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 2019

SUMMARY

At 28th February 2019, total net assets of the fund amounted to £68,971,167 compared with £66,108,239 at 28th February 2018. There were 251 investors (excluding ISA holders), each with an average holding worth £267,582.

The price of units in the fund at 28th February 2019 stood at £21.292, a fall of 3% over the year. An emphasis on well-financed consumer and healthcare stocks and an aversion to highly-valued technology companies and banks protected the portfolio from the worst of the market falls.

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 28th February 2019 the total return for unitholders in the fund was 37%, compared to inflation of 9% on the above basis over the same period.

A final distribution of 22.851p is now being paid. Total distributions over the twelve months to 28th February 2019 amounted to 36.851p per unit, 17% higher than that paid out in the 11 months to 28th February 2018. The increase mainly reflects the return to a full reporting period of twelve months over which income was earned.

Many developing economies look exposed to slower growth and falling demand from their more mature counterparts, and political factors, may stall much-needed reforms. Nevertheless, even if this does lead to some loss of momentum in the near future, the potential of developing economies remains exceptional. Investors can expect to be well-rewarded if they are prepared to ride out any short-term disappointments.

CONTENTS

AUTHORISED FUND MANAGER'S REPORT*

FINANCIAL STATEMENTS

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

INTRODUCTION

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 primarily be in companies operating or incorporated in developing countries. 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.

At 28th February 2019, total net assets of the fund amounted to £68,971,167 compared with £66,108,239 at 28th February 2018. There were 251 investors (excluding ISA holders), each with an average holding worth £267,582.

Markets

The year to 28th February 2019 proved a testing time for UK-based investors in most emerging markets, even if share prices recovered towards the end of the period. Rising US interest rates resulted in the US dollar gaining ground against other currencies. This hurt sentiment towards countries with budget deficits and companies with weak balance sheets. Meanwhile the intensity of the trade disputes between the US and China seemed to signal a significant shift away from the trend of rising globalisation that had so benefited developing economies. Uncertainty grew as populist politicians won elections in Mexico and Brazil, and disrupted business in Turkey and Poland.

Emerging markets, as measured by the MSCI Emerging Market Index in sterling terms, fell by 9% over the year. This reflected sharp falls in individual markets (Mexico and Korea were both 10% down), and weakness in currencies (the Turkish lira fell by 26% and the South African rand by 13% against sterling). Gains of 9% in the Brazilian market and 1% in India were offset by respective declines of 11% in the real and 5% in the rupee.

Results

The price of units in the fund at 28th February 2019 stood at £21.292, a fall of 3% over the year. An emphasis on well-financed consumer and healthcare stocks and an aversion to highly-valued technology companies and banks protected the portfolio from the worst of the market falls.

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 28th February 2019 the total return for unitholders in the fund was 37%, compared to inflation of 9% on the above basis over the same period.

Dividend Distribution

A final distribution of 22.851p is now being paid. Total distributions over the twelve months to 28th February 2019 amounted to 36.851p per unit, 17% higher than that paid out in the 11 months to 28th February 2018. The increase mainly reflects the return to a full reporting period of twelve months over which income was earned.

Portfolio Strategy

The portfolio continues to be highly diversified across different industries and geographies. At 28th February 2019, 65% of the portfolio was invested in Asia (63% on 28th February 2018), 18% in Latin America (23%), 7% in Eastern Europe (6%), 7% in Africa (5%) and 3% was held in cash (3%). This level of cash is temporary; the fund operates with a target cash allocation of 1%.

Investments

New investments were added in Vivo Energy (a UK-listed supplier of fuel and lubricants in Africa) and Barloworld (a South African supplier of automotive and industrial equipment). The two remaining holdings in banks, Banorte (Mexico) and ICICI (India), were sold during the year.

