance such redemptions. The Manager has reviewed the portfolio's investments and considers them to be sufficiently liquid for these purposes.

Market Price Risk

Market price risk arises from the effect which falls in the price or value of the assets held could have on the property of the fund. The Manager seeks to mitigate such risk by maintaining a prudent diversification of its investments.

The Manager adheres to investment guidelines and to investment borrowing powers set out in the Trust Deed, Prospectus and in the rules of the Collective Investment Schemes Sourcebook. This mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Manager's Investment Report and Portfolio Statement.

NOTES TO THE FINANCIAL STATEMENTS

continued

11. Portfolio Risk Analysis continued

Foreign Currency Risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The fund has not hedged the sterling value of investments that are priced in other currencies. Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Interest Rate Risk

The fund commonly invests part of the portfolio in quoted debt instruments, generally bonds, issued by third parties. It also holds cash on deposit. Changes in interest rates may have an adverse effect on the value of such securities and deposits and on the amount of revenue derived from them.

The Manager reviews policies for managing these risks in pursuance of its Investment Objective and Policy.

The currency and interest rate profile of portfolio investments at 30th April was:

Interest rate profile

	Floating rate (Bonds/Cash) £	Fixed rate (Bonds) £	Non interest bearing (Equities/Other) £	Total £	Total %
2014					
US Dollar	29,230,833	3,210,892	99,039,967	131,481,692	35.1
UK Sterling	18,002,578	28,624,711	63,932,358	110,559,647	29.6
Euro	(337)		61,643,154	61,642,817	16.5
Hong Kong Dollar			13,142,862	13,142,862	3.5
Swiss Franc			12,105,235	12,105,235	3.2
Brazilian Real			7,508,045	7,508,045	2.0
Japanese Yen			7,185,492	7,185,492	1.9
Singaporean Dollar	140		6,136,863	6,137,003	1.6
Indonesian Rupiah			5,774,909	5,774,909	1.5
Australian Dollar			3,950,723	3,950,723	1.1
Mexican Peso	23,633		2,819,121	2,842,754	0.8
Taiwanese Dollar	2,843		2,308,457	2,311,300	0.6
Malaysian Ringgit			2,053,685	2,053,685	0.5
South African Rand			1,957,539	1,957,539	0.5
Indian Rupee			1,744,307	1,744,307	0.5
South Korean Won			1,442,361	1,442,361	0.4
Chilean Peso			1,410,280	1,410,280	0.4
Phillipino Peso			1,084,665	1,084,665	0.3
Thai Baht			38,417	38,417	0.0
	<u>47,529,690</u>	<u>31,835,603</u>	<u>295,278,440</u>	<u>374,373,733</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

11. Portfolio Risk Analysis continued

Interest rate profile continued

	Floating rate (Bonds/Cash) £	Fixed rate (Bonds) £	Non interest bearing (Equities/Other) £	Total £	Total %
2013					
US Dollar	22,260,857	3,075,481	75,500,574	100,836,912	34.1
UK Sterling	20,029,662	26,462,762	48,311,835	94,804,259	32.1
Euro			42,981,503	42,981,503	14.5
Hong Kong Dollar			9,823,399	9,823,399	3.3
Swiss Franc			7,261,483	7,261,483	2.5
Japanese Yen			6,283,967	6,283,967	2.1
Brazilian Real			5,991,471	5,991,471	2.0
Thai Baht			3,549,281	3,549,281	1.2
Australian Dollar			3,192,018	3,192,018	1.1
Indonesian Rupiah			2,818,624	2,818,624	1.0
Norwegian Kroner		2,542,163		2,542,163	0.9
Singaporean Dollar			2,234,585	2,234,585	0.8
Malaysian Ringgit			1,986,675	1,986,675	0.7
Taiwanese Dollar	3,163		1,916,445	1,919,608	0.6
Mexican Peso			1,805,293	1,805,293	0.6
South African Rand			1,528,910	1,528,910	0.5
Philippino Peso			1,524,242	1,524,242	0.5
South Korean Won			1,502,094	1,502,094	0.5
Indian Rupee			1,495,462	1,495,462	0.5
Chilean Peso			1,366,971	1,366,971	0.5
	<u>42,293,682</u>	<u>32,080,406</u>	<u>221,074,832</u>	<u>295,448,920</u>	<u>100.0</u>

Currency profile

	Monetary (Cash/Other assets) £	Non monetary (Securities) £	Total £	Total %
2014				
US Dollar	173,505	131,308,187	131,481,692	35.1
UK Sterling	4,323,781	106,235,866	110,559,647	29.6
Euro	107,099	61,535,718	61,642,817	16.5
Hong Kong Dollar	30,927	13,111,935	13,142,862	3.5
Swiss Franc	81,166	12,024,069	12,105,235	3.2
Brazilian Real	9,035	7,499,010	7,508,045	2.0
Japanese Yen	12,471	7,173,021	7,185,492	1.9
Singaporean Dollar	43,285	6,093,718	6,137,003	1.6
Indonesian Rupiah	137,037	5,637,872	5,774,909	1.5
Australian Dollar		3,950,723	3,950,723	1.1
Mexican Peso	23,633	2,819,121	2,842,754	0.8
Taiwanese Dollar	2,843	2,308,457	2,311,300	0.6
Malaysian Ringgit		2,053,685	2,053,685	0.5
South African Rand	3,222	1,954,317	1,957,539	0.5
Indian Rupee		1,744,307	1,744,307	0.5
South Korean Won		1,442,361	1,442,361	0.4
Chilean Peso		1,410,280	1,410,280	0.4
Phillipino Peso		1,084,665	1,084,665	0.3
Thai Baht	38,417		38,417	0.0
	<u>4,986,421</u>	<u>369,387,312</u>	<u>374,373,733</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

