



# McInroy & Wood

PERSONAL INVESTMENT MANAGERS

## INCOME FUND

*A pooled management service for private clients*

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015

## CONTENTS

### AUTHORISED FUND MANAGER'S REPORT\*

	Page
Introduction	2
Manager's Investment Report	3-5
Net Asset Value per unit and Comparative Tables	6-7
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
Statement of the Trustee's Responsibilities and Report of the Trustee	16
Independent Auditors' Report	17-19

### FINANCIAL STATEMENTS

Statement of Total Return and Statement of Change in Net Assets Attributable to Unitholders	20
Balance Sheet	21
Notes to the Financial Statements	22-32
Distribution Tables	33

*\*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 principal investment objective of the fund is to provide unitholders with an above average level of income, together with a measure of 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](http://www.mcinroy-wood.co.uk)

## MANAGER'S INVESTMENT REPORT

At 31<sup>st</sup> December 2015, total net assets of the fund amounted to £275,008,856 compared with £287,198,242 twelve months before. At 31<sup>st</sup> December there were 906 investors (excluding ISA holders), with an average holding worth £291,952.

### Markets

Global equity market performance varied widely over the year to 31<sup>st</sup> December 2015. The UK FTSE 100 fell by 5% over the year. Measured by MSCI indices in local currency, the US fell 1% but Europe, by contrast, advanced by 8%. Emerging markets were particularly weak, falling by 8%. Expressed in sterling, however, the overall MSCI All Country World index gained 1%.

In the UK, dramatic falls in commodity prices, particularly oil, severely impacted some of the largest companies in the index. After a volatile year, as worries about sluggish global growth increased, the US stockmarket ended up largely unchanged. European equities advanced more strongly, boosted by favourable currency trends and the European Central Bank's programme of quantitative easing. Developing markets lost ground; many were hit by the fall in commodity prices and uncertainty regarding corruption scandals, while increasing evidence of a slowdown in the Chinese economy was especially unnerving for investors.

Bond markets in the USA and UK declined over the period. In the UK, conventional gilts lost 2 to 3%, while their inflation-linked counterparts also fell. US government longer-dated issues were down 4%, while shorter-dated bonds fell 1%. US Treasury inflation-protected stocks followed a broadly similar pattern.

In the foreign exchange markets, sterling gained 5% against the euro, but fell by 5% against the US dollar.

### Results

The price of Personal units in the fund at 31<sup>st</sup> December 2015 stood at £23.923, 1% below the level of the unit price twelve months before. The price of Legacy units stood at £23.563. Weakness in bond and equity markets in the US, UK and emerging markets was largely counterbalanced by gains in European equities and the strength of the US dollar.

### Dividend Distribution

A dividend distribution of 42.542p per unit is now being paid. This means that total distributions paid to shareholders in respect of the year past will amount to 70.542p per unit, a rise of 3% from the corresponding figure for the previous year.

Bond duration was lengthened in January 2015, principally to provide protection against a fall in inflation expectations, which also helped to boost income available for distribution for the year; subsequent reductions in the portfolio's equity allocation more than offset this benefit. 'Special' dividends from a number of holdings again contributed substantially (c.4p) to the total distributed, (3p in 2014). Such dividends are by their nature unpredictable and should not be regarded as recurring components of the portfolio's income.

## MANAGER'S INVESTMENT REPORT

continued

### **Dividend Distribution continued**

Ignoring the possible impact of special factors, the distribution for the next six months is currently expected to be little changed from that for the corresponding period in 2015.

### **Portfolio Strategy**

The portfolio's target equity allocation was reduced by 20% over the course of the year. An equivalent increase was made to the bond allocation. This substantial adjustment reflected concerns about the likelihood of profit disappointments and excessive valuations in equity markets, which appear to have been boosted by artificial support from monetary policies.

At 31<sup>st</sup> December 2015, 61% of the portfolio was allocated to equities (80% at 31<sup>st</sup> December 2014), 37% to bonds (19%), and 2% (1%) to cash deposits.

Of the equities, 35% were allocated to the UK, 10% to the USA, 8% to Europe, and 8% to developing markets.

The bond component was allocated 27% into sterling issues and 10% into US dollar-denominated ones.

### **Investments**

A new position was established in Hang Lung Properties (Hong Kong). A number of existing equity holdings, including Majestic Wine, Danone and Pearson, were sold in the course of the overall equity reductions noted above. A full list of these can be found in the Summary of all Portfolio Changes on pages 11 and 12 of this report.

There were notably strong performances from Inmarsat (+42%) and Vitasoy (+42%); it was a poor year for MTN Group (-40%) and Rio Tinto (-34%).

