

CAPITA

TROY
ASSET MANAGEMENT



Trojan Investment Funds

Annual Report and Financial Statements
31 January 2016

Trojan Fund
Trojan Ethical Income Fund
Trojan Global Equity Fund
(formerly Trojan Capital Fund)
Trojan Income Fund
Crystal Fund
Spectrum Fund
Spectrum Income Fund

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ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

AUTHORISED STATUS

Trojan Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000280 and authorised by the Financial Conduct Authority with effect from 14 November 2003. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

The Company is a UCITS scheme and the base currency of the Company and each sub-fund is Pounds Sterling.

IMPORTANT INFORMATION

With effect from 1 February 2015 the periodic fee paid to the Depositary of the Company was decreased to 0.03% for the first £100 million of the value of the scheme property of each sub-fund, 0.0175% for the next £50 million and 0.01% for the balance thereafter, subject to a minimum of £5,000 per annum plus VAT.

With effect from 16 March 2015 the name of the Trojan Capital Fund changed to Trojan Global Equity Fund.

From 1 April 2015 the prices of all shares are now published on the Capita Asset Services website www.capitafinancial.com. The prices of shares may also be obtained by calling 0345 608 0950 during the ACD's normal business hours.

On 27 April 2015 a new sub-fund, the Spectrum Income Fund, was launched. Further details on this sub-fund are available in the latest scheme Prospectus.

With effect from 5 May 2015 the manner in which the registration fee has been charged has been amended from a per shareholder basis to a charge equal to 0.03% of the net asset value of each sub-fund of the Company. The revised charge is subject to a minimum of £1,500 per annum and a maximum of £100,000 per annum.

With effect from 11 May 2015 a discretionary dilution levy of up to 0.5% may be charged on the purchase and redemption of shares for the Trojan Fund, the Trojan Global Equity Fund, the Trojan Income Fund, the Spectrum Fund and the Spectrum Income Fund.

From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee in respect of Class 'O' shares issued by Spectrum Fund and Spectrum Income Fund, and the 'I' shares issued by Spectrum Fund with a view that the future Ongoing Charges Figures of 1.5% and 2% respectively are not exceeded.

On 6 January 2016 a new sub-fund, the Trojan Ethical Income Fund, was launched. Further details on this sub-fund are available in the latest scheme Prospectus.

With effect from 25 April 2016, shares of the sub-funds of the Company are permitted to be distributed in Switzerland.

Note that the customer services and dealing line has now changed from 0845 608 0950 to 0345 608 0950.

CROSS HOLDINGS

No sub-funds had holdings in any other sub-fund of the Company at the end of the year.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Trojan Investment Funds

3 May 2016

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

P. HUGH-SMITH

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Investment Funds
3 May 2016

STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland with early application of Amendments to FRS 102 – Fair value hierarchy disclosures, issued in March 2016.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended (the 'OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 31 JANUARY 2016

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and the Prospectus of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of Trojan Investment Funds
3 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TROJAN INVESTMENT FUNDS

We have audited the financial statements of Trojan Investment Funds ('the Company') for the year ended 31 January 2016 which comprise the accounting policies of the Company, Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Company's sub-funds.

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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE AUTHORISED CORPORATE DIRECTOR (ACD) AND AUDITOR

As explained more fully in the ACD's responsibilities statement set out on page 10, the ACD 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.

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 Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the ACD; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 January 2016 and of the net revenue and the net capital gains and losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

OPINION ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

ERNST & YOUNG LLP

Statutory Auditor

London

3 May 2016

The principal accounting policies, which have been applied to the financial statements of the sub-funds in both the current and prior year, are set out below. These have been applied consistently across all sub-funds unless otherwise stated in the Notes to the Financial Statements of each sub-fund.

(a) *Basis of accounting*

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland including early application of Amendments to FRS 102 – Fair value hierarchy disclosures, issued in March 2016. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014. Previously, the requirements of the SORP issued by the IA in October 2010 were applied; there are no changes to the financial statements of the sub-funds on adoption of the new SORP, other than minor presentational amendments and additional disclosures in notes 11 to 14.

(b) *Recognition of revenue*

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Revenue on debt securities is accounted for on an effective yield basis.

Premiums received in respect of written call options, where the express purpose is to generate extra revenue, are recognised as revenue on receipt.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Interest on bank and other cash deposits is recognised on an accruals basis.

(c) *Treatment of stock and special dividends*

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

(d) *Treatment of expenses*

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue.

(d) *Treatment of expenses (continued)*

Expenses incurred by tax transparent funds are recognised when the information is made available by the Reporting Fund.

(e) *Allocation of revenue and expenses to multiple share classes and sub-funds*

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(f) *Taxation*

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

(g) *Distribution policy*

Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

(h) *Basis of valuation of investments*

All investments are valued at their fair value as at 12.00 noon on 29 January 2016, being the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

(i) *Exchange rates*

The base and functional currency of the sub-funds is Pounds Sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at 12.00 noon on the last business day of the financial year.

(j) *Dilution levy*

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; where a sub-fund is experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

(k) *Portfolio transaction costs*

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Debt security investments have no separately identifiable transaction costs as they form part of the dealing spread. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs' disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

TROJAN FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trojan Fund ('the Fund') is to achieve growth in capital and income in real terms over the longer term. The Fund's policy is to invest substantially in UK and overseas equities and fixed interest securities, but may also invest in collective investment schemes and money market instruments.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Fund
3 May 2016

TROJAN FUND

ACD's Report (continued)

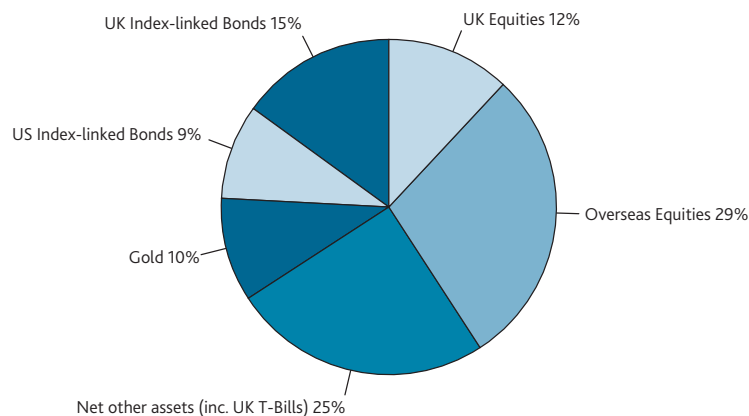
For the year ended 31 January 2016

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2016, the Fund produced a total return of +1.7% compared to a return of +0.4%* in the LIBID Index (total return) and -4.6%* in the FTSE All-Share Index (total return).

ASSET ALLOCATION AS AT 31 JANUARY 2016



MARKET REVIEW

In December, after another year of apparent indecisiveness, the Federal Reserve ('the Fed') decided to raise US interest rates for the first time since 2006. Given deteriorating global economic fundamentals, it seems a strange time to be tightening monetary policy and, with hindsight, the Fed's decision may prove too little too late. There is little prospect of interest rate rises elsewhere in the world and we would not be surprised to see the Fed's decision reversed in 2016. Negative nominal interest rates and a fourth round of quantitative easing may be on the menu before the year ends – a policy reversal which would lead to a weaker US dollar and the potential loss of credibility for central banks.

The past two years have been boring at the headline market level, but 2016 has been anything but dull. Stock markets have had the worst start to the year for decades. Much of this shift has been blamed on the weakening Chinese economy and currency and the (not unrelated) fall in the oil price. But there is more to it than that. The fall in oil has led to tighter monetary conditions for many, pushing the US dollar higher. For years a weak dollar has provided a tide of liquidity that has buoyed asset prices and economic activity. Now that tide of liquidity is reversing and has become a tide of tightening for those that have dollar debt obligations. World trade has collapsed to near 2008 levels and corporate profitability has fallen, which is evident from the pressures on cash flows. Corporate bond yields have been rising, especially in High Yield Bonds, as financial conditions deteriorate. Market action underlines the point that normalising interest rates looks an unachievable target for the Fed.

* Source: Lipper as at 31 January 2016, bid to bid basis, net income reinvested at ex-dividend date, sterling terms. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

Headline market moves also disguise the bifurcation of the market. The decade-long overinvestment in natural resources has proven, with hindsight, to have been a bubble that has now spectacularly burst. Companies involved in extracting natural resources have been subject to a vicious bear market. In contrast to this, companies selling staples to western consumers have enjoyed an equally notable bull run. We have largely avoided the carnage of the energy and metals crash and have benefitted from the relentless rerating upwards of consumer staple stocks. Both these trends cannot and will not go on forever. We will have to endure both absolute and relative pain when these remarkable trends reverse.

PORTFOLIO

We look for investments that we see as having not too much risk, but the scope for plenty of reward. Today, the two most important asset classes – bonds and equities – possess the opposite qualities, a great deal of potential risk for little deserved reward. When both bonds and equities are expensive, the very long duration of stocks makes them particularly vulnerable to pernicious drawdowns. The portfolio is unsurprisingly defensively positioned with a greater emphasis on return of capital than return on capital. In a world of scarce earnings growth, the market has become impatient. Investors have rushed to pay huge premiums for revenue growth and earnings dependability. Our stance has instead been one of purposeful inactivity. We are waiting for the companies we like to trade at valuations we like. As a reminder, we have a bias towards businesses that enjoy strong and predictable cash generation; demonstrate sustainably high returns on capital; and possess easy-to-understand growth opportunities. The few portfolio changes that were made were more tactical than strategic in nature.

Growing fears that the last decade of impressive emerging market economic growth is over, combined with blossoming hope that a fall in gas prices will support US disposable incomes have powerfully combined to boost the stock prices of US consumer staple companies that predominantly serve the domestic market. We therefore elected to reduce the Fund's holdings of Altria Group, Dr Pepper Snapple Group and Reynolds American on record price-to-earnings multiples. The share price strength of the domestic US tobacco companies has been in stark contrast to the two international behemoths, Philip Morris International ('PMI') and British American Tobacco ('BAT'). These businesses have wonderful emerging market franchises and so their resilient operating power is being somewhat obfuscated by overseas currency weakness. The long-term growth profile of PMI and BAT looks better than that of either Altria Group or Reynolds American, yet the valuations of the former are more modest. We therefore increased the Fund's holdings of both PMI and BAT. BAT also owns 42% of Reynolds American so this holding effectively gives us a discounted way of owning Reynolds American.

Persistent stock price weakness in American Express Company also allowed us to add to our one financial holding. American Express Company is finding corporate life tougher as competitor credit card issuers, finally restored to health, compete more vigorously for affluent Americans' share of wallet. We believe the 'American Express' brand is strong enough to ensure the company's growth will remain attractive and the Fund's economic interest in this unique financial franchise will grow thanks to the Board's commitment to large and sensibly priced share repurchases. In contrast, the decision by the board of Becton, Dickinson and Company to sanction an expensive acquisition at the expense of a buyback programme and a pristine balance sheet encouraged us to take profits from this longstanding holding.

We also further reduced the Fund's interest in Microsoft Corporation on valuation concerns. Microsoft's earnings per share have been stagnant for a number of years, but its share price has raced ahead meaning there is little margin for future disappointment. Coincidentally, we also

TROJAN FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

PORTFOLIO (continued)

reduced the holding of the Fund's other technology investment, Sage Group. For years Sage Group has been perceived to be a low growth, lumbering technological relic, but a remarkable turnaround in investor perceptions has seen it become one of the FTSE's most richly valued constituents.

We disposed of the holding of Newcrest Mining in its entirety. Subsequent to our initial investment, Newcrest's management decided to launch a hostile bid for Lihir Mining. Hindsight has proved that they overpaid for the business and Newcrest is unlikely to make a cumulative positive return on this ill-gotten venture. The resulting balance sheet is over-indebted and more capital needs to be sunk into Lihir and other mines to replace extracted ounces of gold. We prefer to hold companies that pay us to own them and we could have been waiting years before a dividend cheque lands on the doormat. We also reduced the holdings in Better Capital 2012. This has been a disappointing investment as the manager has proven to be overconfident and too stretched. We take some solace in the knowledge that the holdings were only ever an immaterial percentage of net asset value.

Finally, during the summer sell off we acquired a new holding in Procter & Gamble Company ('P&G'), which was trading on a dividend yield of 3.8%, the highest since the late 1980s. P&G has underperformed its peers in recent years but is undergoing a major reorganisation, divesting non-core brands and cutting excess costs. P&G owns an enviable portfolio of household brands including Pampers, Pantene, Gillette and Fairy. Its 59 years of consecutive dividend growth and \$10 billion of reliable free cash flow fits our more discerning investment criteria.

OUTLOOK

Zero interest rates intendedly pull and unintendedly push. They are designed to pull forward in time the consumption of goods and accelerate asset price returns. Central banks have certainly had unquestionable success with the latter and only qualified success with the former. However, the unintended consequences of zero interest rates are beginning to reveal themselves. Zero interest rates have unintentionally pushed inflation backward in time. Low interest rates force many savers to actually defer consumption as they have to save even more to maintain prevailing interest income. Low interest rates also allow the marginal and inefficient incumbent producers to struggle on, whilst emboldening new entrants and disrupters to enter the competitive field. Zero interest rates reduce the rate of return hurdle for corporations. Industry disruptors like Amazon.com, Uber and Airbnb are able to invest aggressively as financial markets are willing to accept very low short-term rates of return. The combined result is insufficient demand facing excess supply. The drip of zero interest rates has been a placebo for demand; saline for the over-borrowed and ecstasy for the ambitious. The loose monetary policy forced upon the world by central bankers to fight deflation has, in fact contributed to it.

If zero interest rates stretch the imagination then negative interest rates blow the mind. But interest rates in many parts of the world have breached the zero bound. Logically, interest rates should always be positive. People should prefer a euro or a dollar today to something less than a euro or a dollar in the future. Negative interest rates are a tax on cash and savers can literally avoid negative interest rates by sticking their savings under the mattress... or better still swapping it for gold. We are worried that central bankers rather than accepting that their past prescriptions have been the wrong response will instead reach out for even more unorthodox 'solutions'. Respected commentators are increasingly calling on central banks to fund fiscal splurges. The strategist, James Montier of GMO, says "this sounds a little like Rumpelstiltskin spinning straw into gold" and it is.

In an environment of near universally overvalued asset markets it is likely to be easier to navigate the post-market falls than to avoid the falls themselves. This is because with both equities and bonds looking vulnerable, traditional asset diversification may not protect to the same extent that it has in the past.

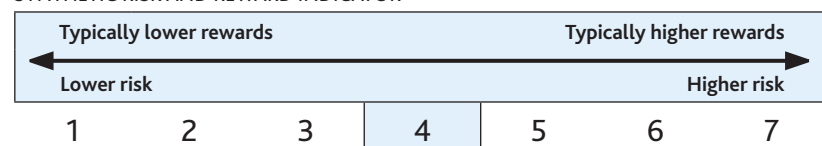
2016 will hopefully present the long-awaited opportunity to exploit equity market declines. Yet for the time being we remain circumspect. There are indications that corporate profitability has peaked for this cycle, along with ultra-low corporate financing costs which have supported dividends and share buybacks. There remains a chasm between the prices of individual stocks that we would wish to own and our own appraisal of their fair values. Thankfully that chasm has begun to close and we look forward to making the step towards being more fully invested in equities.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

22 February 2016

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

COMPARATIVE TABLES

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	215.81	192.91	206.84
Return before operating charges*	5.73	26.25	(10.43)
Operating charges	(2.25)	(2.17)	(2.17)
Return after operating charges	3.48	24.08	(12.60)
Distributions on income shares	(0.96)	(1.18)	(1.33)
Closing net asset value per share	218.33	215.81	192.91
* after direct transaction costs	0.03	0.03	0.06
Performance			
Return after charges	1.61%	12.48%	(6.09)%
Other Information			
Closing net asset value (£'000)	993,387	931,135	815,816
Closing number of shares	454,988,441	431,459,461	422,901,754
Operating charges	1.05%	1.06%	1.07%
Direct transaction costs	0.01%	0.01%	0.03%
Prices			
Highest share price	218.90	219.54	214.17
Lowest share price	204.75	192.36	193.57

TROJAN FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	259.30	230.45	245.45
Return before operating charges*	6.94	31.44	(12.42)
Operating charges	(2.71)	(2.59)	(2.58)
Return after operating charges	4.23	28.85	(15.00)
Closing net asset value per share	263.53	259.30	230.45
Retained distributions on accumulation shares	1.16	1.41	1.58
* after direct transaction costs	0.03	0.03	0.08
Performance			
Return after charges	1.63%	12.52%	(6.11)%
Other Information			
Closing net asset value (£'000)	913,015	819,541	672,465
Closing number of shares	346,456,587	316,053,423	291,799,000
Operating charges	1.05%	1.06%	1.07%
Direct transaction costs	0.01%	0.01%	0.03%
Prices			
Highest share price	263.86	263.47	254.16
Lowest share price	246.81	229.84	230.72

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	215.18	192.61	206.56
Return before operating charges*	5.70	26.17	(10.37)
Operating charges	(3.30)	(3.18)	(3.20)
Return after operating charges	2.40	22.99	(13.57)
Distributions on income shares	(0.15)	(0.42)	(0.38)
Closing net asset value per share	217.43	215.18	192.61
* after direct transaction costs	0.03	0.03	0.06
Performance			
Return after charges	1.12%	11.94%	(6.57)%
Other Information			
Closing net asset value (£'000)	44,110	52,393	64,375
Closing number of shares	20,286,562	24,348,146	33,423,370
Operating charges	1.55%	1.56%	1.57%
Direct transaction costs	0.01%	0.01%	0.03%
Prices			
Highest share price	217.71	218.67	213.70
Lowest share price	204.08	192.08	192.83

TROJAN FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	250.64	223.87	239.64
Return before operating charges*	6.62	30.47	(12.08)
Operating charges	(3.85)	(3.70)	(3.69)
Return after operating charges	2.77	26.77	(15.77)
Closing net asset value per share	253.41	250.64	223.87
Retained distributions on accumulation shares	0.17	0.49	0.44
* after direct transaction costs	0.03	0.03	0.07

Performance

Return after charges	1.11%	11.96%	(6.58)%
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Other Information

Closing net asset value (£'000)	171,951	260,781	359,773
Closing number of shares	67,855,755	104,045,339	160,704,220
Operating charges	1.55%	1.56%	1.57%
Direct transaction costs	0.01%	0.01%	0.03%

Prices

Highest share price	253.73	254.70	247.93
Lowest share price	237.85	223.27	224.13

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	215.97	193.04	206.99
Return before operating charges*	5.75	26.28	(10.44)
Operating charges	(1.72)	(1.66)	(1.67)
Return after operating charges	4.03	24.62	(12.11)
Distributions on income shares	(1.50)	(1.69)	(1.84)
Closing net asset value per share	218.50	215.97	193.04
* after direct transaction costs	0.03	0.03	0.06

Performance

Return after charges	1.87%	12.75%	(5.85)%
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Other Information

Closing net asset value (£'000)	275,078	270,954	248,096
Closing number of shares	125,896,087	125,460,276	128,520,585
Operating charges	0.80%	0.81%	0.82%
Direct transaction costs	0.01%	0.01%	0.03%

Prices

Highest share price	219.33	219.96	214.42
Lowest share price	204.94	192.49	193.95

TROJAN FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	264.52	234.50	249.14
Return before operating charges*	7.08	32.05	(12.63)
Operating charges	(2.11)	(2.03)	(2.01)
Return after operating charges	4.97	30.02	(14.64)
Closing net asset value per share	269.49	264.52	234.50
Retained distributions on accumulation shares	1.84	2.06	2.22
* after direct transaction costs	0.03	0.03	0.08
Performance			
Return after charges	1.88%	12.80%	(5.88)%
Other Information			
Closing net asset value (£'000)	53,872	72,267	59,102
Closing number of shares	19,990,263	27,320,197	25,203,456
Operating charges	0.80%	0.81%	0.82%
Direct transaction costs	0.01%	0.01%	0.03%
Prices			
Highest share price	269.82	268.76	258.08
Lowest share price	252.13	233.88	234.77

'Z' Income shares (this class is only available for investment by the Trojan Feeder Fund (Ireland))

	31.01.16 (p/share)	31.01.15 ¹ (p/share)
Change in net assets per share		
Opening net asset value per share	105.99	100.00
Return before operating charges*	2.84	6.72
Operating charges	(0.06)	(0.03)
Return after operating charges	2.78	6.69
Distributions on income shares	(1.53)	(0.70)
Closing net asset value per share	107.24	105.99
* after direct transaction costs	0.01	0.01
Performance		
Return after charges	2.62%	6.69%
Other Information		
Closing net asset value (£'000)	131,943	124,689
Closing number of shares	123,038,218	117,642,277
Operating charges	0.05%	0.06% ²
Direct transaction costs	0.01%	0.01% ²
Prices		
Highest share price	108.04	108.30
Lowest share price	100.63	98.43

¹ From 23 June 2014.

² Annualised figure due to share class launched less than 1 year.

TROJAN FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 ¹ (p/share)
'Z' Accumulation shares <i>(this class is only available for investment by the Trojan Feeder Fund (Ireland))</i>		
Change in net assets per share		
Opening net asset value per share	106.68	100.00
Return before operating charges*	2.96	6.72
Operating charges	(0.06)	(0.04)
Return after operating charges	2.90	6.68
Closing net asset value per share	109.58	106.68
Retained distributions on accumulation shares	1.65	0.69
* after direct transaction costs	0.01	0.01
Performance		
Return after charges	2.72%	6.68%
Other Information		
Closing net asset value (£'000)	–	–
Closing number of shares	250	250
Operating charges	0.05%	0.06% ²
Direct transaction costs	0.01%	0.01% ²
Prices		
Highest share price	109.60	108.36
Lowest share price	102.12	98.50

¹ From 23 June 2014.

² Annualised figure due to share class launched less than 1 year.

FUND PERFORMANCE TO 31 JANUARY 2016 (%)

	1 year	3 years	5 years
Trojan Fund	1.68	7.03	25.74

The performance of the Fund is based on the published price per 'O' income share with income reinvested.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 50 to 52.

TROJAN FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	DEBT SECURITIES – 42.55% (31.01.15 – 39.23%)		
£89,000,000	Treasury 0% 22.02.16	88,975	3.44
£125,000,000	Treasury 0% 29.02.16	124,812	4.83
£130,000,000	Treasury 0% 25.04.16	129,727	5.02
£130,000,000	Treasury 0% 25.07.16	129,648	5.02
£106,498,500	Treasury 0.125% index-linked 2024	123,505	4.78
£90,447,000	Treasury 1.875% index-linked 2022	137,464	5.32
£33,604,000	Treasury 2.5% index-linked 2020	120,776	4.68
US\$235,616,000	US Treasury 0.125% Inflation Protected Securities 2022	170,652	6.61
US\$97,562,000	US Treasury 0.625% Inflation Protected Securities 2021	73,608	2.85
	TOTAL DEBT SECURITIES	1,099,167	42.55
	EQUITIES – 41.53% (31.01.15 – 41.41%)		
	UNITED KINGDOM – 12.33% (31.01.15 – 12.52%)		
9,354,011	Better Capital 2009	7,109	0.27
16,825,000	Better Capital 2012	6,646	0.26
3,124,977	British American Tobacco	120,327	4.66
1,653,368	Diageo	30,943	1.20
2,591,613	GlaxoSmithKline	36,892	1.43
1,784,852	Mithras Investment Trust	2,517	0.10
12,119,734	Sage Group (The)	74,052	2.86
1,321,000	Unilever	39,993	1.55
	TOTAL UNITED KINGDOM	318,479	12.33
	CONTINENTAL EUROPE – 1.54% (31.01.15 – 1.57%)		
780,600	Nestlé	39,890	1.54
	AUSTRALIA – 0.00% (31.01.15 – 0.81%)		
	NORTH AMERICA – 27.66% (31.01.15 – 26.51%)		
1,031,300	Agnico-Eagle Mines	20,828	0.81
1,773,764	Altria Group	73,927	2.86
800,000	American Express Company	29,562	1.14
500,000	Becton, Dickinson and Company	49,703	1.92
340	Berkshire Hathaway	45,100	1.75

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	NORTH AMERICA – 27.66% (31.01.15 – 26.51%) (continued)		
2,384,500	Coca-Cola Company (The)	70,944	2.75
907,000	Colgate-Palmolive Company	41,219	1.60
880,000	Dr Pepper Snapple Group	56,627	2.19
2,907,808	Imperial Oil	61,959	2.40
2,400,000	Microsoft Corporation	87,326	3.38
1,500,000	Philip Morris International	93,387	3.61
530,000	Procter & Gamble Company (The)	29,573	1.14
1,604,456	Reynolds American	54,421	2.11
	TOTAL NORTH AMERICA	714,576	27.66
	TOTAL EQUITIES	1,072,945	41.53
	COMMODITIES – 10.24% (31.01.15 – 11.31%)		
129,531	BlackRock Gold and General*	729	0.03
814,850	ETFS Physical Swiss Gold*	61,828	2.39
2,726,600	Gold Bullion Securities*	201,966	7.82
	TOTAL COMMODITIES	264,523	10.24
	FORWARD CURRENCY CONTRACTS – (0.99)% (31.01.15 – (0.71)%)		
US\$(874,265,000)	Vs £585,470,143 (expiry 21.03.16)	(25,640)	(0.99)
	Portfolio of investments#	2,410,995	93.33
	Net other assets	172,361	6.67
	Net assets	2,583,356	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.