11. Portfolio Risk Analysis continued

Currency profile continued

	Monetary (Cash/Other assets)	Non monetary (Securities)	Total	Total
	£	£	£	%
2013				
US Dollar		100,836,912	100,836,912	34.1
UK Sterling	8,858,777	85,945,482	94,804,259	32.1
Euro		42,981,503	42,981,503	14.5
Hong Kong Dollar		9,823,399	9,823,399	3.3
Swiss Franc		7,261,483	7,261,483	2.5
Japanese Yen		6,283,967	6,283,967	2.1
Brazilian Real		5,991,471	5,991,471	2.0
Thai Baht		3,549,281	3,549,281	1.2
Australian Dollar		3,192,018	3,192,018	1.1
Indonesian Rupiah		2,818,624	2,818,624	1.0
Norwegian Kroner		2,542,163	2,542,163	0.9
Singaporean Dollar		2,234,585	2,234,585	0.8
Malaysian Ringgit		1,986,675	1,986,675	0.7
Taiwanese Dollar	3,163	1,916,445	1,919,608	0.6
Mexican Peso		1,805,293	1,805,293	0.6
South African Rand		1,528,910	1,528,910	0.5
Philippino Peso		1,524,242	1,524,242	0.5
South Korean Won		1,502,094	1,502,094	0.5
Indian Rupee		1,495,462	1,495,462	0.5
Chilean Peso		1,366,971	1,366,971	0.5
	<u>8,861,940</u>	<u>286,586,980</u>	<u>295,448,920</u>	<u>100.0</u>

Fixed Rate Interest

	Weighted average rates		Weighted average maturity	
	30 th April 2014	30 th April 2013	30 th April 2014	30 th April 2013
Norway Kr.	—	3.25%	—	1 year
UK Sterling	2.00%	2.67%	5 years	5 years
US Dollar	0.12%	0.13%	—	1 year

The variable-rate financial assets comprise bank balances that bear interest on a variable rate with reference to the Bank of England base rate or its overseas equivalent and index-linked/floating rate bonds.

The fixed rate financial assets typically comprise UK, US and EU government and public sector issues.

The non interest bearing financial assets largely consist of equities, which do not have maturity dates.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Portfolio Transaction Costs

	Year ended 30 th April 2014 £	Year ended 30 th April 2013 £
Analysis of total purchase costs		
Purchases in period before transaction costs	109,847,878	49,142,931
Add:		
Broker Commissions	168,671	81,247
Stamp Duty	<u>84,249</u>	<u>36,871</u>
Total purchase costs	<u>252,920</u>	<u>118,118</u>
Gross purchases total	<u><u>110,100,798</u></u>	<u><u>49,261,049</u></u>
Analysis of total sales costs		
Gross sales in period before transaction costs	30,773,073	20,254,726
Less:		
Broker Commissions	<u>(18,094)</u>	<u>(8,900)</u>
Total sales costs	<u>(18,094)</u>	<u>(8,900)</u>
Total sales net of transaction costs	<u><u>30,754,979</u></u>	<u><u>20,245,826</u></u>

DISTRIBUTION TABLES

in pence per unit

for the year ended 30th April 2014

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st May 2013

Group 2 - Units purchased 1st May 2013 to 31st October 2013

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount paid 30.12.13
Group 1	<i>Legacy</i>	32.778	3.278	29.500	—	29.500
Group 2	<i>Legacy</i>	10.418	1.042	9.376	20.124	29.500
Group 1	<i>Personal</i> *	32.778	3.278	29.500	—	29.500
Group 2	<i>Personal</i> *	3.603	0.360	3.243	26.257	29.500

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st November 2013

Group 2 - Units purchased 1st November 2013 to 30th April 2014

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount payable 30.06.14
Group 1	<i>Legacy</i>	46.788	4.679	42.109	—	42.109
Group 2	<i>Legacy</i>	24.718	2.472	22.246	19.863	42.109
Group 1	<i>Personal</i> *	46.964	4.696	42.268	—	42.268
Group 2	<i>Personal</i> *	16.491	1.649	14.842	27.426	42.268

DISTRIBUTION SUMMARY

in pence per unit

for the year ended 30th April 2014

	Year to 30 th April 2014 net rate		Year to 30 th April 2013 net rate	
	<i>Personal</i> *	<i>Legacy</i>	<i>Personal</i> *	<i>Legacy</i>
Interim paid	29.500	29.500	—	29.500
Final payable/paid	<u>42.268</u>	<u>42.109</u>	<u>37.141</u>	<u>37.129</u>
	<u>71.768</u>	<u>71.609</u>	<u>37.141</u>	<u>66.629</u>

*The 'Personal' class of units was created on 1st January 2013.

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