



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

EMERGING MARKETS FUND

A pooled management service for private clients

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 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 Emerging Markets Fund (the fund) is an authorised unit trust for investors who wish to have their assets personally managed by McInroy & Wood Limited (MW) and for whom a discretionary managed portfolio may not be appropriate. Investors will gain access, through the fund, to a portfolio which it might well be impracticable for them to assemble themselves.

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

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

The principal investment objective of the fund is to maximise the total return to unitholders, primarily through investments in companies either operating or incorporated in developing countries, 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

MANAGER'S INVESTMENT REPORT

At 31st March 2013 the total net assets of the fund amounted to £49,358,287 compared with £37,549,704 at 31st March 2012. There was a substantial net investment inflow into the fund over the year. At 31st March there were 247 investors (excluding ISA holders), each with an average holding worth £187,317.

Markets

During the year to 31st March 2013 most equity markets gained ground, reflecting slowly improving prospects for global growth. Against this background, emerging markets finished 2012 strongly, but lagged their developed counterparts in the first quarter of 2013 as investors focused on the recovery in mature economies while becoming nervous about the outlook for commodity prices.

As measured by the MSCI Emerging Markets index, emerging markets as a group rose 4% in sterling terms. Asian equities (+7% in local currency), were stronger than those in Latin America (-3% in local currency).

In foreign currency markets, the US dollar and other currencies linked to it rose by 5% against sterling. The Brazilian real and the South African rand fell by 5% and 14% respectively against sterling.

Results

The price of units in the fund at 31st March rose by 15% from the level 12 months ago. The gain reflected the rise in equity markets, amplified by the fund's emphasis on well financed companies with strong market positions. The fund also benefited from the rise in the US dollar and those currencies linked to it.

Dividend Distribution

A final dividend distribution of 23.528p (net) per unit is now being paid to holders of the Personal unit class (23.526p to the Legacy unit class). Total distributions for the year rose by 2.5%. On current estimates, the distribution in respect of the next six months is expected to be little changed from the corresponding payment in 2012.

Portfolio Strategy

The portfolio remains broadly diversified by region and market with continuing exposure to the four main regions within the emerging markets universe, namely Asia, Latin America, Central and Eastern Europe and Africa. Russia has been avoided. At 31st March the regional distribution of the portfolio's investments was Asia 67%

MANAGER'S INVESTMENT REPORT

(56%), Africa 5% (5%), Central and Eastern Europe 2% (4%), Latin America 22% (30%), Canada 1% (2%), and sterling deposits 3% (3%).

Investments

New positions were established in Thai Beverage, a leading southeast Asian producer of beer and spirits, and Telekomunikasi, an Indonesian telecoms operator. Grupo Modelo and Amil Participacoes were sold following takeover bids for both companies.

Of the individual holdings, there were notable gains in Ezion Holdings (+120%), Universal Robina (+80%), Kalbe Farma (+75%) and Manila Water (+72%). By contrast it was a disappointing period for GEO (-62%) and GS Engineering and Construction (-45%). At 31st March there were 60 holdings in the portfolio.

Outlook

The long-term prospects for investment in developing countries remain very attractive, although equity markets will continue to be heavily dependent on overseas investment flows. More immediately, the projected pace of economic expansion has fallen. The IMF estimates that growth in developing economies in 2012 decreased to 5% as China and Brazil in particular slowed. A similar rise is expected in 2013, but this remains significantly below levels reached in the past decade.

The new political leadership in China has to contend with slower growth at a time when the economy needs to be rebalanced towards greater domestic consumption without taking steps that may trigger civil unrest. So far it seems to have taken reasonably sensible steps to maintain a delicate balance between these conflicting demands, but there are medium to longer term concerns for investors, notably in the mushrooming growth of unconventional forms of credit. Prospects for southeast Asia look more promising, particularly in the Philippines which enjoys the advantage of a young population and an improving credit rating. However, even there the valuations of some high quality equities have become somewhat stretched.

Political developments on the Korean peninsula naturally continue to weigh on the Seoul stock market, although South Korea has faced this bellicose pattern of behaviour from the North for nearly 60 years. Moreover the competitiveness of Korean exporters will be severely tested if the Japanese yen continues to remain at current levels.

