McInroy & Wood

PERSONAL INVESTMENT MANAGERS

BALANCED FUND

A pooled management service for private clients

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29TH FEBRUARY 2024

CONTENTS

AUTHORISED FUND MANAGER'S REPORT*

FINANCIAL STATEMENTS

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

INTRODUCTION

The McInroy & Wood Balanced Fund (the fund) is an authorised unit trust for those who wish to have their assets personally managed by McInroy & Wood Limited (MW). The fund is designed for use by both discretionary clients of MW and by those who are comfortable deciding whether the fund is suitable for them.

The fund has been established with the aim of providing investors 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 fund is to maximise the total return to unitholders, by preserving and growing the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Prices Index (RPI) is the measure of inflation used by the Manager. Investors should intend to hold an investment in the fund for a minimum period of 3 years. Total return is defined as capital appreciation, if any, plus income received, and does not imply that a positive return will be consistently achieved over this or any other time period. Investors should be aware that their capital is at risk.

The fund may invest in any geographical areas and any economic sectors. The fund invests at least 50 percent in a combination of shares of companies quoted on the world's stockmarkets, fixed income and debt securities (investment and sub-investment grade). Other appropriate investments, such as cash or cash equivalents may also be held, particularly to preserve capital in the event of volatile market conditions. In addition, not more than 10 percent of the property of the fund may be invested in securities dealt on the Alternative Investment Market of the London Stock Exchange, and/or equivalent overseas market. It is not intended that the fund will have an interest in any immovable property or tangible movable property.

The fund has always avoided investment in tobacco and arms companies, as well as companies involved in usurious lending and gambling.

The Manager has power to invest more than 35 percent in value of the scheme property of the fund in a single issuer of government 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 (MWP), Easter Alderston, Haddington, EH41 3SF (Tel. +44(0)1620 825867) or through the website: www.mcinroy-wood.co.uk.

At 29th February 2024, total net assets of the fund amounted to £1,183,449,364 compared with £1,073,955,884 twelve months before. There were 2,308 unitholders with an average holding worth £517,523.

The fund produced a total return of 5% over the year (total return represents the aggregate of capital appreciation, if any, which would be indicated by a rise in the unit price, plus income received from the fund's half-yearly dividends). Gains in developed market equities, government bonds and gold significantly outweighed adverse currency movements and weakness in some emerging market equities.

Markets

Equity market performance was mixed over the year to 29th February 2024. Investor sentiment generally improved, reflecting a growing sense of optimism that global inflation was trending downwards and that major central banks across the developed world would not have to increase interest rates any further. However, specific concerns remained over the health of the UK and Chinese economies. The UK market lost 3%, and China fell by 16%.

By contrast, the outperformance of a narrow band of seven very large technology stocks resulted in a 29% advance for the US market. If these were excluded, the gain in the US market was a more modest 15%. The European market was up 10%, while Japan rose by a remarkable 37% as modest inflation readings lifted growth expectations. All market movements are measured by MSCI indices expressed in local currencies. The strength of the pound restricted the MSCI All-Country World Index to a 15% gain in sterling terms.

Government bond prices generally rose over the period. Short and medium-dated conventional issues in the UK and US were up about 3% and 4%, respectively, and there were similar gains in euro-denominated equivalent stocks. The prices of short-dated Swiss bonds finished the period largely unchanged. Index-linked bonds in the UK and US rose by up to 5%.

In foreign exchange markets, sterling strengthened against most major currencies, gaining 3% against the euro, 5% against the US dollar, and 16% against the Japanese yen. These movements negatively impacted returns from international assets for UK investors.

The gold price appreciated by 12% in US dollar terms.

As measured by the UK Retail Price Index, inflation was 4.5% over the 12 months to 29th February 2024.

Results and dividend distribution

The objective of the fund is to preserve and grow the real value of investors' capital and income, placing an equal emphasis on the generation of income and capital growth. Investors are encouraged to hold units for a minimum of three years to provide the best chance of achieving that objective. Real value is defined as the value of capital and income after adjusting for the impact of inflation, as measured by the UK Retail Prices Index (RPI), over the same period.

The price of units in the fund at 29th February stood at £62,392, up 4% compared with the figure twelve months before. A final dividend distribution of 57.616 pence per unit is now being paid. This brings the total distribution over the year to 87.616 pence per unit, 2% lower than that paid in the previous year. The fund benefitted from a special dividend paid by Rio Tinto in the year to 28th February 2023 that was not repeated in the current year. This more than offset the benefits of rising bond yields over the course of the year. The resulting total return to unitholders of 5% was higher than the rate of inflation, as measured by RPI, which was 4.5% over the 12 months to 29th February 2024.

