



# McInroy & Wood

PERSONAL INVESTMENT MANAGERS

## INCOME FUND

*A pooled management service for private clients*

INTERIM REPORT  
AND FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31<sup>ST</sup> AUGUST 2023

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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 Income 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 preserve and to grow the real value of investors' capital and income, with an emphasis on the generation of income. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Prices Index is the measure of inflation used by the Manager. Investors should intend to hold an investment in the fund for a minimum period of 3 years. Investors should be aware that their capital is at risk.

The fund may invest in any geographical area and any economic sector. The Income Fund invests at least 50 percent in a combination of shares of companies quoted on the world's stock markets, fixed income and debt securities (investment and sub-investment grade). Other appropriate investments, such as cash or cash equivalents may also be held, particularly to preserve capital in the event of volatile market conditions. It is not intended that the Income Fund will have an interest in any immovable property or tangible movable property.

The fund has always avoided investment in tobacco and arms companies, as well as companies involved in usurious lending and gambling.

The Manager has power to invest more than 35 percent in value of the scheme property of the fund in a single issuer of government bonds or other securities issued by the governments of the United Kingdom or the United States of America.

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](http://www.mcinroy-wood.co.uk).

## MANAGER'S INVESTMENT REPORT

At 31<sup>st</sup> August 2023, total net assets of the fund amounted to £190,720,192 compared with £199,104,206 six months before.

There were 565 unitholders, excluding ISAs, with an average holding worth £267,238.

The price of units in the fund fell by 4% over the period to finish at £29.229 on 31<sup>st</sup> August 2023. This reflected the weakness of UK equities and the rise in sterling over the period which depressed the value of overseas assets for UK investors. These factors outweighed positive returns from overseas equities and modest gains from the portfolio's bond allocation.

### Markets

Although concerns over a slowdown in the housing and manufacturing sectors weighed on the UK equity market (-6%), overseas markets made progress in local currency terms over the six months to 31<sup>st</sup> August 2023. The USA (+14%) produced attractive returns mainly due to a rise in the share prices of a narrow band of global technology companies. Japan (+18%) also rose sharply. Gains in Europe (+1%) and the Emerging Markets (+2%) were comparatively modest. All markets are measured by MSCI indices. Currency movements limited the appreciation of the MSCI All Country World Index to 4% in sterling terms.

Bond prices generally held up well despite the high level of interest rates. Shorter-dated US issues rose by between 1% and 2%. Longer-dated US equivalents were flat. Although short-dated UK issues were flat, those with longer maturities were weaker, falling by 6% in the face of unexpectedly high inflation figures. The prices of shorter-dated UK and US inflation-linked issues rose by 2%.

The price of gold finished the period 6% higher, as it recovered from a bout of weakness in February following strong US economic data. As gold is often perceived as a haven in times of uncertainty, its price can fall on positive news.

The pound strengthened against other major currencies (+13% against the Japanese yen, +5% against the US dollar, and +3% against the euro).

Inflation (RPI) was 3% over the six-month period.

### Results

Over the 3 years to 31<sup>st</sup> August 2023, the total return for unitholders in the fund was 17%, compared to RPI of 29%. Over 5 years, the fund returned 22% against RPI 33%. The fund has provided a total return to unitholders of 452% above RPI since its inception in March 1994.

## MANAGER'S INVESTMENT REPORT

### Results continued

The UK is currently experiencing an episode of unusually high inflation. In recent months, annual price rises have reached levels last seen in 1980. This has proved difficult for investment returns to match at a time when all financial markets have been negatively impacted by global efforts to contain rising prices with tighter monetary policies. Given this background, investment policy has prioritised broad diversification. This includes allocations to traditionally defensive assets like short-dated government bonds and gold, even if in the short term the overall return from the fund may lag behind the inflation rate as a result.

Looking further out, the portfolio's equity allocation focuses on investing in companies with pricing power and the potential to deliver good profit growth, aiming for strong capital appreciation and, in most cases, a growing stream of dividends. This approach is designed to enable the portfolio to deliver returns ahead of inflation over the long term, in line with the fund's and investment horizon.

### Dividend Distribution

An interim dividend distribution of 16.000 pence per unit is now being paid to unitholders, 14% higher than the equivalent payment last year. This will bring the total payment to unitholders so far this year to 31.000 pence per unit (11% higher than last year). The increase in the interim dividends aims to make the quarterly payments more equal. However, unitholders should not necessarily expect the full-year distribution to rise proportionately.

