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 2018

SUMMARY

At 31st August 2018, total net assets of the fund amounted to £717,895,580 compared with £655,767,474 six months before. There were 1,163 unitholders, excluding ISAs, with an average holding worth £554,264.

The price of units in the fund at 31st August 2018 stood at £50.297, which represents a rise of 7% over the six-month period. The fund was boosted by its emphasis on soundly financed stocks with strong business positions. This amplified equity market gains in the USA and the benefits of foreign currency appreciation against sterling.

An interim dividend distribution of 31.000p per unit is now being paid to unitholders, equal to the comparable interim payment in 2017.

The distribution for the full year is expected to be markedly higher than that of the prior year. This is principally the result of income being earned over a full twelve month reporting period (due to the change of fund year end. The previous reporting period to 28th February 2018 was only ten months long). Furthermore, Rio Tinto's 2018 and 2019 final dividends are both expected to be received in the year to 28th February 2019, after a change in the company's payment schedule. This is not expected to recur and will reduce the fund's full year distribution in 2020.

Portfolio allocations continue to reflect a degree of caution and include a weighting in gold. Corporate results have been upbeat, but valuations remain high, while bond yields are still at historically low levels. Political developments, particularly related to trade, could easily upset market sentiment. At the same time, the prospect of further rises in interest rates is likely to add to uncertainty among investors. Nevertheless, attractive opportunities remain for discerning investors with a long-term investment horizon.

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

INTRODUCTION

McInroy & Wood Balanced Fund (the fund) is an authorised unit trust for investors who wish to have their assets personally managed by McInroy & Wood Limited (MW) and for whom a discretionary managed portfolio may not be appropriate. Investors will gain access, through the fund, to a portfolio which it might well be impracticable for them to assemble themselves.

The fund has been established with the aim of providing clients with professional investment management at an economic cost.

Through the fund, investors who have similar objectives are able to pool their resources in order to secure the benefits of scale.

The investment objective of the Balanced 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.

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

Further information and application forms may be obtained from McInroy & Wood Portfolios Limited, Easter Alderston, Haddington, EH41 3SF. (Tel.+44 (0)1620 825867) or through the website: www.mcinroy-wood.co.uk.

At 31st August 2018, total net assets of the fund amounted to £717,895,580 compared with £655,767,474 six months before. There were 1,163 unitholders, excluding ISAs, with an average holding worth £554,264.

Markets
Equity markets produced mixed returns over the six months to 31st August 2018, but the strength of foreign currencies enhanced the sterling value of overseas assets for UK investors.

US equities rose strongly as investors appeared to be little disturbed by a gradual but steady rise in interest rates and fractious international trade negotiations. Comfort was presumably found in the strength of the US economy and improving company earnings, the latter enhanced by material cuts in corporate tax.

European markets, meanwhile, appeared to be rather more influenced by local politics. As well as the lack of progress in negotiations with the UK over its departure from the EU, they seem to have been particularly rattled by the protracted formation of an anti-EU coalition government in Italy. However, the resulting weakness of the euro against the US dollar has been helpful for European companies with significant international earnings.

Measured by MSCI indices in local currencies, the US market rose by 7% and the UK by 2%. It was a dull period for both European (largely unchanged) and Japanese markets (-2%). Developing markets were more disappointing, recording a 6% fall. The substantial impact of currency movements over the period is evident in the 7% rise in the MSCI All Country World expressed in sterling terms.

In the fixed-income allocation, performance tended to diverge according to the duration of stocks. The price of shorter-dated issues fell over the period while longer-dated issues gained ground. In the UK, shorter-dated issues declined by 1% and longer-dated issues rose by around 2%. The effect was less pronounced in the USA; longer-dated bonds also rose by 2% but shorter-dated notes were broadly flat.

Index-linked gilts in the UK were largely unchanged while equivalent issues in the USA rose by 3%.

The price of gold fell by 9% in US dollars (3% in sterling terms).

In the foreign exchange markets, sterling fell by 6% against the US dollar, 1% against the euro and 2% against the Japanese yen.

Results
The price of units in the fund at 31st August 2018 stood at £50.297, which represents a rise of 7% over the six-month period. The fund was boosted by its emphasis on soundly financed stocks with strong business positions. This amplified equity market gains in the USA and the benefits of foreign currency appreciation against sterling.

