



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

EMERGING MARKETS FUND

A pooled management service for private clients

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015

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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 Emerging Markets 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, primarily through investments in companies either operating or incorporated in developing countries, 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 Limited, Easter Alderston, Haddington, EH41 3SE (Tel. +44(0)1620 825867) or through the website www.mcinroy-wood.co.uk

MANAGER'S INVESTMENT REPORT

At 31st March 2015, the total net assets of the fund amounted to £56,948,185, compared with £47,814,108 at 31st March 2014. There was a net investment inflow of almost £3,000,000 into the fund over the year. At 31st March 2015, there were 262 investors (excluding ISA holders), each with an average holding worth £207,541.

Markets

Over the year to 31st March 2015, emerging markets have performed well, rising 10% in sterling terms as measured by the MSCI Emerging Markets Index.

Examination of individual countries paints a more nuanced picture. Latin America significantly underperformed Asia excluding Japan in sterling terms in the second half of the year. Brazil, where the still-unfolding Petrobras corruption scandal has undermined the credibility of the ruling parties, has been weak. In the wake of this, key infrastructure projects have been dropped or suspended and the economic toll has been heavy. By contrast, India remained strong and confidence in local markets has been buttressed by economic reforms introduced by Prime Minister Narendra Modi.

In foreign exchange markets, sterling weakened against many of the emerging market currencies. It fell by 11% against the US dollar and dollar-related currencies, such as the Hong Kong dollar. The Indian rupee (which had been very weak) recovered 8% against the pound, but the value of the Brazilian real dropped by over 20%.

Results

The price of Personal units in the fund at 31st March 2015 stood at £18.911, thus showing a gain of 13% over the twelve months. Legacy units stood at £18.700.

Dividend Distribution

A final dividend distribution of 25.098p (net) per Personal unit is now being paid. When aggregated with the interim dividend of 14.000p, total distributions for the year amount to 39.098p, 2% more than the equivalent figure for 2014. On current estimates, the distribution in respect of the next six months is expected to be little changed from the equivalent payment last year.

Portfolio Strategy

The portfolio remains broadly diversified by region and market, with continuing exposure to the four main regions within the emerging markets universe – Asia, Latin America, Central and Eastern Europe and Africa. At 31st March 2015, the regional distribution of the portfolio's investments was Asia 71% (67% in 2014), Africa 6% (6%), Central and Eastern Europe 3% (4%), Latin America 17% (21%) and cash 3% (1%). The single holding in Canada, worth 1% in 2014, was sold.

MANAGER'S INVESTMENT REPORT

Investments

New positions were established in Arwana Citramulia, an Indonesian ceramic tile manufacturer, and Jollibee Foods, a fast-food chain based in the Philippines. Otherwise, new funds added to the portfolio were used to increase existing holdings. The holdings in Axiata, CEZ, China Mobile, Cosan, Digi.Com, Future Retail, Goldcorp, Lianhua Supermarkets, Masisa, Petroleo Brasileiro (Petrobras), Shenzhen Expressway, Standard Chartered and Vale were sold.

Of the individual holdings, there were notable gains in Marico (+84%), LG Household & Healthcare (+83%), Universal Robina (+60%) and Giant Manufacturing (+46%). By contrast, it was a disappointing period for Cia Energetica Minas Gerais (CEMIG) (-31%) and Ezion (-40%), all measured in local currencies. At 31st March 2015, there were 49 holdings in the portfolio (63 at 31st March 2014).

Outlook

Diverging trends between countries in the emerging markets are becoming ever more striking and so individual prospects vary considerably. Nevertheless, currency stability is a recurring and important theme, in which the US dollar and the decisions of the Federal Reserve are crucial. Several central banks have been cutting interest rates. If violent currency depreciation were to occur, these policies might have to be reversed with particularly damaging consequences. Although the US authorities have expressly committed to moving cautiously, global investors remain nervous. Nevertheless, it can be assumed that any rise in American interest rates would be closely linked with evidence of economic strength in the US, which is of course a key trading partner for many emerging markets, especially Mexico and China.

