

CAPITA

TROY
ASSET MANAGEMENT



Trojan Investment Funds

Annual Report and Financial Statements
31 January 2017

Trojan Fund
Trojan Ethical Income Fund
Trojan Global Income Fund
Trojan Global Equity Fund
Trojan Income Fund
Crystal Fund
Spectrum Fund
Spectrum Income Fund

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TROJAN INVESTMENT FUNDS
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

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 8 April 2016, the Trojan Fund became a master UCITS to Aristeia SICAV, Global Flexible, a Luxembourg based SICAV.

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

On 1 June 2016 there was a minor change to the Trojan Ethical Income Fund's ethical criteria, the limit for turnover generated from tobacco products was reduced from 33% to 10%.

With effect from 1 July 2016, the Annual Management Charge applied to Trojan Global Equity Fund 'O' Income and 'O' Accumulation share classes was decreased from 1.00% to 0.85%, and the Annual Management Charge on the 'I' Income and 'I' Accumulation share classes was decreased from 1.50% to 1.35%.

With effect from 21 July 2016, the address of the registrar has changed to Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA, and the address for all correspondences to PO Box 389, Darlington DL1 9UF.

With effect from 1 September 2016, shares of the Trojan Fund, Trojan Ethical Income Fund, Trojan Global Equity Fund, Trojan Income Fund, Spectrum Fund and Spectrum Income Fund are permitted to be distributed in Ireland.

On 1 November 2016 a new sub-fund, the Trojan Global Income Fund was launched. Further details on this sub-fund are available in the latest scheme Prospectus.

With effect from 18 November 2016, the fund accounting of the Crystal Fund has changed from Capita Financial Administrators Limited to The Bank of New York Mellon (International) Limited.

With effect from 22 November 2016, the fund accounting of the following funds has changed from Capita Financial Administrators Limited to The Bank of New York Mellon (International) Limited;

Trojan Fund
Trojan Ethical Income Fund
Trojan Global Equity Fund
Trojan Income Fund
Spectrum Fund
Spectrum Income Fund

Please be advised that Capita Financial Managers Limited will no longer produce and send the interim and annual short report to investors following a change in regulation.

The full set of annual and interim Report and Financial Statements will remain available to all investors on our website (www.capitafinancial.com) and also upon request at our head office, 40 Dukes Place, London EC3A 7NH.

CROSS HOLDINGS

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

REMUNERATION POLICY

Capita Financial Managers Limited ('CFML') is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. CFML's remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within CFML including in respect of the risk profile of the funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable CFML to achieve and maintain a sound capital base.

The UCITS-related remuneration requirements to which CFML is subject result from the amendments to the UCITS directive that came into force on 18 March 2016. Certain of these requirements will only apply from the start of CFML's first full performance period commencing after that date. This will be 1 January 2017 to 31 December 2017. Consequently, in respect of the remuneration disclosures required by COLL 4.5.7 R (7), CFML believes that such information as is presently available would not necessarily be materially relevant or reliable, or provide investors with a proper basis for comparison. Accordingly, and in line with applicable FCA guidance, the disclosures required under COLL 4.5.7 R (7) have not been included in this report.

CFML delegates portfolio management for its funds to various investment management firms. The investment managers' fees and expenses for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms generally also make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive.

SECURITIES FINANCING TRANSACTIONS

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Investment Funds
24 May 2017

TROJAN INVESTMENT FUNDS 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.

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Investment Funds
24 May 2017

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 disclosure, 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, comprising each of its sub-funds, and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company's sub-funds 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's sub-funds 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's sub-funds 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 must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the ACD, which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 31 JANUARY 2017

Having carried out such procedures as we consider 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 ACD:

- (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 the Regulations and the Scheme documents 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
24 May 2017

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 2017 which comprise the accounting policies of the Company, the Statement of Total Return, the 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 12, 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 2017 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

24 May 2017

TROJAN INVESTMENT FUNDS
FINANCIAL STATEMENTS
ACCOUNTING POLICIES
AS AT 31 JANUARY 2017

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 UK Authorised Funds issued by the Investment Association ('IA') in May 2014.

(b) *Recognition of revenue*

Dividends on quoted equities 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, are charged initially against revenue.

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 close of business on 31 January 2017, being the last business day of the financial year. As at 29 January 2016, all investments were valued at their fair value as at 12.00 noon 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 published bid prices for dual priced funds and at published 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.

TROJAN INVESTMENT FUNDS

Financial Statements (continued)

Accounting Policies (continued)

As at 31 January 2017

(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 close of business 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 in the Trojan Fund, the Trojan Ethical Income Fund, the Trojan Income Fund, the Spectrum Income Fund, the Spectrum Fund, the Trojan Global Equity Fund and the Trojan Global Income Fund 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) *Direct 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 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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

24 May 2017

TROJAN FUND

ACD's Report (continued)

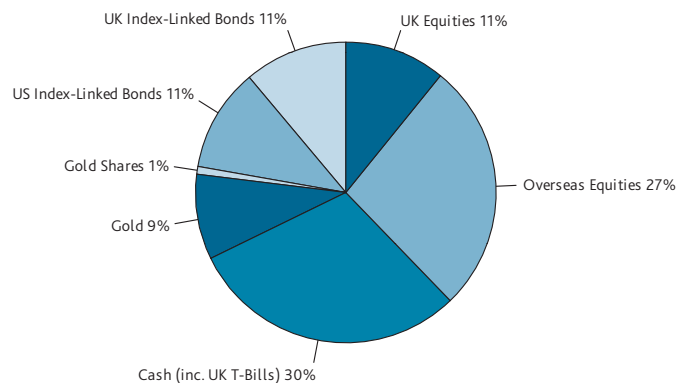
For the year ended 31 January 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the twelve months under review class 'O' Accumulation shares of the Fund produced a total return of +12.0% while the total return on UK RPI was 26%¹ and cash (LIBID) amounted to +0.3%¹ compared to a rise of +20.1%¹ in the FTSE All-Share Index (total return).

ASSET ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

MARKET REVIEW

Hindsight can frequently make an investor look foolish: innately unpredictable events are reinterpreted as being completely obvious after the event. However, 2016 was one of those years where even foresight would have likely impaired investment decisions. Forewarned is forearmed, or so they say, but prior knowledge of the unexpected political outcomes in 2016 would have been worse than useless to investors. Traders might understandably give a great deal for tomorrow's news, but knowing the outcome of the UK referendum in June or the US presidential election in November would not have provided much successful investment insight (perhaps with the exception of the sterling weakness which followed the Brexit vote). Both of these dramatic political events were expected to knock markets spectacularly off course; that they didn't provide us with more cause for alarm than celebration. Eight years of rising UK and US equity markets, induced by ultra-low interest rates and Quantitative Easing, have now conditioned investors to 'buy the dips' rather than 'bag a profit' as conditions change and valuations march ever upwards.

Last year we highlighted the bifurcation of the market and the divergence in fortunes of different industry groups. Twelve months ago natural resource companies found themselves at the bottom of the pit of investor despair, whilst consumer staple stocks were riding the crest of a wave of investor enthusiasm. We had largely avoided the carnage of the energy and metals crash and had benefited from the relentless re-rating of consumer stocks. We cautioned that both of

¹ Source: Lipper, 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.

these trends would not go on forever and that we would certainly have to endure some relative pain and perhaps some absolute losses as fortunes reversed. Our warning was timely, as by the end of the year, the riskiest assets – miners, emerging market and distressed debt, cyclical and financial stocks – had all performed strongly as the Fund's financial year drew to a close. Equity and commodity markets are now discounting indebted western economies being on the cusp of escape velocity from a quagmire of stagnant growth.

PORTFOLIO

Equity markets have ascended to new heights and the oxygen necessary to sustain them at these elevated levels looks to be running out. We therefore believe that being overly active at the current market peak could be injurious for your wealth. Our investment goal is to protect and increase the value of the savings that you have entrusted to us. Our favoured way of achieving these objectives is through the long-term ownership of excellent businesses run by thoughtful, entrepreneurial and candid managers at reasonable prices. When equity markets are depressed we are busy increasing the Fund's participation in such opportunities and increasing the likelihood that future returns will compound at a satisfactory rate. When equity markets are exuberant, such as at present, we find ourselves holding fewer such securities. Today, there is demonstrably less worth doing and this has been reflected in the modest changes we have made to the portfolio in the past twelve months.

The financial year was bookended by contrasting extremes in investor sentiment. At the beginning of the year investors were panicked by the alarming collapse in the oil price, the Federal Reserve increasing interest rates for the first time since 2006 and the inability of the Chinese authorities to stop capital flight. Stocks subsequently retreated and bonds rallied. This palpable fear that had begun to descend onto markets 12 months ago has been blown away by a whirlwind of euphoria whipped up by a series of tweets from Donald Trump. Initially, in the US federal election campaign the market barometer recorded Donald Trump as a destabilising force but post his impressive victory he has become a vessel into which investors have poured their hopes that impressive economic and earnings growth can be rekindled. It is clear that investors have enjoyed monetary stimulus for years, but now demand fiscal stimulus as an alternative. The election of Donald Trump as the 45th President of the United States means investors believe they are going to get it and so economically sensitive stocks have replaced defensive growth stocks at the top of the podium of popularity. Unilever finally became an investment fashion victim after being in favour for many years and serves as an illustration of the violent rotation in investor preferences that occurred in the second half of the year. The company's share price fell around 20 per cent from its October high and so we were able to increase the Fund's holding at a dividend yield of better than 3.5%. We believe Unilever possesses a portfolio of unique brands with pricing power that should sustain attractive dividend growth rates for the foreseeable future.

Specific stock price weakness in A.G. BARR did allow us to initiate a new holding. A.G. BARR's share price has been the victim of a confluence of negative issues. Importantly some of these will likely prove only temporary and others should be manageable as the company adapts to new realities. It won't always rain in Glasgow and the powerful combination of a credible low-caloric portfolio and latent pricing power should help mitigate the negative impact of the proposed UK soft drinks sugar levy. We prefer to own businesses that do something quite similar today to what they were doing five years ago and what they will likely be doing five years hence, A.G. BARR fits the bill. Shares were purchased on mid-teen price-to-earnings (P/E) multiples, a significant discount to the prevailing valuation of just a few years ago.

TROJAN FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

PORTFOLIO (continued)

The price of gold proved a reliable aggregator of investor sentiment in the period under review, moving inversely to the direction of broad equity market indices. Towards the end of the financial year a slightly softer gold price presented us the opportunity to initiate a small holding in Canadian-headquartered, Franco-Nevada. Franco-Nevada is a precious metals royalty and stream company and so receives payment from other companies' mine production. Franco-Nevada therefore does not operate or develop any mines. Its business model is instead focused on managing and growing its portfolio of royalties and streams. In the short term, Franco-Nevada's financial results are primarily tied to the price of precious metals and the amount of production from its portfolio of producing assets. However, its longer-term fortunes are dependent on management's success in growing the company's portfolio of productive assets through acquisition. Perversely, value creation is more likely to be ensured when metal and specifically gold prices are depressed. In the last 18 months or so this entrepreneurial management team has invested, counter-cyclically, some US\$1.5 billion in growing the business. These transactions have likely transferred shareholder value from the reckless and imprudent mining companies to the purposeful and prudent Franco-Nevada. Crucially, the management team has a long-term focus and recognises the company it stewards operates in a cyclical industry. Franco-Nevada thus has historically maintained a strong and cash-rich balance sheet so that it can make investments during commodity cycle downturns.

OUTLOOK

Towering equity valuations and recovering commodity prices are suggestive of a world of rising prosperity and respectable economic growth. Yet the sheer quantum of ultralow-yielding bonds is indicative of a world being mired in a deflationary funk. These two different narratives are hard to reconcile and the continuing extremes in valuation imply that opposing views are polarising. Derisory bond yields and the elevated valuation of stocks imply that the respective holders of each possess a tremendous amount of certainty as to how the future will unfold. However, just because you have conviction does not mean that you are necessarily right. More important to long-term investment success is what happens to the value of your portfolio when you are wrong. We have tried to construct a cockroach-like portfolio that will survive the manifestation of a number of unpleasant scenarios.

We rely on valuation as a prospective arbiter of future return as it is one of the few inputs that you do not have to predict. 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 expensive, traditional asset diversification may not protect to the same extent that it has in the past. We are, of course, assuming that asset prices will (eventually) revert to valuation levels similar to historic norms. If the forces of mean reversion have indefinitely been suspended then all bets are off.

We continue to be largely inactive in the knowledge that the stock market is often a mechanism to transfer wealth from the impatient to the patient. Waiting for 'value' to recover the whip-hand from 'momentum' is a trying discipline but we take solace in the words of the eighteenth century Swiss polymath Jean-Jacques Rousseau who said that "patience is bitter, but its fruit is sweet".

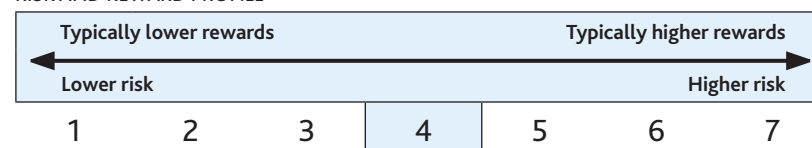
TROY ASSET MANAGEMENT LIMITED

Investment Manager

21 February 2017

FUND INFORMATION

RISK AND REWARD PROFILE



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.

Credit Risk: Debt securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a debt security is also affected by its credit rating.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

TROJAN 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.

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	218.33	215.81	192.91
Return before operating charges*	28.61	5.73	26.25
Operating charges	(2.50)	(2.25)	(2.17)
Return after operating charges	26.11	3.48	24.08
Distributions	(0.91)	(0.96)	(1.18)
Closing net asset value per share	243.53	218.33	215.81
* after direct transaction costs of:	0.03	0.03	0.03

Performance

Return after charges	11.96%	1.61%	12.48%
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Other Information

Closing net asset value (£'000)	1,458,797	993,387	931,136
Closing number of shares	599,021,874	454,988,441	431,459,461
Operating charges	1.06%	1.05%	1.06%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price	245.71	218.90	219.54
Lowest share price	218.00	204.75	192.36

31.01.17
(p/share)

31.01.16
(p/share)

31.01.15
(p/share)

'O' Accumulation shares (this class is also available for investment by the Global Flexible, a sub-fund of Aristeia SICAV)

Change in net assets per share

Opening net asset value per share	263.53	259.30	230.45
Return before operating charges*	34.53	6.94	31.44
Operating charges	(3.02)	(2.71)	(2.59)
Return after operating charges	31.51	4.23	28.85
Distributions	(1.10)	(1.16)	(1.41)
Retained distributions on accumulation shares	1.10	1.16	1.41
Closing net asset value per share	295.04	263.53	259.30
* after direct transaction costs of:	0.04	0.03	0.03

Performance

Return after charges	11.96%	1.63%	12.52%
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Other Information

Closing net asset value (£'000)	1,475,063	913,015	819,541
Closing number of shares	499,957,123	346,456,587	316,053,423
Operating charges	1.06%	1.05%	1.06%
Direct transaction costs	0.01%	0.01%	0.01%

Prices

Highest share price	297.44	263.86	263.47
Lowest share price	263.21	246.81	229.84

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	217.43	215.18	192.61
Return before operating charges*	28.41	5.70	26.17
Operating charges	(3.66)	(3.30)	(3.18)
Return after operating charges	24.75	2.40	22.99
Distributions	(0.13)	(0.15)	(0.42)
Closing net asset value per share	242.05	217.43	215.18
* after direct transaction costs of:	0.03	0.03	0.03
Performance			
Return after charges	11.38%	1.12%	11.94%
Other Information			
Closing net asset value (£'000)	11,631	44,110	52,393
Closing number of shares	4,805,280	20,286,562	24,348,146
Operating charges	1.56%	1.55%	1.56%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	244.59	217.71	218.67
Lowest share price	217.14	204.08	192.08

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	253.41	250.64	223.87
Return before operating charges*	33.13	6.62	30.47
Operating charges	(4.27)	(3.85)	(3.70)
Return after operating charges	28.86	2.77	26.77
Distributions	(0.15)	(0.17)	(0.49)
Retained distributions on accumulation shares	0.15	0.17	0.49
Closing net asset value per share	282.27	253.41	250.64
* after direct transaction costs of:	0.04	0.03	0.03
Performance			
Return after charges	11.39%	1.11%	11.96%
Other Information			
Closing net asset value (£'000)	115,657	171,951	260,781
Closing number of shares	40,973,404	67,855,755	104,045,339
Operating charges	1.56%	1.55%	1.56%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	285.22	253.73	254.70
Lowest share price	253.06	237.85	223.27

TROJAN FUND

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	218.50	215.97	193.04
Return before operating charges*	28.63	5.75	26.28
Operating charges	(1.91)	(1.72)	(1.66)
Return after operating charges	26.72	4.03	24.62
Distributions	(1.50)	(1.50)	(1.69)
Closing net asset value per share	243.72	218.50	215.97
* after direct transaction costs of:	0.03	0.03	0.03
Performance			
Return after charges	12.23%	1.87%	12.75%
Other Information			
Closing net asset value (£'000)	353,717	275,078	270,954
Closing number of shares	145,130,350	125,896,087	125,460,276
Operating charges	0.81%	0.80%	0.81%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	246.08	219.33	219.96
Lowest share price	218.18	204.94	192.49

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	269.49	264.52	234.50
Return before operating charges*	35.34	7.08	32.05
Operating charges	(2.37)	(2.11)	(2.03)
Return after operating charges	32.97	4.97	30.02
Distributions	(1.85)	(1.84)	(2.06)
Retained distributions on accumulation shares	1.85	1.84	2.06
Closing net asset value per share	302.46	269.49	264.52
* after direct transaction costs of:	0.04	0.03	0.03
Performance			
Return after charges	12.23%	1.88%	12.80%
Other Information			
Closing net asset value (£'000)	62,288	53,872	72,267
Closing number of shares	20,593,781	19,990,263	27,320,197
Operating charges	0.81%	0.80%	0.81%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	304.74	269.82	268.76
Lowest share price	269.18	252.13	233.88

TROJAN FUND

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 ¹ (p/share)
'Z' Income 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	107.24	105.99	100.00
Return before operating charges*	14.09	2.84	6.72
Operating charges	(0.07)	(0.06)	(0.03)
Return after operating charges	14.02	2.78	6.69
Distributions	(1.61)	(1.53)	(0.70)
Closing net asset value per share	119.65	107.24	105.99
* after direct transaction costs of:	0.02	0.01	0.01
Performance			
Return after charges	13.07%	2.62%	6.69%
Other Information			
Closing net asset value (£'000)	229,118	131,943	124,689
Closing number of shares	191,489,282	123,038,218	117,642,277
Operating charges	0.06%	0.05%	0.06% ²
Direct transaction costs	0.01%	0.01%	0.01% ²
Prices			
Highest share price	121.15	108.04	108.30
Lowest share price	107.11	100.63	98.43

¹ From 23 June 2014.