Dividend Distribution

An interim dividend distribution of 31.000p per unit is now being paid to unitholders, equal to the comparable interim payment in 2017.

The distribution for the full year is expected to be markedly higher than that of the prior year. This is principally the result of income being earned over a full twelve month reporting period (due to the change of fund year end. The previous reporting period to 28th February 2018 was only ten months long). Furthermore, Rio Tinto's 2018 and 2019 final dividends are both expected to be received in the year to 28th February 2019, after a change in the company's payment schedule. This is not expected to recur and will reduce the fund's full year distribution in 2020.

Portfolio Strategy

The portfolio is broadly diversified by both asset class and geography. Investment strategy is relatively cautious. This reflects a judgement that equity valuations take insufficient account of risks to markets, particularly the possibility of a potentially far-reaching global trade war and the reversal of a positive 30-year cycle for bonds. Market indices may be even more vulnerable to any significant correction than in the past, as passive investment, which simply follows a given index movement irrespective of any fundamental calculation of underlying equity values, could well have played a significant part in driving the ratings of the leading stocks to extreme levels.

At 31st August 2018, 60% of the portfolio was allocated to equities (61% at 28th February 2018), 34% to bonds (33%), 5% to gold (5%) and 1% to cash deposits (1%).

Investments

New positions were established in Crompton Greaves, an Indian manufacturer of consumer electrical equipment, Hella, a specialist German automotive components manufacturer, and IPG Photonics, a US-based market leader in laser technology. In the UK, Croda International, an innovative specialist chemical business, XP Power, a supplier of critical power equipment, and Victrex, a manufacturer of a very durable high-performance polymer were also added. After making significant gains since initial investment, holdings in Sysmex (Japan), Giant Manufacturing (Taiwan), Keller (UK), Boskalis Westminster (Netherlands), Land Securities (UK), O'Reilly Automotive (USA) and Reckitt Benckiser (UK) were all sold in full.

It was a period when overall portfolio gains were boosted by significant advances in several individual stocks. US company Tractor Supply (+36%) produced the largest gain in local terms; Mahindra & Mahindra (India +33%), Deutsche Wohnen (Germany +28%), Spirax-Sarco Engineering (UK +25%) and Sonova (Switzerland +24%) also rose strongly. By contrast MTN (-31%) and Nabtesco (-38%) fell back.

Investments continued

The bond allocation was restructured to reduce the average duration of the holdings. UK and US issues maturing in 2024 and 2026 were sold, and replaced with similar issues maturing between 2019 and 2022.

Outlook

The state of the world economy remains supportive for equity investment. GDP growth and corporate profits are holding up well. Interest rates, though rising, look set to be lifted at a measured pace as central banks unwind stimulatory policies. However, stocks appear expensive in some markets, technology issues seeming especially overpriced. Moreover, the acute political uncertainties in the USA, UK and Europe look set sooner or later to impact investors' confidence.

The prospect of a global trade war is a major concern. President Trump's 'America First' policy is likely to prove harmful to cross-border commerce. Punitive US tariffs on selected imports have already triggered retaliation from other countries. Although only a few sectors have been involved to date, rising costs are beginning to flow through to consumers. Should the situation deteriorate, it may result in extensive, and possibly lasting, damage to the international trading system.

For the time being, the US economy is in vigorous health, recording more than 4% growth in the second quarter. Unemployment has touched its lowest level since 1969. Against this background, the Federal Reserve is almost certain to raise interest rates further this year, although it has indicated that it expects that this will be a gradual process. At present, real wage growth is muted but recent tax cuts may put upward pressure on bond yields and, by extension, interest rates overall.

There is still little clarity over the outcome or implications of Brexit negotiations. Deep divisions cut across the UK political spectrum on the issue. Meanwhile, in an already lagging economy, there are increasingly urgent warnings from the management of UK companies on the impact of the uncertainty over future trading relationships with some of their largest customers and suppliers.

The eurozone is expected to grow a further 2% this year, despite a recent slowdown in new orders and a decline in business confidence. With underlying inflation still below 2%, the European Central Bank is set to move cautiously in unwinding its accommodative policy, particularly when the recently elected Italian government has pledged to defy the currency union's fiscal rules.

In Japan, the longest upswing in nearly three decades ended in the first quarter, but the economy has since stabilised. The extent to which the rebound was driven by domestic demand is uncertain and the country continues to face deepening labour shortages.