While the fund generally gained from positive returns from equity markets, it did not benefit from concentrated gains in US and Japanese markets over the period. Aside from Microsoft (+70%), it has no direct exposure to the seven largest US technology stocks, and the Japanese equity allocation is biased toward exporters rather than the domestic and financial stocks that have performed well over the short term, on the belief that they have superior long-term prospects.

Over the three years to 29th February 2024 (the minimum recommended holding period), the total return to unit holders in the fund was 18%, compared to retail price inflation of 29%, but over five years the respective figures were 40% and 34%.The fund has provided a total return to unitholders of 984% above inflation since its inception in February 1990. Historically high levels of inflation in the UK, together with the enormously disruptive impact of the COVID-19 pandemic, have presented a difficult background for the fund to achieve its objectives over the past three years. Although inflation in the UK remains elevated, it has fallen dramatically over the past year, and there are promising signs that it is being brought under control. The fund's portfolio of equities has been carefully selected, emphasising reasonably valued companies with good prospects of delivering sustainable growth across economic cycles. This emphasis is the key element in the fund's strategy to enable the value of the portfolio to grow faster than inflation over the long term.

Portfolio strategy

The fund held a diversified selection of global equities, conventional and inflation-protected government bonds, and gold over the period. Many of the perceived risks to equity markets appeared to ease as confidence grew that economic growth could be sustained while falling inflation would allow interest rates to be cut. As a result, the portfolio's target equity weighting was raised by 10% to 65% during the year. There were corresponding reductions in allocations to inflation-protected US government bonds and gold. The remaining position in gold was sold in February and used to purchase short-dated UK and US government bonds.

On 29th February 2024, 66% of the portfolio was allocated to equities (56% on 28th February 2023), 33% to government bonds (33%), 0% (10%) to gold, and 1% (1%) to cash.

Investments

New positions were established in Olympus and Tokyo Ohka Kogyo in Japan, Spectris in the UK, and WEG (Brazil), Mahindra & Mahindra (India) and Chroma ATE (Taiwan) in emerging markets. The fund's exposure to Shell (UK) was reduced, and a holding in TotalEnergies (France) was added. Becton Dickinson (US), Nabtesco (Japan), Vitasoy (Hong Kong) and XP Power (UK) were all sold.

Aside from Microsoft, there were notable gains in SAP (+62%), and ASML (+51%). However, it was a difficult period for Shandong Weigao (-59%), Misumi (-29%), and Anta Sports Products (-22%).

In the bond allocation, one US government stock was redeemed in July, while other issues were sold ahead of imminent redemption dates. These were replaced by similar stocks maturing over the next five years, as well as a UK government bond redeemable in 2028. The effect of these transactions was to increase the average time to maturity of the overall bond allocation to 2.4 years from 2.1 years twelve months before.

A summary of all portfolio changes is shown on pages 13 to 15 of this report.

Outlook

The coming year is likely to be characterised by a gradual reduction in interest rates as inflation moderates. It is also probable that there will be considerable political uncertainty due to an unusually large number of national elections, which may unsettle markets. Global growth is expected to be positive, even if it may run below recent norms while interest rates remain at elevated levels. Meanwhile, consumer spending is healthy, particularly in the US, and unemployment levels are stable. Despite the scale of local suffering, the conflicts in Ukraine and the Middle East have stayed relatively contained. As a result, their impact on wider economic prospects has been limited.

Outlook continued

Overall, this offers a fairly encouraging backdrop for long-term investment, even if the growing consensus that central banks will achieve a 'soft landing', bringing global inflation down without any impact on growth, may prove a little too optimistic. The after-effects of the fastest tightening of monetary policy since the 1980s could still prove damaging. While the rude health of the US economy should enable it to withstand any short-term setback, other major economies may not prove to be as well-positioned. Indeed, both the German and UK economies finished 2023 in recession. However, the euro area, in particular, is expected to recover well over the next two years as commodity prices have fallen more quickly than expected.

The Federal Reserve's credibility with investors has grown through its recent success in bringing down US inflation. However, as the country enters an election year, political risks are now beginning to attract attention. Former President Trump's warnings about underspending amongst NATO members offer a vivid reminder of life with a radical populist in the White House. While a Republican victory has traditionally been seen as encouraging for corporate prospects, it is difficult to assess quite how the market might react to a Trump win. Nevertheless, whoever comes out on top, their domestic policies are likely to be hampered in Congress, although the winner does at least appear set to inherit a healthy economy.

