



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

MCINROY & WOOD LTD (MW) was founded in 1986 by Alan McInroy and Victor Wood who had both held senior positions in the Edinburgh financial world.

MW offers a genuinely independent and personal investment management service to private clients, families and trusts.

The service is normally discretionary and is available either on an individual or a collective basis.

Discretionary Investment Management

An investment portfolio is just like a garden; if it is not properly looked after, on a continuous basis, it will soon deteriorate.

For some people, probably a small minority, the management of their investments is a fascinating hobby. It requires good sources of information and advice, a generous measure of flair, and the willingness to devote a lot of time to it. Others may be interested to a greater or lesser extent in financial matters, but do not have the aptitude or the time to do it themselves. If you fall into the latter category, your needs are likely to be best catered for by means of a discretionary investment management arrangement. This means that you appoint a manager in whom you have confidence to assume responsibility for the day-to-day management of your investments. Having agreed with you a framework of policy and objectives, your manager will take all specific investment decisions at his or her “discretion”.

How are you to choose your discretionary investment manager? These are the qualifications you should be looking for:

EXPERIENCE AND CAPACITY

Obviously the first thing you must have is confidence in the ability of your manager to do a good job for you. This demands the experience and the contacts to invest your money successfully in world markets.

Sound management over a period of years rather than months is the only reliable guide. In the end, your choice will depend upon your assessment of personal credentials and abilities, rather than on a set of fallible statistics.

Discretionary Investment Management (continued)

INDEPENDENCE

You should be concerned as to whether your manager is subject to any outside influences which could become a distraction from the task in hand, that of single-mindedly looking after your investments. As a general rule, an investment manager who forms part of a larger group with interests which may conflict with yours, or whose remuneration depends directly or indirectly on commissions, rather than a clearly stated management fee, cannot claim to be genuinely independent.

A PROFESSIONAL APPROACH

Investment management should ideally have the character of a profession.

With this in mind, you should be looking for a manager who is interested in building a professional relationship of confidence with you as an individual, taking into account your personal objectives and preferences, rather than simply running investment portfolios on mechanical lines as a commercial enterprise.

It was with the object of supplying these qualifications, and in the belief that they are not easy to find, that McInroy & Wood Limited was formed in 1986.

Company Perspective

KEY PRINCIPLES

The conduct of our professional work rests on a few key principles:

- *genuine independence* – the company is controlled by the directors and employees.
- *professional reputation* – as far as we are concerned, it is a fundamental principle that the management of private clients' investments is a profession, not a business, and this covers our entire relationship with our clients.
- *concentration on private clients* – our practice stands on its own and is not a small appendage to a large profit-driven institution.
- *personal attention* – we pay close attention to the personal interests and objectives of each client.
- *fee charging only* – our fees represent the only income which we earn from the management of our clients' investments.
- *performance* – we rely on our professional reputation, rather than short term results, to attract new clients. We thereby avoid pressure to take unnecessary risks with clients' funds for promotional reasons.

These principles embody an ethical code which governs the whole conduct of MW's dealings with its clients.

*“When we mean to build
We first survey the plot, then draw the model.”*

Hen. IV Pt. II

INVESTMENT PHILOSOPHY

Our investment philosophy is directed primarily towards the preservation of the purchasing power of our clients' capital. Accordingly our priority is to establish a sound strategic framework for the portfolios we manage, evaluating continually the relative merits of equities and fixed-interest stocks as well as the attractions of different international markets. We aim to achieve for clients the best total return consistent with the avoidance of undue risk, balancing capital and income requirements.

In the course of our investment work on behalf of clients, we undertake an active and continuing review of ethical issues arising from the conduct of companies we may be investing in.

LONG TERM PERSPECTIVE

We prefer to concentrate on fundamentally sound long-term investments which we consider attractively priced, often because they are in temporarily unfashionable sectors. This long-term approach implies a relatively low turnover of investments which in turn helps to restrict costs for clients. We are less interested in short-term “performance” although of course we do not ignore exceptional dealing opportunities when they arise. Our experience is that, with patience, better results can be achieved in this way than by slavishly following current market trends.

Investment Principles (continued)

INVESTMENT METHOD

In seeking to achieve the best total return for clients:

- we invest internationally, usually by buying direct investments overseas which would be difficult for most private clients to do on their own.
- we adopt a disciplined approach and align each portfolio, so far as practicable, with a model disposition which reflects our current policy and the client's particular requirements.
- we draw on a worldwide range of inputs from fund managers, brokers, banks and industry contacts, most of whom we have known for many years.
- we keep in close touch with companies in which we invest. Above all we try to identify high quality management in the belief that good people will, over time, achieve the best returns.
- we pay close attention to both the income and the capital gain components of total return in assessing the relative merits of investments and so hope to avoid the extremes of market fashion.

