



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

INCOME FUND

A pooled management service for private clients

INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE 2017

CONTENTS

AUTHORISED FUND MANAGER'S REPORT*

	Page
Introduction	2
Manager's Investment Report	3-6
Net Asset Value per unit and Comparative Tables	7
Portfolio Statement	8-10
Summary of All Portfolio Changes	11-12
General Information	13-14
Statement of the Manager's Responsibilities and Directors' Statement	15

FINANCIAL STATEMENTS

Statement of Total Return and Statement of Change in Net Assets Attributable to Unitholders	16
Balance Sheet	17
Notes to the Financial Statements	18-19
Distribution Tables	20

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

INTRODUCTION

McInroy & Wood Income 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 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 investment objective of the Income Fund is to preserve and to grow the real value of investors' capital and income, with an emphasis on the generation of income.

The fund may invest in any geographical areas and any economic sectors. The Manager has power to invest more than 35% in value of the scheme property of the fund in government and other public securities. This power is restricted to bonds or other securities issued by the Governments of the United Kingdom or the United States of America.

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 June 2017, total net assets of the fund amounted to £291,746,330 compared with £299,888,447 six months before. There were 845 unitholders, excluding ISAs, with an average holding worth £287,325.

Markets

Equity markets generally gained ground over the six months to 30th June 2017. The FTSE 100 rose by a fairly pedestrian 2% in the face of growing political and economic uncertainty. Other equity markets were considerably stronger, notably the USA (+8%) and Europe (+7%) and especially developing markets as a group (+14%) (all measured by MSCI indices in local currency). Overall, the MSCI All Country World index rose 5%, expressed in sterling terms.

Bond prices in the UK fell as concerns over the prospect of rising interest rates and higher inflation reduced the appeal of fixed-interest stocks. In the US, performance was mixed: shorter-dated issues and index-linked stocks weakened, but medium- and longer-dated issues were more resilient and rose by 1% and 4% respectively.

Sterling exchange rates were affected by divergent expectations about interest rate movements. The pound strengthened against the US dollar (+5%) but weakened against the euro (-3%). For sterling-based investors, this offset market gains in US assets but boosted returns from European investments.

Results

The price of Personal units in the fund at 30th June 2017 stood at £26.539, little changed over the six months. Gains from investments in overseas equity markets were offset by a strengthening of sterling against the dollar and a relatively dull period for UK equities and bonds.

Dividend Distribution

A dividend distribution of 28.000p per unit is now being paid, the same as the equivalent payment a year ago.

The distribution for the next six months is expected to be similar to that for the corresponding period in 2016.

Portfolio Strategy

The portfolio remains defensively positioned, as markets look increasingly vulnerable to rising interest rates and the unwinding of the quantitative easing strategies pursued by central banks. Accordingly, no significant adjustments were made to the allocations between different asset classes over the period.

At 30th June 2017, 60% of the portfolio was allocated to equities (62% at 31st December 2016), 34% to bonds (33%), 5% to gold (4%) and 1% to cash deposits (1%).

The bond component comprised an allocation of 18% to sterling and 16% to US dollar denominated issues.

MANAGER'S INVESTMENT REPORT

continued

Investments

No new holdings were purchased during the period. Profits were taken in Hill & Smith and Spirax-Sarco after sustained gains in both stocks, and the fund's position in Mitie Group was entirely sold following a profit warning from the company. The proceeds from these sales were reinvested in existing holdings.

Spirax-Sarco (+28%) and MTR (+22%) were the best performing stocks in the portfolio over the six months in local currency terms; it was a disappointing period for Schlumberger and Next (both -22%).

No significant adjustments were made to bond allocations during the period.

Outlook

The UK has done little to clarify its future relationship with the EU by electing a hung Parliament. It enters negotiations with a leader deeply wounded by a lamentable election campaign. The Conservative minority government looks distinctly unstable, dependent upon its confidence-and-supply agreement with the DUP. Governing under such conditions will be fraught with difficulties, not least those relating to the UK border with the Republic of Ireland. Meanwhile, the apparent stabilisation of European politics and the strong growth in the eurozone may well mean that the other 27 governments see increasingly little advantage in offering substantive concessions. All these developments would seem to make it more difficult for Britain to achieve a favourable outcome from the Brexit process.