Based on current forecasts, the total distribution for the year to 29<sup>th</sup> February 2024 is expected to be broadly similar to that paid in the prior year. In local currency terms, there has been underlying growth in the dividends and interest received from the fund's overseas holdings. However, this has been largely offset by the currency movements noted above. Should exchange rates remain at current levels, these could be expected to depress the sterling value of overseas income when compared to last year. Counterbalancing this, many of the bonds held in the fund were purchased before interest rates increased, and there may be an opportunity to switch to equivalent issues at higher yields.

### Portfolio Strategy

The portfolio strategy continues to emphasise broad diversification by asset class and geography. The portfolio holds a wide range of global equities, conventional and inflation-linked government bonds, gold and cash. In July, the weighting to equities was increased from 55% to 60%, with a corresponding reduction in US bonds. The transactions involved were undertaken when equities had fallen to more reasonable valuations. In addition, companies with genuine pricing power are well-equipped to withstand the effects of a prolonged period of elevated stable inflation and therefore present a relatively attractive way of protecting investors' capital over the long term.

## MANAGER'S INVESTMENT REPORT

### Portfolio Strategy continued

At 31<sup>st</sup> August, 60% of the portfolio was allocated to equities (56% at 28<sup>th</sup> February 2023), 34% to government bonds (38%), 5% to gold (5%) and 1% to cash deposits (1%). Inflation-protected bonds constituted 9% of the portfolio (10%).

### Investments

The investment in Cisco Systems was sold in full. Several new positions were purchased during the period. Texas Instruments, a US designer and manufacturer of semiconductors, was added to the portfolio alongside three European companies: Viscofan, the leading global manufacturer of sausage casings; Aalberts, an engineering company with technology used in environmentally friendly buildings and high-end manufacturing; and Roche, a global pharmaceutical company. Finally, a new position was established in the Japanese specialist engineering company, Tocalo, whose technology improves the performance of materials, particularly when exposed to high temperatures.

In local currencies, Hill & Smith (+31%), Novo Nordisk (+30%), and Watsco (+21%) rose strongly; Vitasoy (-37%), Nabtesco (-20%) and Lloyds Banking Group (-16%) lost ground. A US Treasury Note maturing later this year was sold in full as part of the strategic shift noted above. As a result, the weighted average maturity of the bond portfolio increased to 2.1 years at the end of the period, from 1.8 years six months before. A summary of all portfolio changes is shown on pages 11 and 12 of this report.

### Outlook

The investment outlook is brightening, but there are still reasons to be cautious. Many economies are overcoming the dampening effect of higher interest rates to record modest levels of growth. Meanwhile, a period of lower energy prices has helped consumers and inflation readings are improving, but central bankers are taking a prudent approach to loosening policy. Energy markets remain tight, and recently prices have moved higher. A prolonged period of tight financial conditions may be necessary to reduce inflation further. Economies that have held up well so far may find this environment increasingly challenging as the full effects of higher interest rates play out.

Brexit-related frustrations and productivity issues are posing particular challenges for the UK. The aftermath of the global pandemic may also be contributing to difficulties filling job openings. Investors are, of course, well aware of these local problems, and prospects for the country's stock market are perhaps brighter than the outlook for the domestic economy might suggest. Many market constituents are international groups with significant operations overseas whose prospects are more closely related to the global outlook than the UK.

## MANAGER'S INVESTMENT REPORT

### **Outlook continued**

Meanwhile, concerns are already mounting that Europe will slip back into recession. Over recent months, German government bond prices have risen, and the euro has weakened against the US dollar. These are typical signals that investors expect an economic slowdown. However, any market weakness should provide opportunities to invest in companies likely to pick up momentum as conditions improve.

Sentiment is much better in the USA. Federal Reserve policy looks capable of lowering inflation without causing a recession, aided by remarkably resilient consumer demand. Even so, many US companies are preparing for a spell of slower growth by reducing stock, retaining cash buffers, and, in some instances, cutting staff levels. The country's stock market may also be affected by unpredictable political developments arising from criminal proceedings against former President Trump and the vagaries of the presidential election next year.

There are also good reasons to be optimistic about the outlook for the Japanese economy. The modest inflation registered so far has lifted expectations for growth. At last, there are signs of a broad-based recovery in consumer spending and business investment. If the authorities can convincingly resolve the country's long-standing structural difficulties, further commitments by overseas investors could help bolster financial markets.

By contrast, evidence of deflation in the Chinese economy is a worrying sign for the whole Pacific region. The country has been in a stupor since the authorities introduced draconian policies during the pandemic. Savings are rising, and consumers are making more effort to pay down debt. The rumbling trade conflict with the USA is also unhelpful for export sectors. The authorities have introduced an economic stimulus package, but further measures will almost certainly be needed to revive economic activity. In this context, it is concerning that recent announcements suggest that economic growth may be becoming a lower priority for the Chinese government.

