McInroy & Wood

PERSONAL INVESTMENT MANAGERS

EMERGING MARKETS FUND

A pooled management service for private clients

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28TH FEBRUARY 2022

SUMMARY

At 28th February 2022, total net assets of the fund amounted to £89,102,678 compared with £83,311,194 twelve months before. There were 267 investors (excluding ISA holders), each with an average holding worth £324,327.

The price of units in the fund at 28th February 2022 stood at £22.784, a rise of 1% over the year. The fund proved relatively defensive over the period, when compared to a wider MSCI Emerging Market's Index, reflecting a larger allocation to the Indian market and a relatively low exposure to Chinese companies.

A final distribution of 21.677 pence per unit is now being paid. When aggregated with the interim dividend of 11.0 pence per unit, total distributions over the twelve months to 28th February 2022 amounted to 32.677 pence per unit, 2% higher than that paid over the previous year.

The Russian invasion of Ukraine has greatly alarmed world markets. Although the portfolio has no direct exposure to Russian stocks, many sectors will clearly be affected by the disruption to the world economy. At the time of writing, it is still unclear how the conflict will be resolved.

Aside from the obvious humanitarian tragedy that has taken place, investors are very concerned about the costs inflicted on economic activity. Western countries have coordinated a widespread boycott of trade with Russia as part of a punitive sanctions regime, and while developing countries appear reluctant to take sides, few will be sheltered from interruptions to the global supply of key commodities. Central banks across the world are reassessing their interest rate policies in order to contain the inflationary consequences.

Given the uncertain political and economic background, emerging markets may not find it easy to make much progress over the next few months. However, the fund's emphasis on well-financed consumer businesses should prove a sensible and rewarding approach for longer-term investors to benefit from the continued expansion of middle-class consumption in developing markets.

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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 Emerging Markets 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 grow the real value of investors' capital and income. Investments will be in companies operating or incorporated in emerging markets. An equal emphasis will be placed 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. Investors should be aware that their capital is at risk.

The fund may invest in any geographic area and any economic sector. The fund invests at least 50% in shares of companies, quoted on the world's stock markets, and operating or incorporating in emerging markets. Emerging markets are defined as countries that are progressing towards becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body. The fund also invests in depository receipts issued by companies quoted on the above markets. The manager aims to keep the fund fully invested in emerging markets stocks, but from time to time, when the Manager considers the outlook for such securities to be unfavourable, the fund may invest in gilt-edged stocks and overseas fixed interest investments which the Manager considers appropriate. It is not intended that the fund will have an interest in any immovable property or tangible movable property.

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 28th February 2022, total net assets of the fund amounted to £89,102,678 compared with £83,311,194 twelve months earlier. There were 267 investors (excluding ISA holders), each with an average holding worth £324,327.

Markets

Over the year to 28th February 2022, emerging markets fell by 9% in sterling terms, as measured by the MSCI Emerging Markets Index. The decline was predominantly caused by a sharp fall in the large Chinese market (-34% in local currency terms). Excluding China, the index rose 7% in sterling terms. China had performed well during the early stages of the coronavirus pandemic, but investor confidence deteriorated sharply in July 2021 after the introduction of new regulations limiting the freedoms of private enterprise under the banner of 'common prosperity'. The sell-off hit high-profile technology firms with expensive valuations particularly hard, and the heavily indebted property sector also fell out of favour. Sentiment weakened further during the course of 2021 as the authorities continued to pursue a zero-tolerance approach to fresh outbreaks of the virus. Renewed lockdowns were imposed on several major cities, slowing economic growth as a result.

Elsewhere the picture was very different. The Indian economy recovered strongly from a devastating outbreak of the virus last year, helped by supportive fiscal measures, and the market rose 18% in local currency terms. Export-orientated markets such as Mexico (+21%), were also buoyant, benefiting from resurgent global demand. Similarly, rising commodity prices boosted South Africa (+9%). However, local conditions continue to diverge across different markets, with bottlenecks in the semi-conductor supply chain impacting South Korea (-14%).