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

	31.01.17 (p/share)	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	109.58	106.68	100.00
Return before operating charges*	13.94	2.96	6.72
Operating charges	(0.07)	(0.06)	(0.04)
Return after operating charges	13.87	2.90	6.68
Distributions	(1.51)	(1.65)	(0.69)
Retained distributions on accumulation shares	1.51	1.65	0.69
Closing net asset value per share	123.45	109.58	106.68
* after direct transaction costs of:	0.02	0.01	0.01
Performance			
Return after charges	12.66%	2.72%	6.68%
Other Information			
Closing net asset value (£'000)	–	–	–
Closing number of shares	250	250	250
Operating charges	0.06%	0.05%	0.06% ²
Direct transaction costs	0.01%	0.01%	0.01% ²
Prices			
Highest share price	124.28	109.60	108.36
Lowest share price	109.36	102.12	98.50

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)

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	3 years	5 years
Trojan Fund	12.02	28.11	24.25

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 the 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 51 to 53.

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.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	DEBT SECURITIES – 45.39% (31.01.16 – 42.55%)		
£175,000,000	Treasury 0% 20.02.17	174,984	4.72
£175,000,000	Treasury 0% 27.02.17	174,976	4.72
£70,000,000	Treasury 0% 27.03.17	69,977	1.89
£100,000,000	Treasury 0% 10.04.17	99,958	2.70
£180,000,000	Treasury 0% 24.04.17	179,906	4.85
£150,000,000	Treasury 0% 02.05.17	149,912	4.05
£106,498,500	Treasury 0.125% index-linked 22.03.24	137,070	3.70
£90,447,000	Treasury 1.875% index-linked 22.11.22	148,441	4.01
£33,604,000	Treasury 2.5% index-linked 16.04.20	125,016	3.37
US\$40,000,000	US Treasury 0.125% Inflation Protected Securities 15.04.21	32,840	0.89
US\$352,616,000	US Treasury 0.125% Inflation Protected Securities 15.01.22	302,515	8.16
US\$97,562,000	US Treasury 0.625% Inflation Protected Securities 15.07.21	86,525	2.33
	TOTAL DEBT SECURITIES	1,682,120	45.39
	EQUITIES – 38.40% (31.01.16 – 41.53%)		
	UNITED KINGDOM – 10.51% (31.01.16 – 12.33%)		
4,288,417	A.G. BARR	21,506	0.58
16,825,000	Better Capital 2012*	4,879	0.13
2,974,680	British American Tobacco	145,730	3.93
1,653,368	Diageo	36,424	0.98
3,200,000	GlaxoSmithKline	48,896	1.32
1,280,380	Mithras Investment Trust*	2,305	0.06
11,700,000	Sage Group (The)	71,721	1.94
1,800,000	Unilever	58,095	1.57
	TOTAL UNITED KINGDOM	389,556	10.51
	CONTINENTAL EUROPE – 1.22% (31.01.16 – 1.54%)		
780,600	Nestlé	45,437	1.22
	NORTH AMERICA – 26.67% (31.01.16 – 27.66%)		
1,031,300	Agnico-Eagle Mines	39,026	1.05
1,750,000	Altria Group	98,997	2.67
940,000	American Express Company	57,061	1.54
400,000	Becton, Dickinson & Company	56,364	1.52

TROJAN FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	NORTH AMERICA – 26.67% (31.01.16 – 27.66%) (continued)		
380	Berkshire Hathaway	74,345	2.01
2,900,000	Coca-Cola Company (The)	95,822	2.59
907,000	Colgate-Palmolive Company	46,550	1.26
880,000	Dr Pepper Snapple Group	63,777	1.72
350,000	Franco-Nevada	18,091	0.49
44,044	Hershey Foods	3,691	0.10
3,200,000	Imperial Oil	83,109	2.24
2,400,000	Microsoft Corporation	123,310	3.33
1,500,000	Philip Morris International	114,601	3.09
530,000	Procter & Gamble Company (The)	36,899	0.99
1,604,456	Reynolds American	76,697	2.07
	TOTAL NORTH AMERICA	988,340	26.67
	TOTAL EQUITIES	1,423,333	38.40
	GOLD – 8.79% (31.01.16 – 10.24%)		
814,850	ETFS Physical Swiss Gold*	76,342	2.06
2,726,600	Gold Bullion Securities*	249,471	6.73
	TOTAL GOLD	325,813	8.79
	FORWARD CURRENCY CONTRACTS – 0.23% (31.01.16 – (0.99)%)		
US\$(983,165,000)	Vs £789,269,186 (expiry 21.03.17)	8,615	0.23
	Portfolio of investments	3,439,881	92.81
	Net other assets	266,390	7.19
	Net assets	3,706,271	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.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13) **242,418**

Purchases	Cost £'000
US Treasury 0.125% Inflation Protected Securities 15.01.22	101,683
US Treasury 0.125% Inflation Protected Securities 15.04.21	33,315
A.G. BARR	22,744
Franco-Nevada	17,840
Coca-Cola Company (The)	17,727
Unilever	15,128
GlaxoSmithKline	9,121
Imperial Oil	7,692
American Express Company	7,007
Berkshire Hathaway	6,739
Hershey Foods	3,422

In addition to above, purchases of £1,029,987 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **31,156**

Sales	Proceeds £'000
Becton, Dickinson & Company	10,432
British American Tobacco	7,590
Better Capital 2012	7,387
Sage Group (The)	2,565
BlackRock Gold and General	1,315
Altria Group	1,010
Mithras Investment Trust	857

In addition to above, sales of £912,729 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.

TROJAN FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Income:					
Net capital gains	2		316,315		28,558
Revenue	3	47,090		39,648	
Expenses	4	(30,113)		(24,889)	
Interest payable and similar charges	6	(9)		–	
Net revenue before taxation		16,968		14,759	
Taxation	5	(3,670)		(2,401)	
Net revenue after taxation			13,298		12,358
Total return before distributions			329,613		40,916
Distributions	6		(13,557)		(12,645)
Change in net assets attributable to shareholders from investment activities			316,056		28,271

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Opening net assets attributable to shareholders		2,583,356		2,531,761
Amounts receivable on issue of shares	898,522		220,814	
Amounts payable on redemption of shares	(96,890)		(202,129)	
		801,632		18,685
Change in net assets attributable to shareholders from investment activities		316,056		28,271
Retained distributions on Accumulation shares		5,227		4,639
Closing net assets attributable to shareholders		3,706,271		2,583,356

BALANCE SHEET
AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		3,439,881	2,436,635
Current assets			
Debtors	7	21,535	13,783
Cash and bank balances		251,616	168,754
Total assets		3,713,032	2,619,172
LIABILITIES			
Investment liabilities			
		–	(25,640)
Creditors			
Distributions payable	8	(3,317)	(2,850)
Other creditors	8	(3,444)	(7,326)
Total liabilities		(6,761)	(35,816)
Net assets attributable to shareholders		3,706,271	2,583,356

TROJAN FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.17 £'000	31.01.16 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	404,750	52,844
Forward currency contracts	(88,291)	(16,343)
Transaction charges	–	(1)
AMC rebates from underlying investments	260	205
Currency losses	(404)	(8,147)
Net capital gains	316,315	28,558
3. REVENUE		
Non-taxable dividends	34,991	29,771
Unfranked interest	11,955	9,640
Bank interest	144	237
Total revenue	47,090	39,648
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	29,459	24,346
Legal and professional fees	18	18
Printing costs	9	8
Registration fees	100	85
	29,586	24,457
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	407	332
Safe custody and other bank charges	92	78
	499	410

	31.01.17 £'000	31.01.16 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	9	9
– tax services	3	3
Publication costs	7	8
Legal and professional fees	5	–
Portfolio monitoring fees	1	–
Postage and distribution costs	3	2
	28	22
Total expenses	30,113	24,889

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

	31.01.17 £'000	31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	3,670	2,401
Current tax charge	3,670	2,401
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	3,670	2,401

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%) (31.01.16 : 20%). The difference is explained below:

	31.01.17 £'000	31.01.16 £'000
Net revenue before taxation	16,968	14,759
Corporation tax at 20%	3,394	2,952

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(6,998)	(5,954)
RPI movement on UK index-linked gilts	(1,853)	(1,035)
AMC rebates taken to capital	52	41
Unutilised excess management expenses	5,405	3,996
Corporation tax charge	-	-
Overseas tax	3,670	2,401
Total tax charge (note 5a)	<u>3,670</u>	<u>2,401</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £22,158 thousand (31.01.16 : £16,753 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. DISTRIBUTIONS

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

	31.01.17 £'000	31.01.16 £'000
Interim	10,237	8,536
Final	4,693	4,198
	<u>14,930</u>	<u>12,734</u>
Add: Revenue deducted on redemption of shares	194	423
Deduct: Revenue received on issue of shares	(1,567)	(512)
Net distributions for the year	13,557	12,645
Interest	9	-
Total distributions	<u>13,566</u>	<u>12,645</u>

Details of the distributions per share are set out in the table on pages 51 to 53.

	31.01.17 £'000	31.01.16 £'000
6. DISTRIBUTIONS (continued)		
Distributions represented by:		
Net revenue after taxation	13,298	12,358
Allocations to capital:		
Revenue deficit – 'I' Income shares	19	51
– 'I' Accumulation shares	194	199
	213	250
Equalisation on conversions*	45	38
Balance carried forward	-	(1)
Balance brought forward	1	-
Net distributions for the year	<u>13,557</u>	<u>12,645</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.

	31.01.17 £'000	31.01.16 £'000
7. DEBTORS		
Amounts receivable for issue of shares	19,497	5,416
Sales awaiting settlement	-	5,661
Accrued revenue:		
Non-taxable dividends	682	551
Unfranked interest	1,330	1,279
AMC rebates from underlying investments	22	15
Bank interest	-	22
	2,034	1,867
Prepaid expenses	4	5
Taxation recoverable:		
Overseas withholding tax	-	727
Stamp duty reserve tax refund	-	107
	-	834
Total debtors	<u>21,535</u>	<u>13,783</u>

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS		
Distribution payable	3,317	2,850
OTHER CREDITORS		
Amounts payable for redemption of shares	484	5,190
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,873	2,075
Legal and professional fees	2	2
Printing costs	5	4
Registration fees	9	8
	2,889	2,089
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	40	28
Safe custody and other bank charges	17	6
	57	34
Other expenses	14	13
Total other creditors	3,444	7,326

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 of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 36 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 or its associates) held 6,654,259 (31.01.16 : 8,958,384) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

11. SHARES IN ISSUE

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	454,988,441	346,456,587	20,286,562
Issues	138,155,113	139,716,604	620,968
Redemptions	(3,964,917)	(9,718,403)	(904,163)
Conversions	9,843,237	23,502,335	(15,198,087)
Closing shares in issue	599,021,874	499,957,123	4,805,280
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	67,855,755	125,896,087	19,990,263
Issues	1,693,823	26,938,652	1,849,191
Redemptions	(4,131,499)	(14,468,878)	(42,716)
Conversions	(24,444,675)	6,764,489	(1,202,957)
Closing shares in issue	40,973,404	145,130,350	20,593,781
	'Z' Income	'Z' Accumulation	
Annual Management Charge		0.00%	0.00%
Opening shares in issue		123,038,218	250
Issues		80,331,767	-
Redemptions		(11,880,703)	-
Closing shares in issue		191,489,282	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 FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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	31.01.17 %	31.01.16 %
Investment grade debt securities	45.39	42.55
Other investments	47.42	50.78
Net other assets	7.19	6.67
	<u>100.00</u>	<u>100.00</u>

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

31.01.17

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	8,615	–

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

31.01.16

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	(25,640)	–

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 takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The Fund will at times have significant exposure to Interest rate risk. The risk is actively managed at all times taking into account the correlations with other risks in the portfolio. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 January 2017 a one basis point change in the yield would have an impact of £433 thousand on the net asset of the Fund.

The table below shows the direct interest rate risk profile:

	31.01.17 £'000	31.01.16 £'000
Floating rate investments	410,527	626,005
Fixed rate investments	1,271,593	473,162
Investments on which interest is not paid	1,757,761	1,337,468
Investment liabilities on which interest is not paid	–	(25,640)
Total investments	<u>3,439,881</u>	<u>2,410,995</u>

Investments on which interest is not paid include equities, collective investment schemes and the long side of forward currency contracts.

Liabilities on which interest is not paid include the short side of forward currency contracts.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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.

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

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £50,078 thousand on the net assets of the Fund (31.01.16 : £35,951 thousand).

The table below shows the direct foreign currency risk profile:

	31.01.17 Gross £'000	31.01.17 Hedged £'000	31.01.17 Net £'000
Currency:			
Canadian dollars	122,136	–	122,136
Swiss francs	45,437	–	45,437
US dollars	1,614,633	(780,654)	833,979
	<u>1,782,206</u>	<u>(780,654)</u>	<u>1,001,552</u>
Pounds sterling	1,915,450	789,269	2,704,719
Net assets	<u>3,697,656</u>	<u>8,615</u>	<u>3,706,271</u>

	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
	<u>1,330,123</u>	<u>(611,110)</u>	<u>719,013</u>
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>

12. RISK MANAGEMENT POLICIES (continued)

iv. Liquidity risk

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions 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.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £171,563 thousand (31.01.16 : £121,832 thousand). A 5% decrease would have the equal and opposite effect.

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 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 12iii and note 2, respectively. The counterparty for the forward currency contracts is the Bank of New York Mellon.

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

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Ordinary shares	107,034	153	234	107,421
Debt securities	134,997	–	–	134,997
Purchases total	242,031	153	234	242,418
<i>Transaction cost % of purchases total</i>		0.06%	0.10%	
<i>Transaction cost % of average NAV</i>		–	0.01%	
Ordinary shares	29,879	(38)	–	29,841
Collective investment schemes	1,315	–	–	1,315
Sales total	31,194	(38)	–	31,156
<i>Transaction cost % of sales total</i>		0.12%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 31.01.17 is 0.07% (31.01.16 : 0.26%).

13. PORTFOLIO TRANSACTION COSTS (continued)

	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	246,564	98	18	246,680
<i>Transaction cost % of purchases total</i>		0.04%	0.01%	
<i>Transaction cost % of average NAV</i>		–	–	
Ordinary shares	127,010	(180)	(2)	126,828
Debt securities	174,000	–	–	174,000
Sales total	301,010	(180)	(2)	300,828
<i>Transaction cost % of sales total</i>		0.06%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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 assets or liabilities, either directly or indirectly.