Although the investment outlook has improved, it remains challenging. A period of sustained inflation and tighter financial conditions is likely, and corporate earnings growth looks set to slow as a result. However, market valuations do not seem to reflect the extent to which many of the companies held in the portfolio have taken measures to shore up their businesses and enhance future prospects. The increase in the fund's equity allocation sought to capitalise on these opportunities. Nevertheless, the overall strategy continues to be relatively cautious and emphasises broad diversification.

*23<sup>rd</sup> October 2023*

## CAPITAL RECORD

Highest and lowest unit prices.

Accounting year

(to 28<sup>th</sup> Feb.)

	High	Low
2021	£28.080	£23.150
2022	£29.899	£26.674
2023	£29.909	£27.889
2024*	£29.433	£27.552

\*Up to 31<sup>st</sup> August 2023, for the year ending 29<sup>th</sup> February 2024.

## INCOME RECORD

Accounting year

(to 28<sup>th</sup> Feb.)

	Per unit (net)
2021	59.421p
2022	67.846p
2023	76.744p
2024 (interim only)	31.000p

## NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.21	£205,082,130	£26.531	7,729,841
28.02.22	£204,111,925	£28.401	7,186,819
28.02.23	£199,104,206	£28.964	6,874,174
31.08.23	£190,720,192	£28.017	6,807,226

## OPERATING CHARGES

Date	Annualised
28.02.21	1.130%
28.02.22	1.130%
28.02.23	1.120%
31.08.23	1.130%

## PORTFOLIO TURNOVER

Date	Annualised
28.02.21	73%
28.02.22	16%
28.02.23	46%
31.08.23	29%

## DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.23	31.08.22	31.08.21	31.08.20	31.08.19
-0.7%	2.0%	15.7%	-2.3%	6.6%

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



## PORTFOLIO STATEMENT

as at 31<sup>st</sup> August 2023 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2023	28 <sup>th</sup> Feb. 2023
<i>Bonds</i>				
<b>UK</b>				
UK Treasury 0.125% I-L 2028	£5,213,400	6,792	3.6	
UK Treasury 2.75% 2024	£6,852,000	6,688	3.5	
UK Treasury 4.25% 2027	£9,938,000	9,830	5.1	
UK Treasury 5% 2025	£8,141,000	8,143	4.3	
		<u>31,453</u>	<u>16.5</u>	<u>10.1</u>
<b>USA</b>				
US Treasury 0.125% 2024	\$12,795,000	9,904	5.2	
US Treasury 0.125% I-L 2024	\$5,780,100	5,705	3.0	
US Treasury 0.125% I-L 2027	\$6,375,000	5,026	2.6	
US Treasury 0.375% 2024	\$10,987,000	8,303	4.3	
US Treasury 2.25% 2024	\$5,693,000	4,335	2.3	
		<u>33,273</u>	<u>17.4</u>	<u>27.5</u>
<b>TOTAL BONDS</b>		<u><u>64,726</u></u>	<u><u>33.9</u></u>	<u><u>37.6</u></u>
<i>Equities</i>				
<b>UK</b>				
Assura	5,888,125	2,701	1.4	
Hill & Smith	244,394	4,375	2.3	
Lloyds Banking	8,573,610	3,631	1.9	
National Grid	565,697	5,601	2.9	
Rio Tinto	64,128	3,125	1.6	
Segro	435,154	3,209	1.7	
Shell	189,675	4,574	2.4	
Spirax-Sarco Engineering	28,101	2,847	1.5	
SSE	216,905	3,528	1.9	
XP Power	56,671	1,204	0.6	
		<u>34,795</u>	<u>18.2</u>	<u>18.4</u>
<b>USA</b>				
AbbVie	34,804	4,035	2.1	
Flowers Foods	169,080	3,142	1.7	
National Retail Properties	94,659	2,942	1.6	
Paychex	36,330	3,503	1.8	
Texas Instruments	29,050	3,852	2.0	
Watsco	17,954	5,163	2.7	
		<u>22,637</u>	<u>11.9</u>	<u>12.2</u>

## PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2023	28 <sup>th</sup> Feb. 2023
<i>Equities continued</i>				
<b>CANADA</b>				
TELUS	258,995	3,579	1.9	2.1
<b>DENMARK</b>				
Novo Nordisk	35,207	5,183	2.7	2.5
<b>FRANCE</b>				
Air Liquide	33,330	4,764	2.5	
Schneider Electric	39,040	5,302	2.8	
TotalEnergies	112,188	5,580	2.9	
		15,646	8.2	8.1
<b>NETHERLANDS</b>				
Aalberts	44,187	1,453	0.8	0.0
<b>SPAIN</b>				
Viscofan	32,005	1,642	0.9	0.0
<b>SWITZERLAND</b>				
Kuehne + Nagel	19,705	4,682	2.5	
Roche	4,405	1,024	0.5	
SGS	64,125	4,601	2.4	
		10,307	5.4	4.0
<b>AUSTRALIA</b>				
Sonic Healthcare	210,210	3,455	1.8	1.9
<b>JAPAN</b>				
Nabtesco	161,200	2,410	1.2	
Nissan Chemical Industries	95,400	3,222	1.7	
Tocalo	190,000	1,472	0.8	
		7,104	3.7	2.7

## PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 <sup>st</sup> Aug. 2023	28 <sup>th</sup> Feb. 2023
<i>Equities continued</i>				
<b>DEVELOPING MARKETS</b>				
<b>Chile</b>	Embotelladora Andina 'B' Pref.	284,261	562	0.3
	Embotelladora Andina ADR	156,730	1,850	0.9
<b>Hong Kong</b>	Vitasoy International	1,292,000	1,311	0.7
<b>Mexico</b>	Wal-Mart de Mexico	716,140	2,255	1.2
<b>Vietnam</b>	Vietnam Dairy Products	980,000	2,498	1.3
		<u>8,476</u>	<u>4.4</u>	<u>4.8</u>
<b>TOTAL EQUITIES</b>		<u>114,277</u>	<u>59.9</u>	<u>56.7</u>
<i>Exchange Traded Commodities (ETC) - Physically Backed</i>				
<b>IRELAND</b>				
	iShares Physical Gold ETC	316,285	9,426	5.0
		<u>2,291</u>	<u>1.2</u>	<u>0.7</u>
<b>TOTAL INVESTMENTS</b>		188,429	98.8	99.3
Net other assets		<u>2,291</u>	<u>1.2</u>	<u>0.7</u>
<b>TOTAL NET ASSETS</b>		<u>190,720</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.*

*All debt securities in the portfolio at 31<sup>st</sup> August 2023 are investment grade.*

## SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31<sup>st</sup> August 2023 (unaudited)

Purchases		Cost £'000
44,187	Aalberts	1,497
5,124	Kuehne + Nagel	1,152
30,000	Nabtesco	506
20,800	Nissan Chemical Industries	702
4,405	Roche	1,004
4,825	Spirax-Sarco Engineering	499
29,050	Texas Instruments	4,055
190,000	Tocalo	1,511
9,938,000	UK Treasury 4.25% 2027	9,594
1,581,000	UK Treasury 5% 2025	1,576
32,005	Viscofan	1,723
	TOTAL	<u>23,819</u>

## SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
5,847	Air Liquide	798
102,792	Cisco Systems	4,139
17,265	Flowers Foods	396
22,395	iShares Physical Gold ETC	703
6,610	Novo Nordisk	891
1,527,000	US Treasury 0.125% I-L 2024	1,495
23,392,000	US Treasury 2.75% 2023	18,286
	TOTAL	<u>26,708</u>

## GENERAL INFORMATION

### Authorisation

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

### Remuneration Policy

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 remunerated in accordance with MW's Remuneration Policy. The Remuneration Policy is available on our website and 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 conducted an assessment of value for the fund. The assessment of value report is published annually by 30<sup>th</sup> June and is available to investors in a composite report for all the McInroy & Wood funds on our website.

## STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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


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

The maintenance and integrity of the 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, 23<sup>rd</sup> October 2023*



## STATEMENT OF TOTAL RETURN

for the six months ended 31<sup>st</sup> August 2023 (unaudited)

	Notes	Six months ended 31 <sup>st</sup> Aug. 2023		Six months ended 31 <sup>st</sup> Aug. 2022	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains			(6,902)		3,757
Revenue	2	3,829		3,830	
Expenses	3	<u>(1,108)</u>		<u>(1,158)</u>	
Net revenue before taxation		2,721		2,672	
Taxation	4	<u>(222)</u>		<u>(311)</u>	
Net revenue after taxation			<u>2,499</u>		<u>2,361</u>
Total return before distributions			(4,403)		6,118
Distributions			<u>(2,143)</u>		<u>(2,016)</u>
Change in net assets attributable to unitholders from investment activities			<u>(6,546)</u>		<u>4,102</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31<sup>st</sup> August 2023 (unaudited)