Compounding these political apprehensions, there are signs that the economic bounce the country has enjoyed since the referendum is now running out of steam. The initial benefits of currency weakness appear to have subsided, replaced by rising inflation. Some leading retailers - typically indicators of wider economic trends - have issued cautious forecasts, citing growing pressure on consumers. After several positive quarters, productivity has fallen below pre-recession levels and service sector growth has slowed. Unsurprisingly, business confidence has also dropped.

Meantime, the USA faces a troubled future under President Trump's ever more muddled leadership. The optimism engendered by his pledges of tax cuts and infrastructure spending has largely evaporated, as his administration becomes entangled in scandal and accusation. Many Republicans are fervent supporters of free trade and balanced budgets, and they will be emboldened by the President's growing difficulties to resist his proposals in Congress. Trump's own draft budget was based on questionable growth assumptions and unrealistic cuts in government spending. It seems unlikely that many of the extravagant promises of his election campaign will be implemented in the short term.

MANAGER'S INVESTMENT REPORT

continued

Outlook continued

The US economy, however, appears little affected thus far. The Federal Reserve is continuing gradually to raise interest rates and indicated that it intends to begin unwinding its quantitative easing programme later this year. Dollar softness may help exporters, while high employment and low bond yields provide some rationale for fiscal tightening. Although healthier corporate earnings have provided some reassurance to investors, US equity valuations remain demanding.

In the eurozone, growth has rebounded since the start of the year, recording a 1.9% annualised gain in the first quarter. After Macron's success in France, market optimism is rising ahead of the German election later in the year, as fears of rising populism have subsided. Nevertheless, deep divisions remain in many countries. Unemployment, although falling, is high, particularly among young people. Macron's party, despite its conclusive majority, was elected on a record low turnout. The consequences of political disappointment could be severe. Yet prospects of a more business-friendly agenda are raising confidence in both the manufacturing and services sectors. Improvements in real disposable income, stable savings rates and improving private expenditure provide fresh grounds for confidence as to the sustainability of the eurozone recovery.

As employment surpasses record levels in the US, UK and eurozone, concerns are growing over the quality of jobs underpinning these economic recoveries: under-employment is widespread and temporary contracts are commonplace. In the US, participation rates languish near 30-year lows, whilst underemployment (those effectively restricted to part time despite seeking full time employment) remains some 25% above pre-recession levels. This may underlie surprisingly sluggish wage growth. Commentators raise similar concerns in Germany and the UK. In these circumstances, such apparently favourable employment data may not provide the expected boost to consumption and overall economic growth.

Developing markets, as a group, continue to offer robust growth prospects. Demographic trends remain supportive and a shift of economic power away from developed nations continues. The unbalanced nature of the Chinese economy has caused considerable worries for investors, but the financial health of the country is perhaps more secure than it may appear. Reliance on exports is falling as the government switches incentives towards domestic consumption. Most borrowing is between public sector institutions and very little is denominated in US dollars.

MANAGER'S INVESTMENT REPORT

continued

Outlook continued

The potential for development in emerging economies is exemplified by ambitious reforms in India under Prime Minister Modi's leadership. The removal of high value paper currency, crucial to the black economy, has demonstrated a willingness to tackle traditional vested interests, while the country's complex tax code has been simplified at last. A universal basic income scheme, designed to reduce absolute poverty levels, is also being considered. The benefits for trade, economic mobility and state investment arising from these reforms could be considerable and far outweigh the short-term disruption.

Global equities have performed well in the year to date, yet there are disquieting aspects to a bull market led by the largest stocks and inflated by the rise of passive investing. We are in uncharted territory when more than 50% of 'managed' investments in the US are held on a passive basis and 15% of the US market is now held passively. It is not clear whether passive investors have equated the low fees and high liquidity that they have been promised with low levels of absolute risk. Yet equity markets have been remarkably stable in the face of political upheaval and stretched valuations. Investors are divided whether this is an indication of undue complacency or simply a function of favourable earnings trends offsetting other factors.

Stock selection in the portfolio focuses upon well financed companies with reliable dividend track records and the ability to sustain cash flows through a testing economic cycle. Such companies can be expected to generate reasonable returns for shareholders over the long term. Nevertheless, risks to the global economy do not look to be fully discounted by current equity prices, and the portfolio retains a precautionary stance, based on a wide diversification of assets, including some exposure to gold.