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	1,416,149	–	–	1,416,149
Collective investment schemes	325,813	7,184	–	332,997
Debt securities	1,682,120	–	–	1,682,120
Forward currency contracts	–	8,615	–	8,615
	<u>3,424,082</u>	<u>15,799</u>	<u>–</u>	<u>3,439,881</u>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	1,056,673	–	–	1,056,673
Collective investment schemes	263,794	17,001	–	280,795
Debt securities	1,099,167	–	–	1,099,167
	<u>2,419,634</u>	<u>17,001</u>	<u>–</u>	<u>2,436,635</u>
Liabilities				
Forward currency contracts	–	(25,640)	–	(25,640)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.7006	–	0.7006	0.6731
Group 2	0.2148	0.4858	0.7006	0.6731
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.2059	–	0.2059	0.2902
Group 2	0.0257	0.1802	0.2059	0.2902

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	0.8477	–	0.8477	0.8102
Group 2	0.1629	0.6848	0.8477	0.8102
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.2492	–	0.2492	0.3495
Group 2	–	0.2492	0.2492	0.3495

TROJAN FUND

Financial Statements (continued)

Distribution Table (continued)

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.1267	–	0.1267	0.1503
Group 2	–	0.1267	0.1267	0.1503
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	–	–	–	–
Group 2	–	0.0000	–	–

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	0.1512	–	0.1512	0.1666
Group 2	–	0.1512	0.1512	0.1666
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	–	–	–	–
Group 2	–	0.0000	–	–

'S' Income shares (Registered charities only)

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.9906	–	0.9906	0.9406
Group 2	0.1929	0.7977	0.9906	0.9406
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.5107	–	0.5107	0.5589
Group 2	0.0803	0.4304	0.5107	0.5589

'S' Accumulation shares (Registered charities only)

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.2190	–	1.2190	1.1529
Group 2	0.1766	1.0424	1.2190	1.1529
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.6308	–	0.6308	0.6857
Group 2	0.1559	0.4749	0.6308	0.6857

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

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.9043	–	0.9043	0.8547
Group 2	0.3771	0.5272	0.9043	0.8547
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.7010	–	0.7010	0.6713
Group 2	0.3493	0.3517	0.7010	0.6713

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

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	0.9320	–	0.9320	0.8640
Group 2	0.9320	0.0000	0.9320	0.8640
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.5800	–	0.5800	0.7880
Group 2	0.5800	0.0000	0.5800	0.7880

TROJAN ETHICAL INCOME FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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
24 May 2017

INVESTMENT MANAGER'S REPORT

ETHICAL CRITERIA

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.

INVESTMENT REVIEW

Over the twelve months under review class 'O' Accumulation shares of the Fund produced a total return of +7.5%. Over the same period the FTSE All-Share Index produced a total return of +20.1%¹, while the total return on cash (LIBID Index) amounted to +0.3%¹. At 31 January 2017 the Fund size was £50 million. A final distribution of 1.6598p will be paid to holders of 'O' Income shares on 31 March. When combined with the interim distribution of 1.7p the Fund has generated a yield of 3.3% on the year end share price. This is significantly in excess of the 3% yield target for the first year of the Fund. It is our ambition to grow the dividend from this level but this is subject to market conditions and ensuring that we do not expose the Fund's capital to excessive risk.

MARKET REVIEW

Column inches and airwaves were dominated by two binary events in 2016: Britain's referendum on EU membership and the US presidential election. In both instances, populists galvanised anti-establishment sentiment to help them land largely unexpected victories for their respective parties. Britain voted to leave the European Union whilst, across the pond, the Republicans scored a broad victory, securing the presidency and retaining control of the House and Senate.

Post-Brexit data releases have so far held up reasonably well as the positive effect from sterling's depreciation on demand for British exports has outweighed the negative effects from rising inflation. The UK was the fastest growing economy in the G7 in 2016, defying expectations of an immediate, Brexit-induced slowdown and data from November showed UK unemployment holding at an 11-year low. Although a highly competitive UK retail market has acted as a dampener on currency-driven price increases, UK inflation data did show that the index of consumer prices had increased by 1.6% in December, owing to a surge in import costs.

The election of Donald Trump has driven a sharp shift in investor sentiment on the expectation that Trump's promised infrastructure spending and tax cuts will result in higher growth, rising inflation and an increase in US debt. The result has been a broad rotation out of defensive, high quality investments into more cyclical, value-oriented equities. US treasuries have sold off in tandem, with the ten-year rising 60 basis points to sit at 2.45% at the end of January.

Whilst politics moved markets, the recovery in commodity prices drove natural resources stocks higher and in particular, the miners – a sector we have long eschewed at Troy on the basis of its cyclicity and capital intensity. This meant that the robust absolute return of +7.5% delivered by the portfolio looked somewhat pedestrian compared to a market buoyed by fresh hopes of US economic growth and higher commodity prices.

¹ Source: Lipper as at 31 January 2017. 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)

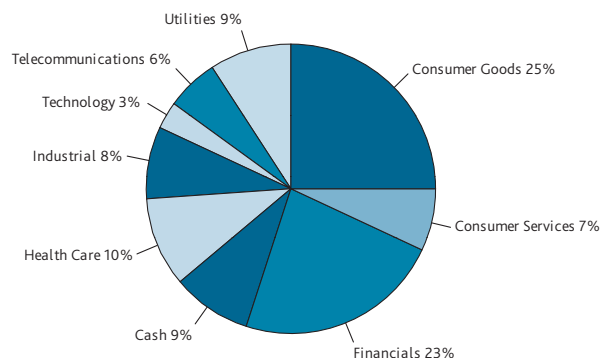
Investment Manager's Report (continued)

For the year ended 31 January 2017

PORTFOLIO

As at 31 January 2017 there were 46 equity holdings in the portfolio. 7.7% of the Fund's assets were held as cash (excluding accumulated income). The asset and sector allocations as at the end of January 2017 are shown below. The Fund remains biased towards the Consumer Goods, Financials and Health Care sectors.

SECTOR ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

As communicated in the Interim Report, the Fund replaced its investment in HSBC Holdings with Wells Fargo & Company and further new additions came in the form of Next, Burberry Group, Equiniti Group, AVEVA Group and Rotork in the first six months of the Fund's year. The latter two stocks both give the Fund some high quality exposure to the cyclical parts of the market which performed notably well during the second half of the year in particular. If we are provided with further opportunities to buy some of the best industrial stocks at more attractive valuations than we will do so. Also in the first half the Fund participated in the £350 million capital raise undertaken by 3i Infrastructure in June, the proceeds of which were used to acquire additional infrastructure assets for the vehicle.

The volatility brought about by the June EU referendum result allowed the Fund to add to its holdings of both Next and Land Securities Group at prices almost 20% below pre-referendum levels. As the government continued to sell down its stake in Lloyds Banking Group throughout 2016, we remained enthusiastic buyers, acquiring additional shares throughout the year on an average dividend yield of 4.5%.

In September, the Fund participated in a £140 million capital raising by Secure Income, a trust that owns a freehold portfolio of leisure and health care real estate assets with a weighted average unexpired lease term of over 23 years. The capital raise funded the acquisition of 55 Travelodge Hotel properties. All properties are fully let and the REIT is expected to yield 4.5%.

At the time of the Fund's launch a very sharp appreciation in the Rathbone Brothers' share price had prevented us from investing in the company. Our patience was rewarded and following a near 20% fall in the share price by October we were able to invest in this excellent wealth management franchise on a 3.2% yield.

Long investment horizons and an absolute return mindset manifest themselves in low portfolio turnover. In periods marked by seismic shifts in investor sentiment, the risk of being whipsawed is heightened. Whilst market fashions may change, the fundamental characteristics that define high quality business do not; firms capable of generating and sustaining high, unleveraged returns on their investors' capital will, over time, deliver superior total shareholder returns.

Quality businesses are periodically shunned by investors seeking to take on additional exposure to more cyclical and financially leveraged companies. In such circumstances we are prepared to add to those companies that have carelessly been discarded as bond proxies. Late in the year we made additions to a number of high quality holdings including Unilever at a 3.3% dividend yield.

During the course of the year the Fund's AUM almost exactly doubled from £25.3 million to £50.4 million. The steady inflow of assets allowed us to evolve the portfolio over time whilst making relatively few sales. Notably we built larger positions in Inmarsat, GlaxoSmithKline and A.G. BARR.

OUTLOOK

On 6 September 2016, the value of dividends paid since 2000 by the UK's listed companies breached the £1 trillion threshold, according to data from Capita Asset Services' Dividend Monitor. Dividends are the most important component of returns from investing in shares over the long term. Consider the fact that as at 31 January 2017, the FTSE All-Share Index was only 19% higher than at the turn of the millennium. Including dividend income and assuming the reinvestment of that income returns are supercharged to 112%. We continue to favour companies that exhibit characteristics that enable them to generate stable cash flows and provide reliable and growing income streams to their investors.

A weaker sterling has made UK assets more attractive to overseas investors. SoftBank's £24.3 billion acquisition of ARM Holdings and Twenty-First Century Fox's £11.7 billion bid for the 61% stake in Sky that it does not already own are two of the clearest examples of this to date. However, perhaps more significant for the portfolio is the extent to which the volatility in sterling has increased since the run-up to the 'Brexit' vote. To this end, we continue to feel it prudent to partially hedge the portfolio's direct US dollar exposure.

The French presidential election, the Dutch General election and the German federal election all represent political events that could bring further uncertainty to the European Union in 2017. The Trump presidency has got off to a rocky start, and closer to home, Britain's negotiations with the EU are likely to be a tense and protracted affair. At such an uncertain time, markets are hovering around all-time highs and equity volatility is eerily subdued. Investor complacency coupled with elevated equity valuations make for a dangerous cocktail and at such times the stable return investors receive from dividends only becomes more important.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

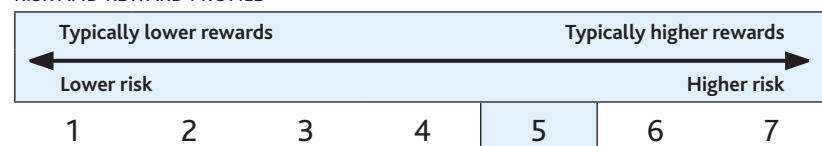
21 February 2017

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

FUND INFORMATION

RISK AND REWARD PROFILE



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

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.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Ethical Investments: The Fund is prevented from investing in certain sectors or companies for ethical reasons. This narrower range may constrain the Fund's performance.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

COMPARATIVE TABLES

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'O' Accumulation shares		
Change in net assets per share		
Opening net asset value per share	98.83	100.00
Return before operating charges*	8.39	(1.01)
Operating charges	(1.22)	(0.16)
Return after operating charges	7.17	(1.17)
Distributions	(3.36)	(0.11)
Retained distributions on accumulation shares	3.36	0.11
Closing net asset value per share	106.00	98.83
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	7.25%	(1.17)%
Other Information		
Closing net asset value (£'000)	1,314	–
Closing number of shares	1,240,070	250
Operating charges	1.17%	1.23% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	110.72	100.00
Lowest share price	93.84	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)

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'O' Income shares		
Change in net assets per share		
Opening net asset value per share	98.81	100.00
Return before operating charges*	8.61	(0.98)
Operating charges	(1.21)	(0.14)
Return after operating charges	7.40	(1.12)
Distributions	(3.36)	(0.07)
Closing net asset value per share	102.85	98.81
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	7.49%	(1.12)%
Other Information		
Closing net asset value (£'000)	31,935	25,271
Closing number of shares	31,050,259	25,574,324
Operating charges	1.17%	1.23% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	109.16	100.00
Lowest share price	93.82	96.25

¹ From 6 January 2016.

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

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'I' Accumulation shares		
Change in net assets per share		
Opening net asset value per share	98.91	100.00
Return before operating charges*	8.30	(0.93)
Operating charges	(1.74)	(0.16)
Return after operating charges	6.56	(1.09)
Distributions	(3.22)	(0.08)
Retained distributions on accumulation shares	3.22	0.08
Closing net asset value per share	105.47	98.91
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	6.63%	(1.09)%
Other Information		
Closing net asset value (£'000)	11	–
Closing number of shares	9,867	250
Operating charges	1.67%	1.73% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	110.38	100.00
Lowest share price	93.89	96.28

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)

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'I' Income shares		
Change in net assets per share		
Opening net asset value per share	98.76	100.00
Return before operating charges*	8.89	(1.01)
Operating charges	(1.73)	(0.16)
Return after operating charges	7.16	(1.17)
Distributions	(3.30)	(0.07)
Closing net asset value per share	102.62	98.76
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	7.25%	(1.17)%
Other Information		
Closing net asset value (£'000)	–	–
Closing number of shares	250	250
Operating charges	1.67%	1.73% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	108.94	100.00
Lowest share price	93.76	96.22

¹ From 6 January 2016.

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

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'S' Accumulation shares (Registered charities only)		
Change in net assets per share		
Opening net asset value per share	98.83	100.00
Return before operating charges*	8.32	(1.01)
Operating charges	(0.96)	(0.16)
Return after operating charges	7.36	(1.17)
Distributions	(3.49)	(0.03)
Retained distributions on accumulation shares	3.49	0.03
Closing net asset value per share	106.19	98.83
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	7.45%	(1.17)%
Other Information		
Closing net asset value (£'000)	52	–
Closing number of shares	49,143	250
Operating charges	0.92%	0.98% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	110.83	100.00
Lowest share price	93.84	96.23

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)

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'S' Income shares (Registered charities only)		
Change in net assets per share		
Opening net asset value per share	98.80	100.00
Return before operating charges*	8.60	(1.01)
Operating charges	(0.95)	(0.16)
Return after operating charges	7.65	(1.17)
Distributions	(3.39)	(0.03)
Closing net asset value per share	103.06	98.80
* after direct transaction costs of:	0.34	0.03
Performance		
Return after charges	7.74%	(1.17)%
Other Information		
Closing net asset value (£'000)	16,350	–
Closing number of shares	15,864,692	250
Operating charges	0.92%	0.98% ²
Direct transaction costs	0.33%	0.51% ²
Prices		
Highest share price	109.33	100.00
Lowest share price	93.80	96.23

¹ From 6 January 2016.

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

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	Since launch*
Trojan Ethical Income Fund	7.51	6.33

* Launch date 6 January 2016.

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 the 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 86 to 88.

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)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	UNITED KINGDOM – 69.54% (31.01.16 – 68.73%)		
	INDUSTRIALS – 7.17% (31.01.16 – 6.51%)		
	<i>INDUSTRIAL ENGINEERING – 1.75%</i> (31.01.16 – 0.00%)		
340,000	Rotork	868	1.75
	<i>INDUSTRIAL TRANSPORTATION – 3.11%</i> (31.01.16 – 3.86%)		
375,000	Royal Mail Group	1,543	3.11
	<i>SUPPORT SERVICES – 2.31% (31.01.16 – 2.65%)</i>		
75,000	Experian	1,147	2.31
	TOTAL INDUSTRIALS	3,558	7.17
	CONSUMER GOODS – 13.25% (31.01.16 – 13.01%)		
	<i>FOOD PRODUCERS – 10.30% (31.01.16 – 9.57%)</i>		
160,000	A.G. BARR	802	1.62
190,500	Dairy Crest Group	1,132	2.28
52,000	Diageo	1,146	2.31
63,000	Unilever	2,033	4.09
		5,113	10.30
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION</i> – 1.88% (31.01.16 – 3.44%)		
150,000	PZ Cussons	456	0.92
7,000	Reckitt Benckiser Group	476	0.96
		932	1.88
	<i>PERSONAL GOODS – 1.07% (31.01.16 – 0.00%)</i>		
32,500	Burberry Group	533	1.07
	TOTAL CONSUMER GOODS	6,578	13.25

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	HEALTH CARE – 5.61% (31.01.16 – 6.14%)		
	<i>PHARMACEUTICALS & BIOTECHNOLOGY</i> – 5.61% (31.01.16 – 6.14%)		
25,500	AstraZeneca	1,069	2.15
112,500	GlaxoSmithKline	1,719	3.46
	TOTAL HEALTH CARE	2,788	5.61
	CONSUMER SERVICES – 8.96% (31.01.16 – 8.23%)		
	<i>GENERAL RETAILERS – 3.60% (31.01.16 – 2.15%)</i>		
21,164	Next	810	1.63
60,000	WH Smith	977	1.97
		1,787	3.60
	<i>TRAVEL & LEISURE – 2.84% (31.01.16 – 2.85%)</i>		
100,000	Compass Group	1,412	2.84
	<i>MEDIA – 2.52% (31.01.16 – 3.23%)</i>		
125,000	Sky	1,251	2.52
	TOTAL CONSUMER SERVICES	4,450	8.96
	TELECOMMUNICATIONS – 2.97% (31.01.16 – 4.42%)		
	<i>MOBILE TELECOMMUNICATIONS – 2.97%</i> (31.01.16 – 4.42%)		
82,500	Inmarsat	502	1.01
500,000	Vodafone Group	972	1.96
	TOTAL TELECOMMUNICATIONS	1,474	2.97
	UTILITIES – 6.52% (31.01.16 – 7.78%)		
	<i>GAS, WATER & MULTIUTILITIES – 6.52%</i> (31.01.16 – 7.78%)		
170,000	National Grid	1,577	3.18
88,000	Pennon Group	698	1.40
42,500	Severn Trent	965	1.94
	TOTAL UTILITIES	3,240	6.52