Outlook continued

However, the Bank of Japan has pledged to maintain interest rates at very low levels for at least the next two years, providing a supportive environment for businesses. There remain some very attractive investment opportunities in the many globally competitive companies based in Japan.

India and China are growing much faster than Western economies despite short-term pressures from rising energy costs. Other developing countries are benefiting from ambitious reform programmes seeking to boost growth and productivity and this is encouraging for their long-term investment outlook. In the near term, however, many emerging economies will suffer from a strengthening US dollar and, of course, from any widespread imposition of tariff barriers. Specific political concerns are damaging businesses in Turkey and Latin American countries, and the resulting sharp currency movements and falls in asset values may prove contagious for other financial markets.

Much of the recent strength of global stock markets has been driven by large technology stocks, which command dominant market positions and striking valuations. Inevitably, these companies rely on maintaining investor confidence to support such elevated stock prices. Their ability to meet expectations is already being threatened by political intervention, whether via regulation or taxation, as governments begin to address the systemic dangers of their ascendancy. Markets in general look vulnerable to any reassessment of the outlook for these giants.

Following changes to the US tax system, many American technology companies have repatriated billions of dollars in cash previously sheltered abroad. This has helped to fund a sharp increase in share repurchases in the USA, as company funds are used to purchase shares in the open market, inflating demand and reducing supply of traded stock. Such buybacks are a feature of many international markets and any reduction in their volume will remove a powerful support to share prices. If large cash-rich companies are evidently struggling to identify attractive internal investments, investors may be well advised to shift focus onto smaller companies at an earlier stage of development, which face less pressure to meet short-term targets and may be better placed to develop their long-term strategy.

Since its inception, fund policy has generally been wary of large, 'fashionable' stocks. Instead an allocation to less widely known smaller and medium-sized companies is preferred. Such businesses tend to be led by high quality management teams, and benefit from strong business models, often focusing on niche specialisms. In many instances growth has been sustained for a decade or more. Historically, this approach has served the fund well and should continue to do so in the future.

Outlook continued

Portfolio allocations continue to reflect a degree of caution and include a weighting in gold. Corporate results have been upbeat but valuations remain high, while bond yields are still at historically low levels. Political developments, particularly related to trade, could easily upset market sentiment. At the same time, the prospect of further rises in interest rates is likely to add to uncertainty among investors. Nevertheless, attractive opportunities remain for discerning investors with a long-term investment horizon.

12th October 2018

CAPITAL RECORD

Highest and lowest unit prices

Accounting year (to 28th Feb.)	High	Low
	Personal	
2016	£42.233	£37.281
2017	£47.978	£40.398
2018*	£48.943	£46.120
2019**	£50.808	£45.261

**The fund's financial year-end has moved to 28th February (from 30th April).*
***Up to 31st August 2018, for the year ending 28th February 2019.*

INCOME RECORD

Accounting year (to 28th Feb.)	Per unit (net) *Personal*
2016	72.566p
2017	73.609p
2018	54.508p
2019 *(interim only)*	31.000p

NET ASSET VALUES

Date		Net asset value of fund	Net asset value per unit	Number of units
30.04.16	Personal	£483,075,370	£40.734	11,859,360
30.04.17	Personal	£634,765,528	£46.164	13,750,247
28.02.18	Personal	£655,767,474	£46.823	14,005,234
31.08.18	Personal	£717,895,580	£49.940	14,375,196

OPERATING CHARGES

Date	Annualised
30.04.15	1.126%
30.04.16	1.128%
30.04.17	1.120%
28.02.18	1.140%
31.08.18	1.125%

PORTFOLIO TURNOVER

Date	Annualised
30.04.15	78%
30.04.16	68%
30.04.17	56%
28.02.18	17%
31.08.18	99%

DISCRETE PERFORMANCE

Year to 31.08.18	Year to 31.08.17	Year to 31.08.16	Year to 31.08.15	Year to 31.08.14
6.3%	5.4%	22.6%	2.5%	6.3%

Mid to mid, income re-invested. Source: McInroy & Wood.

