



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

SMALLER COMPANIES 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 £125,994,559 compared with £106,494,195 at 28th February 2018. There were 336 investors (excluding ISA holders), each with an average holding worth £333,600.

The price of units in the fund at 31st August stood at £59.309, a rise of 13% from the level of the unit price at 28th February 2018. The fund was boosted by its emphasis on soundly financed stocks with strong business positions, while smaller companies generally outperformed wider equity markets over the period. Returns for investors were also enhanced by the strength of foreign currencies.

An interim dividend distribution of 20.000p per unit is now being paid. 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 13- 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.

McInroy & Wood has long had a preference for smaller companies, even before the establishment of this fund in 2001. In the intervening period, the core investment strategy has changed little. Rather than selecting global behemoths or widely invested names, this portfolio aims to identify lesser-known companies with high quality management teams, strong business models, and a focus on a specific niche. With the rise of low-cost passive investment, which simply follows a given index movement irrespective of any fundamental calculation of underlying equity values, smaller companies are even more likely to be ignored and underestimated. For those with patience and a willingness to look past the largest, most liquid stocks, such companies can offer significant investment opportunities.

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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 Smaller Companies 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 Smaller Companies Fund is to grow the real value of investors' capital and income. Investments will primarily be in global smaller companies, which do not form part of the leading market indices. An equal emphasis will be placed on the generation of income and on capital growth.

The fund may invest in any geographic areas and any economic sectors.

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.

MANAGER'S INVESTMENT REPORT

At 31st August 2018, total net assets of the fund amounted to £125,994,559 compared with £106,494,195 at 28th February 2018. There were 336 investors (excluding ISA holders), each with an average holding worth £333,600.

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 corporate earnings.

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 Japanese markets (-2%). The substantial impact of currency movements over the period is evident in the 7% rise in the MSCI All Country World expressed in sterling terms.

Results

The price of units in the fund at 31st August stood at £59.309, a rise of 13% from the level of the unit price at 28th February 2018. The fund was boosted by its emphasis on soundly financed stocks with strong business positions, while smaller companies generally outperformed wider equity markets over the period. Returns for investors were also enhanced by the strength of foreign currencies.

Dividend Distribution

An interim dividend distribution of 20.000p per unit is now being paid. 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 13- to a 12-month period over which income will have been earned. Overseas income earned to date has benefited from the strength of foreign currencies.

Portfolio Strategy

There was no significant change to the investment strategy over the period. At 31st August 2018, the UK equity allocation was 33% (32% at 28th February 2018), the USA 24% (22%), Europe 29% (30%), Japan 4% (7%) and Australia 7% (6%). Cash accounted for a further 3% (3%).

MANAGER'S INVESTMENT REPORT

Investments

A new position was established in Victrex, a UK-based manufacturer of a high-performance polymer known as PEEK, which offers a lighter, stronger, and highly durable alternative to many traditional plastics and metals used in aviation, manufacturing, medical implants and electric vehicles. After making significant gains since initial investment, holdings in Keller (UK), Boskalis Westminster (Netherlands), Sysmex (Japan) and Virbac (France) were sold. Medicrea (France) was sold at a loss as a result of disappointing sales prospects.

US Physical Therapy (+62%) and ISRA Vision (+48%) recorded the strongest gains over the period in local terms; it was a disappointing six months for Nabtesco (-38%) and Anika Therapeutics (-20%).

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.

MANAGER'S INVESTMENT REPORT

Outlook continued

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.

In Japan, the longest upswing in nearly three decades ended in the first quarter, but the economy has since stabilised. The extent to which the rebound was driven by domestic demand is uncertain and the country continues to face deepening labour shortages. However, the Bank of Japan has pledged to maintain interest rates at very low levels for at least the next two years, providing a supportive environment for businesses. There remain some attractive investment opportunities in the many globally competitive companies based in Japan.

Rather than simply reacting to market conditions, portfolio strategy aims to identify potential opportunities arising from long-term trends, such as significant technological advances. An interesting area is the growing sophistication of robots, which allows more complex processes to be automated. Companies across many sectors and geographies are investing in an area that improves productivity, quality and reliability.

One such company is Proto Labs, a US manufacturer of custom parts for prototyping and short-run production. The company's activities make use of as much automation as possible, in all phases from design to manufacture. As a result, it is able to supply lower volume runs economically while still maintaining healthy margins. Proto Labs has drastically cut the time between initial order and final delivery to clients, which has enabled it to rapidly grow its market share. The company's share price tends to be volatile, as it is valued highly and the growth of the business is sometimes lumpy. But its potential to disrupt the low volume manufacturing industry makes a compelling long-term investment theme.

While Proto Labs is using automated machinery to gain an advantage in its niche, ISRA Vision, a German company, designs and sells products to control the output of such machines. Its 'robot vision' segment enables machines to interpret complex shapes and spaces, and its quality control products analyse output to identify defects or deviations. Some of these are invisible to the human eye but can cause significant problems later in a manufacturing process. The company's customers are largely global, blue-chip companies across a broad range of industries. ISRA systems allow them to cut costs, improve quality and maximise yield from production.

MANAGER'S INVESTMENT REPORT

Outlook continued

The share prices of both ISRA Vision and Proto Labs have risen sharply since their initial purchases for the fund and now look expensive. Indeed, valuations look stretched in many fast-growing smaller companies. Any failure to meet high expectations or a slowdown in global growth is likely to see significant falls in the value of such holdings in the portfolio. Nonetheless, it should prove rewarding for investors with a selective approach and long-term outlook to be prepared to weather periods of volatility.

McInroy & Wood has long had a preference for smaller companies, even before the establishment of this fund in 2001. In the intervening period, the core investment strategy has changed little. Rather than selecting global behemoths or widely invested names, this portfolio aims to identify lesser-known companies with high quality management teams, strong business models, and a focus on a specific niche. With the rise of low-cost passive investment, which simply follows a given index movement irrespective of any fundamental calculation of underlying equity values, smaller companies are even more likely to be ignored and underestimated. For those with patience and a willingness to look past the largest, most liquid stocks, such companies can offer significant investment opportunities.

12th October 2018

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year (to 28 th Feb.)	High <i>Personal</i>	Low
2016	£38.174	£33.909
2017	£45.978	£33.456
2018*	£53.900	£44.006
2019**	£59.450	£50.709

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

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

INCOME RECORD

Accounting year (to 28 th Feb.)	Per unit (net) <i>Personal</i>
2016	59.160p
2017	62.719p
2018	56.851p
2019 (<i>interim only</i>)	20.000p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
31.01.16 Personal	£57,757,959	£35.467	1,628,498
31.01.17 Personal	£80,148,819	£44.002	1,821,500
28.02.18 Personal	£106,494,195	£51.772	2,057,000
31.08.18 Personal	£125,994,559	£59.136	2,130,573

OPERATING CHARGES

Date	Annualised <i>Personal</i>
31.01.16	1.23%
31.01.17	1.22%
28.02.18	1.19%
31.08.18	1.16%

PORTFOLIO TURNOVER

Date	Annualised
31.01.16	11%
31.01.17	12%
28.02.18	9%
31.08.18	21%

DISCRETE PERFORMANCE

Year to	Year to	Year to	Year to	Year to
31.08.18	31.08.17	31.08.16	31.08.15	31.08.14
22.1%	16.6%	23.0%	6.2%	10.0%

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

PORTFOLIO STATEMENT

as at 31st August 2018 (unaudited)

INVESTMENTS		Bid Market Value £'000	Percentage of Value of total net assets	
<i>Equities</i>	Holding at 31 st Aug. 2018		31 st Aug. 2018	28 th Feb. 2018
UK				
Abcam	223,770	3,392	2.7	
Advanced Medical Solutions	699,700	2,379	1.9	
Assura	3,600,100	1,973	1.6	
Barr (A.G.)	323,914	2,267	1.8	
Craneware	154,850	3,500	2.8	
GB Group	447,000	2,798	2.2	
Hill & Smith	219,630	2,328	1.8	
James Fisher & Sons	141,250	2,534	2.0	
Mattioli Woods	280,790	2,317	1.8	
NCC	1,189,900	2,615	2.1	
Rotork	738,000	2,494	2.0	
Spectris	70,140	1,650	1.3	
Spirax-Sarco Engineering	45,785	3,262	2.6	
Treatt	676,769	3,235	2.6	
Victrex	80,390	2,547	2.0	
XP Power	90,750	2,786	2.2	
		<u>42,077</u>	<u>33.4</u>	<u>31.3</u>
USA				
Anika Therapeutics	82,775	2,634	2.1	
AptarGroup	32,930	2,653	2.1	
Dorman Products	47,900	2,984	2.4	
Energen	26,030	1,552	1.2	
Lindsay	24,190	1,781	1.4	
Proto Labs	40,400	4,826	3.8	
Sun Hydraulics	71,732	2,774	2.2	
Tractor Supply	44,760	3,040	2.4	
US Physical Therapy	49,020	4,712	3.8	
Watsco	22,135	2,980	2.4	
		<u>29,936</u>	<u>23.8</u>	<u>22.4</u>
DENMARK				
Össur	729,100	2,504	2.0	1.1

PORTFOLIO STATEMENT

continued

<i>Equities continued</i>	Holding at 31 st Aug. 2018	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2018	28 th Feb. 2018
FRANCE				
Boiron	43,108	2,578	2.1	
Rubis	58,874	2,656	2.1	
Somfy	39,133	2,785	2.2	
Teleperformance	25,910	3,818	3.0	
		<u>11,837</u>	<u>9.4</u>	<u>10.6</u>
GERMANY				
Dr Hoelne	50,500	3,436	2.7	
HELLA	60,200	2,807	2.2	
ISRA Vision	69,125	3,713	3.0	
Krones	26,110	2,442	1.9	
Pfeiffer Vacuum	7,176	868	0.7	
		<u>13,266</u>	<u>10.5</u>	<u>10.7</u>
NETHERLANDS				
		-	0.0	1.2
SWITZERLAND				
Belimo	930	3,651	2.9	
Sonova	20,860	3,048	2.4	
Vifor Pharma	16,240	2,308	1.8	
		<u>9,007</u>	<u>7.1</u>	<u>6.6</u>
AUSTRALIA				
ARB	202,200	2,232	1.8	
Bapcor	663,645	2,744	2.2	
Technology One	1,079,080	3,320	2.6	
		<u>8,296</u>	<u>6.6</u>	<u>6.0</u>
JAPAN				
Asahi Intecc	113,300	3,325	2.6	
Nabtesco	116,000	2,331	1.9	
		<u>5,656</u>	<u>4.5</u>	<u>7.0</u>
TOTAL INVESTMENTS		122,579	97.3	96.9
Net other assets		<u>3,416</u>	<u>2.7</u>	<u>3.1</u>
TOTAL NET ASSETS		<u><u>125,995</u></u>	<u><u>100.0</u></u>	<u><u>100.0</u></u>

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

SUMMARY OF ALL PORTFOLIO CHANGES

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

Purchases	Cost £'000
19,800 Anika Therapeutics	563
13,820 Boiron	857
11,600 Dorman Products	579
106,500 GB	571
10,820 HELLA	492
80,235 Hill & Smith	881
55,300 ISRA Vision (Split)	—
32,050 James Fisher & Sons	554
3,960 Kronos	381
100,715 Mattioli Woods	789
39,600 Nabtesco	971
280,500 NCC	629
378,100 Össur	1,247
11,728 Somfy	811
368,280 Technology One	962
80,390 Victrex	2,291
TOTAL	12,578

Disposals	Proceeds £'000
46,200 Boskalis Westminster	1,011
8,562 Dr Hoenle	579
26,030 Energen	1,571
109,681 Keller	964
163,665 Medicrea International	421
6,200 Proto Labs	547
35,500 Sysmex	2,549
10,520 Virbac	1,156
TOTAL	8,798

GENERAL INFORMATION

Authorisation

The Smaller Companies 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 Smaller Companies 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.

