



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

BALANCED FUND

A pooled management service for private clients

INTERIM REPORT
AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST AUGUST 2024

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**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.

MANAGER'S INVESTMENT REPORT

On 31st August 2024, total net assets of the fund amounted to £1,172,183,132 compared with £1,183,449,364 six months before. There were 1,458 unitholders, excluding ISAs, with an average holding worth £669,952.

In May 2024, the fund launched a new accumulation unit class to supplement the existing income unit class. This report is based on the latter class because it was in issue for the entire reporting period.

The price of the fund's income unit class was marginally down over the six months, resulting in a flat total return after the inclusion of the fund's interim dividend. Modest price rises in the portfolio's equity and bond allocations were largely offset by unfavourable currency movements. The strength of the pound reduced returns from many of the portfolio's overseas investments for sterling-based investors.

Markets

Equity markets rose over the six-month period ending on 31st August 2024, although gains were largely concentrated in a handful of major US technology companies and the global financial sector. The portfolio has limited exposure to either area. Valuations in the technology sector have become very expensive as they incorporate predictions for explosive growth in fields such as artificial intelligence. Little allowance appears to have been made for the risks inherent in operating quasi-monopoly technologies, particularly the imposition of regulatory or political restrictions. Meanwhile, financial sector profits would seem to have enjoyed a temporary boost from higher interest rates rather than benefitting from any sustained shift in business conditions that might provide a long-term investment opportunity.

The US market rose by 11%, Europe by 5% and the UK by 9%. Japan recorded more modest gains (+1%). Emerging markets, when taken as a group, finished the period 8% higher, aided by a recovery in China (+5%). All markets are measured by MSCI indices expressed in local currencies. The strength of the pound restricted the MSCI All-Country World Index to a 5% gain in sterling terms.

Bond prices generally moved higher over the period, in line with expectations of lower interest rates. Fixed-interest issues in the UK and the US were up 2-4%. The prices of short-dated Swiss government bonds finished the period largely unchanged. Inflation-linked government bonds also gained ground, with the price of US issues rising by 4% and UK stocks by 3%.

In foreign exchange markets, sterling continued to appreciate against major currencies, strengthening by 4% against the US dollar, by 2% against the euro and by 1% against the Japanese yen.

As measured by the UK Retail Price Index, inflation was 2% over the six months to 31st August 2024, equating to an annualised inflation rate of 5%.

MANAGER'S INVESTMENT REPORT

Results and dividend distribution

The objective of the Balanced Fund is to 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 income units in the fund at 31st August stood at £62.021, marginally down from the price six months earlier (£62.392). An interim dividend distribution of 32.000 pence per unit is now being paid, 7% higher than the equivalent payment last year. Based on current forecasts, the dividend for the full year is expected to be higher than last year. However, this would be impacted by any further appreciation in sterling, which would reduce the income generated from international assets.

The flat total return over the period compared to inflation, as measured by RPI, of 2.3% over the six months to 31st August 2024. Over the three years to 31st August 2024, the total return for unitholders in the fund was 4%, whereas RPI was 27%. Over five years, the fund returned 26% against RPI of 34%. The fund has provided a total return to unitholders of 982% above RPI since its inception in February 1990.

Recent high levels of inflation have provided a difficult background for the portfolio to achieve its objective over the past five years. Through the Covid pandemic and the outbreak of war in Ukraine, portfolio strategy remained cautious, with a relatively low allocation to equities, as capital protection was prioritised. Although markets have subsequently recovered, most of the returns have been concentrated in a narrow range of technology stocks, which look vulnerable to correction. The portfolio continues to have relatively little exposure to them. By contrast, the portfolio's own equity allocations, which have recently been increased, are invested in more reasonably valued companies with enduring prospects that should deliver sustainable growth across economic cycles. Accordingly, investment policy looks well placed to gain ground against inflation as the outlook improves.

Portfolio strategy

The portfolio held a diversified selection of global equities and conventional and inflation-protected government bonds during the period. The outlook for equity markets remained encouraging as confidence grew that a reasonable level of economic growth could be maintained at the same time as falling inflation allowed interest rates to be cut. Euro-denominated government bonds were sold to fund a 5% increase in equities from 65% to 70%. Toward the end of the period, transactions undertaken in the bond portfolio increased the average weighted time to maturity from 2.4 years to 2.9 years.