Most developing country currencies were relatively steady against sterling during the period. A proactive rise in Brazilian interest rates to control a pick-up in inflation resulted in the Brazilian real gaining 11% against sterling. By contrast, the Turkish lira (-80%) fell sharply as the country's central bank continued to cut rates despite soaring retail prices, under political pressure from the government.

Results

The price of units in the fund at 28th February 2022 stood at £22.784, a rise of 1% over the year. The fund proved relatively defensive over the period, when compared to a wider MSCI Emerging Market's Index, reflecting a larger allocation to the Indian market and a relatively low exposure to Chinese companies.

Results continued
The objective of the fund is to grow 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, as measured by the UK Retail Prices Index, over the same period. Over the 3 years to 28th February 2022, the total return for unitholders in the fund was 12%, compared to inflation of 12% on the above basis over the same period. Over 5 years, the fund returned 19%, against inflation of 20%. The fund has provided a total return to unitholders of 143% above inflation since its inception in March 2007.

Dividend Distribution
A final distribution of 21.677 pence per unit is now being paid. When aggregated with the interim dividend of 11.0 pence per unit, total distributions over the twelve months to 28th February 2022 amounted to 32.677 pence per unit, 2% higher than that paid over the previous year. The crisis in Ukraine and continuing outbreaks of the pandemic have resulted in some uncertainty over prospects for corporate profitability but based on current forecasts the fund's total dividend distribution for the coming year is expected to remain at a broadly similar level.

Portfolio Strategy
The portfolio continues to be highly diversified across different industries and geographies. At 28th February 2022, 19% of the portfolio was invested in India (19% on 28th February 2021), 18% in China (14%), 37% in the rest of Asia (40%), 13% in Latin America (12%), 7% in Africa (7%), 3% in Emerging Europe (6%) and 3% was held in cash (2%).

Investments
Weaker Chinese share prices provided an opportunity to establish new positions in two Chinese companies listed in Hong Kong: online retailer JD.com and condiment manufacturer Yihai. The fund also acquired holdings in Phu Nhuan Jewelry, a Vietnamese jewellery retailer, and StoneCo, a Brazilian company providing financial services for small businesses. The investments in Arwana Citramulia, CNOOC, Giant Manufacturing, Ginko International and Vivo Energy were sold. A strategic decision was also made to dispose of all investments in Turkey due to deteriorating macro-economic conditions in the country and the risk of further devaluation of the lira; BIM Birlesik Magazalar and Migros Ticaret were sold as a result.

Investments continued
MTN Group (+164%), Titan (+81%) and Wilcon Depot (+63%) performed notably well over the year. Vitasoy (-58%) and LG Household & Health (-37%) lost ground. Two of the newer holdings also fell sharply with Stone Co (-83% since purchase) impacted by a regulatory change that significantly increased competition in its market, and Yihai (-40% since purchase) hurt by the tighter COVID restrictions in China. At 28th February 2022 there were 44 holdings in the portfolio.

Outlook
The Russian invasion of Ukraine has greatly alarmed world markets. Although the portfolio has no direct exposure to Russian stocks, many sectors will clearly be affected by the disruption to the world economy. At the time of writing, it is still unclear how the conflict will be resolved.

Aside from the obvious humanitarian tragedy that has taken place, investors are very concerned about the costs inflicted on economic activity. Western countries have coordinated a widespread boycott of trade with Russia as part of a punitive sanctions regime, and while developing countries appear reluctant to take sides, few will be sheltered from interruptions to the global supply of key commodities. Central banks across the world are reassessing their interest rate policies in order to contain the inflationary consequences.

The US economy is already showing signs of overheating. It is therefore unsurprising that the Federal Reserve is widely expected to begin raising interest rates this year. Emerging market currencies remain sensitive to the speed and timing of any policy changes, but a repeat of the depreciations seen in 2013, when the Fed raised rates unexpectedly, is thought unlikely. Today, many central banks in developing countries are better prepared for such a scenario, having had the foresight in recent years to bolster foreign currency reserves and to raise interest rates well ahead of their western counterparts.