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	FINANCIALS – 21.73% (31.01.16 – 19.99%)		
	<i>BANKS – 3.53% (31.01.16 – 5.44%)</i>		
2,700,000	Lloyds Banking Group	1,753	3.53
	<i>NON-LIFE INSURANCE – 4.36%</i> <i>(31.01.16 – 5.72%)</i>		
70,000	Hiscox	718	1.45
60,000	Jardine Lloyd Thompson Group	618	1.24
122,500	Lancashire Holdings	829	1.67
		<u>2,165</u>	<u>4.36</u>
	<i>REAL ESTATE INVESTMENT TRUSTS – 7.16%</i> <i>(31.01.16 – 6.24%)</i>		
1,000,000	Assura	520	1.05
145,000	Land Securities Group	1,441	2.90
429,673	LondonMetric Property	634	1.28
465,000	Primary Health Properties	491	0.99
148,184	Secure Income	468	0.94
		<u>3,554</u>	<u>7.16</u>
	<i>FINANCIAL SERVICES – 4.42%</i> <i>(31.01.16 – 1.59%)</i>		
330,000	Equiniti Group	618	1.24
30,000	Rathbone Brothers	623	1.26
32,500	Schroders	953	1.92
		<u>2,194</u>	<u>4.42</u>
	<i>EQUITY INVESTMENT INSTRUMENTS – 2.26%</i> <i>(31.01.16 – 1.00%)</i>		
330,000	3i Infrastructure*	630	1.26
322,814	International Public Partnerships*	496	1.00
		<u>1,126</u>	<u>2.26</u>
	TOTAL FINANCIALS	<u>10,792</u>	<u>21.73</u>

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	TECHNOLOGY – 3.33% (31.01.16 – 2.65%)		
	<i>SOFTWARE & COMPUTER SERVICES – 3.33%</i> <i>(31.01.16 – 2.65%)</i>		
38,500	AVEVA Group	734	1.48
150,000	Sage Group (The)	920	1.85
	TOTAL TECHNOLOGY	<u>1,654</u>	<u>3.33</u>
	TOTAL UNITED KINGDOM	<u>34,534</u>	<u>69.54</u>
	CONTINENTAL EUROPE – 6.74% (31.01.16 – 10.14%)		
20,500	Nestlé	1,193	2.40
24,000	Novartis	1,401	2.82
4,000	Roche Holding	751	1.52
	TOTAL CONTINENTAL EUROPE	<u>3,345</u>	<u>6.74</u>
	NORTH AMERICA – 15.48% (31.01.16 – 11.90%)		
24,000	American Express Company	1,457	2.93
36,000	Coca-Cola Company (The)	1,190	2.40
25,500	Colgate-Palmolive Company	1,309	2.64
19,000	Procter & Gamble Company (The)	1,323	2.66
35,500	Verizon Communications	1,383	2.78
23,000	Wells Fargo & Company	1,030	2.07
	TOTAL NORTH AMERICA	<u>7,692</u>	<u>15.48</u>
	FORWARD CURRENCY CONTRACTS – 0.10% (31.01.16 – 0.00%)		
US\$(2,400,000)	Vs £1,929,105 (expiry 10.04.17)	24	0.05
US\$(1,200,000)	Vs £977,143 (expiry 28.02.17)	24	0.05
	TOTAL FORWARD CURRENCY CONTRACTS	<u>48</u>	<u>0.10</u>

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

	Value £'000	31.01.17 %
Portfolio of investments	45,619	91.86
Net other assets	4,043	8.14
Net assets	<u>49,662</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.

* Collective investment scheme.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13)	23,564
Major purchases	Cost £'000
Next	1,043
GlaxoSmithKline	1,042
Verizon Communications	977
Unilever	878
Wells Fargo & Company	846
Lloyds Banking Group	829
Land Securities Group	827
AVEVA Group	800
Procter & Gamble Company (The)	777
Dairy Crest Group	756
Royal Mail Group	750
National Grid	717
Rotork	683
Colgate-Palmolive Company	669
Diageo	657
Rathbone Brothers	614
Equiniti Group	573
Schroders	564
Compass Group	558
Experian	488

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

TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Summary of Material Portfolio Changes (continued)

For the year ended 31 January 2017

Total sales for the year £'000 (note 13)	2,930
Sales	Proceeds £'000
HSBC Holdings	451
Verizon Communications	305
AstraZeneca	301
Experian	241
Lancashire Holdings	205
Nestlé	205
Diageo	188
AVEVA Group	175
Sage Group (The)	148
Colgate-Palmolive Company	114
Rathbone Brothers	111
Reckitt Benckiser	108
Jardine Lloyd Thompson Group	100
Unilever	100
Schroders	74
Hiscox	53
PZ Cussons	51

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

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 ¹ £'000
Income:					
Net capital gains/(losses)	2		1,658		(87)
Revenue	3	1,228		35	
Expenses	4	(404)		(30)	
Net revenue before taxation		824		5	
Taxation	5	(51)		(1)	
Net revenue after taxation			773		4
Total return before distributions			2,431		(83)
Distributions	6		(1,115)		(18)
Change in net assets attributable to shareholders from investment activities			1,316		(101)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 ¹ £'000
Opening net assets attributable to shareholders		25,271		–
Amounts receivable on issue of shares	23,324		25,372	
Amounts payable on redemption of shares	(277)		–	
		23,047		25,372
Change in net assets attributable to shareholders from investment activities		1,316		(101)
Retained distributions on Accumulation units		28		–
Closing net assets attributable to shareholders		49,662		25,271

¹ The comparative figures in the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders are for the period from 6 January 2016 to 31 January 2016.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		45,619	22,938
Current assets			
Debtors	7	1,178	34
Cash and bank balances		3,706	2,349
Total assets		<u>50,503</u>	<u>25,321</u>
LIABILITIES			
Creditors			
Distributions payable	8	(783)	(18)
Other creditors	8	(58)	(32)
Total liabilities		<u>(841)</u>	<u>(50)</u>
Net assets attributable to shareholders		<u>49,662</u>	<u>25,271</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 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.

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
2. NET CAPITAL GAINS/(LOSSES)		
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	2,000	(62)
Derivative contracts	3	-
Forward currency contracts	(483)	-
Transaction charges	-	(2)
Currency gains/(losses)	138	(23)
Net capital gains/(losses)	<u>1,658</u>	<u>(87)</u>
3. REVENUE		
Non-taxable dividends	1,164	35
UK property income distributions	56	-
Bank interest	3	-
Option premium	5	-
Total revenue	<u>1,228</u>	<u>35</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	342	14
Legal and professional fees	14	1
Printing costs	4	4
Registration fees	11	1
	<u>371</u>	<u>20</u>

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
4. EXPENSES (continued)		
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary fees:	13	1
Safe custody and other bank charges	3	–
	16	1
Other expenses:		
Fees paid to auditor – audit	8	6
– tax services	1	3
Publication costs	4	–
Legal and professional fees	4	–
	17	9
Total expenses	404	30

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

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	51	1
Current tax charge	51	1
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	51	1

5. TAXATION (continued)

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%) (31.01.16 : 20%). The difference is explained below:

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
Net revenue before taxation	824	5
Corporation tax at 20%	165	1
Effects of:		
Non-taxable dividends	(233)	(7)
Unutilised excess management expenses	68	6
Corporation tax charge	–	–
Overseas tax	51	1
Total tax charge (note 5a)	51	1

c) Deferred tax

At the year end there is a potential deferred tax asset of £74 thousand (31.01.16 : £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 year or prior period.

6. DISTRIBUTIONS

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

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
Interim	578	–
Final	804	18
	1,382	18

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
6. DISTRIBUTIONS (continued)		
Add: Revenue deducted on redemption of shares	3	–
Deduct: Revenue received on issue of shares	(270)	–
Net distributions for the year	<u>1,115</u>	<u>18</u>
Total distributions	<u>1,115</u>	<u>18</u>

Details of the distributions per share are set out in the table on pages 86 to 88.

	31.01.17 £'000	For the period from 06.01.16 to 31.01.16 £'000
Distributions represented by:		
Net revenue after taxation	773	4
Allocations to capital:		
Annual Management Charge	342	14
Net distributions for the year	<u>1,115</u>	<u>18</u>
	31.01.17 £'000	31.01.16 £'000

7. DEBTORS

Amounts receivable for issue of shares	1,059	–
Accrued revenue:		
Non-taxable dividends	113	34
Prepaid expenses	5	–
Taxation recoverable:		
Income tax	1	–
Total debtors	<u>1,178</u>	<u>34</u>

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS		
Distribution payable	<u>783</u>	<u>18</u>
OTHER CREDITORS		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	39	14
Legal and professional fees	1	1
Printing costs	4	4
Registration fees	1	–
	<u>45</u>	<u>19</u>
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	2	1
Transaction charges	–	2
Safe custody and other bank charges	1	–
	<u>3</u>	<u>3</u>
Other expenses	<u>10</u>	<u>10</u>
Total other creditors	<u>58</u>	<u>32</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 disclosed associates of the ACD) 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 are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 73 and amounts due at the year end are disclosed in note 7.

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 53.04% of the shares in issue of the Fund (31.01.16 : 100%).

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

11. SHARES IN ISSUE

	'O' Accumulation	'O' Income	'I' Accumulation
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	250	25,574,324	250
Issues	1,462,166	5,517,726	9,617
Redemptions	(222,346)	(41,791)	–
Conversions	–	–	–
Closing shares in issue	<u>1,240,070</u>	<u>31,050,259</u>	<u>9,867</u>

	'I' Income	'S' Accumulation	'S' Income
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	250	250	250
Issues	6,000	48,893	15,864,442
Redemptions	(6,000)	–	–
Conversions	–	–	–
Closing shares in issue	<u>250</u>	<u>49,143</u>	<u>15,864,692</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.

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.

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

31.01.17

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	48	–

As at 31 January 2016, no derivatives of a material nature were held.

ii. Interest rate risk

As the Fund seeks to obtain its return from investing in equities, it has no significant exposure to interest rate risk and therefore no interest rate risk table or sensitivity analysis has been presented.

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.

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

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £411 thousand on the net assets of the Fund (31.01.16 : £260 thousand).

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk (continued)

The table below shows the direct foreign currency risk profile:

	31.01.17 Gross £'000	31.01.17 Hedged £'000	31.01.17 Net £'000
Currency:			
Swiss francs	3,345	–	3,345
US dollars	7,727	(2,858)	4,869
	<u>11,072</u>	<u>(2,858)</u>	<u>8,214</u>
Pounds sterling	38,542	2,906	41,448
Net assets	<u>49,614</u>	<u>48</u>	<u>49,662</u>

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

iv. Liquidity risk

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions 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.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £2,279 thousand (31.01.16 : £1,147 thousand). A 5% decrease would have the equal and opposite effect.

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 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 12iii and note 2, respectively.

The counterparty for the forward currency contracts is the Bank of New York Mellon.

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

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Ordinary shares	23,452	34	78	23,564
Purchases total	23,452	34	78	23,564
<i>Transaction cost % of purchases total</i>		0.14%	0.33%	
<i>Transaction cost % of average NAV</i>		0.10%	0.22%	
Ordinary shares	2,934	(4)	–	2,930
Sales total	2,934	(4)	–	2,930
<i>Transaction cost % of sales total</i>		0.14%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

Average portfolio dealing spread at 31.01.17 is 0.07% (31.01.16 : 0.12%).

13. PORTFOLIO TRANSACTION COSTS (continued)

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

There were no sales in the period.

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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	44,445	–	–	44,445
Collective investment schemes	1,126	–	–	1,126
Forward currency contracts	–	48	–	48
	45,571	48	–	45,619

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	22,306	–	–	22,306
Collective investment schemes	632	–	–	632
	22,938	–	–	22,938

15. SUBSEQUENT EVENTS

As at 22 May 2017, the net asset value of the Fund has risen by 19.27% compared with that at 31 January 2017, primarily due to the issue of new shares. These accounts were approved on 24 May 2017.

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	0.2075	1.4925	1.7000	N/A
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	1.6634	–	1.6634	0.1080
Group 2	0.5914	1.0720	1.6634	0.1080

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	0.4669	1.2331	1.7000	N/A
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	1.6598	–	1.6598	0.0705
Group 2	0.5051	1.1547	1.6598	0.0705

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	1.7000	0.0000	1.7000	N/A
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	1.5207	–	1.5207	0.0800
Group 2	–	1.5207	1.5207	0.0800

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	1.7000	0.0000	1.7000	N/A
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	1.6000	–	1.6000	0.0720
Group 2	1.6000	0.0000	1.6000	0.0720

'S' Accumulation shares (Registered charities only)

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	1.7000	0.0000	1.7000	N/A
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	1.7865	–	1.7865	0.0280
Group 2	0.3063	1.4802	1.7865	0.0280

TROJAN ETHICAL INCOME FUND

Financial Statements (continued)

Distribution Table (continued)

'S' Income shares (Registered charities only)

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.7000	–	1.7000	N/A
Group 2	0.5264	1.1736	1.7000	N/A
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	1.6855	–	1.6855	0.0280
Group 2	0.5231	1.1624	1.6855	0.0280

TROJAN GLOBAL INCOME FUND

ACD'S REPORT

FOR THE PERIOD FROM 1 NOVEMBER 2016 TO 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

INVESTMENT OBJECTIVE AND POLICY

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

The Investment Manager may employ derivatives and forward foreign exchange transactions for the purpose of Efficient Portfolio Management.

CAPITA FINANCIAL MANAGERS LIMITED

ACD of Trojan Global Income Fund

24 May 2017

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

For the period from 1 November 2016 to 31 January 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

The Trojan Global Income Fund was launched on 1 November 2016.

For the period 1 November 2016 to 31 January 2017 class 'O' Accumulation shares of the Fund produced a total return of -0.6%¹. Over the same period the MSCI World Index produced a total return of +3.7%¹ in sterling terms, while total return on cash (LIBID) amounted to +0.0%¹. At 31 January 2017 the Fund size was £68 million.

MARKET REVIEW

Global equity markets made strong progress over the short period under review as investors reassessed the outlook for growth and inflation. This was spurred by the election of Donald Trump to be President of the United States. Hopes of a package of measures intended to reduce taxation, boost infrastructure spending and reduce the burden of regulation on businesses led to gains across sectors but especially those most exposed to stronger growth and higher interest rates. Thus leading sectors included banks, more economically cyclical industries such as mining and chemicals and conversely more stable businesses such as consumer staples companies and utilities lagged.

Perhaps not surprisingly the strongest market was the US but broad based gains were seen across developed markets. By contrast many of the less developed markets, and notably India were weak. In the case of India the market was reacting to the shock announcement that high denomination bank notes were to be no longer legal tender which provided a disruptive influence in the economy. This was offset by Russia where the market rose strongly reflecting the resurgent oil price and friendlier overtures from the new US administration.

PORTFOLIO

The current positioning of the Fund is focused 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 despite these areas having been out of favour in recent weeks.

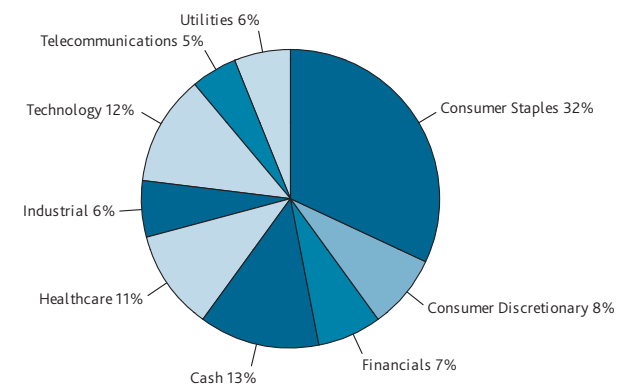
Just shy of a third of the portfolio's assets are invested in high quality consumer goods franchises which have historically proven to be resilient in times of market weakness. 12% is invested in technology and 11% in healthcare in each case in companies that we believe will be relatively robust and that are attractively valued. The utility holdings within the portfolio include both US and UK utilities. We have a highly selective and limited portfolio of financial companies. We also retain 13% cash underscoring our cautious outlook.

48.2% of the Fund's assets are invested in US listed stocks, 19.8% in UK companies, 16.3% in Europe and the remainder invested globally excluding the cash which remains in sterling. As at 31 January 2017 there were 39 equity holdings in the portfolio.

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.

The sector weightings as at the end of January 2017 are shown below.

SECTOR ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

OUTLOOK

Although equity markets have started 2017 with a flourish we believe there is good reason to be cautious and are positioned accordingly. Elevated equity valuations at a time of sluggish economic growth as reflected in low global government bond yields is a conundrum that is unlikely to be permanent. How this is resolved is unclear but it seems likely that better value will be available at some point in the future. In the meantime we aim to invest in sound businesses that generate decent returns on capital which in turn underpin a reasonable income yield despite the challenging backdrop. At the same time we have a clear idea of the businesses in which we would like to invest should our caution prove warranted and wait patiently for such opportunities to arise.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

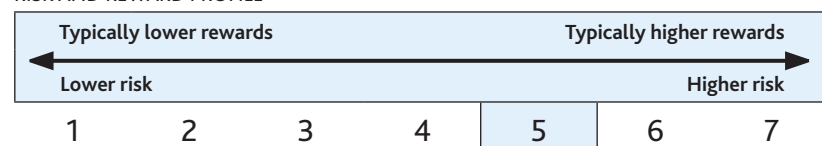
21 February 2017

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

FUND INFORMATION

RISK AND REWARD PROFILE



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

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.

Counterparty Risk: As the Fund may enter into forward currency hedging arrangements there is a risk that the other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, and the Fund receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

COMPARATIVE TABLES

31.01.17¹
(p/share)

'O' Income shares

Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.16)
Operating charges	(0.27)
Return after operating charges	(1.43)
Distributions	(0.51)
Closing net asset value per share	98.06
* after direct transaction costs of:	0.26

Performance

Return after charges	(1.43)%
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Other Information

Closing net asset value (£'000)	20,903
Closing number of shares	21,317,349
Operating charges	1.07% ²
Direct transaction costs	1.03% ²

Prices

Highest share price	101.95
Lowest share price	94.50

¹ From 1 November 2016.

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

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 ¹ (p/share)
'O' Accumulation shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.14)
Operating charges	(0.27)
Return after operating charges	(1.41)
Distributions	(0.47)
Retained distributions on accumulation shares	0.47
Closing net asset value per share	98.59
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.41)%
Other Information	
Closing net asset value (£'000)	8,944
Closing number of shares	9,071,433
Operating charges	1.07% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.97
Lowest share price	94.51

¹ From 1 November 2016.

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

	31.01.17 ¹ (p/share)
'I' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.17)
Operating charges	(0.39)
Return after operating charges	(1.56)
Distributions	(0.56)
Closing net asset value per share	97.88
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.56)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	1.57% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.85
Lowest share price	94.48

¹ From 1 November 2016.

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

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 ¹ (p/share)
'I' Accumulation shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.15)
Operating charges	(0.39)
Return after operating charges	(1.54)
Distributions	(0.53)
Retained distributions on accumulation shares	0.53
Closing net asset value per share	98.46
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.54)%
Other Information	
Closing net asset value (£'000)	1,222
Closing number of shares	1,241,162
Operating charges	1.57% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.85
Lowest share price	94.47

¹ From 1 November 2016.

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

	31.01.17 ¹ (p/share)
'S' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.16)
Operating charges	(0.24)
Return after operating charges	(1.40)
Distributions	(0.53)
Closing net asset value per share	98.07
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.40)%
Other Information	
Closing net asset value (£'000)	5,165
Closing number of shares	5,266,597
Operating charges	0.97% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.97
Lowest share price	94.52

¹ From 1 November 2016.

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

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 ¹ (p/share)
'S' Accumulation shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.17)
Operating charges	(0.24)
Return after operating charges	(1.41)
Distributions	(0.56)
Retained distributions on accumulation shares	0.56
Closing net asset value per share	98.59
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.41)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	0.97% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.99
Lowest share price	94.55

¹ From 1 November 2016.

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

	31.01.17 ¹ (p/share)
'F' Income shares	
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges*	(1.16)
Operating charges	(0.24)
Return after operating charges	(1.40)
Distributions	(0.53)
Closing net asset value per share	98.07
* after direct transaction costs of:	0.26
Performance	
Return after charges	(1.40)%
Other Information	
Closing net asset value (£'000)	30,669
Closing number of shares	31,273,224
Operating charges	0.97% ²
Direct transaction costs	1.03% ²
Prices	
Highest share price	101.97
Lowest share price	94.52

¹ From 1 November 2016.

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

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

31.01.17¹
(p/share)

'F' Accumulation shares

Change in net assets per share

Opening net asset value per share	100.00
Return before operating charges*	(1.17)
Operating charges	(0.24)
Return after operating charges	(1.41)
Distributions	(0.53)
Retained distributions on accumulation shares	0.53
Closing net asset value per share	98.59
* after direct transaction costs of:	0.26

Performance

Return after charges	(1.41)%
----------------------	---------

Other Information

Closing net asset value (£'000)	986
Closing number of shares	1,000,250
Operating charges	0.97% ²
Direct transaction costs	1.03% ²

Prices

Highest share price	101.96
Lowest share price	94.51

¹ From 1 November 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 period are shown in the Distribution Table on pages 117 and 118.

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 INCOME FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	UNITED KINGDOM – 19.83%		
300,000	Centrica	673	0.99
88,000	Compass Group	1,243	1.83
59,750	Diageo	1,316	1.94
100,000	GlaxoSmithKline	1,528	2.25
74,793	IG	399	0.59
38,650	Imperial Brands	1,420	2.09
155,000	Inmarsat	942	1.39
235,000	Royal Mail Group	967	1.42
160,000	Sage Group (The)	981	1.45
136,000	Sky	1,361	2.01
89,000	SSE	1,324	1.95
670,500	Vodafone Group	1,303	1.92
	TOTAL UNITED KINGDOM	13,457	19.83
	CONTINENTAL EUROPE – 16.32%		
46,500	Deutsche Annington	1,208	1.78
32,500	Nestlé	1,892	2.79
44,500	Novartis	2,597	3.82
88,000	RELX	1,181	1.74
11,800	Roche Holding	2,215	3.26
62,000	Unilever	1,992	2.93
	TOTAL CONTINENTAL EUROPE	11,085	16.32
	NORTH AMERICA – 48.23%		
47,850	Altria Group	2,707	3.99
19,500	American Express Company	1,184	1.74
68,300	Cisco Systems	1,668	2.46
61,400	Coca-Cola Company (The)	2,029	2.99
22,800	Emerson Electric	1,063	1.57
42,750	Eversource Energy	1,879	2.77
18,800	Johnson & Johnson	1,692	2.49
28,800	L Brands	1,378	2.03
18,150	McDonald's	1,769	2.61
40,000	Microsoft Corporation	2,055	3.03
35,650	Paychex	1,708	2.51
24,500	PepsiCo	2,021	2.98
35,150	Philip Morris International	2,685	3.95
33,000	Procter & Gamble Company (The)	2,297	3.38
44,750	Sysco	1,866	2.75

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	NORTH AMERICA – 48.23% (continued)		
30,600	Verizon Communications	1,192	1.75
45,000	Wells Fargo & Company	2,015	2.97
98,500	Western Union	1,532	2.26
	TOTAL NORTH AMERICA	32,740	48.23
	ASIA – 5.49%		
73,375	Japan Tobacco	1,885	2.78
20,200	Jardine Matheson Holdings	991	1.46
157,000	Link REIT	854	1.25
	TOTAL ASIA	3,730	5.49
	OPTIONS – 0.00%		
(90)	Microsoft Corporation Put 57.50 17.02.17	–	–
	Portfolio of investments	61,012	89.87
	Net other assets	6,877	10.13
	Net assets	67,889	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.

TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES

FOR THE PERIOD FROM 1 NOVEMBER 2016 TO 31 JANUARY 2017

Total purchases for the period £'000 (note 13)	61,688
Major purchases	Cost £'000
Philip Morris International	2,728
Novartis	2,577
Altria Group	2,557
Procter & Gamble Company (The)	2,320
Roche Holding	2,179
Japan Tobacco	2,175
Coca-Cola Company (The)	2,095
PepsiCo	2,095
Unilever	2,078
Microsoft Corporation	1,960
Nestlé	1,902
Eversource Energy	1,883
Sysco	1,792
Wells Fargo & Company	1,732
Johnson & Johnson	1,726
Cisco Systems	1,703
McDonald's	1,678
Western Union	1,642
Paychex	1,601
GlaxoSmithKline	1,567

Total sales for the period £'000 (note 13) **354**

Sales	Proceeds £'000
Centrica	354

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

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE PERIOD FROM 1 NOVEMBER 2016 TO 31 JANUARY 2017

	Notes	£'000	31.01.17 ¹ £'000
Income:			
Net capital losses	2		(311)
Revenue	3	395	
Expenses	4	(155)	
Net revenue before taxation		240	
Taxation	5	(35)	
Net revenue after taxation			205
Total return before distributions			(106)
Distributions	6		(328)
Change in net assets attributable to shareholders from investment activities			(434)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE PERIOD FROM 1 NOVEMBER 2016 TO 31 JANUARY 2017

	£'000	31.01.17 ¹ £'000
Opening net assets attributable to shareholders		–
Amounts receivable on issue of shares	68,480	
Amounts payable on redemption of shares	(213)	
		68,267
Dilution adjustment		1
Change in net assets attributable to shareholders from investment activities		(434)
Retained distributions on Accumulation shares		55
Closing net assets attributable to shareholders		67,889

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 1 November 2016.

TROJAN GLOBAL INCOME FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	31.01.17 ¹ £'000
ASSETS		
Fixed assets		
Investments		61,012
Current assets		
Debtors	7	1,139
Cash and bank balances		7,867
Total assets		<u>70,018</u>
LIABILITIES		
Creditors		
Distributions payable	8	(302)
Other creditors	8	(1,827)
Total liabilities		<u>(2,129)</u>
Net assets attributable to shareholders		<u>67,889</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 1 November 2016.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current period. 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 01.11.16
to 31.01.17
£'000**

2. NET CAPITAL LOSSES

The net capital losses during the period comprise:

Non-derivative securities	(323)
Derivative contracts	22
Transaction charges	(2)
Currency losses	(8)
Net capital losses	<u>(311)</u>

3. REVENUE

Non-taxable dividends	382
Taxable dividends	13
Total revenue	<u>395</u>

4. EXPENSES

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

Annual Management Charge	123
Legal and professional fees	4
Printing costs	3
Registration fees	5
	<u>135</u>

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

Depositary's fees	6
Safe custody and other bank charges	1
	<u>7</u>

	For the period from 01.11.16 to 31.01.17 £'000
4. EXPENSES (continued)	
Other expenses:	
Fees paid to auditor – audit	8
– tax services	3
Publication costs	1
Legal and professional fees	1
	13
Total expenses	<u>155</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 01.11.16 to 31.01.17 £'000
5. TAXATION	
a) Analysis of charge for the period	
Corporation tax at 20%	–
Overseas tax	35
Current tax charge	<u>35</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–
Total taxation (note 5b)	<u>35</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 01.11.16 to 31.01.17 £'000
Net revenue before taxation	<u>240</u>
Corporation tax at 20%	48

	For the period from 01.11.16 to 31.01.17 £'000
5. TAXATION (continued)	
Effects of:	
Non-taxable dividends	(76)
Unutilised excess management expenses	<u>28</u>
Corporation tax charge	–
Overseas tax	<u>35</u>
Total tax charge (note 5a)	<u>35</u>

c) Deferred tax

At the period end there is a potential deferred tax asset of £28 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.

6. DISTRIBUTIONS

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

	For the period from 01.11.16 to 31.01.17 £'000
Final	357
Add: Revenue deducted on redemption of shares	1
Deduct: Revenue received on issue of shares	<u>(30)</u>
Net distributions for the period	<u>328</u>
Total distributions	<u>328</u>

Details of the distributions per share are set out in the table on pages 118 and 119.

	For the period from 01.11.16 to 31.01.17 £'000	31.01.17 £'000
6. DISTRIBUTIONS (continued)		
Distributions represented by:		
Net revenue after taxation	205	
Allocations to capital:		
Annual Management Charge	123	
	<u>328</u>	
Net distributions for the period		<u>328</u>
		31.01.17 £'000
7. DEBTORS		
Amounts receivable for issue of shares	907	
Accrued revenue:		
Non-taxable dividends	137	
Prepaid expenses	3	
Amounts due from the Investment Manager:		
Amounts due from Brokers	92	
Total debtors	<u>1,139</u>	
8. CREDITORS		
Distribution payable	<u>302</u>	
OTHER CREDITORS		
Purchases awaiting settlement	1,760	
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	47	
Legal and professional fees	1	
Printing costs	3	
Registration fees	2	
	<u>53</u>	

8. CREDITORS (continued)			31.01.17 £'000
Amounts payable to the Depository, associates of the Depository and agents of either of them:			
Depository's fees			2
Other expenses			12
Total other creditors			<u>1,827</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 period end are disclosed in note 8.			
The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 105 and amounts due at the period end are disclosed in note 7.			
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			40.71%
10. CONTINGENT LIABILITIES AND COMMITMENTS			
There are no contingent liabilities or unrecorded outstanding commitments.			
11. SHARES IN ISSUE			
	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	0.85%	0.85%	1.35%
Opening shares in issue	–	–	–
Issues	21,378,019	9,215,437	250
Redemptions	(60,670)	(144,004)	–
Closing shares in issue	<u>21,317,349</u>	<u>9,071,433</u>	<u>250</u>

TROJAN GLOBAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

11. SHARES IN ISSUE (continued)

	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.35%	0.75%	0.75%
Opening shares in issue	–	–	–
Issues	1,249,582	5,266,597	250
Redemptions	(8,420)	–	–
Closing shares in issue	<u>1,241,162</u>	<u>5,266,597</u>	<u>250</u>
		'F' Income	'F' Accumulation
Annual Management Charge		0.75%	0.75%
Opening shares in issue		–	–
Issues		31,273,224	1,000,250
Closing shares in issue		<u>31,273,224</u>	<u>1,000,250</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.

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.

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

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. Interest rate risk

As the Fund seeks to obtain its return from investing in equities, it has no significant exposure to interest rate risk and therefore no interest rate risk table or sensitivity analysis has been presented.

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.

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.

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £2,382 thousand on the net assets of the Fund.

The table below shows the direct foreign currency risk profile:

	31.01.17
	£'000
Currency:	
Euros	4,380
Hong Kong dollars	854
Japanese yen	1,913
Swiss francs	6,704
US dollars	33,795
	<u>47,646</u>
Pounds sterling	20,243
Net assets	<u>67,889</u>

TROJAN GLOBAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

iv. Liquidity risk

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions 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.

A 5% increase in the value of the Fund's portfolio currency contracts, would have the effect of increasing the return and net assets by £3,051 thousand. A 5% decrease would have the equal and opposite effect.

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 Fund held no derivatives of a material nature during the current period.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Ordinary shares	61,532	84	72	61,688
Purchases total	61,532	84	72	61,688
Transaction cost % of purchases total		0.14%	0.12%	
Transaction cost % of average NAV		0.14%	0.12%	
Ordinary shares	355	(1)	–	354
Sales total	355	(1)	–	354
Transaction cost % of sales total		0.15%	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.17 is 0.05%.

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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	61,012	–	–	61,012

TROJAN GLOBAL INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

15. SUBSEQUENT EVENTS

As at 22 May 2017, the net asset value of the Fund has risen by 18.28% compared with that at 31 January 2017, primarily due to the issue of new shares. These accounts were approved on 24 May 2017.

DISTRIBUTION TABLE

FOR THE PERIOD FROM 1 NOVEMBER 2016 TO 31 JANUARY 2017 – 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	01.11.16
To	31.01.17

'O' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.17
Group 1	0.5109	–	0.5109
Group 2	0.3367	0.1742	0.5109

'O' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.17
Group 1	0.4744	–	0.4744
Group 2	0.3711	0.1033	0.4744

'I' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.17
Group 1	0.5600	–	0.5600
Group 2	0.5600	0.0000	0.5600

'I' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.17
Group 1	0.5275	–	0.5275
Group 2	0.4218	0.1057	0.5275

TROJAN GLOBAL INCOME FUND*Financial Statements (continued)**Distribution Table (continued)***'S' Income shares**

Final	Net Revenue	Equalisation	Payable 31.03.17
Group 1	0.5309	–	0.5309
Group 2	0.4246	0.1063	0.5309

'S' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.17
Group 1	0.5600	–	0.5600
Group 2	0.5600	0.0000	0.5600

'F' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.17
Group 1	0.5283	–	0.5283
Group 2	0.4914	0.0369	0.5283

'F' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.17
Group 1	0.5276	–	0.5276
Group 2	0.5276	0.0000	0.5276

TROJAN GLOBAL EQUITY FUND**ACD'S REPORT**

FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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

24 May 2017

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

For the year ended 31 January 2017

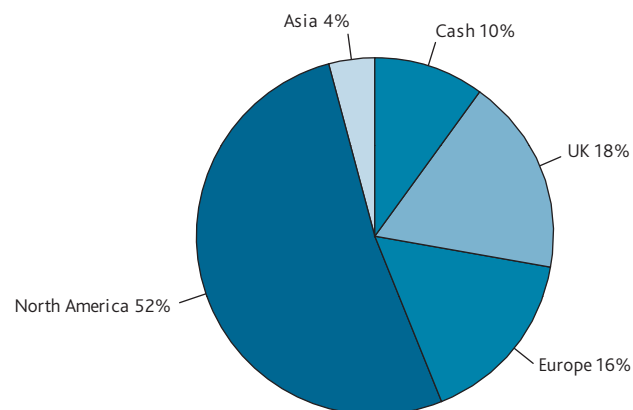
INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the twelve months under review class 'O' Accumulation shares of the Fund produced a total return of +22.2% while the total return on cash (LIBID) amounted to +0.3%¹ compared to a rise of +32.0%¹ for the MSCI World Index. At 31 January 2017 the Fund size was £202 million.

This year has had more than its fair share of surprises. From the narrow perspective of the Fund this has included posting very strong absolute returns but having them upstaged by an even stronger MSCI World Index. The post-Brexit, post-Trump world has thus far been characterised by great optimism for growth, particularly in the US, and the market has quickly moved to discount fiscal stimulus, tax cuts, deregulation and a more business-friendly environment. Bonds have sold off, the US dollar is close to all-time highs, particularly against sterling, and the best performing shares have been in the materials, energy, industrials and financial sectors. Whilst many of our holdings made stellar progress, relative returns were impacted by our lack of involvement in the best performing parts of the market. Energy, materials, consumer discretionary and technology hardware led the recovery after heavy losses last year. They are all sectors that we habitually avoid because of the mediocre returns they have delivered to shareholders when measured over longer time periods. However, as the market mood shifts to anticipate the inflationary consequences of Mr. Trump's economic policies, financial and cyclical shares have renewed momentum. By contrast, companies selling every-day consumer products and software services have lagged. Beyond the equity markets, the tumultuous political events of 2016 were most powerfully felt by currencies. Sterling's depreciation in particular has had a defining influence on global equity returns for sterling-based investors.

ASSET ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

¹ Source: Lipper, net income reinvested at ex-dividend date, quoted in sterling terms; MSCI, net income reinvested net of withholding tax, 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.

The biggest positive contributors to the Fund's performance in the year have predominantly been our US holdings including American Express Company ('Amex'), eBay, Becton, Dickinson & Company, Altria Group and Microsoft Corporation. Highlights outside of the US include Jardine Matheson Holdings, British American Tobacco and Experian. At a sector level, holdings in technology were the most important contributors with Intuit, Fiserv and PayPal Holdings standing out. Detractors from performance included Sky, The Sage Group, Japan Tobacco and our modest holding in A.G. BARR. Elsewhere the Swiss pharmaceutical companies Roche Holding and Novartis have been a drag and consumer staples Unilever, Heineken Holding, Reckitt Benckiser Group and Coca-Cola Company (The) were all relatively dull. In financials, Wells Fargo & Company and Amex were weak for much of the year but subsequently rebounded substantially following the US election.

The weighted-average financial characteristics of the Fund continue to demonstrate the excellence of the companies held. The average operating margin is 24%, the return on equity is over 30% and debt levels are low. The estimated average forward price-to-earnings multiple for the Fund is currently 18.5x with a free cash flow yield is 5.3%. At the same point last year the Fund had an average price-to-earnings ratio roughly similar to today's at 18.6x.² We continue to find compelling investment opportunities in a number of different areas including consumer staple companies, information technology, healthcare and financials, giving a healthy balance to the Fund's capacity for growth in capital and income.

Changes to the Fund include an investment in the US payments company Visa. Over the past few years companies involved in payment systems have come to represent just over 13% of the portfolio. We are attracted to this area for a number of reasons. First and foremost, our holdings are all highly profitable and capital efficient, reliant on networks developed over decades. Barriers to entry are huge and the largest payment companies tend to operate in natural oligopolies, forming a chain of toll booths throughout global commerce. A secondary attraction is that the volume of traffic passing their purview is growing at a high and sustainable rate. The normal forces of economic growth and inflation are bolstered by the slow replacement of cash and cheques with plastic or electronic payments, itself aided by the development of e-commerce. Amazon, Airbnb or Spotify simply wouldn't exist without the established guardrails of digital payment systems. In the UK, e-commerce is now over 15% of total retail spend, growing steadily at over +15% annually.³ The Fund's holding in PayPal Holdings is the clearest beneficiary of this global trend, with revenues up +19% in the latest quarter. Our confidence in the enduring growth of digital payments has helped motivate us to invest in Visa. The shares were bought at an optically expensive 24x earnings but Visa's growth and franchise are so strong that we think this will appear cheap in 5 to 10 years' time. In the last quarter Visa's processed transactions grew +13%, even excluding the recently acquired European operations. Visa's operating margins are 69%, the highest of any company in the Fund.

Following extensive work over the summer, Alphabet has become one of the largest holdings. Shares in the company were first bought for the Fund in 2013 and the holding was added to in May and October of 2016. The share price was dull in 2016 and underperformed the broader market, particularly in Q4 when concerns emerged that the regulatory and tax environment for internet companies might be tougher under the Trump administration. The operating fundamentals of Alphabet improved in 2016 (from a very high base) and it ranks as one of the most financially productive companies held in the Fund. Underpinned by strong growth in ad

² Source: Bloomberg as at 31 January 2017.

³ Source: ONS.

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

INVESTMENT REVIEW *(continued)*

sales, especially for mobile devices and YouTube, revenue growth was 20% in 2016. Operating margins are above 25% and, under CFO Ruth Porat's stewardship, operating costs have come down as a percentage of revenue despite ongoing investments in people and R&D. Free cash flow has exceeded \$6 billion for each of the past few quarters and gross cash held on the balance sheet stands at a phenomenal \$86 billion, c.40% of which is held on-shore in the US. YouTube has over a billion users (almost one third of all the people using the internet), generating billions of views. This is a powerful and under-monetised asset, in our view, and Google Maps has similar scale and commercial potential. Alphabet's shares trade on 24x forward earnings, 10.8x (2017) EV/EBITDA and the market assigns little or no value to the 'Other Bets' component of the business, spread across areas ranging from autonomous vehicles to artificial intelligence. Greater regulatory pressure remains a risk, but, absent a radical change in the terms of doing business on the internet, it is difficult to see how Google's dominance in core search advertising is derailed.

The holding in Amex was added to on four separate occasions this year, including in October and November, and the shares were the second best performing stock in the Fund in Q4, after Wells Fargo & Company. It has been held in the Fund since 2013. The stock returned a total of +64.1% (GBP) in the year under review, sharing in the sharp rally in financial stocks that followed the election of Donald Trump. Amex is a unique financial services brand in a growing payments industry that generates high and sustainable margins and returns on its equity, returns that are largely sent back to shareholders via dividends and share-repurchases. We were also attracted to its low valuation which partly reflected short-term headwinds to profitability that had resulted from the loss of a co-branded card contract with US wholesaler Costco. Amex's share price began its recovery well before the results of the election were known, following the publication of its Q3 results in October which demonstrated the resilience of the business model and gave investors reassurance that the company will earn its way through any temporary dip in its profits. Even after their recent rally the shares remain attractively valued at a 2017 P/E of 13.4x. The balance sheet is over-capitalised, putting Amex in a strong position to make extraordinary returns to shareholders should US regulation become more permissive.

Only the shares of one company were sold outright in the year and that was the legacy holding in Rathbone Brothers. We continue to like Rathbone Brothers' long-term business model and prospects but grew concerned that its earnings, which are driven by asset prices, had reached a cyclical high. We were further concerned by management's increased proclivity to acquire its growth with the issuance of new equity, diluting the ownership of existing shareholders. We sold in favour of businesses with more geographically diversified earnings.

OUTLOOK

The rules of engagement have shifted significantly in recent months as politics has risen to the forefront of investors' concerns for the first time in many years, making mugs of the macro-economic forecasters once again. Uncertainties abound and equity valuations are elevated. The next few years are likely to challenge even the most seasoned investors, not least because technology is disrupting so many aspects of commerce. We remain firmly committed to investing in exceptional companies. We look for businesses with high levels of capital efficiency, strong balance sheets and sensible management teams which can be owned at valuations that

offer investors the prospect of reasonable future returns. We aim to own them only when they are sustained by durable competitive advantages. Given the amount of change and turmoil that undoubtedly lies ahead, the ability to adapt will play an essential part in ensuring those advantages endure.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

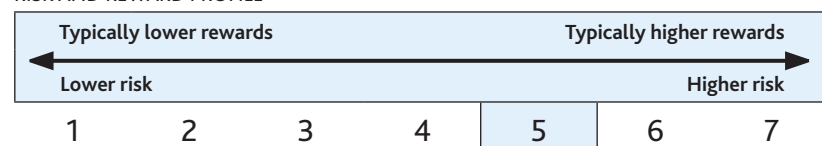
21 February 2017

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

FUND INFORMATION

RISK AND REWARD PROFILE



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 4 to 5. The Fund has been classed as 5 because its volatility has been measured as above 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.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

COMPARATIVE TABLES

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	187.75	177.21	146.69
Return before operating charges*	43.31	14.36	33.94
Operating charges	(2.14)	(2.06)	(1.79)
Return after operating charges	41.17	12.30	32.15
Distributions	(1.93)	(1.76)	(1.63)
Closing net asset value per share	226.99	187.75	177.21
* after direct transaction costs of:	0.22	0.02	0.07
Performance			
Return after charges	21.93%	6.94%	21.92%
Other Information			
Closing net asset value (£'000)	59,064	40,314	39,110
Closing number of shares	26,020,109	21,472,107	22,070,556
Operating charges	1.01% ¹	1.13%	1.11%
Direct transaction costs	0.11%	0.01%	0.04%
Prices			
Highest share price	233.85	193.26	181.30
Lowest share price	179.55	169.99	145.53

¹ The estimated Ongoing Charges Figure (OCF) at 31 January 2017, reported for the purposes of the Key Investor Information Document (KIID), is 0.97%. An estimate is calculated rather than an *ex post* figure due to reduction of the Annual Management Charge from 1.00% to 0.85% effective from 1 July 2016.

TROJAN GLOBAL EQUITY FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	220.97	206.57	169.26
Return before operating charges*	51.01	16.81	39.38
Operating charges	(2.53)	(2.41)	(2.07)
Return after operating charges	48.48	14.40	37.31
Distributions	(2.27)	(2.07)	(1.89)
Retained distributions on accumulation shares	2.27	2.07	1.89
Closing net asset value per share	269.45	220.97	206.57
* after direct transaction costs of:	0.27	0.03	0.08

Performance

Return after charges	21.94%	6.97%	22.04%
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Other Information

Closing net asset value (£'000)	125,695	51,745	45,713
Closing number of shares	46,649,071	23,417,895	22,129,209
Operating charges	1.01% ¹	1.13%	1.11%
Direct transaction costs	0.11%	0.01%	0.04%

Prices

Highest share price	277.07	226.88	210.91
Lowest share price	211.31	199.57	167.91

¹ The estimated Ongoing Charges Figure (OCF) at 31 January 2017, reported for the purposes of the Key Investor Information Document (KIID), is 0.97%. An estimate is calculated rather than an *ex post* figure due to reduction of the Annual Management Charge from 1.00% to 0.85% effective from 1 July 2016.

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	189.31	178.70	147.99
Return before operating charges*	43.58	14.46	34.19
Operating charges	(3.22)	(2.97)	(2.58)
Return after operating charges	40.36	11.49	31.61
Distributions	(1.01)	(0.88)	(0.90)
Closing net asset value per share	228.66	189.31	178.70
* after direct transaction costs of:	0.23	0.02	0.07

Performance

Return after charges	21.32%	6.43%	21.36%
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Other Information

Closing net asset value (£'000)	1,056	826	863
Closing number of shares	461,676	436,338	482,675
Operating charges	1.51% ¹	1.62%	1.60%
Direct transaction costs	0.11%	0.01%	0.04%

Prices

Highest share price	235.17	194.48	182.47
Lowest share price	181.01	171.36	146.80

¹ The estimated Ongoing Charges Figure (OCF) at 31 January 2017, reported for the purposes of the Key Investor Information Document (KIID), is 1.47%. An estimate is calculated rather than an *ex post* figure due to reduction of the Annual Management Charge from 1.50% to 1.35% effective from 1 July 2016.

TROJAN GLOBAL EQUITY FUND

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	207.45	194.89	160.48
Return before operating charges*	47.79	15.81	37.21
Operating charges	(3.54)	(3.25)	(2.80)
Return after operating charges	44.25	12.56	34.41
Distributions	(1.11)	(0.96)	(0.97)
Retained distributions on accumulation shares	1.11	0.96	0.97
Closing net asset value per share	251.70	207.45	194.89
* after direct transaction costs of:	0.25	0.02	0.07
Performance			
Return after charges	21.33%	6.44%	21.44%
Other Information			
Closing net asset value (£'000)	9,167	6,294	7,676
Closing number of shares	3,641,937	3,033,980	3,938,370
Operating charges	1.51% ¹	1.62%	1.60%
Direct transaction costs	0.11%	0.01%	0.04%
Prices			
Highest share price	258.87	213.09	199.01
Lowest share price	198.35	187.76	159.19

¹ The estimated Ongoing Charges Figure (OCF) at 31 January 2017, reported for the purposes of the Key Investor Information Document (KIID), is 1.47%. An estimate is calculated rather than an *ex post* figure due to reduction of the Annual Management Charge from 1.50% to 1.35% effective from 1 July 2016.

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	187.84	177.28	146.74
Return before operating charges*	43.35	14.39	33.97
Operating charges	(1.80)	(1.59)	(1.37)
Return after operating charges	41.55	12.80	32.60
Distributions	(2.26)	(2.24)	(2.06)
Closing net asset value per share	227.13	187.84	177.28
* after direct transaction costs of:	0.23	0.02	0.07
Performance			
Return after charges	22.12%	7.22%	22.22%
Other Information			
Closing net asset value (£'000)	7,094	5,802	5,473
Closing number of shares	3,123,290	3,088,772	3,087,472
Operating charges	0.85%	0.87%	0.85%
Direct transaction costs	0.11%	0.01%	0.04%
Prices			
Highest share price	234.09	193.55	174.72
Lowest share price	179.65	170.10	145.58

TROJAN GLOBAL EQUITY FUND

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	222.16	207.15	169.30
Return before operating charges*	51.31	16.87	39.41
Operating charges	(2.14)	(1.86)	(1.56)
Return after operating charges	49.17	15.01	37.85
Distributions	(2.67)	(2.62)	(2.37)
Retained distributions on accumulation shares	2.67	2.62	2.37
Closing net asset value per share	271.33	222.16	207.15
* after direct transaction costs of:	0.27	0.03	0.08

Performance

Return after charges	22.13%	7.25%	22.36%
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Other Information

Closing net asset value (£'000)	118	88	82
Closing number of shares	43,467	39,418	39,418
Operating charges	0.85%	0.87%	0.85%
Direct transaction costs	0.11%	0.01%	0.04%

Prices

Highest share price	278.99	228.05	211.49
Lowest share price	212.46	200.42	167.96

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	3 years	5 years
Trojan Global Equity Fund	22.21	58.46	79.58

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 the 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 148 to 150.

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)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	UNITED KINGDOM – 17.64% (31.01.16 – 22.76%)		
163,180	A.G. BARR	818	0.40
62,500	AVEVA Group	1,191	0.59
116,300	British American Tobacco	5,698	2.82
169,000	Diageo	3,723	1.84
275,100	Experian	4,206	2.08
51,070	Reckitt Benckiser Group	3,474	1.72
669,940	Sage Group (The)	4,107	2.03
641,000	Sky	6,416	3.17
187,000	Unilever	6,036	2.99
	TOTAL UNITED KINGDOM	35,669	17.64
	CONTINENTAL EUROPE – 16.28% (31.01.16 – 17.96%)		
83,200	Heineken Holding	4,644	2.30
133,200	Medtronic	8,047	3.98
104,000	Nestlé	6,054	2.99
135,800	Novartis	7,926	3.92
33,300	Roche Holding	6,251	3.09
	TOTAL CONTINENTAL EUROPE	32,922	16.28
	NORTH AMERICA – 51.78% (31.01.16 – 46.55%)		
12,800	Alphabet	8,343	4.13
150,500	Altria Group	8,514	4.21
137,900	American Express Company	8,371	4.14
58,300	Becton, Dickinson & Company	8,215	4.06
140,000	Coca-Cola Company (The)	4,626	2.29
95,900	Colgate-Palmolive Company	4,922	2.43
323,700	eBay	8,187	4.05
85,500	Fiserv	7,300	3.61
43,000	Intuit	4,052	2.00
58,200	Johnson & Johnson	5,239	2.59
200,000	Microsoft Corporation	10,276	5.08
194,776	PayPal Holdings	6,157	3.05
63,000	Philip Morris International	4,813	2.38
52,200	Procter & Gamble Company (The)	3,634	1.80
73,000	Visa	4,800	2.37
162,000	Wells Fargo & Company	7,253	3.59
	TOTAL NORTH AMERICA	104,702	51.78

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	ASIA – 3.97% (31.01.16 – 5.95%)		
172,700	Japan Tobacco	4,438	2.20
73,000	Jardine Matheson Holdings	3,581	1.77
	TOTAL ASIA	8,019	3.97
	Portfolio of investments	181,312	89.67
	Net other assets	20,882	10.33
	Net assets	202,194	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.

