



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

BALANCED FUND

A pooled management service for private clients

INTERIM REPORT
AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31ST 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 Balanced 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 maximise the total return to unitholders, by preserving and growing the real value of investors' capital and income, placing an equal emphasis on the generation of income and on capital growth. Real value is defined as the value of capital and income after adjusting for the impact of inflation. The UK Retail Prices Index (RPI) 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. Total return is defined as capital appreciation, if any, plus income received, and does not imply that a positive return will be consistently achieved over this or any other time period. Investors should be aware that their capital is at risk.

The fund may invest in any geographical areas and any economic sectors. The fund invests at least 50 percent in a combination of shares of companies quoted on the world's stockmarkets, 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. In addition, not more than 10 percent of the property of the fund may be invested in securities dealt on the Alternative Investment Market of the London Stock Exchange, and/or equivalent overseas market. It is not intended that the 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.

MANAGER'S INVESTMENT REPORT

At 31st August 2023, total net assets of the fund amounted to £1,106,334,642 compared with £1,073,955,884 six months before. There were 1,440 unitholders, excluding ISAs, with an average holding worth £647,831.

The fund's unit price fell by 2% over the period to finish at £59.051. 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 slowdowns 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 31st August 2023. The USA (+14%) produced strong returns mainly due to a rise in the share prices of a narrow band of global technology companies. Japan (+18%) also rose sharply. Advances 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 and euro issues rose by between 1% and 2%. Longer-dated US equivalents were flat, while euro issues gained 3%. The prices of short-dated Swiss bonds were largely unchanged over the period. 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. 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).

The inflation rate (RPI) over the six-month period was 3%.

Results

Over the 3 years to 31st August 2023, the total return for unitholders in the fund was 14%, whereas RPI was 29%. Over 5 years, the fund returned 26% against RPI of 33%. The fund has provided a total return to unitholders of 911% above RPI since its inception in February 1990.

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 fund'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 many cases, a growing stream of dividends. This approach is designed to enable the equity portfolio to deliver returns ahead of inflation over the long term, in line with the fund's objectives and investment horizon.

Dividend distribution

An interim dividend distribution of 30.000 pence per unit is now being paid to unitholders, which is 1.000 pence (3%) higher than the comparable interim payment in 2022. Based on current forecasts, the total distribution for the full year is estimated to be slightly lower than last year. The income generated by the fund over the year to 28th February 2023 benefitted from high dividends paid in foreign currencies by commodity-linked companies. Commodity prices have since fallen, and sterling strength has reduced the income expected to be earned from the fund's international assets. By contrast, many of the bonds held by the fund were purchased before yields increased. As these bonds mature, there may be an opportunity to purchase equivalent issues at higher yields, increasing the level of income generated by the fund.

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, and gold. In July, the weighting to equities was increased from 55% to 60%, with a corresponding reduction in US inflation-protected 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.

On 31st August 2023, 60% of the portfolio was allocated to equities (56% on 28th February 2023), 29% government bonds (33%), 10% to gold (10%), and 1% to cash (1%). The weighted average maturity of the bond portfolio at the end of the period was 2.3 years, lower than the comparable figure six months before (2.7 years).

MANAGER'S INVESTMENT REPORT

Investments

The investments in Becton Dickinson and XP Power were sold in full. New positions were purchased in two Japanese companies: Olympus, a specialist in medical optics, and Tokyo Ohka Kogyo, a key supplier to the semiconductor industry.

Microsoft (+40%), Asahi Intecc (+28%), and Novo Nordisk (+24%) made advances. By contrast, Shandong Weigao (-38%), Vitasoy International (-37%), and Misumi (-22%) fell back.

A US Treasury Inflation-Protected Security maturing in 2024 was sold as part of the strategic shift noted above. Another US bond was redeemed at the end of July, and the proceeds were reinvested in a similar issue maturing in 2026. Otherwise, a UK gilt redeemable in January 2025 was replaced with a longer-dated equivalent, maturing in October 2028. A summary of all portfolio changes is shown on pages 11-13 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.

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.

MANAGER'S INVESTMENT REPORT

Outlook continued

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.

23rd October 2023

CAPITAL RECORD

Highest and lowest unit prices.

Accounting year

(to 28 th Feb.)	High	Low
2021	£58.390	£45.020
2022	£63.303	£54.286
2023	£61.940	£56.240
2024*	£61.338	£57.514

*Up to 31st August 2023, for the year ending 29th February 2024.

INCOME RECORD

Accounting year

(to 28 th Feb.)	Per unit (net)
2021	66.635p
2022	81.181p
2023	89.658p
2024 (interim only)	30.000p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
28.02.21	£872,317,520	£54.274	16,072,493
28.02.22	£1,007,886,544	£58.654	17,183,654
28.02.23	£1,073,955,884	£59.646	18,005,407
31.08.23	£1,106,334,642	£58.649	18,863,539

OPERATING CHARGES

Date	Annualised
28.02.21	1.120%
28.02.22	1.110%
28.02.23	1.110%
31.08.23	1.110%

PORTFOLIO TURNOVER

Date	Annualised
28.02.21	60%
28.02.22	21%
28.02.23	61%
31.08.23	54%

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
-0.4%	-1.6%	16.6%	3.3%	6.9%

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

PORTFOLIO STATEMENT

as at 31st August 2023 (unaudited)

INVESTMENTS	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2023	28 th Feb. 2023
<i>Bonds</i>				
UK				
UK Treasury 1.625% 2028	£37,460,000	32,761	3.0	
UK Treasury 0.125% I-L 2026	£19,638,700	27,709	2.5	
		<u>60,470</u>	<u>5.5</u>	<u>5.2</u>
USA				
US Treasury 0.125% 2024	\$43,800,000	33,903	3.1	
US Treasury 0.125% I-L 2027	\$39,230,000	30,931	2.8	
US Treasury 0.25% I-L 2025	\$26,899,000	26,274	2.4	
US Treasury 0.375% 2024	\$44,465,000	33,603	3.0	
US Treasury 2.625% 2026	\$41,256,000	31,012	2.8	
		<u>155,723</u>	<u>14.1</u>	<u>18.6</u>
GERMANY				
Germany (Federal Republic) 0.5% 2025	€ 33,397,000	27,550	2.5	
Germany (Federal Republic) 0.5% 2026	€ 33,884,000	27,456	2.4	
		<u>55,006</u>	<u>4.9</u>	<u>4.8</u>
SWITZERLAND				
Swiss Confederation Government Bond 1.25% 2026	CHF 31,023,000	27,824	2.5	
Swiss Confederation Government Bond 1.5% 2025	CHF 30,437,000	27,378	2.5	
		<u>55,202</u>	<u>5.0</u>	<u>4.7</u>
TOTAL BONDS		<u><u>326,401</u></u>	<u><u>29.5</u></u>	<u><u>33.3</u></u>
<i>Equities</i>				
UK				
Croda International	296,039	16,341	1.5	
Rio Tinto	548,676	26,734	2.4	
Shell	1,132,138	27,302	2.5	
Spirax-Sarco Engineering	267,529	27,101	2.4	
Weir	1,044,610	19,158	1.7	
		<u>116,636</u>	<u>10.5</u>	<u>11.9</u>

PORTFOLIO STATEMENT

continued

	Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
			31 st Aug. 2023	28 th Feb. 2023
<i>Equities continued</i>				
USA				
Abbott Laboratories	201,780	16,379	1.5	
Ecolab	124,634	18,086	1.6	
Edwards Lifesciences	265,383	16,009	1.4	
Mettler-Toledo	28,776	27,554	2.5	
Microsoft	76,529	19,794	1.8	
Paychex	169,817	16,374	1.5	
Watsco	95,092	27,344	2.5	
		<u>141,540</u>	<u>12.8</u>	<u>13.8</u>
DENMARK				
Novo Nordisk	225,700	<u>33,227</u>	<u>3.0</u>	<u>2.8</u>
FRANCE				
Air Liquide	213,533	30,519	2.8	
Hermes International	8,300	13,513	1.2	
Schneider Electric	169,310	22,994	2.1	
		<u>67,026</u>	<u>6.1</u>	<u>5.8</u>
GERMANY				
SAP	188,870	<u>20,882</u>	<u>1.9</u>	<u>1.7</u>
IRELAND				
Kerry 'A'	328,750	<u>24,188</u>	<u>2.2</u>	<u>1.5</u>
NETHERLANDS				
ASML	45,353	<u>23,614</u>	<u>2.1</u>	<u>2.4</u>
SWITZERLAND				
Sonova	90,802	<u>18,952</u>	<u>1.7</u>	<u>1.3</u>
JAPAN				
Asahi Intecc	1,320,200	21,190	1.9	
Misumi	1,531,100	21,106	1.9	
Nabtesco	997,600	14,917	1.4	
Nissan Chemical Industries	792,300	26,757	2.4	
Olympus	1,566,600	16,729	1.5	
Shimadzu	853,800	19,832	1.8	
Tokyo Ohka Kogyo	365,800	19,524	1.8	
		<u>140,055</u>	<u>12.7</u>	<u>7.6</u>

