



# 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 31<sup>ST</sup> AUGUST 2020

## SUMMARY

At 31<sup>st</sup> August 2020, total net assets of the McInroy & Wood Emerging Markets Fund (the fund) amounted to £78,241,206 compared with £78,239,434 six months before. There were 256 investors (excluding ISA holders), each with an average holding worth £297,292.

The price of units in the fund at 31<sup>st</sup> August 2020 stood at £21.089, which represents a gain of 2% over the reporting period. An emphasis on conservatively financed consumer businesses with secure competitive positions ensured that the fund avoided significant losses from the weakest sectors, but it had no exposure to the highly rated technology stocks that led markets.

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 Price Index, over the same period. Over the 3 years to 31<sup>st</sup> August, the total return for unitholders in the fund was -1%, compared to inflation of 8% on the above basis. Over 5 years, the fund returned 48%, against inflation of 14%. The fund has provided a total return to unitholders of 127% above inflation since its inception in March 2007.

Emerging Markets as a group have performed poorly over the last three years, achieving 3% per year less than UK RPI. The fund's focus has been on investing in high quality stocks exposed to the growing wealth of consumers in the emerging markets that continue to offer potential for higher growth rates than their developed peers. It remains likely that growth in the emerging markets will exceed UK RPI in the longer term.

An interim distribution of 11.000p is now being paid. This distribution is 21% lower than the equivalent payment last year. Based on current forecasts, the total distribution for the full year is estimated to fall by a similar proportion. This reflects a significant drop in dividend payments as companies responded to the deterioration in business conditions.

In the long term, emerging markets continue to offer attractive investment opportunities, but there is still considerable uncertainty about the scale of lasting disruption from COVID-19. Local economic cycles in individual countries have always varied widely, and the portfolio has focused on sound businesses with strong market positions, particularly those that will benefit from increased wealth in local middle classes.

A selective investment approach to both countries and companies remains essential. Stock selection in the portfolio continues to focus on businesses that can deliver profitable growth over the long term.

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

## INTRODUCTION

McInroy & Wood 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 clients with professional investment management at an economic cost.

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

The investment objective of the Emerging Markets 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.

The fund may invest in any geographic area and any economic sector.

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

## MANAGER'S INVESTMENT REPORT

At 31<sup>st</sup> August 2020, total net assets of the fund amounted to £78,241,206 compared with £78,239,434 six months earlier. There were 256 investors (excluding ISA holders), each with an average holding worth £297,292.

### Markets

Returns from emerging markets diverged over the six months to 31<sup>st</sup> August 2020, reflecting differences in the severity of the impact of the COVID-19 pandemic. Countries with effective leadership, financial strength and effective healthcare systems were better able to manage the disease than those without such characteristics. South Korea was able to avoid lockdown altogether and, like much of Asia, benefited from relatively early recoveries in China and Japan. By contrast, the much more laissez-faire approach adopted by Brazil resulted in the world's second highest death toll and a slump in consumption during the period (even if as noted below it now appears to be recovering more rapidly than others). More generally, weakness in the US dollar boosted emerging market economies with dollar-denominated debt repayments.

The MSCI Emerging Market Index rose by 5% in sterling terms over the half-year to 31<sup>st</sup> August. In local currency terms, India (+4%), South Korea (+13%) and Taiwan (+14%) all gained ground, more than offsetting declines in the Philippines (-14%), Brazil (-13%), and Mexico (-11%). The Hong Kong market finished the period largely unchanged.

Most emerging currencies fell against sterling with particular weakness in the Brazilian Real (-28%), Mexican Peso (-16%) and the South African Rand (-13%). Movements in the Indian Rupee (-5%), Hong Kong Dollar (-4%) and Singapore Dollar (-2%) were more modest.

### Results

The price of units in the fund at 31<sup>st</sup> August 2020 stood at £21.089, which represents a gain of 2% over the reporting period. An emphasis on conservatively financed consumer businesses with secure competitive positions ensured that the fund avoided significant losses from the weakest sectors, but it had no exposure to the highly rated technology stocks that led markets.

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 Price Index, over the same period. Over the 3 years to 31<sup>st</sup> August, the total return for unitholders in the fund was -1%, compared to inflation of 8% on the above basis. Over 5 years, the fund returned 48%, against inflation of 14%. The fund has provided a total return to unitholders of 127% above inflation since its inception in March 2007.

# MANAGER'S INVESTMENT REPORT

## Results continued

Emerging Markets as a group have performed poorly over the last three years, achieving 3% per year less than UK RPI. The fund's focus has been on investing in high quality stocks exposed to the growing wealth of consumers in the emerging markets that continue to offer potential for higher growth rates than their developed peers. It remains likely that growth in the emerging markets will exceed UK RPI in the longer term.