There are good reasons to be upbeat about the outlook for Japan, and the fund's exposure to the country has been increased during the year. Inflation has remained modest, and economic growth should be boosted by rising demand for automation as efforts are made to build more resilient supply chains. This trend forms a key component of a programme of planned capital investments which are growing at their highest level in four decades. At the same time the government is subsidising the semiconductor industry to trigger further growth, while it has also committed to providing financial support for ten years to accelerate the country's transition to green energy.

Outlook continued

Despite a slowdown in China, many developing Asian countries continue to grow much faster than their developed counterparts. The IMF expects their collective output to increase by more than 5% next year, with notable contributions from India (+7%), the Philippines (+6%), and Indonesia (+5%). These forecasts could be revised upwards if the Chinese government can successfully revitalise the country's economic growth. China is almost alone in suffering from deflation; consumer sentiment is weak, and export prices are falling at the fastest rate since the financial crisis. It is also mired in a deeply entrenched property slump. Nevertheless, the IMF still forecasts GDP growth to be above 4% in both 2024 and 2025, and there appears to be scope for a strong recovery in the country's equity market. Even if returns from emerging markets have been disappointing over the last decade, it remains difficult to ignore their potential.

At a corporate level, high interest costs will continue to cramp profitability and restrain capital expenditure, particularly for companies already struggling to support stretched balance sheets. Strongly financed and cash-generative companies are best placed to take advantage of important trends such as the further expansion of digitalisation to cope with ageing western populations and the transition to new sources of energy. The latter is leading to opportunities both in the traditional oil sector and in newer industries like green energy, transmission and battery storage.

Portfolio strategy continues to be cautious about the handful of US companies that have disproportionately determined recent market returns. Although the fund has benefited from its position in Microsoft, the valuations of these stocks appear to have been boosted by volatile enthusiasm for themes such as artificial intelligence and this would seem to make little allowance for the risks inherent in quasi-monopoly technologies, including regulatory or political intervention. Some of the high-growth stocks listed elsewhere in the world appear much less expensive and better placed to deliver attractive and potentially more sustainable investment returns over the long term.

The fund has generally emphasised lesser-known, reasonably valued companies with attractive fundamental characteristics and sustainable earnings growth prospects. At the same time, the portfolio's bond allocations are designed to provide some protection in the event of a more severe slowdown than investors currently anticipate. This measured approach to the overall portfolio should prove rewarding for investors.

19th April 2024

COMPARATIVE TABLE - PERSONAL CLASS

	29th February 2024 (pence per unit)	28th February 2023 (pence per unit)	28th February 2022 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	5,964.63	5,865.38	5,427.39
Return before operating charges*	368.55	254.85	585.09
Operating charges	(65.03)	(65.94)	(65.92)
Return after operating charges	303.52	188.91	519.17
Distributions	(87.62)	(89.66)	(81.18)
Closing net asset value per unit	6,180.53	5,964.63	5,865.38
*After direct transaction costs of	(4.40)	(2.81)	(1.34)
Performance**			
Return after charges	5.09%	3.22%	9.56%
Other information			
Closing net asset value (£'000)	1,183,449	1,073,956	1,007,887
Closing number of units	19,148,025	18,005,407	17,183,654
Operating charges	1.09%	1.11%	1.11%
Direct transaction costs	0.07%	0.05%	0.02%
Prices			
Highest unit price	£62.392	£61.940	£63.303
Lowest unit price	£57.420	£56.240	£54.286
Portfolio turnover			
Annualised	63%	61%	21%

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

Turnover has been higher in recent periods due to changes in the fund's asset allocation and the reinvestment of maturing bond proceeds.

COMPARATIVE TABLE - PERSONAL CLASS

Please note that the capital return element, reflected in the performance figure noted above, is based on the movement in the net asset value per the published financial statements and includes the impact of post year end accounting adjustments. It may therefore vary from the unit price movement noted in the Manager's Report. The unit price is struck at the daily valuation point at 12 noon, whereas the valuation of investments reported in the financial statements is struck at the close of business on the last business day of the period (See note 1(g)), creating a timing difference.