Brazil's Central Bank has raised rates eight times since March of last year in an effort to stem high levels of inflation. Increased borrowing costs are weighing on domestic demand, and despite rising commodity prices that look set to benefit some sections of the economy, there are signs of growth stagnating. Elections, scheduled for October, are also adding to uncertainty. Controversial incumbent, President Jair Bolsonaro, faces challenge from leftist former President Lula, whose previous two terms in office were plagued by corruption scandals.

Outlook continued

Meanwhile, the Chinese economy has been hit by the government's zero-tolerance policy on Covid-19, and at the same time confidence is flagging in an overstretched property sector. However, the Chinese Politburo has indicated that it may introduce more support to boost growth and stabilise the economy ahead of the Communist Party's 20th Conference in October, which marks the start of President Xi's third term in office. It is also encouraging for investors that there would now seem to be some excellent companies standing at reasonable valuations following the recent market falls.

By contrast, the Indian stock market has been very strong. A successful vaccine program, accommodative monetary policy, and a generous increase in government spending on rural infrastructure have helped the economy to rebound. However, with assembly elections in several states scheduled this year, the ruling BJP party could be accused of short-termism and overlooking the risks of inflation. India relies heavily on imported oil, and the recent surge in prices is expected to take the edge off growth in coming months. Nevertheless, there appears to be a lasting commitment to reform in the country, designed to draw the vast informal sector into the formal economy, and with a young, well-educated population, investment in India looks to offer compelling opportunities in the long run.

Elsewhere in Asia, vaccination rates are catching up with those of developed nations, and the economies of Indonesia, Philippines, Thailand, and Vietnam are continuing to recover. There is now growing confidence that vaccines and social distancing measures can contain any future outbreaks of the Covid pandemic, while new working practices should enable commercial activity to continue largely uninterrupted. Of course, the possibility of a variant that is both acutely virulent and highly transmissible cannot be ruled out, but the world is now much better positioned to tackle such a development.

Given the uncertain political and economic background, emerging markets may not find it easy to make much progress over the next few months. However, the fund's emphasis on well-financed consumer businesses should prove a sensible and rewarding approach for longer-term investors to benefit from the continued expansion of middle-class consumption in developing markets.

21st April 2022

COMPARATIVE TABLE - PERSONAL CLASS

	28th February 2022 (pence per unit)	28th February 2021 (pence per unit)	29th February 2020 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	2,214.80	2,050.09	2,095.00
Return before operating charges*	100.55	223.91	23.12
Operating charges	(29.04)	(27.25)	(28.37)
Return after operating charges	71.51	196.66	(5.25)
Distributions	(32.68)	(31.95)	(39.66)
Closing net asset value per unit	2,253.63	2,214.80	2,050.09
*After direct transaction costs of	(1.69)	(1.30)	(1.93)
Performance**			
Return after charges	3.23%	9.59%	(0.25)%
Other information			
Closing net asset value (£'000)	89,103	83,311	78,239
Closing number of units	3,953,738	3,761,564	3,816,381
Operating charges	1.24%	1.28%	1.26%
Direct transaction costs	0.07%	0.06%	0.09%
Prices			
Highest unit price	£24.659	£24.420	£24.199
Lowest unit price	£22.343	£16.850	£20.675
Portfolio turnover			
Annualised	15%	8%	15%

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

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

PORTFOLIO STATEMENT

as at 28th February 2022

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2022	28th Feb. 2021
Equities				
BRAZIL				
Localiza Rent a Car	192,110	1,598	1.8	
StoneCo	86,960	728	0.8	
WEG	405,850	1,723	1.9	
		4,049	4.5	3.7
CHILE				
Embotelladora Andina	532,900	852	1.0	
Embotelladora Andina ADR	124,030	1,131	1.3	
		1,983	2.3	2.6
CHINA				
Anta Sports Products	254,200	2,881	3.2	
JD.com	89,300	2,376	2.7	
Midea	261,700	2,062	2.3	
Trip.com ADR	99,522	1,913	2.2	
Yihai International	640,000	1,975	2.2	
		11,207	12.6	7.8
EGYPT				
Edita Food Industries	2,305,940	804	0.9	0.9
HONG KONG				
Hang Lung Properties	1,478,000	2,306	2.6	
MTR	415,500	1,601	1.8	
Shandong Weigao Medical Polymer	2,389,200	2,438	2.7	
TravelSky Technology	1,844,000	2,586	2.9	
Vitasoy International	1,702,000	2,348	2.6	
		11,279	12.6	14.9
INDIA				
Asian Paints	60,120	1,884	2.1	
Britannia Industries	39,130	1,323	1.5	
Crompton Greaves	597,260	2,531	2.8	
Dabur India	278,295	1,554	1.7	
Hindustan Unilever	54,585	1,173	1.3	
Mahindra & Mahindra	262,000	2,048	2.3	
Marico	545,100	2,746	3.1	
Nestle India	7,650	1,330	1.5	
Titan	93,210	2,356	2.7	
		16,945	19.0	18.6