Includes investment liabilities.

TROJAN FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2016

Total purchases for the year £'000 (note 13) 246,680

Purchases	Cost £'000
Treasury 2% 22.01.16	175,177
Philip Morris International	29,101
Procter & Gamble Company (The)	23,706
American Express Company	15,088
British American Tobacco	3,608

In addition to above, purchases of £1,496,626 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) 300,828

Sales	Proceeds £'000
Treasury 2% 22.01.16	174,000
Dr Pepper Snapple Group	31,941
Reynolds American	27,458
Microsoft Corporation	22,088
Newcrest Mining	20,692
Becton, Dickinson and Company	8,637
Sage Group (The)	7,466
Altria Group	5,012
Better Capital 2012	2,949
Mithras Investment Trust	585

In addition to above, sales of £1,387,533 thousand were made in short term investments during the year.

The summary of material portfolio changes represents all of the purchases and sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	£'000	31.01.16 £'000	31.01.15 £'000
Income:				
Net capital gains	2		28,558	261,659
Revenue	3	39,648		39,528
Expenses	4	(24,889)		(24,186)
Net revenue before taxation		14,759		15,342
Taxation	5	(2,401)		(2,385)
Net revenue after taxation			12,358	12,957
Total return before distributions			40,916	274,616
Distributions	6		(12,645)	(13,418)
Change in net assets attributable to shareholders from investment activities			28,271	261,198

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 JANUARY 2016

	£'000	31.01.16 £'000	31.01.15 £'000
Opening net assets attributable to shareholders		2,531,761	2,219,627
Amounts receivable on issue of shares	220,814		272,742
Amounts payable on cancellation of shares	(202,129)		(227,298)
		18,685	45,444
Stamp duty reserve tax, net of refund		-	79
Change in net assets attributable to shareholders from investment activities		28,271	261,198
Retained distributions on Accumulation shares		4,639	5,413
Closing net assets attributable to shareholders		2,583,356	2,531,761

TROJAN FUND
Financial Statements (continued)
BALANCE SHEET
AS AT 31 JANUARY 2016

	Notes	31.01.16 £'000	31.01.15 £'000
ASSETS			
Fixed assets			
Investments		2,436,635	2,327,876
Current assets			
Debtors	7	13,783	11,067
Cash and bank balances		168,754	249,724
Total assets		<u>2,619,172</u>	<u>2,588,667</u>
LIABILITIES			
Investment liabilities			
		(25,640)	(17,966)
Creditors			
Bank overdrafts		–	(1,481)
Distribution payable		(2,850)	(2,506)
Other creditors	8	(7,326)	(34,953)
Total liabilities		<u>(35,816)</u>	<u>(56,906)</u>
Net assets attributable to shareholders		<u>2,583,356</u>	<u>2,531,761</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.16 £'000	31.01.15 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	52,844	297,100
Forward currency contracts	(16,343)	(35,946)
Transaction charges	(1)	–
AMC rebates from underlying investments	205	69
Currency (losses)/gains	(8,147)	436
Net capital gains	<u>28,558</u>	<u>261,659</u>
3. REVENUE		
Non-taxable dividends	29,771	28,490
Unfranked interest	9,640	10,828
Bank interest	237	210
Total revenue	<u>39,648</u>	<u>39,528</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	24,346	23,647
Legal and professional fees	18	20
Printing costs	8	9
Registration fees	85	61
	24,457	23,737
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	332	318
Safe custody and other bank charges	78	100
	410	418

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	9	9
– tax services	3	3
Publication costs	8	8
Legal and professional fees	–	3
Postage and distribution costs	2	8
	22	31
Total expenses	<u>24,889</u>	<u>24,186</u>

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.01.16 £'000	31.01.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	2,401	2,385
Current tax charge	2,401	2,385
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>2,401</u>	<u>2,385</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.15 : 20%). The difference is explained below.

	31.01.16 £'000	31.01.15 £'000
Net revenue before taxation	14,759	15,342
Corporation tax at 20%	2,952	3,068

	31.01.16 £'000	31.01.15 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(5,954)	(5,698)
RPI movement on UK index-linked gilts	(1,035)	(782)
AMC rebates taken to capital	41	14
Unutilised excess management expenses	3,996	3,398
Corporation tax charge	–	–
Overseas tax	2,401	2,385
Total tax charge (note 5a)	<u>2,401</u>	<u>2,385</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £16,753 thousand (31.01.15 : £12,757 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.01.16 £'000	31.01.15 £'000
Interim	8,536	9,758
Final	4,198	3,670
	12,734	13,428
Add: Revenue deducted on cancellation of shares	423	460
Deduct: Revenue received on issue of shares	(512)	(470)
Net distributions for the year	<u>12,645</u>	<u>13,418</u>

Details of the distributions per share are set out in the table on pages 50 to 52.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net revenue after taxation	12,358	12,957
Allocations to capital:		
Revenue deficit – 'I' Income shares	51	64
– 'I' Accumulation shares	199	321
	250	385
Equalisation on conversions*	38	76
Balance brought forward	–	–
Balance carried forward	(1)	–
Net distributions for the year	<u>12,645</u>	<u>13,418</u>
<p>* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.</p>		
	31.01.16 £'000	31.01.15 £'000
7. DEBTORS		
Amounts receivable for issue of shares	5,416	8,870
Sales awaiting settlement	5,661	–
Accrued revenue:		
Non-taxable dividends	551	257
Unfranked interest	1,279	1,268
AMC rebates from underlying investments	15	17
Bank interest	22	28
	1,867	1,570
Prepaid expenses	5	6
Taxation recoverable:		
Overseas withholding tax	727	514
Stamp duty reserve tax refund	107	107
	834	621
Total debtors	<u>13,783</u>	<u>11,067</u>

	31.01.16 £'000	31.01.15 £'000
8. CREDITORS		
Amounts payable for cancellation of shares	5,190	2,826
Purchases awaiting settlement	–	29,976
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,075	2,083
Legal and professional fees	2	2
Printing costs	4	5
Registration fees	8	3
	2,089	2,093
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	28	29
Safe custody and other bank charges	6	15
	34	44
Other expenses	13	14
Total creditors	<u>7,326</u>	<u>34,953</u>

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 35 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 8,958,384 (31.01.15 : 6,783,769) of the Fund's shares at the balance sheet date.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.15 : none).

11. SHAREHOLDERS' FUNDS

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	431,459,461	316,053,423	24,348,146
Issues	36,996,519	25,128,781	912,138
Cancellations	(15,189,536)	(17,616,070)	(2,260,608)
Conversions	1,721,997	22,890,453	(2,713,114)
Closing shares in issue	<u>454,988,441</u>	<u>346,456,587</u>	<u>20,286,562</u>
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	104,045,339	125,460,276	27,320,197
Issues	688,278	12,075,133	2,519,971
Cancellations	(12,941,154)	(11,990,334)	(10,593,232)
Conversions	(23,936,708)	351,012	743,327
Closing shares in issue	<u>67,855,755</u>	<u>125,896,087</u>	<u>19,990,263</u>
	'Z' Income	'Z' Accumulation	
Annual Management Charge	0.00%	0.00%	
Opening shares in issue		117,642,277	250
Issues		39,243,065	–
Cancellations		(33,847,124)	–
Conversions		–	–
Closing shares in issue		<u>123,038,218</u>	<u>250</u>

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

12. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings.

Credit Quality	31.01.16 %	31.01.15 %
Investment grade debt securities	24.24	32.89
Non-rated debt securities*	18.31	6.34
Other investments	50.78	52.01
Net other assets	6.67	8.76
	<u>100.00</u>	<u>100.00</u>

* UK treasury bills

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The table below shows the direct interest rate risk profile:

	31.01.16 £'000	31.01.15 £'000
Floating rate assets:		
US dollars	310,501	235,635
Pounds sterling	484,258	637,829
	794,759	873,464
Floating rate liabilities:		
Pounds sterling	-	(1,481)
Fixed rate assets:		
Singapore dollars	-	104,956
Pounds sterling	473,162	264,669
	473,162	369,625
Assets on which interest is not paid:		
Australian dollars	-	20,483
Canadian dollars	82,787	92,275
Swiss francs	39,891	40,271
US dollars	896,944	864,461
Pounds sterling	917,099	740,201
	1,936,721	1,757,691
Liabilities on which interest is not paid:		
US dollars	(611,110)	(430,079)
Pounds sterling	(10,176)	(37,459)
	(621,286)	(467,538)
Net assets	<u>2,583,356</u>	<u>2,531,761</u>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents and index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent.

Fixed rate financial assets held in the current year is 0% UK government bond and prior year are 0% UK and Singapore government bonds held for short term investment purposes.

12. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the direct foreign currency risk profile:

	31.01.16 Gross £'000	31.01.16 Hedged £'000	31.01.16 Net £'000
Currency:			
Canadian dollars	82,787	-	82,787
Swiss francs	39,891	-	39,891
US dollars	1,207,445	(611,110)	596,335
	1,330,123	(611,110)	719,013
Pounds sterling	1,278,873	585,470	1,864,343
Net assets	<u>2,608,996</u>	<u>(25,640)</u>	<u>2,583,356</u>
	31.01.15 Gross £'000	31.01.15 Hedged £'000	31.01.15 Net £'000
Currency:			
Australian dollars	20,483	-	20,483
Canadian dollars	92,275	-	92,275
Singapore dollars	104,956	-	104,956
Swiss francs	40,271	-	40,271
US dollars	1,100,096	(430,078)	670,018
	1,358,081	(430,078)	928,003
Pounds sterling	1,191,646	412,112	1,603,758
Net assets	<u>2,549,727</u>	<u>(17,966)</u>	<u>2,531,761</u>

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. 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.

vii. Derivatives

The Investment Manager has the power to manage exposure to currency movements by using forward currency contracts. Details of the holdings of such instruments, the net exposure to foreign currencies as at the balance sheet date, and details of the total losses on forward currency contracts during the year are set out in the Portfolio Statement, note 12ii and note 2, respectively.

The intention in using forward currency contracts is, where deemed appropriate, to reduce the risk profile of the Fund by managing the exposure of the Fund to currency exchange risk and leave the Fund primarily exposed to the underlying market risk of overseas investments. Therefore, where the value of overseas investments falls due to currency movements, the forward currency contract generates a gain and vice versa. The Investment Manager will only engage in currency hedging when they consider such hedging to be in the interests of Efficient Portfolio Management.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares	71,387	98	18	71,503
Debt securities	175,177	–	–	175,177
Purchases total	<u>246,564</u>	<u>98</u>	<u>18</u>	<u>246,680</u>
Transaction cost % of purchases total		0.04%	0.01%	
Transaction cost % of average NAV		–	–	
Ordinary shares	127,010	(180)	(2)	126,828
Debt securities	174,000	–	–	174,000
Sales total	<u>301,010</u>	<u>(180)</u>	<u>(2)</u>	<u>300,828</u>
Transaction cost % of sales total		0.06%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31.01.16 is 0.26% (31.01.15 : 0.17%).

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

13. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.15				
Ordinary shares	26,621	29	92	26,742
Purchases total	<u>26,621</u>	<u>29</u>	<u>92</u>	<u>26,742</u>
<i>Transaction cost % of purchases total</i>		0.11%	0.35%	
<i>Transaction cost % of average NAV</i>		-	-	
Ordinary shares	207,237	(199)	(4)	207,034
Sales total	<u>207,237</u>	<u>(199)</u>	<u>(4)</u>	<u>207,034</u>
<i>Transaction cost % of sales total</i>		0.10%	-	
<i>Transaction cost % of average NAV</i>		0.01%	-	

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16		31.01.15	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	2,155,841	-	1,908,360	-
Level 2	280,794	(25,640)	419,516	(17,966)
Level 3	-	-	-	-
	<u>2,436,635</u>	<u>(25,640)</u>	<u>2,327,876</u>	<u>(17,966)</u>
Total portfolio of investments		<u>2,410,995</u>		<u>2,309,910</u>

Level 1 includes £1,099,167 thousand of assets which are debt securities (31.01.15 : £888,409 thousand).

TROJAN FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.02.15	01.08.15
To	31.07.15	31.01.16

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.6731	–	0.6731	0.9181
Group 2	0.2470	0.4261	0.6731	0.9181
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.2902	–	0.2902	0.2608
Group 2	0.0589	0.2313	0.2902	0.2608

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	0.8102	–	0.8102	1.0959
Group 2	0.2635	0.5467	0.8102	1.0959
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.3495	–	0.3495	0.3129
Group 2	0.0837	0.2658	0.3495	0.3129

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.1503	–	0.1503	0.4227
Group 2	–	0.1503	0.1503	0.4227
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	–	–	–	–
Group 2	–	–	–	–

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	0.1666	–	0.1666	0.4894
Group 2	–	0.1666	0.1666	0.4894
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	–	–	–	–
Group 2	–	–	–	–

'S' Income shares (Registered charities only)

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.9406	–	0.9406	1.1688
Group 2	0.2605	0.6801	0.9406	1.1688
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.5589	–	0.5589	0.5237
Group 2	0.2441	0.3148	0.5589	0.5237

TROJAN FUND

Financial Statements (continued)
Distribution Table (continued)

'S' Accumulation shares (Registered charities only)

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	1.1529	–	1.1529	1.4193
Group 2	0.2104	0.9425	1.1529	1.4193
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.6857	–	0.6857	0.6406
Group 2	0.6857	0.0000	0.6857	0.6406

'Z' Income shares (this class is only available for investment by the Trojan Feeder Fund (Ireland))

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.8547	–	0.8547	0.0875
Group 2	0.3074	0.5473	0.8547	0.0875
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.6713	–	0.6713	0.6152
Group 2	0.3423	0.3290	0.6713	0.6152

'Z' Accumulation shares (this class is only available for investment by the Trojan Feeder Fund (Ireland))

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	0.8640	–	0.8640	0.1560
Group 2	0.8640	0.0000	0.8640	0.1560
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.7880	–	0.7880	0.5320
Group 2	0.7880	0.0000	0.7880	0.5320

TROJAN ETHICAL INCOME FUND

ACD'S REPORT

FOR THE PERIOD FROM 6 JANUARY 2016 TO 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trojan Ethical Income Fund ('the Fund') is to seek to provide income with the potential for capital growth in the medium term. The Fund's policy is to invest substantially in UK and overseas equities. It may also invest in fixed interest securities, indices, deposits, collective investment schemes and money market instruments.

The Fund will invest in accordance with the parameters of the Fund's ethical investment criteria, which consider ethical issues in relation to: fossil fuels, pornography, tobacco and certain types of armaments. A document setting out the Fund's ethical investment criteria is available on the ACD's website.

The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management.

The Investment Manager operates screening whereby potential investments are screened against the Fund's ethical investment criteria, the details of which are included in the document on the ACD's website setting out the Fund's ethical investment criteria.

Where an investment is identified as not meeting the Fund's ethical investment criteria, the Investment Manager will seek to sell the investment within the following 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Trojan Ethical Income Fund

3 May 2016

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

For the period from 6 January 2016 to 31 January 2016

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

The Fund was launched on 6 January 2016, with the first valuation on 7 January 2016, and as such was only in existence for the final 17 business days of the reporting period.

For the period 7 January 2016 to 31 January 2016 the Fund's 'O' Income shares produced a total return of -1.1%. Over the same period the FTSE All-Share Index produced a total return of -0.5%*, while the total return on cash (LIBID Index) amounted to +0.0%*. At 31 January 2016 the Fund size was £25 million. A distribution of 0.0705p will be paid to holders of 'O' Income shares on 31 March which represents the total accrued income over the 17 days since the Fund's launch. This dividend is not indicative of the income generating potential of the Fund and should not be used to make assumptions about any future pay-outs.

MARKET REVIEW

In early December, the President of the European Central Bank unveiled a new package of measures to tackle anaemic eurozone inflation that included a cut in the floor for interest rates and an expansion of the Quantitative Easing programme. Markets were left disappointed, with many expecting more radical measures to address Mr. Draghi's bleak assessment of euro area prospects: "The economic recovery in the euro area continues to be dampened by subdued growth prospects in emerging markets and moderate global trade."

In a seemingly contradictory move, made only a few days later, the US Federal Reserve ('the Fed') voted to raise interest rates for the first time in nearly a decade. The initial market reaction was muted and continued uncertainty about the confused global growth picture ensured a volatile end to 2015 for global stocks.

China continued to attract column inches as markets remained fixated on lower growth expectations. The 2015 forecast growth rate of 6.8% (which many market commentators believe to be overstated) compares unfavorably with the average c.10% level seen over the prior 10 years. This lower expected growth rate, coupled with China's attempts to become less dependent on investment and more reliant on consumption has sent ripples through commodity markets and the oil price has seen lows of around \$26 per barrel.

Such economic uncertainty made for a very volatile start to the year and a challenging environment in which to launch a new fund.

PORTFOLIO

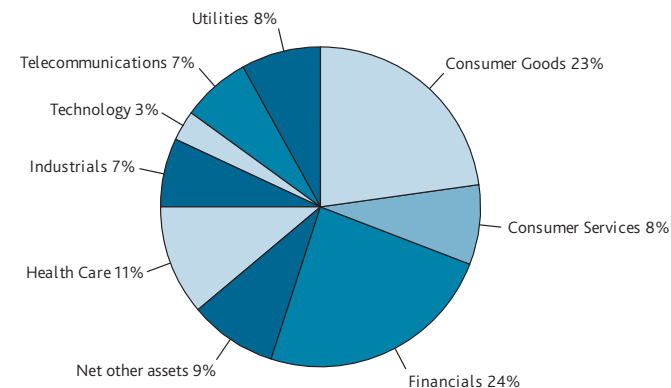
The current positioning of the Fund reflects this turbulent environment with a focus on sustainable, cash generative companies with strong balance sheets and persistently high returns on equity. It is these companies that are best positioned to deliver a growing stream of equity income over the coming years.

Just shy of a quarter of the portfolio's assets are invested in high quality consumer goods franchises which have historically proven to be resilient in times of market weakness. A similar percentage is invested in a wide range of well diversified financial stocks including

property and non-life insurance companies. The utility holdings within the portfolio include two infrastructure investment vehicles as well as listed UK utilities. This sector represents the Fund's largest exposure to UK revenues in what is otherwise a portfolio of largely global revenues.

12% of the Fund's assets are invested in US listed stocks and 8.7% in Swiss companies. The Fund is able to invest up to 30% of assets in overseas equities. This allocation to overseas equities is not a call on the relative merits of other markets in relation to the UK, but a bottom up reflection of where high quality companies and attractive valuations can be found. 9.2% of assets are currently held as cash (versus a maximum possible cash holding of 20%) in order to provide insulation against the worst of the current market volatility and to allow additional investments to be made when valuations reach appropriate levels. As at 31 January 2016 there were 40 equity holdings in the portfolio. The sector weightings as at the end of January 2016 are shown below.

SECTOR ALLOCATION AS AT 31 JANUARY 2016



This portfolio currently has a trailing yield of 3.4%, well in excess of the Fund's minimum yield of 3%.

OUTLOOK

2016 has started ominously. The S&P 500 recorded its worst start to a year on record, falling 6% in the first week of 2016. In China, the Shanghai Composite has shed -21.0% in January. Closer to home, the FTSE 100 kicked off 2016 with its worst first week since 2000. The weakness in each of these markets is a reflection of both domestic and global uncertainties combined with challenging valuations.

Central bankers continue to rail against the spectre of deflation. Sweden, Switzerland, Denmark, the eurozone and most recently Japan have all introduced some form of negative interest rate policy and as of February 2016, over \$6 trillion of bonds within the JPM Global Government Bond Index traded with negative yields. The impact of negative interest rate policies reach beyond the real economy to significantly impact investor behavior and entice investors towards higher yielding equities. It seems that in such an environment investor sentiment will continue to be heavily intertwined with the actions and language of central bankers, most notably the Fed. Following the Chairwoman's admission that "Financial conditions in the US have recently become less supportive of growth", the direction of US interest rate policy remains notably uncertain.

* Source: Bloomberg as at 31 January 2016. The indices are used by the Investment Manager for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the period from 6 January 2016 to 31 January 2016

OUTLOOK (continued)

The spate of dividend cuts witnessed in 2015 is an important reminder that with equity yield comes equity risk. After several years of robust growth, thirteen FTSE 100 companies have announced dividend cuts in the last 12 months and we would be surprised if there were not further high profile announcements to come. Capita's Q1 2016 UK Dividend Monitor Report forecasts 2016 will see the first decline in underlying UK dividends since 2010 with major dividend cuts and company takeovers set to impact the 2016 payout by at least £4.7 billion. The Fund's ethical investment criteria and Troy's focus on cash flow and strong balance sheets should insulate the Fund from what may well continue to be a challenging dividend environment for investors.

Finally, 2016 will also see British voters head to the polls on 23 June to vote on whether to remain part of a reformed EU or leave altogether. We are not in a position to speculate as to the outcome of any referendum but given 44% of UK exports go to the EU and the EU is the source of 46% of the stock of inward foreign direct investment in the UK, both UK equities and sterling can be expected to be the subject of heightened volatility in the months ahead.

When faced with such a great dispersion of possible outcomes we feel even less inclined to try and make forecasts than usual. Instead, we continue to focus our attention, time and efforts on constructing a portfolio of low volatility, high quality equities that can deliver high through-the-cycle returns on invested capital and deliver a growing stream of dividend income.

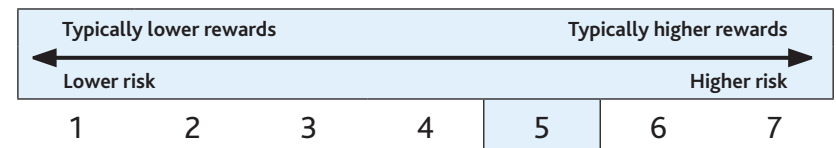
TROY ASSET MANAGEMENT LIMITED

Investment Manager

23 February 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. 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 above average.