MANAGER'S INVESTMENT REPORT

Mexico appears to offer particularly appealing investment opportunities. Its new President, Enrique Pena Nieto, has achieved broad support in instigating a series of public and private sector reforms. The country is well placed to benefit from a sustained recovery in the USA, and any improvement in the domestic security situation would be a very positive development. Elsewhere in Latin America, Colombia, the third most populous country in the region, is attracting high levels of inward investment and its equity market rose sharply in 2012 as investors switched funds away from Brazil. The economic situation in the latter does seem to be improving, although it may be hard for GDP growth to regain the levels of the past decade and the country is still beset with relatively high inflation.

The Indian economy looks set to recover strongly this year, and growth is likely to be stimulated in the run up to national elections in 2014. However here too there are concerns that inflation will persist at higher levels reflecting the country's continuing reliance on imported commodities.

Africa is seeing continuing improvements in life expectancy and large parts of the continent are recording strong economic growth, reinforced by increasing foreign investment. However direct equity investment in many areas remains difficult, and political and corporate governance concerns are a considerable challenge for fastidious investors.

Against a backdrop of austerity and deleveraging in the developed world, continuing growth in emerging markets has considerable attractions. In the short term, momentum may take time to recover, but a selection of soundly financed and well run companies with strong domestic exposure should prove rewarding for long-term investors.

20th May 2013

CAPITAL RECORD

Highest and lowest bid and offer prices.

Year	High		Low	
	Legacy	Personal*	Legacy	Personal*
2009	£14.109	–	£7.945	–
2010	£18.083	–	£13.365	–
2011	£18.313	–	£14.509	–
2012	£18.217	–	£15.397	–
2013**	£20.516	£20.532	£18.575	£18.575

** Up to 31st March only

INCOME RECORD

Year (31 st March)	Per unit (net)	
	Legacy	Personal*
2009	22.349p	–
2010	21.621p	–
2011	31.715p	–
2012	36.607p	–
2013	37.526p	23.528p

NET ASSET VALUES

Date	Net asset value of fund	Net asset value per unit	Number of units
31.03.09	£7,993,841	£8.597	929,841
31.03.10	£22,278,979	£15.206	1,465,188
31.03.11	£36,455,801	£17.305	2,106,645
31.03.12	£37,549,704	£16.666	2,253,067
31.03.13 Legacy	£5,517,960	£19.578	281,850
31.03.13 Personal*	£43,840,327	£19.597	2,237,121

ONGOING CHARGES FIGURE

Date	Annualised	
	Legacy	Personal*
31.03.09	1.886%	–
31.03.10	1.704%	–
31.03.11	1.679%	–
31.03.12	1.692%	–
31.03.13	1.685%	1.185%

PORTFOLIO TURNOVER

Date	Annualised
31.03.09	(17%)
31.03.10	(15%)
31.03.11	(1%)
31.03.12	(5%)
31.03.13	2%

* The 'Personal' Class of units was created on 1st January 2013.

PORTFOLIO STATEMENT

as at 31st March 2013

INVESTMENTS	Holding or Nominal Value of position at 31 st March 2013	Bid Market Value £	Percentage of Value of total net assets	
<i>Equities</i>			31 st March 2013	31 st March 2012
BRAZIL				
CEMIG - ADR	83,000	646,356	1.31	
Petrobras - ADR	22,500	245,215	0.50	
Vale Pref - ADR	40,000	434,096	0.88	
Anhanguera Educacional	90,000	952,013	1.93	
Cosan	65,000	954,529	1.92	
Localiza Rent A Car	85,000	996,266	2.02	
Natura Cosméticos	48,000	760,987	1.54	
Weg	120,000	<u>1,014,545</u>	<u>2.06</u>	
		<u>6,004,007</u>	<u>12.16</u>	<u>16.26</u>
CANADA				
Goldcorp	26,000	<u>574,928</u>	<u>1.16</u>	<u>1.95</u>
CHILE				
Andina - ADR	48,000	1,253,354	2.53	
Endesa Chile - ADR	21,000	733,425	1.49	
IAM	600,000	825,826	1.67	
Masisa	4,300,000	<u>283,965</u>	<u>0.58</u>	
		<u>3,096,570</u>	<u>6.27</u>	<u>6.46</u>
CZECH REPUBLIC				
CEZ	16,000	<u>309,434</u>	<u>0.63</u>	<u>1.14</u>
HONG KONG				
Cheung Kong	48,000	465,001	0.94	
China Mobile	130,000	903,802	1.83	
CNOOC	520,000	656,110	1.33	
Hang Lung	300,000	732,916	1.48	
HK & China Gas	439,730	841,553	1.70	
Lianhua Supermarket	780,000	408,197	0.83	
MTR	200,000	522,483	1.06	
Shandong Weigao Group	1,300,000	770,599	1.57	
Shenzhen Expressway	2,650,000	653,019	1.32	
TVB	140,000	696,503	1.41	
Vitasoy	1,500,000	<u>1,102,549</u>	<u>2.24</u>	
		<u>7,752,732</u>	<u>15.71</u>	<u>14.72</u>