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2022	28th Feb. 2021
Equities continued				
INDONESIA				
Kalbe Farma	30,463,300	2,592	2.9	
Ultrajaya Milk Industry & Trading	10,824,200	859	1.0	
		3,451	3.9	4.3
KENYA				
East African Breweries	708,000	737	0.8	0.9
MEXICO				
America Movil ADR	60,900	822	0.9	
Fomento Economico Mexicano	327,800	1,961	2.2	
Wal-Mart de Mexico	1,102,290	3,128	3.5	
		5,911	6.6	5.1
PHILIPPINES				
Jollibee Foods	852,300	2,974	3.3	
Universal Robina	1,213,300	2,116	2.4	
Wilcon Depot	7,881,100	3,351	3.8	
		8,441	9.5	7.2
PORTUGAL				
Jeronimo Martins	195,590	3,180	3.6	3.0
SINGAPORE				
Ezion warrants 2023	1,260,000	—	0.0	
Thai Beverage	6,822,000	2,491	2.8	
		2,491	2.8	3.2
SOUTH AFRICA				
Barloworld	257,385	1,525	1.7	
MTN	312,800	2,891	3.3	
		4,416	5.0	3.2
SOUTH KOREA				
LG Household & Health Care	4,022	2,368	2.6	3.3
TAIWAN				
Chroma ATE	630,670	3,152	3.6	
President Chain Store	311,300	2,160	2.4	
		5,312	6.0	9.5

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2022	28th Feb. 2021
Equities continued				
TURKEY		–	0.0	3.1
UK				
MP Evans	249,770	2,028	2.3	3.9
VIETNAM				
Phu Nhuan Jewelry	258,000	868	1.0	
Vietnam Dairy Products	641,160	1,642	1.8	
		2,510	2.8	1.9
TOTAL INVESTMENTS		87,112	97.8	97.1
Net other assets		1,991	2.2	2.9
TOTAL NET ASSETS		*89,103*	*100.0*	*100.0*

Note: Unless otherwise stated, the above securities are admitted to official stock exchange listings or traded on a regulated market.

SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 28th February 2022

Purchases		Cost £'000
28,200	ANTA Sports Products	300
84,000	Dabur India	464
560,000	Edita Food Industries	193
148,800	Embotelladora Andina	233
241,000	Hang Lung Properties	382
89,300	JD.com	2,477
114,000	Jollibee Foods	298
4,094,000	Kalbe Farma	288
1,180	LG Household & Health Care	812
140,700	Midea	1,170
258,000	Phu Nhuan Jewelry	887
523,200	Shandong Weigao Medical Polymer	577
86,960	StoneCo	2,858
780,000	TravelSky Technology	1,043
23,122	Trip.com ADR	492
2,178,000	Ultrajaya Milk Industry & Trading	168
133,300	Universal Robina	258
162,000	Vietnam Dairy Products	442
744,000	Vitasoy International	1,346
160,340	Wal-Mart de Mexico	353
70,250	WEG	298
640,000	Yihai International	2,867
	TOTAL	18,206

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
21,300	America Movil ADR	275
53,000	Anta Sports Products	918
27,000,000	Arwana Citramulia	1,032
204,270	BIM Birlesik Magazalar	780
1,134,770	Britannia Industries 5.5% 2024	11
1,268,000	CNOOC	1,016
232,000	Crompton Greaves	1,041
241,680	Giant Manufacturing	2,091
212,100	Ginko International	959
31,710	Jeronimo Martins	461
33,000	Mahindra & Mahindra	277
144,000	Marico	739
344,650	Migros Ticaret	788
20,230	MP Evans	160
139,100	MTN	942
19,800	Titan	458
1,890,609	Vivo Energy	2,484
	TOTAL	14,432

GENERAL INFORMATION

Authorisation
The Emerging Markets 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 Emerging Markets 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 — 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 shift over time.