PORTFOLIO STATEMENT

as at 31st August 2018

INVESTMENTS *Bonds*	Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	28th Feb. 2018
UK				
UK Treasury 0.5% 2022	£20,320,000	19,983	2.8	
UK Treasury 1.5% 2021	£20,825,000	21,168	2.9	
UK Treasury 1.75% 2019	£20,895,000	21,071	2.9	
UK Treasury 1.875% I-L 2022	£8,849,000	14,231	2.0	
UK Treasury 2.25% 2023	£19,710,000	20,871	2.9	
		97,324	13.5	13.3
USA				
US Treasury 0.125% 2022	$45,250,000	35,200	4.9	
US Treasury 0.125% I-L 2024	$54,920,000	43,442	6.0	
US Treasury 0.25% I-L 2025	$18,165,000	14,404	2.0	
US Treasury 0.875% 2019	$15,800,000	12,013	1.7	
US Treasury 1.125% 2021	$16,400,000	12,085	1.7	
US Treasury 1.5% 2020	$15,900,000	11,997	1.7	
US Treasury 1.75% 2022	$16,300,000	12,096	1.7	
		141,237	19.7	20.0
TOTAL BONDS		*238,561*	*33.2*	*33.3*
Equities				
UK				
Croda International	148,830	7,584	1.1	
Rio Tinto	391,950	14,342	2.0	
Rotork	3,635,630	12,285	1.7	
Spirax-Sarco Engineering	346,621	24,697	3.4	
Victrex	159,500	5,053	0.7	
XP Power	205,214	6,300	0.9	
		70,261	9.8	10.3
US				
Abbott Laboratories	286,000	14,705	2.1	
Becton Dickinson	81,550	16,429	2.3	
Ecolab	69,600	8,058	1.1	
IPG Photonics	55,000	7,425	1.0	
Mettler-Toledo	30,730	13,818	1.9	
Paychex	282,700	15,930	2.2	
Schlumberger	156,440	7,600	1.1	
Tractor Supply	130,960	8,895	1.2	
Watsco	79,320	10,679	1.5	
		103,539	14.4	14.5

continued

Equities continued	Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	Percentage of Value of total net assets 28th Feb. 2018
France				
Essilor International	93,900	10,402	1.4	0.9
Germany				
Deutsche Wohnen	243,660	9,499	1.3	
Fresenius Medical Care	189,250	14,776	2.1	
Fuchs Petrolub	372,245	15,412	2.1	
HELLA	143,000	6,669	0.9	
Henkel pref.	107,880	10,608	1.5	
SAP	155,000	14,361	2.0	
		71,325	9.9	8.8
Ireland				
Kerry 'A'	178,200	15,617	2.2	2.4
Netherlands				
Royal Dutch Shell 'B'	818,340	20,790	2.9	3.5
Switzerland				
Sonova	69,000	10,081	1.4	1.2
Australia				
ARB	589,011	6,502	0.9	1.0
Japan				
Misumi	380,800	7,567	1.0	
Nabtesco	314,400	6,318	0.9	
Nissan Chemical Industries	298,700	10,964	1.5	
Shimadzu	591,000	13,491	1.9	
Shimano	52,900	6,284	0.9	
Trend Micro	158,000	7,663	1.1	
		52,287	7.3	7.9

continued

Equities continued		Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	28th Feb. 2018
DEVELOPING MARKETS					
Brazil	Localiza Rent A Car	1,189,000	4,780	0.7	
China	Anta Sports Products	1,930,000	8,078	1.1	
Hong Kong	Vitasoy International	3,784,000	9,329	1.3	
India	Crompton Greaves	2,725,000	7,360	1.0	
	Mahindra & Mahindra	376,040	3,877	0.5	
	Mahindra & Mahindra-GDR	455,400	4,766	0.7	
	Marico	2,016,000	8,091	1.1	
Mexico	Wal-Mart de Mexico	3,874,260	8,217	1.1	
Portugal	Jeronimo Martins	600,900	6,939	1.0	
S Africa	MTN	838,575	3,919	0.6	
Singapore	Thai Beverage	14,361,000	5,000	0.7	
			70,356	9.8	10.1
TOTAL EQUITIES			*431,160*	*60.0*	*60.6*
Commodities					
UK					
ETFS Physical Gold		201,200	17,785	2.5	
Gold Bullion Securities		204,115	17,783	2.5	
			35,568	5.0	4.8
TOTAL COMMODITIES			*35,568*	*5.0*	*4.8*
TOTAL INVESTMENTS			705,289	98.2	98.7
Net other assets			12,607	1.8	1.3
TOTAL NET ASSETS			*717,896*	*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 31st August 2018 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2018 (unaudited)