10th August 2017

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 31 st Dec)	High Personal	Low
2014	£24.472	£22.700
2015	£25.674	£22.838
2016	£27.221	£22.832
2017*	£27.235	£25.580

*Up to 30th June only.

INCOME RECORD

Accounting year (to 31 st Dec)	Per unit (net) Personal
2014	68.736p
2015	70.542p
2016	72.876p
2017 (interim only)	28.000p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
31.12.14 Personal	£269,868,913	£23.768	11,354,448
31.12.15 Personal	£261,421,921	£23.492	11,127,985
31.12.16 Personal	£299,888,447	£26.095	11,492,083
30.06.17 Personal	£291,746,330	£26.164	11,150,618

OPERATING CHARGES

Date	Annualised Personal
31.12.14	1.106%
31.12.15	1.127%
31.12.16	1.125%
30.06.17	1.110%

PORTFOLIO TURNOVER

Date	Annualised
31.12.14	17%
31.12.15	51%
31.12.16	49%
30.06.17	1%

DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
30.06.17	30.06.16	30.06.15	30.06.14	30.06.13
6.5%	10.0%	3.7%	6.3%	15.3%

Mid to mid, income reinvested, Source: McInroy & Wood.

PORTFOLIO STATEMENT

as at 30th June 2017 (unaudited)

INVESTMENTS	Holding or Nominal Value of positions at 30 th June 2017	Bid Market Value £'000	Percentage of Value of total net assets	
<i>Bonds</i>			30 th June 2017	31 st Dec. 2016
UK				
UK Treasury 2.25% 2023	£10,159,000	11,029	3.8	
UK Treasury 2.5% I-L 2020	£3,202,000	11,828	4.0	
UK Treasury 3.75% 2019	£4,753,000	5,105	1.7	
UK Treasury 4.25% 2032	£10,569,000	14,256	4.9	
UK Treasury 4.25% 2036	£6,870,000	9,557	3.3	
		<u>51,775</u>	<u>17.7</u>	<u>17.6</u>
USA				
US Treasury 0.125% I-L 2024	\$13,100,000	10,195	3.5	
US Treasury 0.125% I-L 2026	\$13,045,000	9,874	3.4	
US Treasury 1.5% 2026	\$6,620,000	4,767	1.6	
US Treasury 1.75% 2022	\$5,300,000	4,062	1.4	
US Treasury 2% 2025	\$11,360,000	8,622	3.0	
US Treasury 2.25% 2024	\$11,126,000	8,610	2.9	
		<u>46,130</u>	<u>15.8</u>	<u>15.1</u>
TOTAL BONDS		<u><u>97,905</u></u>	<u><u>33.5</u></u>	<u><u>32.7</u></u>
<i>Equities</i>				
UK				
Berkeley Group	126,900	4,093	1.4	
Close Brothers	280,800	4,229	1.4	
GlaxoSmithKline	453,605	7,414	2.5	
Greene King	615,000	4,139	1.4	
Hill & Smith	581,300	8,022	2.7	
Inmarsat	783,715	6,027	2.1	
Keller	573,345	5,031	1.7	
Land Securities	568,067	5,749	2.0	
National Grid	893,276	8,500	2.9	
Next	39,500	1,523	0.5	
Reckitt Benckiser	81,500	6,342	2.2	
Rio Tinto	279,180	9,051	3.1	
Spirax-Sarco Engineering	126,400	6,756	2.3	
Standard Life	2,263,300	9,028	3.1	
Vodafone	2,487,100	5,414	1.9	
		<u>91,318</u>	<u>31.2</u>	<u>31.5</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 30 th June 2017	Bid Market Value £'000	Percentage of Value of total net assets	
			30 th June 2017	31 st Dec. 2016
<i>Equities continued</i>				
USA				
AbbVie	62,650	3,496	1.2	
AT&T	195,710	5,685	1.9	
National Retail Properties	105,000	3,160	1.1	
Paychex	137,040	6,006	2.1	
Realty Income	87,000	3,695	1.3	
Schlumberger	54,220	2,748	0.9	
		<u>24,790</u>	<u>8.5</u>	<u>10.3</u>
FRANCE				
Total	185,380	7,046	2.4	
Unibail-Rodamco	31,400	6,084	2.1	
		<u>13,130</u>	<u>4.5</u>	<u>4.6</u>
GERMANY				
Fielmann	68,515	4,065	1.4	1.8
NETHERLANDS				
Royal Dutch Shell 'B'	479,451	9,889	3.4	3.8
SWITZERLAND				
Kuehne & Nagel	53,895	6,919	2.4	2.0
DEVELOPING MARKETS				
Chile	Embotelladora Andina	156,730	3,023	1.0
China	CNOOC	2,965,000	2,500	0.8
Hong Kong	Hang Lung Properties	1,405,000	2,699	0.9
	MTR	720,000	3,117	1.1
	Vitasoy International	2,510,000	3,975	1.4
Mexico	Wal-Mart de Mexico	1,732,440	3,098	1.1
Singapore	Keppel	634,870	2,229	0.8
South Africa	MTN	386,200	2,587	0.9
		<u>23,228</u>	<u>8.0</u>	<u>7.8</u>
TOTAL EQUITIES		<u><u>173,339</u></u>	<u><u>59.4</u></u>	<u><u>61.8</u></u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 30 th June 2017	Bid Market Value £'000	Percentage of Value of total net assets	
<i>Comodities</i>			30 th June 2017	31 st Dec. 2016
UK				
ETFS Physical Gold	77,190	7,093	2.5	
Gold Bullion Securities	78,280	7,093	2.4	
		<u>14,186</u>	<u>4.9</u>	<u>4.3</u>
<i>TOTAL COMMODITIES</i>		<u><u>14,186</u></u>	<u><u>4.9</u></u>	<u><u>4.3</u></u>
TOTAL INVESTMENTS		285,430	97.8	98.8
Net other assets		<u>6,316</u>	<u>2.2</u>	<u>1.2</u>
<i>TOTAL NET ASSETS</i>		<u><u>291,746</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 June 2017 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 30th June 2017 (unaudited)