PORTFOLIO STATEMENT

as at 31st March 2013

INVESTMENTS	Holding or Nominal Value of position at 31 st March 2013	Bid Market Value £	Percentage of Value of total net assets	
<i>Equities</i>			31 st March 2013	31 st March 2012
INDIA				
ICICI Bank - ADR	25,000	705,406	1.43	
Infosys - ADR	23,000	815,529	1.65	
Larsen & Toubro - GDR	41,000	677,363	1.37	
Mahindra & Mahindra - GDR	65,000	678,473	1.38	
Marico	449,940	1,149,983	2.33	
Future Retail	67,133	114,063	0.23	
		<u>4,140,817</u>	<u>8.39</u>	<u>8.40</u>
INDONESIA				
Kalbe Farma	20,000,000	1,677,476	3.40	
Perusahaan Gas Negara	3,500,000	1,396,769	2.83	
Telekomunikasi Indonesia	700,000	513,727	1.04	
		<u>3,587,972</u>	<u>7.27</u>	<u>4.03</u>
MALAYSIA				
Axiata	157,500	220,818	0.45	
Digi.Com	750,000	737,653	1.49	
Telekom Malaysia	70,000	80,000	0.16	
		<u>1,038,471</u>	<u>2.10</u>	<u>2.24</u>
MEXICO				
America Movil - ADR	42,000	578,453	1.17	
GEO	340,000	134,608	0.27	
Wal-Mart de Mexico	420,000	901,994	1.83	
		<u>1,615,055</u>	<u>3.27</u>	<u>7.12</u>
PHILIPPINES				
Manila Water	2,700,000	1,734,976	3.51	
Universal Robina	1,400,000	2,544,599	5.16	
		<u>4,279,575</u>	<u>8.67</u>	<u>5.83</u>
PORTUGAL				
Jeronimo Martins	76,027	973,243	1.97	2.56
SINGAPORE				
Ezion	1,200,000	1,373,536	2.78	
Keppel	157,300	933,581	1.89	
Singapore Exchange Ltd	172,000	699,995	1.42	
Thai Beverage	3,500,000	1,131,366	2.29	
		<u>4,138,478</u>	<u>8.38</u>	<u>4.01</u>

