



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

EMERGING MARKETS FUND

A pooled management service for private clients

INTERIM REPORT
AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST AUGUST 2021

SUMMARY

At 31st August 2021, total net assets of the fund amounted to £94,606,631 compared with £83,311,194 six months before. There were 262 investors (excluding ISA holders), each with an average holding worth £346,792.

The price of units in the fund at 31st August 2021 stood at £24.072, up 7% over the six months. Holdings in high quality Indian consumer companies, together with selective investments in commodity-linked economies, recorded strong gains. The fund has relatively little exposure to the Chinese technology sector which performed poorly over the period.

The objective of the fund is to grow the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation, as measured by the UK Retail Prices Index, over the same period. Over the 3 years to 31st August 2021, the total return for unitholders in the fund was 21%, compared to inflation of 8% on the above basis over the same period. Over 5 years, the fund returned 31%, against inflation of 16%. The fund has provided a total return to unitholders of 165% above inflation since its inception in March 2007.

An interim distribution of 11.000p is now being paid, unchanged from the corresponding figure from last year. Company dividend payments are recovering, however recent portfolio adjustments have favoured companies that prioritise capital growth over a high dividend yield. On current estimates, the distribution in respect of the next six months is also expected to be little changed from last year.

There was no significant change to portfolio allocations during the period, it remains highly diversified across different industries and geographies.

Outbreaks of the Covid-19 Delta variant are ongoing, however immunisation rates are improving and developing countries at last appear to be gaining the upper hand over the virus. There are pockets of opportunity for investment in the near term, albeit the strength of many equity markets would seem to discount much of the positive news. Looking ahead, 70% of China's population is projected to be middle class by 2030, up from a little over 50% today, and by number, India's middle class is expected to be even larger. In these circumstances, diversification of the portfolio across a range of geographies, and careful stock selection focused on burgeoning consumerism should provide a good platform for longer-term investors.

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

INTRODUCTION

The McInroy & Wood Emerging Markets Fund (the fund) is an authorised unit trust for investors who wish to have their assets personally managed by McInroy & Wood Limited (MW) and for whom a discretionary managed portfolio may not be appropriate. Investors will gain access, through the fund, to a portfolio which it might well be impracticable for them to assemble themselves.

The fund has been established with the aim of providing investors with professional investment management at an economic cost.

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

The investment objective of the fund is to grow the real value of investors' capital and income. Investments will be in companies operating or incorporated in emerging markets. An equal emphasis will be placed on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Price Index is the measure of inflation used by the Manager. The investment should be held for a minimum period of 3 years. Investors should be aware that their capital is at risk.

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

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

MANAGER'S INVESTMENT REPORT

At 31st August 2021, total net assets of the fund amounted to £94,606,631 compared with £83,311,194 six months earlier. There were 262 investors (excluding ISA holders), each with an average holding worth £346,792.

Markets

Emerging markets, as measured by the MSCI Emerging Market Index, fell by 1% in sterling terms during the six months to 31st August 2021. A 19% fall in the Chinese market weighed heavily on the Index, which otherwise would have finished the period up 10%.

The spread of the contagious Covid-19 Delta variant impeded the economic recovery of many developing countries, particularly in Southeast Asia which, until recently, had fared relatively well. Lacking the resources of their wealthier peers, vaccination programmes were rolled out more slowly, and governments could not provide equivalent levels of financial support to businesses and individuals.

Despite this, several markets recorded noteworthy gains. The Indian market rose by 21% in local currency terms. First to identify the Delta variant, India's hospitals have been under immense pressure, but the population and businesses have shown great resilience. Mexico (+22%) and Brazil (+10%) also gained ground as their export-oriented economies were buoyed by rising commodity prices and the recovery in demand from developed countries.

In stark contrast, the Chinese market fell sharply after the ruling Communist Party introduced tighter regulation of private enterprises, targeting some of the monopolistic high-profile technology firms. The authorities' willingness to openly intervene in markets is a concern for investors.

In the last six months, the fund has benefitted from the strength of commodity-linked currencies such as the Brazilian real, the Mexican peso and the South African rand. Other emerging market currencies largely held firm during the period. Sterling was little changed against the Indian rupee and the Hong-Kong dollar.

Results

The price of units in the fund at 31st August 2021 stood at £24.072, up 7% over the six months. Holdings in high quality Indian consumer companies, together with selective investments in commodity-linked economies, recorded strong gains. The fund has relatively little exposure to the Chinese technology sector.

