



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

EMERGING MARKETS FUND

A pooled management service for private clients

INTERIM REPORT
AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST AUGUST 2022

SUMMARY

At 31st August 2022, total net assets of the fund amounted to £78,279,669 compared with £89,102,678 at 28th February 2022. There was a net investment outflow of £14 million from the fund over the period, due in large part to McInroy & Wood's decision to reduce the overall equity allocation in its balanced portfolios. There were 249 investors (excluding ISA holders), each with an average holding worth £302,927.

The price of units in the fund advanced 5% to finish the reporting period on 31st August 2022 at £24.026. The fund benefited from its exposure to strongly performing Indian consumer companies and its Chinese holdings, which proved defensive in a difficult market. The weakness of sterling also boosted returns.

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 31st August, the total return for unitholders in the fund was 8%, compared to inflation of 18% on the above basis over the same period. Over 5 years, the fund returned 16%, against inflation of 26%. The fund has provided a total return to unitholders of 149% above inflation since its inception in March 2007. The marked rise in UK inflation has adversely affected the fund's ability to meet its objective in the short term, but it has successfully grown the real value of investors' capital and income over longer periods.

An interim distribution of 12.000p is now being paid, a rise of 9% from the corresponding figure from last year. This increase reflects foreign currency effects and a one-off special dividend paid by Chilean soft-drink company Embotelladora Andina. Despite some uncertainty over the prospects for corporate profitability in the near-term, based on current estimates, the distribution in respect of the next six months is also expected to be higher than last year.

Global growth is slowing, and there is a heightened risk of recession. Damage caused to supply chains by the pandemic and the manifold consequences of the conflict in Ukraine have resulted in a surge in inflation. Almost universally, central banks have responded by raising interest rates, but their strategies will need to be finely balanced to bring inflation down without triggering a slump in demand. Facing social unrest, governments are taking action to protect living standards with fuel and food subsidies. While such measures may alleviate the immediate pressure on prices, there is a prospect of a prolonged increase in the cost of living.

SUMMARY

Although the short-term environment for investment in emerging markets looks difficult, the fund aims to position the portfolio to gain exposure to these long-term investment opportunities. Its investment strategy continues to emphasise broad portfolio diversification, supported by careful company selection based on fundamental analysis. In the meantime, any further market setbacks will be used to add holdings in attractive shares that have temporarily fallen out of favour.

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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.

MANAGER'S INVESTMENT REPORT

At 31st August 2022, total net assets of the fund amounted to £78,279,669 compared with £89,102,678 at 28th February 2022. There was a net investment outflow of £14 million from the fund over the period, due in large part to McInroy & Wood's decision to reduce the overall equity allocation in its balanced portfolios. There were 249 investors (excluding ISA holders), each with an average holding worth £302,927.

Markets

The six months to 31st August were characterised by general weakness across most global equity markets. Rising inflation and the conflict in Ukraine triggered a sharp deterioration in sentiment. Concerns were focused on the likely magnitude and frequency of interest rate increases. Many developing countries faced particular challenges, especially those reliant on food and energy imports, or burdened with US dollar-denominated debt.

Indications that global economic growth was losing momentum resulted in sharp falls in markets in the principal manufacturing centres in Southeast Asia, with Taiwan falling 16% and South Korea down 11%, as measured by the respective MSCI country indices. It was also a difficult period for the Chinese market (-7%). The government's zero-tolerance approach to Covid-19, which included a two-month lockdown in Shanghai, weighed on domestic consumption and caused widespread disruption to export supply chains. These factors were compounded by a severe slump in the local property market.

By contrast, the Indian market (+7%) was much stronger. Investors remained upbeat about the country's economic prospects despite the Reserve Bank of India tightening monetary policy to contain pressures on consumer prices.

Sterling weakened against most overseas currencies, most notably the Mexican peso (-15%), the Brazilian real (-13%), the Hong Kong dollar (-13%) and the Indian rupee (-9%). This boosted the value of overseas assets for UK investors. In sterling terms, the fall in the MSCI Emerging Market Index was limited to 2%.