As the Fund has less than 5 years' price history, this calculation incorporates the volatility of an appropriate benchmark index.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES

	31.01.16 ¹ (p/share)
'O' Accumulation shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.01)
Operating charges	(0.16)
Return after operating charges	(1.17)
Closing net asset value per share	98.83
Retained distributions on accumulation shares	0.11
* after direct transaction costs	0.03
Performance	
Return after charges	(1.17)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	1.23% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.22

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

	31.01.16 ¹ (p/share)
'O' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(0.98)
Operating charges	(0.14)
Return after operating charges	(1.12)
Distributions on income shares	(0.07)
Closing net asset value per share	98.81
* after direct transaction costs	0.03
Performance	
Return after charges	(1.12)%
Other Information	
Closing net asset value (£'000)	25,271
Closing number of shares	25,574,324
Operating charges	1.23% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.25

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 ¹ (p/share)
'I' Accumulation shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(0.93)
Operating charges	(0.16)
Return after operating charges	(1.09)
Closing net asset value per share	98.91
Retained distributions on accumulation shares	0.08
* after direct transaction costs	0.03
Performance	
Return after charges	(1.09)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	1.73% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.28

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

	31.01.16 ¹ (p/share)
'I' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.01)
Operating charges	(0.16)
Return after operating charges	(1.17)
Distributions on income shares	(0.07)
Closing net asset value per share	98.76
* after direct transaction costs	0.03
Performance	
Return after charges	(1.17)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	1.73% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.22

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 ¹ (p/share)
'S' Accumulation shares (Registered charities only)	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.01)
Operating charges	(0.16)
Return after operating charges	(1.17)
Closing net asset value per share	98.83
Retained distributions on accumulation shares	0.03
* after direct transaction costs	0.03
Performance	
Return after charges	(1.17)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	0.98% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.23

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

	31.01.16 ¹ (p/share)
'S' Income shares (Registered charities only)	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.01)
Operating charges	(0.16)
Return after operating charges	(1.17)
Distributions on income shares	(0.03)
Closing net asset value per share	98.80
* after direct transaction costs	0.03
Performance	
Return after charges	(1.17)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	0.98% ²
Direct transaction costs	0.51% ²
Prices	
Highest share price	100.00
Lowest share price	96.23

¹ From 6 January 2016.

² Annualised figure due to share class launched less than 1 year.

FUND PERFORMANCE

As the Fund has less than one year's performance, there is insufficient data to provide a useful indication of past performance.

Details of the distributions per share for the year are shown in the Distribution Table on pages 79 and 80.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	UNITED KINGDOM – 68.73%		
	INDUSTRIALS – 6.51%		
	<i>INDUSTRIAL TRANSPORTATION – 3.86%</i>		
215,000	Royal Mail Group	976	3.86
	<i>SUPPORT SERVICES – 2.65%</i>		
57,000	Experian	669	2.65
	TOTAL INDUSTRIALS	1,645	6.51
	CONSUMER GOODS – 13.01%		
	<i>FOOD PRODUCERS – 9.57%</i>		
67,261	A.G BARR	356	1.41
60,000	Dairy Crest Group	382	1.51
27,500	Diageo	515	2.04
38,500	Unilever	1,165	4.61
		2,418	9.57
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION – 3.44%</i>		
131,575	PZ Cussons	343	1.36
8,500	Reckitt Benckiser Group	526	2.08
		869	3.44
	TOTAL CONSUMER GOODS	3,287	13.01
	HEALTH CARE – 6.14%		
	<i>PHARMACEUTICALS & BIOTECHNOLOGY – 6.14%</i>		
20,275	AstraZeneca	898	3.55
46,000	GlaxoSmithKline	655	2.59
	TOTAL HEALTH CARE	1,553	6.14
	CONSUMER SERVICES – 8.23%		
	<i>GENERAL RETAILERS – 2.15%</i>		
30,000	WH Smith	544	2.15

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	<i>TRAVEL & LEISURE – 2.85%</i>		
60,250	Compass Group	719	2.85
	<i>MEDIA – 3.23%</i>		
77,000	Sky	816	3.23
	TOTAL CONSUMER SERVICES	2,079	8.23
	TELECOMMUNICATIONS – 4.42%		
	<i>MOBILE TELECOMMUNICATIONS – 4.42%</i>		
35,000	Inmarsat	372	1.47
340,000	Vodafone Group	745	2.95
	TOTAL TELECOMMUNICATIONS	1,117	4.42
	UTILITIES – 7.78%		
	<i>GAS, WATER & MULTIUTILITIES – 7.78%</i>		
95,000	National Grid	922	3.65
60,000	Pennon Group	528	2.09
23,750	Severn Trent	515	2.04
	TOTAL UTILITIES	1,965	7.78
	FINANCIALS – 19.99%		
	<i>BANKS – 5.44%</i>		
100,000	HSBC Holdings	484	1.92
1,380,000	Lloyds Banking Group	890	3.52
		1,374	5.44
	<i>NON-LIFE INSURANCE – 5.72%</i>		
37,500	Hiscox	368	1.45
70,000	Jardine Lloyd Thompson Group	578	2.29
80,000	Lancashire Holdings	500	1.98
		1,446	5.72

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	<i>REAL ESTATE INVESTMENT TRUSTS – 6.24%</i>		
450,000	Assura	243	0.96
66,500	Land Securities Group	722	2.86
315,000	LondonMetric Property	506	2.00
98,269	Primary Health Properties	105	0.42
		<u>1,576</u>	<u>6.24</u>
	<i>FINANCIAL SERVICES – 1.59%</i>		
564	Rathbone Brothers	13	0.05
14,500	Schroders	388	1.54
		<u>401</u>	<u>1.59</u>
	<i>EQUITY INVESTMENT INSTRUMENTS – 1.00%</i>		
150,000	3i Infrastructure	255	1.00
	TOTAL FINANCIALS	<u>5,052</u>	<u>19.99</u>
	<i>TECHNOLOGY – 2.65%</i>		
	<i>SOFTWARE & COMPUTER SERVICES – 2.65%</i>		
110,000	Sage Group (The)	672	2.65
	TOTAL UNITED KINGDOM	<u>17,370</u>	<u>68.73</u>
	<i>CONTINENTAL EUROPE – 10.14%</i>		
270,000	International Public Partnerships	377	1.49
16,750	Nestlé	856	3.39
17,750	Novartis	951	3.76
2,100	Roche Holding	378	1.50
	TOTAL CONTINENTAL EUROPE	<u>2,562</u>	<u>10.14</u>
	<i>NORTH AMERICA – 11.90%</i>		
17,500	American Express Company	647	2.56
22,000	Coca-Cola Company (The)	655	2.60
15,000	Colgate-Palmolive Company	682	2.70
7,250	Procter & Gamble Company (The)	405	1.60
18,000	Verizon Communications	617	2.44
	TOTAL NORTH AMERICA	<u>3,006</u>	<u>11.90</u>

	Value £'000	31.01.16 %
Portfolio of investments	22,938	90.77
Net other assets	2,333	9.23
Net assets	<u>25,271</u>	<u>100.00</u>

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market.

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES

FOR THE PERIOD FROM 6 JANUARY 2016 TO 31 JANUARY 2016

Total purchases for the period £'000 (note 13)	23,001
Major purchases	Cost £'000
Unilever	1,081
Novartis	1,017
Lloyds Banking Group	973
Royal Mail Group	954
National Grid	905
AstraZeneca	895
Sky	848
Nestlé	819
American Express Company	767
Vodafone Group	764
Land Securities Group	759
Compass Group	687
Jardine Lloyd Thompson Group	649
Colgate-Palmolive Company	649
Sage Group (The)	642
Experian	641
GlaxoSmithKline	632
Coca-Cola Company (The)	630
Verizon Communications	561
WH Smith	520

The summary of material portfolio changes represents the 20 largest purchases during the period.

There were no sales during the period.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE PERIOD FROM 6 JANUARY 2016 TO 31 JANUARY 2016

	Notes	£'000	31.01.16 ¹ £'000
Income:			
Net capital losses	2		(87)
Revenue	3	35	
Expenses	4	(30)	
Net revenue before taxation		5	
Taxation	5	(1)	
Net revenue after taxation			4
Total return before distributions			(83)
Distributions	6		(18)
Change in net assets attributable to shareholders from investment activities			(101)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE PERIOD FROM 6 JANUARY 2016 TO 31 JANUARY 2016

	31.01.16 ¹ £'000
Opening net assets attributable to shareholders	–
Amounts receivable on issue of shares	25,372
Change in net assets attributable to shareholders from investment activities	(101)
Closing net assets attributable to shareholders	25,271

¹ No comparative figures are presented for the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders and the related notes as this is the Fund's first reporting period; the Fund launched on 6 January 2016.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 31 JANUARY 2016

	Notes	31.01.16 ¹ £'000
ASSETS		
Fixed assets		
Investments		22,938
Current assets		
Debtors	7	34
Cash and bank balances		2,349
Total assets		<u>25,321</u>
LIABILITIES		
Creditors		
Distribution payable	6	(18)
Other creditors	8	(32)
Total liabilities		<u>(50)</u>
Net assets attributable to shareholders		<u>25,271</u>

¹ No comparative figures are presented for the Balance Sheet and the related notes as this is the Fund's first reporting period; the Fund launched on 6 January 2016.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year. The additional accounting policy described below has also been applied to this Fund.

(a) Distribution policy

The Annual Management Charge is transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

**For the period
from 06.01.16
to 31.01.16
£'000**

2. NET CAPITAL LOSSES

The net capital losses during the period comprise:

Non-derivative securities	(62)
Transaction charges	(2)
Currency losses	(23)
Net capital losses	<u>(87)</u>

3. REVENUE

Non-taxable dividends	<u>35</u>
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4. EXPENSES

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

Annual Management Charge	14
Legal and professional fees	1
Printing costs	4
Registration fees	1

20

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

Depositary's fees	1
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TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	For the period from 06.01.16 to 31.01.16 £'000
4. EXPENSES (continued)	
Other expenses:	
Fees paid to auditor – audit	6
– tax services	3
	9
Total expenses	<u>30</u>

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	For the period from 06.01.16 to 31.01.16 £'000
5. TAXATION	
a) Analysis of charge for the period	
Corporation tax at 20%	–
Overseas tax	1
Current tax charge	<u>1</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–
Total taxation (note 5b)	<u>1</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%). The difference is explained below.

	For the period from 06.01.16 to 31.01.16 £'000
Net revenue before taxation	<u>5</u>
Corporation tax at 20%	1

	For the period from 06.01.16 to 31.01.16 £'000
5. TAXATION (continued)	
Effects of:	
Non-taxable dividends	(7)
Unutilised excess management expenses	<u>6</u>
Corporation tax charge	–
Overseas tax	1
Total tax charge (note 5a)	<u>1</u>

c) Deferred tax

At the period end there is a potential deferred tax asset of £6 thousand in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current period.

	For the period from 06.01.16 to 31.01.16 £'000
6. FINANCE COSTS	
Distributions	
The distributions comprise:	
Final	<u>18</u>
Net distributions for the period	<u>18</u>
Total finance costs	<u>18</u>

Details of the distributions per share are set out in the table on pages 79 and 80.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	For the period from 06.01.16 to 31.01.16 £'000
6. FINANCE COSTS (continued)	
Distributions represented by:	
Net revenue after taxation	4
Allocations to capital:	
Annual Management Charge	14
	<hr/>
Net distributions for the period	18
	<hr/>
	31.01.16 £'000
7. DEBTORS	
Accrued revenue:	
Non-taxable dividends	34
	<hr/>
8. CREDITORS	
Accrued expenses:	
Amounts payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	14
Legal and professional fees	1
Printing costs	4
	<hr/>
	19
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	1
Transaction charges	2
	<hr/>
	3
Other expenses	10
	<hr/>
Total creditors	32
	<hr/>
9. RELATED PARTY TRANSACTIONS	
Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.	

9. RELATED PARTY TRANSACTIONS (continued)

The aggregate monies received by the ACD through the issue of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 69.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date one shareholder held 100% of the shares in issue of the Fund.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments.

11. SHAREHOLDERS' FUNDS

	'O' Accumulation	'O' Income	'I' Accumulation
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	–	–	–
Issues	250	25,574,324	250
Cancellations	–	–	–
Conversions	–	–	–
	<hr/>	<hr/>	<hr/>
Closing shares in issue	250	25,574,324	250
	<hr/>	<hr/>	<hr/>
	'I' Income	'S' Accumulation	'S' Income
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	–	–	–
Issues	250	250	250
Cancellations	–	–	–
Conversions	–	–	–
	<hr/>	<hr/>	<hr/>
Closing shares in issue	250	250	250

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

ii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

	31.01.16
	£'000
Currency:	
Swiss francs	2,185
US dollars	3,010
	<u>5,195</u>
Pounds sterling	20,076
	<u>25,271</u>
Net assets	

12. RISK MANAGEMENT POLICIES (continued)

iii. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

iv. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

v. 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.

vi. Derivatives

The Fund held no derivatives during the current period.

13. PORTFOLIO TRANSACTION COSTS

	Purchases before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases £'000
31.01.16				
Ordinary shares	22,889	34	78	23,001
Purchases total	<u>22,889</u>	<u>34</u>	<u>78</u>	<u>23,001</u>
Transaction cost % of purchases total		0.15%	0.34%	
Transaction cost % of average NAV		0.13%	0.31%	

There were no sales in the period.

Average portfolio dealing spread at 31.01.16 is 0.12%.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16 Assets £'000
Level 1	22,938
Level 2	–
Level 3	–
Total portfolio of investments	<u>22,938</u>

DISTRIBUTION TABLE

FOR THE PERIOD FROM 6 JANUARY 2016 TO 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Final
From	07.01.16
To	31.01.16

'O' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.16
Group 1	0.1080	–	0.1080
Group 2	0.1080	0.0000	0.1080

'O' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.16
Group 1	0.0705	–	0.0705
Group 2	0.0705	0.0000	0.0705

'I' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.16
Group 1	0.0800	–	0.0800
Group 2	0.0800	0.0000	0.0800

'I' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.16
Group 1	0.0720	–	0.0720
Group 2	0.0720	0.0000	0.0720

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Distribution Table (continued)

'S' Accumulation shares (Registered charities only)

Final	Net Revenue	Equalisation	Allocation 31.03.16
Group 1	0.0280	–	0.0280
Group 2	0.0280	0.0000	0.0280

'S' Income shares (Registered charities only)

Final	Net Revenue	Equalisation	Payable 31.03.16
Group 1	0.0280	–	0.0280
Group 2	0.0280	0.0000	0.0280

TROJAN GLOBAL EQUITY FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trojan Global Equity Fund ('the Fund') is to provide capital growth over the longer term. The Fund's policy is to invest substantially in UK and overseas equities but may also invest in collective investment schemes and money market instruments.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Trojan Global Equity Fund

3 May 2016

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

For the year ended 31 January 2016

INVESTMENT MANAGER'S REPORT

For the year to 31 January 2016 the Fund produced a total return of +6.5% compared to a total return of +0.4%¹ for the LIBID Index and +0.5%¹ for the MSCI World Index.

The year proved to be uninspiring for global equity markets with the best return of +4% achieved by MSCI Japan followed closely by the US with +4% in sterling terms. The MSCI Emerging Markets Index lost -16%, Pacific ex Japan -12%, the MSCI UK Index -7% and Europe ex UK ended the period -2.5%.² Currencies were a powerful feature as the US dollar appreciated 7% against sterling, 4% against the euro and significantly more against most emerging markets currencies (just over 50% against the Brazilian real, for example).³

The tone of equity markets changed over the past twelve months as the outlook for global growth deteriorated, the oil price declined just under 40%, the yield on low-rated corporate debt expanded to 2008 highs and there was considerable volatility across Emerging Markets. A move by the Federal Reserve to increase interest rates by just a quarter of one percent in December was followed by a sharp sell-off in equity markets in January and reminded the world that the monetary authorities' magic wand is running out of fairy dust.³

Meanwhile, the level of global M&A activity in 2015 exceeded the highs of 2007 and a number of our companies were involved in deal activity over the year. Corporate debt levels have increased globally. The balance sheet of corporate America has deteriorated as record high levels of cash are matched with increasing debt issuance as companies seek to avoid the tax implications of repatriation of overseas earnings. Corporate earnings performance has been very mixed. Any companies involved in the oil and gas industry or the commodity-related sectors are experiencing very difficult times. The financial sector is struggling with the consequences of extremely low interest rates, pressures on net interest margins, rising provisions in response to the energy crisis and the ongoing burden of regulation.

Elsewhere, the impact of digitalisation, e-commerce and the changing technology landscape is impacting the profitability and business practices of many industries, particularly those that have to compete with the platform giants like Amazon.

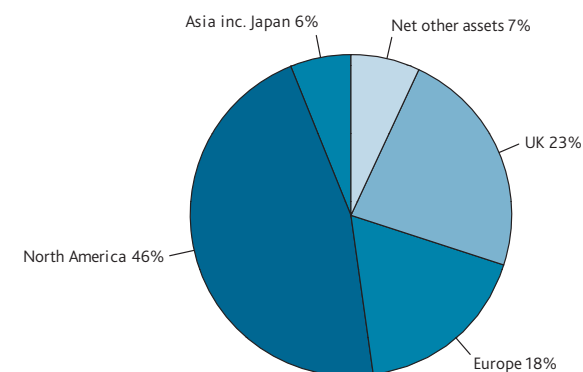
At the end of January 2016 the Fund owns investments in 32 companies and the top 10 positions represented 42.4% of the capital of the Fund. Half of the Fund is invested in the United States, 23% in the UK, 12% in Switzerland, 2% in Holland, 3.4% in Japan and 2.5% in Hong Kong.

¹ Source: Lipper, net income reinvested at ex-dividend date, quoted in sterling terms. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

² MSCI, net income reinvested net of withholding tax, quoted in sterling terms.

³ Source: Bloomberg as at 31 January 2016.

ASSET ALLOCATION AS AT 31 JANUARY 2016



PORTFOLIO REVIEW

Returns over the year were broad-based across the portfolio with particular highlights including Microsoft Corporation, Japan Tobacco, Altria Group, Sage Group and Fiserv, all of which returned more than +20% over the year. Regionally, stock selection in the US was strong and returns were helped by the relative strength of the US dollar. Although the UK equity market was lacklustre, performance was helped by stock selection with particular highlights including Sage Group, Sky, British American Tobacco, Reckitt Benckiser Group and Unilever. Performance in Europe was more mixed with Heineken Holding, Nestlé and Roche Holding delivering positive returns but Novartis was disappointing weighed down by problems in their eye care business Alcon. In Asia Japan Tobacco was a standout performer but Jardine Matheson Holdings had a disappointing year as the weaker Asian macroeconomic backdrop weighed on their subsidiaries Astra and Dairy Farm in particular. Jardines has over 180 years' experience navigating the ups and downs of operating in Asia and, with the shares trading on 13.5x 2016 earnings, the valuation is not demanding.²

On an industry basis, our investments in technology and consumer staples were strong contributors to returns. The Fund's health care investments had another solid year with Becton, Dickinson and Company, Medtronic and Johnson and Johnson all performing well. The most disappointing stock was American Express where the loss of a number of co-branding contracts, the most significant of which a longstanding relationship with Costco and evidence of a more competitive landscape weighed on the performance of the shares. We are believers in the long-term sustainability of the American Express franchise and see the shares as undervalued at just over 10x 2016 earnings.²

There were few changes to the Fund over the year. The holding in Société BIC was sold after the shares had performed very well and the valuation was the most expensive in ten years. The small holding in Indivior that was received following the spin from Reckitt Benckiser Group was sold. Elsewhere, holdings were increased in American Express Company, Jardine Matheson Holdings, Coca-Cola Company and AG BARR. A small investment in the consumer products giant Procter & Gamble Company ('P&G') was made in August, following the equity market sell-off, when the shares were trading on a dividend yield of 3.8%, the highest since the late 1980's. P&G has

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

PORTFOLIO REVIEW (continued)

underperformed peers and the market for more than seven years and a lot of work is needed to get the company back on track. But with over \$10 billion in annual operating cash flow and a portfolio of iconic brands the incoming chief executive David Taylor has a number of levers at his disposal.

OUTLOOK

As we enter 2016 financial markets are in nervous mood. At the time of writing global equity markets have sold off -3%, the oil price has collapsed below \$30, high yield bond spreads have expanded to their highest levels in four years and numerous economic indicators are pointing towards a global economic slowdown. The Chinese economy appears to be slowing down at a precipitous rate, giving rise to material deflationary forces for the rest of the world. The potential for some serious dislocation in financial markets or a 'credit event' in 2016 has increased materially. Meanwhile, digitalisation is dramatically changing the economics and rules of engagement in numerous industries thereby creating substantial opportunities and a great number of disruptions and threats. We do not pretend to know how this will all unfold and instead focus our efforts on understanding the companies we prefer. In such an uncertain economic world the Fund is prepared for renewed adversity in the short term whilst maintaining its objective of providing long-term capital growth. It does this through the ownership of a collection of special companies which, by virtue of their cash generative business models, strong balance sheets and able management teams, have demonstrated over many decades their capacity to survive through the bad times and thrive when they are good.

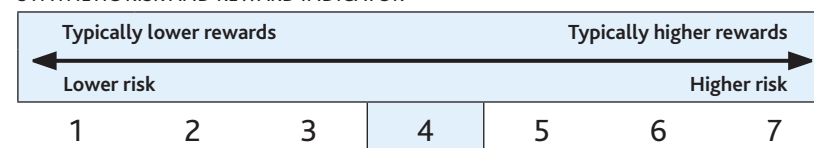
TROY ASSET MANAGEMENT LIMITED

Investment Manager

25 February 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	177.21	146.69	142.62
Return before operating charges*	14.36	33.94	7.84
Operating charges	(2.06)	(1.79)	(1.69)
Return after operating charges	12.30	32.15	6.15
Distributions on income shares	(1.76)	(1.63)	(2.08)
Closing net asset value per share	187.75	177.21	146.69
* after direct transaction costs	0.02	0.07	0.12
Performance			
Return after charges	6.94%	21.92%	4.31%
Other Information			
Closing net asset value (£'000)	40,314	39,110	29,395
Closing number of shares	21,472,107	22,070,556	20,038,443
Operating charges	1.13%	1.11%	1.12%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	193.26	181.30	159.47
Lowest share price	169.99	145.53	142.53

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	206.57	169.26	162.32
Return before operating charges*	16.81	39.38	8.86
Operating charges	(2.41)	(2.07)	(1.92)
Return after operating charges	14.40	37.31	6.94
Closing net asset value per share	220.97	206.57	169.26
Retained distributions on accumulation shares	2.07	1.89	2.38
* after direct transaction costs	0.03	0.08	0.14
Performance			
Return after charges	6.97%	22.04%	4.28%
Other Information			
Closing net asset value (£'000)	51,745	45,713	38,780
Closing number of shares	23,417,895	22,129,209	22,911,586
Operating charges	1.13%	1.11%	1.12%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	226.88	210.91	181.50
Lowest share price	199.57	167.91	163.07

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	178.70	147.99	143.89
Return before operating charges*	14.46	34.19	7.90
Operating charges	(2.97)	(2.58)	(2.43)
Return after operating charges	11.49	31.61	5.47
Distributions on income shares	(0.88)	(0.90)	(1.37)
Closing net asset value per share	189.31	178.70	147.99
* after direct transaction costs	0.02	0.07	0.12
Performance			
Return after charges	6.43%	21.36%	3.80%
Other Information			
Closing net asset value (£'000)	826	863	1,052
Closing number of shares	436,338	482,675	710,930
Operating charges	1.62%	1.60%	1.61%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	194.48	182.47	160.66
Lowest share price	171.36	146.80	143.66

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	194.89	160.48	154.65
Return before operating charges*	15.81	37.21	8.46
Operating charges	(3.25)	(2.80)	(2.63)
Return after operating charges	12.56	34.41	5.83
Closing net asset value per share	207.45	194.89	160.48
Retained distributions on accumulation shares	0.96	0.97	1.46
* after direct transaction costs	0.02	0.07	0.13
Performance			
Return after charges	6.44%	21.44%	3.77%
Other Information			
Closing net asset value (£'000)	6,294	7,676	10,546
Closing number of shares	3,033,980	3,938,370	6,571,464
Operating charges	1.62%	1.60%	1.61%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	213.09	199.01	172.67
Lowest share price	187.76	159.19	155.37

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	177.28	146.74	142.67
Return before operating charges*	14.39	33.97	7.84
Operating charges	(1.59)	(1.37)	(1.29)
Return after operating charges	12.80	32.60	6.55
Distributions on income shares	(2.24)	(2.06)	(2.48)
Closing net asset value per share	187.84	177.28	146.74
* after direct transaction costs	0.02	0.07	0.12
Performance			
Return after charges	7.22%	22.22%	4.59%
Other Information			
Closing net asset value (£'000)	5,802	5,473	4,501
Closing number of shares	3,088,772	3,087,472	3,067,046
Operating charges	0.87%	0.85%	0.86%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	193.55	174.72	181.59
Lowest share price	170.10	145.58	142.66

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	207.15	169.30	161.93
Return before operating charges*	16.87	39.41	8.85
Operating charges	(1.86)	(1.56)	(1.48)
Return after operating charges	15.01	37.85	7.37
Closing net asset value per share	222.16	207.15	169.30
Retained distributions on accumulation shares	2.62	2.37	2.82
* after direct transaction costs	0.03	0.08	0.14
Performance			
Return after charges	7.25%	22.36%	4.55%
Other Information			
Closing net asset value (£'000)	88	82	184
Closing number of shares	39,418	39,418	108,498
Operating charges	0.87%	0.85%	0.86%
Direct transaction costs	0.01%	0.04%	0.08%
Prices			
Highest share price	228.05	211.49	181.21
Lowest share price	200.42	167.96	162.68

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Fund Information (continued)

FUND PERFORMANCE TO 31 JANUARY 2016 (%)

	1 year	3 years	5 years
Trojan Global Equity Fund	6.47	33.60	60.57

The performance of the Fund is based on the published price per 'I' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 107 to 109.

