



# McInroy & Wood

PERSONAL INVESTMENT MANAGERS

BALANCED FUND

*A pooled management service for private clients*

ANNUAL REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR TO 30<sup>TH</sup> APRIL 2013

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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 Balanced Fund (the fund) is an authorised unit trust for investors who wish to have their assets personally managed by McInroy & Wood Limited 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 principal investment objective of the fund is to maximise the total return to unitholders with an equal emphasis on the generation of income and on capital growth.

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

Further information and application forms may be obtained from McInroy & Wood Limited, Easter Alderston, Haddington, EH41 3SF (Tel. 01620 825867) or through the website [www.mcinroy-wood.co.uk](http://www.mcinroy-wood.co.uk)

## MANAGER'S INVESTMENT REPORT

At 30<sup>th</sup> April 2013, total net assets of the fund amounted to £295,448,920 compared with £229,603,890 twelve months before. There were 868 unitholders, excluding ISAs, with an average holding worth £307,446.

### Markets

International equity markets rose strongly over the year to 30<sup>th</sup> April 2013. Prospects for global growth were supported by the efforts of central banks in America and Europe to provide monetary stimulus. Partly as a result, investors became increasingly confident over the course of the year that their main apprehension, an early break-up of the eurozone, had been averted.

Reflecting this improvement in investor sentiment, the FTSE-100 equity index in the UK gained 12% over the period. In local currency terms, the USA rose by 14%, Europe by 17%, Japan by a remarkable 46% (although this was reduced to 25% when expressed in sterling) and the rest of the Pacific region by 10%. Overall the World index was 18% higher in sterling terms.

By contrast it was a more mixed period for bond markets; UK conventional gilts (+2%) and index-linked issues in particular (+10%) produced good returns, but the strength was largely concentrated in longer-dated stocks. Shorter-dated US Treasury inflation-protected stocks fell by 3-4% in local currency terms, while Norwegian bonds were largely unchanged.

In the foreign exchange markets, the US dollar rose by 4% against sterling, which itself gained 4% against the euro.

### Results

The price of Personal units in the fund at 30<sup>th</sup> April 2013 stood at 36.904p, a rise of 12% from the level of the unit price 12 months ago. The price of Legacy units stood at 36.847p. The portfolio benefited from the continuing strength of equity markets, amplified by a rise in the US dollar against sterling. The bond allocation restricted the overall gain.

### Dividend Distribution

A final dividend distribution of 37.141p net per unit is now being paid to holders of the Personal unit class (37.129p to the Legacy unit class). Total distributions for the year of 66.641p (to those who are now Personal unit holders) rose by 6%.

On current estimates, the distribution for the next six months is expected to be little changed from the corresponding payment in 2012.

### Portfolio Strategy

The portfolio's equity allocation was increased by approximately 5% in early October when the bond allocation was correspondingly reduced. At that point, many shares appeared to offer reasonable value to investors; by contrast, bond valuations seemed increasingly stretched.

At 30<sup>th</sup> April 2013, 76% of the portfolio was allocated to equities (70% at 30<sup>th</sup> April 2012), 21% to bonds (27%), and 3% to cash deposits (3%).

### Investments

A substantial amount of net new funds for investment (£35 million) was subscribed during the year. In addition to increasing existing investments, new holdings were purchased in Anhanguera Educacional (Brazil), Ezion Holdings and Thai Beverage (both Singapore), Manila Water (Philippines), Hong Kong & China Gas (Hong Kong) and Telekomunikasi Indonesia (Indonesia). The investments in Polypore, CEZ and Amil, were sold.

Keller (+98%) and Sysmex (+94%) both performed particularly strongly; it was a disappointing period for CEMIG (-48%) and Lianhua (-42%).

Within the bond allocation in the portfolio, the short-dated German and Swiss government stocks were sold; new holdings were purchased in US Treasury bonds, a conventional 2014 issue and a 2017 inflation-protected stock.

### Outlook

A gradual pick-up in global growth still appears to be on course. Central banks have continued to support this with extremely loose monetary policies. In particular the US Federal Reserve has reiterated its commitment to further quantitative easing until unemployment levels have reduced to 6.5%. While this does bolster asset prices in the short term, the exit strategy may be fraught with difficulties, as it will be hard to avoid a sharp rise in inflation without significant increases in interest rates.

Otherwise the impact of government spending reductions and tax hikes pose some immediate headwinds for the US economy, but most recent statistics show a picture of steady (albeit unexciting) growth, particularly in the property sector. The shale gas revolution is already providing a significant new impetus for the USA.

In the UK, after a difficult start to the year, trends in both manufacturing and service sectors are now showing signs of

## MANAGER'S INVESTMENT REPORT

recovery. Unemployment also remains below expectations, although this has been accompanied by a noteworthy decline in productivity and average earnings growth of 0.4% remains well below inflation. Nevertheless there are signs of a tentative recovery taking hold rather than the previously anticipated 'triple dip recession'.

Elsewhere Chinese GDP is expected to continue to grow at over 7%, even if this is lower than historic rates as policy moves are enacted to dampen rising property prices. Much will of course depend on the country's new leadership – Premier Li's promise to cut bureaucracy reducing the number of projects requiring government approval by a third was a particularly encouraging development in this respect. An important consequence of lower growth in China and other developing economies has been an easing of global demand for commodities, and cost pressures elsewhere have been relieved by this.

Japan's new government has embarked on an aggressively stimulatory policy. This has resulted in a large fall in the yen (-22% against the US dollar over the last six months) which in turn has boosted the share prices of exporting companies. But the weak yen is also likely to impact domestic living standards and sustaining the current expansionary strategy may prove difficult.

