



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 2023

SUMMARY

At 28th February 2023, total net assets of the fund amounted to £74,895,607 compared with £89,102,678 at 28th February 2022. There was a net outflow of £16 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 for discretionary clients, where the fund is used to provide exposure to emerging markets. There were 240 investors (excluding ISA holders), each with an average holding worth £301,389.

The objective of the fund is to grow the real value of investors' capital and income, with an equal emphasis on the generation of income and capital growth. Investments will be in companies operating or incorporated in emerging markets. Investors are encouraged to hold units for a minimum of three years to provide the best chance of achieving that objective. 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 (RPI), over the same period. Total return is the aggregate of capital appreciation, if any, which would be indicated by a rise in the unit price, plus income received from the fund's half-yearly dividends.

The price of units in the fund at 28th February 2023 stood at £23.733 (£22.784 at 28th February 2022), a rise of 4% over the year. A final distribution of 33.222 pence per unit is now being paid. This brings the total distribution over the year to 45.222 pence per unit, 38% higher than that paid over the previous year. The increase is largely a reflection of a large one-off special dividend paid by Chilean soft-drink company Embotelladora Andina, together with the rise of most local currencies against sterling which enhanced the sterling value of dividend income received.

The total return to unitholders of 6% was lower than the rate of inflation, as measured by RPI, which was at a particularly high level of 10% over the 12 months to 28th February 2023. It has proved difficult for a fund investing in emerging markets to deliver positive real returns to UK investors in recent years (over the three years to 28th February 2023, the total return to unit holders in the fund was 20%, compared to retail price inflation of 24%, and over five years the respective figures were 17% and 31%) but over the longer term the fund has provided a total return to unitholders of 139% above inflation since its inception in March 2007.

Global growth prospects have improved over the period but, in the short term, the immediate environment for equities still seems difficult, and emerging markets are likely to prove volatile. The fund, however, remains focused on high-quality companies that can resist inflationary pressures and are well positioned to flourish as the affluence of emerging market consumers continues to grow.

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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 those who wish to have their assets personally managed by McInroy & Wood Limited (MW). The fund is designed for use by both discretionary clients of MW, and by those who are comfortable deciding whether the fund is suitable for them.

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 three 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 percent 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 28th February 2023, total net assets of the fund amounted to £74,895,607 compared with £89,102,678 at 28th February 2022. There was a net outflow of £16 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 for discretionary clients, where the fund is used to provide exposure to emerging markets. There were 240 investors (excluding ISA holders), each with an average holding worth £301,389.

Despite widespread weakness in developing markets, the total return of the fund net of fees was 6% over the year to 28th February 2023. The principal factor behind this positive result was the fund's allocation to consumer staple stocks in Asia and Latin America. The fund's relatively limited exposure to Asian internet and technology companies was also helpful.

Markets

Over the year to 28th February 2023, global markets produced mixed returns, with the US market falling back sharply. Emerging Markets were down 9% in sterling terms, as measured by the MSCI Emerging Markets Index.

Global inflation remained persistently high, aggravated by the war in Ukraine, and central banks responded by raising interest rates aggressively. Investors became nervous that this might result in a general economic slowdown. Emerging markets were particularly exposed to the tightening of US monetary policy and the consequent strength of the US dollar, but widespread capital flight was averted by local central banks raising rates proactively ahead of the US Federal Reserve.

It was a difficult year for markets in China (-18%, all indices as per MSCI in local currency) and Hong Kong (-9%). The imposition of strict Covid policies stifled domestic consumption and severely impacted export supply chains. When several major cities were locked down in October, the Chinese market slumped to levels not seen since 2016, although it did recover to some extent after the restrictions were abruptly abandoned later in the year.

Southeast Asian economies based on manufacturing were also hard hit by a painful combination of higher raw material and energy costs, a shortage of microchips and weaker export markets. The Taiwanese (-14%) and South Korean (-12%) markets both fell sharply.

By contrast, India (-2%) held up reasonably well. Despite rising interest rates, the economy remained resilient, supported by the country's large domestic market.

