McInroy & Wood

PERSONAL INVESTMENT MANAGERS

INCOME FUND

A pooled management service for private clients

INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST AUGUST 2018

SUMMARY

At 31st August 2018, total net assets of the fund amounted to £272,411,575 compared with £277,515,720 six months before. There were 781 unitholders, excluding ISAs, with an average holding worth £286,833.

The price of units in the fund at 31st August 2018 stood at £26.431, representing a rise of 5% over the six-month period. The fund was boosted by its emphasis on soundly financed stocks with strong business positions. This reinforced equity market gains in the USA and the benefits of foreign currency appreciation against sterling.

A second interim dividend distribution of 17.000p per unit is now being paid. This, in addition to the interim distribution paid at the end of July, brings the total distributions over the six-month period to 34.000p, markedly higher than the equivalent payment last year. Effort has been made to smooth the quarterly distributions paid by the fund to better reflect the cashflow requirements of income-oriented investors.

The distribution for the full year is expected to be somewhat higher than that for the previous year. This is despite the fund's reversion from a 14- to a 12-month period over which income will have been earned. Overseas income earned to date has benefitted from the strength of foreign currencies. Furthermore, Rio Tinto's 2018 and 2019 final dividends are both expected to be received in the year to 28th February 2019, after a change in the company's payment schedule. This is not expected to recur and is likely to reduce the fund's full year distribution in 2020.

Across developed markets, rising interest rates have weighed on the share prices of those companies with attractive yields that form a key part of portfolio composition. As the return from government-backed bonds has started to rise, the reward for holding equities that pay a regular dividend and offer steady growth has diminished relative to their perceived risk. This has compounded already expensive equity valuations to create a very testing environment in which to sustain the level of income from the fund. Every effort will continue to be made to ensure that investors receive the level of distributions that they anticipate, while trying to ensure that this does not unduly compromise the prospects for long-term growth of capital.

Portfolio allocations reflect a degree of caution and include a weighting in gold. Corporate results have been upbeat, but ratings remain high, while bond yields are still at historically low levels. Political developments, particularly related to trade, could easily upset market sentiment. At the same time, the prospect of further rises in interest rates is likely to add to uncertainty among investors. Nevertheless, attractive opportunities remain for discerning investors with a long-term investment horizon.

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AUTHORISED FUND MANAGER'S REPORT*

FINANCIAL STATEMENTS

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

INTRODUCTION

McInroy & Wood Income 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 might well be impracticable for them to assemble themselves.

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

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

The investment objective of the Income Fund is to preserve and to grow the real value of investors' capital and income, with an emphasis on the generation of income.

The fund may invest in any geographical areas and any economic sectors. The Manager has power to invest more than 35% in value of the scheme property of the fund in government and other public securities. This power is restricted to 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, Easter Alderston, Haddington, EH41 3SF. (Tel. +44(0)1620 825867) or through the website: www.mcinroy-wood.co.uk.

At 31st August 2018, total net assets of the fund amounted to £272,411,575 compared with £277,515,720 six months before. There were 781 unitholders, excluding ISAs, with an average holding worth £286,833.

Markets

Equity markets produced mixed returns over the six months to 31st August 2018, but the strength of foreign currencies enhanced the sterling value of overseas assets for UK investors.

US equities rose strongly as investors appeared to be little disturbed by a gradual but steady rise in interest rates and fractious international trade negotiations. Comfort was presumably found in the strength of the US economy and improving company earnings, the latter enhanced by material cuts in corporate tax.

European markets, meanwhile, appeared to be rather more influenced by local politics. As well as the lack of progress in negotiations with the UK over its departure from the EU, they seem to have been particularly rattled by the protracted formation of an anti-EU coalition government in Italy. However, the resulting weakness of the euro against the US dollar has been helpful for European companies with significant international earnings.

Measured by MSCI indices in local currencies, the US market rose by 7% and the UK by 2%. It was a dull period for European (largely unchanged) and developing markets disappointed (-6%). The substantial impact of currency movements is evident in the 7% rise in the MSCI All Country World expressed in sterling terms.