## Dividend Distribution

An interim distribution of 11.000p is now being paid. This distribution is 21% lower than the equivalent payment last year. Based on current forecasts, the total distribution for the full year is estimated to fall by a similar proportion. This reflects a significant drop in dividend payments as companies responded to the deterioration in business conditions.

## Portfolio Strategy

The portfolio continues to be highly diversified across different industries and geographies. At 31<sup>st</sup> August 2020, 14% of the portfolio was invested in China (14% on 29<sup>th</sup> February 2020) this includes Chinese businesses listed in Hong Kong, 56% in the rest of Asia (56%), 12% in Latin America (15%), 9% in Eastern Europe (7%), 6% in Africa (7%) and 3% was held in cash (1%).

The portfolio only invests in assets listed on globally recognised stock exchanges. This ensures that the value of underlying investments are liquid, under normal market conditions.

## Investment

A new position was purchased in President Chain Store, the leading operator of 7-ELEVEN and other convenience stores throughout Taiwan and the Philippines; the holding in Singapore Exchange was sold at a significant profit.

Giant Manufacturing (+85%), Shandong Weigao Medical Polymer (+80%) and Migros Ticaret (+80%) were the best performing stocks in the portfolio. Giant Manufacturing is the largest manufacturer of bicycles in the world and benefited from an explosion of demand during lockdowns. There were sharp falls in Edita Food Industries (-40%), Keppel (-28%) and Barloworld (-26%).

## Outlook

The coronavirus pandemic continues to overshadow prospects for the global economy. The World Trade Organisation has forecast that goods trade could fall by up to ten percent this year, resulting in the deepest recession since the Second World War. However, it may also turn out to be the shortest downturn in living memory if efforts to bring the disease under some sort of control can be successfully sustained.

## MANAGER'S INVESTMENT REPORT

### Outlook continued

Business has already picked up in many countries as lockdown measures are relaxed, and governments have massively subsidised employment and wages. Where such recoveries are under way, local containment measures have emerged as the de facto response to fresh outbreaks. Economically punitive national lockdowns, like those instituted at the onset of the pandemic, have become a last resort. This approach has enabled many companies and individuals to rediscover some measure of normality. Developing countries may also be favoured by demographics. While many lack social security systems and widespread access to quality healthcare, their populations tend to be younger and may be better placed to withstand the pandemic.

Having weathered the severe initial interruptions to economic activity, China is now expected to grow by 3% over the full year. Alongside South Korea and Taiwan, it appears further ahead on the path toward social and economic normalisation than other countries in the developing markets universe. However, the political situation in Hong Kong remains unstable and is starting to damage the country's relationships with the rest of the world. It also seems likely that trade disputes with the US will continue to fester, even if the upcoming US Presidential election could trigger a change in tone. In any event, China is developing a more balanced economy with domestic demand rising and increased consumer expenditure. At the same time the government is working to encourage innovation in the private sector, and this will increasingly throw up investment opportunities. Medical devices company Shandong Weigao Medical Polymer is an example of a Chinese business at the forefront of technological developments in its sector and, as already mentioned, has been a very successful holding for the fund.

The outlook for the Indian economy was deteriorating even before the outbreak of the virus gained momentum in the country. GDP growth has been slowing for the last four years. The government's progress on structural reform has been disappointing, and the financial system has become increasingly fragile. The draconian lockdown in response to the early stages of the pandemic seems to have done lasting damage to the economy, and the situation has recently been compounded by serious flooding resulting in crippling damage to the infrastructure in rural regions. However, there is some evidence that India has a very high recovery rate from infection which is to some extent offsetting the rapid rise in cases. Meanwhile the Modi government remains relatively popular which should help in providing support for policies to contain the disease and revive the economy.

## MANAGER'S INVESTMENT REPORT

### **Outlook continued**

Forecasts for Latin America have also been impacted by the health crisis. Here too there were many pre-existing problems compounded by the virus. There had been some sign of progress in Brazil, as loose central bank policy and sweeping deregulation appeared to be stimulating household consumption, but this was undermined by the rapid spread of the disease. The Bolsonaro government has resorted to a programme of heavy public sector spending to prop up the economy. However, finances were already severely stretched and the abandonment of pledges to contain expenditure will not be welcomed by investors. Crucial foreign inflows into the country are likely to fall sharply as a result. Nevertheless, there have been recent signs that the economy is recovering faster than worst expectations, and the forecast contraction for the full year has been lowered to 5%. It does appear that those countries which took a looser approach to lockdown such as Brazil and Mexico are now seeing more rapid rebounds than those which closed down harder.