The strongest performing stocks in the portfolio in local currency terms were Vitasoy International (+66%), Arwana Citramulia and Natura (both +41%). Jain Irrigation (-51%), Telekom Malaysia (-48%) and Television Broadcasts (-40%) all lost ground.

Outlook

Developing economies are expected to accelerate towards the levels of their developed counterparts in the long term but their immediate prospects are still linked to the outlook for the global economy. They would also be negatively impacted if recent trade disputes herald a permanent shift towards increased protectionism.

There are indications that global growth may be slowing. Latest figures from the US show disappointing annualised growth of 2.6%, while Europe recorded an anaemic 0.2% growth in the fourth quarter. There may be some consolation that any slowdown is likely to delay further rises in interest rates.

Much will depend on whether China can maintain the remarkable growth achieved in recent years. Commentators have noted that China's GDP now represents 18% of the global economy, a figure comparable to the levels at which the USSR and Japan peaked in the closing decades of the twentieth century. China's position has echoes of the latter two countries in focused economic targets (a feature of Russia in the 1970s) and booming property prices (as in Japan in the 1980s), but perhaps the sheer size and diligence of the Chinese working population represents a key difference.

Outlook (continued)

A serious trade dispute with the US would certainly hamper economic growth in China, but its impact should be kept in perspective, as exports to the US only represent 4% of GDP. Yet there are other signs that the Chinese economy may be losing impetus. In 2018, car sales fell for the first time since the 1990s. Business sentiment indicators are running at a three year low. However, to some extent, a weaker period may be a healthy consequence of rebalancing the economy towards the consumer and away from a reliance on investment. Labour compensation has risen over the last decade from under half to 60% of GDP and, as a result, three quarters of economic growth is now derived from consumption. Although the growth of retail sales last year was at a 15 year low, it still ran at 8%, an impressive rate compared to developed peers. This, reinforced with tax cuts and more infrastructure spending, could generate the basis of more sustainable growth in future years. At a company level, earnings have undoubtedly slowed, but the inclusion of mainland stocks in global indices is already generating considerable investor interest.

There are signs of a more sluggish period in India too. The final quarter of 2018 saw growth fall to 6.6%, the slowest rate in five quarters. There is added uncertainty with a general election later this year and it is unclear whether Prime Minister Modi will be re-elected. In spite of his sometimes controversial Hindu nationalist policies, he has instituted important reforms and presided over a period of considerable strength for the Indian economy and market, so investors would be unlikely to welcome his defeat. Nevertheless, as a country where GDP per head is 40% of that in China and a mere 12% of that in the US, India has enormous potential for growth if structural reforms to the economy can be continued.

The emergence of populist leaders can represent a threat to economic progress, as they may feel obliged to defend existing inefficiencies and established special interests. However, they may also have mandates to achieve reforms that were difficult for their predecessors. In Brazil, new President Bolsonaro has been elected on a platform of law and order and of reforming the state. Relatively strong institutions in the law, military and media should provide him with the support to impose a critical pension reform in the teeth of virulent opposition from existing beneficiaries. President Obrador in Mexico comes from the other end of the political spectrum and is less constrained by local institutions, but his first budget has been a model of prudence. His assault on corruption may prove a long-lasting benefit for the country's society and economy.

Outlook (continued)

The political outlook elsewhere is perhaps gloomier. In South Africa, President Ramaphosa has proved disappointingly slow at addressing the venality of the Zuma years, and the bail-out of Eskom, the state power monopoly, is a stark indication of continuing financial mismanagement. Another example of an apparently strong political leader struggling to contain economic pressures can be found in Turkey, where the weakness of the currency has resulted in inflation running at over 20%. President Erdogan's response to 'declare war' on supermarket 'price terrorism' looks set to be a counterproductive gesture rather than any serious and much-needed step in restructuring the economy.

Many developing economies look exposed to slower growth and falling demand from their more mature counterparts, and political factors may stall much-needed reforms. Nevertheless, even if this does lead to some loss of momentum in the near future, the potential of developing economies remains exceptional. Investors can expect to be well-rewarded if they are prepared to ride out any short-term disappointments.