GENERAL INFORMATION

continued

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
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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 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 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 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 31 st Aug. 2018		Six months ended 31 st July 2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		15,626		8,342
Revenue	2	1,058	931	
Expenses	3	<u>(675)</u>	<u>(517)</u>	
Net revenue before taxation		383	414	
Taxation	4	<u>(58)</u>	<u>(52)</u>	
Net revenue after taxation		325	362	
Total return before distributions		15,951	8,704	
Distributions		<u>(409)</u>	<u>(371)</u>	
Change in net assets attributable to unitholders from investment activities		<u>15,542</u>	<u>8,333</u>	

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

	Six months ended 31 st Aug. 2018		Six months ended 31 st July 2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		106,494		80,149
Amounts receivable on creation of units		6,726	7,747	
Amounts payable on cancellation of units		<u>(2,767)</u>	<u>(673)</u>	
		3,959	7,074	
Change in net assets attributable to unitholders from investment activities		<u>15,542</u>	<u>8,333</u>	
Closing net assets attributable to unitholders		<u>125,995</u>	<u>95,556</u>	

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

BALANCE SHEET

as at 31st August 2018 (unaudited)

	31 st Aug. 2018		28 th Feb. 2018	
	£'000	£'000	£'000	£'000
ASSETS:				
Investments		122,579		103,174
Current assets				
Debtors	325		309	
Cash & bank balances	4,041		3,881	
Total other assets		<u>4,366</u>		<u>4,190</u>
Total assets		<u>126,945</u>		<u>107,364</u>
LIABILITIES:				
Creditors				
Distribution payable	(426)		(758)	
Other creditors	(524)		(112)	
Total liabilities		<u>(950)</u>		<u>(870)</u>
Net assets attributable to unitholders		<u>125,995</u>		<u>106,494</u>

NOTES TO THE FINANCIAL STATEMENTS

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 31 st Aug. 2018 £'000	Six months ended 31 st July 2017 £'000
Dividends on overseas equities	761	629
Dividends on UK equities	294	295
Interest on bank deposits	3	2
Stock dividends	—	5
Total revenue	<u>1,058</u>	<u>931</u>

3. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:

- Manager's periodic charge	582	443
- Transfer agency fee	39	25

Payable to the Trustee, associates of the Trustee and agents of either of them:

- Trustee's fee	14	12
- Safe custody fee	11	9

Other expenses:

- Audit fee	4	4
- Fund accounting fee	17	19
- Sundry fees*	8	5

Total expenses	<u>675</u>	<u>517</u>
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*Includes FT listing fees, accounts printing and postage, tax computation fees and other fees.

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 31 st Aug. 2018 £'000	Six months ended 31 st July 2017 £'000
Analysis of tax charge		
Overseas tax	58	52
	<u>58</u>	<u>52</u>

5. Currency and interest rate profile

Currency	31 st Aug. 2018 %	28 th Feb. 2018 %
Australian Dollar	6.6	6.0
Danish Krone	2.0	1.1
Euro	20.0	22.6
Japanese Yen	4.5	7.0
Swiss Franc	7.2	6.6
UK Sterling	34.7	34.0
US Dollar	25.0	22.7
	<u>100.0</u>	<u>100.0</u>

DISTRIBUTION TABLES

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

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2018

Group 2 - Units purchased 1st March 2018 to 31st August 2018

	Unit Class	Dividend income	Equalisation*	Amount payable 31.10.18
Group 1	Personal	20.0000	—	20.0000
Group 2	Personal	0.0000	20.0000	20.0000

*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 31 st Aug. 2018 <i>Personal</i>	Year to 28 th Feb. 2018 <i>Personal</i>
Interim payable/paid	20.000	20.000
Final paid	—	36.851
	<u>20.000</u>	<u>56.851</u>

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