Some of the largest economies are certainly slowing, particularly China, Russia and Brazil, but in others, successful implementation of structural reforms could create compelling opportunities for strong growth. India seems to be open to change. February's budget was business-friendly, aimed at attracting investment into the country and launching strategic infrastructure projects. Another government initiative, "Make in India", appears to be gaining some traction in boosting overseas and domestic confidence in manufacturing industry; this has been widely welcomed, with international companies such as Hitachi promising to increase investment and create jobs in the country. In other sectors, concerns about the slow pace of progress linger. A key battleground is land reform, where India's parliament must weigh up the need for industrial expansion against protection of the rights of small landowners. But optimism and confidence in Narendra Modi have allowed the Reserve Bank of India to reduce interest rates twice already this year.

MANAGER'S INVESTMENT REPORT

Outlook (continued)

Brazil too has been attracting the attention of international investors, although for rather less positive reasons. The Petrobras scandal has led to calls for the impeachment of recently re-elected President Dilma Rousseff, who was Chair of the state-owned oil giant until 2010. The reputation of politicians has been left badly damaged. This undermined the cautious optimism in the market engendered by the judicious appointment of well-respected Joaquim Levy as finance minister. Over the coming months, it is crucial that credibility is restored to Brazil's public finances, however painful this is likely to be.

China, meanwhile, continues its unprecedented crackdown on what has been endemic corruption. The scope and ferocity of the programme has overthrown even the best-connected individuals, including Zhou Yongkang, formerly a politburo standing committee member and head of China's internal security service. The downfall of such rivals has allowed President Xi Jinping to concentrate power in his own authority, enabling him to drive forward the reform programme that was promulgated at the third plenum meeting towards the end of 2013. Financial sector reforms are also making themselves felt. The much-heralded deposit insurance scheme, underpinned by the central bank, paves the way towards the deregulation of domestic interest rates and promotes market-based capital allocation. Likewise, the newly introduced Shanghai–Hong Kong Stock Connect allows cross-border trade in a specified list of investments, which should promote and strengthen Chinese capital markets.

Despite the testing circumstances facing some emerging countries, fundamental attractions in many others remain. In the short term, a weak oil price is likely to boost many economies, even if it disadvantages Mexico, Malaysia and Russia, which are heavily reliant on oil export revenues. Overall, the IMF forecasts growth for developing economies of 4.3%, even allowing for the slowdown in China. That is almost twice the rate expected in developed markets. There are reasons, therefore, to remain confident in the medium-term prospects for emerging markets. Careful discrimination, however, will continue to be a vital ingredient if the opportunities are to be fully exploited.

18th May 2015

CAPITAL RECORD

Highest and lowest unit prices.

Year	High		Low	
	Legacy	Personal	Legacy	Personal
2011	£18.313	—	£14.509	—
2012	£18.217	—	£15.397	—
2013	£20.516	£20.532	£16.750	£16.833
2014	£19.508	£19.671	£15.737	£15.820
2015*	£18.973	£19.169	£17.737	£17.916

*Up to 31st March only.

INCOME RECORD

Year (to 31 st March)	Per unit (net)	
	Legacy	Personal
2011	31.715p	—
2012	36.607p	—
2013	37.526p	23.528p
2014	38.403p	38.519p
2015	38.788p	39.098p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
31.03.13 Legacy	£5,517,960	£19.578	281,850
31.03.13 Personal	£43,840,327	£19.597	2,237,121
31.03.14 Legacy	£1,174,885	£16.391	71,678
31.03.14 Personal	£46,639,223	£16.491	2,828,110
31.03.15 Legacy	£1,040,894	£18.394	56,588
31.03.15 Personal	£55,907,291	£18.601	3,005,616

ONGOING CHARGES FIGURE

Date	Annualised	
	Legacy	Personal
31.03.11	1.679%	—
31.03.12	1.692%	—
31.03.13	1.685%	1.185%
31.03.14	1.806%	1.355%
31.03.15	1.842%	1.342%