17th April 2019

COMPARATIVE TABLE — PERSONAL CLASS

	Year to 28th February 2019 (pence per unit)	11 months to 28th February 2018 (pence per unit)	Year to 31st March 2017 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	2,165.96	2,104.96	1,708.13
Return before operating charges*	(6.77)	119.61	459.28
Operating charges	(27.34)	(27.01)	(26.04)
Return after operating charges	(34.11)	92.60	433.24
Distributions	(36.85)	(31.60)	(36.41)
Closing net asset value per unit	2,095.00	2,165.96	2,104.96
*After direct transaction costs of	(1.43)	(1.52)	(1.66)
Performance**			
Return after charges	(1.57)%	4.40%	25.36%
Other information			
Closing net asset value (£'000)	68,971	66,108	61,623
Closing number of units	3,292,179	3,052,146	2,927,504
Operating charges	1.31%	1.35%	1.33%
Direct transaction costs	0.07%	0.07%	0.08%
Prices			
Highest unit price	£21.876	£23.226	£22.014
Lowest unit price	£18.804	£20.765	£16.619
Portfolio turnover			
Annualised	12%	6%	9%

**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 accounts 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 noon, whereas the valuation of investments reported in the financial statements are 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 2019

INVESTMENTS	Holding or Nominal Value of positions at 28th Feb. 2019	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2019	28th Feb. 2018
Equities				
BRAZIL				
Kroton Educacional	376,736	828	1.2	
Localiza Rent A Car	416,500	2,871	4.2	
Natura	112,500	1,090	1.6	
Weg	495,800	1,831	2.6	
		6,620	9.6	12.7
CHILE				
Embotelladora Andina - ADR	90,000	1,482	2.1	2.9
CHINA				
Anta Sports Products	566,000	2,491	3.6	2.2
EGYPT				
Edita Food Industries	207,000	607	0.9	1.1
HONG KONG				
CNOOC	1,110,000	1,439	2.1	
Hang Lung Properties	1,237,000	2,194	3.2	
MTR	270,000	1,165	1.7	
Shandong Weigao Medical Polymer	3,250,000	2,120	3.1	
Television Broadcasts	210,000	298	0.4	
Vitasoy International	900,000	2,918	4.2	
		10,134	14.7	12.1
INDIA				
Crompton Greaves Consumer Electricals	921,400	2,041	3.0	
Infosys - ADR	210,000	1,691	2.5	
Jain Irrigation Systems	2,574,540	1,553	2.2	
Mahindra & Mahindra	40,000	273	0.4	
Mahindra & Mahindra - GDR	190,000	1,308	1.9	
Marico	540,000	1,940	2.8	
		8,806	12.8	14.2
INDONESIA				
Arwana Citramulia	52,000,000	1,334	1.9	
Kalbe Farma	21,363,800	1,707	2.5	
		3,041	4.4	3.8

continued

Equities continued	Holding or Nominal Value of positions at 28th Feb. 2019	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2019	28th Feb. 2018
KENYA				
East African Breweries	400,000	572	0.8	0.9
MALAYSIA				
Telekom Malaysia	1,070,000	601	0.9	1.8
MEXICO				
America Movil - ADR	64,000	691	1.0	
Fomento Economico Mexicano	300,000	2,042	3.0	
Wal-Mart de Mexico	1,050,000	2,043	3.0	
		4,776	7.0	7.6
MOROCCO				
Vivo Energy	631,420	796	1.1	—
PHILIPPINES				
Jollibee Foods	475,000	2,125	3.1	
Manila Water	4,500,000	1,766	2.5	
Universal Robina	1,080,000	2,137	3.1	
		6,028	8.7	7.7
PORTUGAL				
Jeronimo Martins	227,300	2,578	3.7	3.2
SINGAPORE				
Ezion warrants 2023	1,260,000	—	0.0	
Keppel	177,000	607	0.9	
Singapore Exchange	200,000	871	1.3	
Thai Beverage	5,900,000	2,659	3.8	
		4,137	6.0	5.1
SOUTH AFRICA				
Barloworld	230,000	1551	2.3	
MTN	280,000	1,250	1.8	
		2,801	4.1	3.4
SOUTH KOREA				
LG Household & Healthcare	2,560	2,130	3.1	3.6