Political prospects for the eurozone have improved, even if recent economic data has been disappointing. However the European Central Bank's support for the weaker euro economies does seem to have secured the immediate survival of the single currency. Political stalemate in Italy may present difficulties but developments elsewhere, notably in Ireland, have been more heartening.

Bond markets appear vulnerable to the potentially inflationary consequences of central bank policies. At present levels fixed-income coupon bond yields offer little value, unless global recession returns, beyond that of a liquidity haven.

Naturally the outlook for equities varies considerably by region. In general terms, however, many equity prices still appear to offer reasonable value given the continuing depressed level of global interest rates and the prospective returns yielded by competing asset classes.

*17<sup>th</sup> June 2013*

## CAPITAL RECORD

Highest and lowest bid and offer prices.

Year	High		Low	
	Legacy	Personal★	Legacy	Personal★
2009	£27.504	—	£21.749	—
2010	£32.394	—	£26.595	—
2011	£33.569	—	£29.437	—
2012	£33.896	—	£31.088	—
2013★★	£37.388	£37.424	£34.166	£34.271

★★ Up to 30<sup>th</sup> April only

## INCOME RECORD

Year (30 <sup>th</sup> April)	Per unit (net)	
	Legacy	Personal★
2009	68.383p	—
2010	53.511p	—
2011	56.301p	—
2012	62.813p	—
2013	66.629p	37.141p

## NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
30.04.09	£82,731,619	£23.815	3,473,864
30.04.10	£145,157,139	£29.213	4,968,887
30.04.11	£199,610,150	£32.192	6,200,658
30.04.12	£229,603,890	£32.631	7,036,480
30.04.13 Legacy	£50,577,901	£36.516	1,385,080
30.04.13 Personal★	£244,871,019	£36.573	6,695,484

## ONGOING CHARGES FIGURE

Date	Annualised	
	Legacy	Personal★
30.04.09	1.593%	—
30.04.10	1.583%	—
30.04.11	1.568%	—
30.04.12	1.559%	—
30.04.13	1.566%	1.066%

## PORTFOLIO TURNOVER

Date	Annualised
30.04.09	45%
30.04.10	26%
30.04.11	28%
30.04.12	22%
30.04.13	3%

★ The 'Personal' Class of units was created on 1<sup>st</sup> January 2013.

## PORTFOLIO STATEMENT

as at 30<sup>th</sup> April 2013

INVESTMENTS	Holding or Nominal Value of position at 30 <sup>th</sup> April 2013	Bid Market Value £	Percentage of Value of total net assets	
			30 <sup>th</sup> Apr. 2013	30 <sup>th</sup> Apr. 2012
<i>Bonds</i>				
<b>UK</b>				
UK Treasury 2.25% 2014	£8,287,000	8,428,625	2.9	
UK Treasury 1.25% I-L 2017	£5,821,000	8,732,230	3.0	
UK Treasury 2% 2016	£7,964,000	8,329,560	2.8	
UK Treasury 3.75% 2019	£4,143,000	4,847,269	1.6	
UK Treasury 3.75% 2021	£4,107,000	4,857,308	1.6	
		<u>35,194,992</u>	<u>11.9</u>	<u>12.5</u>
<b>USA</b>				
US Treasury 2% TIPS 2014	\$4,535,000	3,739,135	1.3	
US Treasury 0.125% 2015	\$4,780,000	3,075,481	1.0	
US Treasury 1.625% TIPS 2015	\$17,586,000	14,454,790	4.9	
US Treasury 0.125% TIPS 2017	\$5,807,000	4,066,932	1.4	
		<u>25,336,338</u>	<u>8.6</u>	<u>7.7</u>
<b>GERMANY</b>	€0	<u>0</u>	<u>0.0</u>	<u>1.2</u>
<b>NETHERLANDS</b>	€0	<u>0</u>	<u>0.0</u>	<u>1.3</u>
<b>NORWAY</b>				
KfW 3.25% 2014	NOK 22,480,000	<u>2,542,163</u>	<u>0.9</u>	<u>3.9</u>
<b>SWITZERLAND</b>				
Switzerland (Govt) 2% 2016	CHF 0	<u>0</u>	<u>0.0</u>	<u>0.9</u>
<b>TOTAL BONDS</b>		<u>63,073,493</u>	<u>21.3</u>	<u>27.5</u>
<i>Equities</i>				
<b>UK</b>				
BG Group	305,875	3,311,097	1.1	
Keller Group	447,390	3,838,606	1.3	
Land Securities	471,790	4,118,727	1.4	
Majestic Wine	596,801	2,446,884	0.8	
Pearson	235,225	2,749,780	0.9	
Reckitt Benckiser	100,730	4,730,281	1.6	
Rio Tinto	140,750	4,107,085	1.4	
Rotork	172,930	5,028,804	1.7	
Royal Dutch Shell	245,920	5,540,576	1.9	
RPS Group	1,279,980	3,192,270	1.1	
Spectris	226,900	4,787,590	1.6	
Spirax Sarco	199,330	5,222,446	1.8	
Standard Chartered	103,670	1,676,344	0.6	
		<u>50,750,490</u>	<u>17.2</u>	<u>17.0</u>