Purchases		Cost £'000
148,830	Croda International	7,290
2,725,000	Crompton Greaves	6,955
33,040	Essilor International	3,237
26,630	ETFS Physical Gold	2,408
27,015	Gold Bullion Securities	2,409
143,000	HELLA	7,070
36,380	Henkel pref.	3,245
55,000	IPG Photonics	7,366
149,800	Jeronimo Martins	1,762
83,000	Misumi	1,662
137,000	MTN	978
557,800	Rotork	1,626
2,307,000	Thai Beverage	993
158,000	Trend Micro	6,847
1,420,000	UK Treasury 0.5% 2022	1,397
20,825,000	UK Treasury 1.5% 2021	21,184
20,895,000	UK Treasury 1.75% 2019	21,163
2,842,000	UK Treasury 2.25% 2023	3,009
45,250,000	US Treasury 0.125% 2022	33,680
15,800,000	US Treasury 0.875% 2019	11,530
16,400,000	US Treasury 1.125% 2021	11,563
15,900,000	US Treasury 1.5% 2020	11,525
16,300,000	US Treasury 1.75% 2022	11,560
159,500	Victrex	4,903
205,214	XP Power	7,320
	TOTAL	192,682

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
41,000	Abbott Laboratories	2,058
150,542	Boskalis Westminster	3,295
34,000	Ecolab	3,883
1,204,000	Giant Manufacturing	4,084
760,097	Keller	6,677
39,400	Kerry 'A'	3,098
1,113,750	Land Securities	10,522
397,172	Localiza Rent A Car	2,389
36,530	O'Reilly Automotive	6,261
99,700	Reckitt Benckiser	5,964
40,500	SAP	3,624
169,000	Sysmex	12,135
23,400	Tractor Supply	1,422
19,396,000	UK Treasury 1.5% 2026	19,492
15,622,000	UK Treasury 2.75% 2024	17,021
43,988,000	US Treasury 0.125% I-L 2026	32,068
26,060,000	US Treasury 1.5% 2026	17,114
18,656,000	US Treasury 2% 2025	12,973
23,042,000	US Treasury 2.25% 2024	16,319
	TOTAL	180,399

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 UCITS scheme under the rules contained in the Collective Investment Schemes Sourcebook made by the Financial Conduct Authority.

McInroy & Wood Limited and its subsidiary, McInroy & Wood Portfolios Limited, are authorised and regulated by the Financial Conduct Authority.

Capital Gains Tax
Authorised unit trusts are exempt from capital gains tax on realised capital gains.

Applications
The minimum initial and subsequent investment in the Fund is £1,000. Regular monthly contributions may be made for a minimum of £100.

Costs of Investment Research
McInroy & Wood Limited, the Investment Adviser to 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 our 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
McInroy & Wood Portfolios Limited ("MWP") delegates investment management of the fund to McInroy & Wood Limited ("MW"), the Investment Adviser. Directors and staff working on the fund are not remunerated by MWP, but they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive. The group remuneration policy is approved annually by the 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.

Changes in accounting and income allocation dates
The Manager has changed the fund's annual and interim accounting dates in order to consolidate the publication of annual and interim reports. The fund's income allocation dates have changed accordingly.

A Word of Caution
You should remember that the price of units and the income from them may go down as well as up. Gains are not necessarily achieved in the short term. Exchange rate fluctuations may also cause the value of an investment to rise and fall. Investment in emerging markets can be subject to risk not normally associated with developed markets.

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7

Lower risk — **Higher risk**
Typically lower rewards — Typically higher rewards

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

This indicator is prescribed by EU reporting guidelines and is based on historical data. It should not be used as an indicator of the fund's future risk profile. The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority ("the Rules") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the fund and of its net revenue and the net capital gains on the property of the fund for the 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 IMA in May 2014.
- Follow generally accepted accounting principles and applicable accounting standards.
- Prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so.
- Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, Prospectus and the Rules, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The maintenance and integrity of the McInroy & Wood website is the responsibility of the Authorised Fund Manager.