continued

Equities continued	Holding or Nominal Value of positions at 28th Feb. 2019	Bid Market Value £'000	Percentage of Value of total net assets 28th Feb. 2019	28th Feb. 2018
TAIWAN				
Chroma ATE	570,000	1,782	2.6	
Giant Manufacturing	413,680	1,713	2.5	
Ginko International	202,000	1,125	1.6	
		4,620	6.7	7.6
TURKEY				
BIM Birlesik Magazalar	110,000	1,329	1.9	
Migros Ticaret	361,700	800	1.2	
		2,129	3.1	3.2
UK				
M.P. Evans	270,000	1,841	2.7	3.1
VIETNAM				
Vietnam Dairy Products	164,000	750	1.1	1.1
TOTAL INVESTMENTS		66,940	97.1	97.3
Net other assets		2,031	2.9	2.7
TOTAL NET ASSETS		*68,971*	*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 2019

Purchases		**Cost £'000**
166,000	Anta Sports Products	636
230,000	Barloworld	1,978
30,000	BIM Birlesik Magazalar	341
290,000	CNOOC	363
471,400	Crompton Greaves Consumer Electricals	1,183
50,000	East African Breweries	77
1,260,000	Ezion warrants 2023	—
35,000	Fomento Economico Mexicano	274
72,000	Giant Manufacturing	289
38,000	Ginko International	222
217,000	Hang Lung Properties	328
145,000	Infosys - ADR *(stock split)*	—
1,074,540	Jain Irrigation Systems	893
87,300	Jeronimo Martins	903
2,340,000	Kalbe Farma	205
110,000	Localiza Rent A Car	445
1,800,000	Manila Water	666
144,700	Migros Ticaret	323
2,097,300	Thai Beverage	767
310,000	Universal Robina	615
20,000	Vietnam Dairy Products	89
24,000	Vietnam Dairy Products *(bonus issue)*	—
631,420	Vivo Energy	843
140,100	Weg *(bonus issue)*	—
	TOTAL	11,440

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
150,000	Chroma ATE	576
2,100,000	Ezion	217
467,460	Ezion Warrants 2020	—
140,000	Grupo Financiero Banorte	745
99,000	ICICI Bank - ADR	653
80,000	Infosys - ADR	592
130,000	Jollibee Foods	539
200,000	Kroton Educacional	659
640	LG Household & Healthcare	621
193,500	Localiza Rent A Car	1,166
37,500	Natura	338
300,000	Vitasoy International	863
111,300	Weg	427
	TOTAL	7,396

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.

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). Please read our Privacy Policy, as it sets out your rights with respect to any personal information we collect from or about you, and explains in more detail how we use that information to administer your investment.

Remuneration Policy
McInroy & Wood Portfolios Limited ("MWP") delegates investment management of the fund to McInroy & Wood Limited ("MW"), the Investment Adviser. Directors and staff working on the fund are not remunerated by MWP, but they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive. The group remuneration policy is approved annually by the MW Board and is designed to ensure that the remuneration of directors and staff is consistent with and promotes sound and effective risk management. MW pays no variable remuneration to its directors. No other employees have authority to influence the risk profile of the funds. It is, therefore, not possible for variable remuneration incentives to encourage risk taking which is inconsistent with the risk profile of the funds managed. MWP's compliance with its duty to act in the best interests of the funds it manages is therefore not subject to any conflict of interest.