Value Assessment

The Manager produces a composite annual Assessment of Value for the funds managed by it. The document is published on McInroy & Wood's website by 30th June each year.

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority ("the Rules") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice (including FRS 102), of the financial position of the fund and of its net revenue and the net capital gains on the property of the fund for the year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association in May 2014, updated in June 2017;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue as a going concern unless it is inappropriate to do so; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

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

The maintenance and integrity of the 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, 21st April 2022

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

to the Unitholders of the McInroy & Wood Emerging Markets Fund ("the Trust") for the year ended 28th February 2022

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

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

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

The Trustee must ensure that:

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

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

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

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

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

21st April 2022

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the Fund as at 28th February 2022 and of the net expense and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28th February 2022; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements
As explained more fully in the Statement of the Manager's Responsibilities, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;

continued

- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report
This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting
Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

Collective Investment Schemes sourcebook exception reporting continued

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Edinburgh

21st April 2022

STATEMENT OF TOTAL RETURN

for the year ended 28th February 2022

	Notes	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000	Year ended 28th Feb. 2021 £'000
Income					
Net capital gains	2		2,509		7,164
Revenue	3	1,710		1,616	
Expenses	4	(1,128)		(1,006)	
Net revenue before taxation		582		610	
Taxation	5	(593)		(422)	
Net (expense)/revenue after taxation			(11)		188
Total return before distributions			2,498		7,352
Distributions	6		(1,270)		(1,217)
Change in net assets attributable to unitholders from investment activities			1,228		6,135

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 28th February 2022

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000	Year ended 28th Feb. 2021 £'000
Opening net assets attributable to unitholders		83,311		78,239
Amounts receivable on creation of units	11,537		6,437	
Amounts payable on cancellation of units	(6,973)		(7,500)	
		4,564		(1,063)
Change in net assets attributable to unitholders from investment activities		1,228		6,135
Closing net assets attributable to unitholders		89,103		83,311

BALANCE SHEET

as at 28th February 2022

	Notes	28th Feb. 2022 £'000	28th Feb. 2022 £'000	28th Feb. 2021 £'000	28th Feb. 2021 £'000
ASSETS:					
Fixed assets:					
Investments			87,112		80,907
Current assets					
Debtors	7	47		957	
Cash & bank balances		3,546		2,598	
Total other assets			3,593		3,555
Total assets			90,705		84,462
LIABILITIES:					
Provision for other liabilities	9		(615)		–
Creditors					
Distribution payable		(857)		(788)	
Other creditors	8	(130)		(363)	
Total liabilities			(1,602)		(1,151)
Net assets attributable to unitholders			89,103		83,311

for the year ended 28th February 2022

1. Accounting policies

(a) The financial statements have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the IMA (now known as the Investment Association) in May 2014, updated in June 2017, (the "SORP").

(b) Dividends receivable from equity investments are recognised gross of withholding tax and are credited to revenue when they are first quoted ex dividend. Interest receivable from debt securities is accounted for on an effective yield basis. All other income is recognised on an accruals basis.

(c) Special dividends are treated as revenue or capital depending on the facts of each particular case.

(d) Expenses of the fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the fund.

(e) Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

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

(f) The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on the last business day of April. An interim distribution based on available revenue is distributed on the last day of October. The ordinary element of stock dividends is treated as revenue and forms part of the distribution. The annual management charge is initially charged to revenue but ultimately borne by the capital of the fund.