Within the bond allocation, a US dollar-denominated holding matured, while shorter-dated US dollar and sterling issues were sold. New investments were made in 2022, 2032 and 2036 UK gilts, in addition to a short-dated issue. In the US, medium- and long-dated US Treasury issues were bought, in addition to a 2024 inflation-protected bond.

### **Outlook**

Apprehension over growth prospects for the global economy was allayed temporarily towards the end of 2015. Although the OECD has cut its forecast of overall global growth next year to below 3%, most economies continue to grow. The UK unemployment rate, at 5.1%, is at its lowest level for more than a decade and household spending statistics seem to be holding up. In the USA, the unemployment rate is a mere 5% but wage growth remains muted.

Looking ahead, however, there are grounds for considerable caution. Productivity growth continues to be lacklustre in both the UK and USA, and the proportion of the working age population that are employed or actively seeking work remains stubbornly low in the US.

## MANAGER'S INVESTMENT REPORT

continued

### **Outlook continued**

Furthermore, deflationary forces are widespread. Commodity prices are continuing to fall and the oil price recently touched its lowest price since 2003. With Western sanctions now lifted in Iran, supply is likely to increase further and may add to downward pressure on prices, at least in the short term. Lower oil prices had been expected to boost consumer spending, but instead savings rates in the US are rising. Nervous consumers want to protect themselves against uncertainty rather than spend more money and, unless this were to change, there is no obvious catalyst to improve the situation.

Emerging markets may remain turbulent in the short term. China has been a particular focus of concern due to its potential impact on the rest of the world; a deceleration in growth has been anticipated for some time. The slowdown should perhaps be regarded as an inevitable corollary of the difficult transition from an unbalanced investment-led economy to a more stable consumer-based one. In this regard, the country's annual retail sales growth of 11% is a hopeful sign. Genuine market-based reform remains critical for all developing nations but there are marked differences between the ability and commitment of individual governments to make the necessary adjustments.

Central bank policies are unusually divergent at present. For the first time in nine years, the US Federal Reserve increased interest rates, albeit by only 0.25%. As indicators now stand, any further increases are likely to be gradual. The Bank of England has become increasingly guarded about the timing of any similar shift. Elsewhere, the picture could hardly be more different. The European Central Bank has made continuing commitments to reflationary monetary policies and more quantitative easing. Negative interest rates, until recently hardly imaginable, have become a feature of Eurozone capital markets. In the face of future shocks, central banks now have a limited scope to steady markets.

Against this global background, companies may struggle to meet sales expectations in the coming year. In that case, the valuation of many equity investments is likely to be downgraded. Equity yields have also become less secure, given a deteriorating profits outlook. In the short term, market confidence is likely to hinge on the success – or otherwise – of monetary authorities in unwinding extraordinary monetary policies without traumatising the financial system. Nonetheless, the world is not in recession and current weakness may well throw up good long-term investment opportunities. In present conditions, the need for a flexible approach and a broadly diversified portfolio has become ever more apparent.

*12<sup>th</sup> February 2016*

## COMPARATIVE TABLE — PERSONAL CLASS

	31 <sup>st</sup> Dec. 2015 (pence per unit)	31 <sup>st</sup> Dec. 2014 (pence per unit)	31 <sup>st</sup> Dec. 2013 (pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	2,376.77	2,360.47	2,187.06
Return before operating charges*	70.32	111.31	269.69
Operating charges	(27.32)	(26.27)	(25.54)
Return after operating charges	43.00	85.04	244.14
Distributions on income units	(70.54)	(68.74)	(70.73)
<b>Closing net asset value per unit</b>			
	2,349.23	2,376.77	2,360.47
*After direct transaction costs of	(1.25)	(2.04)	(0.95)
<b>Performance**</b>			
Return after charges	1.81%	3.60%	11.16%
<b>Other information</b>			
Closing net asset value (£'000)	261,422	269,869	265,273
Closing number of units	11,127,985	11,354,448	11,238,142
Operating charges	1.13%	1.11%	1.09%
Direct transaction costs	0.05%	0.09%	0.04%
<b>Prices</b>			
Highest unit price	£25.674	£24.472	£24.297
Lowest unit price	£22.838	£22.700	£21.822
<b>Portfolio turnover</b>			
Annualised	51%	17%	8%

This table is a new disclosure requirement, as defined by the updated accounting standards. See Note 1(a).

\*\*Performance is capital gains (or losses) plus income earned.

