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 2021

SUMMARY

At 31st August 2021, total net assets of the McInroy & Wood Balanced Fund (the fund) amounted to £1,060,309,005 compared with £872,317,520 six months before. There were 1,370 unitholders, excluding ISAs, with an average holding worth £660,687.

The price of units in the fund at 31st August 2021 stood at £61.530, representing a gain of 13% over the reporting period. This reflected attractive returns from the fund's global equity allocation, which had little exposure to Chinese technology companies and more than compensated for dull returns from conventional government bonds. The fund also benefitted from appreciation in the price of inflation-protected government bonds and gold, which moved upward on the expectation of higher inflation.

The fund's objective 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. 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, over the same period. Over the 3 years to 31st August 2021, the total return for unitholders in the fund was 29%, compared to inflation of 8% on the above basis over the same period. Over 5 years, the fund returned 44% against inflation of 16%. The fund has provided a total return to unitholders of 995% above inflation since its inception in February 1990.

An interim dividend distribution of 28.000p per unit is now being paid to unitholders, which is 3.000p (12%) higher than the equivalent payment in 2020.

Based on current forecasts, the total distribution for the full year is estimated to be higher than last year. This primarily reflects the recovery in business activity across developed markets that has allowed companies to reinstate, and in some cases, increase their dividend payments.

There were no significant changes to portfolio allocations over the period.

The global economy has now rebounded from the worst effects of the pandemic. Consumer demand has surged in many countries and while sales have risen robustly, companies are now finding it difficult to insulate profit margins from rising costs. Moreover, any sustained pick-up in inflation may force central banks to tighten monetary policy, exposing financial markets to the impact of the speed and timing of any changes.

SUMMARY

Recent gains in markets have left many equity valuations appearing stretched with little scope to accommodate any negative surprises. The fund's investment policy emphasises companies with sufficiently strong business positions to weather rising costs by pushing up selling prices. At the same time, the portfolio remains broadly diversified with a wide range of holdings in global equities balanced by allocations to government bonds, which include significant exposure to inflation-protected issues, and gold.

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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 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 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 Price Index is the measure of inflation used by the Manager. The investment should be held 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% 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% 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 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 ("MWP"), Easter Alderston, Haddington, EH41 3SF (Tel. +44(0)1620 825867) or through the website: www.mcinroy-wood.co.uk.

At 31st August 2021, total net assets of the fund amounted to £1,060,309,005 compared with £872,317,520 six months before. There were 1,370 unitholders, excluding ISAs, with an average holding worth £660,687.

Markets

Equity markets were generally strong over the six months to 31st August 2021, although share prices in China fell. Developed market equities rose appreciably as economic activity continued to recover following a general easing of restrictions. Western authorities launched remarkably successful vaccination drives, providing confidence that social distancing could be relaxed, and support measures withdrawn. Meanwhile, emerging market investors appeared unperturbed by fresh outbreaks of the disease, taking comfort in rising commodity prices and recovering global demand. In stark contrast, the Chinese market fell sharply after the introduction of much tighter regulation over private enterprises, targeting large high-profile technology firms in particular.

Measured by MSCI indices in local currencies, the US (+18%), Europe (+17%) and the UK (+10%) all recorded substantial gains; Japan rose by a more modest 5%. The 19% fall in China weighed heavily on the Emerging Markets Index (-2%), which otherwise would have finished the period up 10%. Overall, the MSCI All Country World Index finished the period up 14% in sterling terms.

There was little movement in short-dated conventional bond prices, but short-dated inflation-protected issues gained 4% in the US and 3% in the UK, respectively. The price of gold ended the period up 5%.

In foreign exchange markets, sterling strengthened against the euro (+1%) and the Japanese yen (+2%) but weakened against the dollar (-1%).

As measured by the UK Retail Price Index, inflation was 3.7% over the six months to 31st August 2021.

Results

The price of units in the fund at 31st August 2021 stood at £61.530, representing a gain of 13% over the reporting period. This reflected attractive returns from the fund's global equity allocation, which had little exposure to Chinese technology companies and more than compensated for dull returns from conventional government bonds. The fund also benefitted from appreciation in the price of inflation-protected government bonds and gold, which moved upward on the expectation of higher inflation.

Results continued

The fund's objective 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. 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, over the same period. Over the 3 years to 31st August 2021, the total return for unitholders in the fund was 29%, compared to inflation of 8% on the above basis over the same period. Over 5 years, the fund returned 44% against inflation of 16%. The fund has provided a total return to unitholders of 995% above inflation since its inception in February 1990.