MANAGER'S INVESTMENT REPORT

Portfolio strategy continued

On 31st August 2024, 70% of the portfolio was allocated to equities (65% at 29th February 2024), 29% to government bonds (34%), and 1% (1%) to cash.

Investments

New positions were established in FLSmidth (Denmark), a mining equipment manufacturer which should benefit from increased demand for specialist metals for renewable energy production; Kadant (US), a supplier of engineered systems used in the production of sustainable goods and packaging; and Toyo Tanso (Japan), a global leader in the production of isotropic graphite, an essential component in solar panels, wind turbines and semiconductors. Quanta Services (US), a provider of infrastructure services, and Prysmian (Italy), a leading manufacturer of electrical cables with the largest fleet of technologically advanced cable-laying ships in its industry, were also bought. Both the latter two companies are well-positioned to benefit from improvements to and expansion of the electrical grid required for energy transition. Lastly, Sumber Alfaria (Indonesia), a retailer set to capitalise on the modernisation of shopping habits in its home country, and FEMSA (Mexico), a leading Coca-Cola bottler and convenience store operator, were added to the emerging markets allocation. Misumi Group was sold in full.

In the bond allocation, two German government bonds maturing in 2025 and 2026 and a 2025 UK gilt were sold in full. A 2030 UK gilt, a 2030 US treasury bill, and a 2029 US inflation-protected note were added.

A summary of all portfolio changes is shown on pages 14 and 15 of this report.

There were notable gains in Crompton Greaves (65%), WEG (49%) and Mahindra & Mahindra (46%). By contrast, Spirax (-25%), Jeronimo Martins (-22%) and Tokyo Ohka Kogyo (-21%) lost ground.

Outlook

Although the global economy is generally forecast to expand by 3% this year and next, there is considerable debate about the trajectory of interest rates, particularly in the US. Sharp fluctuations in stock markets over the summer months underscore the fragility of investor sentiment, with little allowance made for how uneven the path towards lower inflation and interest rates has tended to be in the past. In September, with inflation close to its target and a weakening labour market, the US Federal Reserve cut rates for the first time since the coronavirus pandemic. Provided the recent escalation in the Middle East does not trigger an inflationary surge in oil prices, global financial conditions are expected to ease further over the coming year, and this is likely to prove supportive for equity markets.

MANAGER'S INVESTMENT REPORT

Outlook continued

While most developed economies are now moving toward lower interest rates, this is not the case in Japan, where a surprise interest rate hike in July contributed towards recent market volatility. This unexpected narrowing of the gap with rates elsewhere in the world triggered a flurry of trading. Investors who had borrowed Japanese yen at low rates to invest in higher-yielding assets elsewhere began to reverse their positions. The policy change was principally designed to prevent a pickup in growth from accelerating too fast, but it also sought to reverse the extreme weakness in the country's currency over the past five years. While there has only been a modest recovery to date, the yen should receive further support. The attractions of Japanese equities are based on the country's improving long-term prospects, and the portfolio has a particular focus on companies benefitting from growth in areas such as renewable energy, automation, the demands of ageing populations, and a requirement for ever more powerful computer chips.

At the time of writing, the outcome of the US presidential election looks finely balanced. The economic policies that Vice President Harris has revealed to date emphasise measures to reduce living costs and a massive construction programme for affordable housing. Donald Trump, on the other hand, is likely to continue with the policies of his first administration, with a programme to stimulate growth in the private sector seen as essential for the health of the wider economy. Markets would probably welcome this approach, but they might be disconcerted by the impact of his protectionist stance on global trade and his unpredictable approach to foreign policy.

In the UK, the Labour government has taken office on a platform of prioritising sustained economic growth. According to IMF projections, the economy does look set to pick up momentum this year and next and should be boosted by easing financial conditions as inflation settles down close to the Bank of England's 2% target. Despite fluctuating energy costs, further interest rate cuts would seem assured over the medium term. However, the country may face headwinds from tax rises and additional borrowing to meet the cost of pay settlements and service improvement in the public sector, particularly as increases to the highest-yielding taxes were ruled out during the election campaign.