# PORTFOLIO STATEMENT

as at 30<sup>th</sup> April 2013

continued

	Holding or Nominal Value of position at 30 <sup>th</sup> April 2013	Bid Market Value £	Percentage of Value of total net assets	
			30 <sup>th</sup> Apr. 2013	30 <sup>th</sup> Apr. 2012
<i>Equities (cont'd)</i>				
<b>USA</b>				
Abbott Laboratories	117,360	2,789,897	0.9	
Abbvie	117,360	3,476,606	1.2	
Anixter International	105,630	4,876,591	1.7	
Becton Dickinson	79,530	4,827,090	1.6	
Church & Dwight	100,480	4,130,449	1.4	
Donaldson	199,530	4,670,042	1.6	
Ecolab	116,120	6,319,888	2.1	
Grainger WW	35,450	5,620,656	1.9	
Mettler Toledo	34,200	4,598,453	1.6	
O'Reilly Automotive	73,505	5,077,452	1.7	
Paychex	173,265	4,059,766	1.4	
Roper Industries	58,030	4,463,846	1.5	
RPM	199,515	4,158,542	1.4	
Schlumberger	87,020	4,168,110	1.4	
Tractor Supply	58,560	4,039,453	1.4	
Watsco	71,617	3,887,648	1.3	
		<u>71,164,489</u>	<u>24.1</u>	<u>21.0</u>
<b>FRANCE</b>				
Danone	78,870	3,876,990	1.3	
Essilor	63,060	4,558,876	1.5	
Total SA	106,180	3,443,493	1.2	
Unibail-Rodamco	23,230	3,907,105	1.3	
		<u>15,786,464</u>	<u>5.3</u>	<u>5.1</u>
<b>GERMANY</b>				
Fielmann	54,715	3,392,154	1.1	
Fresenius Medical Care	87,935	3,897,788	1.3	
Fuchs Petrolub	98,510	4,844,097	1.7	
SAP	80,515	4,122,990	1.4	
		<u>16,257,029</u>	<u>5.5</u>	<u>5.1</u>

# PORTFOLIO STATEMENT

as at 30<sup>th</sup> April 2013

continued

	Holding or Nominal Value of position at 30 <sup>th</sup> April 2013	Bid Market Value £	Percentage of Value of total net assets	
			30 <sup>th</sup> Apr. 2013	30 <sup>th</sup> Apr. 2012
<i>Equities (cont'd)</i>				
<b>IRELAND</b>				
Kerry Group	131,155	<u>4,980,422</u>	<u>1.7</u>	<u>1.6</u>
<b>NETHERLANDS</b>				
Boskalis Westminster	157,420	<u>4,213,343</u>	<u>1.4</u>	<u>1.2</u>
<b>SWITZERLAND</b>				
Kühne & Nagel	41,420	3,047,654	1.0	
Lindt & Sprüngli	30	859,175	0.3	
Sonova	47,890	<u>3,354,654</u>	<u>1.2</u>	
		<u>7,261,483</u>	<u>2.5</u>	<u>2.9</u>
<b>AUSTRALIA</b>				
ARB Corporation	368,151	<u>3,192,018</u>	<u>1.1</u>	<u>0.6</u>
<b>JAPAN</b>				
Canon	82,000	1,887,018	0.6	
Sysmex	106,200	<u>4,396,949</u>	<u>1.5</u>	
		<u>6,283,967</u>	<u>2.1</u>	<u>2.2</u>

# PORTFOLIO STATEMENT

as at 30<sup>th</sup> April 2013

continued

		Holding or Nominal Value of position at 30 <sup>th</sup> April 2013	Bid Market Value £	Percentage of Value of total net assets 30 <sup>th</sup> Apr. 2013    30 <sup>th</sup> Apr. 2012	
<i>Equities (cont'd)</i>					
<b>DEVELOPING MARKETS</b>					
<i>Brazil</i>	CEMIG-ADR	160,875	1,327,594	0.4	
	Petrobras-ADR	62,440	769,296	0.3	
	Anhanguera Educacional	120,400	1,393,384	0.5	
	Localiza Rent A Car	121,650	1,388,297	0.5	
	Natura Cosmeticos	95,630	1,538,036	0.6	
	Weg	198,410	1,671,754	0.6	
<i>Chile</i>	IAM	1,013,105	1,366,971	0.5	
<i>Hong Kong</i>	Cheung Kong	133,000	1,286,293	0.4	
	China Mobile	161,000	1,133,097	0.4	
	CNOOC	814,000	974,947	0.3	
	Hang Lung Properties	391,000	976,187	0.3	
	Hong Kong & China Gas	715,000	1,378,855	0.5	
	Lianhua	298,800	116,484	0.0	
	Shandong Weigao	2,576,000	1,585,402	0.5	
	Shenzhen Expressway	2,570,700	675,928	0.2	
	Vitasoy	2,164,000	1,696,206	0.6	
<i>India</i>	Larsen & Toubro-GDR	54,000	975,372	0.3	
	Mahindra & Mahindra-GDR	115,220	1,263,823	0.4	
	Marico	553,995	1,495,462	0.5	
<i>Indonesia</i>	Perusahaan Gas Negara	5,241,000	2,133,479	0.8	
	Telekomunikasi Indonesia	888,500	685,145	0.2	
<i>Malaysia</i>	Digi.com	2,042,000	1,986,675	0.7	
<i>Mexico</i>	Walmart de Mexico	884,045	1,805,293	0.6	
<i>Philippines</i>	Manila Water	2,442,000	1,524,242	0.5	
<i>Portugal</i>	Jeronimo Martins	114,145	1,744,245	0.6	
<i>SAfrica</i>	MTN	131,800	1,528,910	0.5	
<i>SKorea</i>	POSCO	8,190	1,502,094	0.5	
<i>Singapore</i>	Ezion	791,000	838,983	0.3	
	Keppel	242,800	1,357,417	0.5	
	Keppel REIT	48,560	38,185	0.0	
	Thai Beverage	2,323,000	728,251	0.2	
<i>Taiwan</i>	Giant Manufacturing	497,673	1,916,445	0.6	
<i>Thailand</i>	CP All	2,934,000	2,821,030	1.0	
			<u>43,623,782</u>	<u>14.8</u>	<u>13.3</u>
<i>TOTAL EQUITIES</i>			<u>223,513,487</u>	<u>75.7</u>	<u>70.0</u>
TOTAL INVESTMENTS			286,586,980	97.0	97.5
Net other assets			<u>8,861,940</u>	<u>3.0</u>	<u>2.5</u>
TOTAL NET ASSETS			295,448,920	100.0	100.0