PORTFOLIO STATEMENT

as at 29th February 2024

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of Total Net Assets 29th Feb. 2024	Percentage of Value of Total Net Assets 28th Feb. 2023
Bonds				
UK				
United Kingdom Gilt 0.25% 2025	£30,749,000	29,505	2.5	
United Kingdom Gilt 1.625% 2028	£37,460,000	33,706	2.8	
United Kingdom Inflation-Linked Gilt 0.125% 2026	£19,638,700	28,338	2.4	
		91,549	7.7	5.2
USA				
US Treasury 1.75% 2025	$37,960,000	28,994	2.4	
US Treasury 2.25% 2027	$43,720,000	32,084	2.7	
US Treasury 2.625% 2026	$41,256,000	31,407	2.7	
US Treasury 2.875% 2029	$43,415,000	32,093	2.7	
US Treasury Inflation Indexed Bonds 0.125% 2027	$39,230,000	31,743	2.7	
US Treasury Inflation Indexed Bonds 0.25% 2025	$26,899,000	27,057	2.3	
		183,378	15.5	18.6
GERMANY				
Germany (Federal Republic) 0.5% 2025	€ 33,397,000	27,797	2.4	
Germany (Federal Republic) 0.5% 2026	€ 33,884,000	27,692	2.3	
		55,489	4.7	4.8
SWITZERLAND				
Swiss Confederation Government Bond 1.25% 2026	CHF 31,023,000	28,002	2.4	
Swiss Confederation Government Bond 1.5% 2025	CHF 30,437,000	27,463	2.3	
		55,465	4.7	4.7
TOTAL BONDS		*385,881*	*32.6*	*33.3*
Equities				
UK				
Croda International	494,899	23,582	2.0	
Rio Tinto	435,689	22,129	1.9	
Shell	617,445	15,170	1.3	

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of Total Net Assets 29th Feb. 2024	28th Feb. 2023
Equities continued				
UK continued				
Spectris	340,525	11,935	1.0	
Spirax-Sarco Engineering	267,529	27,609	2.3	
Weir	1,044,610	19,148	1.6	
		119,573	10.1	11.9
USA				
Abbott Laboratories	201,780	18,914	1.6	
Ecolab	124,634	22,138	1.9	
Edwards Lifesciences	542,715	36,357	3.1	
Mettler-Toledo International	28,776	28,373	2.4	
Microsoft	76,529	25,004	2.1	
Paychex	251,119	24,321	2.0	
Watsco	95,092	29,595	2.5	
		184,702	15.6	13.8
DENMARK				
Novo Nordisk	380,380	35,920	3.0	2.8
FRANCE				
Air Liquide	213,533	34,325	2.9	
Hermes International	8,300	16,420	1.4	
Schneider Electric	200,148	35,830	3.0	
TotalEnergies	275,077	13,882	1.2	
		100,457	8.5	5.8
GERMANY				
SAP	188,870	28,015	2.4	1.7
IRELAND				
Kerry 'A'	456,114	31,599	2.7	1.5
NETHERLANDS				
ASML	45,353	33,771	2.8	2.4
SWITZERLAND				
Sonova	90,802	22,190	1.9	1.3
JAPAN				
Asahi Intecc	1,507,000	24,683	2.1	
Misumi	1,805,200	21,778	1.8	
Nissan Chemical	1,060,600	34,895	3.0	
Olympus	1,823,600	20,531	1.7	

continued

		Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of Total Net Assets 29th Feb. 2024	28th Feb. 2023
Equities continued					
JAPAN continued					
Shimadzu		1,094,000	23,588	2.0	
Tokyo Ohka Kogyo		1,218,300	29,549	2.5	
			155,024	13.1	7.6
TAIWAN					
Chroma ATE		559,000	3,257	0.3	0.0
DEVELOPING MARKETS					
Brazil	Localiza Rent a Car	998,285	8,418	0.7	
	WEG	560,505	3,272	0.3	
China	Anta Sports Products	1,192,200	9,240	0.8	
Hong Kong	Shandong Weigao Medical Polymer	9,492,000	4,869	0.4	
India	Crompton Greaves Consumer Electricals	3,121,168	8,685	0.7	
	Mahindra & Mahindra	194,834	3,589	0.3	
	Marico	1,885,104	9,376	0.8	
Mexico	Wal-Mart de Mexico	3,603,943	11,365	0.9	
Portugal	Jeronimo Martins SGPS	494,551	9,359	0.8	
			68,173	5.7	7.0
TOTAL EQUITIES			*782,681*	*66.1*	*55.8*
Exchange Traded Commodities (ETC) - Physically Backed					
IRELAND			0	0.0	10.0
TOTAL INVESTMENTS			1,168,562	98.7	99.1
Net other assets			14,887	1.3	0.9
TOTAL NET ASSETS			*1,183,449*	*100.0*	*100.0*