MANAGER'S INVESTMENT REPORT

Results continued

The objective of the fund is to grow the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation, as measured by the UK Retail Prices Index, over the same period. Over the 3 years to 31st August 2021, the total return for unitholders in the fund was 21%, compared to inflation of 8% on the above basis over the same period. Over 5 years, the fund returned 31%, against inflation of 16%. The fund has provided a total return to unitholders of 165% above inflation since its inception in March 2007.

Dividend Distribution

An interim distribution of 11.000p is now being paid, unchanged from the corresponding figure from last year. Company dividend payments are recovering, however recent portfolio adjustments have favoured companies that prioritise capital growth over a high dividend yield. On current estimates, the distribution in respect of the next six months is also expected to be little changed from last year.

Portfolio Strategy

The portfolio continues to be highly diversified across different industries and geographies. At 31st August 2021, 21% of the portfolio was invested in India (19% on 28th February 2021), 16% in China (14%), 34% in the rest of Asia (40%), 14% in Latin America (12%), 6% in Eastern Europe (6%), 8% in Africa (7%) and 1% was held in cash (2%).

Investments

Weaker Chinese share prices provided an opportunity to establish new positions in two Hong-Kong-listed companies: online retailer JD.com and leading condiment manufacturer Yihai International. During the period, the fund also purchased shares in StoneCo, a financial technology company offering payment solutions to small and medium-sized Brazilian businesses.

Giant Manufacturing, and Ginko International (both Taiwan) were both sold at a profit. Chinese oil major CNOOC was sold as a result of the company's apparent lack of commitment to improving its environmental practices.

Over the last six months, there were notable market gains for MTN (+84%), America Movil (+54%) and Asian Paints (+41%), all expressed in local currencies. By contrast, it was a disappointing period for Vitasoy International (-41%), Midea (-29%) and TravelSky Technology (-26%). At 31st August 2021 there were 48 holdings in the portfolio.

MANAGER'S INVESTMENT REPORT

Outlook

The International Monetary Fund has recently moderated its growth expectations for developing economies. Ongoing outbreaks of the Covid-19 Delta variant and the slow distribution of vaccines to poorer nations are its chief concerns. However, immunisation rates are improving. Uptake in Brazil is nearing that of the USA, and the Indian government, having administered more than 180 million doses in August, is aiming to inoculate all adults by the end of the year. Although several Southeast Asian countries are still struggling to gain sufficient access to vaccines, developing countries appear to be vaccinating the population more effectively.

Meanwhile the reopening of advanced economies, and the ensuing pent-up consumer demand has caused inflation to rise. Commodity exporters and the manufacturing hubs of Southeast Asia and Latin America have benefited from the economic revival. Nevertheless, upward pressure on global food prices, exacerbated by natural factors such as droughts in Brazil, is a growing concern for many emerging economies where the impact on disposable incomes will be more acute.

To prosper in an inflationary environment, businesses must be able to pass on rising costs to customers. Accordingly, the fund focuses on companies with leading market positions, well-established brands or a unique range of products. Consumer goods company Dabur and food manufacturer Britannia Industries, both based in India, are two such examples. Each appears to have successfully withstood the inflationary pressures to date.

Most commentators expect inflation to ease as businesses adjust to satisfy demand. But there is a risk that more persistent inflation could take hold in some countries. Central banks in Brazil and Mexico have acted pre-emptively and started to raise interest rates.

Despite the travails of the last 18 months, many developing countries have strengthened their financial situations and bolstered foreign currency reserves. As a result, they should be well placed to counter any repeat of the so-called 'Taper Tantrum' of 2013, when the US Federal Reserve unexpectedly changed its policy and intimated that it would start reducing its stimulus, which provoked considerable alarm among investors.

The Chinese economy had recovered at a much faster pace than most other countries, but here too, fresh outbreaks of the disease curtailed activity over the summer. More worrying is the ruling party's introduction of tighter supervision of private enterprise, which is intended to promote income equality and sustainable growth. The regulations initially targeted some technology firms but have expanded to cover other areas such as private education, video games, alcohol and property.

MANAGER'S INVESTMENT REPORT

Outlook continued

The lasting implications from this political intervention in commercial activities remains unclear. However, the government needs private sector innovation to thrive, and its 'common prosperity' policy aims to promote a growing middle class. A selective and long-term approach therefore remains essential. New positions in online retailer JD.com and condiment manufacturer Yihai International, together with existing holdings should benefit from consumers' desire to spend their money on activities such as shopping and eating out.