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

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

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

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

* The Synthetic Risk and Reward Indicator was changed from category 6 to 5.

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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

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

DIRECTORS' STATEMENT

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

T A U Wood
Director

J C McAulay
Director

Haddington, 17th April 2019

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

The Trustee in its capacity as Trustee of 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[1] 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 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.

[1] This requirement on the Trustee applied from 18th March 2016.

to the unitholders of McInroy & Wood Emerging Markets Fund for the year ended 28th February 2019

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

17th April 2019

Report on the audit of the financial statements

Opinion

In our opinion, McInroy & Wood Emerging Markets Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 28th February 2019 and of the net revenue and the net capital gains of the scheme property of the Trust 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 2019; 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 Trust 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

ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

Conclusions relating to going concern continued
However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the fund's business and the wider economy.

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.

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 set out on page 16, 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 Trust'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 Trust, or has no realistic alternative but to do so.

continued

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Trust'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.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Edinburgh

17th April 2019

STATEMENT OF TOTAL RETURN

for the year ended 28th February 2019

	Notes	Year ended 28th Feb. 2019 £'000	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000	Period ended 28th Feb. 2018 £'000
Income					
Net capital (losses)/gains	2		(1,525)		2,468
Revenue	3	1,493		1,268	
Expenses	4	(865)		(803)	
Net revenue before taxation		628		465	
Taxation	5	(128)		(115)	
Net revenue after taxation			500		350
Total return before distributions			(1,025)		2,818
Distributions	6		(1,164)		(960)
Change in net assets attributable to unitholders from investment activities			(2,189)		1,858

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 28th February 2019

	Year ended 28th Feb. 2019 £'000	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000	Period ended 28th Feb. 2018 £'000
Opening net assets attributable to unitholders		66,108		61,623
Amounts receivable on creation of units	7,844		8,045	
Amounts payable on cancellation of units	(2,792)		(5,418)	
		5,052		2,627
Change in net assets attributable to unitholders from investment activities		(2,189)		1,858
Closing net assets attributable to unitholders		68,971		66,108

BALANCE SHEET

as at 28th February 2019

	Notes	28th Feb. 2019 £'000	28th Feb. 2019 £'000	28th Feb. 2018 £'000	28th Feb. 2018 £'000
ASSETS:					
Investments			66,940		64,293
Current assets					
Debtors	7	799		620	
Cash & bank balances		2,796		1,830	
Total other assets			3,595		2,450
Total assets			70,535		66,743
LIABILITIES:					
Creditors					
Distribution payable		(752)		(537)	
Other creditors	8	(812)		(98)	
Total liabilities			(1,564)		(635)
Net assets attributable to unitholders			68,971		66,108

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28th February 2019

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 (the "SORP").

(b) Dividends receivable from equity investments are recognised net of attributable tax credits 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. The annual management charge is initially charged to revenue but ultimately borne by 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.

(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 scrip dividends is treated as revenue but does not form part of the distribution.

(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 (losses)/gains on investments:

	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000
Non-derivative securities	(1,395)	2,541
Currency gains/(losses)	(123)	(54)
Custodial transaction fees	(7)	(19)
Net capital (losses)/gains*	(1,525)	2,468
**includes realised gains on investments sold*	2,709	2,107

3. Revenue

	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000
Dividends on overseas equities	1,445	1,220
Dividends on UK equities	48	48
Total revenue	1,493	1,268

4. Expenses

	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018** £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	664	610
- Transfer agency fee	46	53
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	21	20
- Safe custody fee	72	70
Other expenses:		
- Audit fee	10	7
- Fund accounting fee	36	31
- Sundry fees*	16	12
Total expenses	865	803

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

**The period ended 28th Feb. 2018 was 11 months long.

continued

5. Taxation

	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000
(a) Analysis of tax charge		
Overseas tax	128	115
	128	115