Although growth in the eurozone has been lacklustre in recent months, it seems likely to accelerate over the next two years, against a background of lower interest rates and rising wages as inflation continues to trend lower. The recovery in Germany may be relatively slow, but there are more encouraging signs in France and particularly in Spain, although there may be some disruption from political uncertainty in France following an inconclusive and divisive parliamentary election.

MANAGER'S INVESTMENT REPORT

Outlook continued

Elsewhere, the outlook for China seems more difficult. Household spending is still subdued, and there is considerable nervousness about the impact of further US tariffs, particularly in the event of a Trump victory. The Chinese authorities recently introduced a slew of stimulatory measures aimed at kick-starting property sales and boosting consumption. It remains to be seen whether this will have the effect intended. More aggressive action may be necessary to stave off a further slowdown. Meanwhile, the Indian economy appears well positioned for further growth with favourable demographics, a highly educated population, and an appetite for further structural reforms. However, much of this would appear to be already discounted in the strength of the stock market and the high valuations of individual companies. Prospects for Brazil also look positive in many respects. Rising business investment and a tight labour market are boosting consumption, but there are concerns over the country's indebtedness. High government spending has left Brazilian interest rates among the highest in the world, with little scope for easing financial conditions.

Globally, interest rates look set to trend lower. This should encourage consumption and corporate investment leading to an acceleration in growth, while reduced savings rates from bank deposits will increase the attractions of investing in financial assets. Against this backdrop, a broadly diversified portfolio, biased toward equities but buffered by an allocation to government bonds, should deliver real returns for investors.

21st October 2024

CAPITAL RECORD

Highest and lowest unit prices.

Accumulation class

Accounting year

(to 28th Feb.)

	High	Low
2025* [^]	£64.783	£61.044

[^]Accumulation class was launched on 2nd May 2024.

*Up to 31st August 2024, for the year ending 28th February 2025.

Income class

Accounting year

(to 28th Feb.)

	High	Low
2022	£63.303	£54.286
2023	£61.940	£56.240
2024	£62.392	£57.420
2025*	£63.467	£59.803

*Up to 31st August 2024, for the year ending 28th February 2025.

INCOME RECORD

Accounting year (to 28 th Feb.)	Accumulation class [^] Per unit (net)	Income class Per unit (net)
2022	–	81.181p
2023	–	89.658p
2024	–	87.616p
2025 (interim only)	32.000p	32.000p

[^]Accumulation class was launched on 2nd May 2024.

NET ASSET VALUES

Accumulation class

Date	Net asset value of unit class	Net asset value per unit	Number of units
31.08.24 [^]	£171,816,951	£63.397	2,710,168

[^]Accumulation class was launched on 2nd May 2024.

Income class

Date	Net asset value of unit class	Net asset value per unit	Number of units
28.02.22	£1,007,886,544	£58.654	17,183,654
28.02.23	£1,073,955,884	£59.646	18,005,407
29.02.24	£1,183,449,364	£61.805	19,148,025
31.08.24	£1,000,366,181	£61.788	16,190,405

OPERATING CHARGES

Date	Accumulation class [^] Annualised	Income class Annualised
28.02.22	–	1.110%
28.02.23	–	1.110%
29.02.24	–	1.090%
31.08.24	1.090%	1.090%

[^]Accumulation class was launched on 2nd May 2024.

PORTFOLIO TURNOVER

Date	Annualised
28.02.22	21%
28.02.23	61%
29.02.24	63%
31.08.24	25%

DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.24	31.08.23	31.08.22	31.08.21	31.08.20
6.5%	-0.4%	-1.6%	16.6%	3.3%

Performance is shown based on the year on year change in the fund's mid price and assumes the reinvestment of dividends. Source: McInroy & Wood.