Whether investing in China or elsewhere in the world, environmental and social considerations are becoming increasing priorities for consumers. The impact of these trends on demand for company products is already a key factor in assessing investment prospects. The COP26 meeting in November 2021 is likely to focus attention on companies' decarbonisation plans. It will be more important than ever to concentrate on well-positioned and well-managed businesses, while avoiding those unwilling to adapt. A good example of the former is Brazilian industrial business Weg, an international supplier of equipment for the renewable energy sector, which looks particularly well-placed to benefit from the likely increased capital investment in green infrastructure in coming years.

There are pockets of opportunity for investment in the near term, albeit the strength of many equity markets would seem to discount much of the good news. Looking ahead, 70% of China's population is projected to be middle class by 2030, up from a little over 50% today, and by number, India's middle class is expected to be even larger. In these circumstances, diversification of the portfolio across a range of geographies, and careful stock selection focused on burgeoning consumerism should provide a good platform for longer-term investors.

19th October 2021

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year

(to 28 th Feb.)	High	Low
2019	£21.876	£18.804
2020*	£24.199	£20.675
2021	£24.420	£16.850
2022**	£24.266	£22.343

*Up to 29th February 2020.

**Up to 31st August 2021, for the year ending 28th February 2022.

INCOME RECORD

Accounting year

(to 28 th Feb.)	Per unit (net)
2019	36.851p
2020*	39.662p
2021	31.952p
2022 (interim only)	11.000p

*Up to 29th February 2020.

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.19	£68,971,167	£20.950	3,292,179
29.02.20	£78,239,434	£20.501	3,816,381
28.02.21	£83,311,194	£22.148	3,761,564
31.08.21	£94,606,631	£23.925	3,954,271

OPERATING CHARGES

Date	Annualised
28.02.19	1.313%
29.02.20	1.261%
28.02.21	1.279%
31.08.21	1.237%

PORTFOLIO TURNOVER

Date	Annualised
28.02.19	12%
29.02.20	15%
28.02.21	8%
31.08.21	19%

DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.21	31.08.20	31.08.19	31.08.18	31.08.17
15.8%	-7.7%	13.3%	-5.5%	14.7%