TROJAN GLOBAL EQUITY FUND
ACD's Report (continued)
SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13)	69,019
Major purchases	Cost £000
eBay	10,746
Alphabet	5,631
Visa	4,746
Novartis	3,610
Medtronic	3,358
Sky	3,329
Unilever	3,015
Heineken Holding	2,512
Fiserv	2,420
Wells Fargo & Company	2,119
American Express Company	2,051
Microsoft Corporation	2,014
Procter & Gamble Company (The)	2,004
PayPal Holdings	1,917
Johnson & Johnson	1,838
Nestlé	1,739
Experian	1,649
Roche Holding	1,565
Intuit	1,515
Colgate-Palmolive Company	1,504

Total sales for the year £'000 (note 13) **10,072**

Sales	Proceeds £000
eBay	6,310
Rathbone Brothers	1,589
Sage Group (The)	1,548
Novartis	625

The summary of material 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 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Income:					
Net capital gains	2		24,755		5,772
Revenue	3	3,082		2,296	
Expenses	4	(1,512)		(1,156)	
Net revenue before taxation		1,570		1,140	
Taxation	5	(463)		(185)	
Net revenue after taxation			1,107		955
Total return before distributions			25,862		6,727
Distributions	6		(1,114)		(956)
Change in net assets attributable to shareholders from investment activities			24,748		5,771

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Opening net assets attributable to shareholders		105,069		98,917
Amounts receivable on issue of shares	85,269		7,857	
Amounts payable on redemption of shares	(13,665)		(8,008)	
		71,604		(151)
Dilution adjustment		–		31
Change in net assets attributable to shareholders from investment activities		24,748		5,771
Retained distributions on Accumulation shares		773		501
Closing net assets attributable to shareholders		202,194		105,069

TROJAN GLOBAL EQUITY FUND
Financial Statements (continued)
BALANCE SHEET

AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		181,312	97,947
Current assets			
Debtors	7	4,060	346
Cash and bank balances		17,372	7,032
Total assets		<u>202,744</u>	<u>105,325</u>
LIABILITIES			
Creditors			
Distributions payable	8	(126)	(123)
Other creditors	8	(424)	(133)
Total liabilities		<u>(550)</u>	<u>(256)</u>
Net assets attributable to shareholders		<u>202,194</u>	<u>105,069</u>

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.17 £'000	31.01.16 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	24,891	5,699
Forward currency contracts	–	66
Currency (losses)/gains	(136)	7
Net capital gains	<u>24,755</u>	<u>5,772</u>
3. REVENUE		
Non-taxable dividends	3,074	2,285
Bank interest	8	9
Interest on receipt of withholding tax reclaims	–	2
Total revenue	<u>3,082</u>	<u>2,296</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,362	1,027
Legal and professional fees	14	14
Printing costs	6	6
Registration fees	44	24
Tax related services	–	7
	<u>1,426</u>	<u>1,078</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	45	36
Safe custody and other bank charges	12	10
	<u>57</u>	<u>46</u>

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	9	8
– tax services	3	3
– other related tax services	5	12
Publication costs	7	8
Legal and professional fees	5	1
	<u>29</u>	<u>32</u>
Total expenses	<u>1,512</u>	<u>1,156</u>

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

	31.01.17 £'000	31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	270	205
Adjustments in respect of withholding tax reclaims	193	(20)
Current tax charge	<u>463</u>	<u>185</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>463</u>	<u>185</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%) (31.01.16 : 20%). The difference is explained below:

	31.01.17 £'000	31.01.16 £'000
Net revenue before taxation	<u>1,570</u>	<u>1,140</u>
Corporation tax at 20%	314	228

	31.01.17 £'000	31.01.16 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(615)	(457)
Unutilised excess management expenses	301	229
Corporation tax charge	–	–
Overseas tax	270	205
Adjustments in respect of withholding tax reclaims	193	(20)
Total tax charge (note 5a)	<u>463</u>	<u>185</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,354 thousand (31.01.16 : £1,053 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. DISTRIBUTIONS

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

	31.01.17 £'000	31.01.16 £'000
Interim	960	692
Final	360	253
	<u>1,320</u>	<u>945</u>
Add: Revenue deducted on redemption of shares	45	36
Deduct: Revenue received on issue of shares	(251)	(25)
Net distributions for the year	<u>1,114</u>	<u>956</u>
Total distributions	<u>1,114</u>	<u>956</u>

Details of the distributions per share are set out in the table on pages 148 to 150.

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
6. DISTRIBUTIONS (continued)		
Distributions represented by:		
Net revenue after taxation	1,107	955
Allocations to capital:		
Revenue deficit	6	–
Equalisation on conversions*	1	1
Net distributions for the year	<u>1,114</u>	<u>956</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.

	31.01.17 £'000	31.01.16 £'000
7. DEBTORS		
Amounts receivable for issue of shares	3,890	76
Accrued revenue:		
Non-taxable dividends	157	85
Bank interest	–	1
	157	86
Prepaid expenses	5	5
Taxation recoverable:		
Overseas withholding tax	8	179
Total debtors	<u>4,060</u>	<u>346</u>
8. CREDITORS		
Distribution payable	<u>126</u>	<u>123</u>
OTHER CREDITORS		
Amounts payable for redemption of shares	246	18

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS (continued)		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	148	90
Legal and professional fees	–	1
Printing costs	3	3
Registration fees	5	3
	156	97
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	5	3
Safe custody and other bank charges	2	1
	7	4
Other expenses	15	14
Total other creditors	<u>424</u>	<u>133</u>
9. RELATED PARTY TRANSACTIONS		

Annual Management Charge and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees 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 redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 135 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 or its associates) held 531,098 (31.01.16 : 459,097) 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 37.72% (31.01.16 : 48.80%)

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

11. SHARES IN ISSUE

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	0.85%	0.85%	1.35%
Opening shares in issue	21,472,107	23,417,895	436,338
Issues	4,900,870	27,330,675	83,257
Redemptions	(422,429)	(4,430,484)	(33,481)
Conversions	69,561	330,985	(24,438)
	<u>26,020,109</u>	<u>46,649,071</u>	<u>461,676</u>
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.35%	0.75%	0.75%
Opening shares in issue	3,033,980	3,088,772	39,418
Issues	1,549,311	34,518	18,921
Redemptions	(563,927)	–	–
Conversions	(377,427)	–	(14,872)
	<u>3,641,937</u>	<u>3,123,290</u>	<u>43,467</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.

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

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. Interest rate risk

As the Fund seeks to obtain its return from investing in equities, it has no significant exposure to interest rate risk and therefore no interest rate risk table or sensitivity analysis has been presented.

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.

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.

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £7,290 thousand on the net assets of the Fund (31.01.16 : £3,716 thousand).

The table below shows the direct foreign currency risk profile:

	31.01.17 £'000	31.01.16 £'000
Currency:		
Euros	4,652	2,161
Japanese yen	4,507	3,618
Swiss francs	20,231	12,656
US dollars	116,410	55,886
	<u>145,800</u>	<u>74,321</u>
Pounds sterling	56,394	30,748
Net assets	<u>202,194</u>	<u>105,069</u>

iv. Liquidity risk

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

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

iv. Liquidity risk (continued)

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.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £9,067 thousand (31.01.16 : £4,897 thousand). A 5% decrease would have the equal and opposite effect.

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 Fund held no derivatives during the current or prior year.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Ordinary shares	68,868	97	54	69,019
Purchases total	68,868	97	54	69,019
Transaction cost % of purchases total		0.14%	0.08%	
Transaction cost % of average NAV		0.07%	0.04%	
Ordinary shares	10,078	(6)	–	10,072
Sales total	10,078	(6)	–	10,072
Transaction cost % of sales total		0.06%	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.17 is 0.04% (31.01.16 : 0.11%).

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS (continued)

	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>
<i>Transaction cost % of purchases total</i>		0.17%	0.06%	
<i>Transaction cost % of average NAV</i>		0.01%	–	
Ordinary shares	2,867	(5)	–	2,862
Sales total	<u>2,867</u>	<u>(5)</u>	<u>–</u>	<u>2,862</u>
<i>Transaction cost % of sales total</i>		0.17%	–	
<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 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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	<u>181,312</u>	<u>–</u>	<u>–</u>	<u>181,312</u>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	<u>97,947</u>	<u>–</u>	<u>–</u>	<u>97,947</u>

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.5072	–	1.5072	1.2944
Group 2	0.2261	1.2811	1.5072	1.2944
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.4208	–	0.4208	0.4698
Group 2	0.0344	0.3864	0.4208	0.4698

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.7730	–	1.7730	1.5112
Group 2	0.7395	1.0335	1.7730	1.5112
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.4998	–	0.4998	0.5540
Group 2	–	0.4998	0.4998	0.5540

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.0145	–	1.0145	0.8599
Group 2	0.2391	0.7754	1.0145	0.8599
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	–	–	–	0.0171
Group 2	–	0.0000	–	0.0171

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.1137	–	1.1137	0.9365
Group 2	0.2041	0.9096	1.1137	0.9365
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	–	–	–	0.0188
Group 2	–	0.0000	–	0.0188

'S' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.7234	–	1.7234	1.5297
Group 2	0.6344	1.0890	1.7234	1.5297
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.5335	–	0.5335	0.7088
Group 2	0.1532	0.3803	0.5335	0.7088

TROJAN GLOBAL EQUITY FUND

Financial Statements (continued)

Distribution Table (continued)

'S' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	2.0384	–	2.0384	1.7884
Group 2	2.0384	0.0000	2.0384	1.7884
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.6362	–	0.6362	0.8354
Group 2	–	0.6362	0.6362	0.8354

TROJAN INCOME FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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

24 May 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the twelve months under review class 'O' Accumulation shares of the Fund produced a total return of +9.5%. Over the same period the FTSE All-Share Index produced a total return of +20.1%¹, while the total return on cash (LIBID) amounted to +0.3%¹. At 31 January 2017 the Fund size was £3,107 million.

A distribution of 4.2896p will be paid to holders of 'O' Income shares on 31 March which, combined with the interim dividend of 2.85p paid on 30 September, makes a total distribution of 7.1396p. This represents an increase of 7.0% over the previous year and continues the Fund's track record of unbroken dividend growth since its launch in 2004.

Column inches and airwaves were dominated by two binary events in 2016: Britain's referendum on European Union ('EU') membership and the US presidential election. In both instances, populists galvanised anti-establishment sentiment to help them land largely unexpected victories for their respective parties. Britain voted to leave the EU whilst, across the pond, the Republicans scored a broad victory, securing the presidency and retaining control of the House and Senate.

Post-Brexit data releases have so far held up reasonably well as the positive effect from sterling's depreciation on demand for British exports has outweighed the negative effects of rising inflation. The UK was the fastest growing economy in the G7 in 2016, defying expectations of an immediate, Brexit-induced slowdown and data from November showed UK unemployment holding at an 11-year low. Although a highly competitive UK retail market has acted as a dampener on currency-driven price increases, UK inflation data did show that the index of consumer prices had increased by 1.6% in December, owing to a surge in import costs.

The election of Donald Trump has driven a sharp shift in investor sentiment on the expectation that his promised infrastructure spending and tax cuts will result in higher growth, rising inflation and an increase in US debt. The result has been a broad rotation out of defensive, high-quality investments into more cyclical, value-oriented equities. US Treasuries have sold off in tandem, with the ten-year rising 60 basis points to sit at 2.45% at the end of January.

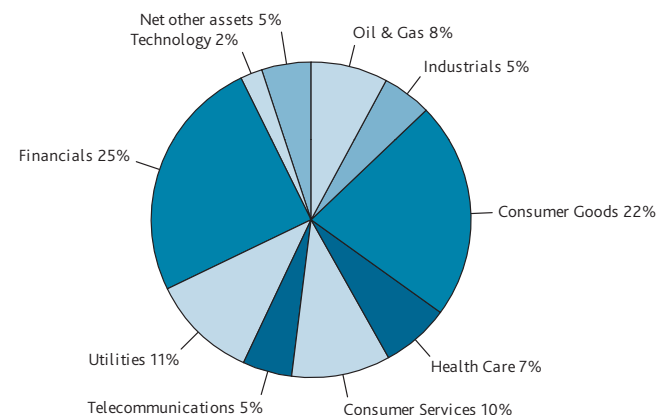
Whilst politics moved markets, the recovery in commodity prices drove natural resources stocks and in particular, the miners – a sector that we have long eschewed on the basis of its cyclicity and capital intensity. While this stance served us very well in 2015 it meant that the robust absolute return of +9.5% delivered by the portfolio looked somewhat pedestrian compared to a market buoyed by fresh hopes of US economic growth and higher commodity prices.

PORTFOLIO

As at 31 January 2017 there were 47 equity holdings in the portfolio. 6.8% of assets were held as cash. The asset and sector allocations as at the end of January 2017 are shown below. The Fund remains biased towards the Consumer Goods, Financials and Utilities sectors.

¹ Source: Bloomberg. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

SECTOR ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

As communicated in the Interim Report, the Fund replaced its investment in HSBC Holdings with Wells Fargo & Company and further new additions came in the form of Next and Burberry Group in the first six months of the Fund's year. Also in the first half the Fund participated in the £350 million capital raise undertaken by 3i Infrastructure in June, the proceeds of which have been used to acquire additional assets for the portfolio. The volatility brought about by the EU referendum result allowed the Fund to add to its holdings of both Next and Land Securities Group at prices almost 20% below pre-referendum levels. As the government continued to sell down its stake in Lloyds Banking Group through 2016, we remained enthusiastic buyers, acquiring additional shares during the year on an average dividend yield of 4.5%.

In September, the Fund participated in a £140 million capital raising by Secure Income, a trust that owns a freehold portfolio of leisure and healthcare real estate assets with a weighted average unexpired lease term of over 23 years. The capital raise funded the acquisition of 55 Travelodge Hotel properties. All properties are fully let and the REIT is expected to yield 4.5%.

Long investment horizons and an absolute return mindset manifest themselves in low portfolio turnover. In periods marked by seismic shifts in investor sentiment, the risk of being whipsawed is heightened. Whilst market fashions may change, the fundamental characteristics that define high-quality business do not; firms capable of generating and sustaining high, unleveraged returns on their investors' capital will, over time, deliver superior total shareholder returns. Quality businesses are periodically shunned by investors seeking to take on additional exposure to more cyclical and financially leveraged companies. In such circumstances we are prepared to add to those companies that have carelessly been discarded as bond proxies. To this end, we made additions to high-quality consumer staples companies such as Unilever (at a 3.3% dividend yield) and Reckitt Benckiser Group (at a 2.2% dividend yield) in December.

Following the completion of Tullett Prebon's £1.28 billion purchase of ICAP's voice-broking business the Fund exited its holding in ICAP, the merged broking businesses. However, we remain investors in the post-trade and financial technology division of ICAP which is now separately listed as NEX Group.

TROJAN INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

PORTFOLIO (continued)

Consistent with our approach to investing in high-quality businesses, we initiated a holding in IG Group, the largest CFD (contract-for-difference) and spread betting platform in the UK, in January 2017. The company has been on Troy's radar for several years owing to its robust business model, powerful network effects and its track record in generating high returns on invested capital. In December the FCA published a paper aimed at limiting the leverage offered to new clients and curtailing some marketing activities. We believe that the sharp fall in the share price following this announcement was overdone and that IG Group may ultimately benefit from a greater market share as a result of greater regulation of the sector. The weaker share price provided us with an opportunity to invest in the shares on a yield in excess of 6%.

The Fund also added to its investments in AstraZeneca, Royal Dutch Shell, Inmarsat and Hiscox amongst others during the period, whilst reducing its exposure to Reynolds American and Altria Group.

OUTLOOK

On 6 September 2016, the value of dividends paid since 2000 by the UK's listed companies breached the £1 trillion threshold, according to data from Capita Asset Services' Dividend Monitor. Dividends are the most important component of returns from investing in shares over the long term. Consider the fact that as at 31 January 2017, the FTSE All-Share Index was only 19% higher than at the turn of the millennium. Including dividend income, and assuming the reinvestment of that income, returns are supercharged to 112%. We continue to favour companies that exhibit characteristics that enable them to generate stable cash flows and provide reliable and growing income streams to their investors.

A weaker sterling has made UK assets more attractive to overseas investors. SoftBank's £24.3 billion acquisition of ARM Holdings and Twenty-First Century Fox's £11.7 billion bid for the 61% stake in Sky that it does not already own are two of the clearest examples of this to date. However, perhaps more significant for the portfolio is the extent to which the volatility in sterling has increased since the run-up to the 'Brexit' vote. To this end, we continue to feel it prudent to partially hedge the portfolio's direct US dollar exposure.

The French presidential election, the Dutch general election and the German federal election all represent political events that could bring further uncertainty to the EU in 2017. The Trump presidency has got off to a rocky start and, closer to home; Britain's negotiations with the EU are likely to be a tense and protracted affair. At such an uncertain time, markets are hovering around all-time highs and equity volatility is eerily subdued. Investor complacency coupled with elevated equity valuations make for a dangerous cocktail and at such times the stable return investors receive from dividends only becomes more important.

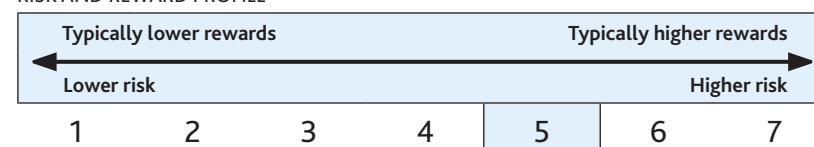
TROY ASSET MANAGEMENT LIMITED

Investment Manager

21 February 2017

FUND INFORMATION

RISK AND REWARD PROFILE



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 4 to 5. The Fund has been classed as 5 because its volatility has been measured as above 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.