PORTFOLIO STATEMENT

as at 31st August 2024 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2024	29 th Feb. 2024
<i>Bonds</i>				
UK				
UK Gilt 0.375% 2030	£28,900,000	23,582	2.0	
UK Gilt 1.625% 2028	£39,461,100	36,275	3.1	
UK Inflation-Linked Gilt 0.125% 2026	£19,638,700	29,140	2.5	
		<u>88,997</u>	<u>7.6</u>	<u>7.7</u>
USA				
US Treasury 1.75% 2025	\$19,272,200	14,441	1.2	
US Treasury 2.125% 2029	\$15,616,000	12,293	1.0	
US Treasury 2.25% 2027	\$49,260,700	35,747	3.1	
US Treasury 2.625% 2026	\$46,957,500	34,988	3.0	
US Treasury 2.875% 2029	\$45,729,800	33,491	2.9	
US Treasury 3.5% 2030	\$19,023,000	14,280	1.2	
US Treasury Inflation Indexed Bonds 0.125% 2027	\$39,230,000	31,690	2.7	
US Treasury Inflation Indexed Bonds 0.25% 2025	\$11,511,100	11,420	1.0	
		<u>188,350</u>	<u>16.1</u>	<u>15.5</u>
GERMANY		<u>–</u>	<u>0.0</u>	<u>4.7</u>
SWITZERLAND				
Swiss Confederation				
Government Bond 1.25% 2026	CHF 34,575,000	31,369	2.7	
Swiss Confederation				
Government Bond 1.5% 2025	CHF 34,055,000	30,741	2.6	
		<u>62,110</u>	<u>5.3</u>	<u>4.7</u>
TOTAL BONDS		<u><u>339,457</u></u>	<u><u>29.0</u></u>	<u><u>32.6</u></u>
<i>Equities</i>				
UK				
Croda International	494,899	20,326	1.7	
Rio Tinto	435,689	20,780	1.8	
Shell	617,445	16,554	1.4	
Spectris	526,525	15,669	1.3	
Spirax	267,529	20,573	1.8	
Weir	1,044,610	20,913	1.8	
		<u>114,815</u>	<u>9.8</u>	<u>10.1</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2024	29 th Feb. 2024
<i>Equities continued</i>				
USA				
Abbott Laboratories	178,478	15,381	1.3	
Ecolab	110,852	21,339	1.8	
Edwards Lifesciences	604,134	32,159	2.7	
Kadant	37,027	9,029	0.8	
Mettler-Toledo International	28,776	31,464	2.7	
Microsoft	76,529	24,273	2.1	
Paychex	251,119	25,054	2.1	
Quanta Services	55,293	11,575	1.0	
Watsco	88,240	31,886	2.7	
		<u>202,160</u>	<u>17.2</u>	<u>15.6</u>
DENMARK				
FLSmidth	211,289	8,217	0.7	
Novo Nordisk 'B'	263,759	27,989	2.4	
		<u>36,206</u>	<u>3.1</u>	<u>3.0</u>
FRANCE				
Air Liquide	211,043	29,985	2.6	
Hermes International	8,300	15,162	1.3	
Schneider Electric	154,780	29,897	2.5	
TotalEnergies	275,077	14,408	1.2	
		<u>89,452</u>	<u>7.6</u>	<u>8.5</u>
GERMANY				
SAP	172,391	28,704	2.4	2.4
IRELAND				
Kerry 'A'	456,114	34,746	3.0	2.7
ITALY				
Prysmian	221,984	11,849	1.0	0.0
NETHERLANDS				
ASML	30,757	21,029	1.8	2.8
SWITZERLAND				
Sonova	90,802	24,079	2.1	1.9
JAPAN				
Asahi Intecc	2,545,300	35,514	3.0	
Nissan Chemical	1,060,600	27,623	2.4	
Olympus	2,107,300	29,226	2.5	
Shimadzu	1,425,900	35,938	3.1	

PORTFOLIO STATEMENT

continued

		Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
				31 st Aug. 2024	29 th Feb. 2024
<i>Equities continued</i>					
JAPAN continued					
	Tokyo Ohka Kogyo	1,218,300	22,932	1.9	
	Toyo Tanso	668,600	19,985	1.7	
			<u>171,218</u>	<u>14.6</u>	<u>13.1</u>
DEVELOPING MARKETS					
Brazil	Localiza Rent a Car	998,285	5,545	0.5	
	WEG	1,051,120	7,639	0.7	
China	Anta Sports Products	1,192,200	8,931	0.8	
Hong Kong	Shandong Weigao Medical Polymer 'H'	9,492,000	4,074	0.3	
India	Crompton Greaves Consumer Electricals	1,962,733	8,469	0.7	
	Mahindra & Mahindra	345,104	8,798	0.7	
	Marico	1,885,104	11,125	0.9	
Indonesia	Sumber Alfaria	21,310,231	3,000	0.3	
Mexico	Fomento Economico Mexicano	567,000	4,433	0.4	
	Wal-Mart de Mexico	3,603,943	8,750	0.7	
Portugal	Jeronimo Martins SGPS	494,551	6,972	0.6	
Taiwan	Chroma ATE	1,030,000	7,962	0.7	
			<u>85,698</u>	<u>7.3</u>	<u>5.7</u>
TOTAL EQUITIES			<u><u>819,956</u></u>	<u><u>69.9</u></u>	<u><u>66.1</u></u>
TOTAL INVESTMENTS			1,159,413	98.9	98.7
Net other assets			<u>12,770</u>	<u>1.1</u>	<u>1.3</u>
TOTAL NET ASSETS			<u><u>1,172,183</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 31st August 2024 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2024 (unaudited)