Results

The price of units in the fund advanced 5% to finish the reporting period on 31st August 2022 at £24.026. The fund benefited from its exposure to strongly performing Indian consumer companies and its Chinese holdings, which proved defensive in a difficult market. The weakness of sterling, as noted above, also boosted returns.

MANAGER'S INVESTMENT REPORT

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 31st August, the total return for unitholders in the fund was 8%, compared to inflation of 18% on the above basis over the same period. Over 5 years, the fund returned 16%, against inflation of 26%. The fund has provided a total return to unitholders of 149% above inflation since its inception in March 2007. The marked rise in UK inflation has adversely affected the fund's ability to meet its objective in the short term, but it has successfully grown the real value of investors' capital and income over longer periods.

Dividend Distribution

An interim distribution of 12.000p is now being paid, a rise of 9% from the corresponding figure from last year. This increase reflects the foreign currency effects noted above and a one-off special dividend paid by Chilean soft-drink company Embotelladora Andina. Despite some uncertainty over the prospects for corporate profitability in the near-term, based on current estimates, the distribution in respect of the next six months is also expected to be higher than last year.

Portfolio Strategy

The portfolio continues to be highly diversified across different market sectors and geographic regions. Recent portfolio adjustments have prioritised attractive companies in China and India. Exposure to frontier markets has been reduced. At 31st August 2022, 29% of the portfolio was invested in China and Hong Kong (25% on 28th February 2022), 22% in India (19%), 29% in the rest of Asia (30%), 14% in Latin America (13%), 3% in Emerging Europe (3%), 2% in Africa (7%) and 1% was held in cash (3%).

Investments

New investments were made in Metropolis Healthcare, an Indian medical diagnostics provider, and JL Mag Rare-Earth, a Chinese manufacturer of rare earth magnets. Positions in East African Breweries (Kenya), Edita Food Industries (Egypt) and Universal Robina (Philippines) were considered particularly exposed to inflationary pressures and were sold, along with the holdings in Barloworld (South Africa), MTR Corp (Hong Kong), Nestle India (India) and StoneCo (Brazil).

Over the period there were notable gains for Mahindra & Mahindra (+65%), Hindustan Unilever (+22%) and Jeronimo Martins (+14%); it was a disappointing period for Yihai (-38%), MTN Group (-35%) and LG Household & Health Care (-25%).

At 31st August there were 39 holdings in the portfolio. The comparative figure for 31st August 2021 was 48 holdings.

MANAGER'S INVESTMENT REPORT

Outlook

Global growth is slowing, and there is a heightened risk of recession. Damage caused to supply chains by the pandemic and the manifold consequences of the conflict in Ukraine have resulted in a surge in inflation. Almost universally, central banks have responded by raising interest rates, but their strategies will need to be finely balanced to bring inflation down without triggering a slump in demand. Facing social unrest, governments are taking action to protect living standards with fuel and food subsidies. While such measures may alleviate the immediate pressure on prices, there is a prospect of a prolonged increase in the cost of living.

Against this background, the short-term outlook for emerging markets appears difficult. The sharp hike in interest rates by the US Federal Reserve has strengthened the US dollar, putting pressure on the currencies of many emerging market economies. Countries with high levels of US dollar-denominated debt, which also rely heavily on food and energy imports, look particularly vulnerable; Egypt and Kenya are two examples.

Not all emerging markets fit this profile. Countries with economies based around the export of commodities are in a much more favourable position. Mexico, for example, has benefited from higher oil prices, which has provided a considerable boost to public finances. This has enabled the government to apply substantial subsidies to hold down food and fuel prices. Mexican companies may also gain from the 'near-shoring' of supply chains by US firms seeking to reduce their reliance on China.

Higher commodity prices have helped Brazil's economy and its government has acted with similar subsidies to those of Mexico. However, in a general election year, President Bolsonaro also authorised material tax cuts and cash handouts, measures which look less well funded and which, in the long run, could make inflation more difficult to control.

Indian stocks continue to trade at a premium to those in other developing markets as economic growth is much stronger than that evident elsewhere, notably in China. Longer term prospects are also very encouraging, and any market weakness should provide opportunities to add to holdings focused on the consumer sector. Inflation rose in the country in the period, but further rises may be contained by higher interest rates and extensive imports of discounted Russian oil.