Dividend Distribution

An interim dividend distribution of 28.000p per unit is now being paid to unitholders, which is 3.000p (12%) higher than the comparable interim payment in 2020. Based on current forecasts, the total distribution for the full year is estimated to be higher than last year. This primarily reflects the recovery in business activity across developed markets that has allowed companies to reinstate, and in some cases, increase their dividend payments.

Portfolio Strategy

The portfolio holds a diversified selection of global equities, counterbalanced by positions in conventional and inflation-protected government bonds, and gold. At 31st August 2021, 66% of the portfolio was allocated to equities (64% at 28th February 2021), 28% to bonds (30%), 5% to gold (5%), and 1% to cash deposits (1%).

Shortly after the period end the target gold allocation was increased by five percentage points to 10%, with a corresponding reduction in bonds. This shift in policy reflects concerns about the prospect of a prolonged period of inflation, and the likely impact of higher interest rates.

Investments

New holdings were added in Novo Nordisk, a Danish pharmaceutical company focused on the treatment of diabetes, Asahi Intecc, a Japanese manufacturer of specialist medical guidewires used in minimally invasive surgery, Microsoft, a global leader in enterprise software and cloud computing services, and StoneCo, a Brazilian financial technology company offering payment solutions to small businesses. The positions in Fresenius Medical Care and Trend Micro were sold in full. A summary of all portfolio changes is shown on pages 15 and 16 of this report.

Sonova (+52%), ASML (+51%) and Spirax-Sarco Engineering (+50%) were the best performing holdings over the half-year. It was a more challenging period for Vitasoy (-41%) and Rio Tinto (-10%).

Outlook

The global economy has now rebounded from the worst effects of the pandemic. The International Monetary Fund estimates that worldwide output will grow by 6% this year and nearly 5% in 2022. Consumer demand has surged in many countries and while sales have risen robustly, companies are now finding it difficult to insulate profit margins from rising costs. Moreover, any sustained pick-up in inflation may force central banks to tighten monetary policy, exposing financial markets to the impact of the speed and timing of any changes. In this environment, sensible diversification is required, based on a wide range of global equities and allocations to government bonds and gold.

The USA has recorded the strongest economic recovery among developed nations over the past year, and output has already reached pre-pandemic levels. GDP is forecast to expand by 7% this year and by almost 5% over 2022. Policymakers in Washington and the Federal Reserve hope that massive stimulus programmes will increase the economy's capacity and better equip the country to compete internationally. However, inflation fears and political infighting may hamper President Biden's agenda, particularly as he seeks to pass a $3.5 trillion budget plan and a $1 trillion infrastructure package in tandem.

Concerns over growing inflationary pressure are well-founded. The price of shipping goods from China to North America has increased tenfold since the pandemic began, principally due to bottlenecks at major ports. The prices of energy and computer chips have also soared dramatically. The IMF and Federal Reserve believe these pressures are a temporary consequence of pent-up demand, supply chain interruptions and economic reopening. But more sustained inflation, for example if it were to take root meaningfully in wages, may require a sharp policy change to regain control. Any such shift might prove to be very testing for sentiment in financial markets, where stretched valuations assume that interest rates will remain anchored over the longer term.

Inflation expectations for the eurozone are lower than elsewhere, yet pockets of pricing pressure are emerging. Germany's Consumer Price Index rose by more than 3% over the year to July, its highest level in over a decade, buoyed by rebounding export demand. Economic growth across the trading bloc outstripped both the US and China in the quarter to June, and forecasts for the remainder of the year are similarly encouraging. Business confidence has improved following the lifting of local restrictions in the spring and the implementation of the EU's recovery plan.

Outlook continued

The immediate outlook for the UK is also optimistic. Of all advanced economies, the country suffered one of the most significant dips in output during the pandemic. But the IMF has upgraded its growth forecast to 7% for 2021 and expects GDP to reach pre-virus levels next year. With over 80% of the adult population fully vaccinated, attention has now turned to the country's stretched fiscal position. Recent government announcements will see tax as a share of GDP rising to a 70-year peak by the end of the current parliament. Looking beyond the near future, the resulting increase in social security and corporation tax payments will add to the pressure on corporate profit margins.

GDP forecasts and business sentiment have also improved in Japan. Tight restrictions during the Tokyo Olympics brought the number of Covid-19 cases under control, while the country's vaccination programme was ramped up to inoculate 1% of the population daily. Export demand has recovered strongly, and the recently appointed prime minister is expected to instigate a major increase in public expenditure.