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	UNITED KINGDOM – 22.76% (31.01.15 – 23.10%)		
163,180	A.G BARR	863	0.82
62,500	AVEVA Group	834	0.79
93,000	British American Tobacco	3,581	3.41
111,000	Diageo	2,077	1.98
162,500	Experian	1,908	1.82
88,000	Rathbone Brothers	2,021	1.92
34,500	Reckitt Benckiser Group	2,136	2.03
761,444	Sage Group (The)	4,652	4.43
268,000	Sky	2,844	2.71
99,000	Unilever	2,997	2.85
	TOTAL UNITED KINGDOM	23,913	22.76
	CONTINENTAL EUROPE – 17.96% (31.01.15 – 21.45%)		
40,200	Heineken Holding	2,133	2.03
82,000	Medtronic	4,236	4.03
74,000	Nestlé	3,782	3.60
78,800	Novartis	4,221	4.02
25,000	Roche Holding	4,495	4.28
	TOTAL CONTINENTAL EUROPE	18,867	17.96
	NORTH AMERICA – 46.55% (31.01.15 – 43.41%)		
3,000	Alphabet	1,569	1.49
126,000	Altria Group	5,251	5.00
95,800	American Express Company	3,540	3.37
51,500	Becton, Dickinson and Company	5,119	4.87
117,000	Coca-Cola Company (The)	3,481	3.31
70,400	Colgate-Palmolive Company	3,199	3.04
131,700	eBay	2,129	2.03
55,000	Fiserv	3,500	3.33
25,200	Intuit	1,621	1.54
37,000	Johnson & Johnson	2,645	2.52
157,000	Microsoft Corporation	5,713	5.44
131,700	PayPal Holdings	3,151	3.00
52,000	Philip Morris International	3,238	3.08
21,000	Procter & Gamble Company (The)	1,172	1.11
105,000	Wells Fargo & Company	3,589	3.42
	TOTAL NORTH AMERICA	48,917	46.55

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	ASIA – 5.95% (31.01.15 – 4.59%)		
132,700	Japan Tobacco	3,574	3.40
73,000	Jardine Matheson Holdings	2,676	2.55
	TOTAL ASIA	6,250	5.95
	FORWARD CURRENCY CONTRACTS – 0.00% (31.01.15 – (0.06)%)	–	–
	Portfolio of investments	97,947	93.22
	Net other assets	7,122	6.78
	Net assets	105,069	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2016

Total purchases for the year £'000 (note 13) **3,566**

Purchases	Cost £'000
Jardine Matheson Holdings	982
Procter & Gamble Company (The)	954
Coca-Cola Company (The)	846
American Express Company	425
A. G. BARR	359

Total sales for the year £'000 (note 13) **2,862**

Sales	Proceeds £'000
Société BIC	1,545
Rathbone Brothers	711
Novartis	528
Indivior	78

The summary of material portfolio changes represents all of the purchases and sales during the year.

TROJAN GLOBAL EQUITY FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Income:					
Net capital gains	2		5,772		17,176
Revenue	3	2,296		2,130	
Expenses	4	(1,156)		(1,040)	
Net revenue before taxation		1,140		1,090	
Taxation	5	(185)		(192)	
Net revenue after taxation			955		898
Total return before distributions			6,727		18,074
Distributions	6		(956)		(901)
Change in net assets attributable to shareholders from investment activities			5,771		17,173

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2016

	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Opening net assets attributable to shareholders		98,917		84,457
Amounts receivable on issue of shares	7,857		7,577	
Amounts payable on cancellation of shares	(8,008)		(10,880)	
		(151)		(3,303)
Dilution levy charged		31		122
Stamp duty reserve tax, net of refund		–		(2)
Change in net assets attributable to shareholders from investment activities		5,771		17,173
Retained distributions on Accumulation shares		501		470
Closing net assets attributable to shareholders		105,069		98,917

BALANCE SHEET
AS AT 31 JANUARY 2016

	Notes	31.01.16 £'000	31.01.15 £'000
ASSETS			
Fixed assets			
Investments		97,947	91,543
Current assets			
Debtors	7	346	243
Cash and bank balances		7,032	7,791
Total assets		105,325	99,577
LIABILITIES			
Investment liabilities		–	(58)
Creditors			
Distribution payable		(123)	(99)
Other creditors	8	(133)	(503)
Total liabilities		(256)	(660)
Net assets attributable to shareholders		105,069	98,917

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.16 £'000	31.01.15 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	5,699	17,219
Forward currency contracts	66	(58)
Currency gains	7	15
Net capital gains	5,772	17,176
3. REVENUE		
Non-taxable dividends	2,285	2,121
Bank interest	9	9
Interest on receipt of withholding tax reclaims	2	–
Total revenue	2,296	2,130
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,027	940
Legal and professional fees	14	14
Printing costs	6	5
Registration fees	24	6
Tax related services	7	–
	1,078	965
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	36	41
Safe custody and other bank charges	10	14
	46	55

	31.01.16 £'000	31.01.15 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	8	8
– tax services	3	3
– other tax related services	12	–
Publication costs	8	8
Legal and professional fees	1	–
Postage and distribution costs	–	1
	32	20
Total expenses	1,156	1,040

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.01.16 £'000	31.01.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	205	192
Adjustments in respect of withholding tax reclaims	(20)	–
Current tax charge	185	192
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	185	192
b) Factors affecting the tax charge for the year		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.15 : 20%). The difference is explained below.		
	31.01.16 £'000	31.01.15 £'000
Net revenue before taxation	1,140	1,090
Corporation tax at 20%	228	218

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(457)	(424)
Unutilised excess management expenses	229	206
Corporation tax charge	–	–
Overseas tax	205	192
Adjustments in respect of withholding tax reclaims	(20)	–
Total tax charge (note 5a)	<u>185</u>	<u>192</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,053 thousand (31.01.15 : £824 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.01.16 £'000	31.01.15 £'000
Interim	692	706
Final	253	194
	<u>945</u>	<u>900</u>
Add: Revenue deducted on cancellation of shares	36	41
Deduct: Revenue received on issue of shares	(25)	(40)
Net distributions for the year	<u>956</u>	<u>901</u>
Total finance costs	<u>956</u>	<u>901</u>

Details of the distributions per share are set out in the table on pages 107 to 109.

	31.01.16 £'000	31.01.15 £'000
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net revenue after taxation	955	898
Allocations to capital:		
Revenue deficit – 'I' Accumulation shares	–	2
Equalisation on conversions*	1	1
Net distributions for the year	<u>956</u>	<u>901</u>

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	31.01.16 £'000	31.01.15 £'000
7. DEBTORS		
Amounts receivable for issue of shares	76	4
Accrued revenue:		
Non-taxable dividends	85	62
Bank interest	1	1
	<u>86</u>	<u>63</u>
Dilution levy	–	2
Prepaid expenses	5	6
Taxation recoverable:		
Overseas withholding tax	179	168
Total debtors	<u>346</u>	<u>243</u>

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
8. CREDITORS		
Amounts payable for cancellation of shares	18	394
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	90	86
Legal and professional fees	1	1
Printing costs	3	3
Registration fees	3	1
	97	91
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3	4
Safe custody and other bank charges	1	2
	4	6
Other expenses	14	12
Total creditors	133	503

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration and tax related services fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 96 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 459,097 (31.01.15 : 482,556) of the Fund's shares at the balance sheet date.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Pershing Nominees Limited	48.00% (31.01.15 : 0.00%)
---------------------------	---------------------------

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.15 : none).

11. SHAREHOLDERS' FUNDS

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	22,070,556	22,129,209	482,675
Issues	936,611	2,551,937	62,069
Cancellations	(1,931,177)	(1,301,249)	(26,858)
Conversions	396,117	37,998	(81,548)
Closing shares in issue	21,472,107	23,417,895	436,338
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	3,938,370	3,087,472	39,418
Issues	281,675	36,400	-
Cancellations	(861,910)	(35,100)	-
Conversions	(324,155)	-	-
Closing shares in issue	3,033,980	3,088,772	39,418

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

ii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

	31.01.16 £'000	31.01.15 £'000
Currency:		
Euros	2,161	3,312
Japanese yen	3,618	135
Swiss francs	12,656	14,103
US dollars	55,886	49,067
	<u>74,321</u>	<u>66,617</u>
Pounds sterling	30,748	32,300
Net assets	<u>105,069</u>	<u>98,917</u>

iii. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

12. RISK MANAGEMENT POLICIES (continued)

iv. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. 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.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares	3,558	6	2	3,566
Purchases total	<u>3,558</u>	<u>6</u>	<u>2</u>	<u>3,566</u>
Transaction cost % of purchases total		0.17%	0.06%	
Transaction cost % of average NAV		0.01%	–	
Ordinary shares	2,867	(5)	–	2,862
Sales total	<u>2,867</u>	<u>(5)</u>	<u>–</u>	<u>2,862</u>
Transaction cost % of sales total		0.17%	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.16 is 0.11% (31.01.15 : 0.06%).

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

13. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.15				
Ordinary shares	11,377	16	7	11,400
Purchases total	11,377	16	7	11,400
<i>Transaction cost % of purchases total</i>		0.14%	0.06%	
<i>Transaction cost % of average NAV</i>		0.02%	0.01%	
Ordinary shares	14,600	(15)	–	14,585
Sales total	14,600	(15)	–	14,585
<i>Transaction cost % of sales total</i>		0.10%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16 Assets £'000	31.01.15 Assets £'000	31.01.15 Liabilities £'000
Level 1	97,947	91,543	–
Level 2	–	–	(58)
Level 3	–	–	–
	<u>97,947</u>	<u>91,543</u>	<u>(58)</u>
Total portfolio of investments	<u>97,947</u>		<u>91,485</u>

DISTRIBUTION TABLE FOR THE YEAR ENDED 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.02.15	01.08.15
To	31.07.15	31.01.16

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	1.2944	–	1.2944	1.2672
Group 2	0.6635	0.6309	1.2944	1.2672
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.4698	–	0.4698	0.3674
Group 2	0.1071	0.3627	0.4698	0.3674

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	1.5112	–	1.5112	1.4632
Group 2	0.3176	1.1936	1.5112	1.4632
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.5540	–	0.5540	0.4288
Group 2	0.1822	0.3718	0.5540	0.4288

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Distribution Table (continued)

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.8599	–	0.8599	0.8981
Group 2	0.3735	0.4864	0.8599	0.8981
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.0171	–	0.0171	–
Group 2	0.0000	0.0171	0.0171	–

'S' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	1.7884	–	1.7884	1.6951
Group 2	1.7884	0.0000	1.7884	1.6951
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.8354	–	0.8354	0.6742
Group 2	0.8354	0.0000	0.8354	0.6742

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	0.9365	–	0.9365	0.9726
Group 2	0.1669	0.7696	0.9365	0.9726
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.0188	–	0.0188	–
Group 2	0.0000	0.0188	0.0188	–

'S' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	1.5297	–	1.5297	1.4689
Group 2	0.5022	1.0275	1.5297	1.4689
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.7088	–	0.7088	0.5866
Group 2	0.2691	0.4397	0.7088	0.5866

TROJAN INCOME FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trojan Income Fund ('the Fund') is to provide an above average income with the potential for capital growth in the medium term. The Fund's policy is to invest substantially in UK and overseas equities and fixed interest securities but may also invest in collective investment schemes and money market instruments.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Income Fund
3 May 2016

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the twelve months under review the Fund produced a total return of +4.8%. Over the same period the FTSE All-Share Index produced a total return of -4.6%*, while the total return on cash (LIBID Index) amounted to +0.4%*. At 31 January 2016 the Fund size was £2,444 million.

A distribution of 3.9465p will be paid to holders of 'O' Income shares on 31 March which, combined with the interim dividend of 2.7300p paid on 30 September, makes a total distribution of 6.6765p. This represents an increase of 2.5% over the previous year and continues the Fund's track record of unbroken dividend growth since its launch in 2004.

2015 proved to be the most unpredictable and volatile year of trading across global markets since 2008. Investors started the year sporting their finest pair of rose-tinted glasses as the European Central Bank launched its long-awaited Quantitative Easing programme and expectations for a US and UK rate hike were kicked into the long grass. Concerns over Greece's ability to come to an agreement with its international creditors to unlock financing and avert a default were put on the back-burner as markets rallied; the FTSE 100 broke above its December 1999 peak to close at 7,104 in April 2015 whilst the S&P 500 marched on to reach its all-time high and the NASDAQ Composite completed its long journey back from the bursting of the internet bubble. A decisive outcome at the polls at the UK general election in May helped markets remain tranquil. However, with a €1.6 billion debt repayment and the expiry of its bailout package looming large, Greece returned to the negotiating table with creditors in June in an attempt to thrash out a deal. In an escalation of the Greek debt crisis, the talks broke down, Greek banks were closed and capital controls were imposed. With Grexit looking inevitable, only a last-ditch intervention from Donald Tusk, President of the European Council, ensured the EU overcame its sternest test yet.

If the Greek drama failed to truly rattle markets, then the persistent crude oversupply that resulted in a 20% drop in oil prices in the month of July certainly did. By August, it was China's turn to send ripples through markets – a shock yuan devaluation triggered a drop in the Chinese stock market that reached its crescendo on 26 August by which point the Shanghai Composite had shed 25%. By December, Bloomberg's closely watched Commodity Index was hovering around lows not seen since 1999 as ongoing overcapacity and concerns over a slowdown in China came to the fore; the bloodbath in resources stocks became acute and rights issue and dividend cut announcements increased in frequency. Dividend cuts continue to attract column inches and the high yield on resources stocks reflects scepticism among investors over whether the current level of payouts is sustainable. Dividend cuts, however, have not been confined to the resources sector; in the banking sector Standard Chartered scrapped its dividend whilst the supermarket price war took its toll on Tesco which cancelled its payout in January 2015. Both Sainsbury and WM Morrison sharply cut their own payouts during the year. To round off a topsy-turvy 2015, December saw the Federal Reserve raise interest rates for the first time in nearly a decade, ushering in an era of monetary policy divergence. Share prices on both sides of the Atlantic ended a volatile year roughly where they started.

* Source: Bloomberg. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

TROJAN INCOME FUND

ACD's Report (continued)

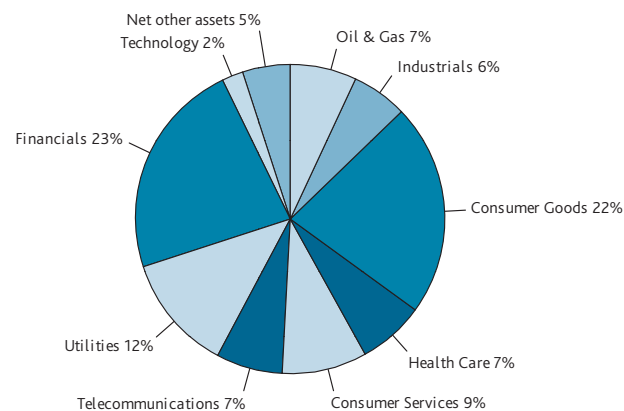
Investment Manager's Report (continued)

For the year ended 31 January 2016

PORTFOLIO

As at 31 January 2016 there were 45 equity holdings in the portfolio. 4.6% of assets were held as cash. The asset and sector allocations as at the end of January 2016 are shown below.

SECTOR ALLOCATION AS AT 31 JANUARY 2016



In an environment of zero interest rates, investors starved of yield remain attracted to stocks with good dividend track records, low leverage, strong pricing power, healthy free cash flow and high returns on invested capital. Market valuations therefore remain elevated and pockets of value have proved hard to come by.

We added to the Fund's holding of Centrica following the announcement of the dividend cut in February 2015. From the perspective of a long-term investor we believe that the stock looks cheap despite the ongoing lack of short-term clarity. We reduced our exposure to Severn Trent and Pannon Group on the basis of valuation concerns and reinvested the proceeds from the reduction of these two holdings into Lloyds Banking Group, Royal Mail Group and AstraZeneca over the course of the year. We made a new investment in Assura, a UK health care REIT and a developer and owner-manager of primary care property for the NHS. Assura's business model is similar to that of Primary Health Properties, an existing holding in the Fund. In November 2015, the Fund participated in International Public Partnerships' capital raising following a meeting with management. This holding, which is not dissimilar to our existing holding in 3i Infrastructure, offers exposure to public infrastructure assets at the lower end of the risk spectrum e.g. PPP projects.

Three of the Fund's investments were the objects of corporate activity during the year. Germany's Müller Group finally completed the acquisition of Dairy Crest Group's milk operations. The disposal of this low margin, commoditised business will allow Dairy Crest, a long – standing holding in the Fund, to develop its small ingredients business into products aimed primarily at the global infant formula market, in addition to focusing on a strong branded cheese and spreads division. In September 2015, Amlin, the Lloyd's market non-life underwriter, attracted an all-cash bid from Tokyo-based Mitsui Sumitomo pitched at a 36% premium to the undisturbed share price. Part of the Amlin holding has since been reinvested in Hiscox, one of the few remaining quoted Lloyd's companies and another that has demonstrated fine underwriting

discipline over the years. 2015 also saw Royal Dutch Shell launch a £47 billion bid to acquire BG Group, attracted by its deepwater assets in Brazil and its LNG portfolio. At the time of writing, Shell has completed its acquisition of BG Group.

Finally, in September 2015, the Fund took advantage of market volatility to write put options, on Diageo shares, at a price level at which we would be comfortable owning the stock. The option premium received enhances the income account and represents an attractive return on cash that would ordinarily have returned 0%.

OUTLOOK

2016 has started ominously. China's tolerance of a weaker yuan, a slowing Chinese economy, a relentless fall in commodity prices and erratic monetary policy have conspired to bring about a turbulent start to the year for global stock markets. Markets remain jittery and volatility remains elevated.

Perhaps the most uncertain variable in the current environment remains the consequences of central bankers' unorthodox monetary policy. At a simplistic level, falling oil and grocery prices lower the cost of living as nominal wages are rigid downwards (and we have been seeing real wage growth). This in turn should create a demand stimulus as consumers spend the saving on other products and services. Central Bankers, however, are keen to dispel the spectre of deflation and Sweden, Switzerland, Denmark, the eurozone and most recently Japan (together almost a quarter of the global economy) have all introduced some form of negative interest rate policy. As of 11 February 2016, \$6.1 trillion of bonds within the JPM Global Government Bond Index traded with negative yields. Central Bankers are betting that negative interest policy will help fight deflationary forces, weaken their currencies and stimulate growth in the real economy whilst an aversion to negative yields in the financial economy will drive investors to change their asset allocation towards riskier asset classes e.g. equities. One could be forgiven for perceiving the Central Bank's mandate to be one that erodes the purchasing power of its citizens and stokes asset bubbles.

At the time of writing the FTSE 100 Share Index has recovered to sit at 6,000 following a 22% drop from its all-time high reached in April 2015. It is important to remember that the UK stock market has a heavy weighting in oil and commodity stocks, with a quarter of UK dividends coming from resources stocks. Whilst underlying dividends (which exclude special payments) rose 7% in 2015 to £85 billion, this masks the fact that the growth rate slowed over the course of the year. The cratering of commodity prices has left miners slashing payouts and oil majors under pressure to follow suit in 2016. Although the expectation of lower payouts has already been reflected in share prices across the commodities sector, backward looking dividend growth measures will only reflect the effects in 2016; indeed, Capita's Q1 2016 UK Dividend Monitor Report forecasts 2016 will see the first decline in underlying UK dividends since 2010 with major dividend cuts and company takeovers set to impact 2016 payout by at least £4.7 billion. 2016 will also see British voters head to the polls to vote on whether to remain part of a reformed EU or leave altogether. Given 44% of UK exports go to the EU and the EU is the source of 46% of the stock of inward foreign direct investment in the UK, both UK equities and sterling can be expected to be the subject of heightened volatility in the months ahead. A benign inflationary environment coupled with continued uncertainty as to when the Bank of England will eventually lift interest rates (the benchmark rate has been kept on hold for 83 consecutive months) will do little to calm market observers.

TROJAN INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

OUTLOOK (continued)

The investment outlook looks ever-more uncertain and increasingly volatile. In such an environment, it is futile to predict where markets, inflation expectations and interest rates are headed and instead, we continue to focus our attention on low volatility, high quality equities that can deliver high through-the-cycle returns on invested capital and shy away from capital intensive businesses that are cyclically exposed.

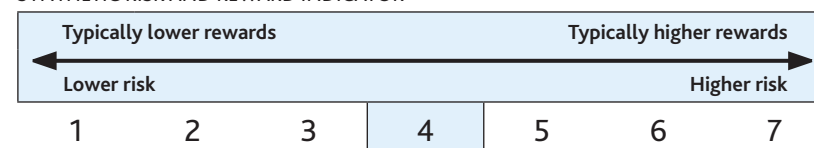
TROY ASSET MANAGEMENT LIMITED

Investment Manager

23 February 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

During the year the indicator changed from 5 to 4. The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	170.16	149.87	140.85
Return before operating charges*	9.90	28.45	16.81
Operating charges	(1.77)	(1.65)	(1.56)
Return after operating charges	8.13	26.80	15.25
Distributions on income shares	(6.68)	(6.51)	(6.23)
Closing net asset value per share	171.61	170.16	149.87
* after direct transaction costs	0.18	0.19	0.32
Performance			
Return after charges	4.78%	17.88%	10.83%
Other Information			
Closing net asset value (£'000)	1,352,549	1,144,657	741,033
Closing number of shares	788,152,225	672,675,819	494,466,061
Operating charges	1.02%	1.02%	1.03%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	180.94	174.31	159.23
Lowest share price	161.89	149.08	141.32

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	264.44	223.94	202.06
Return before operating charges*	15.48	42.99	24.13
Operating charges	(2.77)	(2.49)	(2.25)
Return after operating charges	12.71	40.50	21.88
Closing net asset value per share	277.15	264.44	223.94
Retained distributions on accumulation shares	10.45	9.80	8.99
* after direct transaction costs	0.29	0.28	0.46
Performance			
Return after charges	4.81%	18.09%	10.83%
Other Information			
Closing net asset value (£'000)	526,241	397,776	202,378
Closing number of shares	189,876,411	150,423,856	90,372,793
Operating charges	1.02%	1.02%	1.03%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	283.21	264.86	232.23
Lowest share price	255.58	222.75	202.74

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	162.73	144.06	136.08
Return before operating charges*	9.44	27.27	16.21
Operating charges	(2.51)	(2.35)	(2.23)
Return after operating charges	6.93	24.92	13.98
Distributions on income shares	(6.37)	(6.25)	(6.00)
Closing net asset value per share	163.29	162.73	144.06
* after direct transaction costs	0.18	0.18	0.31
Performance			
Return after charges	4.26%	17.30%	10.27%
Other Information			
Closing net asset value (£'000)	49,809	73,216	94,786
Closing number of shares	30,503,447	44,991,509	65,795,511
Operating charges	1.52%	1.52%	1.53%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	172.75	166.60	152.99
Lowest share price	154.26	143.30	136.54

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	258.27	219.81	199.33
Return before operating charges*	15.07	42.08	23.77
Operating charges	(4.01)	(3.62)	(3.29)
Return after operating charges	11.06	38.46	20.48
Closing net asset value per share	269.33	258.27	219.81
Retained distributions on accumulation shares	10.19	9.60	8.86
* after direct transaction costs	0.28	0.28	0.45
Performance			
Return after charges	4.28%	17.50%	10.27%
Other Information			
Closing net asset value (£'000)	115,181	144,709	147,905
Closing number of shares	42,765,868	56,030,686	67,286,319
Operating charges	1.52%	1.52%	1.53%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	275.44	258.69	227.98
Lowest share price	248.90	218.63	200.00

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	174.61	153.39	143.79
Return before operating charges*	10.16	29.18	17.17
Operating charges	(1.37)	(1.28)	(1.20)
Return after operating charges	8.79	27.90	15.97
Distributions on income shares	(6.86)	(6.68)	(6.37)
Closing net asset value per share	176.54	174.61	153.39
* after direct transaction costs	0.19	0.19	0.33
Performance			
Return after charges	5.03%	18.19%	11.11%
Other Information			
Closing net asset value (£'000)	271,116	266,936	188,496
Closing number of shares	153,573,526	152,875,095	122,889,689
Operating charges	0.77%	0.77%	0.78%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	185.81	178.92	163.01
Lowest share price	166.43	152.59	144.28

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	265.77	224.54	202.09
Return before operating charges*	15.57	43.11	24.15
Operating charges	(2.10)	(1.88)	(1.70)
Return after operating charges	13.47	41.23	22.45
Closing net asset value per share	279.24	265.77	224.54
Retained distributions on accumulation shares	10.52	9.84	9.01
* after direct transaction costs	0.29	0.28	0.46
Performance			
Return after charges	5.07%	18.36%	11.11%
Other Information			
Closing net asset value (£'000)	13,415	10,134	9,185
Closing number of shares	4,804,412	3,813,222	4,090,738
Operating charges	0.77%	0.77%	0.78%
Direct transaction costs	0.11%	0.12%	0.21%
Prices			
Highest share price	285.23	266.20	232.84
Lowest share price	257.23	223.35	202.77

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 ¹ (p/share)
'Z' Income shares <i>(this class is only available for investment by the Trojan Income Feeder Fund (Ireland))</i>			
Change in net assets per share			
Opening net asset value per share	117.82	102.73	100.00
Return before operating charges*	6.88	19.61	6.12
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	6.85	19.58	6.10
Distributions on income shares	(4.64)	(4.49)	(3.37)
Closing net asset value per share	120.03	117.82	102.73
* after direct transaction costs	0.13	0.13	0.22
Performance			
Return after charges	5.82%	19.06%	6.10%
Other Information			
Closing net asset value (£'000)	116,063	78,567	42,365
Closing number of shares	96,694,430	66,684,948	41,239,972
Operating charges	0.02%	0.02%	0.03% ²
Direct transaction costs	0.11%	0.12%	0.21% ²
Prices			
Highest share price	125.68	120.67	108.41
Lowest share price	112.73	102.20	97.92

¹ From 15 April 2013.

² Annualised figure due to share class launched less than 1 year.

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 ¹ (p/share)
'Z' Accumulation shares <i>(this class is only available for investment by the Trojan Income Feeder Fund (Ireland))</i>			
Change in net assets per share			
Opening net asset value per share	126.42	105.96	100.00
Return before operating charges*	7.39	20.49	5.98
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges	7.36	20.46	5.96
Closing net asset value per share	133.78	126.42	105.96
Retained distributions on accumulation shares	5.02	4.66	3.40
* after direct transaction costs	0.14	0.13	0.22
Performance			
Return after charges	5.82%	19.31%	5.96%
Other Information			
Closing net asset value (£'000)	–	–	–
Closing number of shares	250	250	250
Operating charges	0.02%	0.02%	0.03% ²
Direct transaction costs	0.11%	0.12%	0.21% ²
Prices			
Highest share price	136.48	126.62	109.85
Lowest share price	122.83	105.40	97.85

¹ From 15 April 2013.

² Annualised figure due to share class launched less than 1 year.

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

FUND PERFORMANCE TO 31 JANUARY 2016 (%)

	1 year	3 years	5 years
Trojan Income Fund	4.83	37.03	72.74

The performance of the Fund is based on the published price per 'O' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 143 to 145.

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	UNITED KINGDOM – 84.52% (31.01.15 – 83.21%)		
	OIL & GAS – 6.95% (31.01.15 – 8.13%)		
	<i>OIL & GAS PRODUCERS – 6.95% (31.01.15 – 8.13%)</i>		
3,900,000	BG Group	40,677	1.66
18,000,000	BP	66,663	2.73
4,200,000	Royal Dutch Shell 'B'	62,622	2.56
	TOTAL OIL & GAS	169,962	6.95
	INDUSTRIALS – 6.31% (31.01.15 – 4.74%)		
	<i>INDUSTRIAL TRANSPORTATION – 3.62% (31.01.15 – 2.43%)</i>		
19,500,000	Royal Mail Group	88,530	3.62
	<i>SUPPORT SERVICES – 2.69% (31.01.15 – 2.31%)</i>		
5,600,000	Experian	65,744	2.69
	TOTAL INDUSTRIALS	154,274	6.31
	CONSUMER GOODS – 13.63% (31.01.15 – 13.07%)		
	<i>FOOD PRODUCERS – 6.10% (31.01.15 – 5.21%)</i>		
5,000,000	Dairy Crest Group	31,850	1.30
3,875,000	Unilever	117,316	4.80
		149,166	6.10
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION – 1.27% (31.01.15 – 1.76%)</i>		
500,000	Reckitt Benckiser Group	30,960	1.27
	<i>TOBACCO – 6.26% (31.01.15 – 6.10%)</i>		
1,400,000	British American Tobacco	53,907	2.20
2,650,000	Imperial Tobacco Group	99,243	4.06
		153,150	6.26
	TOTAL CONSUMER GOODS	333,276	13.63

TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	HEALTH CARE – 6.60% (31.01.15 – 6.24%)		
	<i>PHARMACEUTICALS & BIOTECHNOLOGY – 6.60%</i> <i>(31.01.15 – 6.24%)</i>		
1,525,000	AstraZeneca	67,588	2.77
6,500,000	GlaxoSmithKline	92,527	3.79
650,000	Indivior	1,004	0.04
	TOTAL HEALTH CARE	161,119	6.60
	CONSUMER SERVICES – 9.20% (31.01.15 – 8.06%)		
	<i>GENERAL RETAILERS – 2.86% (31.01.15 – 2.47%)</i>		
3,870,148	WH Smith	70,127	2.86
	<i>TRAVEL & LEISURE – 3.43% (31.01.15 – 2.71%)</i>		
7,020,000	Compass Group	83,749	3.43
	<i>MEDIA – 2.91% (31.01.15 – 2.88%)</i>		
6,700,000	Sky	71,087	2.91
	TOTAL CONSUMER SERVICES	224,963	9.20
	TELECOMMUNICATIONS – 4.50% (31.01.15 – 3.90%)		
	<i>MOBILE TELECOMMUNICATIONS – 4.50%</i> <i>(31.01.15 – 3.90%)</i>		
2,500,000	Inmarsat	26,600	1.09
38,100,000	Vodafone Group	83,439	3.41
	TOTAL TELECOMMUNICATIONS	110,039	4.50
	UTILITIES – 11.60% (31.01.15 – 13.44%)		
	<i>ELECTRICITY – 2.27% (31.01.15 – 2.43%)</i>		
3,875,000	SSE	55,490	2.27

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	GAS, WATER & MULTIUTILITIES – 9.33% <i>(31.01.15 – 11.01%)</i>		
34,000,000	Centrica	68,918	2.82
8,000,000	National Grid	77,648	3.18
5,300,000	Pennon Group	46,667	1.91
1,600,000	Severn Trent	34,720	1.42
	TOTAL UTILITIES	227,953	9.33
	FINANCIALS – 23.35% (31.01.15 – 23.24%)		
	<i>BANKS – 4.53% (31.01.15 – 5.30%)</i>		
11,400,000	HSBC Holdings	55,187	2.26
86,000,000	Lloyds Banking Group	55,461	2.27
	TOTAL BANKS	110,648	4.53
	<i>NON-LIFE INSURANCE – 2.91% (31.01.15 – 4.40%)</i>		
2,425,000	Hiscox	23,777	0.97
3,061,521	Jardine Lloyd Thompson Group	25,273	1.03
3,534,821	Lancashire Holdings	22,093	0.91
	TOTAL NON-LIFE INSURANCE	71,143	2.91
	REAL ESTATE INVESTMENT TRUSTS – 6.89% <i>(31.01.15 – 4.02%)</i>		
51,676,160	Assura	27,931	1.14
5,700,000	Land Securities Group	61,902	2.53
24,000,000	LondonMetric Property	38,520	1.58
7,018,000	Newriver Retail and Material^	23,580	0.96
15,524,000	Primary Health Properties	16,611	0.68
	TOTAL REAL ESTATE INVESTMENT TRUSTS	168,544	6.89
	FINANCIAL SERVICES – 7.19% (31.01.15 – 8.28%)		
9,300,001	ICAP	44,575	1.82
1,900,000	Provident Financial	54,720	2.24
1,348,000	Rathbone Brothers	30,950	1.27
1,700,000	Schroders	45,492	1.86
	TOTAL FINANCIAL SERVICES	175,737	7.19

TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	<i>EQUITY INVESTMENT INSTRUMENTS – 1.83%</i> (31.01.15 – 1.24%)		
15,300,000	3i Infrastructure	26,056	1.07
13,400,000	International Public Partnerships	18,706	0.76
		<u>44,762</u>	<u>1.83</u>
	TOTAL FINANCIALS	<u>570,834</u>	<u>23.35</u>
	<i>TECHNOLOGY – 2.38% (31.01.15 – 2.39%)</i>		
	<i>SOFTWARE & COMPUTER SERVICES – 2.38%</i> (31.01.15 – 2.39%)		
9,500,000	Sage Group (The)	58,045	2.38
	TOTAL UNITED KINGDOM	<u>2,065,955</u>	<u>84.52</u>
	<i>CONTINENTAL EUROPE – 1.74% (31.01.15 – 2.00%)</i>		
830,000	Nestlé	42,415	1.74
	<i>NORTH AMERICA – 9.17% (31.01.15 – 7.01%)</i>		
1,300,000	Altria Group	54,181	2.22
1,250,000	Coca-Cola Company (The)	37,190	1.52
2,250,000	Reynolds American	76,316	3.12
1,650,000	Verizon Communications	56,479	2.31
	TOTAL NORTH AMERICA	<u>224,166</u>	<u>9.17</u>
	<i>OPTIONS – (0.03)% (31.01.15 – 0.00%)</i>		
(739)	Burberry Group P1,000 18.03.16	(77)	(0.01)
(5,820)	Centrica P190 18.03.16	(262)	(0.01)
(18,550)	Lloyds Bank P60 18.03.16	(325)	(0.01)
	TOTAL OPTIONS	<u>(664)</u>	<u>(0.03)</u>

	Value £'000	31.01.16 %
Portfolio of investments#	2,331,872	95.40
Net other assets	112,502	4.60
Net assets	<u>2,444,374</u>	<u>100.00</u>

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

Includes investment liabilities.

^ Quoted on the Alternative Investment Market (AIM).

TROJAN INCOME FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2016

Total purchases for the year £'000 (note 13)		481,092
Major purchases	Cost	£'000
Royal Mail Group	37,449	
Vodafone Group	31,643	
Land Securities Group	29,506	
Centrica	29,415	
Verizon Communications	28,851	
Assura	25,979	
Unilever	24,662	
Newriver Retail and Material	23,118	
Hiscox	22,887	
Compass Group	22,652	
Lloyds Banking Group	22,000	
GlaxoSmithKline	21,412	
Royal Dutch Shell 'B'	19,345	
International Public Partnerships	17,588	
Experian	17,457	
National Grid	14,487	
Sky	14,107	
AstraZeneca	14,047	
LondonMetric Property	11,882	
SSE	9,925	
Total sales for the year £'000 (note 13)	139,505	
Sales	Proceeds	£'000
Amlin	59,081	
Severn Trent	15,139	
Sky	12,305	
Provident Financial	10,366	
Reckitt Benckiser Group	9,421	
Pennon Group	7,334	
British American Tobacco	5,753	
Sage Group (The)	5,420	
National Grid	5,127	
Inmarsat	4,887	
Reynolds American	4,672	

The summary of material portfolio changes represents the 20 largest purchases and all of the sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Income:					
Net capital gains	2		42,309		244,235
Revenue	3	89,921		70,878	
Expenses	4	(22,581)		(17,740)	
Net revenue before taxation		67,340		53,138	
Taxation	5	(1,173)		(941)	
Net revenue after taxation			66,167		52,197
Total return before distributions			108,476		296,432
Distributions	6		(87,793)		(69,342)
Change in net assets attributable to shareholders from investment activities			20,683		227,090

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 JANUARY 2016

	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Opening net assets attributable to shareholders			2,115,995	1,426,150
Amounts receivable on issue of shares	414,812			512,404
Amounts payable on cancellation of shares	(131,411)			(68,384)
		283,401		444,020
Stamp duty reserve tax		–		(263)
Change in net assets attributable to shareholders from investment activities		20,683		227,090
Retained distributions on Accumulation shares		24,295		18,998
Closing net assets attributable to shareholders		2,444,374		2,115,995

TROJAN INCOME FUND
Financial Statements (continued)
BALANCE SHEET
AS AT 31 JANUARY 2016

	Notes	31.01.16 £'000	31.01.15 £'000
ASSETS			
Fixed assets			
Investments		2,332,536	1,951,433
Current assets			
Debtors	7	19,887	14,270
Cash and bank balances		136,101	192,974
Total assets		<u>2,488,524</u>	<u>2,158,677</u>
LIABILITIES			
Investment liabilities			
		(664)	–
Creditors			
Distribution payable		(41,212)	(35,537)
Other creditors	8	(2,274)	(7,145)
Total liabilities		<u>(44,150)</u>	<u>(42,682)</u>
Net assets attributable to shareholders		<u>2,444,374</u>	<u>2,115,995</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year. The additional accounting policy described below has also been applied to this Fund.

(a) *Distribution policy*

The Annual Management Charge is transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

	31.01.16 £'000	31.01.15 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	42,481	244,246
Derivative contracts	(69)	–
Transaction charges	(1)	(2)
Currency losses	(102)	(9)
Net capital gains	<u>42,309</u>	<u>244,235</u>
3. REVENUE		
Non-taxable dividends	87,122	69,494
UK property income distributions	1,932	1,180
Underwriting commission	6	–
Bank interest	287	204
Option premium	574	–
Total revenue	<u>89,921</u>	<u>70,878</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	22,079	17,331
Legal and professional fees	18	19
Printing costs	8	8
Registration fees	82	41
	22,187	17,399
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	302	246
Safe custody and other bank charges	71	71
	373	317

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
4. EXPENSES (continued)		
Other expenses:		
FCA fee	–	1
Fees paid to auditor – audit	9	8
– tax services	3	3
Publication costs	8	8
Postage and distribution costs	1	4
	<u>21</u>	<u>24</u>
Total expenses	<u>22,581</u>	<u>17,740</u>

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.01.16 £'000	31.01.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,173	941
Current tax charge	<u>1,173</u>	<u>941</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>1,173</u>	<u>941</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.15 : 20%). The difference is explained below.

	31.01.16 £'000	31.01.15 £'000
Net revenue before taxation	<u>67,340</u>	<u>53,138</u>
Corporation tax at 20%	13,468	10,628

	31.01.16 £'000	31.01.15 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(17,424)	(13,899)
Unutilised excess management expenses	<u>3,956</u>	<u>3,271</u>
Corporation tax charge	–	–
Overseas tax	<u>1,173</u>	<u>941</u>
Total tax charge (note 5a)	<u>1,173</u>	<u>941</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £12,333 thousand (31.01.15 : £8,377 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.01.16 £'000	31.01.15 £'000
Interim	35,992	27,846
Final	<u>55,806</u>	<u>47,669</u>
	91,798	75,515
Add: Revenue deducted on cancellation of shares	1,443	900
Deduct: Revenue received on issue of shares	<u>(5,448)</u>	<u>(7,073)</u>
Net distributions for the year	<u>87,793</u>	<u>69,342</u>
Total finance costs	<u>87,793</u>	<u>69,342</u>

Details of the distributions per share are set out in the table on pages 143 to 145.

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net revenue after taxation	66,167	52,197
Allocations to capital:		
Annual Management Charge, net of tax relief	21,619	17,136
Equalisation on conversions*	7	9
Balance brought forward	1	1
Balance carried forward	(1)	(1)
Net distributions for the year	<u>87,793</u>	<u>69,342</u>

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	31.01.16 £'000	31.01.15 £'000
7. DEBTORS		
Amounts receivable for issue of shares	9,271	7,504
Accrued revenue:		
Non-taxable dividends	6,798	6,232
Bank interest	19	24
	6,817	6,256
Prepaid expenses	5	5
Amounts due from brokers	3,099	–
Taxation recoverable:		
Income tax	6	59
Overseas withholding tax	689	446
	695	505
Total debtors	<u>19,887</u>	<u>14,270</u>
8. CREDITORS		
Amounts payable for cancellation of shares	238	1,895
Purchases awaiting settlement	–	3,465

	31.01.16 £'000	31.01.15 £'000
8. CREDITORS (continued)		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,975	1,726
Legal and professional fees	2	2
Printing costs	4	4
Registration fees	9	2
	1,990	1,734
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26	24
Safe custody and other bank charges	6	12
	32	36
Other expenses	12	13
Taxation payable:		
Stamp duty reserve tax	2	2
Total creditors	<u>2,274</u>	<u>7,145</u>

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received and paid by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 131 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 9,232,874 (31.01.15 : 10,087,277) of the Fund's shares at the balance sheet date.

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.15 : none).

11. SHAREHOLDERS' FUNDS

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	672,675,819	150,423,856	44,991,509
Issues	124,737,931	36,225,444	1,539,660
Cancellations	(20,079,571)	(9,916,965)	(3,645,378)
Conversions	10,818,046	13,144,076	(12,382,344)
Closing shares in issue	<u>788,152,225</u>	<u>189,876,411</u>	<u>30,503,447</u>
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	56,030,686	152,875,095	3,813,222
Issues	10,789,386	17,785,501	1,188,663
Cancellations	(11,205,787)	(17,138,219)	(205,021)
Conversions	(12,848,417)	51,149	7,548
Closing shares in issue	<u>42,765,868</u>	<u>153,573,526</u>	<u>4,804,412</u>
		'Z' Income	'Z' Accumulation
Annual Management Charge		0.00%	0.00%
Opening shares in issue		66,684,948	250
Issues		33,977,060	–
Cancellations		(3,967,578)	–
Conversions		–	–
Closing shares in issue		<u>96,694,430</u>	<u>250</u>

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

12. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

ii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile.

	31.01.16 £'000	31.01.15 £'000
Currency:		
Euros	–	14
Swiss francs	43,078	42,273
US dollars	224,747	148,838
	<u>267,825</u>	<u>191,125</u>
Pounds sterling	2,176,549	1,924,870
Net assets	<u>2,444,374</u>	<u>2,115,995</u>

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

iii. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

iv. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

v. 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.

vi. Derivatives

The Fund held no derivatives of a material nature during the current and prior year.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares	478,853	576	1,663	481,092
Purchases total	<u>478,853</u>	<u>576</u>	<u>1,663</u>	<u>481,092</u>
Transaction cost % of purchases total		0.12%	0.35%	
Transaction cost % of average NAV		0.03%	0.07%	
Ordinary shares	139,698	(193)	–	139,505
Sales total	<u>139,698</u>	<u>(193)</u>	<u>–</u>	<u>139,505</u>
Transaction cost % of sales total		0.14%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31.01.16 is 0.14% (31.01.15 : 0.09%).

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

13. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.15				
Ordinary shares	366,786	386	1,620	368,792
Purchases total	366,786	386	1,620	368,792
<i>Transaction cost % of purchases total</i>		0.11%	0.44%	
<i>Transaction cost % of average NAV</i>		0.02%	0.09%	
Ordinary shares	22,301	(11)	–	22,290
Sales total	22,301	(11)	–	22,290
<i>Transaction cost % of sales total</i>		0.05%	–	
<i>Transaction cost % of average NAV</i>		–	–	

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16 Assets £'000	31.01.16 Liabilities £'000	31.01.15 Assets £'000
Level 1	2,290,747	(664)	1,878,823
Level 2	41,789	–	72,610
Level 3	–	–	–
	<u>2,332,536</u>	<u>(664)</u>	<u>1,951,433</u>
Total portfolio of investments		<u>2,331,872</u>	<u>1,951,433</u>

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.02.15	01.08.15
To	31.07.15	31.01.16

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	2.7300	–	2.7300	2.6500
Group 2	0.8890	1.8410	2.7300	2.6500
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	3.9465	–	3.9465	3.8636
Group 2	1.4151	2.5314	3.9465	3.8636

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	4.2428	–	4.2428	3.9586
Group 2	1.3976	2.8452	4.2428	3.9586
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	6.2068	–	6.2068	5.8433
Group 2	2.2213	3.9855	6.2068	5.8433

TROJAN INCOME FUND
Financial Statements (continued)
Distribution Table (continued)

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	2.7300	–	2.7300	2.6500
Group 2	0.9202	1.8098	2.7300	2.6500
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	3.6387	–	3.6387	3.5956
Group 2	1.3099	2.3288	3.6387	3.5956

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	4.3342	–	4.3342	4.0424
Group 2	1.4608	2.8734	4.3342	4.0424
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	5.8510	–	5.8510	5.5596
Group 2	2.3879	3.4631	5.8510	5.5596

'S' Income shares (Registered charities only)

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	2.7300	–	2.7300	2.6500
Group 2	0.5474	2.1826	2.7300	2.6500
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	4.1312	–	4.1312	4.0262
Group 2	1.6682	2.4630	4.1312	4.0262

'S' Accumulation shares (Registered charities only)

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	4.1556	–	4.1556	3.8786
Group 2	3.2942	0.8614	4.1556	3.8786
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	6.3605	–	6.3605	5.9631
Group 2	2.6519	3.7086	6.3605	5.9631

'Z' Income shares (this class is only available for investment by the Trojan Income Feeder Fund (Ireland))

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	1.9000	–	1.9000	1.8250
Group 2	0.3058	1.5942	1.9000	1.8250
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	2.7444	–	2.7444	2.6609
Group 2	0.8761	1.8683	2.7444	2.6609

'Z' Accumulation shares (this class is only available for investment by the Trojan Income Feeder Fund (Ireland))

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	2.0511	–	2.0511	1.8858
Group 2	2.0511	0.0000	2.0511	1.8858
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	2.9680	–	2.9680	2.7760
Group 2	2.9680	0.0000	2.9680	2.7760

CRYSTAL FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

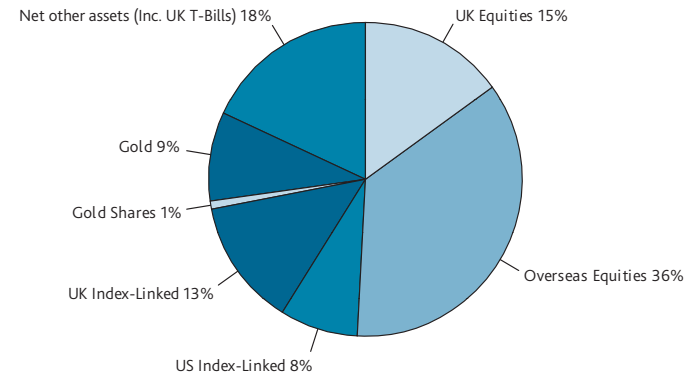
The investment objective of the Crystal Fund ('the Fund') is to achieve growth in capital over the longer term with a particular emphasis on preservation. The Fund's policy is to invest substantially in UK and overseas equities and fixed interest securities, but may also invest in collective investment schemes and money market instruments.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Crystal Fund
3 May 2016

INVESTMENT MANAGER'S REPORT

For the year to 31 January 2016, the Fund produced a total return of +1.6% compared to a return +0.4%* in the LIBID Index (total return) and -4.6%* in the FTSE All-Share Index (total return).