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

PORTFOLIO STATEMENT

as at 31st August 2021 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value ₹'000	Percentage of Value of total net assets	
			31 st Aug. 2021	28 th Feb. 2021
<i>Equities</i>				
BRAZIL				
Localiza Rent a Car	192,110	1,512	1.6	
StoneCo	40,330	1,364	1.4	
Weg	335,600	1,691	1.8	
		<u>4,567</u>	<u>4.8</u>	<u>3.7</u>
CHILE				
Embotelladora Andina	532,900	913	1.0	
Embotelladora Andina ADR	124,030	1,245	1.3	
		<u>2,158</u>	<u>2.3</u>	<u>2.6</u>
CHINA				
Anta Sports Products	226,000	3,378	3.6	
JD.com	68,100	1,942	2.0	
Midea	261,700	1,942	2.1	
Trip.com ADR	76,400	1,693	1.8	
Yihai International	381,000	1,495	1.6	
		<u>10,450</u>	<u>11.1</u>	<u>7.8</u>
EGYPT				
Edita Food Industries	2,305,940	811	0.8	0.9
HONG KONG				
Hang Lung Properties	1,237,000	2,159	2.3	
MTR	415,500	1,700	1.8	
Shandong Weigao Medical Polymer	2,066,000	2,463	2.6	
TravelSky Technology	1,844,000	2,508	2.6	
Vitasoy International	1,160,000	2,173	2.3	
		<u>11,003</u>	<u>11.6</u>	<u>14.9</u>
INDIA				
Asian Paints	60,120	1,916	2.0	
Britannia Industries	39,130	1,552	1.6	
Crompton Greaves	723,260	3,413	3.6	
Dabur India	278,295	1,718	1.8	
Hindustan Unilever	54,585	1,479	1.6	
Mahindra & Mahindra	295,000	2,329	2.5	
Marico	689,100	3,738	3.9	
Nestle India	7,650	1,484	1.6	
Titan	113,010	2,158	2.3	
		<u>19,787</u>	<u>20.9</u>	<u>18.6</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2021	28 th Feb. 2021
<i>Equities continued</i>				
INDONESIA				
Arwana Citramulia	20,078,000	772	0.8	
Kalbe Farma	30,463,300	2,080	2.2	
Ultrajaya Milk Industry & Trading	10,824,200	874	0.9	
		<u>3,726</u>	<u>3.9</u>	<u>4.3</u>
KENYA				
East African Breweries	708,000	821	0.9	0.9
MEXICO				
America Movil ADR	82,200	1,168	1.2	
Fomento Economico Mexicano	327,800	2,072	2.2	
Wal-Mart de Mexico	1,102,290	2,848	3.0	
		<u>6,088</u>	<u>6.4</u>	<u>5.1</u>
PHILIPPINES				
Jollibee Foods	852,300	2,505	2.7	
Universal Robina	1,213,300	2,658	2.8	
Wilcon Depot	7,881,100	2,860	3.0	
		<u>8,023</u>	<u>8.5</u>	<u>7.2</u>
PORTUGAL				
Jeronimo Martins	195,590	3,011	3.2	3.0
SINGAPORE				
Ezion warrants 2023	1,260,000	—	0.0	
Thai Beverage	6,822,000	2,506	2.6	
		<u>2,506</u>	<u>2.6</u>	<u>3.2</u>
SOUTH AFRICA				
Barloworld	257,385	1,396	1.5	
MTN	451,900	3,029	3.2	
		<u>4,425</u>	<u>4.7</u>	<u>3.2</u>
SOUTH KOREA				
LG Household & Health Care	2,842	2,602	2.8	3.3
TAIWAN				
Chroma ATE	630,670	2,960	3.1	
President Chain Store	311,300	2,326	2.5	
		<u>5,286</u>	<u>5.6</u>	<u>9.5</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2021	28 th Feb. 2021
<i>Equities continued</i>				
TURKEY				
BIM Birlesik Magazalar	204,270	1,282	1.4	
Migros Ticaret	344,650	1,049	1.1	
		<u>2,331</u>	<u>2.5</u>	<u>3.1</u>
UK				
MP Evans	270,000	1,923	2.0	
Vivo Energy	1,890,609	2,053	2.2	
		<u>3,976</u>	<u>4.2</u>	<u>3.9</u>
VIETNAM				
Vietnam Dairy Products	641,160	1,785	1.9	1.9
TOTAL INVESTMENTS		93,356	98.7	97.1
Net other assets		<u>1,251</u>	<u>1.3</u>	<u>2.9</u>
TOTAL NET ASSETS		<u><u>94,607</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

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

**SUMMARY OF ALL
PORTFOLIO CHANGES**

for the six months ended 31st August 2021 (unaudited)

Purchases		Cost £'000
84,000	Dabur India	464
560,000	Edita Food Industries	193
148,800	Embotelladora Andina	233
68,100	JD.com	1,898
114,000	Jollibee Foods	298
4,094,000	Kalbe Farma	288
140,700	Midea	1,170
200,000	Shandong Weigao Medical Polymer	262
40,330	StoneCo	1,910
780,000	TravelSky Technology	1,043
2,178,000	Ultrajaya Milk Industry & Trading	168
133,300	Universal Robina	258
162,000	Vietnam Dairy Products	442
202,000	Vitasoy International	467
160,340	Wal-Mart de Mexico	353
381,000	Yihai International	1,892
	TOTAL	11,339

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
53,000	Anta Sports Products	918
6,922,000	Arwana Citramulia	259
1,134,770	Britannia Industries 5.5% 03/6/2024	11
1,268,000	CNOOC	1,016
106,000	Crompton Greaves	488
241,680	Giant Manufacturing	2,091
212,100	Ginko International	959
31,710	Jeronimo Martins SGPS	461
	TOTAL	<u>6,203</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

McInroy & Wood Limited, the Investment Adviser to the Emerging Markets Fund, pays for all research costs relating to the management of the investments within the fund from its own resources. No additional charges are placed upon the fund relating to the provision of investment research.

Using your Personal Information

The personal information which we obtain from you when you invest in the fund is used to help administer your investment. All processing of your personal information will be carried out in accordance with our Privacy Policy, which you can access at the foot of the homepage on our website (www.mcinroy-wood.co.uk). Please read our Privacy Policy, as it sets out your rights with respect to any personal information we collect from or about you, and explains in more detail how we use that information to administer your investment.