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 29th February 2024 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 29th February 2024

Purchases		Cost £'000
33,578	Abbott Laboratories	2,895
21,840	Air Liquide	3,015
281,400	ANTA Sports Products	2,238
186,800	Asahi Intecc	3,103
559,000	Chroma ATE	2,843
271,586	Croda International	13,018
365,000	Crompton Greaves Consumer Electricals	1,009
277,332	Edwards Lifesciences	15,224
2,532,000	Germany (Federal Republic) 0.5% 2025	2,097
2,574,000	Germany (Federal Republic) 0.5% 2026	2,097
972	Hermes International	1,513
112,030	iShares Physical Gold ETC	3,307
257,381	Kerry 'A'	18,734
177,730	Localiza Rent a Car	1,688
194,834	Mahindra & Mahindra	2,997
401,200	Marico	2,000
8,821	Mettler-Toledo International	9,107
8,443	Microsoft	2,052
964,900	MISUMI	14,036
299,400	Nabtesco	5,099
614,800	Nissan Chemical	20,042
1,823,600	Olympus	23,020
95,507	Paychex	9,370
86,725	Rio Tinto	4,019
30,838	Schneider Electric	4,479
429,700	Shimadzu	9,913
19,783	Sonova	4,031
340,525	Spectris	12,320
28,955	Spirax-Sarco Engineering	2,996
1,791,000	Swiss Confederation Government Bond 1.25% 2026	1,593
2,107,000	Swiss Confederation Government Bond 1.5% 2025	1,876
426,500	Tokyo Ohka Kogyo	18,710
275,077	TotalEnergies	14,219
33,649,000	United Kingdom Gilt 0.25% 2025	32,194

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Purchases		Cost £'000
37,460,000	United Kingdom Gilt 1.625% 2028	32,177
921,700	United Kingdom Inflation-Linked Gilt 0.125% 2026	1,300
4,800,000	US Treasury 0.125% 2024	3,689
8,288,000	US Treasury 0.125% I-L 2024	8,297
1,717,000	US Treasury 0.375% 2024	1,252
37,960,000	US Treasury 1.75% 2025	29,268
43,720,000	US Treasury 2.25% 2027	32,418
41,256,000	US Treasury 2.625% 2026	31,059
43,415,000	US Treasury 2.875% 2029	32,291
705,463	Wal-Mart de Mexico	2,020
560,505	WEG	3,013
	TOTAL	443,638

continued

Disposals		Proceeds £'000
29,239	Air Liquide	3,988
5,177	ASML	3,019
79,955	Becton Dickinson	16,812
239,192	Invesco Physical Gold ETC	36,873
2,562,613	iShares Physical Gold ETC	79,408
3,581	Localiza Rent a Car Rights 02/2024	6
3,671	Localiza Rent a Car Rights 05/2023	10
7,320	Localiza Rent a Car Rights 11/2023	8
41,470	Microsoft	11,016
997,600	Nabtesco	14,493
30,525	Novo Nordisk DKK 0.2	4,183
71,020	Novo Nordisk DKK 0.1	6,755
112,987	Rio Tinto	5,947
514,693	Shell	12,894
35,700,000	United Kingdom Gilt 0.25% 2025	32,947
39,267,000	US Treasury 0.125% 2023	30,521
43,800,000	US Treasury 0.125% 2024	35,245
52,979,000	US Treasury 0.125% I-L 2024	51,707
44,465,000	US Treasury 0.375% 2024	34,909
7,056,000	Vitasoy International	4,992
435,912	XP Power	9,842
	TOTAL	395,575

GENERAL INFORMATION

Authorisation
The Balanced Fund is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is categorised as a UK 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 UK capital gains tax on realised capital gains. Overseas capital gains tax is accounted for on an accruals basis.

Applications
The minimum initial and subsequent investment in the fund is £500. Regular monthly contributions may be made for a minimum of £100. Online dealing is available.

Costs of Investment Research
MW, the Investment Adviser to the Manager of the Balanced Fund, pays for all research costs relating to the management of the investments within the fund from its own resources. No additional charges are placed upon the fund relating to the provision of investment research.

Using your Personal Information
The personal information which we obtain from you when you invest in the fund is used to help administer your investment. All processing of your personal information will be carried out in accordance with our Privacy Policy, which you can access at the foot of the homepage on our website (www.mcinroy-wood.co.uk). Please read our Privacy Policy, as it sets out your rights with respect to any personal information we collect from or about you, and explains in more detail how we use that information to administer your investment.