MANAGER'S INVESTMENT REPORT

Markets continued

Performance diverged in Latin American markets. Tighter monetary policy in Brazil (-16%) did reduce inflation to some extent but hurt economic growth. Investors were also alarmed by the political instability that followed national and local elections. However, Mexico (-1%) benefited from a pickup in manufacturing output which was boosted by the disruption in China and record orders from the US.

Sterling weakened against most overseas currencies which boosted the value of overseas assets for UK investors. The most notable declines were against the Mexican peso (-20%), the Hong Kong dollar (-10%) and the Brazilian real (-9%), but the rate against the Indian rupee remained virtually unchanged.

Results and Dividend Distribution

The objective of the fund is to grow the real value of investors' capital and income, with an equal emphasis on the generation of income and capital growth. Investments will be in companies operating or incorporated in emerging markets. Investors are encouraged to hold units for a minimum of three years to provide the best chance of achieving that objective. 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 (RPI), over the same period. Total return is the aggregate of capital appreciation, if any, which would be indicated by a rise in the unit price, plus income received from the fund's half-yearly dividends.

The price of units in the fund at 28th February 2023 stood at £23.733 (£22.784 at 28th February 2022), a rise of 4% over the year. A final distribution of 33.222 pence per unit is now being paid. This brings the total distribution over the year to 45.222 pence per unit, 38% higher than that paid over the previous year. The increase is largely a reflection of a large one-off special dividend paid by Chilean soft-drink company Embotelladora Andina, together with the rise of most local currencies against sterling which enhanced the sterling value of dividend income received.

The total return to unitholders of 6% was lower than the rate of inflation, as measured by RPI, which was at a particularly high level of 10% over the 12 months to 28th February 2023. It has proved difficult for a fund investing in emerging markets to deliver positive real returns to UK investors in recent years (over the three years to 28th February 2023, the total return to unit holders in the fund was 20%, compared to retail price inflation of 24%, and over five years the respective figures were 17% and 31%) but over the longer term the fund has provided a total return to unitholders of 139% above inflation since its inception in March 2007.

MANAGER'S INVESTMENT REPORT

Portfolio Strategy

The portfolio continues to be highly diversified across different industries and geographies. At 28th February 2023, 20% of the portfolio was invested in India (19% on 28th February 2022), 22% in China (18%), 36% in the rest of Asia (37%), 16% in Latin America (13%), 2% in Africa (7%), 3% in Emerging Europe (3%) and 1% was held in cash (3%).

Investments

New investments were made in Metropolis Healthcare, an Indian medical diagnostics provider; JL Mag Rare Earth, a Chinese manufacturer of rare earth magnets and Sinbon Electronics, a supplier of electronic components based in Taiwan.

Given deteriorating economic conditions in their respective home markets, East African Breweries (Kenya) and Edita Food Industries (Egypt) were considered unduly vulnerable to inflationary pressures and were sold, along with positions in Universal Robina (Philippines), Barloworld (South Africa), MTR Corp (Hong Kong), Nestle India (India) and StoneCo (Brazil).

There were notable gains for Mahindra & Mahindra (+61%), Trip.com (+38%) and WEG (+33%), but it was a disappointing period for JD.com (-36%), LG Household & Health (-30%) and Yihai International (-29%).

At 28th February 2023 there were 39 holdings in the portfolio.

Outlook

Global growth prospects have improved in recent months, but the investment outlook remains highly uncertain. Emerging markets are especially exposed to developments in the US and their currencies are likely to fall sharply if US interest rates continue to rise.

China's abrupt decision to end its 'zero-Covid' policy has spurred a rebound in domestic consumption which should lead to much stronger growth this year. This should directly benefit the fund's holdings in Yihai, a supplier of condiments to restaurants, and online travel agency Trip.com. Despite the economy's dominant size, the portfolio's allocation to China is only 22%, reflecting concerns over rising political tensions with the US over Taiwan's independence and relations with Russia, together with a deepening crisis in the property sector.