In the long term, emerging markets continue to have the potential to grow faster than their developed peers, but there is still considerable uncertainty about the scale of lasting disruption from COVID-19. Local economic cycles in individual countries have always varied widely, and the portfolio has focused on sound businesses with strong market positions, particularly those that will benefit from increased wealth in local middle classes.

A selective investment approach to both countries and companies remains essential. Stock selection in the portfolio continues to focus on businesses that can deliver profitable growth over the long term.

*16<sup>th</sup> October 2020*



## CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 28 <sup>th</sup> Feb.)	High	Low
2018*	£23.226	£20.765
2019	£21.876	£18.804
2020**	£24.199	£20.675
2021***	£21.838	£16.848

\*The fund's financial year-end moved to 28<sup>th</sup> February (from 31<sup>st</sup> March).

\*\*Up to 29<sup>th</sup> February 2020.

\*\*\*Up to 31<sup>st</sup> August 2020, for the year ending 28<sup>th</sup> February 2021.

## INCOME RECORD

Accounting year (to 28 <sup>th</sup> Feb.)	Per unit (net)
2018	31.602p
2019	36.851p
2020*	39.662p
2021 (interim only)	11.000p

\*Up to 29<sup>th</sup> February 2020.

## NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.18	£66,108,239	£21.660	3,052,146
28.02.19	£68,971,167	£20.950	3,292,179
29.02.20	£78,239,434	£20.501	3,816,381
31.08.20	£78,241,206	£20.617	3,795,034

## OPERATING CHARGES

Date	Annualised
28.02.18	1.345%
28.02.19	1.313%
29.02.20	1.261%
31.08.20	1.261%

## PORTFOLIO TURNOVER

Date	Annualised
28.02.18	6%
28.02.19	12%
29.02.20	15%
31.08.20	5%

## DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.20	31.08.19	31.08.18	31.08.17	31.08.16
-7.7%	13.3%	-5.5%	14.7%	30.9%

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

## PORTFOLIO STATEMENT

as at 31<sup>st</sup> August 2020 (unaudited)

INVESTMENTS	Holding or Nominal Value of positions at 31 <sup>st</sup> Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2020	29 <sup>th</sup> Feb. 2020
<i>Equities</i>				
<b>BRAZIL</b>				
Localiza Rent A Car	213,045	1,399	1.8	
Weg	242,200	2,131	2.7	
		<u>3,530</u>	<u>4.5</u>	<u>6.1</u>
<b>CHILE</b>				
Embotelladora Andina - ADR	124,030	1,176	1.5	
Embotelladora Andina 'B' pref.	194,800	311	0.4	
		<u>1,487</u>	<u>1.9</u>	<u>2.3</u>
<b>CHINA</b>				
Anta Sports Products	432,000	3,187	4.1	
Trip.com ADS	76,400	1,723	2.2	
		<u>4,910</u>	<u>6.3</u>	<u>5.8</u>
<b>EGYPT</b>				
Edita Food Industries	1,745,940	893	1.1	1.3
<b>HONG KONG</b>				
CNOOC	1,268,000	1,077	1.4	
Hang Lung Properties	1,237,000	2,599	3.3	
MTR	415,500	1,616	2.1	
Shandong Weigao Medical Polymer	1,866,000	3,251	4.2	
Travelsky Technology	1,064,000	1,651	2.1	
Vitasoy International	958,000	2,543	3.2	
		<u>12,737</u>	<u>16.3</u>	<u>16.5</u>
<b>INDIA</b>				
Asian Paints	60,120	1,156	1.5	
Britannia Industries	30,330	1,144	1.5	
Crompton Greaves				
Consumer Electricals	921,400	2,545	3.2	
Dabur India	194,295	930	1.2	
Hindustan Unilever	42,085	900	1.1	
Mahindra & Mahindra	165,900	1,017	1.3	
Mahindra & Mahindra-GDR	190,000	1,189	1.5	
Marico	689,100	2,571	3.3	
Nestlé India	6,150	997	1.3	
Titan	113,010	1,254	1.6	
		<u>13,703</u>	<u>17.5</u>	<u>15.6</u>

## PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 31 <sup>st</sup> Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2020	29 <sup>th</sup> Feb. 2020
<i>Equities continued</i>				
<b>INDONESIA</b>				
Arwana Citramulia	52,000,000	1,184	1.5	
Kalbe Farma	26,369,300	2,137	2.7	
Ultrajaya Milk Industry	8,646,200	785	1.0	
		<u>4,106</u>	<u>5.2</u>	<u>4.7</u>
<b>KENYA</b>				
East African Breweries	708,000	806	1.0	0.9
<b>MALAYSIA</b>				
Telekom Malaysia	1,070,000	796	1.0	0.9
<b>MEXICO</b>				
America Movil-ADR	82,200	747	1.0	
Fomento Economico Mexicano	327,800	1,424	1.8	
Walmart de Mexico	941,950	1,684	2.1	
		<u>3,855</u>	<u>4.9</u>	<u>6.1</u>
<b>MOROCCO</b>				
Vivo Energy	1,561,889	1,175	1.5	1.6
<b>PHILIPPINES</b>				
Jollibee Foods	738,300	1,535	2.0	
Universal Robina	1,080,000	2,292	2.9	
Wilcon Depot	5,138,000	1,282	1.6	
		<u>5,109</u>	<u>6.5</u>	<u>7.1</u>
<b>PORTUGAL</b>				
Jeronimo Martins	227,300	2,792	3.6	4.0
<b>SINGAPORE</b>				
Ezion warrants 2023	1,260,000	—	0.0	
Keppel	177,000	444	0.6	
Thai Beverage	6,822,000	2,286	2.9	
		<u>2,730</u>	<u>3.5</u>	<u>5.8</u>
<b>SOUTH AFRICA</b>				
Barloworld	257,385	679	0.9	
MTN	451,900	1,216	1.6	
		<u>1,895</u>	<u>2.5</u>	<u>3.5</u>

## PORTFOLIO STATEMENT

continued

	Holding or Nominal Value of positions at 31 <sup>st</sup> Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2020	29 <sup>th</sup> Feb. 2020
<i>Equities continued</i>				
<b>SOUTH KOREA</b>				
LG Household & Healthcare	2,842	<u>2,632</u>	<u>3.4</u>	<u>2.9</u>
<b>TAIWAN</b>				
Chroma ATE	685,000	2,807	3.6	
Giant Manufacturing	241,680	1,876	2.4	
Ginko International	212,100	686	0.9	
President Chain Store	202,900	1,394	1.8	
		<u>6,763</u>	<u>8.7</u>	<u>6.6</u>
<b>TURKEY</b>				
BIM Birlesik Magazalar	204,270	1,407	1.8	
Migros Ticaret	344,650	1,364	1.7	
		<u>2,771</u>	<u>3.5</u>	<u>3.3</u>
<b>UK</b>				
M.P. Evans	270,000	<u>1,633</u>	<u>2.1</u>	<u>2.3</u>
<b>VIETNAM</b>				
Vietnam Dairy Products	336,800	<u>1,311</u>	<u>1.7</u>	<u>1.2</u>
TOTAL INVESTMENTS		75,634	96.7	98.5
Net other assets		<u>2,607</u>	<u>3.3</u>	<u>1.5</u>
<b>TOTAL NET ASSETS</b>		<u><u>78,241</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 31<sup>st</sup> August 2020 (unaudited)

	Cost £'000
Purchases	
12,000 Asian Paints	217
37,820 Dabur India	189
216,400 East African Breweries	237
1,215,940 Edita Food Industries (Conversion Receipt)	—
530,000 Edita Food Industries	238
62,800 Fomento Economico Mexicano	315
124,030 Fomento Economco Mexicano (Conversion Receipt)	—
10,100 Ginko International (Stock Dividend)	—
1,350 Nestlé India	245
202,900 President Chain Store	1,547
46,760 Titan	470
69,000 Vietnam Dairy Products	236
287,000 Vivo Energy	213
438,000 Wilcon Depot	108
TOTAL	<u>4,015</u>

	Proceeds £'000
Disposals	
15,730 BIM Birlesik Magazalar	129
376,736 Cogna Educacao	248
243,188 Edita Food Industries (Conversion Delivery)	—
744,180 Fomento Economco Mexicano (Conversion Delivery)	—
172,000 Giant Manufacturing	1,214
119,450 Migros Ticaret	575
1,384,000 Shandong Weigao Medical Polymer	2,139
200,000 Singapore Exchange	1,135
65,000 Weg	640
TOTAL	<u>6,080</u>

## 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 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.

### **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 our homepage on our website ([www.mcinroy-wood.co.uk](http://www.mcinroy-wood.co.uk)). Please read our Privacy Policy, as it sets out your rights with respect to any personal information we collect from or about you, and explains in more detail how we use that information to administer your investment.

### **Remuneration Policy**

McInroy & Wood Portfolios Limited (“MWP”) delegates investment management of the fund to McInroy & Wood Limited (“MW”), the Investment Adviser. Directors and staff working on the fund are not remunerated by MWP, but they are subject to 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.