GENERAL INFORMATION

continued

Remuneration Policy

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

A Word of Caution

You should remember that the price of units and the income from them may go down as well as up. Gains are not necessarily achieved in the short term. Exchange rate fluctuations may also cause the value of an investment to rise and fall. Investment in emerging markets can be subject to risk not normally associated with developed markets.

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7
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Lower risk

Typically lower rewards

Higher risk

Typically higher rewards

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

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

Value Assessment

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

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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

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

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

DIRECTORS' STATEMENT

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



T A U Wood
Director



J C McAulay
Director

Haddington, 19th October 2021

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2021 (unaudited)

	Notes	Six months ended 31 st Aug. 2021		Six months ended 31 st Aug. 2020	
		£'000	£'000	£'000	£'000
Income					
Net capital gains			7,305		408
Revenue	2	1,037		1,060	
Expenses	3	<u>(554)</u>		<u>(487)</u>	
Net revenue before taxation		483		573	
Taxation	4	<u>(591)</u>		<u>(99)</u>	
Net expense/(revenue) after taxation			<u>(108)</u>		<u>474</u>
Total return before distributions			7,197		882
Distributions			<u>(413)</u>		<u>(429)</u>
Change in net assets attributable to unitholders from investment activities			<u>6,784</u>		<u>453</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2021 (unaudited)

	Six months ended 31 st Aug. 2021		Six months ended 31 st Aug. 2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		83,311		78,239
Amounts receivable on creation of units	6,711		3,934	
Amounts payable on cancellation of units	<u>(2,199)</u>		<u>(4,385)</u>	
		4,512		(451)
Change in net assets attributable to unitholders from investment activities		<u>6,784</u>		<u>453</u>
Closing net assets attributable to unitholders		<u>94,607</u>		<u>78,241</u>

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

BALANCE SHEET

as at 31st August 2021 (unaudited)

	31 st Aug. 2021		28 th Feb. 2021	
	£'000	£'000	£'000	£'000
ASSETS:				
Fixed assets:				
Investments		93,356		80,907
Current assets				
Debtors	268		957	
Cash & bank balances	<u>2,386</u>		<u>2,598</u>	
Total other assets		<u>2,654</u>		<u>3,555</u>
Total assets		<u>96,010</u>		<u>84,462</u>
LIABILITIES:				
Creditors				
Distribution payable	(435)		(788)	
Other creditors	<u>(968)</u>		<u>(363)</u>	
Total liabilities		<u>(1,403)</u>		<u>(1,151)</u>
Net assets attributable to unitholders		<u>94,607</u>		<u>83,311</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st August 2021 (unaudited)

1. Accounting policies

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

2. Revenue

	Six months ended 31 st Aug. 2021 £'000	Six months ended 31 st Aug. 2020 £'000
Bank interest	–	1
Overseas dividends	918	992
Stock dividends	–	33
UK dividends	119	34
Total revenue	<u>1,037</u>	<u>1,060</u>

3. Expenses

	Six months ended 31 st Aug. 2021 £'000	Six months ended 31 st Aug. 2020 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	453	387
– Transfer agency fee	19	24
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	12	12
– Safe custody fee	35	27
Other expenses:		
– Audit fee	7	9
– Fund accounting fee	19	18
– Sundry fees*	9	10
Total expenses	<u>554</u>	<u>487</u>

*Includes FT listing fees, financial statement printing and postage, tax computation fees for £1,694 performed by the fund's auditors, PricewaterhouseCoopers LLP (2020: £4,342), and other fees.

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 31 st Aug. 2021 £'000	Six months ended 31 st Aug. 2020 £'000
Analysis of tax charge		
Indian capital gains tax	458	(26)
Overseas tax	<u>133</u>	<u>125</u>
	<u>591</u>	<u>99</u>

DISTRIBUTION TABLES

in pence per unit

for the six months ended 31st August 2021 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2021

Group 2 - Units purchased 1st March 2021 to 31st August 2021

	Dividend income	Equalisation*	Amount payable
Group 1	11.000	—	11.000
Group 2	1.416	9.584	11.000

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

DISTRIBUTION SUMMARY

in pence per unit

for the six months ended 31st August 2021 (unaudited)

	Six months to 31 st Aug. 2021	Year to 28 th Feb. 2021
Interim payable/paid	11.000	11.000
Final paid	—	20.952
	<u>11.000</u>	<u>31.952</u>

Manager

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S J Fraser¹
J R Jesty
J E Marshall
J C McAulay
D H Shaw Stewart²
J A Young

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

Secretary

J C McAulay

Investment Adviser

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