Neighbouring countries in Southeast Asia will also profit from China's reopening as regional trade and travel picks up. The fund's investment in South Korean beauty retailer LG Household & Health is heavily reliant on demand from Chinese consumers and should see a welcome increase in sales this year.

MANAGER'S INVESTMENT REPORT

Outlook continued

One of the consequences of China's zero-Covid policy, and indeed of the impact of the pandemic in general, has been for global businesses to seek to diversify their supply chains. Many have been almost completely reliant on Chinese manufacturing operations and are now looking to find additional suppliers elsewhere. This should prove rewarding for Brazil, but particularly Mexico which has considerable experience in large-scale manufacturing and a prized free trade agreement with the US. If the conflict in Ukraine can be settled peaceably, many Eastern European countries could also find similar opportunities.

In contrast to most other markets, the Indian market fell back in response to the re-opening of China's economy, as international investors switched funds back into China. Despite this, Indian companies continue to trade at premium valuations, a reflection of confidence in the country's long-term prospects. Indeed, there are several very encouraging factors: India is democratic, its government is broadly pro-business and pro-reform, and the demographic make-up of its well-educated population is very favourable for economic growth. Inflation, however, remains a major concern in the coming year as it is squeezing disposable incomes, particularly in rural communities. The central bank may therefore need to raise interest rates, especially if the government ramps up fiscal expenditure in the usual way ahead of elections in 2024. This environment is likely to favour resilient businesses that provide essential products across a wide range of price points. Two examples held in the portfolio are Marico, a major supplier of hair oils, and consumer goods company Hindustan Unilever.

In the short term, the immediate environment for equities still seems difficult, and emerging markets are likely to prove volatile. The fund, however, remains focused on high-quality companies that can resist inflationary pressures and are well positioned to flourish as the affluence of emerging market consumers continues to grow.

21st April 2023

COMPARATIVE TABLE - PERSONAL CLASS

	28 th February 2023 (pence per unit)	28 th February 2022 (pence per unit)	28 th February 2021 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	2,253.63	2,214.80	2,050.09
Return before operating charges*	159.75	100.55	223.91
Operating charges	(29.02)	(29.04)	(27.25)
Return after operating charges	130.73	71.51	196.66
Distributions	(45.22)	(32.68)	(31.95)
Closing net asset value per unit			
	2,339.14	2,253.63	2,214.80
*After direct transaction costs of	(2.46)	(1.69)	(1.30)
Performance**			
Return after charges	5.80%	3.23%	9.59%
Other information			
Closing net asset value (£'000)	74,896	89,103	83,311
Closing number of units	3,201,840	3,953,738	3,761,564
Operating charges	1.26%	1.24%	1.28%
Direct transaction costs	0.11%	0.07%	0.06%
Prices			
Highest unit price	£24.983	£24.659	£24.420
Lowest unit price	£20.976	£22.343	£16.850
Portfolio turnover			
Annualised	9%	15%	8%