Growth expectations have fallen in China as the zero-Covid policy, difficulties in the property sector and slowing exports all take their toll. Mounting geopolitical tension with the US, centred on China's claim over Taiwan and its close relationship with Russia, is adding to investor's concerns.

MANAGER'S INVESTMENT REPORT

Outlook continued

The news that China is close to approving its first mRNA vaccine may herald a shift in pandemic policy, but any immediate easing of restrictions looks improbable. Additional stimulatory policies, timed to coincide with the inauguration of President Xi's third term in office, are more likely.

Despite the immediate headwinds, and notwithstanding geopolitical concerns, it is difficult to ignore China's potential. The country remains in a formidably strong position to benefit from the global shift towards green energy. China already manufactures almost half of the world's wind turbines, seven out of every ten solar modules, and nearly 90% of lithium-ion batteries. The fund's newly added position in JL Mag Rare-Earth, the world's largest manufacturer of rare earth permanent magnets used in electric vehicle motors and wind turbines, a beneficiary of this long-term opportunity.

Although the short-term environment for investment in emerging markets may be challenging, the fund aims to position the portfolio to gain exposure to these long-term investment opportunities. Its investment strategy continues to emphasise broad portfolio diversification, supported by careful company selection based on fundamental analysis. In the meantime, any further market setbacks will be used to add holdings in attractive shares that have temporarily fallen out of favour.

21st October 2022

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year

(to 28 th Feb.)	High	Low
2020*	£24.199	£20.675
2021	£24.420	£16.850
2022	£24.659	£22.343
2023**	£24.027	£20.976

*Up to 29th February 2020.

**Up to 31st August 2022, for the year ending 28th February 2023.

INCOME RECORD

Accounting year

(to 28 th Feb.)	Per unit (net)
2020*	39.662p
2021	31.952p
2022	32.677p
2023 (interim only)	12.000p

*Up to 29th February 2020.

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
29.02.20	£78,239,434	£20.501	3,816,381
28.02.21	£83,311,194	£22.148	3,761,564
28.02.22	£89,102,678	£22.536	3,953,738
31.08.22	£78,279,669	£23.735	3,298,014

OPERATING CHARGES

Date	Annualised
29.02.20	1.261%
28.02.21	1.279%
28.02.22	1.236%
31.08.22	1.257%

PORTFOLIO TURNOVER

Date	Annualised
29.02.20	15%
28.02.21	8%
28.02.22	15%
31.08.22	16%

DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.22	31.08.21	31.08.20	31.08.19	31.08.18
1.2%	15.8%	-7.7%	13.3%	-5.5%