Purchases		Cost £'000
1,038,300	Asahi Intecc	12,477
471,000	Chroma ATE	2,881
103,217	Edwards Lifesciences	5,084
211,289	FLSmidth	8,943
567,000	Fomento Economico Mexicano	4,904
37,027	Kadant	8,147
150,270	Mahindra & Mahindra	2,981
283,700	Olympus	3,187
221,984	Prysmian	11,743
55,293	Quanta Services	12,111
331,900	Shimadzu	7,280
186,000	Spectris	6,094
21,310,231	Sumber Alfaria	3,022
3,552,000	Swiss Confederation Government Bond	3,092
3,618,000	Swiss Confederation Government Bond	3,153
668,600	Toyo Tanso	21,777
28,900,000	UK Gilt 0.375% 2030	23,665
2,001,100	UK Gilt 1.625% 2028	1,795
912,200	US Treasury 1.75% 2025	698
15,616,000	US Treasury 2.125% 2029	12,386
5,540,700	US Treasury 2.25% 2027	4,059
5,701,500	US Treasury 2.625% 2026	4,332
5,586,300	US Treasury 2.875% 2029	4,118
19,023,000	US Treasury 3.5% 2030	14,441
490,615	WEG	3,016
	TOTAL	185,386

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals	Proceeds £'000	
23,302	Abbott Laboratories	1,989
21,675	Air Liquide	3,492
14,596	ASML	11,892
1,158,435	Crompton Greaves Consumer Electricals	4,640
13,782	Ecolab	2,493
41,798	Edwards Lifesciences	2,942
33,397,000	Germany (Federal Republic) 0.5% 2025	27,827
33,884,000	Germany (Federal Republic) 0.5% 2026	27,603
10,086	Localiza Rent a Car	19
1,805,200	Misumi	24,364
116,621	Novo Nordisk 'B'	12,098
16,479	SAP	2,498
45,368	Schneider Electric	8,462
30,749,000	UK Gilt 0.25% 2025	30,149
15,387,900	US Treasury 0.25% 2025	15,492
19,600,000	US Treasury 1.75% 2025	14,878
3,271,500	US Treasury 2.875% 2029	2,492
6,852	Watsco	2,502
	TOTAL	<u><u>195,832</u></u>

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.

GENERAL INFORMATION

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
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Lower risk

Typically lower rewards

Higher risk

Typically higher rewards

This indicator shows how much a fund's price has risen and fallen in the past and therefore how much its returns have varied: it is a measure of the fund's volatility. The higher the past volatility, the higher the number on the scale. The lowest number on the scale does not mean that a fund is risk free.

This indicator is prescribed by EU reporting guidelines 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 period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association in 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, 21st October 2024

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2024 (unaudited)

	Notes	Six months ended 31 st Aug. 2024		Six months ended 31 st Aug. 2023	
		£'000	£'000	£'000	£'000
Income					
Net capital losses			(1,136)		(18,281)
Revenue	2	15,353		11,573	
Expenses	3	<u>(6,462)</u>		<u>(6,089)</u>	
Net revenue before taxation		8,891		5,484	
Taxation	4	<u>(2,087)</u>		<u>(500)</u>	
Net revenue after taxation			<u>6,804</u>		<u>4,984</u>
Total return before distributions			5,668		(13,297)
Distributions			<u>(6,133)</u>		<u>(5,418)</u>
Change in net assets attributable to unitholders from investment activities			<u>(465)</u>		<u>(18,715)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2024 (unaudited)