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

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

PORTFOLIO STATEMENT

as at 28th February 2023

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			28 th Feb. 2023	28 th Feb. 2022
<i>Equities</i>				
BRAZIL				
Localiza Rent a Car	192,110	1,686	2.3	
WEG	405,850	2,514	3.4	
		<u>4,200</u>	<u>5.7</u>	<u>4.5</u>
CHILE				
Embotelladora Andina 'B' Pref.	706,200	1,422	1.9	
Embotelladora Andina ADR	124,030	1,510	2.0	
		<u>2,932</u>	<u>3.9</u>	<u>2.3</u>
CHINA				
Anta Sports Products	259,400	2,822	3.8	
JD.com	100,200	1,832	2.4	
JL Mag Rare-Earth	471,200	1,250	1.7	
Midea	333,700	2,084	2.8	
Trip.com	67,601	1,985	2.7	
Yihai International	875,000	2,099	2.8	
		<u>12,072</u>	<u>16.2</u>	<u>12.6</u>
EGYPT				
		<u>—</u>	<u>0.0</u>	<u>0.9</u>
HONG KONG				
Hang Lung Properties	1,182,000	1,883	2.5	
Shandong Weigao Medical - Polymer	1,809,600	2,411	3.2	
TravelSky Technology	1,379,000	2,246	3.0	
Vitasoy International	1,702,000	2,858	3.8	
		<u>9,398</u>	<u>12.5</u>	<u>12.6</u>
INDIA				
Asian Paints	46,285	1,310	1.7	
Britannia Industries	39,130	1,741	2.3	
Crompton Greaves	597,260	1,808	2.4	
Dabur India	278,295	1,479	2.0	
Hindustan Unilever	54,585	1,340	1.8	
Mahindra & Mahindra	177,500	2,261	3.0	
Marico	355,350	1,745	2.3	
Metropolis Healthcare	97,150	1,270	1.7	
Titan	75,785	1,794	2.4	
		<u>14,748</u>	<u>19.6</u>	<u>19.0</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			28 th Feb. 2023	28 th Feb. 2022
<i>Equities continued</i>				
INDONESIA				
Kalbe Farma	20,581,100	2,341	3.1	
Ultrajaya Milk Industry & Trading	10,824,200	894	1.2	
		<u>3,235</u>	<u>4.3</u>	<u>3.9</u>
KENYA				
		<u>—</u>	<u>0.0</u>	<u>0.8</u>
MEXICO				
Fomento Economico Mexicano	295,231	2,242	3.0	
Wal-Mart de Mexico	859,448	2,783	3.7	
		<u>5,025</u>	<u>6.7</u>	<u>6.6</u>
PHILIPPINES				
Jollibee Foods	706,280	2,529	3.4	
Wilcon Depot	4,857,480	2,280	3.0	
		<u>4,809</u>	<u>6.4</u>	<u>9.5</u>
PORTUGAL				
Jeronimo Martins	110,446	1,879	2.5	3.6
SINGAPORE				
Thai Beverage	5,625,000	2,209	2.9	2.8
SOUTH AFRICA				
MTN	262,700	1,712	2.3	5.0
SOUTH KOREA				
LG H&H	4,356	1,814	2.4	2.6
TAIWAN				
Chroma ATE	477,670	2,389	3.2	
President Chain Store	322,300	2,333	3.1	
Sinbon Electronics	98,000	790	1.1	
		<u>5,512</u>	<u>7.4</u>	<u>6.0</u>
UK				
MP Evans	165,465	1,337	1.8	2.3

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			28 th Feb. 2023	28 th Feb. 2022
<i>Equities continued</i>				
VIETNAM				
Phu Nhuan Jewelry	523,466	1,398	1.9	
Vietnam Dairy Products	803,160	2,103	2.8	
		<u>3,501</u>	<u>4.7</u>	<u>2.8</u>
TOTAL INVESTMENTS		74,383	99.3	97.8
Net other assets		<u>513</u>	<u>0.7</u>	<u>2.2</u>
TOTAL NET ASSETS		<u>74,896</u>	<u>100.0</u>	<u>100.0</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 year to 28th February 2023

Purchases		Cost £'000
29,400	ANTA Sports Products	239
173,300	Embotelladora Andina 'B' Pref.	270
46,600	Fomento Economico Mexicano	268
28,250	JD.com	471
471,200	JL Mag Rare-Earth	1,431
334	LG H&H	155
97,150	Metropolis Healthcare	1,930
72,000	Midea	501
134,600	Phu Nhuan Jewelry	514
35,000	President Chain Store	245
98,000	Sinbon Electronics	751
35,880	Trip.com	453
162,000	Vietnam Dairy Products	408
235,000	Yihai International	498
	TOTAL	<u>8,134</u>

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals	Proceeds £'000	
60,900	America Movil	965
24,200	Anta Sports Products	244
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	440
85,144	Jeronimo Martins SGPS	1,455
146,020	Jollibee Foods	428
9,882,200	Kalbe Farma	876
589	Localiza Rent a Car Rights 2022	2
839	Localiza Rent a Car Rights 2023	2
84,500	Mahindra & Mahindra	875
189,750	Marico	990
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
579,600	Shandong Weigao Medical - Polymer	638
60,900	Sitios Latinoamerica	16
86,960	StoneCo	583
1,197,000	Thai Beverage	451
17,425	Titan	441
465,000	TravelSky Technology	800
67,801	Trip.com	1,610
1,213,300	Universal Robina	1,784
242,842	Wal-Mart de Mexico	662
3,023,620	Wilcon Depot	1,160
	TOTAL	<u>23,811</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 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

MW, the Investment Adviser to the Manager of 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.