Much of Asia and the developing world are also experiencing high rates of infection. Most alarming, however, is the rising death toll in countries with much lower vaccination rates. At the time of writing, India, the second-largest economy in emerging markets, has immunised only 15% of its population, and Vietnam just 7%. While developing countries typically have a younger demographic who are better able to recover from infections, the slow pace of inoculation has broader implications. Not only could containment measures hamper global trade, but delays may allow new variants of the disease to spread, increasing the risk of renewed contagion worldwide.

China, too, has suffered fresh outbreaks of the disease. The country reported disappointing growth figures for July that were also affected by widespread flooding. But there is a growing sense of more profound change in the economy; industrial demand that had initially fuelled the country's recovery is now fading, and caution is mounting among consumers. The ruling party has introduced anti-capitalist measures as they seek to redistribute wealth and reassert control. This intervention has done little to assuage rising geopolitical tensions with America, particularly as some prominent Chinese companies are also listed on US stock exchanges. Nevertheless, the IMF expects the country's output to grow by 8% this year and 6% in 2022.

Outlook continued

While there is much to encourage investors in the present state of the global economy, recent gains in markets have left many equity valuations appearing stretched with little scope to accommodate any negative surprises from monetary tightening or supply chain disruptions. The fund's investment policy emphasises companies with sufficiently strong business positions to weather rising costs by pushing up selling prices. At the same time, the portfolio remains broadly diversified with a wide range of holdings in global equities balanced by allocations to government bonds, which include significant exposure to inflation-protected issues, and gold.

19th October 2021

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 28th Feb.)	High	Low
2019	£50.243	£46.498
2020*	£53.681	£47.722
2021	£58.390	£45.020
2022**	£61.997	£54.287

**Up to 29th February 2020.*
***Up to 31st August 2021, for the year ending 28th February 2022.*

INCOME RECORD

Accounting year (to 28th Feb.)	Per unit (net)
2019	76.874p
2020*	81.573p
2021	66.635p
2022 *(interim only)*	28.000p

**Up to 29th February 2020.*

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.19	£686,505,563	£47.348	14,499,111
29.02.20	£745,129,828	£49.329	15,105,333
28.02.21	£872,317,520	£54.274	16,072,493
31.08.21	£1,060,309,005	£61.530	17,232,272

OPERATING CHARGES

Date	Annualised
28.02.19	1.120%
29.02.20	1.140%
28.02.21	1.120%
31.08.21	1.100%

PORTFOLIO TURNOVER

Date	Annualised
28.02.19	58%
29.02.20	23%
28.02.21	60%
31.08.21	9%

DISCRETE PERFORMANCE

Year to 31.08.21	Year to 31.08.20	Year to 31.08.19	Year to 31.08.18	Year to 31.08.17
16.6%	3.3%	6.9%	6.3%	5.4%

Mid to mid, income reinvested, Source: McInroy & Wood.

PORTFOLIO STATEMENT

as at 31st August 2021 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2021	28th Feb. 2021
Bonds				
UK				
European Investment Bank FRN 2022	£29,200,000	29,224	2.8	
UK Treasury 0.125% I-L 2026	£4,953,000	6,784	0.6	
UK Treasury 0.5% 2022	£25,913,000	25,990	2.5	
UK Treasury 1.875% I-L 2022	£11,201,000	17,823	1.7	
UK Treasury 2.25% 2023	£24,660,600	25,690	2.4	
		105,511	10.0	10.7
USA				
US Treasury 0.125% I-L 2022	$40,618,200	33,519	3.2	
US Treasury 0.125% 2022*	$29,718,000	21,602	2.0	
US Treasury 0.125% 2022**	$17,658,000	12,836	1.2	
US Treasury 0.125% I-L 2024	$49,969,000	44,544	4.2	
US Treasury 0.25% I-L 2025	$31,137,000	28,031	2.6	
US Treasury 0.5% 2028	$29,315,000	26,576	2.5	
US Treasury 0.875% 2029	$28,785,000	26,359	2.5	
		193,467	18.2	19.1
TOTAL BONDS		*298,978*	*28.2*	*29.8*
Equities				
UK				
Croda International	306,023	27,989	2.6	
Rio Tinto	461,951	24,862	2.3	
Rotork	5,153,521	17,192	1.6	
Spirax-Sarco Engineering	234,543	37,785	3.6	
Victrex	449,896	11,913	1.1	
XP Power	279,562	15,432	1.5	
		135,173	12.7	13.3
USA				
Abbott Laboratories	168,202	15,438	1.5	
Ansys	50,743	13,471	1.3	
Becton Dickinson	79,955	14,622	1.4	
Ecolab	93,872	15,371	1.4	
Edwards Lifesciences	265,383	22,592	2.1	
Mettler-Toledo	24,120	27,188	2.6	