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 year to 30<sup>th</sup> April 2013

Purchases		Cost £
39,240	Abbott Laboratories	1,645,797
117,360	Abbvie ( <i>spin off issue</i> )	0
120,400	Anhanguera Educacional	1,043,833
56,980	Anixter International	2,010,690
127,636	ARB Corporation	868,713
25,600	Becton Dickinson	1,253,737
1,110	BG Group ( <i>securities exchanged</i> )	65
34,300	Boskalis Westminster	762,281
32,175	CEMIG - ADR	1,046
63,930	Church & Dwight	2,171,482
1,467,000	CP All	2,961
8,300	Danone	351,509
13,870	Donaldson	300,952
791,000	Ezion	536,175
5,520	Fielmann	327,974
19,540	Fresenius Medical Care	890,718
12,399	Fuchs Petrolub	444,193
127,000	Hang Lung Properties	277,718
715,000	Hong Kong & China Gas	1,230,061
183,850	Keller Group	1,018,807
48,560	Keppel REIT ( <i>stock dividend</i> )	0
5,090	Kühne & Nagel	350,811
67,150	Land Securities	519,631
2,442,000	Manila Water	1,226,085
2,370	Mettler Toledo	301,244
25,280	MTN	302,170
18,700	Natura Cosmetics	296,162
49,635	Paychex	1,017,200
22,330	Pearson	281,530
4,790	POSCO	897,512
10,500	Reckitt Benckiser	498,330
56,500	Rio Tinto	1,699,886
95,200	Royal Dutch Shell	2,108,447
15,800	RPM	300,274
387,290	RPS Group	898,882
10,330	SAP	397,628
24,430	Schlumberger	1,080,793
1,560,000	Shandong Weigao	1,009,190
17,180	Spirax Sarco	348,700
888,500	Telekomunikasi Indonesia	707,252
2,323,000	Thai Beverage	728,050
15,830	Total SA	458,973
5,210	Tractor Supply	299,979
1,358,000	UK Treasury 1.25% I-L 2017	2,001,238

# SUMMARY OF ALL PORTFOLIO CHANGES

for the year to 30<sup>th</sup> April 2013

Purchases		Cost £
2,880,000	UK Treasury 2% 2016	3,002,275
970,000	UK Treasury 2.25% 2014	990,758
2,105,000	UK Treasury 3.75% 2019	2,499,245
4,780,000	US Treasury 0.125% 2014	3,009,606
5,807,000	US Treasury 0.125% TIPS 2017	3,951,506
239,800	Walmart de Mexico	447,671
41,197	Watsco	1,892,329
74,000	Weg	598,980
	TOTAL	<u>49,261,049</u>

Sales		Proceeds £
153,800	Amil Participacoes	1,481,090
14,920	CEZ	352,631
3,360,000	DBR Bund 3.75% OAT 2013	2,774,242
486,000	Lianhua	192,770
58,600,000	Norway T-Bill 0% 2013	6,224,110
32,960	Polypore	727,736
3,758,000	Rabobank FRN 2013	3,010,396
2,715,000	Switzerland (Govt) 2% 2016	1,953,254
17,575	Tractor Supply	1,071,419
1,300,000	UK Treasury 3.75% 2019	1,534,000
776,000	UK Treasury 3.75% 2021	924,177
	TOTAL	<u>20,245,826</u>

## GENERAL INFORMATION

### Auditors

Unitholders should note that PricewaterhouseCoopers (“PwC”) have been appointed auditors of the fund, in place of Scott-Moncrieff, with effect from November 2012. PwC have recommended a number of updated disclosures, which have now been incorporated throughout the Report and Financial Statements.

### 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 UCITS scheme under the rules contained in the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority.

McInroy & Wood Limited and its subsidiary, McInroy & Wood Portfolios Limited, are authorised and regulated by the Financial Conduct Authority.

### Transactions and Dealings

The average rate of dealing commission, including mark up and mark down, added to the cost of investments purchased and deducted from the proceeds of investments sold, was 0.22% where commission or mark up was involved.

During the period under review Investec and RIA Limited dealt in more than 10% of the aggregate value of such transactions in the property of the fund.

### Income Tax

All income distributions carry a notional tax credit of 10%. A basic rate taxpayer has no further liability in respect of this income but is unable to reclaim the tax.

### Capital Gains Tax

Authorised unit trusts are exempt from corporation tax on realised capital gains.

### Applications

The minimum initial investment in the fund is £10,000. Further investments may be made for a minimum of £1,000.

### Data Protection

Unitholders’ names will be added to a mailing list which may be used by the Manager, or its associate, to provide investors with information related to their investment, including occasional topical articles. Unitholders who would not like to receive such information can write to the Manager requesting their removal from any such mailing list.