	Six months ended 31 <sup>st</sup> Aug. 2023		Six months ended 31 <sup>st</sup> Aug. 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		199,104		204,112
Amounts receivable on creation of units	10,258		2,985	
Amounts payable on cancellation of units	<u>(12,096)</u>		<u>(8,189)</u>	
		(1,838)		(5,204)
Change in net assets attributable to unitholders from investment activities		<u>(6,546)</u>		<u>4,102</u>
Closing net assets attributable to unitholders		<u>190,720</u>		<u>203,010</u>

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

## BALANCE SHEET

as at 31<sup>st</sup> August 2023 (unaudited)

	31 <sup>st</sup> Aug. 2023		28 <sup>th</sup> Feb. 2023	
	£'000	£'000	£'000	£'000
<b>ASSETS:</b>				
Fixed assets:				
Investments		188,429		197,716
Current assets				
Debtors	1,078		623	
Cash & bank balances	<u>2,523</u>		<u>3,608</u>	
Total other assets		<u>3,601</u>		<u>4,231</u>
Total assets		<u>192,030</u>		<u>201,947</u>
<b>LIABILITIES:</b>				
Creditors				
Distribution payable	(1,089)		(2,320)	
Other creditors	<u>(221)</u>		<u>(523)</u>	
Total liabilities		<u>(1,310)</u>		<u>(2,843)</u>
Net assets attributable to unitholders		<u>190,720</u>		<u>199,104</u>

# NOTES TO THE FINANCIAL STATEMENTS

as at 31<sup>st</sup> August 2023 (unaudited)

## 1. Accounting policies

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

## 2. Revenue

	Six months ended 31 <sup>st</sup> Aug. 2023 £'000	Six months ended 31 <sup>st</sup> Aug. 2022 £'000
Bank interest	28	5
Interest on overseas debt securities	501	326
Interest on UK debt securities	418	337
Overseas dividends	1,715	1,878
Property income distributions on UK REITs	211	153
UK dividends	956	1,131
Total revenue	<u>3,829</u>	<u>3,830</u>

## 3. Expenses

	Six months ended 31 <sup>st</sup> Aug. 2023 £'000	Six months ended 31 <sup>st</sup> Aug. 2022 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	987	1,042
– Transfer agency fee	41	45
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	20	21
– Safe custody fee	20	21
Other expenses:		
– Audit fee	8	1
– Fund accounting fee	23	21
– Interest payable and similar charges	1	–
– Professional services fees*	3	2
– Sundry fees**	5	5
Total expenses	<u>1,108</u>	<u>1,158</u>

\*Includes non-audit service fees of £1,814 payable to the fund's auditors, PricewaterhouseCoopers LLP (2022: £ 1,724).

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

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 4. Taxation

	Six months ended 31 <sup>st</sup> Aug. 2023 £'000	Six months ended 31 <sup>st</sup> Aug. 2022 £'000
<b>Analysis of tax charge</b>		
Overseas tax	<u>222</u>	<u>311</u>
	<u>222</u>	<u>311</u>

## DISTRIBUTION TABLES

**in pence per unit  
for the six months ended 31<sup>st</sup> August 2023 (unaudited)**

### INTERIM DISTRIBUTION - JULY 2023

Group 1 - Units purchased prior to 1<sup>st</sup> March 2023

Group 2 - Units purchased 1<sup>st</sup> March 2023 to 31<sup>st</sup> May 2023

	Dividend income	Equalisation*	Amount paid 31.07.23
Group 1	15.000	—	15.000
Group 2	0.000	15.000	15.000

### INTERIM DISTRIBUTION - OCTOBER 2023

Group 1 - Units purchased prior to 1<sup>st</sup> June 2023

Group 2 - Units purchased 1<sup>st</sup> June 2023 to 31<sup>st</sup> August 2023

	Dividend income	Equalisation*	Amount payable 31.10.23
Group 1	16.000	—	16.000
Group 2	0.000	16.000	16.000

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

## DISTRIBUTION SUMMARY

**in pence per unit  
for the six months ended 31<sup>st</sup> August 2023 (unaudited)**

	Six months to 31 <sup>st</sup> Aug. 2023	Year to 28 <sup>th</sup> Feb. 2023
Interim paid - July	15.000	14.000
Interim payable/paid - October	16.000	14.000
Interim paid - January	—	15.000
Final paid	—	33.744
	<u>31.000</u>	<u>76.744</u>

*Manager*

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