## COMPARATIVE TABLE — LEGACY CLASS

	31 <sup>st</sup> Dec. 2015 (pence per unit)	31 <sup>st</sup> Dec. 2014 (pence per unit)	31 <sup>st</sup> Dec. 2013 (pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	2,352.81	2,348.09	2,144.20
Return before operating charges*	69.83	111.03	310.90
Operating charges	(38.91)	(37.82)	(36.36)
Return after operating charges	30.92	73.21	274.54
Distributions on income units	(69.67)	(68.49)	(70.65)
<b>Closing net asset value per unit</b>			
	2,314.06	2,352.81	2,348.09
*After direct transaction costs of	(1.24)	(2.02)	(0.95)
<b>Performance**</b>			
Return after charges	1.31%	3.12%	12.80%
<b>Other information</b>			
Closing net asset value (£'000)	13,587	17,329	19,767
Closing number of units	587,148	736,539	841,823
Operating charges	1.63%	1.61%	1.56%
Direct transaction costs	0.05%	0.09%	0.04%
<b>Prices</b>			
Highest unit price	£25.381	£24.239	£24.251
Lowest unit price	£22.534	£22.496	£21.820

This table is a new disclosure requirement, as defined by the updated accounting standards. See Note 1(a).

\*\*Performance is capital gains (or losses) plus income earned.



## PORTFOLIO STATEMENT

as at 31<sup>st</sup> December 2015

INVESTMENTS	Holding or Nominal Value of positions at 31 <sup>st</sup> Dec. 2015	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Dec. 2015	31 <sup>st</sup> Dec. 2014
<i>Bonds</i>				
<b>UK</b>				
UK Treasury 0% 2016	£19,210,000	19,208	7.0	
UK Treasury 1.75% 2022	£2,548,000	2,567	0.9	
UK Treasury 2.25% 2023	£8,069,000	8,350	3.0	
UK Treasury 2.5% I-L 2020	£3,202,000	11,370	4.1	
UK Treasury 3.75% 2019	£3,941,000	4,314	1.6	
UK Treasury 4% 2016	£6,942,000	7,112	2.6	
UK Treasury 4.25% 2036	£6,870,000	8,683	3.2	
UK Treasury 4.25% 2032	£10,569,000	13,220	4.8	
		<u>74,824</u>	<u>27.2</u>	<u>14.6</u>
<b>USA</b>				
US Treasury 0.125% I-L 2024	\$11,400,000	7,363	2.7	
US Treasury 2% 2025	\$11,360,000	7,535	2.7	
US Treasury 2.25% 2024	\$11,126,000	7,546	2.8	
US Treasury 2.75% 2042	\$6,542,000	4,243	1.5	
		<u>26,687</u>	<u>9.7</u>	<u>4.2</u>
<b>TOTAL BONDS</b>		<u><u>101,511</u></u>	<u><u>36.9</u></u>	<u><u>18.8</u></u>
<i>Equities</i>				
<b>UK</b>				
AG Barr	663,790	3,515	1.3	
GlaxoSmithKline	453,605	6,228	2.3	
Hill & Smith	1,099,144	8,255	3.0	
Inmarsat	783,715	8,911	3.2	
Keller	573,345	4,742	1.7	
Land Securities	568,067	6,686	2.4	
National Grid	974,483	9,131	3.3	
Reckitt Benckiser	121,706	7,635	2.8	
Rio Tinto	249,070	4,929	1.8	
Rotork	1,624,100	2,967	1.1	
Royal Dutch Shell B	333,701	5,149	1.9	
Severn Trent	339,290	7,380	2.7	
Spirax Sarco Engineering	193,695	6,359	2.3	
Standard Life	1,743,979	6,796	2.5	
Vodafone	3,065,930	6,776	2.4	
		<u>95,459</u>	<u>34.7</u>	<u>42.8</u>

## PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 31 <sup>st</sup> Dec. 2015	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Dec. 2015	31 <sup>st</sup> Dec. 2014
<i>Equities continued</i>				
<b>USA</b>				
AbbVie	123,895	4,978	1.8	
AT&T	204,020	4,760	1.7	
National Retail Properties	112,100	3,046	1.1	
Paychex	148,120	5,312	1.9	
Realty Income	93,100	3,261	1.2	
Schlumberger	54,220	2,565	0.9	
Watsco	32,990	2,620	1.0	
		<u>26,542</u>	<u>9.6</u>	<u>14.6</u>
<b>FINLAND</b>			<u>—</u>	<u>1.3</u>
<b>FRANCE</b>				
Total	145,490	4,425	1.6	
Unibail-Rodamco	31,400	5,425	2.0	
		<u>9,850</u>	<u>3.6</u>	<u>4.2</u>
<b>GERMANY</b>				
Fielmann	101,605	5,095	1.9	2.5
<b>NETHERLANDS</b>				
Relx	361,906	4,145	1.5	1.5
<b>SWITZERLAND</b>				
Kuehne & Nagel	41,450	3,868	1.4	1.3