GENERAL INFORMATION

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)



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.

The fund has been classed as 5 because its volatility has been measured as slightly above average.

This indicator is prescribed by EU 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 October 2010.
- 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 scheme 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, 17<sup>th</sup> June 2013*



## **STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES**

The Trustee is under a duty to take into custody and to hold the property of the scheme in trust for the holders of units. Under the Rules relating to reports it is the duty of the Trustee to enquire into the conduct of the Manager in the management of the scheme in each annual accounting period and report thereon to unitholders in a report which shall contain the matters prescribed by the Rules.

## **TRUSTEE'S REPORT**

In our opinion, the Manager has managed the Scheme, in all material respects, during the period covered by this Report in accordance with the investment and borrowing powers and the restrictions applicable to the scheme and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

For and on behalf of  
BNY Mellon Trust & Depositary  
(UK) Limited  
London

*17<sup>th</sup> June 2013*

# INDEPENDENT AUDITORS' REPORT

## **Independent Auditors' Report to the Unitholders of the McInroy & Wood Balanced Fund**

We have audited the financial statements of McInroy & Wood Balanced Fund (the “fund”) for the year ended 30<sup>th</sup> April 2013 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice ‘Financial Statements of Authorised Funds’ issued by the Investment Management Association (the “Statement of Recommended Practice for Authorised Funds”).

## **Respective responsibilities of the Authorised Fund Manager and the Auditors**

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# INDEPENDENT AUDITORS' REPORT

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund at 30<sup>th</sup> April 2013 and of the net revenue and the net capital gains of the scheme property of the fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

## **Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook**

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Statutory Auditors  
Edinburgh

17<sup>th</sup> June 2013

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF TOTAL RETURN

for the year ended 30<sup>th</sup> April 2013

	Notes	Year to 30 <sup>th</sup> April 2013		Year to 30 <sup>th</sup> April 2012	
		£	£	£	£
Income					
Net capital gains	2		33,823,717		6,969,971
Revenue	3	5,754,605		4,547,428	
Expenses	4	(3,786,028)		(3,253,286)	
Net revenue before taxation		1,968,577		1,294,142	
Taxation	5	(389,629)		(274,562)	
Net revenue after taxation			1,578,948		1,019,580
Total return before distributions			35,402,665		7,989,551
Finance costs: distributions	6		(5,036,067)		(4,135,924)
Change in net assets attributable to unitholders from investment activities			<u>30,366,598</u>		<u>3,853,627</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30<sup>th</sup> April 2013

		Year ended 30 <sup>th</sup> April 2013		Year ended 30 <sup>th</sup> April 2012	
		£	£	£	£
Opening net assets attributable to unitholders			229,603,890		199,610,150
Amounts receivable on creation of units	48,159,688		37,310,833		
Amounts payable on cancellation of units	(12,694,938)		(11,243,469)		
			35,464,750		26,067,364
Stamp duty reserve tax			(9,427)		(7,141)
Securities exchanged			23,109		79,890
Change in net assets attributable to unitholders from investment activities (see above)			<u>30,366,598</u>		<u>3,853,627</u>
Closing net assets attributable to unitholders			<u>295,448,920</u>		<u>229,603,890</u>

# BALANCE SHEET

as at 30<sup>th</sup> April 2013

		30 <sup>th</sup> April 2013		30 <sup>th</sup> April 2012	
	<i>Notes</i>	£	£	£	£
ASSETS:					
Investment assets			286,586,980		223,946,296
Debtors	7	1,143,105		1,074,675	
Cash & bank balances		<u>11,300,595</u>		<u>7,505,221</u>	
Total other assets			<u>12,443,700</u>		<u>8,579,896</u>
Total assets			<u>299,030,680</u>		<u>232,526,192</u>
LIABILITIES:					
Creditors	8		(580,694)		(472,693)
Distribution payable on income units			<u>(3,001,066)</u>		<u>(2,449,609)</u>
Total liabilities			<u>(3,581,760)</u>		<u>(2,922,302)</u>
Net assets attributable to unitholders			<u>295,448,920</u>		<u>229,603,890</u>

# NOTES TO THE FINANCIAL STATEMENTS

as at 30<sup>th</sup> April 2013

## 1. Accounting policies

- (a) The Financial Statements have been prepared under the historical cost basis, as modified by the re-valuation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.
- (b) Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex dividend. Interest receivable from debt securities is accounted for on an effective yield basis. All other income is recognised on an accruals basis.
- (c) Special dividends are treated as revenue or capital depending on the facts of each particular case.
- (d) Expenses of the fund are charged against revenue except for Stamp Duty Reserve Tax and costs associated with the purchase and sale of investments which are allocated to the capital of the fund. The annual management charge is initially charged to revenue but ultimately borne by the capital of the fund.
- (e) Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

- (f) The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on the last business day of June. An interim distribution based on available revenue is distributed on the last day of December. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution. The distribution is in accordance with the FCA's Collective Investment Schemes Sourcebook.
- (g) Listed investments of the fund have been valued at market value on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security.

# NOTES TO THE FINANCIAL STATEMENTS

continued

- (h) Foreign currency transactions are translated at the rates ruling on the date of the transaction.
- (i) Stamp Duty Reserve Tax (SDRT) suffered on the surrender of units has been charged against the capital assets of the Trust.