PORTFOLIO STATEMENT

as at 31st March 2013

INVESTMENTS	Holding or Nominal Value of position at 31 st March 2013	Bid Market Value £	Percentage of Value of total net assets	
<i>Equities</i>			31 st March 2013	31 st March 2012
SOUTH AFRICA				
MTN	75,000	859,333	1.74	
Standard Bank South Africa	23,889	<u>200,912</u>	<u>0.41</u>	
		<u>1,060,245</u>	<u>2.15</u>	<u>2.53</u>
SOUTH KOREA				
GS Engineering & Construction	7,000	228,942	0.46	
LG Household & Healthcare	3,100	1,127,559	2.29	
Lotte Shopping	2,600	628,157	1.27	
POSCO	4,500	<u>866,296</u>	<u>1.76</u>	
		<u>2,850,954</u>	<u>5.78</u>	<u>6.48</u>
TAIWAN				
Chroma Ate	665,000	1,044,540	2.12	
Giant	306,680	<u>1,124,899</u>	<u>2.28</u>	
		<u>2,169,439</u>	<u>4.40</u>	<u>4.23</u>
THAILAND				
CP All	1,400,000	<u>1,445,080</u>	<u>2.93</u>	<u>2.81</u>
UK				
MP Evans	155,965	795,422	1.61	
SABMiller	37,000	1,281,680	2.60	
Standard Chartered	46,000	<u>783,610</u>	<u>1.59</u>	
		<u>2,860,712</u>	<u>5.80</u>	<u>6.35</u>
TOTAL EQUITIES		<u>47,897,712</u>	<u>97.04</u>	<u>97.12</u>
TOTAL INVESTMENTS		47,897,712	97.04	97.12
Net current assets		<u>1,460,575</u>	<u>2.96</u>	<u>2.88</u>
TOTAL NET ASSETS		<u>49,358,287</u>	<u>100.00</u>	<u>100.00</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 year to 31st March 2013

	Cost
Purchases	£
28,000 Amil Participações	190,555
9,800 Andina - ADR	218,946
10,000 Anhanguera Educacional	84,075
29,900 CEMIG - ADR	199,333
14,000 Cheung Kong	114,656
191,916 Chroma Ate	299,291
800,000 CP All (<i>bonus issue</i>)	2,049
1,080,000 Ezion	559,972
137,000 Hang Lung	328,565
230,884 HK & China Gas	376,314
8,000 Infosys - ADR	221,030
16,800,000 Kalbe Farma	210,265
99,940 Marico	213,804
8,000 MTN	104,515
600,000 Perusahaan Gas Negara	150,797
2,000 POSCO	404,340
500,000 Shandong Weigao Group	339,659
700,000 Shenzhen Expressway	186,645
700,000 Telekomunikasi Indonesia	508,998
3,500,000 Thai Beverage	747,928
92,000 TVB	436,996
18,000 Weg	118,560
TOTAL	<u>6,017,293</u>
	Proceeds
Sales	£
138,000 Amil Participações	1,293,342
200,000 CP All	148,585
186,000 Grupo Modelo	1,023,865
– Telekom Malaysia (<i>return of capital</i>)	4,263
TOTAL	<u>2,470,055</u>

GENERAL INFORMATION

Auditors

Unitholders should note that PricewaterhouseCoopers LLP (“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 been incorporated throughout the Report and Financial Statements.

Authorisation

The Emerging Markets 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.

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 0.32% where commission or mark up was involved.

During the period under review DBS Vickers, Santander and Macquarie 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)

1	2	3	4	5	6	7
Lower risk			Higher risk			
Typically lower rewards			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.

The fund has been classed as 6 because its volatility has been measured as above average.

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

STATEMENT OF THE MANAGER'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority (“the Rules”) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the fund and of its net revenue and the net capital gains on the property of the fund for the year. In preparing the financial statements the Manager is required to:

- Select suitable accounting policies and then apply them consistently.
- Comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the IMA in 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 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.

J D S Cumming
Director

J C McAulay
Director

Haddington, 20th May 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. A copy of the Trustee's report is included in this report.

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

20th May 2013

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Unitholders of the McInroy & Wood Emerging Markets Fund

We have audited the financial statements of McInroy & Wood Emerging Markets Fund (the "fund") for the year ended 31st March 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 31st March 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

20th May 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 31st March 2013

		Year to 31 st March 2013		Year to 31 st March 2012	
	Notes	£	£	£	£
Income					
Net capital gains/ (losses)	2		7,882,925		(789,909)
Revenue	3	1,104,841		970,959	
Expenses	4	<u>(698,044)</u>		<u>(613,391)</u>	
Net revenue before taxation		406,797		357,568	
Taxation	5	<u>(107,652)</u>		<u>(94,722)</u>	
Net revenue after taxation			<u>299,145</u>		<u>262,846</u>
Total return before distributions			8,182,070		(527,063)
Finance costs: distributions	6		<u>(918,347)</u>		<u>(807,301)</u>
Change in net assets attributable to unitholders from investment activities			<u>7,263,723</u>		<u>(1,334,364)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31st March 2013