Remuneration Policy

MWP delegates investment management of the fund, and other in-house funds (together "funds") to MW, the Investment Adviser. Directors and staff involved in the management of 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 risks 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 change over time.

Value Assessment

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

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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

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

The maintenance and integrity of the Our Fund pages 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 April 2023

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

to the Unitholders of the McInroy & Wood Emerging Markets Fund (the Trust) for the year ended 28th February 2023

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

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

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

The Trustee must ensure that:

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

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

continued

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

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

21st April 2023

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the Fund as at 28th February 2023 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28th February 2023; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

continued

Conclusions relating to going concern continued

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

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

Reporting on other information

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

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

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

Manager's Report

In our opinion, the information given in the 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 Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities, the 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 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.

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

continued

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and

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

continued

- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

Use of this report

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

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Edinburgh

21st April 2023

STATEMENT OF TOTAL RETURN

for the year ended 28th February 2023

	Notes	Year ended 28 th Feb. 2023		Year ended 28 th Feb. 2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		2,550		2,509
Revenue	3	2,104		1,710	
Expenses	4	<u>(997)</u>		<u>(1,128)</u>	
Net revenue before taxation		1,107		582	
Taxation	5	<u>(99)</u>		<u>(593)</u>	
Net revenue/(expense) after taxation			<u>1,008</u>		<u>(11)</u>
Total return before distributions			3,558		2,498
Distributions	6		<u>(1,643)</u>		<u>(1,270)</u>
Change in net assets attributable to unitholders from investment activities			<u>1,915</u>		<u>1,228</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 28th February 2023

	Year ended 28 th Feb. 2023		Year ended 28 th Feb. 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		89,103		83,311
Amounts receivable on creation of units	4,280		11,537	
Amounts payable on cancellation of units	<u>(20,402)</u>		<u>(6,973)</u>	
		(16,122)		4,564
Change in net assets attributable to unitholders from investment activities		<u>1,915</u>		<u>1,228</u>
Closing net assets attributable to unitholders		<u>74,896</u>		<u>89,103</u>

BALANCE SHEET

as at 28th February 2023

		28 th Feb. 2023		28 th Feb. 2022	
	Notes	£'000	£'000	£'000	£'000
ASSETS:					
Fixed assets:					
Investments			74,383		87,112
Current assets					
Debtors	7	62		47	
Cash & bank balances		<u>2,185</u>		<u>3,546</u>	
Total other assets			<u>2,247</u>		<u>3,593</u>
Total assets			<u>76,630</u>		<u>90,705</u>
LIABILITIES:					
Provision for other liabilities					
	9		(496)		(615)
Creditors					
Distribution payable		(1,063)		(857)	
Other creditors	8	<u>(175)</u>		<u>(130)</u>	
Total liabilities			<u>(1,734)</u>		<u>(1,602)</u>
Net assets attributable to unitholders			<u>74,896</u>		<u>89,103</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28th February 2023

1. Accounting policies

- (a) The financial statements have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the IMA (now known as the Investment Association) in May 2014, updated in June 2017, (the "SORP").
- (b) Dividends receivable from equity investments are recognised gross of withholding tax and are credited to revenue when they are first quoted ex dividend. Interest receivable from debt securities is accounted for on an effective yield basis. All other income is recognised on an accruals basis.
- (c) Special dividends are treated as revenue or capital depending on the facts of each particular case.
- (d) Expenses of the fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the fund.
- (e) Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