	Year to 30 <sup>th</sup> April 2013 £	Year to 30 <sup>th</sup> April 2012 £
<b>2. Net gains on investments:</b>		
Non-derivative securities	33,829,077	6,969,913
Currency (losses)/gains	(5,360)	58
Net capital gains*	<u>33,823,717</u>	<u>6,969,971</u>
<i>* includes realised gains on investments sold</i>	<u>1,442,844</u>	<u>3,381,229</u>

## 3. Revenue

Dividends on UK investments	1,188,023	990,417
Dividends on overseas securities	3,530,642	2,623,201
Interest on UK interest-bearing securities	425,079	276,609
Interest on overseas interest-bearing securities	481,151	559,605
Property income distributions	129,710	97,400
Interest on bank deposits	—	196
	<u>5,754,605</u>	<u>4,547,428</u>

## 4. Expenses

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

- Manager's periodic charge	3,597,177	3,101,118
- Registrar's fee	34,935	29,114

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

- Trustee's fee	40,422	35,788
- Safe custody and activity charges	100,398	78,566

Other expenses

- FCA fee	290	294
- Audit fee	9,612	6,684
- Legal fee	3,194	1,722
Total expenses	<u>3,786,028</u>	<u>3,253,286</u>

# NOTES TO THE FINANCIAL STATEMENTS

continued

	Year to 30 <sup>th</sup> Apr. 2013	Year to 30 <sup>th</sup> Apr. 2012
	£	£

## 5. Taxation

### (a) Analysis of tax charge

UK corporation tax	–	(5,612)
Overseas tax	<u>389,629</u>	<u>280,174</u>
Total taxation	<u>389,629</u>	<u>274,562</u>

### (b) Factors affecting the tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	Year to 30 <sup>th</sup> Apr. 2013	Year to 30 <sup>th</sup> Apr. 2012
	£	£
Net income before taxation	<u>1,968,577</u>	<u>1,294,142</u>
Corporation tax at 20%	<u>393,715</u>	<u>258,828</u>

*Effects of:*

Revenue not subject to corporation tax	(943,733)	(722,724)
Movement in excess management charges	550,018	458,283
Irrecoverable overseas withholding tax	389,629	280,174
Current tax charge for the year	<u>389,629</u>	<u>274,562</u>

### (c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £1,497,119 (2012 – £947,072) in respect of unutilised management expenses. The fund may not generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.



## NOTES TO THE FINANCIAL STATEMENTS

continued

### 6. Finance costs: Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	Year to 30 <sup>th</sup> April 2013 £	Year to 30 <sup>th</sup> April 2012 £
Interim	2,225,798	1,838,643
Final	<u>3,001,066</u>	<u>2,449,609</u>
	<u>5,226,864</u>	<u>4,288,252</u>
Add: Income deducted on cancellation of units	65,191	48,543
Deduct: Income received on creation of units	(255,988)	(200,871)
Net distribution for the period	<u>5,036,067</u>	<u>4,135,924</u>
Net revenue after taxation	1,578,948	1,019,580
Expenses taken to capital	3,618,262	3,116,344
Tax attributable to capital	(161,143)	–
Net distribution for the period	<u>5,036,067</u>	<u>4,135,924</u>

*Details of the distributions per unit are shown in the Distribution Table on page 31.*

### 7. Debtors

	30 <sup>th</sup> April 2013 £	30 <sup>th</sup> April 2012 £
Income receivable:		
UK equities	396,885	307,984
Overseas equities	287,718	266,694
UK bond interest	156,623	127,821
Overseas bond interest	169,438	263,540
Overseas withholding tax recoverable	<u>132,441</u>	<u>108,636</u>
	<u>1,143,105</u>	<u>1,074,675</u>

## NOTES TO THE FINANCIAL STATEMENTS

continued

8. Creditors	30 <sup>th</sup> April 2013 £	30 <sup>th</sup> April 2012 £
Corporation Tax	–	4,512
Purchases awaiting settlement	302,170	168,568
Accrued expenses:		
Manager's periodic charge	248,497	286,234
Registrar's fee	2,872	2,397
Trustee's fee	3,779	3,251
Safe custody and activity charges	16,272	12,507
Audit fee	7,080	4,224
Other	24	24
	<u>580,694</u>	<u>472,693</u>

## 9. Related Party Transactions

The Manager and the Trustee actively co-operate to exercise control over the fund and are therefore related parties by virtue of their controlling influence.

Trustee fees, safe custody and transaction fees paid to BNY Mellon Trust & Depositary (UK) Limited are shown in note 4 and details of units created and cancelled by BNY Mellon Trust & Depositary (UK) Limited are shown in the Statement of Change in Net Assets Attributable to Unitholders.

Amounts paid during the year or due to the Manager or the Trustee at the balance sheet date are disclosed under Expenses and Creditors in the Notes to the Financial Statements. Bank interest payable by the fund which is paid or payable to the Trustee is disclosed separately within Finance costs in the Notes to the Financial Statements.

Cash and bank balances with the Trustee are disclosed in the Balance Sheet. Bank interest paid or payable to the fund by the Trustee is disclosed in Revenue and Debtors in the Notes to the Financial Statements.

The Manager acts as principal on all transactions of units in the fund. The aggregate monies received through the creation and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Finance costs in the Notes to the Financial Statements. Amounts due to or from the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Creditors in the Notes to the Financial Statements.

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's value at the balance sheet date were 1.6%.

continued

10. Unit Classes

The fund currently has two unit classes: Legacy units and Personal units. The annual management charge is based on the average value of the fund, calculated on a weekly basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

Legacy units	1.50%
Personal units	1.00%

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the Net Asset Value and Comparative Tables on page 6. The distributions per unit class are given in the Distribution Table on page 31. All classes have the same rights on winding up.