(b) Factors affecting the tax charge for the year/period

The tax assessed for the year is higher (2018 - higher) than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	Year ended 28th Feb. 2019 £'000	Period ended 28th Feb. 2018 £'000
Net revenue before taxation	628	465
Corporation tax at 20%	126	93
Effects of:		
Movement in unrecognised tax losses	168	140
Overseas tax	128	115
Overseas tax expensed	(1)	(4)
Prior year adjustment to tax losses	(1)	—
Revenue not subject to tax	(292)	(229)
Current tax charge for the year/period	128	115

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,165,705 (2018 - £998,407) 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. 2019 £'000	Period ended 28th Feb. 2018 £'000
Interim		451	439
Final		752	537
		1,203	976
Add:	Revenue deducted on cancellation of units	20	33
Deduct:	Revenue received on creation of units	(59)	(49)
Net distribution for the year/period		1,164	960
Net revenue after taxation		500	350
Expenses taken to capital		664	610
Net distribution for the year/period		1,164	960

Details of the distributions per unit are shown in the Distribution Tables on page 35.

continued

7. Debtors

	28th Feb. 2019 £'000	28th Feb. 2018 £'000
Amounts receivable for creation of units	60	509
Foreign currency contracts awaiting settlement	319	—
Overseas withholding tax recoverable	42	36
Prepaid expenses	2	2
Revenue receivable:		
Overseas equities	56	73
Sales awaiting settlement	320	—
	799	620

8. Other creditors

	28th Feb. 2019 £'000	28th Feb. 2018 £'000
Accrued expenses:		
Audit fee	9	8
Custodial transaction fees	1	3
Fund accounting fees	5	5
Manager's periodic charge	54	51
Overseas tax compliance	2	2
Safe custody fee	12	20
Tax computation fee	5	4
Transfer agency fee	5	3
Trustee's fee	2	2
Amounts payable for cancellation of units	64	—
Foreign currency contracts awaiting settlement	320	—
Purchases awaiting settlement	333	—
	812	98

9. Unit movement

For the year 1st March 2018 to 28th February 2019

Opening units	3,052,146
Units created	375,321
Units cancelled	(135,288)
Closing units	3,292,179

10. 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% (2018 - 2.9%).

11. Portfolio Risk Analysis

In pursuing its investment objectives, the fund invests 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 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.

11. 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 deposit. Changes in interest rates may have an adverse effect on 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 Investment Objective and Policy.

At 28th February 2019 and 28th February 2018, 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.

Operational Risk – Brexit
Having conducted an internal risk assessment we deem the operational risks to the fund of a no-deal Brexit as low.

continued

11. Portfolio Risk Analysis continued

Currency profile

The currency profile of the fund's net assets at 28th February was:

	Monetary (Cash/Other assets) £'000	Non-monetary (Securities) £'000	Total £'000	Total %
28th February 2019				
Brazilian Real	21	6,620	6,641	9.6
Euro	42	2,578	2,620	3.8
Hong Kong Dollar	—	12,625	12,625	18.3
Indian Rupee	(182)	5,806	5,624	8.2
Indonesian Rupiah	—	3,041	3,041	4.4
Kenyan Shilling	6	572	578	0.8
Korean Won	12	2,131	2,143	3.1
Malaysian Ringgit	—	601	601	0.9
Mexican Peso	—	4,084	4,084	5.9
New Turkish Lira	—	2,129	2,129	3.1
Philippine Peso	530	6,028	6,558	9.5
Singapore Dollar	—	4,137	4,137	6.0
South African Rand	—	2,801	2,801	4.1
Taiwan Dollar	12	4,620	4,632	6.7
UK Sterling	1,585	2,637	4,222	6.1
US Dollar	—	5,780	5,780	8.4
Vietnamese Dong	5	750	755	1.1
	2,031	66,940	68,971	100.0