ASSET ALLOCATION AS AT 31 JANUARY 2016



MARKET REVIEW

In December, after another year of apparent indecisiveness, the Federal Reserve ('the Fed') decided to raise US interest rates for the first time since 2006. Given deteriorating global economic fundamentals, it seems a strange time to be tightening monetary policy and, with hindsight, the Fed's decision may prove too little too late. There is little prospect of interest rate rises elsewhere in the world and we would not be surprised to see the Fed's decision reversed in 2016. Negative nominal interest rates and a fourth round of Quantitative Easing may be on the menu before the year ends – a policy reversal which would lead to a weaker US dollar and the potential loss of credibility for central banks.

The past two years have been boring at the headline market level, but 2016 has been anything but dull. Stock markets have had the worst start to the year for decades. Much of this shift has been blamed on the weakening Chinese economy and currency and the (not unrelated) fall in the oil price. But there is more to it than that. The fall in oil has led to tighter monetary conditions for many, pushing the US dollar higher. For years a weak dollar has provided a tide of liquidity that has buoyed asset prices and economic activity. Now that tide of liquidity is reversing and has become a tide of tightening for those that have dollar debt obligations. World trade has collapsed to near 2008 levels and corporate profitability has fallen, which is evident from the pressures on cash flows. Corporate bond yields have been rising, especially in High Yield Bonds, as financial conditions deteriorate. Market action underlines the point that normalising interest rates looks an unachievable target for the Fed.

* Source: Bloomberg, bid to bid basis, net income reinvested at ex-dividend date, sterling terms. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

CRYSTAL FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

MARKET REVIEW (continued)

Headline market moves also disguise the bifurcation of the market. The decade-long over-investment in natural resources has proven, with hindsight, to have been a bubble that has now spectacularly burst. Companies involved in extracting natural resources have been subject to a vicious bear market. In contrast to this, companies selling staples to western consumers have enjoyed an equally notable bull run. We have largely avoided the carnage of the energy and metals crash and have benefitted from the relentless rerating upwards of consumer staple stocks. Both these trends cannot and will not go on forever. We will have to endure both absolute and relative pain when these remarkable trends reverse.

PORTFOLIO

We look for investments that we see as having not too much risk, but the scope for plenty of reward. Today, the two most important asset classes—bonds and equities—possess the opposite qualities, a great deal of potential risk for little deserved reward. When both bonds and equities are expensive, the very long duration of stocks makes them particularly vulnerable to pernicious drawdowns. The portfolio is unsurprisingly defensively positioned with a greater emphasis on return of capital than return on capital. In a world of scarce earnings growth, the market has become impatient. Investors have rushed to pay huge premiums for revenue growth and earnings dependability. Our stance instead has instead been one of purposeful inactivity. We are waiting for the companies we like to trade at valuations we like. As a reminder we have a bias towards businesses that enjoy strong and predictable cash generation; demonstrate sustainably high returns on capital; and possess easy-to-understand growth opportunities. The few portfolio changes that were made were more tactical than strategic in nature.

Growing fears that the last decade of impressive emerging market economic growth is over, combined with blossoming hope that a fall in gas prices will support US disposable incomes have powerfully combined to boost the stock prices of US consumer staple companies that predominantly serve the domestic market. We therefore elected to reduce the Fund's holdings of Altria Group, Dr Pepper Snapple Group and Reynolds American on record price-to-earnings multiples. The share price strength of the domestic US tobacco companies has been in stark contrast to international peers. British American Tobacco ('BAT') has wonderful emerging market franchises and so its resilient operating power is being somewhat obfuscated by overseas currency weakness. The long-term growth profile of BAT looks better than that of either Altria or Reynolds, yet the valuations of the former is more modest. We therefore increased the Fund's holdings of BAT. BAT also owns 42% of Reynolds American so this holding effectively gives us a discounted way of owning Reynolds American.

Persistent stock price weakness in American Express Company also allowed us to add to our one financial holding. American Express Company is finding corporate life tougher as competitor credit card issuers, finally restored to health, compete more vigorously for affluent Americans' share of wallet. We believe the 'American Express' brand is strong enough to ensure the company's growth will remain attractive and the Fund's economic interest in this unique financial franchise will grow thanks to the Board's commitment to large and sensibly priced share repurchases. In contrast, the decision by the board of Becton, Dickinson and Company to sanction an expensive acquisition at the expense of a buyback programme and a pristine balance sheet encouraged us to take profits from this longstanding holding.

We also further reduced the Fund's interest in Microsoft Corporation on valuation concerns. Microsoft's earnings per share have been stagnant for a number of years, but its share price has raced ahead meaning there is little margin for future disappointment. Coincidentally, we also

reduced the holding of the Fund's other technology investment, Sage Group. For years Sage has been perceived to be a low growth, lumbering technological relic, but a remarkable turnaround in investor perceptions has seen it become one of the FTSE's most richly valued constituents.

We disposed of the holding of Newcrest Mining in its entirety. Subsequent to our initial investment, Newcrest's management decided to launch a hostile bid for Lihir Mining. Hindsight has proved that they overpaid for the business and Newcrest is unlikely to make a cumulative positive return on this ill-gotten venture. The resulting balance sheet is over-indebted and more capital needs to be sunk into Lihir and other mines to replace extracted ounces of gold. We prefer to hold companies that pay us to own them and we could have been waiting years before a dividend cheque lands on the doormat. We also reduced the holdings in Better Capital 2012. This has been a disappointing investment as the manager has proven to be overconfident and too stretched. We take some solace in the knowledge that the holdings were only ever an immaterial percentage of net asset value.

Finally we bought three new equity stakes in A.G. BARR, Procter & Gamble Company and PZ Cussons. All three companies sell goods that are found in the kitchens and bathrooms up and down the country and have done so for generations. However, all three have suffered from recent tough trading and have experienced share price falls. We therefore took advantage of a decline in their respective valuations to initiate these holdings. If sentiment continues to change for the worse we would enthusiastically increase Crystal's economic exposure to these unique time-tested value-creating franchises.

OUTLOOK

Zero interest rates intendedly pull and unintendedly push. They are designed to pull forward in time the consumption of goods and accelerate asset price returns. Central banks have certainly had unquestionable success with the latter and only qualified success with the former. However, the unintended consequences of zero interest rates are beginning to reveal themselves. Zero interest rates have unintentionally pushed inflation backward in time. Low interest rates force many savers to actually defer consumption as they have to save even more to maintain prevailing interest income. Low interest rates also allow the marginal and inefficient incumbent producers to struggle on, whilst emboldening new entrants and disrupters to enter the competitive field. Zero interest rates reduce the rate of return hurdle for corporations. Industry disruptors like Amazon, Uber and Airbnb are able to invest aggressively as financial markets are willing to accept very low short-term rates of return. The combined result is insufficient demand facing excess supply. The drip of zero interest rates has been a placebo for demand; saline for the over-borrowed and ecstasy for the ambitious. The loose monetary policy forced upon the world by central bankers to fight deflation has, in fact contributed to it.

If zero interest rates stretch the imagination then negative interest rates blow the mind. But interest rates in many parts of the world have breached the zero bound. Logically, interest rates should always be positive. People should prefer a euro or a dollar today to something less than a euro or a dollar in the future. Negative interest rates are a tax on cash and savers can literally avoid negative interest rates by sticking their savings under the mattress... or better still swapping it for gold. We are worried that central bankers rather than accepting that their past prescriptions have been the wrong response will instead reach out for even more unorthodox 'solutions'. Respected commentators are increasingly calling on central banks to fund fiscal splurges. The strategist, James Montier of GMO, says "this sounds a little like Rumpelstiltskin spinning straw into gold" and it is.

CRYSTAL FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

OUTLOOK (continued)

In an environment of near universally overvalued asset markets it is likely to be easier to navigate the post-market falls than to avoid the falls themselves. This is because with both equities and bonds looking vulnerable, traditional asset diversification may not protect to the same extent that it has in the past.

2016 will hopefully present the long-awaited opportunity to exploit equity market declines. Yet for the time being we remain circumspect. There are indications that corporate profitability has peaked for this cycle, along with ultra-low corporate financing costs which have supported dividends and share buybacks. There remains a chasm between the prices of individual stocks that we would wish to own and our own appraisal of their fair values. Thankfully, that chasm has begun to close and we look forward to making the step towards being more fully invested in equities.

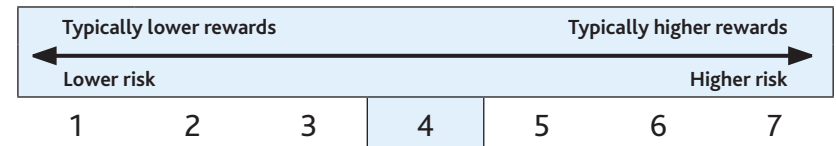
TROY ASSET MANAGEMENT LIMITED

Investment Manager

23 February 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

CRYSTAL FUND

ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLE

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
Income shares			
Change in net assets per share			
Opening net asset value per share	209.98	188.92	197.99
Return before operating charges*	5.54	24.64	(5.03)
Operating charges	(2.38)	(2.30)	(2.30)
Return after operating charges	3.16	22.34	(7.33)
Distributions on income shares	(1.12)	(1.28)	(1.74)
Closing net asset value per share	212.02	209.98	188.92
* after direct transaction costs	0.05	0.02	0.05
Performance			
Return after charges	1.50%	11.83%	(3.70)%
Other Information			
Closing net asset value (£'000)	46,312	46,231	42,305
Closing number of shares	21,843,393	22,016,527	22,392,587
Operating charges	1.15%	1.15%	1.16%
Direct transaction costs	0.02%	0.01%	0.02%
Prices			
Highest share price	212.64	211.31	206.93
Lowest share price	199.20	188.34	189.51

FUND PERFORMANCE TO 31 JANUARY 2016 (%)

	1 year	3 years	5 years
Crystal Fund	1.58	8.96	31.34

The performance of the Fund is based on the published price per share with income reinvested.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 170.

CRYSTAL FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	DEBT SECURITIES – 30.93% (31.01.15 – 33.70%)		
£2,500,000	Treasury 0% 25.04.2016	2,495	5.39
£2,500,000	Treasury 0% 25.07.2016	2,493	5.38
£3,046,300	Treasury 0.125% index-linked 2024	3,533	7.63
£1,518,000	Treasury 1.875% index-linked 2022	2,307	4.98
US\$3,166,000	US Treasury 0.125% Inflation Protected Securities 2022	2,293	4.95
US\$1,500,000	US Treasury 1.375% Inflation Protected Securities 2020	1,205	2.60
	TOTAL DEBT SECURITIES	14,326	30.93
	EQUITIES – 51.38% (31.01.15 – 48.52%)		
	UNITED KINGDOM – 14.91% (31.01.15 – 12.79%)		
117,200	A.G. BARR	620	1.34
304,000	Better Capital 2009	231	0.50
212,000	Better Capital 2012	84	0.18
45,742	British American Tobacco	1,761	3.80
31,356	Diageo	587	1.27
47,000	GlaxoSmithKline	669	1.44
124,555	PZ Cussons	325	0.70
219,827	Sage Group (The)	1,343	2.90
42,500	Unilever	1,287	2.78
	TOTAL UNITED KINGDOM	6,907	14.91
	CONTINENTAL EUROPE – 3.57% (31.01.15 – 3.57%)		
32,400	Nestlé	1,656	3.57
	AUSTRALIA – 0.00% (31.01.15 – 0.53%)	–	–
	NORTH AMERICA – 32.90% (31.01.15 – 31.63%)		
15,500	Agnico-Eagle Mines	313	0.68
31,634	Altria Group	1,318	2.85
15,000	American Express Company	554	1.20
9,000	Becton, Dickinson and Company	895	1.93
6	Berkshire Hathaway	796	1.72
35,000	Coach	876	1.89
55,600	Coca-Cola Company (The)	1,654	3.57

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	NORTH AMERICA – 32.90% (31.01.15 – 31.63%) (continued)		
16,000	Colgate-Palmolive Company	727	1.57
16,000	Dr Pepper Snapple Group	1,030	2.22
50,604	Imperial Oil	1,078	2.33
14,636	Johnson & Johnson	1,046	2.26
44,000	Microsoft Corporation	1,601	3.46
24,958	Philip Morris International	1,554	3.35
9,500	Procter & Gamble Company (The)	530	1.14
37,241	Reynolds American	1,263	2.73
	TOTAL NORTH AMERICA	15,235	32.90
	TOTAL EQUITIES	23,798	51.38
	COMMODITIES – 10.21% (31.01.15 – 11.37%)		
111,363	BlackRock Gold and General*	627	1.35
24,746	ETFS Physical Swiss Gold*	1,878	4.06
30,000	Gold Bullion Securities*	2,222	4.80
	TOTAL COMMODITIES	4,727	10.21
	FORWARD CURRENCY CONTRACTS – (1.12)% (31.01.15 – (0.84)%)		
US\$(17,780,000)	Vs £11,906,755 (expiry 21.03.16)	(521)	(1.12)
	Portfolio of investments#	42,330	91.40
	Net other assets	3,982	8.60
	Net assets	46,312	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.

Includes investment liabilities.

CRYSTAL FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2016

Total purchases for the year £'000 (note 13) **7,736**

Purchases	Cost £'000
Treasury 2% 2016	6,044
A.G. BARR	628
Procter & Gamble Company (The)	425
PZ Cussons	354
American Express Company	225
British American Tobacco	60

In addition to above, purchases of £18,384 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **7,889**

Sales	Proceeds £'000
Treasury 2% 2016	6,000
Microsoft Corporation	497
Reynolds American	371
Newcrest Mining	247
Dr Pepper Snapple Group	240
Becton, Dickinson and Company	186
Sage Group (The)	177
Altria Group	134
Better Capital 2012	37

In addition to above, sales of £19,579 thousand were made in short term investments during the year.

The summary of material portfolio changes represents all of the purchases and sales during the year.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Income:					
Net capital gains	2		439		4,669
Revenue	3	813		827	
Expenses	4	(501)		(486)	
Net revenue before taxation		312		341	
Taxation	5	(66)		(55)	
Net revenue after taxation			246		286
Total return before distributions			685		4,955
Distributions	6		(246)		(286)
Change in net assets attributable to shareholders from investment activities			439		4,669

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 JANUARY 2016

	31.01.16 £'000	31.01.15 £'000
Opening net assets attributable to shareholders	46,231	42,305
Amounts payable on cancellation of shares	(358)	(743)
Change in net assets attributable to shareholders from investment activities	439	4,669
Closing net assets attributable to shareholders	46,312	46,231

CRYSTAL FUND
Financial Statements (continued)
 BALANCE SHEET
 AS AT 31 JANUARY 2016

	Notes	31.01.16 £'000	31.01.15 £'000
ASSETS			
Fixed assets			
Investments		42,851	43,270
Current assets			
Debtors	7	261	36
Cash and bank balances		3,846	3,468
Total assets		<u>46,958</u>	<u>46,774</u>
LIABILITIES			
Investment liabilities			
		(521)	(391)
Creditors			
Bank overdrafts		–	(33)
Distribution payable	6	(70)	(64)
Other creditors	8	(55)	(55)
Total liabilities		<u>(646)</u>	<u>(543)</u>
Net assets attributable to shareholders		<u>46,312</u>	<u>46,231</u>

NOTES TO THE FINANCIAL STATEMENTS
 AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.16 £'000	31.01.15 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	936	5,421
Forward currency contracts	(310)	(756)
AMC rebates from underlying investments	3	1
Currency (losses)/gains	(190)	3
Net capital gains	<u>439</u>	<u>4,669</u>
3. REVENUE		
Non-taxable dividends	646	635
Unfranked interest	163	188
Bank interest	4	4
Total revenue	<u>813</u>	<u>827</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	453	442
Legal and professional fees	3	3
Printing costs	4	3
Registration fees	11	2
	471	450
Payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	16	21
Safe custody and other bank charges	3	3
	19	24

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	8	9
– tax services	3	3
	11	12
Total expenses	<u>501</u>	<u>486</u>

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

	31.01.16 £'000	31.01.15 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	66	55
Current tax charge	66	55
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>66</u>	<u>55</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.15 : 20%). The difference is explained below.

	31.01.16 £'000	31.01.15 £'000
Net revenue before taxation	312	341
Corporation tax at 20%	62	68
Effects of:		
Non-taxable dividends	(129)	(127)
RPI movement on UK index-linked gilts	(16)	(12)
AMC rebates taken to capital	1	–
Unutilised excess management expenses	82	71
Corporation tax charge	–	–

	31.01.16 £'000	31.01.15 £'000
5. TAXATION (continued)		
Overseas tax	66	55
Total tax charge (note 5a)	<u>66</u>	<u>55</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £449 thousand (31.01.15 : £367 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

	31.01.16 £'000	31.01.15 £'000
6. FINANCE COSTS		
Distributions		
The distributions take account of revenue deducted on cancellations of shares, and comprise:		
Interim	175	220
Final	70	64
	245	284
Add: Revenue deducted on cancellation of shares	1	2
Net distributions for the year	246	286
Total finance costs	<u>246</u>	<u>286</u>

Details of the distributions per share are set out in the table on page 170.

	31.01.16 £'000	31.01.15 £'000
7. DEBTORS		
Sales awaiting settlement	221	–
Accrued revenue:		
Non-taxable dividends	10	5
Unfranked interest	10	9
Bank interest	–	1
	20	15

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
7. DEBTORS (continued)		
Taxation recoverable:		
Overseas withholding tax	20	21
Total debtors	<u>261</u>	<u>36</u>
8. CREDITORS		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	39	39
Printing costs	2	2
Registration fees	1	–
	42	41
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	2
Other expenses	11	12
Total creditors	<u>55</u>	<u>55</u>

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Business Services Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 157 and amounts due at the year end are disclosed in notes 7 and 8.

A shareholder may be able to exercise significant influence over the financial and operating policies of a Fund and as such is deemed to be a related party. At the balance sheet date two shareholders held 64.61% and 35.09% of the shares in issue of the Fund (31.01.15 : 64.89% and 35.11% respectively).

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.15 : none).

11. SHAREHOLDERS' FUNDS

	Income
Annual Management Charge	1.00%
Opening shares in issue	22,016,527
Issues	–
Cancellations	(173,134)
Closing shares in issue	<u>21,843,393</u>

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings.

Credit Quality	31.01.16 %	31.01.15 %
Investment grade debt securities	20.16	20.13
Non-rated debt securities*	10.77	13.57
Other investments	60.47	59.05
Net other assets	8.60	7.25
	<u>100.00</u>	<u>100.00</u>

* UK treasury bills

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund will at times have significant exposure to interest rate risk. This risk is actively managed at all times taking into account the correlations with other risks in the portfolio.

The table below shows the direct interest rate risk profile:

	31.01.16 £'000	31.01.15 £'000
Floating rate assets:		
US dollars	4,488	3,533
Pounds sterling	8,696	9,242
	13,184	12,775
Floating rate liabilities:		
Pounds sterling	–	(33)
Fixed rate assets:		
Singapore dollars	–	1,274
Pounds sterling	4,988	4,996
	4,988	6,270

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

Assets on which interest is not paid:

Australian dollars	–	245
Canadian dollars	1,391	1,553
Swiss francs	1,676	1,672
US dollars	18,063	17,512
Pounds sterling	19,563	15,707
	40,693	36,689

Liabilities on which interest is not paid:

US dollars	(12,428)	(9,351)
Pounds sterling	(125)	(119)
	(12,553)	(9,470)

Net assets

46,312 46,231

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents and index-linked securities that earn interest at rates adjusted to changes in the UK Retail Prices Index (RPI) or its international equivalent.

Fixed rate financial assets held in the current year is 0% UK government bond and prior year are 0% UK and Singapore government bonds held for short term investment purposes.

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the direct foreign currency risk profile:

	31.01.16 Gross £'000	31.01.16 Hedged £'000	31.01.16 Net £'000
Currency:			
Canadian dollars	1,391	–	1,391
Swiss francs	1,676	–	1,676
US dollars	22,551	(12,428)	10,123
	25,618	(12,428)	13,190
Pounds sterling	21,215	11,907	33,122
Net assets	46,833	(521)	46,312

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

	31.01.15 Gross £'000	31.01.15 Hedged £'000	31.01.15 Net £'000
<i>iii. Foreign currency risk (continued)</i>			
Currency:			
Australian dollars	245	–	245
Canadian dollars	1,553	–	1,553
Singapore dollars	1,274	–	1,274
Swiss francs	1,672	–	1,672
US dollars	21,045	(9,351)	11,694
	25,789	(9,351)	16,438
Pounds sterling	20,833	8,960	29,793
Net assets	46,622	(391)	46,231

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. 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.

12. RISK MANAGEMENT POLICIES (continued)

vii. Derivatives

The Investment Manager has the power to manage exposure to currency movements by using forward currency contracts. Details of the holdings of such instruments, the net exposure to foreign currencies as at the balance sheet date, and details of the total gains/(losses) on forward currency contracts during the year are set out in the Portfolio Statement, note 12ii and note 2, respectively.

The intention in using the forward currency contracts is, where deemed appropriate, to reduce the risk profile of the Fund by managing the exposure of the Fund to currency exchange risk and leave the Fund primarily exposed to the underlying market risk of overseas investments. Therefore, where the value of overseas investments falls due to currency movements, the forward currency contract generates a gain and vice versa. The Investment Manager will only engage in currency hedging when they consider such hedging to be in the interests of efficient portfolio management.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares	1,685	2	5	1,692
Debt securities	6,044	–	–	6,044
Purchases total	7,729	2	5	7,736
Transaction cost % of purchases total		0.03%	0.06%	
Transaction cost % of average NAV		–	0.01%	
Ordinary shares	1,892	(3)	–	1,889
Debt securities	6,000	–	–	6,000
Sales total	7,892	(3)	–	7,889
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31.01.16 is 0.30% (31.01.15 : 0.16%).

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

13. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.15				
Ordinary shares	278	–	1	279
Purchases total	278	–	1	279
<i>Transaction cost % of purchases total</i>		–	0.36%	
<i>Transaction cost % of average NAV</i>		–	–	
Ordinary shares	3,262	(3)	–	3,259
Sales total	3,262	(3)	–	3,259
<i>Transaction cost % of sales total</i>		0.09%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Valuation technique	31.01.16		31.01.15	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	40,031	–	40,687	–
Level 2	2,820	(521)	2,583	(391)
Level 3	–	–	–	–
	42,851	(521)	43,270	(391)
Total portfolio of investments		42,330		42,879

Level 1 include £14,236 thousand of assets which are debt securities (31.01.15 : £14,304 thousand).

CRYSTAL FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.02.15	01.08.15
To	31.07.15	31.01.16

Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.8023	–	0.8023	0.9890
Group 2	0.8023	0.0000	0.8023	0.9890
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.3192	–	0.3192	0.2915
Group 2	0.3192	0.0000	0.3192	0.2915

SPECTRUM FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Spectrum Fund ('the Fund') is to produce long term capital growth. The Fund's policy is diversified investment predominantly in collective investment schemes, though the Fund may be invested in bonds, equities, cash and other eligible instruments from time to time. The Fund may invest up to 100% of its assets in collective investment schemes.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Spectrum Fund

3 May 2016

INVESTMENT MANAGER'S REPORT**INVESTMENT REVIEW**

For the year to 31 January 2016 the Fund produced a total return of -1.2% compared to a rise of +0.4%* in the LIBID Index (total return) and a rise of +0.5%* in the MSCI World (£) Index (net return). The FTSE All-Share Index (total return) produced a return of -4.6%*.

MARKET REVIEW

In general, the year under review was a poor one for equity markets with investors becoming increasingly concerned about slowing global economic growth. These concerns were evident in the performance of developed market equities. European and Japanese equities started the year in ebullient fashion, bolstered by further monetary stimulus, but faltered as the year progressed. Whilst Quantitative Easing ('QE') has played a part in inflating asset prices over the last few years, there is a growing realisation that it has done little to rejuvenate the global economy. By suppressing the cost of capital, QE has also arguably encouraged a misallocation of capital, leading to excess supply in certain industries. This was most noticeable in the energy sector during 2015, where strong supply and a weak oil price combined to place considerable pressure on the earnings of energy companies.

Having benefited from easy access to cheap capital over the last few years, US corporates now face a more challenging environment. Whilst the US Federal Reserve only finally began to raise interest rates in December 2015, the credit cycle is at a far more mature stage. Credit spreads widened during the year, tightening financial conditions for US corporates at a time when many faced headwinds from a stronger US dollar. Along with rising labour costs, these factors could start to pressure corporate profit margins, which remain at record levels. Despite the hike in interest rates, government bond yields remained low, suggesting that investors are sceptical that the US economy can stand alone in the face of slowing global economic growth.

A bifurcation in the performance of US equities was further evidence of increasingly fragile markets. During the year, volatility increased and positive performance came from a narrower base of companies such as Amazon.com and Facebook. Investors were prepared to pay high multiples for companies that continued to deliver growth in a low growth world but were far more circumspect about the prospects of those facing short-term issues.

Emerging Market ('EM') equities had a torrid time during the year, beset by a confluence of factors. The headwinds of a strong US dollar, slowing economic growth and weak commodity prices undermined EM currencies. The Brazilian real, for example, fell from approximately 2.72 to the US dollar at the beginning of the year to around 3.99 at the end. Whilst such currency weakness encouraged further outflows of foreign capital, it also placed a huge amount of strain on EM companies with US dollar denominated debt. China's decision to devalue its currency heightened concerns that its economy is slowing more rapidly and uncontrollably than many assumed. An implicit faith in China's ability to successfully engineer a transition from an export and investment-led economy to a consumption-driven one was replaced by fears that a weakening yuan would export deflation to the rest of the world.

* Source: Bloomberg. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

PORTFOLIO

The main contributors to the Fund's performance during the twelve months to 31 January 2016 were HAL Trust, Lindsell Train Japanese Equity and Lindsell Train Global Equity.

Following a strong year in 2014, HAL Trust continued to perform well during the year under review. Much of the positive performance was driven by HAL's decision to sell 20% of its stake in GrandVision (an optical retailer), via an initial public offering ('IPO') in February 2015. The IPO raised approximately €1 billion, valuing HAL's remaining holding of GrandVision at a substantial premium to that ascribed in HAL's previous full year report and accounts. HAL is yet to reinvest the proceeds but has a history of deploying capital effectively when opportunities arise. We remain confident that HAL will continue to create significant shareholder value over time through its disciplined, patient and long-term approach. The strong returns posted by the two Lindsell Train funds were largely the result of good stock selection. As an example, the strong performance of Nintendo and OBIC Business Consultants were significant contributors to the Japanese fund. They also benefited from a lack of exposure to the hard hit energy and materials sectors.

The biggest detractors from the Fund's performance were BlackRock Gold and General and Findlay Park Latin American. A strong US dollar helped to depress the price of gold in 2015, making it a very difficult environment for gold miners. Whilst it is impossible to predict the short-term price move of any commodity, we believe that gold can be an important diversifier to a portfolio in times of stress. It should also play a part in protecting capital if we see a breakdown in the faith vested in Central Bankers to revive the global economy. Although the share price performance of gold mining companies has been extremely disappointing, we are encouraged that costs continue to be cut and management teams are focusing on improving shareholder returns. We believe this more disciplined approach should result in gold miners having greater sensitivity to any upside in the gold price. The Findlay Park Latin American fund faced severe currency headwinds. It also suffered from significant drawdowns in a number of its holdings. The most notable losses were in the fund's private education holdings, including Kroton Educacional and Estacio Participacoes, which were hurt by the Brazilian government's decision to remove an education subsidy. The fund's performance has undoubtedly been poor over the last couple of years. However, we continue to have confidence in Findlay Park Latin American's long-term prospects. Rupert Brandt, the fund manager, invests in good quality, cash generative companies that are growing despite the difficult economic conditions. The short-term pain may well get worse but we believe such companies now offer significant value.

We added two new funds to the Fund during the year; E I Sturdza Strategic Europe Value and Aurora Investment Trust. The Strategic Europe Value fund is managed by Willem Vinke, who has an excellent performance track record. The fund is concentrated, with 25-35 holdings, and predominantly invests in companies listed in Europe (including the UK). Phoenix, established in 1998 by Gary Channon, has a strong track record of investing in UK-listed companies. They follow a value-based approach; focusing on good quality companies that have been beset by issues Phoenix believe will be short-term in nature. They are long-term investors, expressing courage in their convictions through a concentrated portfolio of 10-15 holdings. Accepting the greater volatility of such a focused approach, Phoenix seeks to reduce risk by undertaking forensic due diligence at the outset and then closely monitoring the operational performance of the companies in which they invest. They also only ever invest at valuations they feel provide a significant margin of safety.

SPECTRUM FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2016

PORTFOLIO (continued)

Other changes to the Fund included trimming the holdings of Lindsell Train Global Equity, Lindsell Train Japanese Equity and Findlay Park American. All three remain core holdings but were reduced following strong performance and rising underlying valuations. We also made additional investments into Halley Asian Prosperity and Findlay Park Latin American, whose constituents we judge to be attractively valued at current levels.

Top 10 Holdings January 2015

	% Fund
Findlay Park American	7.6
Morant Wright Sakura Hedged	7.5
Heptagon Yacktman US Equity	6.7
Lindsell Train Global Equity	6.6
Egerton Capital Equity	6.2
Evenlode Income	5.9
Odey Allegra Developed Markets	5.5
CG Portfolio Real Return	5.4
First State Asia Pacific Leaders	5.3
Polar Capital Global Insurance	4.3

Total Top 10

	61.0
Plus 11 other holdings	31.8
Cash & equivalent	7.2

Total

100.0

Top 10 Holdings January 2016

	% Fund
Morant Wright Sakura Hedged	7.5
Heptagon Yacktman US Equity	6.7
Egerton Capital Equity	6.4
Evenlode Income	5.8
CG Portfolio Real Return	5.5
Odey Allegra Developed Markets	5.3
Findlay Park American	5.2
First State Asia Pacific Leaders	4.9
Polar Capital Global Insurance	4.8
E.I. Sturdza Strategic Europe Value	4.6

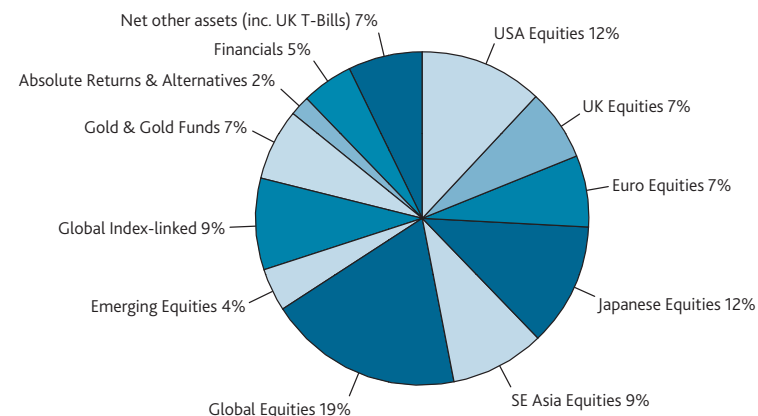
Total Top 10

	56.7
Plus 13 other holdings	36.5
Cash & equivalent	6.8

Total

100.0

ASSET ALLOCATION AS AT 31 JANUARY 2016



OUTLOOK

Developed market equity valuations have risen significantly over the last few years, driven higher by ebullient markets buoyed by extraordinary monetary stimulus. Quantitative Easing indiscriminately lifted the price of most stocks, regardless of each company's underlying value or quality. Zero interest rates encouraged corporates to issue debt to buy back stock, inflating current earnings per share measures but postponing the investment required to underpin future growth. Against such a backdrop, it is unsurprising that the attractions of cheap 'passive' investments have been accentuated.

However, the investment landscape is changing and we believe it's becoming increasingly important to invest alongside active and discerning fund managers. Equity markets have grown more volatile and we have started to see a greater dispersion in returns. Investors are beginning to demand greater support from underlying fundamentals.

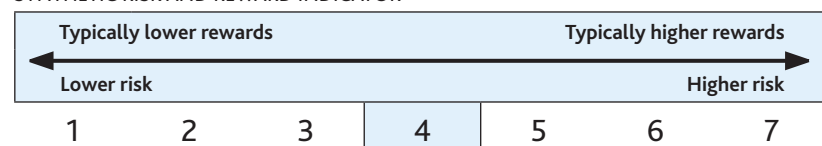
Few active managers will consistently outperform each and every year, especially when equity markets are rising indiscriminately. However, we do believe that the best ones can add significant value over the course of a full market cycle by making rational and informed investment decisions. They can add value through both what they choose to own but also what they seek to avoid. In an environment where prospective returns are likely to be harder won and more closely based on underlying fundamentals, we feel comfortable investing alongside a collection of outstanding fund managers.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

22 February 2016

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

COMPARATIVE TABLES

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	155.99	139.46	142.31
Return before operating charges*	0.64	19.43	0.05
Operating charges	(2.46)	(2.54)	(2.19)
Return after operating charges	(1.82)	16.89	(2.14)
Distributions on income shares	(0.60)	(0.36)	(0.71)
Closing net asset value per share	153.57	155.99	139.46
* after direct transaction costs	0.01	0.03	0.09
Performance			
Return after charges	(1.17)%	12.11%	(1.50)%
Other Information			
Closing net asset value (£'000)	64,513	66,659	60,506
Closing number of shares	42,008,114	42,732,341	43,384,899
Operating charges	1.58% ¹	1.68%	1.54%
Direct transaction costs	0.01%	0.02%	0.06%
Prices			
Highest share price	165.90	157.61	149.88
Lowest share price	148.04	137.32	137.49

¹ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'O' Income share class, in order to seek to achieve an Ongoing Charges Figure of 1.50%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 1.50%.

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	159.91	142.66	144.85
Return before operating charges*	0.65	19.85	0.04
Operating charges	(2.53)	(2.60)	(2.23)
Return after operating charges	(1.88)	17.25	(2.19)
Closing net asset value per share	158.03	159.91	142.66
Retained distributions on accumulation shares	0.62	0.36	0.73
* after direct transaction costs	0.01	0.03	0.09
Performance			
Return after charges	(1.18)%	12.09%	(1.51)%
Other Information			
Closing net asset value (£'000)	20,861	20,868	20,010
Closing number of shares	13,200,429	13,049,746	14,026,855
Operating charges	1.58% ¹	1.68%	1.54%
Direct transaction costs	0.01%	0.02%	0.06%
Prices			
Highest share price	170.06	161.26	152.56
Lowest share price	151.88	140.46	139.94

¹ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'O' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure of 1.50%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 1.50%.

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	154.50	138.49	141.42
Return before operating charges*	0.64	19.23	0.06
Operating charges	(3.21)	(3.22)	(2.87)
Return after operating charges	(2.57)	16.01	(2.81)
Distributions on income shares	–	–	(0.12)
Closing net asset value per share	151.93	154.50	138.49
* after direct transaction costs	0.01	0.03	0.09
Performance			
Return after charges	(1.66)%	11.56%	(1.99)%
Other Information			
Closing net asset value (£'000)	50	92	125
Closing number of shares	32,949	59,300	89,898
Operating charges	2.08% ¹	2.17%	2.04%
Direct transaction costs	0.01%	0.02%	0.06%
Prices			
Highest share price	164.14	155.81	148.87
Lowest share price	146.33	136.35	136.37

¹ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'I' Income share class, in order to seek to achieve an Ongoing Charges Figure of 2.00%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 2.00%.

SPECTRUM FUND
ACD's Report (continued)
Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.16 (p/share)	31.01.15 (p/share)	31.01.14 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	157.28	140.99	143.85
Return before operating charges*	0.67	19.57	0.06
Operating charges	(3.28)	(3.28)	(2.92)
Return after operating charges	(2.61)	16.29	(2.86)
Closing net asset value per share	154.67	157.28	140.99
Retained distributions on accumulation shares	–	–	0.05
* after direct transaction costs	0.01	0.03	0.09

Performance

Return after charges	(1.66)%	11.55%	(1.99)%
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Other Information

Closing net asset value (£'000)	437	683	1,052
Closing number of shares	282,834	434,265	746,076
Operating charges	2.09% ¹	2.17%	2.04%
Direct transaction costs	0.01%	0.02%	0.06%

Prices

Highest share price	167.10	158.62	151.42
Lowest share price	148.97	138.81	138.71

¹ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'I' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure of 1.50%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 2.00%.

FUND PERFORMANCE TO 31 JANUARY 2016 (%)

	1 year	3 years	5 years
Spectrum Fund	(1.16)	8.69	19.69

The performance of the Fund is based on the published price per 'O' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 200.

SPECTRUM FUND
ACD's Report (continued)
PORTFOLIO STATEMENT
AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
£1,700,000	DEBT SECURITIES – 1.98% (31.01.15 – 2.13%) Treasury Bill 0% 18.04.16	1,697	1.98
	INDEX-LINKED BONDS – 8.79% (31.01.15 – 8.51%)		
20,770	CG Portfolio Dollar	2,826	3.30
27,129	CG Portfolio Real Return	4,718	5.49
	TOTAL INDEX-LINKED BONDS	7,544	8.79
	UNITED KINGDOM EQUITIES – 6.61% (31.01.15 – 5.91%)		
425,000	Aurora Investment Trust*	650	0.76
3,075,409	Evenlode Income	5,028	5.85
	TOTAL UNITED KINGDOM EQUITIES	5,678	6.61
	EUROPEAN EQUITIES – 7.58% (31.01.15 – 2.86%)		
30,715	EI Sturdza Strategic Europe Value	3,951	4.60
20,893	HAL Trust*	2,560	2.98
	TOTAL EUROPEAN EQUITIES	6,511	7.58
	UNITED STATES EQUITIES – 11.84% (31.01.15 – 14.21%)		
84,724	Findlay Park American	4,446	5.18
58,059	Heptagon Yackman US Equity	5,719	6.66
	TOTAL UNITED STATES EQUITIES	10,165	11.84
	EMERGING MARKETS EQUITIES – 4.48% (31.01.15 – 5.31%)		
275,909	Findlay Park Latin American	1,906	2.22
121,440	First State Global Emerging Markets	1,056	1.23
874,661	PFS Somerset Emerging Markets Dividend Growth	887	1.03
	TOTAL EMERGING MARKETS EQUITIES	3,849	4.48

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	JAPANESE EQUITIES – 11.61% (31.01.15 – 11.42%)		
4,570,771	Lindsell Train Japanese Equity	3,491	4.07
504,164	Morant Wright Sakura	6,480	7.54
	TOTAL JAPANESE EQUITIES	9,971	11.61
	ASIAN EQUITIES – 9.31% (31.01.15 – 8.71%)		
859,273	First State Asia Pacific Leaders	4,230	4.92
18,018	Halley Asian Prosperity	3,767	4.39
	TOTAL ASIAN EQUITIES	7,997	9.31
	GLOBAL EQUITIES – 19.30% (31.01.15 – 21.25%)		
35,438	Egerton Capital Equity	5,529	6.44
2,037,629	Lindsell Train Global Equity	3,789	4.42
68,332	McInroy & Wood Balanced	2,664	3.10
36,914	Odey Allegra Developed Markets	4,587	5.34
	TOTAL GLOBAL EQUITIES	16,569	19.30
	ABSOLUTE RETURNS & ALTERNATIVES – 1.85% (31.01.15 – 2.12%)		
2,088,709	Better Capital 2009*	1,587	1.85
	FINANCIALS – 4.79% (31.01.15 – 4.29%)		
995,978	Polar Capital Global Insurance	4,108	4.79
	COMMODITIES – 7.08% (31.01.15 – 8.16%)		
476,005	BlackRock Gold and General	2,679	3.12
45,950	Gold Bullion Securities	3,404	3.96
	TOTAL COMMODITIES	6,083	7.08
	FORWARD CURRENCY CONTRACTS – 0.23% (31.01.15 – 0.01%)		
¥(608,460,000)	Vs £3,716,286 (expiry 22.04.16)	193	0.23

SPECTRUM FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2016

	Value £'000	31.01.16 %
Portfolio of investments	81,952	95.45
Net other assets	3,909	4.55
Net assets	<u>85,861</u>	<u>100.00</u>

The investments have been valued in accordance with note (h) of the Accounting Policies and are collective investment schemes unless stated otherwise.

* Ordinary shares.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2016

Total purchases for the year £'000 (note 13) **5,985**

Purchases	Cost £'000
El Sturdza Strategic Europe Value	4,000
Halley Asian Prosperity	900
Aurora Investment Trust	655
Findlay Park Latin American	430

In addition to above, purchases totalling £7,113 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **6,538**

Sales	Proceeds £'000
Lindsell Train Global Equity	2,613
Findlay Park American	2,534
HAL Trust	473
Lindsell Train Japanese Equity	470
Morant Wright Sakura	448

In addition to above, sales totalling £7,233 thousand were made in short term investments during the year.

The summary of material portfolio changes represents all of the purchases and sales during the year.

SPECTRUM FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Income:					
Net capital (losses)/gains	2		(1,315)		9,313
Revenue	3	924		825	
Expenses	4	(594)		(627)	
Net revenue before taxation		330		198	
Taxation	5	-		-	
Net revenue after taxation			330		198
Total return before distributions			(985)		9,511
Distributions	6		(331)		(200)
Change in net assets attributable to shareholders from investment activities			(1,316)		9,311

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2016

	£'000	31.01.16 £'000	£'000	31.01.15 £'000
Opening net assets attributable to shareholders		88,302		81,692
Amounts receivable on issue of shares	2,070		3,527	
Amounts payable on cancellation of shares	(3,290)		(6,329)	
		(1,220)		(2,802)
Dilution levy charged		15		54
Stamp duty reserve tax		-		(1)
Change in net assets attributable to shareholders from investment activities		(1,316)		9,311
Retained distributions on Accumulation shares		80		48
Closing net assets attributable to shareholders		85,861		88,302

BALANCE SHEET
AS AT 31 JANUARY 2016

	Notes	31.01.16 £'000	31.01.15 £'000
ASSETS			
Fixed assets			
Investments		81,952	83,793
Current assets			
Debtors	7	195	45
Cash and bank balances		3,981	4,755
Total assets		86,128	88,593
LIABILITIES			
Creditors			
Distribution payable		(196)	(128)
Other creditors	8	(71)	(163)
Total liabilities		(267)	(291)
Net assets attributable to shareholders		85,861	88,302

SPECTRUM FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.16	31.01.15
	£'000	£'000
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(1,234)	9,120
Forward currency contracts	8	312
Transaction charges	–	(1)
AMC rebates from underlying investments	3	–
Currency losses	(92)	(118)
Net capital (losses)/gains	(1,315)	9,313
3. REVENUE		
Non-taxable dividends	684	511
Taxable dividends	90	148
Unfranked interest	137	159
AMC rebates from underlying investments	7	1
Bank interest	6	6
Total revenue	924	825
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	576	545
Rebate of Investment Management fees	(74)	–
Legal and professional fees	10	10
Printing costs	5	5
Registration fees	20	2
	537	562
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	32	38
Safe custody and other bank charges	6	7
	38	45

4. EXPENSES (continued)

Other expenses:

	31.01.16	31.01.15
	£'000	£'000
Fees paid to auditor – audit	8	8
– tax services	3	3
Publication costs	8	8
Postage and distribution costs	–	1
	19	20
Total expenses	594	627

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration. From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee, in order to seek to achieve an Ongoing Charges Figure of 1.50%, for the 'O' Income and Accumulation share classes, and 2.00%, for the 'I' Income and Accumulation share classes.

5. TAXATION

a) Analysis of charge for the year

	31.01.16	31.01.15
	£'000	£'000
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	–	–

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.15 : 20%). The difference is explained below.

	31.01.16	31.01.15
	£'000	£'000
Net revenue before taxation	330	198
Corporation tax at 20%	66	39

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(137)	(102)
AMC rebates taken to capital	1	–
Unutilised excess management expenses	70	63
Corporation tax charge	–	–
Total tax charge (note 5a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £361 thousand (31.01.15 : £291 thousand) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellations of shares, and comprise:

	31.01.16 £'000	31.01.15 £'000
Interim	74	32
Final	259	169
	333	201
Add: Revenue deducted on cancellation of shares	1	2
Deduct: Revenue received on issue of shares	(3)	(3)
Net distributions for the year	331	200
Total finance costs	331	200

Details of the distributions per share are set out in the table on page 200.

	31.01.16 £'000	31.01.15 £'000
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net revenue after taxation	330	198
Allocations to capital:		
Revenue deficit – 'I' Accumulation shares	1	2
Net distributions for the year	331	200
7. DEBTORS		
Amounts receivable for issue of shares	82	9
Accrued revenue:		
Non-taxable dividends	31	28
AMC rebates from underlying investments	2	1
Bank interest	–	1
	107	30
Amounts due from the Investment Manager		
Rebate of Investment Management fees	74	–
Prepaid expenses	6	6
Total debtors	195	45
8. CREDITORS		
Amounts payable for cancellation of shares	2	93
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	48	48
Legal and professional fees	1	1
Printing costs	3	3
Registration fees	2	–
	54	52
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3	4
Safe custody and other bank charges	–	1
	3	5

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	31.01.16 £'000	31.01.15 £'000
8. CREDITORS (continued)		
Other expenses	11	12
Taxation payable:		
Stamp duty reserve tax	1	1
Total creditors	<u>71</u>	<u>163</u>

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Business Services Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the year end are disclosed in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 186 and amounts due at the year end are disclosed in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited) held 100,921 (31.01.15 : 135,537) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.15 : none).

11. SHAREHOLDERS' FUNDS

	'O' Income	'O' Accumulation
Annual Management Charge	0.65%	0.65%
Opening shares in issue	42,732,341	13,049,746
Issues	302,052	977,663
Cancellations	(1,048,922)	(878,063)
Conversions	22,643	51,083
Closing shares in issue	<u>42,008,114</u>	<u>13,200,429</u>

11. SHAREHOLDERS' FUNDS (continued)

	'I' Income	'I' Accumulation
Annual Management Charge	1.15%	1.15%
Opening shares in issue	59,300	434,265
Issues	3,622	10,357
Cancellations	(7,106)	(109,778)
Conversions	(22,867)	(52,010)
Closing shares in issue	<u>32,949</u>	<u>282,834</u>

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. The bond in which the Fund invests is a government security which is lower risk.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund will at times have significant exposure to interest rate risk. This risk is actively managed at all times taking into account the correlations with other risks in the portfolio.

The table below shows the direct interest rate risk profile:

	31.01.16 £'000	31.01.15 £'000
Floating rate assets:		
Pounds sterling	11,525	12,271
Fixed rate assets:		
Singapore dollars	–	1,884
Pounds sterling	1,697	–
	1,697	1,884
Assets on which interest is not paid:		
Euros	2,560	2,523
Japanese yen	3,491	3,465
US dollars	15,505	18,649
Pounds sterling	54,873	53,131
	76,429	77,768
Liabilities on which interest is not paid:		
Japanese yen	(3,523)	(3,330)
Pounds sterling	(267)	(291)
	(3,790)	(3,621)
Net assets	85,861	88,302

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents and collective investment schemes that pay UK interest distributions.

12. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk

Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the direct foreign currency risk profile:

	31.01.16 Gross £'000	31.01.16 Hedged £'000	31.01.16 Net £'000
Currency:			
Euros	2,560	–	2,560
Japanese yen	3,491	(3,523)	(32)
US dollars	15,505	–	15,505
	21,556	(3,523)	18,033
Pounds sterling	64,112	3,716	67,828
Net assets	85,668	193	85,861
	31.01.15 Gross £'000	31.01.15 Hedged £'000	31.01.15 Net £'000
Currency:			
Euros	2,523	–	2,523
Japanese yen	3,465	(3,330)	135
Singapore dollars	1,884	–	1,884
US dollars	18,649	–	18,649
	26,521	(3,330)	23,191
Pounds sterling	61,774	3,337	65,111
Net assets	88,295	7	88,302

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. 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.

vii. Derivatives

During the year the Investment Manager has used forward currency contracts.