In the fixed-income allocation, performance tended to diverge according to the duration of stocks. The price of shorter-dated issues fell over the period while longer-dated issues gained ground. In the UK, shorter-dated issues declined by 1% and longer-dated issues rose by around 2%. The effect was less pronounced in the USA; longer-dated bonds also rose by 2% but shorter-dated notes were broadly flat.

Index-linked gilts in the UK were largely unchanged while equivalent issues in the USA rose by 3%.

The price of gold fell by 9% in US dollars, but 3% in sterling terms.

In the foreign exchange markets, sterling fell by 6% against the US dollar and 1% against the euro.

Results

The price of units in the fund at 31st August 2018 stood at £26.431, representing a rise of 5% over the six-month period. The fund was boosted by its emphasis on soundly financed stocks with strong business positions. This reinforced equity market gains in the USA and the benefits of foreign currency appreciation against sterling.

Dividend Distribution

A second interim dividend distribution of 17.000p per unit is now being paid. This, in addition to the interim distribution paid at the end of July, brings the total distributions over the six-month period to 34.000p, markedly higher than the equivalent payment last year. Effort has been made to smooth the quarterly distributions paid by the fund to better reflect the cashflow requirements of income-oriented investors.

The distribution for the full year is expected to be somewhat higher than that for the previous year. This is despite the fund's reversion from a 14- to a 12-month period over which income will have been earned. Overseas income earned to date has benefitted from the strength of foreign currencies. Furthermore, Rio Tinto's 2018 and 2019 final dividends are both expected to be received in the year to 28th February 2019, after a change in the company's payment schedule. This is not expected to recur and is likely to reduce the fund's full year distribution in 2020.

Portfolio Strategy

The portfolio is broadly diversified by both asset class and geography. Investment strategy is relatively cautious. This reflects a judgement that equity valuations take insufficient account of risks to markets, particularly the possibility of a potentially far-reaching global trade war and the reversal of a positive 30-year cycle for bonds. Market indices may be even more vulnerable to any significant correction than in the past, as passive investment, which simply follows a given index movement irrespective of any fundamental calculation of underlying equity values, could well have played a significant part in driving the ratings of the leading stocks to extreme levels. As ever, income considerations have played an important part in determining the allocations.

At 31st August 2018, 60% of the portfolio was allocated to equities (60% at 28th February 2018), 34% to bonds (34%), 5% to gold (5%) and 1% to cash deposits (1%).

The bond component comprised an allocation of 13% to sterling and 21% to US dollar denominated issues.

Investments

New positions were established in Anta Sports Products, a Chinese based sports clothing manufacturer, Infosys, a global leader in technology services, consulting and outsourcing, and XP Power, a UK-listed supplier of critical power equipment. Holdings in AT&T, Keller and MTR were sold at significant gains. Positions in Hang Lung Properties and Inmarsat were also closed after both companies reduced their dividend payments.

Spirax-Sarco Engineering (+25%) and National Retail Properties (+24%) recorded the strongest gains over the period in local terms; it was a disappointing six months for MTN (-31%) and Embotelladora Andina (-20%).

Investments continued

The bond allocation was restructured to reduce average duration. Two US notes maturing in 2025 and 2026 were sold along with an index-linked dollar issue maturing in 2026. These were replaced with four shorter-dated US notes maturing between 2019 and 2022 and an index-linked issue maturing in 2022.

Outlook

The state of the world economy remains supportive for equity investment. GDP growth and corporate profits are holding up well. Interest rates, though rising, look set to be lifted at a measured pace as central banks unwind stimulatory policies. However, stocks appear expensive in some markets, technology issues seeming especially overpriced. Moreover, the acute political uncertainties in the USA, UK and Europe look set sooner or later to impact investors' confidence.

The prospect of a global trade war is a major concern. President Trump's 'America First' policy is likely to prove harmful to cross-border commerce. Punitive US tariffs on selected imports have already triggered retaliation from other countries. Although only a few sectors have been involved to date, rising costs are beginning to flow through to consumers. Should the situation deteriorate, it may result in extensive, and possibly lasting, damage to the international trading system.

For the time being, the US economy is in vigorous health, recording more than 4% growth in the second quarter. Unemployment has touched its lowest level since 1969. Against this background, the Federal Reserve is almost certain to raise interest rates further this year, although it has indicated that it expects that this will be a gradual process. At present, real wage growth is muted but recent tax cuts may put upward pressure on bond yields and, by extension, interest rates overall.

There is still little clarity over the outcome or implications of Brexit negotiations. Deep divisions cut across the UK political spectrum on the issue. Meanwhile, in an already lagging economy, there are increasingly urgent warnings from the management of UK companies on the impact of the uncertainty over future trading relationships with some of their largest customers and suppliers.

The eurozone is expected to grow a further 2% this year, despite a recent slowdown in new orders and a decline in business confidence. With underlying inflation still below 2%, the European Central Bank is set to move cautiously in unwinding its accommodative policy, particularly when the recently elected Italian government has pledged to defy the currency union's fiscal rules.

India and China are growing much faster than Western economies despite short-term pressures from rising energy costs. Other developing countries are benefiting from ambitious reform programmes seeking to boost growth and productivity and this is

Outlook continued

encouraging for their long-term investment outlook. In the near term, however, many emerging economies will suffer from a strengthening US dollar and, of course, from any widespread imposition of tariff barriers. Specific political concerns are damaging businesses in Turkey and Latin American countries, and the resulting sharp currency movements and falls in asset values may prove contagious for other financial markets.

Much of the recent strength of global stockmarkets has been driven by large technology stocks, which command dominant market positions and striking valuations. Inevitably, these companies rely on maintaining investor confidence to support such elevated stock prices. Their ability to meet expectations is already being threatened by political intervention, whether via regulation or taxation, as governments begin to address the systemic dangers of their ascendancy. Markets in general look vulnerable to any reassessment of the outlook for these giants.

Following changes to the US tax system, many American technology companies have repatriated billions of dollars in cash previously sheltered abroad. This has helped to fund a sharp increase in share repurchases in the USA, as company funds are used to purchase shares in the open market, inflating demand and reducing supply of traded stock. Such buybacks are a feature of many international markets and any reduction in their volume will remove a powerful support to share prices. If large cash-rich companies are evidently struggling to identify attractive internal investments, investors may be well advised to shift focus onto smaller companies at an earlier stage of development, which face less pressure to meet short-term targets and may be better placed to develop their long-term strategy.

Across developed markets, rising interest rates have weighed on the share prices of those companies with attractive yields that form a key part of portfolio composition. As the return from government-backed bonds has started to rise, the reward for holding equities that pay a regular dividend and offer steady growth has diminished relative to their perceived risk. This has compounded already expensive valuations to create a very testing environment in which to sustain the level of income from the fund. Every effort will continue to be made to ensure that investors receive the level of distributions that they anticipate, while trying to ensure that this does not unduly compromise the prospects for long-term growth of capital.

Outlook continued

Portfolio allocations reflect a degree of caution and include a weighting in gold. Corporate results have been upbeat but ratings remain high, while bond yields are still at historically low levels. Political developments, particularly related to trade, could easily upset market sentiment. At the same time, the prospect of further rises in interest rates is likely to add to uncertainty among investors. Nevertheless, attractive opportunities remain for discerning investors with a long-term investment horizon.

12th October 2018

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 28th Feb.)	High	Low
	Personal	
2015	£25.674	£22.838
2016	£27.221	£22.832
2018*	£27.235	£24.944
2019**	£27.041	£24.485

**The fund's financial year-end has moved to 28th February (from 31st December).*

***Up to 31st August 2018, for the year ending 28th February 2019.*

INCOME RECORD

Accounting year (to 28th Feb.)	Per unit (net) *Personal*
2015	70.542p
2016	72.876p
2018	78.508p
2019 (interim only)	34.000p

NET ASSET VALUES

Date		Net asset value of fund	Net asset value per unit	Number of units
31.12.15	Personal	£261,421,921	£23.492	11,127,985
31.12.16	Personal	£299,888,447	£26.095	11,492,083
28.02.18	Personal	£277,515,720	£25.151	11,033,831
31.08.18	Personal	£272,411,575	£26.201	10,396,852

OPERATING CHARGES

Date	Annualised Personal
31.12.15	1.127%
31.12.16	1.125%
28.02.18	1.132%
31.08.18	1.126%

PORTFOLIO TURNOVER

Date	Annualised
31.12.15	51%
31.12.16	49%
28.02.18	16%
31.08.18	47%

DISCRETE PERFORMANCE

Year to 31.08.18	Year to 31.08.17	Year to 31.08.16	Year to 31.08.15	Year to 31.08.14
0.5%	4.0%	17.6%	0.1%	5.9%

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

PORTFOLIO STATEMENT

as at 31st August 2018 (unaudited)

INVESTMENTS *Bonds*	Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	28th Feb. 2018
UK				
UK Treasury 2.5% I-L 2020	£3,022,000	10,909	4.0	
UK Treasury 3.75% 2019	£2,942,000	3,030	1.1	
UK Treasury 4.25% 2032	£10,336,000	13,739	5.1	
UK Treasury 4.25% 2036	£5,892,000	8,170	3.0	
		35,848	13.2	14.3
USA				
US Treasury 0.125% 2022	$12,800,000	9,957	3.6	
US Treasury 0.125% 2024	$13,100,000	10,362	3.8	
US Treasury 0.875% 2019	$3,190,000	2,426	0.9	
US Treasury 1.125% 2021	$4,330,000	3,191	1.2	
US Treasury 1.5% 2020	$4,205,000	3,173	1.1	
US Treasury 1.75% 2022	$4,300,000	3,191	1.2	
US Treasury 2.75% 2023	$29,750,000	22,885	8.4	
		55,185	20.2	19.0
TOTAL BONDS		*91,033*	*33.4*	*33.3*
Equities				
UK				
Assura	9,145,000	5,012	1.8	
Close Brothers	376,800	6,014	2.2	
DS Smith	1,569,223	7,752	2.8	
GlaxoSmithKline	453,605	7,078	2.6	
Hill & Smith	348,600	3,695	1.4	
Land Securities	495,902	4,545	1.7	
National Grid	893,276	7,236	2.6	
Next	39,500	2,170	0.8	
Reckitt Benckiser	40,750	2,672	1.0	
Rio Tinto	206,890	7,570	2.8	
Spirax-Sarco Engineering	105,500	7,517	2.8	
Standard Life Aberdeen	1,994,750	6,321	2.3	
Vodafone	2,487,100	4,091	1.5	
XP Power	89,829	2,758	1.0	
		74,431	27.3	28.7

continued

Equities continued		Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	Percentage of Value of total net assets 28th Feb. 2018
USA					
AbbVie		87,650	6,472	2.4	
National Retail Properties		123,225	4,369	1.6	
Paychex		137,040	7,722	2.8	
Realty Income		101,000	4,551	1.7	
Schlumberger		70,320	3,416	1.2	
			26,530	9.7	9.0
France					
Total		231,280	11,153	4.1	
Unibail-Rodamco-Westfield		31,400	5,079	1.9	
			16,232	6.0	5.4
Germany					
Fielmann		68,515	3,560	1.3	1.5
Netherlands					
Royal Dutch Shell 'B'		470,320	11,949	4.4	4.0
Switzerland					
Kuehne + Nagel		53,895	6,710	2.5	2.3
DEVELOPING MARKETS					
Chile	Embotelladora Andina	156,730	2,773	1.0	
China	Anta Sports Products	840,000	3,516	1.3	
	CNOOC	2,965,000	4,028	1.5	
Hong Kong	Vitasoy International	1,256,000	3,096	1.1	
India	Infosys ADR	240,000	3,835	1.4	
Mexico	Wal-Mart de Mexico	1,732,440	3,674	1.3	
South Africa	MTN	386,200	1,805	0.7	
			22,727	8.3	9.1
TOTAL EQUITIES			*162,139*	*59.5*	*60.0*

continued

Commodities	Holding or Nominal Value of positions at 31st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2018	Percentage of Value of total net assets 28th Feb. 2018
UK				
ETFS Physical Gold	72,270	6,388	2.4	
Gold Bullion Securities	73,310	6,387	2.3	
		12,775	4.7	5.1
TOTAL COMMODITIES		*12,775*	*4.7*	*5.1*
TOTAL INVESTMENTS		265,947	97.6	98.4
Net other assets		6,465	2.4	1.6
TOTAL NET ASSETS		*272,412*	*100.0*	*100.0*

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 31th August 2018 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2018 (unaudited)

Purchases		Cost £'000
25,000	AbbVie	1,859
840,000	Anta Sports Products	3,403
985,223	DS Smith	4,558
240,000	Infosys ADR	2,943
12,800,000	US Treasury 0.125% 2022	9,505
3,190,000	US Treasury 0.875% 2019	2,328
4,330,000	US Treasury 1.125% 2021	3,053
4,205,000	US Treasury 1.5% 2020	3,048
4,300,000	US Treasury 1.75% 2022	3,050
89,829	XP Power	2,849
	TOTAL	36,596

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
104,300	AT&T	2,711
4,920	ETFS Physical Gold	448
4,970	Gold Bullion Securities	446
1,405,000	Hang Lung Properties	2,316
783,715	Inmarsat	4,128
537,872	Keller	4,725
634,870	Keppel	2,627
36,660	Land Securities	350
720,000	MTR	2,759
40,750	Reckitt Benckiser	2,746
9,131	Royal Dutch Shell 'B'	251
4,900	Schlumberger	252
20,900	Spirax-Sarco Engineering	1,246
268,550	Standard Life Aberdeen	988
13,045,000	US Treasury 0.125% I-L 2026	9,510
6,620,000	US Treasury 1.5% 2026	4,348
11,360,000	US Treasury 2% 2025	7,899
180,000	UK Treasury 2.5% I-L 2020	649
1,811,000	UK Treasury 3.75% 2019	1,870
978,000	UK Treasury 4.25% 2036	1,365
233,000	UK Treasury 4.25% 2032	314
1,254,000	Vitasoy International	2,750
	TOTAL	54,698

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 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 capital gains tax on realised capital gains.

Applications

The minimum initial and subsequent investment in the fund is £1,000. Regular monthly contributions may be made for a minimum of £100.

Costs of Investment Research

McInroy & Wood Limited, the Investment Adviser to the 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 our homepage on our website (www.mcinroy-wood.co.uk). Please read our Privacy Policy, as it sets out your rights with respect to any personal information we collect from or about you, and explains in more detail how we use that information to administer your investment.

Remuneration Policy

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

Changes in accounting and income allocation dates
The Manager has changed the fund's annual and interim accounting dates in order to consolidate the publication of annual and interim reports. The fund's income allocation dates have changed accordingly.

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

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7

Lower risk — Typically lower rewards

Higher risk — Typically higher rewards

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

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

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

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

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

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

DIRECTORS' STATEMENT

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

T A U Wood
Director

J C McAulay
Director

Haddington, 19th October 2018

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2018 (unaudited)

	Notes	Six months ended 31st August 2018 £'000	£'000	Six months ended 30th June 2017 £'000	£'000
Income					
Net capital gains			11,148		885
Revenue	2	5,715		5,015	
Expenses	3	(1,579)		(1,633)	
Net revenue before taxation		4,136		3,382	
Taxation	4	(161)		(155)	
Net revenue after taxation			3,975		3,227
Total return before distributions			15,123		4,112
Distributions			(3,714)		(3,181)
Change in net assets attributable to unitholders from investment activities			11,409		931