Remuneration Policy
MWP delegates investment management of the fund, and other in-house funds (together "funds") to MW, the Investment Adviser. Directors and staff involved in the management of the fund are remunerated in accordance with MW's Remuneration Policy. The Remuneration Policy is available on our website and is approved annually by the MW 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 risk taking 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.

continued

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 risks not normally associated with developed markets.

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7

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 as adopted by the Financial Conduct Authority 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 change over time.

Value Assessment

The Manager conducted an assessment of value for the fund. The assessment of value report is published annually by 30th June and is available to investors in a composite report for all the McInroy & Wood funds on our website.

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 in accordance with United Kingdom Generally Accepted Accounting Practice (including FRS 102), 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 Investment Management Association in May 2014, updated in June 2017;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue as a going concern unless it is inappropriate to do so; and
- 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 Our Fund pages of the McInroy & Wood website is the responsibility of the Authorised Fund Manager.

DIRECTORS' STATEMENT

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

T A U Wood
Director

J C McAulay
Director

Haddington, 19th April 2024

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE TRUSTEE

to the Unitholders of the McInroy & Wood Balanced Fund (the Trust) for the year ended 29th February 2024

The Trustee in its capacity as Trustee of the McInroy & Wood Balanced Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the AFM), which is the UK UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

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 Trust, acting through the AFM:

(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 Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

For and on behalf of
The Bank of New York Mellon
(International) Limited

19th April 2024

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF MCINROY & WOOD BALANCED FUND

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of McInroy & Wood Balanced Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 29th February 2024 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 29th February 2024; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Conclusions relating to going concern continued
However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Manager's Report
In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements
As explained more fully in the Statement of the Manager's Responsibilities, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Fund/Industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and

- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the Fund'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.

Other required reporting

Opinion on matter required 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.

Collective Investment Schemes sourcebook exception reporting
Under the Collective Investment Schemes sourcebook we are also 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.

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Edinburgh

19th April 2024

STATEMENT OF TOTAL RETURN

for the year ended 29th February 2024

	Notes	Year ended 29th Feb. 2024 £'000	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000	Year ended 28th Feb. 2023 £'000
Income					
Net capital gains	2		51,201		26,446
Revenue	3	20,022		18,676	
Expenses	4	(12,275)		(11,410)	
Net revenue before taxation		7,747		7,266	
Taxation	5	(1,037)		(491)	
Net revenue after taxation			6,710		6,775
Total return before distributions			57,911		33,221
Distributions	6		(16,343)		(15,648)
Change in net assets attributable to unitholders from investment activities			41,568		17,573

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 29th February 2024

	Year ended 29th Feb. 2024 £'000	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000	Year ended 28th Feb. 2023 £'000
Opening net assets attributable to unitholders		1,073,956		1,007,887
Amounts receivable on creation of units	102,925		81,107	
Amounts payable on cancellation of units	(35,000)		(32,611)	
		67,925		48,496
Change in net assets attributable to unitholders from investment activities		41,568		17,573
Closing net assets attributable to unitholders		1,183,449		1,073,956

BALANCE SHEET

as at 29th February 2024

	Notes	29th Feb. 2024 £'000	29th Feb. 2024 £'000	28th Feb. 2023 £'000	28th Feb. 2023 £'000
ASSETS:					
Fixed assets:					
Investments			1,168,562		1,064,041
Current assets					
Debtors	7	5,903		3,485	
Cash & bank balances		21,697		18,955	
Total other assets			27,600		22,440
Total assets			1,196,162		1,086,481
LIABILITIES:					
Provision for other liabilities	9		(604)		(622)
Creditors					
Distribution payable		(11,033)		(10,922)	
Other creditors	8	(1,076)		(981)	
Total liabilities			(12,713)		(12,525)
Net assets attributable to unitholders			1,183,449		1,073,956

for the year ended 29th February 2024

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, updated in June 2017, (the "SORP").

(b) Dividends receivable from equity investments are recognised gross of withholding tax 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 costs associated with the purchase and sale of investments which are allocated to 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.

Overseas capital gains tax is accounted for on an accruals basis.

(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 April. An interim distribution based on available revenue is distributed on the last day of October. The ordinary element of stock dividends is treated as revenue and forms part of the distribution and indexation on index linked bonds is included as part of the distribution. The annual management charge is initially charged to revenue but ultimately borne by the capital of the fund.