	Monetary (Cash/Other assets) £'000	Non-monetary (Securities) £'000	Total £'000	Total %
28th February 2018				
Brazilian Real	13	8,454	8,467	12.8
Euro	36	2,114	2,150	3.3
Hong Kong Dollar	—	9,485	9,485	14.3
Indian Rupee	14	5,301	5,315	8.0
Indonesian Rupiah	—	2,551	2,551	3.9
Kenyan Shilling	—	584	584	0.9
Korean Won	17	2,359	2,376	3.6
Malaysian Ringgit	—	1,168	1,168	1.8
Mexican Peso	—	4,159	4,159	6.3
New Turkish Lira	—	2,143	2,143	3.2
Philippine Peso	24	5,064	5,088	7.7
Singapore Dollar	—	3,347	3,347	5.1
South African Rand	—	2,212	2,212	3.3
Taiwan Dollar	—	5,036	5,036	7.6
UK Sterling	1,702	2,036	3,738	5.7
US Dollar	3	7,530	7,533	11.4
Vietnamese Dong	6	750	756	1.1
	1,815	64,293	66,108	100.0

11. Portfolio Risk Analysis continued

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 2019		
Quoted prices for identical instruments in active markets	66,940	—
	66,940	**—**
28th February 2018		
Quoted prices for identical instruments in active markets	64,293	—
	64,293	**—**

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/period.

	Year ended 28th Feb. 2019 %	Period ended 28th Feb. 2018 %
Year/period end VaR	7.57	6.30
Minimum VaR	5.90	6.04
Maximum VaR	7.89	8.70
Average VaR	6.81	7.64

continued

12. Portfolio Transaction Costs

For the year 1st March 2018 to 28th February 2019

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	11,410	15	0.13	15	0.13
Total purchases	**11,410**	**15**		**15**	
Total purchases including transaction costs	**11,440**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	7,412	7	0.09	9	0.12
Total sales	**7,412**	**7**		**9**	
Total sales net of transaction costs	**7,396**				
Total transaction costs		22		24	
Total transaction costs as a % of average net assets		0.03%		0.04%	

continued

12. Portfolio Transaction Costs continued

For the period 1st April 2017 to 28st February 2018

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	10,179	17	0.17	8	0.08
Total purchases	**10,179**	**17**		**8**	
Total purchases including transaction costs	**10,204**				

Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments (direct)	7,059	10	0.14	12	0.17
Total sales	**7,059**	**10**		**12**	
Total sales net of transaction costs	**7,037**				
Total transaction costs		27		20	
Total transaction costs as a % of average net assets		0.04%		0.03%	

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

Separately identifiable direct transaction costs (commissions and 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 0.53% (2018 - 0.62%).

13. Post Balance Sheet Events

There are no post balance sheet events that require disclosure or adjustments to the financial statements.

DISTRIBUTION TABLES

in pence per unit
for the year ended 28th February 2019

INTERIM DISTRIBUTION

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

	Dividend income	Equalisation*	Amount paid 31.10.18
Group 1	14.000	—	14.000
Group 2	0.956	13.044	14.000

FINAL DISTRIBUTION

Group 1 – Units purchased prior to 1st September 2018
Group 2 – Units purchased 1st September 2018 to 28th February 2019

	Dividend income	Equalisation*	Amount payable 30.04.19
Group 1	22.851	—	22.851
Group 2	4.002	18.849	22.851

*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 2019

	Year to 28th Feb. 2019	Period to 28th Feb. 2018
Interim paid	14.000	14.000
Final payable/paid	22.851	17.602
	36.851	31.602

DISTRIBUTION XD AND PAYMENT DATES

	XD Date	*Payment Date*
Final	28.02.19	30.04.19
Interim	31.08.19	31.10.19

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

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

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

Registrar
McInroy & Wood Portfolios Limited
PO Box 12177
Chelmsford
CM99 2EA

Independent Auditor
PricewaterhouseCoopers LLP
Chartered Accountants
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX