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 2020

SUMMARY

At 31st August 2020, total net assets of the McInroy & Wood Income Fund (the fund) amounted to £211,382,687 compared with £225,206,931 six months before. There were 635 unitholders, excluding ISAs, with an average holding worth £270,525.

The price of units in the fund at 31st August 2020 stood at £25.954, which was little changed over the reporting period. Gains in the gold price and equity holdings in Europe and the US were offset by weakness in positions in the Emerging Markets and particularly in the UK, where the fund has significant exposure primarily to generate income.

The objective of the fund is to preserve and 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, as measured by the UK Retail Price Index, over the same period. Over the 3 years to 31st August 2020, the total return for unitholders in the fund was 5%, compared to inflation of 8% on the above basis. Over 5 years, the fund returned 28% against inflation of 14%. The fund has provided a total return to unitholders of 405% above inflation since its inception in March 1994.

The fund has lagged inflation over the short-term (3 years) as interest rates continued to fall. The equities in the portfolio have had to carry an increasing income burden as little interest can now be generated from government bonds. Accordingly, the fund's equity investments have focused on companies that pay higher levels of dividends which has compromised capital growth. The Manager will continue to assess both the relative merits of various asset classes, and individual investments, to meet the fund's investment objective in the future.

A second interim dividend distribution of 13.000p per unit is now being paid to unitholders. This, in addition to the interim distribution paid at the end of July, brings the total distributions over the six-month period to 25.500p, which is 8.500p (25%) lower than the equivalent payment last year. Based on current forecasts, the total distribution for the full year is estimated to fall by a similar proportion. This reflects a significant drop in dividend payments as companies responded to the deterioration in business conditions.

In March, the fund's target equity allocation was increased from 60% to 65%, with a corresponding decrease in the allocation to bonds. The initial fall in global equity markets during the period provided an opportunity to buy stocks at relatively attractive valuations, even if there was some uncertainty over the short-term outlook for earnings. This resulted in a higher level of activity in the portfolio than in recent periods.

It is still too early to make a definitive judgement on the speed or sustainability of the global recovery. Unsurprisingly, the reopening of economies has seen rising numbers of Coronavirus cases, but so long as these remain manageable and the need for further nationwide lockdowns can be avoided, further progress can be achieved. However, steep gains in share prices have left many equities already appearing valued. Investment strategy for the fund continues to favour a broad diversification of assets and geographies, including allocations to bonds and gold.

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AUTHORISED FUND MANAGER'S REPORT*

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**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 it might well be impracticable for them to assemble themselves.

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

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

The investment objective of the 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 2020, total net assets of the fund amounted to £211,382,687 compared with £225,206,931 six months before. There were 635 unitholders, excluding ISAs, with an average holding worth £270,525.

Markets

Equity market performance over the six months to 31st August 2020 was shaped by the coronavirus pandemic. In March, the speed with which the virus spread and the imposition of a near-worldwide lockdown triggered a loss of confidence leading to abrupt falls in all markets. However, massive intervention by governments and central banks reassured investors. As the casualty rate of the disease fell and restrictive measures eased, share prices rallied sharply. There was some loss of momentum towards the end of the half year, with indications that infections were beginning to rise again.

Measured by MSCI Indices in local currencies, the US market rose by 20% while the Emerging Markets (+10%) also made good progress. Europe regained the ground lost in early falls to finish largely unchanged. By contrast, investors remained cautious about prospects for the UK (-11%). Overall in sterling terms, the MSCI All Country World Index recorded a 9% gain.

Interest rate cuts and new rounds of quantitative easing supported bond prices, as yields were pushed to record lows. The price of shorter-dated US government issues rose by as much as 4%, while their equivalents in the UK gained around 1%.

The price of gold rose by 24% in US dollar terms, reflecting a widespread perception of the value of its defensive qualities when confidence is lost in other assets.

In the foreign exchange markets, sterling strengthened against the US dollar (+4%), but weakened against the euro (-4%). The dollar's depreciation was partly a result of statements made by the Federal Reserve regarding the probable longevity of a low interest rate environment.

Inflation, as measured by the UK Retail Price Index, was 1.2% over the six months to 31st August 2020.

Results

The price of units in the fund at 31st August 2020 stood at £25.954, which was little changed over the reporting period. Gains in the gold price and equity holdings in Europe and the US were offset by weakness in positions in the Emerging Markets and particularly in the UK, where the fund has significant exposure primarily to generate income.

Results continued

The objective of the fund is to preserve and 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, as measured by the UK Retail Price Index, over the same period. Over the 3 years to 31st August 2020, the total return for unitholders in the fund was 5%, compared to inflation of 8% on the above basis. Over 5 years, the fund returned 28% against inflation of 14%. The fund has provided a total return to unitholders of 405% above inflation since its inception in March 1994.

The fund has lagged inflation over the short-term (3 years) as interest rates continued to fall. The equities in the portfolio have had to carry an increasing income burden as little interest can now be generated from government bonds. Accordingly, the fund's equity investments have focused on companies that pay higher levels of dividends which has compromised capital growth. The Manager will continue to assess both the relative merits of various asset classes, and individual investments, to meet the fund's investment objective in the future.

Dividend Distribution

A second interim dividend distribution of 13.000p per unit is now being paid to unitholders. This, in addition to the interim distribution paid at the end of July, brings the total distributions over the six-month period to 25.500p, which is 8.500p (25%) lower than the equivalent payment last year. Based on current forecasts, the total distribution for the full year is estimated to fall by a similar proportion. This reflects a significant drop in dividend payments as companies responded to the deterioration in business conditions.

Portfolio Strategy

In March, the fund's target equity allocation was increased from 60% to 65%, with a corresponding decrease in the allocation to bonds. The initial fall in global equity markets during the period provided an opportunity to buy stocks at relatively attractive valuations, even if there was some uncertainty over the short-term outlook for earnings. This resulted in a higher level of activity in the portfolio than in recent periods. Following the subsequent rally in share prices, profits were taken across the portfolio, including on many of the recently purchased stocks.

At 31st August 65% of the portfolio was allocated to equities (58% at 29th February 2020), 28% to bonds (36%), 5% to gold (5%), and 2% to cash deposits (1%).

Investments

New holdings were purchased in A.G. Barr (UK), Air Liquide (France), HELLA (Germany), Thai Beverage, Watsco (US), Cisco Systems (US), Schneider Electric (France) and Segro (UK). Investments in Anta Sports Products, CNOOC, Unibail-Rodamco-Westfield, Vodafone and Close Brothers were sold in full. A summary of all portfolio changes is shown on pages 13-14 of this report.

XP Power (+49%), Rio Tinto (+28%) and Kuehne + Nagel (+25%) were the best performing holdings over the period. After being bought in March, Watsco rose 49%. There were sharp falls in Royal Dutch Shell (-36%) and National Retail Properties (-30%).

The bond allocation was reduced by the sale of two short-dated US treasury bonds.

Outlook

The coronavirus pandemic continues to overshadow prospects for the global economy. The World Trade Organisation has forecast that goods trade could fall by up to ten percent this year, resulting in the deepest recession since the Second World War. However, it may also turn out to be the shortest downturn in living memory if efforts to bring the disease under some sort of control can be successfully sustained.

Commercial activity has already picked up in many countries as lockdown measures are relaxed, and governments have massively subsidised employment and wages. Where such recoveries are under way, local containment measures have emerged as the de facto response to fresh outbreaks. Economically punitive national lockdowns, like those instituted at the onset of the pandemic, have become a last resort. This approach has enabled many businesses and individuals to rediscover some measure of normality.

The extent of the revival has varied widely, depending on the level of infections and national capacity to finance supportive measures. China was initially hit hard by the pandemic, but its economy is now expected to grow by 3% over the full year. Latest expectations for the US still envisage a strong rebound, although this assessment may prove over-optimistic if cases of the disease continue to rise and are accompanied by rising fatalities. Even if the worst-case medical scenarios can be averted, the withdrawal of public sector support for the labour market will severely challenge what economic momentum has been regenerated.

Outlook continued

Public sector borrowing has risen dramatically almost everywhere as a result of irresistible political pressure to do 'whatever it takes' to maintain living standards. At this stage, there is no evidence of any inflationary pressures arising from the resulting looseness of monetary and fiscal policies. However, consumer prices may begin to rise rapidly if growth accelerates. Indeed the Federal Reserve has indicated that it would be prepared to tolerate higher inflation in present circumstances. Certainly, the investment case for holding government bonds has weakened when interest rates have fallen to minimal or negative levels, a trend reinforced by continued central bank bond purchases.

Direct government intervention into commercial activities may have significant implications for international trade. Financial and regulatory support for 'national champions' could undermine competition at a time when international business relationships are already severely strained. Against this background, it is alarming that the nature of the UK's future relationship with Europe remains unresolved.

The UK economy has already been hit severely by the coronavirus crisis. GDP is expected to fall by 10% this year, significantly higher than the 6% contraction forecast for the eurozone. The large service sector is particularly vulnerable to further lockdowns, and the recovery remains fragile. By contrast, there are signs that the outlook for the eurozone is more encouraging, with positive economic indicators recorded in July and retail sales already reaching pre-crisis levels.

The US presidential election in November looks set to be particularly divisive. President Trump is trailing in recent opinion polls, and may react unpredictably if this trend continues in the final weeks of the campaign. Of course, an unexpectedly rapid improvement in the economic outlook, or some weakening of the strength of the virus, may yet come to his rescue. Nevertheless, at this stage Joe Biden looks likely to take over from him. While Biden could be expected to adopt a more conciliatory approach in foreign policy, his plans for increased regulation and higher taxation would not necessarily be welcomed by markets.

The Democrats have stressed the importance of ecological considerations in the management of the economy. Biden's campaign has cast the urgent challenge of climate change as the next great test of American ingenuity and is promising significant financial support to create jobs and fund innovation in this area. Of course, this is a global issue and an area of enormous importance for investors around the world. Increasingly, there will be great opportunities in businesses contributing to the improvement of the environment, while others will be left behind. It is striking to note how many large oil companies are committing to dramatic increases in low carbon investment over the coming decade.

Outlook continued

The outlook for emerging economies is not uniform, as many are still battling with the early stages of virus containment. Those countries with large informal business sectors are likely to find the imposition of comprehensive lockdowns impractical, yet at the same time their healthcare systems may struggle to cope with the burden of a highly contagious disease. At this stage, India and Latin America, particularly Brazil, look especially hard-hit, while cases also appear to be escalating in Africa. By contrast, developing countries in Asia seem to be managing the healthcare crisis much more effectively, notably those with hard-won experience of the SARS outbreak. Many developing countries have benefited from recent US dollar weakness as it has alleviated the burden of dollar-denominated borrowings and effectively reflated their economies. Accelerating growth in China would also be supportive. Nevertheless, investment in emerging markets requires very selective stock selection and geographic allocation.

It is still too early to make a definitive judgement on the speed or sustainability of the global recovery. Unsurprisingly, the reopening of economies has seen rising numbers of Coronavirus cases, but so long as these remain manageable and the need for further nationwide lockdowns can be avoided, further progress can be achieved. However, steep gains in share prices have left many equities already appearing fully valued. Investment strategy for the fund continues to favour a broad diversification of assets and geographies, including allocations to bonds and gold.

16th October 2020

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 28th Feb.)	High	Low
2018*	£27.235	£24.944
2019	£26.348	£24.746
2020**	£27.702	£25.085
2021***	£26.713	£23.146

**The fund's financial year-end moved to 28th February (from 31st December).*
***Up to 29th February 2020.*
****Up to 31st August 2020 for the year ending 28th February 2021.*

INCOME RECORD

Accounting year (to 28th Feb.)	Per unit (net)
2018	78.508p
2019	80.950p
2020*	79.169p
2021 (interim only)	25.500p

**Up to 29th February 2020.*

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.18	£277,515,720	£25.151	11,033,831
28.02.19	£242,700,991	£24.913	9,741,880
29.02.20	£225,206,931	£25.613	8,792,722
31.08.20	£211,382,687	£25.649	8,241,379

OPERATING CHARGES

Date	Annualised
28.02.18	1.132%
28.02.19	1.125%
29.02.20	1.136%
31.08.20	1.146%

PORTFOLIO TURNOVER

Date	Annualised
28.02.18	16%
28.02.19	32%
29.02.20	10%
31.08.20	103%

Portfolio turnover increased as a result of a change in target asset allocations, as well as the ongoing management of the holdings during a period of significant market movements.

DISCRETE PERFORMANCE

Year to 31.08.20	Year to 31.08.19	Year to 31.08.18	Year to 31.08.17	Year to 31.08.16
-2.3%	6.6%	0.5%	4.0%	17.6%

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

PORTFOLIO STATEMENT

as at 31st August 2020 (unaudited)

INVESTMENTS	Holding or Nominal Value of positions at 31st Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2020	29th Feb. 2020
Bonds				
UK				
UK Treasury 0.125% I-L 2028	£5,586,000	7,486	3.5	
UK Treasury 0.5% 2022	£2,273,000	2,296	1.1	
UK Treasury 4.25% 2032	£6,359,000	9,131	4.3	
UK Treasury 4.25% 2036	£4,110,000	6,289	3.0	
		25,202	11.9	14.3
USA				
US Treasury 0.125% I-L 2022	$7,662,000	6,200	2.9	
US Treasury 0.125% I-L 2024	$6,667,000	5,763	2.7	
US Treasury 1.875% 2022	$5,775,000	4,469	2.1	
US Treasury 2.75% 2023	$23,392,000	18,910	9.0	
		35,342	16.7	21.5
TOTAL BONDS		*60,544*	*28.6*	*35.8*
Equities				
UK				
A.G. Barr	228,400	968	0.4	
Assura	9,145,000	7,398	3.5	
DS Smith	1,929,216	4,991	2.4	
GlaxoSmithKline	453,605	6,677	3.2	
Hill & Smith	518,570	6,306	3.0	
National Grid	814,189	6,864	3.2	
Rio Tinto	172,150	7,978	3.8	
Segro	383,380	3,652	1.7	
Spirax-Sarco	49,259	5,044	2.4	
Victrex	279,249	5,390	2.5	
XP Power	111,760	5,018	2.4	
		60,286	28.5	28.8
USA				
AbbVie	80,240	5,736	2.7	
Cisco Systems	114,455	3,607	1.7	
National Retail Properties	120,280	3,182	1.5	
Paychex	87,470	4,993	2.4	
Watsco	31,722	5,804	2.7	
		23,322	11.0	7.3

continued

		Holding or Nominal Value of positions at 31st Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2020	Percentage of Value of total net assets 29th Feb. 2020
Equities continued					
CANADA					
TELUS		532,600	7,327	3.5	3.3
FRANCE					
Air Liquide		22,800	2,832	1.4	
Schneider Electric		28,175	2,610	1.2	
Total		242,495	7,169	3.4	
			12,611	6.0	4.5
GERMANY					
Fielmann		83,175	4,521	2.1	
HELLA		160,610	5,885	2.8	
			10,406	4.9	1.4
NETHERLANDS					
Royal Dutch Shell 'B'		528,845	5,622	2.7	2.7
SWITZERLAND					
Kuehne + Nagel		45,873	6,660	3.2	3.0
DEVELOPING MARKETS					
Chile	Embotelladora Andina ADR	156,730	1,487	0.7	
	Embotelladora Andina 'B' pref.	284,261	454	0.2	
Hong Kong	Vitasoy International	834,000	2,214	1.0	
Mexico	Walmart de Mexico	1,510,440	2,701	1.3	
South Africa	MTN	689,200	1,854	0.9	
Thailand	Thai Beverage	6,322,000	2,118	1.0	
			10,828	5.1	6.5
TOTAL EQUITIES			*137,062*	*64.9*	*57.5*

continued

	Holding or Nominal Value of positions at 31st Aug. 2020	Bid Market Value £'000	Percentage of Value of total net assets 31st Aug. 2020	29th Feb. 2020
Commodities				
UK				
Gold Bullion Securities	36,880	5,074	2.4	
WisdomTree Physical Gold	36,366	5,082	2.4	
		10,156	4.8	5.4
TOTAL COMMODITIES		*10,156*	*4.8*	*5.4*
TOTAL INVESTMENTS		207,762	98.3	98.7
Net other assets		3,621	1.7	1.3
TOTAL NET ASSETS		*211,383*	*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 31st August 2020 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2020 (unaudited)

Purchases		Cost £'000
228,400	A.G. Barr	1,024
12,890	AbbVie	844
22,800	Air Liquide	2,128
114,455	Cisco Systems	3,963
120,000	Close Brothers	1,502
173,566	DS Smith	531
284,261	Embotelladora Andina 'B' pref.	521
64,870	Fielmann	3,451
184,100	HELLA	5,151
65,070	Hill & Smith	855
172,000	MTN	534
27,250	Paychex	1,500
30,550	Rio Tinto	1,068
166,475	Royal Dutch Shell 'B'	2,797
28,175	Schneider Electric	2,007
383,380	Segro	3,402
266,300	TELUS (Stock Split)	—
6,322,000	Thai Beverage	2,824
23,215	Total	639
5,586,000	UK Treasury 0.125% I-L 2028	7,302
2,273,000	UK Treasury 0.5% 2022	2,297
5,775,000	US Treasury 1.875% 2022	4,756
3,322,000	US Treasury 2.75% 2023	2,856
56,249	Victrex	1,195
42,782	Watsco	5,504
	TOTAL	58,651

continued

Disposals		Proceeds £'000
20,300	AbbVie	1,524
364,000	Anta Sports Products	2,370
590,050	Close Brothers	6,757
2,965,000	CNOOC	3,211
172,080	DS Smith	499
41,760	Fielmann	2,318
15,030	Gold Bullion Securities	1,947
23,490	HELLA	839
12,697	Kuehne + Nagel	1,494
110,720	National Grid	1,035
16,335	National Retail Properties	483
24,090	Paychex	1,502
26,290	Rio Tinto	998
10,567	Spirax-Sarco	981
2,636,400	UK Treasury 2.5% I-L 2020	9,269
3,339,000	UK Treasury 4.25% 2032	4,850
1,782,000	UK Treasury 4.25% 2036	2,739
31,400	Unibail-Rodamco-Westfield	2,897
2,037,000	US Treasury 0.125% I-L 2024	1,707
5,406,000	US Treasury 1.125% 2021	4,239
5,275,000	US Treasury 1.5% 2020	4,216
5,360,000	US Treasury 1.75% 2022	4,282
5,977,000	US Treasury 2.75% 2023	5,219
3,431,680	Vodafone	4,658
11,060	Watsco	1,998
14,804	WisdomTree Physical Gold	1,947
	TOTAL	73,979

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 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.