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2018 (unaudited)

	Six months ended 31st August 2018 £'000	£'000	Six months ended 30th June 2017 £'000	£'000
Opening net assets attributable to unitholders		277,516		299,888
Amounts receivable on creation of units	4,753		4,242	
Amounts payable on cancellation of units	(21,266)		(13,315)	
		(16,513)		(9,073)
Change in net assets attributable to unitholders from investment activities		11,409		931
Closing net assets attributable to unitholders		272,412		291,746

The above statements show the comparative figures for the six months to 30th June 2017. The Interim reporting date of the Fund has changed from 30th June to 31st August, therefore the comparative figures relate to the previous interim reporting period from 1st January 2017 to 30th June 2017.

BALANCE SHEET

as at 31st August 2018 (unaudited)

	31st August 2018		28th Feb. 2018	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		265,947		273,042
Current assets				
Debtors	1,565		1,327	
Cash & bank balances	8,038		4,696	
Total other assets		9,603		6,023
Total assets		275,550		279,065
LIABILITIES:				
Creditors				
Distribution payable	(1,767)		(686)	
Other creditors	(1,371)		(863)	
Total liabilities		(3,138)		(1,549)
Net assets attributable to unitholders		272,412		277,516

as at 31st August 2018 (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 31st August 2018 £'000	Six months ended 30th June 2017 £'000
Bank interest	3	—
Dividends on overseas equities	1,888	1,698
Dividends on UK equities	2,613	2,452
Interest on overseas interest bearing securities	472	286
Interest on UK interest bearing securities	608	528
Property income distributions on UK REITs	131	51
Total revenue	5,715	5,015

3. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	1,405	1,475
- Transfer agency fee	94	80
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	26	27
- Safe custody fee	22	21
Other expenses:		
- Audit fee	3	3
- Fund accounting fee	16	19
- Sundry fees*	13	8
Total expenses	1,579	1,633

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

continued

4. Taxation

	Six months ended 31st August 2018 £'000	Six months ended 30th June 2017 £'000
Analysis of tax charge		
Overseas tax	161	155
	161	155

5. Currency and interest rate profile

Currency	31st *August 2018* %	28th *Feb. 2018* %
Euro	7.3	6.9
Canadian Dollar	1.0	—
Hong Kong Dollar	3.9	4.7
Mexican Peso	1.3	1.1
Singapore Dollar	—	1.0
South African Rand	0.7	1.1
Swiss Franc	2.5	2.3
UK Sterling	46.1	48.4
US Dollar	37.2	34.5
	100.0	100.0

Fixed rate interest

	Weighted average rates		Weighted average maturity	
	31st August 2018	28th Feb. 2018	31st August 2018	28th Feb. 2018
UK Sterling	2.94%	2.98%	10 years	10 years
US Dollar	1.49%	1.62%	4 years	7 years

DISTRIBUTION TABLES

in pence per unit
for the six months ended 31st August 2018 (unaudited)

INTERIM DISTRIBUTION - JULY

Group 1 - Units purchased prior to 1st March 2018
Group 2 - Units purchased 1st March 2018 to 31st May 2018

	Unit Class	Dividend income	Equalisation*	Amount payable 31.07.18
Group 1	Personal	17.000	—	17.000
Group 2	Personal	3.573	13.427	17.000

INTERIM DISTRIBUTION - OCTOBER

Group 1 - Units purchased prior to 1st June 2018
Group 2 - Units purchased 1st June 2018 to 31st August 2018

	Unit Class	Dividend income	Equalisation*	Amount payable 31.10.18
Group 1	Personal	17.000	—	17.000
Group 2	Personal	—	17.0000	17.000

*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 2018 (unaudited)

	Six months to 31st August 2018	Year to 28th Feb. 2018
	Personal	*Personal*
Interim paid - July	17.000	28.000
Interim paid - October	17.000	—
Special distribution	—	44.289
Final payable/paid	—	6.219
	34.000	78.508

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