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2021	28th Feb. 2021
Equities continued				
USA continued				
Microsoft	44,273	9,711	0.9	
Paychex	316,909	26,359	2.5	
Watsco	99,612	20,152	1.9	
		164,904	15.6	13.9
DENMARK				
Novo Nordisk	307,625	22,325	2.1	0.0
FRANCE				
Air Liquide	145,291	18,913	1.8	
EssilorLuxottica	117,882	16,811	1.6	
		35,724	3.4	3.2
GERMANY				
Fuchs Petrolub	493,839	14,114	1.3	
HELLA	309,510	16,061	1.5	
SAP	165,350	18,021	1.7	
		48,196	4.5	6.2
IRELAND				
Kerry 'A'	198,733	21,137	2.0	1.7
NETHERLANDS				
ASML	40,325	24,368	2.3	
Royal Dutch Shell 'B'	1,700,508	24,334	2.3	
		48,702	4.6	4.6
SWITZERLAND				
Sonova	71,019	19,885	1.9	1.5
JAPAN				
Asahi Intecc	341,700	7,503	0.7	
Misumi	600,900	17,328	1.6	
Nabtesco	447,900	12,901	1.2	
Nissan Chemical Industries	445,800	18,163	1.7	
Shimadzu	580,300	18,922	1.8	
Shimano	51,600	11,010	1.1	
		85,827	8.1	8.7

continued

		Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2021	28th Feb. 2021
Equities continued					
DEVELOPING MARKETS					
Brazil	Localiza Rent a Car	1,025,120	8,069	0.8	
	StoneCo	100,340	3,392	0.3	
China	Anta Sports Products	874,000	13,065	1.2	
Hong Kong	Shandong Weigao Medical Polymer	7,484,000	8,922	0.9	
	Vitasoy International	3,895,000	7,296	0.7	
India	Britannia Industries	331,510	13,147	1.2	
	Crompton Greaves	3,213,168	15,165	1.4	
	Marico	2,533,000	13,739	1.3	
Mexico	Wal-Mart de Mexico	4,632,610	11,971	1.1	
Portugal	Jeronimo Martins	772,136	11,885	1.1	
Singapore	Thai Beverage	27,443,800	10,081	1.0	
			116,732	11.0	11.6
TOTAL EQUITIES			*698,605*	*65.9*	*64.7*
Commodities					
IRELAND					
iShares Physical Gold ETC		1,988,962	50,994	4.8	4.7
TOTAL INVESTMENTS			1,048,577	98.9	99.2
Net other assets			11,732	1.1	0.8
TOTAL NET ASSETS			*1,060,309*	*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 2021 are investment grade.

* Matures 31st May 2022.

** Matures 31st July 2022.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2021 (unaudited)

Purchases		Cost £'000
14,063	Ansys	3,167
341,700	Asahi Intecc	6,989
17,350	Becton Dickinson	3,022
83,800	Britannia Industries	2,860
12,700	EssilorLuxottica	1,502
493,839	Fuchs Petrolub *(Conversion receipt)*	—
292,567	iShares Physical Gold ETC	7,255
26,900	Kerry	2,542
44,273	Microsoft	7,636
25,500	Nissan Chemical	941
307,625	Novo Nordisk	15,249
2,516,000	Shandong Weigao Medical Polymer	3,014
100,340	StoneCo	5,065
4,953,000	UK Treasury 0.125% I-L 2026	6,595
995,000	UK Treasury 0.5% 2022	1,000
4,255,600	UK Treasury 2.25% 2023	4,460
5,526,000	US Treasury 0.125% 2022	3,997
7,963,000	US Treasury 0.125% I-L 2024	6,980
5,951,000	US Treasury 0.25% I-L 2025	5,196
1,159,000	US Treasury 0.5% I-L 2028	997
1,150,000	US Treasury 0.875% I-L 2029	997
	TOTAL	89,464

continued

Disposals		Proceeds £'000
400,000	Anta Sports Products	5,747
9,613,790	Britannia Industries 5.5% 03/6/2024	95
221,253	Fresenius Medical Care	11,677
493,839	Fuchs Petrolub *(Conversion delivery)*	—
823,168	MTN	2,980
294,200	Trend Micro	10,393
	TOTAL	30,892

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 £1,000. Regular monthly contributions may be made for a minimum of £100. Online dealing is available.