11. Portfolio Risk Analysis

In pursuing its investment objectives, the fund invests in a variety of financial assets. These primarily comprise securities and other investments. There are also cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and debtors for accrued income.

Credit and Cashflow Risk

The Fund has little exposure to any specific credit risk, holding prime quality government or government-backed issues in its fixed interest allocations.

The fund’s assets comprise mainly readily realisable securities. There are no borrowings or unlisted securities of a material nature. The main potential liability of the fund is the redemption of any units that an investor may wish to sell. Assets of the fund may need to be sold if insufficient cash is available to finance such redemptions. The Manager has reviewed the portfolio’s investments and considers them to be sufficiently liquid for these purposes.

Market Price Risk

Market price risk arises from the effect which falls in the price or value of the assets held could have on the property of the fund. The Manager seeks to mitigate such risk by maintaining a prudent diversification of its investments.

## NOTES TO THE FINANCIAL STATEMENTS

continued

The Manager adheres to investment guidelines and to investment borrowing powers set out in the Trust Deed, Scheme Particulars and in the rules of the Collective Investment Schemes Sourcebook. This mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Manager's Investment Report and Portfolio Statement.

### Foreign Currency Risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The fund has not hedged the sterling value of investments that are priced in other currencies. Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

### Interest Rate Risk

The fund commonly invests part of the portfolio in quoted debt instruments, generally bonds, issued by third parties. It also holds cash on deposit. Changes in interest rates may have an adverse effect on the value of such securities and deposits and on the amount of income derived from them.

The Manager reviews policies for managing these risks in pursuance of Investment Objective and Policy.

### Interest rate profile

	Variable rate (Bonds/Cash)	Fixed rate (Bonds)	Non interest bearing (Equities/Other)	Total	Total %
	£	£	£	£	%
<b>30<sup>th</sup> April 2013</b>					
US Dollar	22,260,857	3,075,481	75,500,574	100,836,912	34.1
UK Sterling	20,029,662	26,462,762	48,311,835	94,804,259	32.1
Euro			42,981,503	42,981,503	14.5
HK Dollar			9,823,399	9,823,399	3.3
Swiss Franc			7,261,483	7,261,483	2.5
Japanese Yen			6,283,967	6,283,967	2.1
Brazilian Real			5,991,471	5,991,471	2.0
Thai Baht			3,549,281	3,549,281	1.2
Australian Dollar			3,192,018	3,192,018	1.1
Indonesian Rupiah			2,818,624	2,818,624	1.0
Norwegian Kroner		2,542,163		2,542,163	0.9
Singapore Dollar			2,234,585	2,234,585	0.8
Malaysian Ringgit			1,986,675	1,986,675	0.7
Taiwan Dollar	3,163		1,916,445	1,919,608	0.6
Mexican Peso			1,805,293	1,805,293	0.6
SA Rand			1,528,910	1,528,910	0.5
Philippines Peso			1,524,242	1,524,242	0.5
South Korea Won			1,502,094	1,502,094	0.5
Indian Rupee			1,495,462	1,495,462	0.5
Chilean Peso			1,366,971	1,366,971	0.5
	<u>42,293,682</u>	<u>32,080,406</u>	<u>221,074,832</u>	<u>295,448,920</u>	<u>100.0</u>

# NOTES TO THE FINANCIAL STATEMENTS

continued

## Interest rate profile

	Variable rate (Bonds/Cash) £	Fixed rate (Bonds) £	Non interest bearing (Equities/Other) £	Total £	Total %
<b>30<sup>th</sup> April 2012</b>					
UK Sterling	13,214,269	22,292,153	37,286,009	72,792,431	31.7
US Dollar	17,682,618		54,337,531	72,020,149	31.4
Euro	3,755,469	2,858,767	31,339,315	37,953,551	16.5
Norwegian Kroner		8,756,999		8,756,999	3.8
Swiss Franc		1,986,639	6,696,836	8,683,475	3.8
HK Dollar			6,724,364	6,724,364	2.9
Japanese Yen			4,959,214	4,959,214	2.2
Brazilian Real			4,079,164	4,079,164	1.7
Thai Baht			2,239,325	2,239,325	1.0
Malaysian Ringgit			1,674,213	1,674,213	0.7
Taiwan Dollar	3,060		1,539,115	1,542,175	0.7
Australian Dollar			1,443,862	1,443,862	0.6
Indonesian Rupiah			1,167,677	1,167,677	0.5
Indian Rupee			1,144,318	1,144,318	0.5
SA Rand			1,141,464	1,141,464	0.5
Mexican Peso			1,135,094	1,135,094	0.5
Chilean Peso			1,079,869	1,079,869	0.5
South Korea Won			695,499	695,499	0.3
Czech Koruna			371,047	371,047	0.2
	<u>34,655,416</u>	<u>35,894,558</u>	<u>159,053,916</u>	<u>229,603,890</u>	<u>100.0</u>