A Personal Investment Service

*“Within the eye of honour, be assur’d
My purse, my person, my external means
Lie all unlocked to your occasions.”*

The Merchant of Venice

INDIVIDUAL ATTENTION

Being by definition very much a personal service, the first essential step is to meet in order to talk about your existing assets, tax position, and income requirements. This will enable us to develop together a general investment strategy, taking into account your own personal preferences and objectives. In formulating this strategy, the characteristics of different types of investment will be explained and their suitability to your particular circumstances assessed.

The service we offer to clients is available in three distinct formats, and we will determine with you at an early stage which format is most suitable for you. In most cases the service is discretionary – that is to say that we have full discretion to deal on your behalf.

You have, of course, access at all times to our directors and staff whenever you wish to raise any questions concerning our intromissions.

FULL MANAGEMENT SERVICE

Under this format your holdings are registered in nominee names and held to our order on your behalf.

A Personal Investment Service (continued)

We take responsibility for the management of your investments and for all matters relating to custody and administration. Thus you are relieved of as much paperwork as possible, particularly in connection with tax returns.

We provide you with quarterly portfolio valuations and reviews, quarterly statements of sales and purchases of securities, and annual schedules covering interest and dividends received.

Our standard fee for the full management service is 0.25 per cent per quarter of the value of the funds under management, plus value added tax.

INVESTMENT MANAGEMENT ONLY SERVICE

Under this format the custody and administration of your investments is entrusted to your own professional adviser – in most cases your lawyer or accountant. Your professional adviser may already be providing you with these facilities, which include the settlement of bargains, keeping records of transactions, and maintaining cash balances for you. In this case we set up the necessary procedures on the basis that your professional adviser continues to carry out these functions.

Our responsibility is confined to the management of your investments, and we provide you – or, if you prefer, your professional adviser – with quarterly portfolio valuations and reviews.

Our standard fee for the investment management only service varies according to the precise details of the arrangement but we would not expect the aggregate of the fees paid to your professional adviser and to ourselves to exceed 0.25 per cent per quarter of the value of the funds under management, plus value added tax.

A Personal Investment Service (continued)

*“Every of this happy number,
That hath endur’d shrewd days and nights with us,
Shall share the good of our returned fortune
According to the measure of their states.”*

As You Like It

POOLED MANAGEMENT SERVICE

The requirements of many investors can best be met by the use of pooled investment vehicles. With this in mind we have set up our own pooled investment management service in the form of the McInroy & Wood Balanced and Income Funds.

These Funds are organised as authorised unit trusts, but for practical purposes they should be looked on simply as an extension of our full discretionary service. MW makes no initial charge for investment in either fund (though the trust deeds reserve the power to the Manager to levy one), and in this important respect our practice differs from that commonly applied elsewhere. We strongly believe that the authorised unit trust format, used in this way, offers very considerable advantages to private investors.

These include:

- the avoidance of tax on capital gains realised within the portfolio, allowing greater flexibility in the management of your portfolio.
- for smaller investors particularly, access to a well-diversified portfolio of international securities which otherwise would be difficult and expensive to construct.

A Personal Investment Service (continued)

- simplicity of administration and tax reporting, since the investor's diversified portfolio is technically represented by only one holding.
- the constitutional safeguards associated with authorised unit trusts.

In making use of the McInroy & Wood Balanced and Income Funds as the medium for managing your portfolio you enjoy access to our investment thinking in the same way as clients with discrete portfolios. Under this format the arrangements for the management of your portfolio are governed by a trust deed rather than a discretionary management agreement. Your investments are held by the trustee, BNY Mellon Trust & Depositary (UK) Limited, whose function is to represent your interests.

Our management fee is not applied to any part of the client's portfolio which is invested in either of the funds.

INDIVIDUAL SAVINGS ACCOUNTS (ISAs)

MW provides an ISA facility which is linked to the McInroy & Wood funds and is operated in conjunction with the firm's banking agents.

Full details of how to subscribe to an ISA or make an ISA transfer are available upon request.

SELF-INVESTED PERSONAL PENSION SCHEMES (SIPPs)

In order to accommodate clients who wish McInroy & Wood to manage the investments belonging to their personal pension schemes and who wish to set up an economical pension structure, we have established close relationships with a number of UK pensions administrators.

These firms undertake the administration of the scheme and McInroy & Wood undertakes the investment management. Further details are available on request.