PORTFOLIO TURNOVER

Date	Annualised
31.03.11	(1%)
31.03.12	(5%)
31.03.13	2%
31.03.14	(9%)
31.03.15	17%

PORTFOLIO STATEMENT

as at 31st March 2015

INVESTMENTS	Holding or Nominal Value of positions at 31 st March 2015	Bid Market Value £	Percentage of Value of total net assets	
<i>Equities</i>			31 st March 2015	31 st March 2014
BRAZIL				
CEMIG - ADR	199,768	550,388	1.0	
Kroton Educacional	313,236	677,360	1.2	
Localiza Rent A Car	116,000	887,493	1.5	
Natura Cosméticos	110,000	623,656	1.1	
Weg	156,000	1,045,568	1.8	
		<u>3,784,465</u>	<u>6.6</u>	<u>12.3</u>
CANADA				
		<u>—</u>	<u>—</u>	<u>0.8</u>
CHILE				
Andina - ADR	90,000	912,429	1.6	
Endesa Chile - ADR	21,000	637,568	1.1	
IAM	450,000	486,305	0.9	
		<u>2,036,302</u>	<u>3.6</u>	<u>4.3</u>
CZECH REPUBLIC				
		<u>—</u>	<u>—</u>	<u>1.1</u>
HONG KONG				
CK Hutchison	70,000	966,427	1.7	
CNOOC	820,000	779,433	1.4	
Hang Lung	450,000	848,437	1.5	
Hong Kong & China Gas	824,673	1,281,140	2.2	
MTR	500,000	1,598,693	2.8	
Shandong Weigao	2,250,000	1,333,258	2.3	
TVB	210,000	869,420	1.5	
Vitasoy International	1,500,000	1,576,972	2.8	
		<u>9,253,780</u>	<u>16.2</u>	<u>17.3</u>
INDIA				
ICICI Bank - ADR	160,000	1,116,605	2.0	
Infosys - ADR	72,000	1,701,421	3.0	
Larsen & Toubro - GDR	37,500	697,205	1.2	
Mahindra & Mahindra - GDR	95,000	1,222,297	2.2	
Jain Irrigation Systems	1,500,000	992,176	1.7	
Larsen & Toubro	33,000	610,257	1.1	
Marico	449,940	1,899,251	3.3	
		<u>8,239,212</u>	<u>14.5</u>	<u>12.2</u>