## PORTFOLIO STATEMENT

continued

		Holding or Nominal Value of positions at 31 <sup>st</sup> Dec. 2015	Bid Market Value £'000	Percentage of Value of total net assets 31 <sup>st</sup> Dec. 31 <sup>st</sup> Dec.	
				2015	2014
<i>Equities continued</i>					
<b>DEVELOPING MARKETS</b>					
<b>Chile</b>	Embotelladora Andina	183,150	2,163	0.8	
<b>China</b>	CNOOC	2,965,000	2,092	0.8	
<b>Hong Kong</b>	Hang Lung Property	1,646,000	2,542	0.9	
	MTR	1,020,000	3,420	1.2	
	Vitasoy International	2,510,000	3,481	1.3	
<b>Indonesia</b>	Telekomunikasi Indonesia	18,284,200	2,790	1.0	
<b>Mexico</b>	Wal-Mart de Mexico	1,732,440	2,960	1.1	
<b>Singapore</b>	Keppel	634,870	1,974	0.7	
<b>South Africa</b>	MTN	232,460	1,353	0.5	
			<u>22,775</u>	<u>8.3</u>	<u>11.9</u>
TOTAL EQUITIES			<u>167,734</u>	<u>61.0</u>	<u>80.1</u>
TOTAL INVESTMENTS			269,245	97.9	98.9
Net other assets			<u>5,764</u>	<u>2.1</u>	<u>1.1</u>
TOTAL NET ASSETS			<u><u>275,009</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 31<sup>st</sup> December 2015 are investment grade.*

## SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 31<sup>st</sup> December 2015

	Cost £'000
Purchases	
1,646,000 Hang Lung Property	3,212
55,785 Rio Tinto	1,479
1,624,100 Rotork ( <i>stock split</i> )	—
193,695 Spirax Sarco Engineering ( <i>reverse stock split</i> )	—
1,743,979 Standard Life ( <i>spin off issue</i> )	—
2,131,530 Standard Life ( <i>spin off issue</i> )	—
19,210,000 UK Treasury 0% 2016	19,189
3,545,000 UK Treasury 1.75% 2022	3,607
2,630,000 UK Treasury 2.25% 2023	2,802
135,000 UK Treasury 2.5% I-L 2020	492
290,000 UK Treasury 3.75% 2019	323
11,369,000 UK Treasury 4.25% 2032	14,711
6,870,000 UK Treasury 4.25% 2036	9,444
6,090 Unibail-Rodamco	992
22,100 Unibail-Rodamco ( <i>stock split</i> )	—
5,277,000 US Treasury 0% 2015	3,409
11,400,000 US Treasury 0.125% I-L 2024	7,474
11,360,000 US Treasury 2% 2025	7,723
11,126,000 US Treasury 2.25% 2024	7,640
6,542,000 US Treasury 2.75% 2042	4,614
2,045,040 Wal-Mart de Mexico ( <i>stock split</i> )	—
TOTAL	87,111

	Proceeds £'000
Sales	
115,075 AG Barr	1,898
34,635 AbbVie	1,222
459,155 BG	3,862
366,000 China Mobile	3,229
71,410 Danone	3,116
10,000 Donaldson	3,998
41,350 Embotelladora Andina	561
144,831 Indivior	253
177,395 Inmarsat	1,730
1,573,000 Inversiones Aguas Metropolitanas	1,619
131,510 Kone	3,305
110,705 Land Securities	1,382
1,090,665 Majestic Wine	3,904