		Year to 31 st March 2013		Year to 31 st March 2012	
		£	£	£	£
Opening net assets attributable to unitholders			37,549,704		36,455,801
Amounts receivable on creation of units		6,038,092		3,563,113	
Amounts payable on cancellation of units		<u>(1,492,930)</u>		<u>(1,134,597)</u>	
			4,545,162		2,428,516
Stamp duty reserve tax			(302)		(249)
Change in net assets attributable to unitholders from investment activities (see above)			<u>7,263,723</u>		<u>(1,334,364)</u>
Closing net assets attributable to unitholders			<u>49,358,287</u>		<u>37,549,704</u>

BALANCE SHEET

as at 31st March 2013

		31 st March 2013		31 st March 2012	
	<i>Notes</i>	£	£	£	£
ASSETS:					
Investment assets			47,897,712		36,468,425
Debtors	7	108,001		85,782	
Cash & bank balances		<u>2,012,113</u>		<u>1,952,064</u>	
Total other assets			<u>2,120,114</u>		<u>2,037,846</u>
Total assets			<u>50,017,826</u>		<u>38,506,271</u>
LIABILITIES:					
Creditors	8		(66,870)		(447,208)
Finance costs: distribution payable			<u>(592,669)</u>		<u>(509,359)</u>
Total liabilities			<u>(659,539)</u>		<u>(956,567)</u>
Net assets attributable to unitholders			<u>49,358,287</u>		<u>37,549,704</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 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 May. An interim distribution based on available revenue is distributed on the last day of November. 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 31 st March 2013	Year to 31 st March 2012
	£	£

2. Net gains/(losses) on investments:

Non-derivative securities*	<u>7,882,925</u>	<u>(789,909)</u>
<i>* includes realised gains on investments sold</i>	<u>1,250,319</u>	<u>121,150</u>

3. Revenue

Dividends on UK investments	42,195	51,542
Dividends on overseas securities	1,062,645	919,414
Interest on bank deposits	<u>1</u>	<u>3</u>
Total revenue	<u>1,104,841</u>	<u>970,959</u>

4. Expenses

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

- Manager's periodic charge	609,294	536,071
- Registrar's fee	10,987	9,528

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

- Trustee's fee	13,515	12,208
- Safe custody fees and activity charges	51,377	45,718

Other expenses

- FCA fee	290	293
- Audit fee	9,612	6,684
- Legal fees	<u>2,969</u>	<u>2,889</u>
Total expenses	<u>698,044</u>	<u>613,391</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

5. Taxation

	Year to 31 st March 2013	Year to 31 st March 2012
	£	£
(a) Analysis of tax charge		
Corporation tax	–	–
Overseas withholding tax	<u>107,652</u>	<u>94,722</u>
Total Taxation	<u>107,652</u>	<u>94,722</u>

(b) Factors affecting the tax charge for the year

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

	Year to 31 st March 2013	Year to 31 st March 2012
	£	£
Net income before taxation	<u>406,797</u>	<u>357,568</u>
Corporation tax at 20%	<u>81,359</u>	<u>71,513</u>
<i>Effects of:</i>		
Revenue not subject to corporation tax	(220,968)	(194,191)
Movement in excess management charges	139,609	122,678
Irrecoverable overseas withholding tax	107,652	94,722
Current tax charge for the year	<u>107,652</u>	<u>94,722</u>

(c) Deferred tax

At the balance sheet date, there is a potential deferred tax asset of £396,575 (2012 - £256,966) 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 31 st Mar. 2013 £	Year to 31 st Mar. 2012 £
Interim	343,082	307,212
Final	<u>592,669</u>	<u>509,359</u>
	<u>935,751</u>	<u>816,571</u>
Add: Income deducted on cancellation of units	11,567	7,015
Deduct: Income received on creation of units	(28,971)	(16,285)
Net distribution for the period	<u>918,347</u>	<u>807,301</u>
Net revenue after taxation	299,145	262,846
Expenses taken to capital	<u>619,202</u>	<u>544,455</u>
Net distribution for the period	<u>918,347</u>	<u>807,301</u>

Details of the distributions per unit are shown in the Distribution Table on page 29.