PORTFOLIO STATEMENT

continued

<i>Equities continued</i>	Holding or Nominal Value of positions at 31 st March 2015	Bid Market Value £	Percentage of Value of total net assets	
			31 st March 2015	31 st March 2014
INDONESIA				
Arwana Citramulia	28,000,000	1,168,479	2.1	
Kalbe Farma	17,000,000	1,629,071	2.9	
Perusahaan Gas Negara	3,500,000	864,639	1.5	
Telekomunikasi Indonesia	9,000,000	1,337,724	2.3	
		<u>4,999,913</u>	<u>8.8</u>	<u>7.4</u>
MALAYSIA				
Telekom Malaysia	900,000	1,188,465	2.1	2.1
MEXICO				
America Movil - ADR	64,000	880,781	1.5	
Financiero Banorte	420,000	1,642,467	2.9	
Wal-Mart de Mexico	720,000	1,210,122	2.1	
		<u>3,733,370</u>	<u>6.5</u>	<u>4.7</u>
PHILIPPINES				
Jollibee Foods	360,000	1,193,541	2.1	
Manila Water	2,700,000	1,094,532	1.9	
Universal Robina	550,000	1,864,908	3.3	
		<u>4,152,981</u>	<u>7.3</u>	<u>5.5</u>
PORTUGAL				
Jeronimo Martins	140,000	1,183,548	2.1	1.8
SINGAPORE				
Ezion	2,100,000	1,108,629	1.9	
Keppel	177,000	778,824	1.4	
Singapore Exchange	200,000	798,507	1.4	
Thai Beverage	3,900,000	1,455,581	2.6	
		<u>4,141,541</u>	<u>7.3</u>	<u>8.8</u>
SOUTH AFRICA				
MTN	110,000	1,253,711	2.2	
Standard Bank	95,000	886,429	1.5	
		<u>2,140,140</u>	<u>3.7</u>	<u>3.5</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 31 st March 2015	Bid Market Value £	Percentage of Value of total net assets	
			31 st March 2015	31 st March 2014
<i>Equities continued</i>				
SOUTH KOREA				
LG Household & Health Care	4,000	2,032,813	3.6	
Lotte Shopping	3,600	518,040	0.9	
POSCO	8,000	1,187,629	2.1	
		<u>3,738,482</u>	<u>6.6</u>	<u>5.3</u>
TAIWAN				
Chroma Ate	1,000,000	1,666,308	2.9	
Giant Manufacturing	306,680	1,984,012	3.5	
		<u>3,650,320</u>	<u>6.4</u>	<u>5.0</u>
TURKEY				
BIM	30,000	358,801	0.6	0.8
UK				
MP Evans	310,000	1,240,000	2.2	
SABMiller	37,000	1,309,800	2.3	
		<u>2,549,800</u>	<u>4.5</u>	<u>5.3</u>
TOTAL INVESTMENTS		55,151,120	96.8	98.2
Net other assets		<u>1,797,065</u>	<u>3.2</u>	<u>1.8</u>
TOTAL NET ASSETS		<u>56,948,185</u>	<u>100.0</u>	<u>100.0</u>

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

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 31st March 2015

	Cost £
Purchases	
26,000 Andina - ADR	304,453
28,000 Arwana Citramulia	1,351,550
200,000 Chroma Ate	307,854
70,000 CK Hutchinson (take over)	—
300,000 CNOOC	305,117
73,000 Cosan (bonus issue)	—
372,000 Ezion	242,118
288,000 Ezion (stock dividend)	—
260,000 Financiero Banorte	993,495
150,000 Hang Lung	288,207
74,970 Hong Kong & China Gas (bonus issue)	—
152,000 ICICI Bank - ADR (bonus issue)	—
36,000 Infosys - ADR (bonus issue)	—
300,000 Jain Irrigation Systems	227,198
54,473 Jeronimo Martins	475,950
360,000 Jollibee Foods	885,223
36,500 Kroton Educacional	528,023
234,927 Kroton Educacional (bonus issue)	—
41,809 Kroton Educacional (reverse stock split)	—
1,500 LG Household & Health Care	526,752
116,000 MP Evans	492,841
20,000 MTN	245,078
250,000 MTR	581,929
22,000 Natura Cosméticos	241,880
2,400 POSCO	415,731
750,000 Shandong Weigao	413,328
1,250,000 Shenzhen Expressway	359,858
25,000 Standard Bank	202,967
830,000 Telekom Malaysia	1,014,820
130,000 Wal-Mart de Mexico	196,914
36,000 Weg (stock dividend)	—
	<hr/> <hr/>
TOTAL	10,601,286

SUMMARY OF ALL PORTFOLIO CHANGES

continued

	Proceeds
Sales	£
135,000 Anhanguera Educacional	553,163
135,000 Anhanguera Educacional (reverse stock split)	—
157,500 Axiata	210,327
30,000 CEZ	552,232
70,000 Cheung Kong (take over)	—
160,000 China Mobile	1,411,452
146,000 Cosan	508,529
750,000 Digi.com	834,115
22,377 Future Lifestyle Fashions	22,596
67,133 Future Retail	63,671
26,000 Goldcorp	382,609
30,000 ICICI Bank - ADR	230,008
150,000 Inversiones	160,296
3,000,000 Kalbe Farma	279,021
1,000 LG Household & Health Care	471,619
1,100,000 Lianhua Supermarkets	354,572
8,998 Marico Kaya	21,693
4,300,000 Masisa	91,738
13,426 Pantaloons Fashion & Retail	16,125
22,500 Petrobras - ADR	95,464
3,900,000 Shenzhen Expressway	1,470,873
46,000 Standard Chartered	431,066
375,900 Universal Robina	1,028,825
40,000 Vale - ADR	141,107
TOTAL	<u>9,331,101</u>

GENERAL INFORMATION

Authorisation

The Emerging Markets 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 and subsequent investment in the Fund is £1,000. Regular monthly contributions may be made for a minimum of £100.