(g) All investments have been valued at their fair value, at close of business on the last business day of the period, which is generally the bid market value net of any accrued revenue.

(h) Foreign currency transactions are translated at the rates ruling on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at exchange rates prevailing at the balance sheet date.

continued

2. Net capital gains

	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
Non-derivative securities	51,372	24,348
Currency (losses)/gains	(165)	2,110
Custodian transaction costs	(6)	(12)
Net capital gains*	51,201	26,446
**includes realised gains on investments sold*	32,901	44,547

3. Revenue

	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
Bank interest	350	67
Interest on overseas debt securities	5,397	2,745
Interest on UK debt securities	2,890	3,196
Overseas dividends	7,819	7,793
UK dividends	3,566	4,875
Total revenue	20,022	18,676

continued

4. Expenses

	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	11,209	10,412
– Transfer agency fee	463	425
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	167	156
– Safe custody fee	278	266
Other expenses:		
– Audit fee	15	16
– Fund accounting fee	67	65
– Interest payable and similar charges	21	27
– Professional services fees*	9	7
– Sundry fees**	46	36
Total expenses	12,275	11,410

*Includes non-audit service fees of £4,990 payable to the fund's auditors, PricewaterhouseCoopers LLP (2023: £4,479).

**Includes FT listing fees, financial statement printing and postage and other fees.

continued

5. Taxation

	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
(a) Analysis of tax charge for the year		
Indian capital gains tax	(16)	(503)
Overseas tax	1,053	994
	1,037	491

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2023 - lower) than the standard rate of corporation tax in the UK for an authorised unit trust (20% (2023 - 20%)). The differences are explained below:

	Year ended 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
Net revenue before taxation	7,747	7,266
Corporation tax at 20%	1,549	1,453
Effects of:		
Indexation allowance	(205)	(687)
Indian capital gains tax	(16)	(503)
Movement in unrecognised tax losses	867	1,828
Overseas tax	1,053	994
Overseas tax expensed	(9)	(20)
Prior year adjustment to unrecognised tax losses	(17)	(173)
Revenue not subject to tax	(2,185)	(2,401)
Current tax charge for the year	1,037	491

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £11,501,587 (2023 - £10,634,562) in respect of unrecognised tax losses. 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 current or prior year.

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 29th Feb. 2024 £'000	Year ended 28th Feb. 2023 £'000
Interim		5,659	5,100
Final		11,033	10,922
		16,692	16,022
Add:	Revenue deducted on cancellation of units	225	203
Deduct:	Revenue received on creation of units	(574)	(577)
Net distribution for the year		16,343	15,648
Net revenue after taxation		6,710	6,775
Expenses taken to capital		11,209	10,412
Indian capital gains tax		(16)	(503)
Tax attributable to capital		(1,560)	(1,036)
Net distribution for the year		16,343	15,648

Details of the distributions per unit are shown in the Distribution Tables on page 38.

continued

7. Debtors

	29th Feb. 2024 £'000	28th Feb. 2023 £'000
Amounts receivable for creation of units	2,871	1,721
Overseas withholding tax recoverable	594	605
Prepaid expenses	4	4
Revenue receivable:		
Overseas equities	227	201
Overseas bond interest	1,801	664
UK bond interest	238	21
UK equities	168	269
	5,903	3,485

8. Other Creditors

	29th Feb. 2024 £'000	28th Feb. 2023 £'000
Accrued expenses:		
Audit fee	15	16
Custodial transaction fees	2	2
Fund accounting fee	11	15
Manager's periodic charge	935	841
Safe custody fees	42	41
Transfer agency fee	37	32
Trustee's fee	14	12
Other	15	22
Amounts payable for cancellation of units	5	–
	1,076	981

9. Provision for other liabilities

The fund had the following provision during the year:

	Overseas capital gains tax £'000	Total £'000
At 28th February 2023	622	622
Deductions dealt with in profit or loss	(18)	(18)
At 29th February 2024	604	604

	Overseas capital gains tax £'000	Total £'000
At 28th February 2022	1,115	1,115
Deductions dealt with in profit or loss	(493)	(493)
At 28th February 2023	622	622

continued

10. Unit movement

For the year 1st March 2023 to 29th February 2024

Opening units	18,005,407
Units created	1,732,571
Units cancelled	(589,953)
Closing units	19,148,025

11. Related Party Transactions

The Manager actively exercises control over the fund and is therefore a related party by virtue of its 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 0.6% (2023 - 0.7%).