## Currency profile

	Monetary (Cash/Other assets) £	Non-monetary (Securities) £	Total £	Total %
<b>30<sup>th</sup> April 2013</b>				
US Dollar		100,836,912	100,836,912	34.1
UK Sterling	8,858,777	85,945,482	94,804,259	32.1
Euro		42,981,503	42,981,503	14.5
HK Dollar		9,823,399	9,823,399	3.3
Swiss Franc		7,261,483	7,261,483	2.5
Japanese Yen		6,283,967	6,283,967	2.1
Brazilian Real		5,991,471	5,991,471	2.0
Thai Baht		3,549,281	3,549,281	1.2
Australian Dollar		3,192,018	3,192,018	1.1
Indonesian Rupiah		2,818,624	2,818,624	1.0
Norwegian Kroner		2,542,163	2,542,163	0.9
Singapore Dollar		2,234,585	2,234,585	0.8
Malaysian Ringgit		1,986,675	1,986,675	0.7
Taiwan Dollar	3,163	1,916,445	1,919,608	0.6
Mexican Peso		1,805,293	1,805,293	0.6
SA Rand		1,528,910	1,528,910	0.5
Philippines Peso		1,524,242	1,524,242	0.5
South Korea Won		1,502,094	1,502,094	0.5
Indian Rupee		1,495,462	1,495,462	0.5
Chilean Peso		1,366,971	1,366,971	0.5
	<u>8,861,940</u>	<u>286,586,980</u>	<u>295,448,920</u>	<u>100.0</u>

# NOTES TO THE FINANCIAL STATEMENTS

continued

## Currency profile

	Monetary (Cash/Other assets) £	Non-monetary (Securities) £	Total £	Total %
<b>30<sup>th</sup> April 2012</b>				
UK Sterling	5,654,534	67,137,897	72,792,431	31.7
US Dollar		72,020,149	72,020,149	31.4
Euro		37,953,551	37,953,551	16.5
Norwegian Kroner		8,756,999	8,756,999	3.8
Swiss Franc		8,683,475	8,683,475	3.7
HK Dollar		6,724,364	6,724,364	2.9
Japanese Yen		4,959,214	4,959,214	2.2
Brazilian Real		4,079,164	4,079,164	1.8
Thai Baht		2,239,325	2,239,325	1.0
Malaysian Ringgit		1,674,213	1,674,213	0.7
Taiwan Dollar	3,060	1,539,115	1,542,175	0.7
Australian Dollar		1,443,862	1,443,862	0.6
Indonesian Rupiah		1,167,677	1,167,677	0.5
Indian Rupee		1,144,318	1,144,318	0.5
SA Rand		1,141,464	1,141,464	0.5
Mexican Peso		1,135,094	1,135,094	0.5
Chilean Peso		1,079,869	1,079,869	0.5
South Korea Won		695,499	695,499	0.3
Czech Koruna		371,047	371,047	0.2
	<u>5,657,594</u>	<u>223,946,296</u>	<u>229,603,890</u>	<u>100.0</u>

## Fixed Rate Interest

	Weighted average rates		Weighted average maturity	
	30 <sup>th</sup> April 13	30 <sup>th</sup> April 12	30 <sup>th</sup> April 13	30 <sup>th</sup> April 12
UK Sterling	2.67%	2.79%	5 years	5 years
Norway Kr.	3.25%	3.25%	1 year	2 years
US Dollar	0.13%	—	1 year	—
Euro	—	3.75%	—	1 year
Swiss Franc	—	2.00%	—	4 years

The variable rate financial assets comprise sterling bank balances that bear interest calculated at the current Bank of England base rate minus 0.75%, index-linked and floating rate UK and EU government bonds. Under normal circumstances, interest rates will not fall below 0%.

The fixed rate financial assets comprise UK and EU government and public sector issues.

The non-interest bearing financial assets largely consist of equities, which do not have maturity dates.

## Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 12. Portfolio Transaction Costs

	Year to 30 <sup>th</sup> April 2013		Year to 30 <sup>th</sup> April 2012	
	£	£	£	£
Analysis of total purchase costs				
Purchases in period before transaction costs		49,142,931		60,827,602
Add: Broker Commissions	81,247		63,922	
Stamp Duty	<u>36,871</u>		<u>32,273</u>	
Total purchase costs		118,118		96,195
Gross purchases total		<u>49,261,049</u>		<u>60,923,797</u>
Analysis of total sales costs				
Gross sales in period before transaction costs		20,254,726		38,629,489
Less: Broker Commissions	(8,900)		(35,834)	
Total sales costs		(8,900)		(35,834)
Total sales net of transaction costs		<u>20,245,826</u>		<u>38,593,655</u>

## DISTRIBUTION TABLE

in pence per unit

for the year to 30<sup>th</sup> April 2013

### INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1<sup>st</sup> May 2012

Group 2 - Units purchased 1<sup>st</sup> May to 31<sup>st</sup> October 2012

	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount paid 31.12.12
Group 1	32.778	3.278	29.500	—	29.500
Group 2	16.662	1.666	14.996	14.504	29.500

### FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1<sup>st</sup> November 2012

Group 2 - Units purchased 1<sup>st</sup> November 2012 to 30<sup>th</sup> April 2013

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount payable 28.06.13
Group 1	Legacy	41.254	4.125	37.129	—	37.129
Group 2	Legacy	38.213	3.821	34.392	2.737	37.129
Group 2	Personal*	12.868	1.287	11.581	25.560	37.141

### DISTRIBUTION SUMMARY

in pence per unit

for the year to 30<sup>th</sup> April 2013

	Year to 30 <sup>th</sup> April 2013 <i>net rate</i>		Year to 30 <sup>th</sup> April 2012 <i>net rate</i>
Unit Class:	Personal*	Legacy	Legacy
Interim paid	—	29.500	28.000
Final payable/paid	<u>37.141</u>	<u>37.129</u>	<u>34.813</u>
	<u>37.141</u>	<u>66.629</u>	<u>62.813</u>

\* The 'Personal' Class of units was created on 1<sup>st</sup> January 2013.





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