7. Debtors	31 st Mar. 2013 £	31 st Mar. 2012 £
Income receivable:		
Dividends on overseas securities	106,049	85,594
Overseas withholding tax recoverable	<u>1,952</u>	<u>188</u>
	<u>108,001</u>	<u>85,782</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Creditors	31 st Mar. 2013 £	31 st Mar. 2012 £
Corporation Tax	–	–
Purchases awaiting settlement	–	386,987
Accrued expenses:		
Manager's periodic charge	49,073	47,451
Audit fee	7,080	4,224
Registrar's fee	1,300	795
Trustee's fee	1,317	1,079
Safe custody fee and activity charges	<u>8,100</u>	<u>6,672</u>
	<u>66,870</u>	<u>447,208</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 1.9%.

NOTES TO THE FINANCIAL STATEMENTS

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 29. 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 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 credit or cashflow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk.

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 holds cash on deposit. Changes in interest rates may have an adverse effect on the value of such 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.

The currency and interest rate profile of portfolio investments at 31st March was:

Interest rate profile

	Floating rate (Cash) £	Non interest bearing (Equities/Other) £	Total £	Total %
2013				
Brazilian Real		6,004,007	6,004,007	12.2
Chilean Peso		3,096,570	3,096,570	6.3
Czech Koruna		309,434	309,434	0.6
Euro		973,243	973,243	2.0
Hong Kong Dollar		7,752,732	7,752,732	15.7
Indian Rupee		4,140,817	4,140,817	8.4
Indonesian Rupiah		3,587,972	3,587,972	7.3
Malaysian Ringgit		1,038,471	1,038,471	2.1
Mexican Peso		1,615,055	1,615,055	3.3
Philippines Peso		4,279,575	4,279,575	8.7
Singapore Dollar		4,138,478	4,138,478	8.4
South African Rand		1,060,245	1,060,245	2.1
South Korean Won		2,850,954	2,850,954	5.8
Taiwan Dollar	15,774	2,169,439	2,185,213	4.4
Thai Baht		1,445,080	1,445,080	2.9
UK Sterling	1,996,339	2,309,174	4,305,513	8.7
US Dollar		574,928	574,928	1.2
	<u>2,012,113</u>	<u>47,346,174</u>	<u>49,358,287</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

Interest rate profile

	Floating rate (Cash) £	Non interest bearing (Equities/Other) £	Total £	Total %
2012				
Brazilian Real		6,103,619	6,103,619	16.3
Chilean Peso		2,429,957	2,429,957	6.5
Czech Koruna		428,246	428,246	1.1
Euro		962,768	962,768	2.6
Hong Kong Dollar		5,524,730	5,524,730	14.7
Indian Rupee		3,156,383	3,156,383	8.4
Indonesian Rupiah		1,511,462	1,511,462	4.0
Malaysian Ringgit		843,152	843,152	2.2
Mexican Peso		2,673,036	2,673,036	7.1
Philippines Peso		2,189,308	2,189,308	5.8
Singapore Dollar		1,503,928	1,503,928	4.0
South African Rand		948,920	948,920	2.5
South Korean Won		2,430,182	2,430,182	6.5
Taiwan Dollar	118,191	1,588,695	1,706,886	4.5
Thai Baht		1,055,804	1,055,804	2.8
UK Sterling	1,833,873	1,515,794	3,349,667	8.9
US Dollar		731,656	731,656	1.9
	<u>1,952,064</u>	<u>35,597,640</u>	<u>37,549,704</u>	<u>100.0</u>