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

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

- (f) The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on the last business day of April. An interim distribution based on available revenue is distributed on the last day of October. The ordinary element of stock dividends is treated as revenue and forms part of the distribution. The annual management charge is initially charged to revenue but ultimately borne by the capital of the fund.
- (g) All investments have been valued at their fair value, at close of business on the last business day of the period, which is generally the bid market value net of any accrued revenue.
- (h) Foreign currency transactions are translated at the rates ruling on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at exchange rates prevailing at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Net capital gains

	Year ended 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
Non-derivative securities	2,874	2,571
Currency losses	(315)	(56)
Custodian transaction costs	(9)	(6)
Net capital gains*	<u>2,550</u>	<u>2,509</u>
<i>*includes realised gains on investments sold</i>	<u>1,215</u>	<u>2,256</u>

3. Revenue

	Year ended 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
Bank interest	9	–
Overseas dividends	2,022	1,566
UK dividends	73	144
Total revenue	<u>2,104</u>	<u>1,710</u>

4. Expenses

	Year ended 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	800	917
– Transfer agency fee	24	38
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	24	25
– Safe custody fee	68	74
Other expenses:		
– Audit fee	16	13
– Fund accounting fee	41	40
– Interest payable and similar charges	2	–
– Professional services fees*	17	17
– Sundry fees**	5	4
Total expenses	<u>997</u>	<u>1,128</u>

*Includes non-audit service fees of £5,499 payable to the fund's auditors, PricewaterhouseCoopers LLP (2022: £4,678).

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Expenses continued

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

5. Taxation

	Year ended 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
(a) Analysis of tax charge for the year		
Indian capital gains tax	(165)	364
Overseas tax	<u>264</u>	<u>229</u>
	<u>99</u>	<u>593</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022 - higher) than the standard rate of corporation tax in the UK for an authorised unit trust (20% (2022 - 20%)). The differences are explained below:

	Year ended 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
Net revenue before taxation	<u>1,107</u>	<u>582</u>
Corporation tax at 20%	221	116
<i>Effects of:</i>		
Indian capital gains tax	(165)	364
Movement in unrecognised tax losses	156	213
Overseas tax	264	229
Overseas tax expensed	(4)	(2)
Prior year adjustment to unrecognised tax losses	15	–
Revenue not subject to tax	<u>(388)</u>	<u>(327)</u>
Current tax charge for the year	<u>99</u>	<u>593</u>

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,904,754 (2022 - £1,748,753) 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.

NOTES TO THE FINANCIAL STATEMENTS

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 28 th Feb. 2023	Year ended 28 th Feb. 2022
	£'000	£'000
Interim	396	435
Final	<u>1,063</u>	<u>857</u>
	<u>1,459</u>	<u>1,292</u>
Add: Revenue deducted on cancellation of units	207	44
Deduct: Revenue received on creation of units	<u>(23)</u>	<u>(66)</u>
Net distribution for the year	<u>1,643</u>	<u>1,270</u>
Net revenue/(expense) after taxation	1,008	(11)
Expenses taken to capital	800	917
Indian capital gains tax	<u>(165)</u>	<u>364</u>
Net distribution for the year	<u>1,643</u>	<u>1,270</u>

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

NOTES TO THE FINANCIAL STATEMENTS

continued

7. Debtors

	28 th Feb. 2023	28 th Feb. 2022
	£'000	£'000
Amounts receivable for creation of units	6	–
Overseas withholding tax recoverable	19	14
Prepaid expenses	2	–
Revenue receivable:		
Overseas equities	35	33
	<u>62</u>	<u>47</u>

8. Other Creditors

	28 th Feb. 2023	28 th Feb. 2022
	£'000	£'000
Accrued expenses:		
Audit fee	16	13
Custodial transaction fees	1	1
Fund accounting fee	7	4
Manager's periodic charge	60	69
Safe custody fees	10	12
Transfer agency fee	2	15
Trustee's fee	2	2
Other	14	13
Amounts payable for cancellation of units	63	1
	<u>175</u>	<u>130</u>

9. Provision for other liabilities

The fund had the following provision during the year:

	Overseas capital gains tax £'000	Total £'000
At 28 th February 2022	615	615
Deductions dealt with in profit or loss	<u>(119)</u>	<u>(119)</u>
At 28 th February 2023	<u>496</u>	<u>496</u>
	Overseas capital gains tax £'000	Total £'000
At 28 th February 2021	–	–
Additions dealt with in profit or loss	<u>615</u>	<u>615</u>
At 28 th February 2022	<u>615</u>	<u>615</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Unit movement

For the year 1st March 2022 to 28th February 2023

Opening units	3,953,738
Units created	190,813
Units cancelled	<u>(942,711)</u>
Closing units	<u>3,201,840</u>

11. Related Party Transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's value at the balance sheet date were 3.5% (2022 - 2.7%).

12. Portfolio Risk Analysis

In pursuing its investment objectives, the fund's portfolio is invested in a variety of financial assets. These comprise securities and other investments. There are also cash balances, debtors and creditors that arise directly from its 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.

continued

12. Portfolio Risk Analysis continued

Credit and Liquidity Risk continued

It is estimated that 94% of the fund could be realised within 5 days, based upon normal trading activities and achieving 30% of the 30-day average traded volume.

Market Price Risk

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

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

Interest Rate Risk

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

The Manager reviews policies for managing these risks in pursuance of the investment objective and policy.

At 28th February 2023 and 28th February 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. 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 2023		
Level 1: Quoted prices	74,383	—
Level 2: Observable market data	—	—
Level 3: Unobservable data	—	—
	74,383	—
	Assets £'000	Liabilities £'000
28th February 2022		
Level 1: Quoted prices	87,112	—
Level 2: Observable market data	—	—
Level 3: Unobservable data	—	—
	87,112	—

13. Risk Exposure

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

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

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

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

	Year ended 28 th Feb. 2023 %	Year ended 28 th Feb. 2022 %
Year end VaR	9.38	6.26
Minimum VaR	6.06	6.13
Maximum VaR	9.74	13.48
Average VaR	7.96	7.06

Leverage

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

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Portfolio Transaction Costs

For the year 1st March 2022 to 28th February 2023

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	8,117	11	0.14	6	0.07
Debt instruments	101	-	-	-	-
Total purchases	8,218	11		6	
Total purchases including transaction costs	8,235				
Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	23,879	32	0.13	36	0.15
Total sales	23,879	32		36	
Total sales net of transaction costs	23,811				
Total transaction costs		43		42	
Total transaction costs as a % of average net assets		0.05%		0.05%	

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

Purchases	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	18,171	22	0.12	13	0.07
Total purchases	18,171	22		13	
Total purchases including transaction costs	18,206				
Sales	Value £'000	Commissions £'000	%	Taxes £'000	%
Equity instruments	14,452	15	0.10	16	0.11
Debt instruments	11	-	-	-	-
Total sales	14,463	15		16	
Total sales net of transaction costs	14,432				
Total transaction costs		37		29	
Total transaction costs as a % of average net assets		0.04%		0.03%	

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Portfolio Transaction Costs continued

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.37% (2022 - 0.45%).

DISTRIBUTION TABLES

**in pence per unit
for the year ended 28th February 2023**

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 paid
Group 1	12.000	–	12.000
Group 2	6.123	5.877	12.000

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st September 2022

Group 2 - Units purchased 1st September 2022 to 28th February 2023

	Dividend income	Equalisation*	Amount payable
Group 1	33.222	–	33.222
Group 2	7.455	25.767	33.222

*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 2023**

	Year to 28 th Feb. 2023	Year to 28 th Feb. 2022
Interim paid	12.000	11.000
Final payable/paid	33.222	21.677
	<u>45.222</u>	<u>32.677</u>

DISTRIBUTION XD AND PAYMENT DATES

	<i>XD Date</i>	<i>Payment Date</i>
Final	28.02.23	30.04.23
Interim	31.08.23	31.10.23

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AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

McInroy & Wood Portfolios Limited is a subsidiary of
McInroy & Wood Limited
MWEMF0223