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

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

continued

2. Net capital gains

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
Non-derivative securities	2,571	7,423
Currency losses	(56)	(236)
Custodian transaction costs	(6)	(23)
Net capital gains*	2,509	7,164
**includes realised gains on investments sold*	2,256	3,893

3. Revenue

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
Bank interest	–	1
Overseas dividends	1,566	1,503
Stock dividends	–	34
UK dividends	144	78
Total revenue	1,710	1,616

continued

4. Expenses

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	917	803
– Transfer agency fee	38	46
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	25	23
– Safe custody fee	74	62
Other expenses:		
– Audit fee	13	15
– Fund accounting fee	40	38
– Interest payable and similar charges	–	1
– Professional services fees*	17	9
– Sundry fees**	4	9
Total expenses	1,128	1,006

*Includes non-audit service fees of £4,678 payable to the fund's auditors, PricewaterhouseCoopers LLP (2021: £6,180).

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

continued

5. Taxation

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
(a) Analysis of tax charge for the year		
Indian capital gains tax	364	226
Overseas tax	229	196
	593	422

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2021 - higher) than the standard rate of corporation tax in the UK for an authorised unit trust (20% (2021 - 20%)). The differences are explained below:

	Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
Net revenue before taxation	582	610
Corporation tax at 20%	116	122
Effects of:		
Indian capital gains tax	364	226
Movement in unrecognised tax losses	213	186
Overseas tax	229	196
Overseas tax expensed	(2)	(3)
Revenue not subject to tax	(327)	(305)
Current tax charge for the year	593	422

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,748,753 (2021 - £1,535,492) in respect of unrecognised tax losses. The fund may not generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the current or prior year.

continued

6. Distributions

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

		Year ended 28th Feb. 2022 £'000	Year ended 28th Feb. 2021 £'000
Interim		435	418
Final		857	788
		1,292	1,206
Add:	Revenue deducted on cancellation of units	44	41
Deduct:	Revenue received on creation of units	(66)	(30)
Net distribution for the year		1,270	1,217

Net (expense)/revenue after taxation	(11)	188
Expenses taken to capital	917	803
Indian capital gains tax	364	226
Net distribution for the year	1,270	1,217

Details of the distributions per unit are shown in the Distribution Tables on page 37.

continued

7. Debtors

	28th Feb. 2022 £'000	28th Feb. 2021 £'000
Amounts receivable for creation of units	–	914
Overseas withholding tax recoverable	14	23
Prepaid expenses	–	2
Revenue receivable:		
Overseas equities	33	18
	47	957

8. Other Creditors

	28th Feb. 2022 £'000	28th Feb. 2021 £'000
Accrued expenses:		
Audit fee	13	12
Custodial transaction fees	1	1
Fund accounting fee	4	1
Manager's periodic charge	69	67
Safe custody fees	12	5
Transfer agency fee	15	14
Trustee's fee	2	2
Other	13	10
Amounts payable for cancellation of units	1	–
Indian capital gains tax	–	251
	130	363

9. Provisions for other liabilities

The fund had the following provisions during the year:

	Overseas capital gains tax provision £'000	Total £'000
At 28th February 2021	–	–
Additions dealt with in profit or loss	615	615
At 28th February 2022	615	615

There were no provisions for other liabilities in the prior year.

10. Unit movement

For the year 1st March 2021 to 28th February 2022

Opening units	3,761,564
Units created	494,069
Units cancelled	(301,895)

10. Unit movement continued

Closing units	3,953,738

11. Related Party Transactions

The Manager actively exercises control over the fund and is therefore a related party by virtue of its controlling influence.

Amounts paid during the year or due to the Manager at the balance sheet date are disclosed under Expenses and Creditors in the Notes to the Financial Statements.

The Manager acts as principal on all transactions of units in the fund. The aggregate monies received through the creation and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Financial Statements. Amounts due to or from the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Creditors in the Notes to the Financial Statements.

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's value at the balance sheet date were 2.7% (2021 - 2.7%).

12. Portfolio Risk Analysis

In pursuing its investment objectives, the fund's portfolio is invested in a variety of financial assets. These comprise securities and other investments. There are also cash balances, debtors and creditors that arise directly from its is operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and debtors for accrued revenue.

Credit and Liquidity Risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment, and includes the risk that the issuer of a security will be unable to pay interest and principal in a timely manner.