12. Portfolio Risk Analysis

In pursuing its investment objectives, the fund's portfolio is invested 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 is operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and debtors for accrued revenue.

Credit and Liquidity Risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment, and includes the risk that the issuer of a security will be unable to pay interest and principal in a timely manner. The fund is exposed to credit risk through its investment in debt securities. In order to limit credit risk during the period, bonds held by the fund were backed by either the German, Swiss, US or UK government and the gold ETCs, which are structured as debt securities, were backed by physical gold.

continued

12. Portfolio Risk Analysis continued

Credit and Liquidity Risk continued

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.

It is estimated that 96% of the fund could be realised within 5 days, based upon normal trading activities and achieving 30% of the 30-day average traded volume.

Credit Quality

All debt securities in the portfolio at the balance sheet date are investment grade (2023 - 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.

Interest Rate Risk

The Manager commonly invests part of the fund's 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 future cash flows from such deposits and on the amount of income derived from them.

The Manager reviews policies for managing these risks in pursuance of the investment objective and policy.

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.

continued

12. 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
29th February 2024		
Level 1: Quoted prices	1,168,562	–
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
	1,168,562	**–**

	Assets £'000	Liabilities £'000
28th February 2023		
Level 1: Quoted prices	1,064,041	–
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
	1,064,041	**–**

13. Risk Exposure

The Manager uses Value at Risk (VaR) to measure the risks relating to the financial assets in which the fund is invested.

Value at Risk is a statistical measurement. It intends to measure the maximum potential loss in the fund's Net Asset Value under normal market conditions and is calculated for a given confidence level (probability) over a specific time period. The Manager calculates an absolute VaR daily, based on a one year historical observation period and uses a confidence level of 97.5% with a holding period of 1 month.

The absolute VaR of the fund is not permitted to be greater than 20% of its Net Asset Value under normal market conditions.

The table below details the lowest, highest and average VaR in the year.

	Year ended 29th Feb. 2024 %	Year ended 28th Feb. 2023 %
Year end VaR	4.98	5.10
Minimum VaR	4.31	3.98
Maximum VaR	5.59	5.31
Average VaR	4.97	4.66

Leverage

The fund had no exposure to leverage, either in the form of debt or derivatives during the current or prior year.

continued

14. Portfolio Transaction Costs

For the year 1st March 2023 to 29th February 2024

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	228,124	171	0.07	428	0.19
Debt instruments	214,844	71	0.03	–	–
Total purchases	**442,968**	**242**		**428**	
Total purchases including transaction costs	**443,638**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	94,025	55	0.06	6	0.01
Debt instruments	301,704	93	0.03	–	-
Total sales	**395,729**	**148**		**6**	
Total sales net of transaction costs	**395,575**				
Total transaction costs		390		434	
Total transaction costs as a % of average net assets		0.03%		0.04%	

For the year 1st March 2022 to 28th February 2023

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	104,997	68	0.06	176	0.17
Debt instruments	286,573	92	0.03	–	–
Total purchases	**391,570**	**160**		**176**	
Total purchases including transaction costs	**391,906**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	153,046	94	0.06	33	0.02
Debt instruments	206,005	29	0.01	–	-
Total sales	**359,051**	**123**		**33**	
Total sales net of transaction costs	**358,895**				
Total transaction costs		283		209	
Total transaction costs as a % of average net assets		0.03%		0.02%	

continued

14. Portfolio Transaction Costs continued

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

Separately identifiable direct transaction costs (commissions & 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.

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 0.10% (2023 - 0.09%).

DISTRIBUTION TABLES

in pence per unit
for the year ended 29th February 2024

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2023
Group 2 - Units purchased 1st March 2023 to 31st August 2023

	Dividend income	Equalisation*	Amount paid 31.10.23
Group 1	30.000	–	30.000
Group 2	1.973	28.027	30.000

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st September 2023
Group 2 - Units purchased 1st September 2023 to 29th February 2024

	Dividend income	Equalisation*	Amount payable 30.04.24
Group 1	57.616	–	57.616
Group 2	16.589	41.027	57.616

*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 29th February 2024

	Year to 29th Feb. 2024	Year to 28th Feb. 2023
Interim paid	30.000	29.000
Final payable/paid	57.616	60.658
	87.616	89.658

DISTRIBUTION XD AND PAYMENT DATES

	XD Date	*Payment Date*
Final	29.02.24	30.04.24
Interim	31.08.24	31.10.24

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