## SUMMARY OF ALL PORTFOLIO CHANGES

continued

	Proceeds £'000
Sales continued	
146,000 MTR	420
272,341 Natura Cosmetics	1,435
60,795 Paychex	1,831
496,710 Pearson	5,524
9,446,500 Perusahaan Gas	1,100
39,505 Pfeiffer Vacuum	2,152
23,125 Reckitt Benckiser	1,378
45,265 Relx	731
162,410 Rotork <i>(stock split)</i>	—
174,504 RPM	6,552
1,289,000 RPS	2,944
12,880 Schlumberger	698
46,700 Severn Trent	1,002
209,855 Spectris	4,550
200,869 Spirax Sarco Engineering <i>(reverse stock split)</i>	—
2,131,530 Standard Life	1,556
2,131,530 Standard Life <i>(spin off issue)</i>	—
8,291,000 Thai Beverage	2,913
7,073,000 UK Treasury 1% 2017	7,144
997,000 UK Treasury 1.75% 2022	996
2,462,000 UK Treasury 3.75% 2019	2,770
2,997,000 UK Treasury 3.75% 2021	3,482
800,000 UK Treasury 4.25% 2032	1,010
13,395 Unibail-Rodamco	603
22,100 Unibail-Rodamco <i>(stock split)</i>	—
5,277,000 US Treasury 0% 2015	3,580
9,437,000 US Treasury 1.625% 2015	7,683
7,241,000 US Treasury Floating Rate Note 2016	4,781
800,000 Vitasoy International	970
312,600 Wal-Mart de Mexico	500
2,045,040 Wal-Mart de Mexico <i>(stock split)</i>	—
31,865 Watsco	2,485
TOTAL	<u>100,869</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.

### **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
---	---	---	---	---	---	---

#### 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 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, 12<sup>th</sup> February 2016*



## **STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES**

The Trustee is responsible for the safekeeping of all the property of the Trust (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Trust; the application of income of the Trust; and the investment and borrowing powers and restrictions applicable to the Trust.

## **REPORT OF THE TRUSTEE**

**to the unit holders of McInroy & Wood Income Fund for the year ended 31<sup>st</sup> December 2015**

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Sourcebook, the Trust Deed and Prospectus, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

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

*12<sup>th</sup> February 2016*

# INDEPENDENT AUDITORS' REPORT

## Report on the financial statements

### *Our opinion*

In our opinion, McInroy & Wood Income Fund's financial statements, (the "financial statements"):

- give a true and fair view of the financial position of the Trust as at 31<sup>st</sup> December 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 UK 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 Portfolios Limited (the "Authorised Fund Manager"), comprise:

- the balance sheet as at 31<sup>st</sup> December 2015;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to unitholders for the year then ended;
- the notes to the 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 UK 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, the Authorised Fund Manager has made assumptions and considered future events.

# INDEPENDENT AUDITORS' REPORT

continued

## **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.

## **Responsibilities for the financial statements and the audit**

*Our responsibilities and those of the Authorised Fund Manager*

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 15, 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.

# INDEPENDENT AUDITORS' REPORT

continued

## **Responsibilities for the financial statements and the audit 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.
- We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
- We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Statutory Auditors  
Edinburgh

12<sup>th</sup> February 2016

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 31<sup>st</sup> December 2015

	Notes	Year ended 31 <sup>st</sup> Dec. 2015		Year ended 31 <sup>st</sup> Dec. 2014	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(431)		4,719
Revenue	3	9,378		9,336	
Expenses	4	<u>(3,294)</u>		<u>(3,257)</u>	
Net revenue before taxation		6,084		6,079	
Taxation	5	<u>(370)</u>		<u>(411)</u>	
Net revenue after taxation			<u>5,714</u>		<u>5,668</u>
Total return before distributions			5,283		10,387
Distributions	6		<u>(8,360)</u>		<u>(8,398)</u>
Change in net assets attributable to unitholders from investment activities			<u>(3,077)</u>		<u>1,989</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31<sup>st</sup> December 2015

	Year ended 31 <sup>st</sup> Dec. 2015		Year ended 31 <sup>st</sup> Dec. 2014	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		287,198		285,040
Amounts receivable on creation of units	10,855		30,035	
Amounts payable on cancellation of units	<u>(19,967)</u>		<u>(29,847)</u>	
		(9,112)		188
Stamp duty reserve tax		—		(19)
Change in net assets attributable to unitholders from investment activities		<u>(3,077)</u>		<u>1,989</u>
Closing net assets attributable to unitholders		<u>275,009</u>		<u>287,198</u>

## BALANCE SHEET

as at 31<sup>st</sup> December 2015

	Notes	31 <sup>st</sup> Dec. 2015		31 <sup>st</sup> Dec. 2014	
		£'000	£'000	£'000	£'000
<b>ASSETS:</b>					
Investments			269,245		284,013
Current assets					
Debtors	7	1,660		1,229	
Cash & bank balances		9,404		8,296	
		<u>9,404</u>		<u>8,296</u>	
Total other assets			<u>11,064</u>		<u>9,525</u>
Total assets			<u>280,309</u>		<u>293,538</u>
<b>LIABILITIES:</b>					
Creditors					
Distribution payable		(4,979)		(4,924)	
Other creditors	8	<u>(321)</u>		<u>(1,416)</u>	
Total liabilities			<u>(5,300)</u>		<u>(6,340)</u>
Net assets attributable to unitholders			<u>275,009</u>		<u>287,198</u>

# NOTES TO THE FINANCIAL STATEMENTS

as at 31<sup>st</sup> December 2015

## 1. Accounting policies

- (a) The financial statements have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the IMA (now known as the Investment Association) in May 2014 (the "SORP").