DIRECTORS' STATEMENT

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

T A U Wood
Director

J C McAulay
Director

Haddington, 19th October 2018

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2018 (unaudited)

	Notes	Six months ended 31st Aug. 2018 £'000	Six months ended 31st Aug. 2018 £'000	Six months ended 31st Oct. 2017 £'000	Six months ended 31st Oct. 2017 £'000
Income					
Net capital gains			45,005		19,589
Revenue	2	7,876		6,617	
Expenses	3	(3,887)		(3,666)	
Net revenue before taxation		3,989		2,951	
Taxation	4	(394)		(467)	
Net revenue after taxation			3,595		2,484
Total return before distributions			48,600		22,073
Distributions			(4,359)		(4,281)
Change in net assets attributable to unitholders from investment activities			44,241		17,792

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2018 (unaudited)

	Six months ended 31st Aug. 2018 £'000	Six months ended 31st Aug. 2018 £'000	Six months ended 31st Oct. 2017 £'000	Six months ended 31st Oct. 2017 £'000
Opening net assets attributable to unitholders		655,767		634,766
Amounts receivable on creation of units	26,190		19,763	
Amounts payable on cancellation of units	(8,302)		(10,423)	
		17,888		9,340
Change in net assets attributable to unitholders from investment activities		44,241		17,792
Closing net assets attributable to unitholders		717,896		661,898

The above statements show the comparative figures for the six months to 31st October 2017. The Interim reporting date of the Fund has changed from 31st October to 31st August, therefore the comparative figures relate to the previous interim reporting period from 1st May 2017 to 31st October 2017.

BALANCE SHEET

as at 31st August 2018 (unaudited)

	31st Aug. 2018		28th Feb. 2018	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		705,289		647,087
Current assets				
Debtors	3,074		2,092	
Cash & bank balances	15,142		17,093	
Total other assets		18,216		19,185
Total assets		723,505		666,272
LIABILITIES:				
Creditors				
Distribution payable	(4,456)		(3,293)	
Other creditors	(1,153)		(7,212)	
Total liabilities		(5,609)		(10,505)
Net assets attributable to unitholders		717,896		655,767

as at 31st August 2018 (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 31st Aug. 2018 £'000	Six months ended 31st Oct. 2017 £'000
Bank interest	16	—
Dividends on overseas equities	3,645	3,211
Dividends on UK equities	2,023	1,371
Interest on overseas interest-bearing securities	675	543
Interest on UK interest-bearing securities	1,407	1,026
Overseas property income distributions	—	191
UK property income distributions	110	256
Stock dividends	—	19
Total revenue	7,876	6,617

3. Expenses

	Six months ended 31st Aug. 2018 £'000	Six months ended 31st Oct. 2017 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	3,460	3,299
- Transfer agency fee	224	174
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	54	52
- Safe custody fee	101	101
Other expenses:		
- Audit fee	6	4
- Fund accounting fee	22	22
- Legal and Professional fees	7	—
- Sundry expenses*	13	14
Total expenses	3,887	3,666

*Includes FT listing fees, accounts printing and postage, tax computation fees and other fees.

continued

4. Taxation

	Six months ended 31st Aug 2018 £'000	Six months ended 31st Oct. 2017 £'000
Analysis of tax charge		
Swiss withholding tax written off	—	46
Overseas withholding tax	394	421
	394	467

5. Currency and interest rate profile

Currency	31st Aug. 2018 %	28th Feb. 2018 %
Australian Dollar	0.9	1.0
Brazilian Real	0.7	1.4
Euro	14.6	13.9
Hong Kong Dollar	2.4	2.2
Indian Rupee	2.8	1.6
Japanese Yen	7.3	7.9
Mexican Peso	1.2	1.0
Singapore Dollar	0.7	0.8
South African Rand	0.6	0.8
Swiss Franc	1.4	1.2
Taiwan Dollar	0.0	0.7
UK Sterling	27.3	28.6
US Dollar	40.1	38.9
	100.0	100.0

Fixed rate Interest

	Weighted average rates		Weighted average maturity	
	31st Aug. 2018	28th Feb. 2018	31st Aug. 2018	28th Feb. 2018
UK Sterling	1.49%	1.63%	3 years	6 years
US Dollar	0.56%	0.75%	4 years	7 years

DISTRIBUTION TABLES

in pence per unit
for the six months ended 31st August 2018 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2018
Group 2 - Units purchased 1st March 2018 to 31st August 2018

	Dividend income	Equalisation*	Amount paid 31.10.18
Group 1	31.000	—	31.000
Group 2	5.941	25.059	31.000

*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 2018 (unaudited)

	Six months to 31st Aug. 2018	Year to 28th Feb. 2018
Interim paid	31.000	31.000
Final payable/paid	—	23.508
	31.000	54.508

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