The intention in using forward currency contracts is, where deemed appropriate, to reduce the risk profile of the Fund by managing the exposure of the Fund to currency exchange risk and leave the Fund primarily exposed to the underlying market risk of overseas investments. Therefore, where the value of overseas investments falls due to currency movements, the forward currency contract generates a gain and vice versa. The Investment Manager will only engage in currency hedging when they consider such hedging to be in the interests of efficient portfolio management.

Refer to note 2 for the impact of forward currency contracts in the year and to the Portfolio Statement for the impact of forward currency contracts held at the year end.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares	651	1	3	655
Collective investment schemes	5,328	–	2	5,330
Purchases total	5,979	1	5	5,985
<i>Transaction cost % of purchases total</i>		0.02%	0.08%	
<i>Transaction cost % of average NAV</i>		–	0.01%	
Ordinary shares	474	(1)	–	473
Collective investment schemes	6,065	–	–	6,065
Sales total	6,539	(1)	–	6,538
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 31.01.16 is 0.10% (31.01.15 : 0.08%).

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

13. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.15				
Collective investment schemes	15,695	–	5	15,700
Purchases total	15,695	–	5	15,700
<i>Transaction cost % of purchases total</i>		–	0.03%	
<i>Transaction cost % of average NAV</i>		–	0.01%	
Ordinary shares	10,603	(10)	–	10,593
Collective investment schemes	8,149	–	–	8,149
Sales total	18,752	(10)	–	18,742
<i>Transaction cost % of sales total</i>		0.05%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16 Assets £'000	31.01.15 Assets £'000
Level 1	7,661	6,205
Level 2	74,291	77,588
Level 3	–	–
Total portfolio of investments	81,952	83,793

Level 1 includes £1,697 thousand of assets which are debt securities (31.01.15 : £nil).

SPECTRUM FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.02.15	01.08.15
To	31.07.15	31.01.16

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15	Paid 30.09.14
Group 1	0.1337	–	0.1337	0.0572
Group 2	0.0961	0.0376	0.1337	0.0572
Final	Net Revenue	Equalisation	Payable 31.03.16	Paid 31.03.15
Group 1	0.4665	–	0.4665	0.3005
Group 2	0.0448	0.4217	0.4665	0.3005

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15	Allocated 30.09.14
Group 1	0.1369	–	0.1369	0.0572
Group 2	0.0525	0.0844	0.1369	0.0572
Final	Net Revenue	Equalisation	Allocation 31.03.16	Allocated 31.03.15
Group 1	0.4782	–	0.4782	0.3075
Group 2	0.1045	0.3737	0.4782	0.3075

There were no distributions for 'I' Income or 'I' Accumulation shares in the current or prior year.

SPECTRUM INCOME FUND

ACD'S REPORT

FOR THE PERIOD FROM 27 APRIL 2015 TO 31 JANUARY 2016

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 8.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Spectrum Income Fund ('the Fund') is to seek to provide income with the potential for capital growth over the longer term.

The Fund may invest up to 100% of its assets in collective investment schemes.

The Fund's investment policy is to invest predominantly in collective investment schemes which invest in equities, fixed interest securities, other transferable securities, indices, money market instruments and deposits.

The Fund may also invest directly in bonds, equities, cash, near cash (including money market instruments), other transferable securities, indices, deposits and other collective investment schemes.

The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management in accordance with the ACD's Risk Management Policy, a copy of which is available on request from the ACD.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Spectrum Income Fund

3 May 2016

SPECTRUM INCOME FUND

ACD's Report (continued)

For the period from 27 April 2015 to 31 January 2016

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

The Fund launched 27 April 2015, with its first valuation on 1 May 2015. For the period 1 May 2015 to 31 January 2016 the Fund produced a total return of -4.3%* compared to +0.3%* in the LIBID Index (total return) and -5.3%* in the MSCI World (£) Index (net return). The FTSE All-Share Index (total return) produced a return of -9.5%*.

MARKET REVIEW

In general, the period under review was a poor one for equity markets with investors becoming increasingly concerned about slowing global economic growth. These concerns were evident in the performance of developed market equities. European and Japanese equities started the year in ebullient fashion, bolstered by further monetary stimulus, but faltered as the year progressed. Whilst Quantitative Easing ('QE') has played a part in inflating asset prices over the last few years, there is a growing realisation that it has done little to rejuvenate the global economy. By suppressing the cost of capital, QE has also arguably encouraged a misallocation of capital, leading to excess supply in certain industries. This was most noticeable in the energy sector during 2015, where strong supply and a weak oil price combined to place considerable pressure on the earnings of energy companies.

Having benefited from easy access to cheap capital over the last few years, US corporates now face a more challenging environment. Whilst the US Federal Reserve only finally began to raise interest rates in December 2015, the credit cycle is at a far more mature stage. Credit spreads widened during the year, tightening financial conditions for US corporates at a time when many faced headwinds from a stronger US dollar. Along with rising labour costs, these factors could start to pressure corporate profit margins, which remain at record levels. Despite the hike in interest rates, government bond yields remained low, suggesting that investors are sceptical that the US economy can stand alone in the face of slowing global economic growth.

A bifurcation in the performance of US equities was further evidence of increasingly fragile markets. During the period, volatility increased and positive performance came from a narrower base of companies such as Amazon and Facebook. Investors were prepared to pay high multiples for companies that continued to deliver growth in a low growth world but were far more circumspect about the prospects of those facing short-term issues.

Emerging market equities had a torrid time during the year, beset by a confluence of factors. The headwinds of a strong US dollar, slowing economic growth and weak commodity prices undermined emerging market currencies. The Brazilian real, for example, fell from approximately 2.72 to the US dollar at the beginning of the period to around 3.99 at the end (source: *Bloomberg*). Whilst such currency weakness encouraged further outflows of foreign capital, it also placed a huge amount of strain on emerging market companies with US dollar denominated debt. China's decision to devalue its currency heightened concerns that its economy is slowing more rapidly and uncontrollably than many assumed. An implicit faith in China's ability to successfully engineer a transition from an export and investment-led economy to a consumption-driven one was replaced by fears that a weakening yuan would export deflation to the rest of the world.

PORTFOLIO

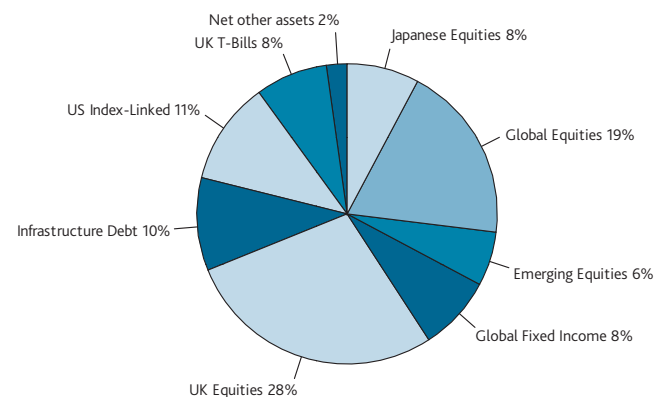
The Fund was launched at the beginning of May 2015 and during the period invested in Artemis Global Income, RWC Enhanced Income, Evenlode Income, Veritas Global Equity Income, PFS Somerset Emerging Market Dividend Growth, CC Japan Income & Growth, CG Portfolio Dollar, PFS TwentyFour Dynamic Bond and Sequoia Economic Infrastructure Income.

Whilst there were no major changes to the portfolio during the period, we did take advantage of equity market volatility to add to the Fund's holdings. With a relatively high cash weighting, Spectrum Income has further dry powder to invest as new opportunities arise.

Holdings January 2016

	% Fund
RWC Enhanced Income	14.3
Evenlode Income	13.5
CG Portfolio Dollar	10.8
Sequoia Economic Infrastructure Debt	10.0
Artemis Global Income	9.9
Veritas Global Equity Income	9.6
PFS Twentyfour Dynamic Bond	8.0
CC Japan Income & Growth	7.6
PFS Somerset Emerging Markets Dividend Growth	6.4
Total Top 10	90.1
Cash & equivalent	9.9
Total	100.0

ASSET ALLOCATION AS AT 31 JANUARY 2016



SPECTRUM INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the period from 27 April 2015 to 31 January 2016

OUTLOOK

Developed market equity valuations have risen significantly over the last few years, driven higher by ebullient markets buoyed by extraordinary monetary stimulus. QE indiscriminately lifted the price of most stocks, regardless of each company's underlying value or quality. Zero interest rates encouraged corporates to issue debt to buy back stock, inflating current earnings per share measures but postponing the investment required to underpin future growth. Against such a backdrop, it is unsurprising that the attractions of cheap 'passive' investments have been accentuated.

However, the investment landscape is changing and we believe it's becoming increasingly important to invest alongside active and discerning fund managers. Equity markets have grown more volatile and we have started to see a greater dispersion in returns. Investors are beginning to demand greater support from underlying fundamentals.

Few active managers will consistently outperform each and every year, especially when equity markets are rising indiscriminately. However, we do believe that the best ones can add significant value over the course of a full market cycle by making rational and informed investment decisions. They can add value through both what they choose to own but also what they seek to avoid. In an environment where prospective returns are likely to be harder won and more closely based on underlying fundamentals, we feel comfortable investing alongside a collection of outstanding fund managers.

** Source: Lipper & Bloomberg, net income reinvested at ex-dividend date, sterling terms. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.*

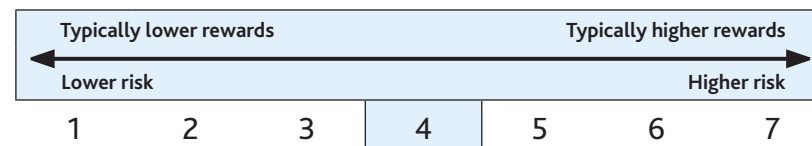
TROY ASSET MANAGEMENT LIMITED

Investment Manager

24 February 2016

FUND INFORMATION

SYNTHETIC RISK AND REWARD INDICATOR



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

During the period the indicator changed from 5 to 4. The Fund has been classed as 4 because its volatility has been measured as average.

As the Fund has less than 5 years' price history, this calculation incorporates the volatility of an appropriate benchmark index.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

SPECTRUM INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES

Where the Fund has significant investment in collective investment schemes, the operating charges take account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the period end weighted against the net asset value of the share class at that date.

	31.01.16 ¹ (p/share)
'O' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(3.83)
Operating charges	(0.52)
Return after operating charges	(4.35)
Distributions on income shares	(2.04)
Closing net asset value per share	93.61
* after direct transaction costs	0.05
Performance	
Return after charges	(4.35)%
Other Information	
Closing net asset value (£'000)	10,328
Closing number of shares	11,033,658
Operating charges ²	1.61%
Direct transaction costs	0.05%
Prices	
Highest share price	101.06
Lowest share price	93.57

¹ From 27 April 2015.

² Annualised figure due to share class launched less than 1 year. From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'O' Income share class, in order to seek to achieve an Ongoing Charges Figure of 1.50%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 1.50%.

31.01.16¹
(p/share)

'O' Accumulation shares

Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(3.83)
Operating charges	(0.53)
Return after operating charges	(4.36)
Closing net asset value per share	95.64
Retained distributions on accumulation shares	2.07
* after direct transaction costs	0.05

Performance

Return after charges	(4.36)%
----------------------	---------

Other Information

Closing net asset value (£'000)	24
Closing number of shares	25,250
Operating charges ²	1.61%
Direct transaction costs	0.05%

Prices

Highest share price	101.06
Lowest share price	93.57

¹ From 27 April 2015.

² Annualised figure due to share class launched less than 1 year. From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee in relation to the 'O' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure of 1.50%. Therefore, the estimated Ongoing Charges Figure at 31 January 2016 is 1.50%.

FUND PERFORMANCE

As the Fund has less than one year's performance, there is insufficient data to provide a useful indication of past performance.

Details of the distributions per share for the year are shown in the Distribution Table on page 221.

SPECTRUM INCOME FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2016

Holding	Portfolio of Investments	Value £'000	31.01.16 %
	DEBT SECURITIES – 7.71%		
£800,000	Treasury 0% 2016	798	7.71
	BOND FUNDS – 18.89%		
8,218	CG Portfolio Dollar	1,118	10.80
7,872	PFS TwentyFour Dynamic Bond	837	8.09
	TOTAL BOND FUNDS	1,955	18.89
	UNITED KINGDOM – 37.73%		
852,393	Evenlode Income	1,394	13.47
17,515	RWC Enhanced Income	1,477	14.27
640,000	Sequoia Economic Infrastructure Income*	635	6.14
400,000	Sequoia Economic Infrastructure Income 'C'*	399	3.85
	TOTAL UNITED KINGDOM	3,905	37.73
	EMERGING MARKETS EQUITIES – 6.36%		
649,511	PFS Somerset Emerging Markets Dividend Growth	659	6.36
	JAPANESE EQUITIES – 7.64%		
57,099	CC Japan Income and Growth	791	7.64
	GLOBAL EQUITIES – 19.53%		
1,351,391	Artemis Global Income	1,026	9.91
7,295	Veritas Global Equity Income	996	9.62
	TOTAL GLOBAL EQUITIES	2,022	19.53
	Portfolio of investments	10,130	97.86
	Net other assets	222	2.14
	Net assets	10,352	100.00

The investments have been valued in accordance with note (h) of the Accounting Policies and are collective investment schemes unless stated otherwise.

* Ordinary shares.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE PERIOD FROM 27 APRIL 2015 TO 31 JANUARY 2016

Total purchases for the period £'000 (note 13) **10,221**

Purchases	Cost £'000
RWC Enhanced Income	1,575
Evenlode Income	1,470
Artemis Global Income	1,158
Veritas Global Equity Income	1,155
CG Portfolio Dollar	1,050
Sequoia Economic Infrastructure Income	894
PFS TwentyFour Dynamic Bond	890
CC Japan Income and Growth	840
PFS Somerset Emerging Markets Dividend Growth	788
Sequoia Economic Infrastructure Income 'C'	401

In addition to the above, purchases totalling £2,397 thousand were made in short term investments during the period.

Total sales for the period £'000 (note 13) **205**

Sales	Proceeds £'000
Sequoia Economic Infrastructure Income	205

In addition to above, sales totalling £1,600 thousand were made in short term investments during the period.

The summary of material portfolio changes represents all of the purchases and sales during the period.

SPECTRUM INCOME FUND
 FINANCIAL STATEMENTS
 STATEMENT OF TOTAL RETURN
 FOR THE PERIOD FROM 27 APRIL 2015 TO 31 JANUARY 2016

	Notes	£'000	31.01.16* £'000
Income:			
Net capital losses	2		(661)
Revenue	3	248	
Expenses	4	<u>(69)</u>	
Net revenue before taxation		179	
Taxation	5	<u>-</u>	
Net revenue after taxation			<u>179</u>
Total return before distributions			<u>(482)</u>
Distributions	6		(226)
Change in net assets attributable to shareholders from investment activities			<u>(708)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
 FOR THE PERIOD FROM 27 APRIL 2015 TO 31 JANUARY 2016

	£'000	31.01.16* £'000
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	11,075	
Amounts payable on cancellation of shares	<u>(15)</u>	
		11,060
Change in net assets attributable to shareholders from investment activities		<u>(708)</u>
Closing net assets attributable to shareholders		<u>10,352</u>

* No comparative figures are presented for the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders as this is the Fund's first reporting period; the Fund launched on 27 April 2015.

BALANCE SHEET
 AS AT 31 JANUARY 2016

	Notes	31.01.16* £'000
ASSETS		
Fixed assets		
Investments		10,130
Current assets		
Debtors	7	82
Cash and bank balances		<u>338</u>
Total assets		<u>10,550</u>
LIABILITIES		
Creditors		
Distribution payable		(176)
Other creditors	8	<u>(22)</u>
Total liabilities		<u>(198)</u>
Net assets attributable to shareholders		<u>10,352</u>

* No comparative figures are presented for the Balance Sheet as this is the Fund's first reporting period; the Fund launched on 27 April 2015.

SPECTRUM INCOME FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2016

1. ACCOUNTING POLICIES

The accounting policies described on pages 14 to 16 have been applied to the financial statements of the Fund in the current year. The additional accounting policies described below have also been applied to this Fund.

(a) Distribution policy

The Annual Management Charge is transferred to capital for distribution purposes in line with the Fund's Investment Objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

	For the period from 27.04.15 to 31.01.16 £'000
2. NET CAPITAL LOSSES	
The net capital losses during the period comprise:	
Non-derivative securities	(661)
Net capital losses	<u>(661)</u>
3. REVENUE	
Non-taxable dividends	201
Unfranked interest	47
Total revenue	<u>248</u>
4. EXPENSES	
Payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	52
Rebate of Investment Management fees	(14)
Legal and professional fees	4
Printing costs	5
Registration fees	2
	49
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	4
Safe custody and other bank charges	1
	5

**For the period
from 27.04.15
to 31.01.16
£'000**

4. EXPENSES (continued)

Other expenses:

Fees paid to auditor – audit	8
– tax services	3
Publication costs	4
	<u>15</u>
Total expenses	<u>69</u>

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration. From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of its fee, in order to seek to achieve an Ongoing Charges Figure of 1.50%.

**For the period
from 27.04.15
to 31.01.16
£'000**

5. TAXATION

a) Analysis of charge for the period

Corporation tax at 20%	–
Current tax charge	–
Deferred tax – origination and reversal of timing differences (note 5c)	–
Total taxation (note 5b)	<u>–</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK for an authorised fund (20%). The difference is explained below.

**For the period
from 27.04.15
to 31.01.16
£'000**

Net revenue before taxation	<u>179</u>
Corporation tax at 20%	36

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

	For the period from 27.04.15 to 31.01.16 £'000
5. TAXATION <i>(continued)</i>	
Effects of:	
Non-taxable dividends	(40)
Unutilised excess management expenses	<u>4</u>
Corporation tax charge	–
Total tax charge (note 5a)	<u>–</u>
 c) Deferred tax	
At the period end there is a potential deferred tax asset of £4 thousand in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current period.	
	For the period from 27.04.15 to 31.01.16 £'000
6. FINANCE COSTS	
Distributions	
The distributions comprise:	
Interim	49
Final	<u>177</u>
Net distributions for the period	<u>226</u>
Total finance costs	<u>226</u>

Details of the distributions per share are set out in the table on page 221.

	For the period from 27.04.15 to 31.01.16 £'000	
6. FINANCE COSTS <i>(continued)</i>		
Distributions represented by:		
Net revenue after taxation	179	
Allocations to capital:		
Annual Management Charge, net of tax relief	<u>47</u>	
Net distributions for the period	<u>226</u>	
	31.01.16 £'000	
7. DEBTORS		
Accrued revenue:		
Non-taxable dividends	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">49</td></tr></table>	49
49		
Unfranked interest	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">9</td></tr></table>	9
9		
	58	
Prepaid expenses	5	
Amounts due from the Investment Manager:		
Rebate of Investment Management fees	14	
Taxation recoverable:		
Income tax	<u>5</u>	
Total debtors	<u>82</u>	
8. CREDITORS		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">6</td></tr></table>	6
6		
Printing costs	<table border="1" style="display: inline-table;"><tr><td style="text-align: right;">3</td></tr></table>	3
3		
	9	
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	
Other expenses	<u>12</u>	
Total creditors	<u>22</u>	

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

9. RELATED PARTY TRANSACTIONS

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees payable to Capita Financial Administrators Limited and printing costs payable to Capita Sinclair Henderson Limited (both companies are associates of the ACD) are disclosed in note 4 and amounts due at the period end are disclosed in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 210.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Pershing Nominees Limited	79.56%
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10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments.

11. SHAREHOLDERS' FUNDS

	'O' Income	'O' Accumulation
Annual Management Charge	0.65%	0.65%
Opening shares in issue	–	–
Issues	11,033,658	41,139
Cancellations	–	(15,889)
Conversions	–	–
	<u>11,033,658</u>	<u>25,250</u>

12. RISK MANAGEMENT POLICIES

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

12. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund. The ACD requires that the appointed Investment Manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

i. Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. The bond in which the Fund invests is a government security which is lower risk.

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund will at times have significant exposure to interest rate risk. This risk is actively managed at all times taking into account the correlations with other risks in the portfolio.

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

The table below shows the direct interest rate risk profile:

	31.01.16
	£'000
Floating rate assets:	
Pounds sterling	2,293
Fixed rate assets:	
Pounds sterling	798
Assets on which interest is not paid:	
Pounds sterling	7,459
Liabilities on which interest is not paid:	
Pounds sterling	(198)
Net assets	<u>10,352</u>

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents and collective investment schemes that pay UK interest distribution.

Fixed rate financial assets held in the current period is a 0% UK government bond held for short term investment purposes.

iii. Foreign currency risk

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

iv. Liquidity risk

The main liability of the Fund is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

v. Market price risk

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

12. RISK MANAGEMENT POLICIES (continued)

v. Market price risk (continued)

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

vi. 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.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.16				
Ordinary shares ¹	1,294	1	–	1,295
Collective investment schemes	8,922	–	4	8,926
Purchases total	<u>10,216</u>	<u>1</u>	<u>4</u>	<u>10,221</u>
Transaction cost % of purchases total		0.01%	0.04%	
Transaction cost % of average NAV		0.01%	0.04%	
Ordinary shares	205	–	–	205
Sales total	<u>205</u>	<u>–</u>	<u>–</u>	<u>205</u>

Average portfolio dealing spread at 31.01.16 is 0.23%.

¹ Includes corporate actions of £200 thousand on which no direct transaction costs were incurred.

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2016

14. FAIR VALUE HIERARCHY

Investments are categorised into the following levels based on their fair value measurement:

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

Valuation technique	31.01.16 Assets £'000
Level 1	1,197
Level 2	8,933
Level 3	–
Total portfolio of investments	10,130

Level 1 includes £798 thousand of assets which are debt securities.

DISTRIBUTION TABLE

FOR THE PERIOD FROM 27 APRIL 2015 TO 31 JANUARY 2016 – IN PENCE PER SHARE

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Interim	Final
From	01.05.15	01.08.15
To	31.07.15	31.01.16

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.15
Group 1	0.4380	–	0.4380
Group 2	0.4380	0.0000	0.4380
Final	Net Revenue	Equalisation	Payable 31.03.16
Group 1	1.5985	–	1.5985
Group 2	0.6776	0.9209	1.5985

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.15
Group 1	0.4674	–	0.4674
Group 2	–	0.4674	0.4674
Final	Net Revenue	Equalisation	Allocation 31.03.16
Group 1	1.5994	–	1.5994
Group 2	1.5994	0.0000	1.5994

GENERAL INFORMATION

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

Trojan Fund
Trojan Ethical Income Fund
Trojan Global Equity Fund
Trojan Income Fund
Crystal Fund
Spectrum Fund
Spectrum Income Fund

In the future there may be other sub-funds of the Company.

CLASSES OF SHARES

The Company can issue different classes of shares in respect of any sub-fund.

Holders of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

VALUATION POINT

The valuation point of the Trojan Fund, the Trojan Ethical Income Fund, the Trojan Global Equity Fund, the Trojan Income Fund, the Spectrum Fund and the Spectrum Income Fund is 12.00 noon London time on each business day. The valuation point of the Crystal Fund is 12.00 noon London time on each Thursday which is a business day and the last business day of each month. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0345 608 0950.

PRICES

The prices of Class 'O' shares in the Trojan Fund, Trojan Ethical Income Fund, Trojan Income Fund, Trojan Global Equity Fund, Spectrum Fund and Spectrum Income Fund are published in the *Financial Times*. The prices of shares in the Crystal Fund are not currently published in the *Financial Times*. The prices of all shares are available on the website: www.capitafinancial.com. Prices of all shares may also be obtained by calling 0345 608 0950 during the ACD's normal business hours.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, www.capitafinancial.co.uk, by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