In applying UK GAAP, the financial statements have been prepared in compliance with FRS 102 as adopted for the first time. As a result there have not been any changes in underlying accounting treatments or accounting policies, and there is no impact on net assets attributable to unitholders or distributions. However certain additional disclosures have been included in the financial statements, with related prior year comparatives.

- (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 February. An interim distribution based on available revenue is distributed on the last day of August. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution.
- (g) All investments have been valued at their fair value, at 12 noon on the last business day of the period, which is generally the bid market value net of any accrued revenue. The manager is confident that the difference between this and the close of business year-end valuation is not material.

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 1. Accounting policies continued

- (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 the 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.

## 2. Net (losses)/gains on investments:

	Year ended 31 <sup>st</sup> Dec. 2015 £'000	Year ended 31 <sup>st</sup> Dec. 2014 £'000
Non-derivative securities	(647)	4,885
Currency gains/(losses)	240	(141)
Custodial transaction fees	(24)	(25)
Net capital (losses)/gains*	<u>(431)</u>	<u>4,719</u>
<i>*includes realised gains on investments sold</i>	<u>22,332</u>	<u>5,301</u>

## 3. Revenue

Dividends on UK equities	4,281	4,126
Dividends on overseas equities	3,298	3,744
Interest on bank deposits	—	1
Interest on French withholding tax recoverable	—	29
Interest on UK interest bearing securities	1,255	913
Interest on overseas interest bearing securities	344	309
Property income distributions on UK REITs	200	214
Total revenue	<u>9,378</u>	<u>9,336</u>



## NOTES TO THE FINANCIAL STATEMENTS

continued

### 4. Expenses

	Year ended 31 <sup>st</sup> Dec. 2015 £'000	Year ended 31 <sup>st</sup> Dec. 2014 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	2,951	2,976
- Transfer Agency fee	187	95
- Registrar's fee	—	16
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	45	46
- Safe custody fee	50	58
Other expenses:		
- Accounts printing and postage	3	3
- Audit fee	8	7
- French withholding tax recovery fee	—	5
- Fund accounting fees	32	33
- FT listing fee	4	4
- Professional fees	3	6
- Sundry fees*	11	8
Total expenses	<u>3,294</u>	<u>3,257</u>

\*Includes FTSE license fees, tax computation fees and other fees.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 5. Taxation

	Year ended 31 <sup>st</sup> Dec. 2015 £'000	Year ended 31 <sup>st</sup> Dec. 2014 £'000
<b>(a) Analysis of tax charge</b>		
Overseas withholding tax	370	411
	<u>370</u>	<u>411</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 <sup>st</sup> Dec. 2015 £'000	Year ended 31 <sup>st</sup> Dec. 2014 £'000
Net revenue before taxation	6,084	6,079
Corporation tax at 20%	<u>1,217</u>	<u>1,216</u>
<i>Effects of:</i>		
Revenue not subject to corporation tax	(1,463)	(1,538)
Movement in excess management charges	254	327
Irrecoverable overseas withholding tax	370	411
Overseas tax expensed	(8)	(5)
Current tax charge for the year	<u>370</u>	<u>411</u>

### (c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,814,987 (2014 - £1,486,067) 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. 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 <sup>st</sup> Dec. 2015 £'000	Year ended 31 <sup>st</sup> Dec. 2014 £'000
Interim	3,326	3,399
Final	4,979	4,924
	<u>8,305</u>	<u>8,323</u>
Add: Revenue deducted on cancellation of units	169	327
Deduct: Revenue received on creation of units	(114)	(252)
Net distribution for the year	<u>8,360</u>	<u>8,398</u>
Net revenue after taxation	5,714	5,668
Expenses taken to capital	2,951	2,975
Tax attributable to capital	(305)	(245)
Net distribution for the year	<u>8,360</u>	<u>8,398</u>

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

### 7. Debtors

	31 <sup>st</sup> Dec. 2015 £'000	31 <sup>st</sup> Dec. 2014 £'000
Amounts receivable for creation of units	257	81
Overseas withholding tax recoverable	212	110
Prepaid expenses	4	4
Revenue receivable:		
UK equities	594	642
Overseas equities	84	27
UK bond interest	380	308
Overseas bond interest	129	57
	<u>1,660</u>	<u>1,229</u>