A Personal Investment Service (continued)

AIM PORTFOLIO SERVICE

In response to requests by professional tax advisers and others, McInroy & Wood provides an AIM portfolio management service. Investments purchased under this service consist exclusively of stocks quoted on the Alternative Investment Market which are carefully screened for their eligibility to qualify for Business Property Relief for inheritance tax purposes. Investors who may wish to use such a service should contact us.

FINANCIAL AND TAX PLANNING

We provide general information in this area as part of the introductory process, and make no charge for this service. Many clients, however, need more detailed advice on how they can best preserve their assets and provide for their families in the light of current tax legislation. They also wish such advice to be genuinely independent, without the suspicion that it may have been geared to the amount of commission received by an adviser.

In response to this requirement, we are ready to assist clients who do not have their own professional advisers in obtaining independent advice. This covers tax planning, trusts, wills and other related matters.

A WORD OF CAUTION

You should bear in mind that the value of investments may fall as well as rise and you may not get back the amount you invested.

Directors

VICTOR WOOD has been continuously involved in the investment field since 1966 when he graduated at Oxford having read Greats. After training as an investment analyst in the United States and London he joined an independent Edinburgh-based investment trust where his responsibilities included supervising funds in the USA, Canada, Japan and Australia. He served as a director of a venture capital investment company and also as a member of the General Committee of the Association of Investment Trust Companies. Outside his investment management work, he has served as a member of the Board of Stewardship and Finance of the Church of Scotland, and on public and private bodies in the fields of education and health care. He is an occasional contributor to various professional journals of articles on investment and related topics.

GUIDO BIOCCHI joined McInroy & Wood in 2008, with over 10 years experience in the financial services industry. He graduated in Accounting and Finance at Robert Gordon University and, after qualifying as a chartered accountant, he worked at a leading private equity house where he was responsible at board level for a portfolio of small and medium sized companies.

DOUGLAS BROWN joined McInroy & Wood in 2002 after 30 years experience in international investment banking. He became a non-executive director in May 2011. After graduating in History at Cambridge he qualified with a major firm of chartered accountants in London. He then worked for a leading merchant bank in London and Hong Kong as a managing director and was also a non-executive director of a large investment trust in Edinburgh. He sits on the investment panel of a charitable foundation in the field of education.

Directors (continued)

DAVID CUMMING joined McInroy & Wood in 2000, with more than 25 years experience as an international investment manager. After graduating in Law at Oxford in 1967, he trained as an investment analyst in London. He worked in Norway for a number of years managing international funds for a major insurance company. On his return to London he became managing director of an international fund management company, and subsequently he formed his own investment management firm. He has served as a director of investment and financial institutions in Europe and the USA.

ANTONIA FRASER joined McInroy & Wood in 1990. She is director in charge of administration on behalf of clients and has been closely involved in the development of the firm's systematic administrative procedures. Outside her investment work she participates in local enterprise through her interest in the family furniture business.

JOHN MARSHALL joined McInroy & Wood in 2009 and has over 30 years experience in international financial services including extensive periods in Asia. He graduated in Commerce from Edinburgh University and subsequently obtained an MBA at Henley Business School. Prior to joining McInroy & Wood he was a managing director with a leading European investment bank.

CAMPBELL MCAULAY joined McInroy & Wood in 2002 and is financial director and company secretary. After graduating in Law at Edinburgh University in 1990, he qualified as a member of the Institute of Chartered Accountants of Scotland with an international accountancy firm in Glasgow. Having gained experience in corporate advisory work, he spent eight years as a director of finance and company secretary in the printing and publishing industry.

Directors (continued)

LORD FRANCIS SEYMOUR joined McInroy & Wood in 2002, having been an investment manager since 1983. After qualifying as a solicitor with a West End practice he joined the investment department of a leading London merchant bank. In 1987 he became one of the founding directors of Guinness Flight Global Asset Management, where he managed UK and European equity funds and developed his specialist knowledge of emerging markets. During his career he has managed investments for private and institutional clients, and collective funds.

DAVID SHAW STEWART joined McInroy & Wood in 2001, having been an international investment manager since 1984. After graduating in History at Cambridge in 1977, he qualified as a chartered accountant in London before working in the finance department of a large engineering group. He returned to Scotland to join Stewart Ivory, the Edinburgh-based fund management company, where he became a director. As head of UK equities, he had significant investment responsibilities for a number of major clients.

TIM WOOD joined McInroy & Wood in 2000. After graduating with a Masters degree in Mechanical Engineering at Bristol University in 1996, he worked as an analyst for the London Stock Exchange in London, gaining wide experience of primary and secondary securities markets in the UK and overseas. He became a CFA Charterholder in 2003, and has developed a specialist interest in the smaller company sector.

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