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

PORTFOLIO STATEMENT

as at 31st August 2022 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value ₹'000	Percentage of Value of total net assets	
			31 st Aug. 2022	28 th Feb. 2022
<i>Equities</i>				
BRAZIL				
Localiza Rent a Car	192,110	1,938	2.5	
WEG	405,850	1,905	2.4	
		<u>3,843</u>	<u>4.9</u>	<u>4.5</u>
CHILE				
Embotelladora Andina	706,200	1,248	1.6	
Embotelladora Andina ADR	124,030	1,257	1.6	
		<u>2,505</u>	<u>3.2</u>	<u>2.3</u>
CHINA				
Anta Sports Products	283,600	2,939	3.8	
JD.com	100,200	2,703	3.5	
JL Mag Rare-Earth	198,600	638	0.8	
Midea	333,700	2,214	2.8	
Trip.com ADR	109,211	2,411	3.1	
Yihai International	875,000	1,899	2.4	
		<u>12,804</u>	<u>16.4</u>	<u>12.6</u>
EGYPT				
		<u>—</u>	<u>0.0</u>	<u>0.9</u>
HONG KONG				
Hang Lung Properties	1,182,000	1,690	2.2	
Shandong Weigao Medical Polymer	2,389,200	2,794	3.6	
TravelSky Technology	1,844,000	2,766	3.5	
Vitasoy International	1,702,000	2,285	2.9	
		<u>9,535</u>	<u>12.2</u>	<u>12.6</u>
INDIA				
Asian Paints	46,285	1,702	2.2	
Britannia Industries	39,130	1,583	2.0	
Crompton Greaves	597,260	2,629	3.4	
Dabur India	278,295	1,749	2.2	
Hindustan Unilever	54,585	1,569	2.0	
Mahindra & Mahindra	177,500	2,511	3.2	
Marico	402,900	2,280	2.9	
Metropolis Healthcare	81,365	1,261	1.6	
Titan	75,785	2,128	2.7	
		<u>17,412</u>	<u>22.2</u>	<u>19.0</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2022	28 th Feb. 2022
<i>Equities continued</i>				
INDONESIA				
Kalbe Farma	20,581,100	1,955	2.5	
Ultrajaya Milk Industry & Trading	10,824,200	921	1.2	
		<u>2,876</u>	<u>3.7</u>	<u>3.9</u>
KENYA				
		<u>—</u>	<u>0.0</u>	<u>0.8</u>
MEXICO				
America Movil	60,900	889	1.1	
Fomento Economico Mexicano	295,231	1,591	2.0	
Wal-Mart de Mexico	859,448	2,424	3.1	
		<u>4,904</u>	<u>6.2</u>	<u>6.6</u>
PHILIPPINES				
Jollibee Foods	706,280	2,590	3.3	
Wilcon Depot	5,559,850	2,535	3.2	
		<u>5,125</u>	<u>6.5</u>	<u>9.5</u>
PORTUGAL				
Jeronimo Martins	110,446	2,109	2.7	3.6
SINGAPORE				
Ezion warrants 2023	1,260,000	—	0.0	
Thai Beverage	5,625,000	2,235	2.9	
		<u>2,235</u>	<u>2.9</u>	<u>2.8</u>
SOUTH AFRICA				
MTN	262,700	1,645	2.1	5.0
SOUTH KOREA				
LG Household & Health	4,356	1,993	2.5	2.6
TAIWAN				
Chroma ATE	477,670	2,535	3.3	
President Chain Store	322,300	2,439	3.1	
		<u>4,974</u>	<u>6.4</u>	<u>6.0</u>
UK				
MP Evans	165,465	1,330	1.7	2.3

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2022	28 th Feb. 2022
<i>Equities continued</i>				
VIETNAM				
Phu Nhuan Jewelry	392,600	1,641	2.1	
Vietnam Dairy Products	803,160	2,223	2.9	
		<u>3,864</u>	<u>5.0</u>	<u>2.8</u>
TOTAL INVESTMENTS		77,154	98.6	97.8
Net other assets		<u>1,126</u>	<u>1.4</u>	<u>2.2</u>
TOTAL NET ASSETS		<u><u>78,280</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

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

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2022 (unaudited)

Purchases		Cost £'000
29,400	Anta Sports Products	239
173,300	Embotelladora Andina	270
46,600	Fomento Economico Mexicano	268
28,250	JD.com	471
198,600	JL Mag Rare-Earth	713
334	LG Household & Health	155
81,365	Metropolis Healthcare	1,723
72,000	Midea	501
134,600	Phu Nhuan Jewelry	514
35,000	President Chain Store	245
35,880	Trip.com ADR	453
162,000	Vietnam Dairy Products JSC	408
235,000	Yihai International	498
	TOTAL	<u><u>6,458</u></u>

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals	Proceeds £'000	
13,835	Asian Paints	445
257,385	Barloworld	1,357
153,000	Chroma ATE	686
708,000	East African Breweries	617
2,305,940	Edita Food Industries	757
79,169	Fomento Economico Mexicano	445
296,000	Hang Lung Properties	441
17,350	JD.com	439
85,144	Jeronimo Martins	1,455
146,020	Jollibee Foods	428
9,882,200	Kalbe Farma	876
84,500	Mahindra & Mahindra	875
142,200	Marico	750
84,305	MP Evans	846
50,100	MTN	452
415,500	MTR	1,793
7,650	Nestle India	1,354
24,000	President Chain Store	196
86,960	StoneCo	583
1,197,000	Thai Beverage	451
17,425	Titan	441
26,191	Trip.com ADR	449
1,213,300	Universal Robina	1,784
242,842	Wal-Mart de Mexico	662
2,321,250	Wilcon Depot	859
	TOTAL	19,441

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.