Currency profile

	Monetary (Cash/Other assets) £	Non-monetary (Securities) £	Total £	Total %
2013				
Brazilian Real		6,004,007	6,004,007	12.2
Chilean Peso		3,096,570	3,096,570	6.3
Czech Koruna		309,434	309,434	0.6
Euro		973,243	973,243	2.0
Hong Kong Dollar		7,752,732	7,752,732	15.7
Indian Rupee		4,140,817	4,140,817	8.4
Indonesian Rupiah		3,587,972	3,587,972	7.3
Malaysian Ringgit		1,038,471	1,038,471	2.1
Mexican Peso		1,615,055	1,615,055	3.3
Philippines Peso		4,279,575	4,279,575	8.7
Singapore Dollar		4,138,478	4,138,478	8.4
South African Rand		1,060,245	1,060,245	2.1
South Korean Won		2,850,954	2,850,954	5.8
Taiwan Dollar	15,774	2,169,439	2,185,213	4.4
Thai Baht		1,445,080	1,445,080	2.9
UK Sterling	1,444,801	2,860,712	4,305,513	8.7
US Dollar		574,928	574,928	1.2
	<u>1,460,575</u>	<u>47,897,712</u>	<u>49,358,287</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

Currency profile

	Monetary (Cash/Other assets) £	Non-monetary (Securities) £	Total £	Total %
2012				
Brazilian Real		6,103,619	6,103,619	16.3
Chilean Peso		2,429,957	2,429,957	6.5
Czech Koruna		428,246	428,246	1.1
Euro		962,768	962,768	2.6
Hong Kong Dollar		5,524,730	5,524,730	14.7
Indian Rupee		3,156,383	3,156,383	8.4
Indonesian Rupiah		1,511,462	1,511,462	4.0
Malaysian Ringgit		843,152	843,152	2.2
Mexican Peso		2,673,036	2,673,036	7.1
Philippines Peso		2,189,308	2,189,308	5.8
Singapore Dollar		1,503,928	1,503,928	4.0
South African Rand		948,920	948,920	2.5
South Korean Won		2,430,182	2,430,182	6.5
Taiwan Dollar	118,191	1,588,695	1,706,886	4.5
Thai Baht		1,055,804	1,055,804	2.8
UK Sterling	963,088	2,386,579	3,349,667	8.9
US Dollar		731,656	731,656	1.9
	<u>1,081,279</u>	<u>36,468,425</u>	<u>37,549,704</u>	<u>100.0</u>

The variable-rate financial assets comprise sterling bank balances that bear interest calculated at the current Bank of England base rate less 0.75%. Under normal circumstances, interest rates will not fall below 0%. Taiwan dollar balances bear interest at the local market rate.

There were no fixed rate financial assets held during the year.

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 ended 31 st March 2013
Analysis of total purchase costs	£
Purchases in period before transaction costs	5,998,874
Add: Broker Commissions	18,418
Stamp Duty	<u>—</u>
Total purchase costs	18,418
Gross purchases total	<u>6,017,292</u>
Analysis of total sales costs	
Gross sales in period before transaction costs	2,478,716
Less: Broker Commissions	<u>(8,661)</u>
Total sales costs	(8,661)
Total sales net of transaction costs	<u>2,470,055</u>

DISTRIBUTION TABLE

in pence per unit
for the year to 31st March 2013

INTERIM DISTRIBUTION

Group 1 - Units purchased prior to 1st April 2012

Group 2 - Units purchased 1st April to 30th September 2012

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount paid 30.11.12
Group 1	Legacy	15.556	1.556	14.000	–	14.000
Group 2	Legacy	9.767	0.977	8.790	5.210	14.000

FINAL DISTRIBUTION

Group 1 - Units purchased prior to 1st October 2012

Group 2 - Units purchased 1st October 2012 to 31st March 2013

	Unit Class	Gross income	Tax credit @ 10%	Net income	Equalisation	Amount payable 31.05.13
Group 1	Legacy	26.140	2.614	23.526	–	23.526
Group 2	Legacy	16.848	1.685	15.163	8.363	23.526
Group 2	Personal*	2.187	0.219	1.968	21.560	23.528

DISTRIBUTION SUMMARY

in pence per unit
for the year to 31st March 2013

	Year to 31 st March 2013 <i>net rate</i>		Year to 31 st March 2012 <i>net rate</i>
Unit Class:	Personal*	Legacy	Legacy
Interim paid	–	14.000	14.000
Final payable/paid	<u>23.528</u>	<u>23.526</u>	<u>22.607</u>
	<u>23.528</u>	<u>37.526</u>	<u>36.607</u>

* The 'Personal' Class of units was created on 1st January 2013.

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