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 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.

continued

Remuneration Policy
McInroy & Wood Portfolios Limited ("MWP") delegates investment management of the fund, and other in-house funds (together ″funds″) 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 the remuneration requirements of the UCITS Remuneration Code. 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.

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 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 shift over time.

Value Assessment
The Manager conducted an assessment of value for the fund. The assessment of value report will be made available to investors annually by 30th June 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 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	J C McAulay
Director	*Director*

Haddington, 19th October 2021

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2021 (unaudited)

	Notes	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2020 £'000	Six months ended 31st Aug. 2020 £'000
Income					
Net capital gains			123,584		60,604
Revenue	2	10,474		7,523	
Expenses	3	(5,353)		(4,382)	
Net revenue before taxation		5,121		3,141	
Taxation	4	(1,720)		(566)	
Net revenue after taxation			3,401		2,575
Total return before distributions			126,985		63,179
Distributions			(4,570)		(3,765)
Change in net assets attributable to unitholders from investment activities			122,415		59,414

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2021 (unaudited)

	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2020 £'000	Six months ended 31st Aug. 2020 £'000
Opening net assets attributable to unitholders		872,318		745,130
Amounts receivable on creation of units	72,111		33,856	
Amounts payable on cancellation of units	(6,509)		(9,337)	
		65,602		24,519
Stamp duty reserve tax		(26)		–
Change in net assets attributable to unitholders from investment activities		122,415		59,414
Closing net assets attributable to unitholders		1,060,309		829,063

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 2021 (unaudited)

	31st Aug. 2021		28th Feb. 2021	
	£'000	£'000	£'000	£'000
ASSETS:				
Fixed assets:				
Investments		1,048,577		865,199
Current assets				
Debtors	4,159		3,367	
Cash & bank balances	16,151		16,209	
Total other assets		20,310		19,576
Total assets		1,068,887		884,775
LIABILITIES:				
Creditors				
Distribution payable	(4,825)		(6,692)	
Other creditors	(3,753)		(5,765)	
Total liabilities		(8,578)		(12,457)
Net assets attributable to unitholders		1,060,309		872,318

as at 31st August 2021 (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. 2021 £'000	Six months ended 31st Aug. 2020 £'000
Bank interest	–	5
Interest on overseas debt securities	270	352
Interest on UK debt securities	1,469	1,350
Overseas dividends	4,167	3,392
Stock dividends	–	80
UK dividends	4,568	2,344
Total revenue	10,474	7,523

3. Expenses

	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2020 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	4,906	3,930
– Transfer agency fee	188	230
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	73	60
– Safe custody fee	127	105
Other expenses:		
– Audit fee	7	9
– Fund accounting fee	37	25
– Interest payable and similar charges	1	–
– Legal and other professional fees	3	2
– Sundry fees*	11	21
Total expenses	5,353	4,382

*Includes FT listing fees, financial statement printing and postage, tax computation fees for £1,695 performed by the fund's auditors, PricewaterhouseCoopers LLP (2020: £4,342), and other fees.

continued

4. Taxation

	Six months ended 31st Aug. 2021 £'000	Six months ended 31st Aug. 2020 £'000
Analysis of tax charge		
Indian capital gains tax	1,091	214
Overseas tax	629	352
	1,720	566

DISTRIBUTION TABLES

in pence per unit
for the six months ended 31st August 2021 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2021
Group 2 - Units purchased 1st March 2021 to 31st August 2021

	Dividend income	Equalisation*	Amount payable 31.10.21
Group 1	28.000	–	28.000
Group 2	5.124	22.876	28.000

*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 2021 (unaudited)

	Six months to 31st Aug. 2021	Year to 28th Feb. 2021
Interim payable/paid	28.000	25.000
Final paid	—	41.635
	28.000	66.635

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

Directors
T A U Wood
W A Ferguson
S J Fraser[1]
J R Jesty
J E Marshall
J C McAulay
D H Shaw Stewart[2]
J A Young

[1]Deceased 9/8/2021, [2]Retired 24/6/2021

Secretary
J C McAulay

Investment Adviser
McInroy & Wood Limited
Easter Alderston
Haddington
EH41 3SF

Trustee
The Bank of New York Mellon (International) Limited
One Canada Square
London
E14 5AL

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

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McInroy & Wood Limited
MWBF0821