## GENERAL INFORMATION

continued

### A Word of Caution

You should remember that the price of units and the income from them may go down as well as up. Gains are not necessarily achieved in the short term. Exchange rate fluctuations may also cause the value of an investment to rise and fall. Investment in emerging markets can be subject to 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 and is based on historical data. It should not be used as an indicator of the fund's future risk profile. The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

## **STATEMENT OF THE MANAGER'S RESPONSIBILITIES**

The Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority (“the Rules”) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view 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 IMA 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.
- 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, 16<sup>th</sup> October 2020*



## STATEMENT OF TOTAL RETURN

for the six months ended 31<sup>st</sup> August 2020 (unaudited)

Notes	Six months ended 31 <sup>st</sup> Aug. 2020		Six months ended 31 <sup>st</sup> Aug. 2019	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		408		7,852
Revenue	2	1,060		1,118
Expenses	3	(487)		(513)
Net revenue before taxation		<u>573</u>		<u>605</u>
Taxation	4	(99)		(117)
Net revenue after taxation		<u>474</u>		<u>488</u>
Total return before distributions		882		8,340
Distributions		<u>(429)</u>		<u>(492)</u>
Change in net assets attributable to unitholders from investment activities		<u>453</u>		<u>7,848</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31<sup>st</sup> August 2020 (unaudited)

	Six months ended 31 <sup>st</sup> Aug. 2020		Six months ended 31 <sup>st</sup> Aug. 2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		78,239		68,971
Amounts receivable on creation of units		3,934		9,751
Amounts payable on cancellation of units		<u>(4,385)</u>		<u>(1,775)</u>
		(451)		7,976
Change in net assets attributable to unitholders from investment activities		<u>453</u>		<u>7,848</u>
Closing net assets attributable to unitholders		<u>78,241</u>		<u>84,795</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 31<sup>st</sup> August 2020 (unaudited)

	31 <sup>st</sup> Aug. 2020		29 <sup>th</sup> Feb. 2020	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		75,634		77,067
Current assets				
Debtors	276		106	
Cash & bank balances	<u>3,405</u>		<u>2,181</u>	
Total other assets		<u>3,681</u>		<u>2,287</u>
Total assets		<u>79,315</u>		<u>79,354</u>
LIABILITIES:				
Creditors				
Distribution payable	(417)		(979)	
Other creditors	<u>(657)</u>		<u>(136)</u>	
Total liabilities		<u>(1,074)</u>		<u>(1,115)</u>
Net assets attributable to unitholders		<u>78,241</u>		<u>78,239</u>

# NOTES TO THE FINANCIAL STATEMENTS

as at 31<sup>st</sup> August 2020 (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 <sup>st</sup> Aug. 2020 £'000	Six months ended 31 <sup>st</sup> Aug. 2019 £'000
Bank interest	1	3
Overseas dividends	992	1,068
Stock dividend	33	—
UK dividends	34	47
Total revenue	<u>1,060</u>	<u>1,118</u>

## 3. Expenses

	Six months ended 31 <sup>st</sup> Aug. 2020 £'000	Six months ended 31 <sup>st</sup> Aug. 2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	387	406
- Transfer agency fee	24	25
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	12	12
- Safe custody fee	27	40
Other expenses:		
- Audit fee	9	5
- Fund accounting fee	18	18
- Sundry fees*	10	7
Total expenses	<u>487</u>	<u>513</u>

\*Includes FT listing fees, financial statement printing and postage, tax computation fees for £4,342 performed by the fund's auditors, PricewaterhouseCoopers LLP (2019: £1,603), and other fees.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 4. Taxation

	Six months ended 31 <sup>st</sup> Aug. 2020 £'000	Six months ended 31 <sup>st</sup> Aug. 2019 £'000
<b>Analysis of tax charge</b>		
Overseas withholding tax	125	117
Indian capital gains tax	(26)	—
	<u>99</u>	<u>117</u>

## DISTRIBUTION TABLES

**in pence per unit  
for the six months ended 31<sup>st</sup> August 2020 (unaudited)**

### INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1<sup>st</sup> March 2020

Group 2 - Units purchased 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020

	Dividend income	Equalisation*	Amount payable 31.10.20
Group 1	11.000	—	11.000
Group 2	6.481	4.519	11.000

\*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 31<sup>st</sup> August 2020**

	Six months to 31 <sup>st</sup> Aug. 2020	Year to 29 <sup>th</sup> Feb. 2020
Interim payable/paid	11.000	14.000
Final paid	—	25.662
	<u>11.000</u>	<u>39.662</u>

*Manager*

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