## NOTES TO THE FINANCIAL STATEMENTS

continued

<b>8. Other creditors</b>	31 <sup>st</sup> Dec. 2015	31 <sup>st</sup> Dec. 2014
	£'000	£'000
Amounts payable for cancellation of units	27	1,082
Accrued expenses:		
Audit fee	7	7
Administration fee	7	23
Manager's periodic charge	242	255
Tax Agents fee	5	4
Transfer Agency fee	12	26
Trustee's fee	4	4
Safe custody fee	17	15
	<u>321</u>	<u>1,416</u>

## 9. Unit movement

For the year 1 January 2015 to 31 December 2015

	Legacy	Personal
Opening units	736,539	11,354,448
Units created	5,635	445,793
Units cancelled	(50,727)	(775,179)
Units converted	(104,299)	102,923
Closing units	<u>587,148</u>	<u>11,127,985</u>

## 10. Related Party Transactions

The Manager actively exercises control over the fund and is therefore a related party by virtue of their controlling influence.

Amounts paid during the year or due to the Manager at the balance sheet date are disclosed under Expenses and Creditors 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 Distributions 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 1.1% (2014 - 1.3%).

continued

### **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 Cashflow 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 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.

#### **Credit quality**

All debt securities in the portfolio at the balance sheet date are investment grade (2014 - same).

#### **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

#### 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 the Fund's investment objective.

The interest rate profile of portfolio investments at 31<sup>st</sup> December was:

#### Interest rate profile

	Floating rate Investments £'000	Fixed rate Investments £'000	Non interest bearing Investments £'000	Total £'000
<b>31<sup>st</sup> Dec. 2015</b>				
Investment assets	—	82,303	186,942	269,245
<b>31<sup>st</sup> Dec. 2014</b>				
Investment assets	4,643	49,289	230,081	284,013

## 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.

The currency profile of the fund's net assets at 31<sup>st</sup> December was:

#### Currency profile

	Monetary (Cash/Other assets) £'000	Non-monetary (Securities) £'000	Total £'000	Total %
<b>31<sup>st</sup> Dec. 2015</b>				
UK Sterling	5,847	166,216	172,063	62.6
US Dollar	3,580	55,552	59,132	21.5
Euro	(38)	19,274	19,236	7.0
Hong Kong Dollar	9	11,534	11,543	4.2
Swiss Franc		3,952	3,952	1.4
Mexican Peso		2,960	2,960	1.1
Indonesian Rupiah		2,790	2,790	1.0
Singapore Dollar		1,974	1,974	0.7
South African Rand	6	1,353	1,359	0.5
<b>Total</b>	<b>9,404</b>	<b>265,605</b>	<b>275,009</b>	<b>100.0</b>
<b>31<sup>st</sup> Dec. 2014</b>				
UK Sterling	8,229	159,622	167,851	58.4
US Dollar		56,367	56,367	19.6
Euro	58	27,366	27,424	9.5
Hong Kong Dollar	9	11,438	11,447	4.0
Indonesian Rupiah		5,631	5,631	2.0
Singapore Dollar		5,485	5,485	1.9
Swiss Franc		3,659	3,659	1.3
Mexican Peso		2,823	2,823	1.0
South African Rand		2,855	2,855	1.0
Brazilian Real		2,093	2,093	0.7
Chilean Peso		1,563	1,563	0.6
<b>Total</b>	<b>8,296</b>	<b>278,902</b>	<b>287,198</b>	<b>100.0</b>

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 11. Portfolio Risk Analysis continued

#### Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

	Assets £'000	Liabilities £'000
<b>31<sup>st</sup> Dec. 2015</b>		
Quoted prices for identical instruments in active markets	167,734	—
Valuation techniques using observable market data	101,511	—
	<b>269,245</b>	<b>—</b>
<b>31<sup>st</sup> Dec. 2014</b>		
Quoted prices for identical instruments in active markets	230,081	—
Valuation techniques using observable market data	53,932	—
	<b>284,013</b>	<b>—</b>

### 12. Portfolio Transaction Costs

For the year 1 January 2015 to 31 December 2015

	Value £'000	Commissions £'000	%	Taxes £'000	%
Purchases					
Equity instruments (direct)	5,657	13	0.23	13	0.23
Bond instruments (direct)	81,428	—	—	—	—
<b>Total purchases</b>	<b>87,085</b>	<b>13</b>		<b>13</b>	