Purchases		Cost £'000
6,190	ETFS Physical Gold	601
6,280	Gold Bullion Securities	602
893,276	National Grid (<i>reverse stock split</i>)	—
3,465,000	US Treasury 0.125% I-L 2026	2,749
	TOTAL	<u>3,952</u>

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
55,760	AbbVie	2,738
26,420	Embotelladora Andina	486
33,090	Fielmann	2,066
241,000	Hang Lung Properties	490
135,000	Hill & Smith	1,824
2,655	Kuehne & Nagel	300
1,219,500	Mitie Group	2,480
974,483	National Grid (<i>reverse stock split</i>)	—
22,000	Reckitt Benckiser	1,504
36,395	Spirax-Sarco Engineering	1,896
533,000	UK Treasury 2.25% 2023	587
	TOTAL	<u>14,371</u>

GENERAL INFORMATION

Authorisation

The Income 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.

Capital Gains Tax

Authorised unit trusts are exempt from capital gains 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.

Remuneration Policy

McInroy & Wood Portfolios Limited ("MWP") delegates investment management of the fund to McInroy & Wood Ltd ("MW"), the Investment Advisor. Directors and staff working on the fund are not remunerated by MWP, but they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive. The group remuneration policy is approved annually by the Board and is designed to ensure that the remuneration of directors and staff is consistent with and promotes sound and effective risk management. MW pays no variable remuneration to its directors. No other employees have authority to influence the risk profile of the funds. It is, therefore, not possible for variable remuneration incentives to encourage risktaking which is inconsistent with the risk profile of the funds managed. MWP's compliance with its duty to act in the best interests of the funds it manages is therefore not subject to any conflict of interest.

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

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 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 May 2014.
- 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, 10th August 2017

STATEMENT OF TOTAL RETURN

for the six months ended 30th June 2017 (unaudited)

	Notes	Six months ended 30 th June 2017		Six months ended 30 th June 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains			885		24,969
Revenue	2	5,015		4,876	
Expenses	3	<u>(1,633)</u>		<u>(1,574)</u>	
Net revenue before taxation		3,382		3,302	
Taxation	4	<u>(155)</u>		<u>46</u>	
Net revenue after taxation			<u>3,227</u>		<u>3,348</u>
Total return before distributions			4,112		28,317
Distributions			<u>(3,181)</u>		<u>(3,205)</u>
Change in net assets attributable to unitholders from investment activities			<u>931</u>		<u>25,112</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 30th June 2017 (unaudited)

	Six months ended 30 th June 2017		Six months ended 30 th June 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		299,888		275,009
Amounts receivable on creation of units	4,242		5,690	
Amounts payable on cancellation of units	<u>(13,315)</u>		<u>(11,367)</u>	
		(9,073)		(5,677)
Change in net assets attributable to unitholders from investment activities		<u>931</u>		<u>25,112</u>
Closing net assets attributable to unitholders		<u>291,746</u>		<u>294,444</u>

The opening net assets for the current period do not equal the closing net assets for the comparative period as the above table relates to six month interim periods only.