	Six months ended 31 st Aug. 2024		Six months ended 31 st Aug. 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		1,183,449		1,073,956
Amounts receivable on creation of units		28,563		65,496
Amounts payable on cancellation of units		<u>(40,231)</u>		<u>(14,402)</u>
		(11,668)		51,094
Change in net assets attributable to unitholders from investment activities		<u>(465)</u>		<u>(18,715)</u>
Retained distribution on accumulation units		867		–
Closing net assets attributable to unitholders		<u>1,172,183</u>		<u>1,106,335</u>

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

BALANCE SHEET

as at 31st August 2024 (unaudited)

	31 st Aug. 2024		29 th Feb. 2024	
	£'000	£'000	£'000	£'000
ASSETS:				
Fixed assets:				
Investments		1,159,413		1,168,562
Current assets				
Debtors	4,498		5,903	
Cash & bank balances	<u>18,308</u>		<u>21,697</u>	
Total other assets		<u>22,806</u>		<u>27,600</u>
Total assets		<u>1,182,219</u>		<u>1,196,162</u>
LIABILITIES:				
Provision for other liabilities				
		(1,245)		(604)
Creditors				
Distribution payable	(5,181)		(11,033)	
Other creditors	<u>(3,610)</u>		<u>(1,076)</u>	
Total liabilities		<u>(10,036)</u>		<u>(12,713)</u>
Net assets attributable to unitholders		<u>1,172,183</u>		<u>1,183,449</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st August 2024 (unaudited)

1. Accounting policies

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

2. Revenue

	Six months ended 31 st Aug. 2024 £'000	Six months ended 31 st Aug. 2023 £'000
Bank interest	91	132
Interest on overseas debt securities	3,795	2,167
Interest on UK debt securities	1,991	1,360
Overseas dividends	6,647	5,124
UK dividends	2,829	2,790
Total revenue	<u>15,353</u>	<u>11,573</u>

3. Expenses

	Six months ended 31 st Aug. 2024 £'000	Six months ended 31 st Aug. 2023 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	5,931	5,560
– Transfer agency fee	239	231
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	88	83
– Safe custody fee	132	143
Other expenses:		
– Audit fee	8	7
– Fund accounting fee	36	34
– Interest payable and similar charges	2	–
– Professional services fees*	4	5
– Sundry fees**	22	26
Total expenses	<u>6,462</u>	<u>6,089</u>

*Includes non-audit service fees of £1,965 payable to the fund's auditors, PricewaterhouseCoopers LLP (2023: £ 2,594).

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

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 31 st Aug. 2024 £'000	Six months ended 31 st Aug. 2023 £'000
Analysis of tax charge		
Indian capital gains tax	895	(25)
Overseas tax	<u>1,192</u>	<u>525</u>
	<u><u>2,087</u></u>	<u><u>500</u></u>

DISTRIBUTION TABLES

in pence per unit

for the six months ended 31st August 2024 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2024

Group 2 - Units purchased 1st March 2024 to 31st August 2024

	Dividend income	Equalisation*	Amount payable 31.10.24
Accumulation class Group 1	32.000	—	32.000
Accumulation class Group 2	—	32.000	32.000
Income class Group 1	32.000	—	32.000
Income class Group 2	—	32.000	32.000

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

DISTRIBUTION SUMMARY

in pence per unit

for the six months ended 31st August 2024 (unaudited)

	Six months to 31 st Aug. 2024	Year to 29 th Feb. 2024
Accumulation class		
Interim payable/paid	32.000	—
Final paid	—	—
	<u>32.000</u>	<u>—</u>
	Six months to 31 st Aug. 2024	Year to 29 th Feb. 2024
Income class		
Interim payable/paid	32.000	30.000
Final paid	—	57.616
	<u>32.000</u>	<u>87.616</u>

Manager

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

Directors

D J O Cruickshank
W A Ferguson
J R Jesty
J E Marshall¹
J C McAulay
T A U Wood
J A Young²

¹Resigned 23/8/2024, ²Resigned 6/9/2024

Secretary

J C McAulay

Investment Adviser

McInroy & Wood Limited
Easter Alderston
Haddington
EH41 3SF

Trustee

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Registrar

McInroy & Wood Portfolios Limited
Investor Administration
64 St James's Street
Nottingham
NG1 6FJ

Independent Auditors

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
MWBF0824