#### Total purchases including transaction costs

**87,111**

	Value £'000	Commissions £'000	%	Taxes £'000	%
Sales					
Equity instruments (direct)	69,545	115	0.17	8	0.01
Bond instruments (direct)	31,447	—	—	—	—
<b>Total sales</b>	<b>100,992</b>	<b>115</b>		<b>8</b>	

#### Total sales net of transaction costs

**100,869**

Total transaction costs	128	21
Total transaction costs as a % of average net assets	0.04%	0.01%



## NOTES TO THE FINANCIAL STATEMENTS

continued

### 12. Portfolio Transaction Costs continued

For the year 1 January 2014 to 31 December 2014

	Value £'000	Commissions £'000	%	Taxes £'000	%
Purchases					
Equity instruments (direct)	37,554	92	0.24	80	0.21
Bond instruments (direct)	16,576	—	—	—	—
<b>Total purchases</b>	<b>54,130</b>	<b>92</b>		<b>80</b>	

**Total purchases including  
transaction costs** 54,302

	Value £'000	Commissions £'000	%	Taxes £'000	%
Sales					
Equity instruments (direct)	26,008	54	0.21	22	0.08
Bond instruments (direct)	27,261	—	—	—	—
<b>Total sales</b>	<b>53,269</b>	<b>54</b>		<b>22</b>	

**Total sales net of  
transaction costs** 53,193

Total transaction costs	146	102
Total transaction costs as a % of average net assets	0.05%	0.04%

The above analysis covers any direct transaction costs carried by the fund during the period. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc) are attributable to the fund's purchase and sale of equity shares. Additionally for equity shares there are dealing spread costs (the difference between the buying and selling prices) which are payable on purchase and sale transactions.

For the fund's investment transactions in bonds any applicable transaction charges form part of the dealing spread.

Dealing spread costs incurred by the fund vary depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.06% (2014 - 0.09%).

### 13. Post Balance Sheet Events

There are no post balance sheet events that require disclosure or adjustments to the financial statements.

## DISTRIBUTION TABLES

in pence per unit  
for the year ended 31<sup>st</sup> December 2015

### INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1<sup>st</sup> January 2015  
Group 2 - Units purchased 1<sup>st</sup> January 2015 to 30<sup>th</sup> June 2015

	Unit Class	Net income*	Equalisation**	Amount paid
				28.08.15
Group 1	Legacy	28.000	—	28.000
Group 2	Legacy	23.815	4.185	28.000
Group 1	Personal	28.000	—	28.000
Group 2	Personal	5.607	22.393	28.000

### FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1<sup>st</sup> July 2015  
Group 2 - Units purchased 1<sup>st</sup> July 2015 to 31<sup>st</sup> December 2015

	Unit Class	Net income*	Equalisation**	Amount payable
				29.02.16
Group 1	Legacy	41.667	—	41.667
Group 2	Legacy	18.419	23.248	41.667
Group 1	Personal	42.542	—	42.542
Group 2	Personal	13.762	28.780	42.542

\*Income rate net of a 10% notional tax credit.

\*\*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 year ended 31<sup>st</sup> December 2015

	Year to 31 <sup>st</sup> Dec. 2015 net rate		Year to 31 <sup>st</sup> Dec. 2014 net rate	
	<i>Personal</i>	<i>Legacy</i>	<i>Personal</i>	<i>Legacy</i>
Interim paid	28.000	28.000	28.000	28.000
Final payable/paid	<u>42.542</u>	<u>41.667</u>	<u>40.736</u>	<u>40.487</u>
	<u>70.542</u>	<u>69.667</u>	<u>68.736</u>	<u>68.487</u>







*Manager*

McInroy & Wood Portfolios Limited  
Easter Alderston  
Haddington  
EH41 3SF  
Telephone +44 (0)1620 825867  
www.mcinroy-wood.co.uk

*Directors*

T A U Wood  
G A Bicocchi  
J D S Cumming  
S J Cunningham  
W A Ferguson  
A H Fraser  
J E Marshall  
J C McAulay  
Lord Francis Seymour  
D H Shaw Stewart  
C T F White  
V N U Wood

*Secretary*

J C McAulay

*Investment Adviser*

McInroy & Wood Limited  
Easter Alderston  
Haddington  
EH41 3SF

*Trustee*

BNY Mellon Trust & Depositary (UK) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

*Registrar*

McInroy & Wood Portfolios Limited  
PO Box 12177  
Chelmsford  
CM99 2EA

*Independent Auditor*

PricewaterhouseCoopers LLP  
Chartered Accountants  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

McInroy & Wood Portfolios Limited is a subsidiary of  
McInroy & Wood Limited  
MWIF1215