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 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.

continued

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

Synthetic Risk and Reward Indicator (Volatility measure)

1	2	3	4	5	6	7

Lower risk 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 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 IMA in 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.
- 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	J C McAulay
Director	*Director*

Haddington, 16th October 2020

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2020 (unaudited)

	Notes	Six months ended 31st Aug.2020 £'000	£'000	Six months ended 31st Aug. 2019 £'000	£'000
Income					
Net capital gains			546		20,669
Revenue	2	3,159		4,890	
Expenses	3	(1,233)		(1,393)	
Net revenue before taxation		1,926		3,497	
Taxation	4	(80)		(250)	
Net revenue after taxation			1,846		3,247
Total return before distributions			2,392		23,916
Distributions			(2,205)		(3,213)
Change in net assets attributable to unitholders from investment activities			187		20,703

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2020 (unaudited)

	Six months ended 31st Aug. 2020 £'000	£'000	Six months ended 31st Aug. 2019 £'000	£'000
Opening net assets attributable to unitholders		225,207		242,701
Amounts receivable on creation of units	3,037		2,908	
Amounts payable on cancellation of units	(17,048)		(19,548)	
		(14,011)		(16,640)
Change in net assets attributable to unitholders from investment activities		187		20,703
Closing net assets attributable to unitholders		211,383		246,764

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 2020 (unaudited)

	31st Aug. 2020		29th Feb. 2020	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		207,762		222,224
Current assets				
Debtors	2,187		990	
Cash & bank balances	3,782		4,824	
Total other assets		5,969		5,814
Total assets		213,731		228,038
LIABILITIES:				
Creditors				
Distribution payable	(1,071)		(2,477)	
Other creditors	(1,277)		(354)	
Total liabilities		(2,348)		(2,831)
Net assets attributable to unitholders		211,383		225,207

NOTES TO THE FINANCIAL STATEMENTS

as at 31st August 2020 (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 Aug. 2020 £'000	Six months ended 31st Aug. 2019 £'000
Bank interest	2	13
Interest on overseas debt securities	263	497
Interest on UK debt securities	341	513
Overseas dividends	1,285	1,932
Property income distributions on UK REITs	64	53
UK dividends	1,204	1,882
Total revenue	3,159	4,890

3. Expenses

	Six months ended 31st Aug. 2020 £'000	Six months ended 31st Aug. 2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
- Manager's periodic charge	1,097	1,245
- Transfer agency fee	64	74
Payable to the Trustee, associates of the Trustee and agents of either of them:		
- Trustee's fee	22	24
- Safe custody fee	13	20
Other expenses:		
- Audit fee	9	5
- Fund accounting fee	18	19
- Sundry fees*	10	6
Total expenses	1,233	1,393

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

continued

4. Taxation

	Six months ended 31st Aug. 2020 £'000	Six months ended 31st Aug. 2019 £'000
Analysis of tax charge		
Overseas tax	80	250
	80	250

DISTRIBUTION TABLES

in pence per unit
for the six months ended 31st August 2020 (unaudited)

INTERIM DISTRIBUTION-JULY

Group 1 - Units purchased prior to 1st March 2020
Group 2 - Units purchased 1st March 2020 to 31st May 2020

	Dividend income	Equalisation*	Amount paid 31.07.20
Group 1	12.500	—	12.500
Group 2	2.096	10.404	12.500

INTERIM DISTRIBUTION-OCTOBER

Group 1 - Units purchased prior to 1st June 2020
Group 2 - Units purchased 1st June 2020 to 31st August 2020

	Dividend income	Equalisation*	Amount payable 31.10.20
Group 1	13.000	—	13.000
Group 2	0.000	13.000	13.000

*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 2020 (unaudited)

	Six months to 31st Aug. 2020	Year to 29th Feb. 2020
Interim paid - July	12.500	17.000
Interim paid - October	13.000	17.000
Interim paid - January	—	17.000
Final payable/paid	—	28.169
	25.500	79.169

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