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.

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/(losses) on the property of the fund for the period. 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 Investment Management Association 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, 18th May 2015

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. It is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Trust and to ensure that the Trust is managed in accordance with all applicable rules and restrictions in each annual accounting period, and to report thereon to the unitholders.

A copy of the Trustee's report is included below.

TRUSTEE'S REPORT

In our opinion, the Manager has managed the Trust, 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 Trust and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

18th May 2015

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

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 31st March 2015 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, which are prepared by McInroy & Wood Emerging Markets Fund (the "Trust"), comprise:

- the balance sheet of the Trust as at 31st March 2015;
- 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 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.

Opinion 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

18th May 2015

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 31st March 2015

	Notes	Year ended 31 st March 2015		Year ended 31 st March 2014	
		£	£	£	£
Income					
Net capital gains/(losses)	2		6,896,026		(7,703,956)
Revenue	3	1,470,434		1,292,993	
Expenses	4	<u>(725,673)</u>		<u>(632,930)</u>	
Net revenue before taxation		744,761		660,063	
Taxation	5	<u>(120,179)</u>		<u>(137,559)</u>	
Net revenue after taxation			<u>624,582</u>		<u>522,504</u>
Total return before distributions			7,520,608		(7,181,452)
Finance costs: distributions	6		<u>(1,188,223)</u>		<u>(1,009,970)</u>
Change in net assets attributable to unitholders from investment activities			<u>6,332,385</u>		<u>(8,191,422)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31st March 2015

	Year ended 31 st March 2015		Year ended 31 st March 2014	
	£	£	£	£
Opening net assets attributable to unitholders		47,814,108		49,358,287
Amounts receivable on creation of units	6,629,196		11,194,515	
Amounts payable on cancellation of units	<u>(3,827,317)</u>		<u>(4,546,487)</u>	
		2,801,879		6,648,028
Stamp duty reserve tax		(187)		(785)
Change in net assets attributable to unitholders from investment activities		<u>6,332,385</u>		<u>(8,191,422)</u>
Closing net assets attributable to unitholders		<u>56,948,185</u>		<u>47,814,108</u>

BALANCE SHEET

as at 31st March 2015

	Notes	31 st March 2015		31 st March 2014	
		£	£	£	£
ASSETS:					
Investment assets			55,151,120		46,945,625
Debtors	7	731,949		261,616	
Cash & bank balances		<u>2,654,525</u>		<u>1,803,944</u>	
Total other assets			<u>3,386,474</u>		<u>2,065,560</u>
Total assets			<u>58,537,594</u>		<u>49,011,185</u>
LIABILITIES:					
Creditors	8	(821,023)		(486,149)	
Distribution payable		<u>(768,386)</u>		<u>(710,928)</u>	
Total liabilities			<u>(1,589,409)</u>		<u>(1,197,077)</u>
Net assets attributable to unitholders			<u>56,948,185</u>		<u>47,814,108</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2015

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 May. An interim distribution based on available revenue is distributed on the last day of November. 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. Assets and liabilities valued in foreign currencies have been translated into sterling at exchange rates prevailing at the balance sheet date.
- (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/(losses) on investments:

	Year ended 31 st March 2015	Year ended 31 st March 2014
	£	£
Non-derivative securities	6,931,446	(7,673,952)
Currency losses	(8,033)	(8,426)
Transaction costs	(27,387)	(21,578)
	<hr/>	<hr/>
Net capital gains/(losses)*	6,896,026	(7,703,956)
	<hr/>	<hr/>
<i>*includes realised gains on investments sold</i>	253,413	1,068,691
	<hr/>	<hr/>