PORTFOLIO STATEMENT

continued

		Holding or Nominal Value	Bid Market Value £'000	Percentage of Value of total net assets	
				31 st Aug. 2023	28 th Feb. 2023
<i>Equities continued</i>					
DEVELOPING MARKETS					
<i>Brazil</i>	Localiza Rent a Car	820,555	8,265	0.7	
<i>China</i>	Anta Sports Products	1,192,200	10,594	1.0	
<i>Hong Kong</i>	Shandong Weigao Medical Polymer	9,492,000	7,441	0.7	
	Vitasoy International	7,056,000	7,158	0.6	
<i>India</i>	Crompton Greaves	3,121,168	8,884	0.8	
	Marico	1,885,104	10,279	0.9	
<i>Mexico</i>	Wal-Mart de Mexico	3,057,763	9,628	0.9	
<i>Portugal</i>	Jeronimo Martins	494,551	9,955	0.9	
			<u>72,204</u>	<u>6.5</u>	<u>7.0</u>
TOTAL EQUITIES			<u><u>658,324</u></u>	<u><u>59.5</u></u>	<u><u>55.8</u></u>
<i>Exchange Traded Commodities (ETC) - Physically Backed</i>					
IRELAND					
	Invesco Physical Gold ETC	239,192	35,363	3.2	
	iShares Physical Gold ETC	2,562,613	76,374	6.9	
			<u>111,737</u>	<u>10.1</u>	<u>10.0</u>
TOTAL INVESTMENTS			1,096,462	99.1	99.1
Net other assets			<u>9,873</u>	<u>0.9</u>	<u>0.9</u>
TOTAL NET ASSETS			<u><u>1,106,335</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.

All debt securities in the portfolio at 31st August 2023 are investment grade.

SUMMARY OF ALL PORTFOLIO CHANGES

for the six months ended 31st August 2023 (unaudited)

Purchases		Cost £'000
33,578	Abbott Laboratories	2,895
21,840	Air Liquide	3,015
281,400	Anta Sports Products	2,238
72,726	Croda International	4,052
365,000	Crompton Greaves	1,009
2,574,000	Germany (Federal Republic) 0.5 % 2026	2,097
2,532,000	Germany (Federal Republic) 0.5% 2025	2,097
972	Hermes International	1,513
112,030	iShares Physical Gold ETC	3,307
130,017	Kerry 'A'	10,540
401,200	Marico	2,000
8,821	Mettler-Toledo	9,107
8,443	Microsoft	2,052
690,800	Misumi	10,294
299,400	Nabtesco	5,099
346,500	Nissan Chemical Industries	12,145
1,566,600	Olympus	20,198
14,205	Paychex	1,391
86,725	Rio Tinto	4,019
189,500	Shimadzu	4,558
19,783	Sonova	4,031
28,955	Spirax-Sarco Engineering	2,996
1,791,000	Swiss Confederation Government Bond 1.25% 2026	1,593
2,107,000	Swiss Confederation Government Bond 1.5% 2025	1,876
365,800	Tokyo Ohka Kogyo	16,662
921,700	UK Treasury 0.125% I-L 2026	1,301
2,900,000	UK Treasury 0.25% 2025	2,699
37,460,000	UK Treasury 1.625% 2028	32,177
4,800,000	US Treasury 0.125% 2024	3,689
8,288,000	US Treasury 0.125% I-L 2024	8,297
1,717,000	US Treasury 0.375% 2024	1,252

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Purchases		Cost £'000
41,256,000	US Treasury 2.625% 2026	31,059
159,283	Wal-Mart de Mexico	497
	TOTAL	<u>211,755</u>

SUMMARY OF ALL PORTFOLIO CHANGES

continued

Disposals		Proceeds £'000
29,239	Air Liquide	3,988
5,177	ASML	3,019
79,955	Becton Dickinson	16,812
3,671	Localiza Rent a Car	10
41,470	Microsoft	11,016
30,525	Novo Nordisk	4,183
35,700,000	UK Treasury 0.25% 2025	32,947
39,267,000	US Treasury 0.125% 2023	30,521
52,979,000	US Treasury 0.125% I-L 2024	51,707
435,912	XP Power	9,841
	TOTAL	<u>164,044</u>

GENERAL INFORMATION

Authorisation

The Balanced 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 Balanced Fund, pays for all research costs relating to the management of the investments within the fund from its own resources. No additional charges are placed upon the fund relating to the provision of investment research.

Using your Personal Information

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

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 30th 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, 23rd October 2023

STATEMENT OF TOTAL RETURN

for the six months ended 31st August 2023 (unaudited)

	Notes	Six months ended 31 st Aug. 2023		Six months ended 31 st Aug. 2022	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains			(18,281)		16,292
Revenue	2	11,580		11,862	
Expenses	3	(6,096)		(5,649)	
Interest payable and similar charges		—		(29)	
Net revenue before taxation		5,484		6,184	
Taxation	4	(500)		544	
Net revenue after taxation			4,984		6,728
Total return before distributions			(13,297)		23,020
Distributions			(5,418)		(4,940)
Change in net assets attributable to unitholders from investment activities			(18,715)		18,080

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six months ended 31st August 2023 (unaudited)

	Six months ended 31 st Aug. 2023		Six months ended 31 st Aug. 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		1,073,956		1,007,887
Amounts receivable on creation of units		65,496		34,717
Amounts payable on cancellation of units		(14,402)		(11,306)
		51,094		23,411
Change in net assets attributable to unitholders from investment activities		(18,715)		18,080
Closing net assets attributable to unitholders		1,106,335		1,049,378

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 2023 (unaudited)

	31 st Aug. 2023		28 th Feb. 2023	
	£'000	£'000	£'000	£'000
ASSETS:				
Fixed assets:				
Investments		1,096,462		1,064,041
Current assets				
Debtors	3,183		3,485	
Cash & bank balances	<u>14,786</u>		<u>18,955</u>	
Total other assets		<u>17,969</u>		<u>22,440</u>
Total assets		<u>1,114,431</u>		<u>1,086,481</u>
LIABILITIES:				
Provision for other liabilities				
		(597)		(622)
Creditors				
Distribution payable	(5,659)		(10,922)	
Other creditors	<u>(1,840)</u>		<u>(981)</u>	
Total liabilities		<u>(8,096)</u>		<u>(12,525)</u>
Net assets attributable to unitholders		<u>1,106,335</u>		<u>1,073,956</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st 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 st Aug. 2023 £'000	Six months ended 31 st Aug. 2022 £'000
Bank interest	139	16
Interest on overseas debt securities	2,167	801
Interest on UK debt securities	1,360	1,897
Overseas dividends	5,124	5,144
UK dividends	2,790	4,004
Total revenue	<u>11,580</u>	<u>11,862</u>

3. Expenses

	Six months ended 31 st Aug. 2023 £'000	Six months ended 31 st Aug. 2022 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
– Manager's periodic charge	5,560	5,165
– Transfer agency fee	231	213
Payable to the Trustee, associates of the Trustee and agents of either of them:		
– Trustee's fee	83	77
– Safe custody fee	143	138
Other expenses:		
– Audit fee	7	1
– Fund accounting fee	34	32
– Interest payable and similar charges	7	–
– Professional services fees*	5	8
– Sundry fees**	26	15
Total expenses	<u>6,096</u>	<u>5,649</u>

*Includes non-audit service fees of £2,594 payable to the fund's auditors, PricewaterhouseCoopers LLP (2022: £ 2,324).

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

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Taxation

	Six months ended 31 st Aug. 2023 £'000	Six months ended 31 st Aug. 2022 £'000
Analysis of tax charge		
Indian capital gains tax	(25)	(1,115)
Overseas tax	<u>525</u>	<u>571</u>
	<u>500</u>	<u>(544)</u>

DISTRIBUTION TABLES

in pence per unit

for the six months ended 31st August 2023 (unaudited)

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st March 2023

Group 2 - Units purchased 1st March 2023 to 31st August 2023

	Dividend income	Equalisation*	Amount payable
Group 1	30.000	—	30.000
Group 2	1.973	28.027	30.000

*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 2023 (unaudited)

	Six months to 31 st Aug. 2023	Year to 28 th Feb. 2023
Interim payable/paid	30.000	29.000
Final paid	—	60.658
	<u>30.000</u>	<u>89.658</u>

Manager

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AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

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