BALANCE SHEET

as at 30th June 2017 (unaudited)

	30 th June 2017		31 st Dec. 2016	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		285,430		296,145
Current assets				
Debtors	3,906		1,543	
Cash & bank balances	<u>5,943</u>		<u>7,794</u>	
Total other assets		<u>9,849</u>		<u>9,337</u>
Total assets		<u>295,279</u>		<u>305,482</u>
LIABILITIES:				
Creditors				
Distribution payable	(3,122)		(5,157)	
Other creditors	<u>(411)</u>		<u>(437)</u>	
Total liabilities		<u>(3,533)</u>		<u>(5,594)</u>
Net assets attributable to unitholders		<u>291,746</u>		<u>299,888</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 30th June 2017 (unaudited)

1. Accounting policies

The Interim Financial Statements have been prepared in accordance with accounting policies set out in the most recent Annual Financial Statements.

2. Revenue

	Six months ended 30 th June 2017 £'000	Six months ended 30 th June 2016 £'000
Dividends on overseas equities	1,698	1,629
Dividends on UK equities	2,452	2,189
Interest on overseas interest bearing securities	286	268
Interest on UK interest bearing securities	528	744
Property income distributions on UK REITs	51	46
Total revenue	<u>5,015</u>	<u>4,876</u>

3. Expenses

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

- Manager's periodic charge	1,475	1,413
- Transfer agency fee	80	80

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

- Trustee's fee	27	22
- Safe custody fee	21	20

Other expenses:

- Audit fee	3	7
- French withholding tax recovery fee	—	9
- Fund accounting fee	19	18
- Sundry fees*	8	5

Total expenses	<u>1,633</u>	<u>1,574</u>
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*Includes FTSE Licence fee, tax computation fees and other fees.

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 30 th June 2017 £'000	Six months ended 30 th June 2016 £'000
Analysis of tax charge		
French withholding tax recoverable	—	(187)
Overseas tax	155	141
	<u>155</u>	<u>(46)</u>

5. Currency and interest rate profile

<i>Currency</i>	30 th June 2017 %	31 st Dec. 2016 %
UK Sterling	54.2	53.8
US Dollar	30.3	30.9
Euro	6.0	6.5
Hong Kong Dollar	4.3	4.2
Swiss Franc	2.4	2.1
Mexican Peso	1.1	0.8
South African Rand	0.9	1.0
Singapore Dollar	0.8	0.7
	<u>100.0</u>	<u>100.0</u>

Fixed rate interest

	Weighted average rates		Weighted average maturity	
	30 th June 2017	31 st Dec. 2016	30 th June 2017	31 st Dec. 2016
UK Sterling	2.72%	2.69%	10 years	10 years
US Dollar	1.17%	1.25%	8 years	8 years

DISTRIBUTION TABLES

**in pence per unit
for the six months ended 30th June 2017 (unaudited)**

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st January 2017

Group 2 - Units purchased 1st January 2017 to 30th June 2017

	Unit Class	Dividend income	Equalisation*	Amount payable 31.08.17
Group 1	Personal	28.000	—	28.000
Group 2	Personal	6.649	21.351	28.000

*Income arises throughout each reporting period. Equalisation is the average amount of income included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax. Instead, it must be deducted from the cost of units for capital gains purposes.

DISTRIBUTION SUMMARY

**in pence per unit
for the six months ended 30th June 2017 (unaudited)**

	Six months to 30 th June 2017 <i>Personal</i>	Year to 31 st Dec. 2016 <i>Personal</i>
Interim payable/paid	28.000	28.000
Final paid	—	44.876
	<u>28.000</u>	<u>72.876</u>

Manager

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Directors

T A U Wood
G A Bicocchi
J D S Cumming
S J Cunningham
W A Ferguson
A H Fraser
S J Fraser
J E Marshall
J C McAulay
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