3. Revenue

Dividends on overseas equities	1,422,631	1,231,774
Dividends on UK equities	47,551	61,219
Interest on bank deposits	252	—
	<hr/>	<hr/>
Total revenue	1,470,434	1,292,993
	<hr/>	<hr/>

4. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	562,147	487,466
- Transfer agency fee	29,893	14,668
- Registrar's fee	3,609	18,460
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	16,958	15,099
- Safe custody fee and activity charges	54,360	51,745
Other expenses:		
- Accounts printing and postage	1,160	552
- Audit fee	7,079	7,081
- FCA fee	358	340
- Fund accounting fee	30,675	29,925
- Legal and professional fees	1,901	1,961
- Overseas tax compliance	6,137	—
- Tax computation	3,000	3,000
- Sundry fees	8,396	2,633
	<hr/>	<hr/>
Total expenses	725,673	632,930
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

continued

5. Taxation

	Year ended 31 st March 2015	Year ended 31 st March 2014
	£	£
(a) Analysis of tax charge		
Overseas withholding tax	120,179	137,559
	<u>120,179</u>	<u>137,559</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 31 st March 2015	Year ended 31 st March 2014
	£	£
Net revenue before taxation	744,761	660,063
Corporation tax at 20%	148,952	132,013
<i>Effects of:</i>		
Irrecoverable overseas withholding tax	120,179	137,559
Movement in excess management charges	135,877	114,269
Overseas tax expensed	(1,625)	(2,169)
Revenue not subject to corporation tax	(283,204)	(244,113)
Current tax charge for the year	<u>120,179</u>	<u>137,559</u>

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £646,721 (2014 - £510,844) 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 31 st March 2015 £	Year ended 31 st March 2014 £
Interim	431,469	364,985
Final	768,386	710,928
	<u>1,199,855</u>	<u>1,075,913</u>
Add: Revenue deducted on cancellation of units	48,435	56,338
Deduct: Revenue received on creation of units	(60,067)	(122,281)
Net distribution for the year	<u>1,188,223</u>	<u>1,009,970</u>
Net revenue after taxation	624,582	522,504
Expenses taken to capital	563,641	487,466
Net distribution for the year	<u>1,188,223</u>	<u>1,009,970</u>

Details of the distributions per unit are shown in the Distribution Tables on page 32.

NOTES TO THE FINANCIAL STATEMENTS

continued

7. Debtors	31 st March 2015	31 st March 2014
	£	£
Amounts receivable for creation of units	24,532	174,834
Sales awaiting settlement	610,011	—
Overseas withholding tax recoverable	5,228	9,919
Prepaid expenses	2,097	2,943
Revenue receivable:		
Overseas equities	90,081	58,137
UK equities	—	15,783
	<u>731,949</u>	<u>261,616</u>
	<u><u>731,949</u></u>	<u><u>261,616</u></u>
8. Creditors	31 st March 2015	31 st March 2014
	£	£
Accrued expenses:		
Audit fee	7,080	7,081
Fund accounting fees	7,144	29,342
Manager's periodic charge	49,778	37,137
Overseas tax return	3,994	—
Registrar's fee	—	1,875
Safe custody fee	8,857	6,564
Transfer agency fee	3,025	1,255
Tax computation fee	3,000	3,000
Transaction charges	3,956	2,850
Trustee's fee	1,573	1,127
Amounts payable for cancellation of units	732,616	34,400
Purchase awaiting settlement	—	361,518
	<u>821,023</u>	<u>486,149</u>
	<u><u>821,023</u></u>	<u><u>486,149</u></u>

NOTES TO THE FINANCIAL STATEMENTS

continued

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 2.4% (2014 - 1.9%).

continued

10. 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 Cashflow Risk

The fund has little exposure to credit risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk.

The fund's assets comprise mainly 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Portfolio Risk Analysis continued

Interest Rate Risk

The fund holds cash on deposit. Changes in interest rates may have an adverse effect on the value of such deposits and on the amount of income derived from them.

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

The currency and interest rate profile of portfolio investments at 31st March was:

Interest rate profile

	Floating rate (Cash) £	Non interest bearing (Equities/Other) £	Total £	Total %
31st March 2015				
Brazilian Real		3,261,762	3,261,762	5.7
Chilean Peso	92,002	486,305	578,307	1.0
Euro	1,314	1,185,599	1,186,913	2.1
Hong Kong Dollar		9,272,123	9,272,123	16.3
Indian Rupee	63,804	3,501,685	3,565,489	6.3
Indonesian Rupiah		5,279,791	5,279,791	9.3
Malaysian Ringgit		1,188,465	1,188,465	2.1
Mexican Peso		2,852,588	2,852,588	5.0
New Turkish Lira		358,801	358,801	0.6
Philippine Peso		4,483,114	4,483,114	7.9
Singapore Dollar		4,141,541	4,141,541	7.3
South African Rand	45,243	2,142,587	2,187,830	3.8
South Korean Won		3,774,096	3,774,096	6.6
Taiwanese Dollar		3,650,320	3,650,320	6.4
UK Sterling	2,453,018	986,165	3,439,183	6.0
US Dollar		7,727,862	7,727,862	13.6
	<u>2,655,381</u>	<u>54,292,804</u>	<u>56,948,185</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Portfolio Risk Analysis continued

Interest rate profile continued

	Floating rate (Cash) £	Non interest bearing (Equities/Other) £	Total £	Total %
31st March 2014				
Brazilian Real		4,615,740	4,615,740	9.7
Chilean Peso		719,420	719,420	1.5
Czech Koruna		520,768	520,768	1.1
Euro		864,587	864,587	1.8
Hong Kong Dollar		8,276,917	8,276,917	17.3
Indian Rupee		2,260,177	2,260,177	4.7
Indonesian Rupiah		3,540,676	3,540,676	7.4
Malaysian Ringgit		1,009,531	1,009,531	2.1
Mexican Peso		1,488,084	1,488,084	3.1
Philippino Peso	26,007	2,611,519	2,637,526	5.5
Singaporean Dollar		4,198,305	4,198,305	8.8
South African Rand	30,689	1,299,778	1,330,467	2.8
South Korean Won		2,540,860	2,540,860	5.3
Taiwanese Dollar	25,530	2,389,115	2,414,645	5.1
Turkish Lira		404,939	404,939	0.8
UK Sterling	1,721,718	1,873,626	3,595,344	7.5
US Dollar		7,396,122	7,396,122	15.5
	<u>1,803,944</u>	<u>46,010,164</u>	<u>47,814,108</u>	<u>100.0</u>

Currency profile

	Monetary (Cash/Other assets) £	Non-monetary (Securities) £	Total £	Total %
31st March 2015				
Brazilian Real		3,261,762	3,261,762	5.7
Chilean Peso	92,002	486,305	578,307	1.0
Euro	1,314	1,185,599	1,186,913	2.1
Hong Kong Dollar		9,272,123	9,272,123	16.3
Indian Rupee	63,804	3,501,685	3,565,489	6.3
Indonesian Rupiah		5,279,791	5,279,791	9.3
Malaysian Ringgit		1,188,465	1,188,465	2.1
Mexican Peso		2,852,588	2,852,588	5.0
New Turkish Lira		358,801	358,801	0.6
Phillipine Peso		4,483,114	4,483,114	7.9
Singapore Dollar		4,141,541	4,141,541	7.3
South African Rand	45,243	2,142,587	2,187,830	3.8
South Korean Won		3,774,096	3,774,096	6.6
Taiwanese Dollar		3,650,320	3,650,320	6.4
UK Sterling	2,453,018	986,165	3,439,183	6.0
US Dollar		7,727,862	7,727,862	13.6
	<u>2,655,381</u>	<u>54,292,804</u>	<u>56,948,185</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Portfolio Risk Analysis continued

Currency profile continued

	Monetary (Cash/Other assets)	Non-monetary (Securities)	Total	Total %
	£	£	£	%
31st March 2014				
Brazilian Real	29,559	4,586,181	4,615,740	9.7
Chilean Peso		719,420	719,420	1.5
Czech Koruna	3,853	516,915	520,768	1.1
Euro	3,416	861,171	864,587	1.8
Hong Kong Dollar		8,276,917	8,276,917	17.3
Indian Rupee	7,908	2,252,269	2,260,177	4.7
Indonesian Rupiah		3,540,676	3,540,676	7.4
Malaysian Ringgit		1,009,531	1,009,531	2.1
Mexican Peso		1,488,084	1,488,084	3.1
Philippino Peso	26,007	2,611,519	2,637,526	5.5
Singaporean Dollar		4,198,305	4,198,305	8.8
South African Rand	(328,337)	1,658,804	1,330,467	2.8
South Korean Won	20,669	2,520,191	2,540,860	5.3
Taiwanese Dollar	25,530	2,389,115	2,414,645	5.1
Turkish Lira		404,939	404,939	0.8
UK Sterling	1,063,937	2,531,407	3,595,344	7.5
US Dollar	15,941	7,380,181	7,396,122	15.5
	<u>868,483</u>	<u>46,945,625</u>	<u>47,814,108</u>	<u>100.0</u>

Cash balances are deposited on normal commercial terms and earn interest calculated on a variable rate with reference to the Bank of England base rate or its overseas equivalent.

There were no fixed rate financial assets held during the year.

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

11. Portfolio Transaction Costs

	Year ended 31 st March 2015 £	Year ended 31 st March 2014 £
Analysis of total purchase costs		
Purchases in period before transaction costs	10,563,422	9,053,947
Add:		
Broker		
Commissions	32,952	26,241
Stamp Duty	<u>4,912</u>	<u>995</u>
Total purchase costs	<u>37,864</u>	<u>27,236</u>
Gross purchases total	<u>10,601,286</u>	<u>9,081,183</u>
Analysis of total sales costs		
Gross sales in period before transaction costs	9,371,773	2,391,686
Less:		
Broker		
Commissions	<u>(40,672)</u>	<u>(10,149)</u>
Total sales costs	<u>(40,672)</u>	<u>(10,149)</u>
Total sales net of transaction costs	<u>9,331,101</u>	<u>2,381,537</u>

DISTRIBUTION TABLES

**in pence per unit
for the year ended 31st March 2015**

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st April 2014

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

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount paid
Group 1	<i>Legacy</i>	15.556	1.556	14.000	—	14.000
Group 2	<i>Legacy</i>	0.767	0.077	0.690	13.310	14.000
Group 1	<i>Personal</i>	15.556	1.556	14.000	—	14.000
Group 2	<i>Personal</i>	0.078	0.008	0.070	13.930	14.000

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st October 2014

Group 2 - Units purchased 1st October 2014 to 31st March 2015

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount payable
Group 1	<i>Legacy</i>	27.542	2.754	24.788	—	24.788
Group 2	<i>Legacy</i>	6.406	0.641	5.765	19.023	24.788
Group 1	<i>Personal</i>	27.887	2.789	25.098	—	25.098
Group 2	<i>Personal</i>	5.263	0.526	4.737	20.361	25.098

DISTRIBUTION SUMMARY

**in pence per unit
for the year ended 31st March 2015**

	Year to 31 st March 2015 net rate		Year to 31 st March 2014 net rate	
	<i>Personal</i>	<i>Legacy</i>	<i>Personal</i>	<i>Legacy</i>
Interim paid	14.000	14.000	14.000	14.000
Final payable/paid	<u>25.098</u>	<u>24.788</u>	<u>24.519</u>	<u>24.403</u>
	<u>39.098</u>	<u>38.788</u>	<u>38.519</u>	<u>38.403</u>

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