The fund's assets comprise mainly readily realisable securities. There are no borrowings or unlisted securities of a material nature. The main potential liability of the fund is the redemption of any units that investors wish to sell. Assets of the fund may need to be sold if insufficient cash is available to finance such redemptions. The Manager has reviewed the portfolio's investments and considers them to be sufficiently liquid for these purposes.

It is estimated that 93% of the fund could be realised within 5 days, based upon normal trading activities and achieving 30% of the 30-day average traded volume.

continued

12. Portfolio Risk Analysis continued

Market Price Risk

Market price risk arises from the effect which falls in the price or value of the assets held could have on the property of the fund. The Manager seeks to mitigate such risk by maintaining a prudent diversification of its investments.

The Manager adheres to investment guidelines and to investment borrowing powers set out in the Trust Deed, Prospectus and in the rules of the Collective Investment Schemes sourcebook. This mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Manager's Investment Report and Portfolio Statement.

Interest Rate Risk

The fund holds cash on deposits. Changes in interest rates may have an adverse effect on the future cash flows from such deposits and on the amount of income derived from them.

The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy.

At 28th February 2022 and 28th February 2021, no interest bearing investments were held by the fund, hence no interest rate risk exposure table has been presented.

Foreign Currency Risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The fund has not hedged the sterling value of investments that are priced in other currencies. Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

	Assets £'000	Liabilities £'000
28th February 2022		
Level 1: Quoted prices	87,112	–
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
	87,112	**–**

continued

12. Portfolio Risk Analysis continued

Valuation of financial investments continued

	Assets £'000	Liabilities £'000
28th February 2021		
Level 1: Quoted prices	80,907	–
Level 2: Observable market data	–	–
Level 3: Unobservable data	–	–
	80,907	**–**

13. Risk Exposure

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

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

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

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

	Year ended 28th Feb. 2022 %	Year ended 28th Feb. 2021 %
Year end VaR	6.26	13.38
Minimum VaR	6.13	8.39
Maximum VaR	13.48	14.46
Average VaR	7.06	13.78

Leverage

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

continued

14. Portfolio Transaction Costs

For the year 1st March 2021 to 28th February 2022

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	18,171	22	0.12	13	0.07
Total purchases	**18,171**	**22**		**13**	
Total purchases including transaction costs	**18,206**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	14,452	15	0.10	16	0.11
Debt instruments	11	–	–	–	-
Total sales	**14,463**	**15**		**16**	
Total sales net of transaction costs	**14,432**				
Total transaction costs		37		29	
Total transaction costs as a % of average net assets		0.04%		0.03%	

For the year 1st March 2020 to 28th February 2021

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	8,454	15	0.18	7	0.08
Total purchases	**8,454**	**15**		**7**	
Total purchases including transaction costs	**8,476**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	12,118	14	0.12	13	0.11
Total sales	**12,118**	**14**		**13**	
Total sales net of transaction costs	**12,091**				
Total transaction costs		29		20	
Total transaction costs as a % of average net assets		0.03%		0.03%	

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

14. Portfolio Transaction Costs continued

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the fund's purchase and sale of equity shares. Additionally for equity shares there are dealing spread costs (the difference between the buying and selling prices) which are payable on purchase and sale transactions.

Dealing spread costs incurred by the fund vary depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.45% (2021 - 0.30%).

DISTRIBUTION TABLES

in pence per unit
for the year ended 28th February 2022

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 paid 31.10.21
Group 1	11.000	–	11.000
Group 2	1.416	9.584	11.000

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st September 2021
Group 2 - Units purchased 1st September 2021 to 28th February 2022

	Dividend income	Equalisation*	Amount payable 30.04.22
Group 1	21.677	–	21.677
Group 2	2.869	18.808	21.677

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

DISTRIBUTION SUMMARY

in pence per unit
for the year ended 28th February 2022

	Year to 28th Feb. 2022	Year to 28th Feb. 2021
Interim paid	11.000	11.000
Final payable/paid	21.677	20.952
	32.677	31.952

DISTRIBUTION XD AND PAYMENT DATES

	XD Date	*Payment Date*
Final	28.02.22	30.04.22
Interim	31.08.22	31.10.22

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D H Shaw Stewart[2]
J A Young

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

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