GENERAL INFORMATION

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
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Lower risk

Typically lower rewards

Higher risk

Typically higher rewards

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

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

Value Assessment

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

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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

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

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

DIRECTORS' STATEMENT

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

T A U Wood
Director

J C McAulay
Director

Haddington, 21st October 2022

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2022 (unaudited)

	Notes	Six months ended 31 st Aug. 2022		Six months ended 31 st Aug. 2021	
		£'000	£'000	£'000	£'000
Income					
Net capital gains			2,840		7,305
Revenue	2	1,548		1,037	
Expenses	3	<u>(522)</u>		<u>(554)</u>	
Net revenue before taxation		1,026		483	
Taxation	4	<u>(313)</u>		<u>(591)</u>	
Net revenue/(expense) after taxation			<u>713</u>		<u>(108)</u>
Total return before distributions			3,553		7,197
Distributions			<u>(559)</u>		<u>(413)</u>
Change in net assets attributable to unitholders from investment activities			<u>2,994</u>		<u>6,784</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2022 (unaudited)

	Six months ended 31 st Aug. 2022		Six months ended 31 st Aug. 2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		89,103		83,311
Amounts receivable on creation of units	2,788		6,711	
Amounts payable on cancellation of units	<u>(16,605)</u>		<u>(2,199)</u>	
		(13,817)		4,512
Change in net assets attributable to unitholders from investment activities		<u>2,994</u>		<u>6,784</u>
Closing net assets attributable to unitholders		<u>78,280</u>		<u>94,607</u>

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

BALANCE SHEET

as at 31st August 2022 (unaudited)

	31 st Aug. 2022		28 th Feb. 2022	
	£'000	£'000	£'000	£'000
ASSETS:				
Fixed assets:				
Investments		77,154		87,112
Current assets				
Debtors	149		47	
Cash & bank balances	<u>2,276</u>		<u>3,546</u>	
Total other assets		<u>2,425</u>		<u>3,593</u>
Total assets		<u>79,579</u>		<u>90,705</u>
LIABILITIES:				
Provision for other liabilities				
		(716)		(615)
Creditors				
Distribution payable	(396)		(857)	
Other creditors	<u>(187)</u>		<u>(130)</u>	
Total liabilities		<u>(1,299)</u>		<u>(1,602)</u>
Net assets attributable to unitholders		<u>78,280</u>		<u>89,103</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st August 2022 (unaudited)

1. Accounting policies

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

2. Revenue

	Six months ended 31 st Aug. 2022 £'000	Six months ended 31 st Aug. 2021 £'000
Bank interest	1	–
Overseas dividends	1,494	918
UK dividends	53	119
Total revenue	<u>1,548</u>	<u>1,037</u>

3. Expenses

	Six months ended 31 st Aug. 2022 £'000	Six months ended 31 st Aug. 2021 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	421	453
– Transfer agency fee	20	19
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	12	12
– Safe custody fee	36	35
Other expenses:		
– Audit fee	1	7
– Fund accounting fee	20	19
– Interest payable and similar charges	1	–
– Professional services fees*	9	5
– Sundry fees**	2	4
Total expenses	<u>522</u>	<u>554</u>

*Includes non-audit service fees of £2,324 payable to the fund's auditors, PricewaterhouseCoopers LLP (2021: £2,295).

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

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 31 st Aug. 2022 £'000	Six months ended 31 st Aug. 2021 £'000
Analysis of tax charge		
Indian capital gains tax	79	458
Overseas tax	<u>234</u>	<u>133</u>
	<u>313</u>	<u>591</u>

DISTRIBUTION TABLES

in pence per unit

for the six months ended 31st August 2022 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2022

Group 2 - Units purchased 1st March 2022 to 31st August 2022

	Dividend income	Equalisation*	Amount payable 31.10.22
Group 1	12.000	—	12.000
Group 2	6.123	5.877	12.000

*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 2022 (unaudited)

	Six months to 31 st Aug. 2022	Year to 28 th Feb. 2022
Interim payable/paid	12.000	11.000
Final paid	—	21.677
	<u>12.000</u>	<u>32.677</u>

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AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

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