Counterparty Risk: As the Fund may enter into forward currency hedging agreements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	171.61	170.16	149.87
Return before operating charges*	17.64	9.90	28.45
Operating charges	(1.85)	(1.77)	(1.65)
Return after operating charges	15.79	8.13	26.80
Distributions	(7.14)	(6.68)	(6.51)
Closing net asset value per share	180.26	171.61	170.16
* after direct transaction costs of:	0.20	0.18	0.19

Performance

Return after charges	9.20%	4.78%	17.88%
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Other Information

Closing net asset value (£'000)	1,732,001	1,352,549	1,144,657
Closing number of shares	960,820,938	788,152,225	672,675,819
Operating charges	1.02%	1.02%	1.02%
Direct transaction costs	0.11%	0.11%	0.12%

Prices

Highest share price	191.46	180.94	174.31
Lowest share price	161.45	161.89	149.08

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	277.15	264.44	223.94
Return before operating charges*	28.42	15.48	42.99
Operating charges	(3.01)	(2.77)	(2.49)
Return after operating charges	25.41	12.71	40.50
Distributions	(11.60)	(10.45)	(9.80)
Retained distributions on accumulation shares	11.60	10.45	9.80
Closing net asset value per share	302.56	277.15	264.44
* after direct transaction costs of:	0.32	0.29	0.28

Performance

Return after charges	9.17%	4.81%	18.09%
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Other Information

Closing net asset value (£'000)	775,976	526,241	397,776
Closing number of shares	256,470,286	189,876,411	150,423,856
Operating charges	1.02%	1.02%	1.02%
Direct transaction costs	0.11%	0.11%	0.12%

Prices

Highest share price	313.88	283.21	264.86
Lowest share price	260.70	255.58	222.75

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	163.29	162.73	144.06
Return before operating charges*	16.76	9.44	27.27
Operating charges	(2.61)	(2.51)	(2.35)
Return after operating charges	14.15	6.93	24.92
Distributions	(6.78)	(6.37)	(6.25)
Closing net asset value per share	170.66	163.29	162.73
* after direct transaction costs of:	0.19	0.18	0.18
Performance			
Return after charges	8.66%	4.26%	17.30%
Other Information			
Closing net asset value (£'000)	39,088	49,809	73,216
Closing number of shares	22,904,292	30,503,447	44,991,509
Operating charges	1.52%	1.52%	1.52%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	181.41	172.75	166.60
Lowest share price	153.60	154.26	143.30

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	269.33	258.27	219.81
Return before operating charges*	27.56	15.07	42.08
Operating charges	(4.34)	(4.01)	(3.62)
Return after operating charges	23.22	11.06	38.46
Distributions	(11.25)	(10.19)	(9.60)
Retained distributions on accumulation shares	11.25	10.19	9.60
Closing net asset value per share	292.55	269.33	258.27
* after direct transaction costs of:	0.31	0.28	0.28
Performance			
Return after charges	8.62%	4.28%	17.50%
Other Information			
Closing net asset value (£'000)	83,672	115,181	144,709
Closing number of shares	28,601,358	42,765,868	56,030,686
Operating charges	1.52%	1.52%	1.52%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	303.99	275.44	258.69
Lowest share price	253.30	248.90	218.63

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Income shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	176.54	174.61	153.39
Return before operating charges*	18.16	10.16	29.18
Operating charges	(1.44)	(1.37)	(1.28)
Return after operating charges	16.72	8.79	27.90
Distributions	(7.35)	(6.86)	(6.68)
Closing net asset value per share	185.91	176.54	174.61
* after direct transaction costs of:	0.20	0.19	0.19
Performance			
Return after charges	9.47%	5.03%	18.19%
Other Information			
Closing net asset value (£'000)	311,589	271,116	266,936
Closing number of shares	167,604,222	153,573,526	152,875,095
Operating charges	0.77%	0.77%	0.77%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	197.37	185.81	178.92
Lowest share price	166.10	166.43	152.59

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'S' Accumulation shares (Registered charities only)			
Change in net assets per share			
Opening net asset value per share	279.24	265.77	224.54
Return before operating charges*	28.66	15.57	43.11
Operating charges	(2.29)	(2.10)	(1.88)
Return after operating charges	26.37	13.47	41.23
Distributions	(11.70)	(10.52)	(9.84)
Retained distributions on accumulation shares	11.70	10.52	9.84
Closing net asset value per share	305.61	279.24	265.77
* after direct transaction costs of:	0.33	0.29	0.28
Performance			
Return after charges	9.44%	5.07%	18.36%
Other Information			
Closing net asset value (£'000)	14,548	13,415	10,134
Closing number of shares	4,760,182	4,804,412	3,813,222
Operating charges	0.77%	0.77%	0.77%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	316.79	285.23	266.20
Lowest share price	262.68	257.23	223.35

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (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	120.03	117.82	102.73
Return before operating charges*	12.39	6.88	19.61
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges	12.36	6.85	19.58
Distributions	(5.02)	(4.64)	(4.49)
Closing net asset value per share	127.37	120.03	117.82
* after direct transaction costs of:	0.14	0.13	0.13
Performance			
Return after charges	10.29%	5.82%	19.06%
Other Information			
Closing net asset value (£'000)	150,623	116,063	78,567
Closing number of shares	118,260,844	96,694,430	66,684,948
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	134.82	125.68	120.67
Lowest share price	112.96	112.73	102.20

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (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	133.78	126.42	105.96
Return before operating charges*	13.72	7.39	20.49
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges	13.69	7.36	20.46
Distributions	(5.63)	(5.02)	(4.66)
Retained distributions on accumulation shares	5.63	5.02	4.66
Closing net asset value per share	147.47	133.78	126.42
* after direct transaction costs of:	0.16	0.14	0.13
Performance			
Return after charges	10.23%	5.82%	19.31%
Other Information			
Closing net asset value (£'000)	–	–	–
Closing number of shares	250	250	250
Operating charges ¹	0.02%	0.02%	0.02%
Direct transaction costs	0.11%	0.11%	0.12%
Prices			
Highest share price	152.49	136.48	126.62
Lowest share price	125.88	122.83	105.40

¹ The Ongoing Charges figure (OCF) at 31 January 2017, reported for the purposes of the Key Investor Information Document (KIID), is 0.02%.

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	3 years	5 years
Trojan Income Fund	9.54	36.03	74.40

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 the 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 185 to 187.

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.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	UNITED KINGDOM – 83.38% (31.01.16 – 84.52%)		
	OIL & GAS – 7.58% (31.01.16 – 6.95%)		
	<i>OIL & GAS PRODUCERS – 7.58%</i> (31.01.16 – 6.95%)		
20,000,000	BP	94,570	3.04
6,300,000	Royal Dutch Shell 'B'	140,899	4.54
	TOTAL OIL & GAS	235,469	7.58
	INDUSTRIALS – 5.55% (31.01.16 – 6.31%)		
	<i>INDUSTRIAL TRANSPORTATION – 2.79%</i> (31.01.16 – 3.62%)		
21,100,000	Royal Mail Group	86,827	2.79
	<i>SUPPORT SERVICES – 2.76%</i> (31.01.16 – 2.69%)		
5,600,000	Experian	85,624	2.76
	TOTAL INDUSTRIALS	172,451	5.55
	CONSUMER GOODS – 14.37% (31.01.16 – 13.63%)		
	<i>FOOD PRODUCERS – 5.79%</i> (31.01.16 – 6.10%)		
5,000,000	Dairy Crest Group	29,725	0.96
4,650,000	Unilever	150,079	4.83
		179,804	5.79
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION – 2.71% (31.01.16 – 1.27%)</i>		
1,200,000	Burberry Group	19,680	0.63
950,000	Reckitt Benckiser Group	64,619	2.08
		84,299	2.71

TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	<i>TOBACCO – 5.87% (31.01.16 – 6.26%)</i>		
1,400,000	British American Tobacco	68,586	2.21
3,100,000	Imperial Brands	113,878	3.66
		<u>182,464</u>	<u>5.87</u>
	TOTAL CONSUMER GOODS	<u>446,567</u>	<u>14.37</u>
	<i>HEALTH CARE – 6.65% (31.01.16 – 6.60%)</i>		
	<i>PHARMACEUTICALS & BIOTECHNOLOGY – 6.65% (31.01.16 – 6.60%)</i>		
2,175,000	AstraZeneca	91,219	2.94
7,550,000	GlaxoSmithKline	115,364	3.71
		<u>206,583</u>	<u>6.65</u>
	TOTAL HEALTH CARE	<u>206,583</u>	<u>6.65</u>
	<i>CONSUMER SERVICES – 9.73% (31.01.16 – 9.20%)</i>		
	<i>GENERAL RETAILERS – 3.53% (31.01.16 – 2.86%)</i>		
1,215,586	Next	46,545	1.50
3,870,148	WH Smith	63,045	2.03
		<u>109,590</u>	<u>3.53</u>
	<i>TRAVEL & LEISURE – 3.19% (31.01.16 – 3.43%)</i>		
7,020,000	Compass Group	99,122	3.19
	<i>MEDIA – 3.01% (31.01.16 – 2.91%)</i>		
9,350,000	Sky	93,593	3.01
		<u>302,305</u>	<u>9.73</u>
	TOTAL CONSUMER SERVICES	<u>302,305</u>	<u>9.73</u>
	<i>TELECOMMUNICATIONS – 3.84% (31.01.16 – 4.50%)</i>		
	<i>MOBILE TELECOMMUNICATIONS – 3.84% (31.01.16 – 4.50%)</i>		
5,250,000	Inmarsat	31,920	1.03
45,000,000	Vodafone Group	87,458	2.81
		<u>119,378</u>	<u>3.84</u>
	TOTAL TELECOMMUNICATIONS	<u>119,378</u>	<u>3.84</u>

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	<i>UTILITIES – 10.89% (31.01.16 – 11.60%)</i>		
	<i>ELECTRICITY – 2.24% (31.01.16 – 2.27%)</i>		
4,675,000	SSE	69,564	2.24
	<i>GAS, WATER & MULTIUTILITIES – 8.65% (31.01.16 – 9.33%)</i>		
42,000,000	Centrica	94,206	3.03
10,000,000	National Grid	92,760	2.99
5,300,000	Pennon Group	42,029	1.35
1,750,000	Severn Trent	39,725	1.28
		<u>268,720</u>	<u>8.65</u>
	TOTAL UTILITIES	<u>338,284</u>	<u>10.89</u>
	<i>FINANCIALS – 22.90% (31.01.16 – 23.35%)</i>		
	<i>BANKS – 3.50% (31.01.16 – 4.53%)</i>		
167,500,000	Lloyds Banking Group	108,741	3.50
	<i>NON-LIFE INSURANCE – 3.99% (31.01.16 – 2.91%)</i>		
4,558,389	Hiscox	46,769	1.50
3,500,000	Jardine Lloyd Thompson Group	36,050	1.16
6,085,000	Lancashire Holdings	41,195	1.33
		<u>124,014</u>	<u>3.99</u>
	<i>REAL ESTATE INVESTMENT TRUSTS – 6.88% (31.01.16 – 6.89%)</i>		
51,676,160	Assura	26,872	0.86
7,460,564	Land Securities Group	74,121	2.39
26,984,467	LondonMetric Property	39,829	1.28
7,825,000	NewRiver Retail and Material^	24,563	0.79
19,274,000	Primary Health Properties	20,382	0.66
8,891,050	Secure Income	28,096	0.90
		<u>213,863</u>	<u>6.88</u>

TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	<i>FINANCIAL SERVICES – 6.36%</i> (31.01.16 – 7.19%)		
3,550,258	IG Group	18,923	0.61
5,314,286	NEX Group	30,504	0.98
1,900,000	Provident Financial	51,775	1.67
1,609,500	Rathbone Brothers	33,413	1.07
2,150,000	Schroders	63,060	2.03
		<u>197,675</u>	<u>6.36</u>
	<i>EQUITY INVESTMENT INSTRUMENTS – 2.17%</i> (31.01.16 – 1.83%)		
19,419,230	3i Infrastructure*	37,052	1.19
19,825,000	International Public Partnerships*	30,451	0.98
		<u>67,503</u>	<u>2.17</u>
	TOTAL FINANCIALS	<u>711,796</u>	<u>22.90</u>
	TECHNOLOGY – 1.87% (31.01.16 – 2.38%)		
	<i>SOFTWARE & COMPUTER SERVICES – 1.87%</i> (31.01.16 – 2.38%)		
9,500,000	Sage Group (The)	58,235	1.87
	TOTAL UNITED KINGDOM	<u>2,591,068</u>	<u>83.38</u>
	CONTINENTAL EUROPE – 1.56%		
	(31.01.16 – 1.74%)		
830,000	Nestlé	48,312	1.56
	NORTH AMERICA – 9.79%		
	(31.01.16 – 9.17%)		
1,125,000	Altria Group	63,641	2.05
1,250,000	Coca-Cola Company (The)	41,302	1.33
1,875,000	Reynolds American	89,629	2.88
1,150,000	Verizon Communications	44,799	1.44
1,450,000	Wells Fargo & Company	64,922	2.09
	TOTAL NORTH AMERICA	<u>304,293</u>	<u>9.79</u>
	OPTIONS – 0.00% (31.01.16 – (0.03)%)	<u>-</u>	<u>-</u>

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	FORWARD CURRENCY CONTRACTS – 0.05%		
	(31.01.16 – 0.00%)		
US\$(160,000,000)	Vs £128,607,025 (expiry 10.04.17)	<u>1,636</u>	<u>0.05</u>
	Portfolio of investments	2,945,309	94.78
	Net other assets	162,188	5.22
	Net assets	<u>3,107,497</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.

^ Quoted on the Alternative Investment Market (AIM).

* Collective investment scheme.

TROJAN INCOME FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13)	573,649
Major purchases	Cost £'000
Next	59,502
Wells Fargo & Company	50,823
Lloyds Banking Group	48,124
Reckitt Benckiser Group	30,628
AstraZeneca	26,629
Secure Income	26,549
Unilever	25,233
Sky	25,070
Inmarsat	21,895
Hiscox	20,519
National Grid	19,866
Land Securities Group	18,779
IG Group	18,577
Centrica	17,709
GlaxoSmithKline	16,160
Imperial Brands	16,048
Vodafone Group	15,812
Lancashire Holdings	14,945
Burberry Group	13,205
SSE	12,615
Total sales for the year £'000 (note 13)	126,448
Sales	Proceeds £'000
HSBC Holdings	51,472
ICAP	19,675
Verizon Communications	18,530
BG Group	14,937
Reynolds American	13,307
Altria Group	7,459
Indivior	1,068

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 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Income:					
Net capital gains	2		149,188		42,309
Revenue	3	114,339		89,921	
Expenses	4	(27,410)		(22,581)	
Interest payable and similar charges	6	(9)		–	
Net revenue before taxation		86,920		67,340	
Taxation	5	(2,458)		(1,173)	
Net revenue after taxation			84,462		66,167
Total return before distributions			233,650		108,476
Distributions	6		(110,109)		(87,793)
Change in net assets attributable to shareholders from investment activities			123,541		20,683

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Opening net assets attributable to shareholders		2,444,374		2,115,995
Amounts receivable on issue of shares	623,120		414,812	
Amounts payable on redemption of shares	(115,464)		(131,411)	
		507,656		283,401
Change in net assets attributable to shareholders from investment activities		123,541		20,683
Retained distributions on Accumulation shares		31,926		24,295
Closing net assets attributable to shareholders		3,107,497		2,444,374

TROJAN INCOME FUND
Financial Statements (continued)
BALANCE SHEET
AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		2,945,309	2,332,536
Current assets			
Debtors	7	18,833	19,887
Cash and bank balances		205,302	136,101
Total assets		<u>3,169,444</u>	<u>2,488,524</u>
LIABILITIES			
Investment liabilities			
		–	(664)
Creditors			
Distributions payable	8	(53,230)	(41,212)
Other creditors	8	(8,717)	(2,274)
Total liabilities		<u>(61,947)</u>	<u>(44,150)</u>
Net assets attributable to shareholders		<u>3,107,497</u>	<u>2,444,374</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current and prior year. The additional accounting policy described below had 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.

	31.01.17 £'000	31.01.16 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	163,926	42,481
Derivative contracts	(12)	(69)
Forward currency contracts	(5,493)	–
Transaction charges	(1)	(1)
Currency losses	(9,232)	(102)
Net capital gains	<u>149,188</u>	<u>42,309</u>
3. REVENUE		
Non-taxable dividends	107,920	87,122
UK property income distributions	5,078	1,932
Underwriting commission	–	6
Bank interest	153	287
Option premium	1,188	574
Total revenue	<u>114,339</u>	<u>89,921</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	26,808	22,079
Legal and professional fees	19	18
Printing costs	10	8
Registration fees	100	82
	<u>26,937</u>	<u>22,187</u>

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
4. EXPENSES (continued)		
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fees:	370	302
Safe custody and other bank charges	81	71
	451	373
Other expenses:		
Fees paid to auditor – audit	9	9
– tax services	3	3
Publication costs	7	8
Legal and professional fees	2	–
Postage and distribution costs	1	1
	22	21
Total expenses	<u>27,410</u>	<u>22,581</u>

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

	31.01.17 £'000	31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	2,458	1,173
Current tax charge	2,458	1,173
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>2,458</u>	<u>1,173</u>

5. TAXATION (continued)

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%) (31.01.16 : 20%). The difference is explained below:

	31.01.17 £'000	31.01.16 £'000
Net revenue before taxation	86,920	67,340
Corporation tax at 20%	17,384	13,468
Effects of:		
Non-taxable dividends	(21,584)	(17,424)
Unutilised excess management expenses	4,200	3,956
Corporation tax charge	–	–
Overseas tax	2,458	1,173
Total tax charge (note 5a)	<u>2,458</u>	<u>1,173</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £16,533 thousand (31.01.16 : £12,333 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. DISTRIBUTIONS

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

	31.01.17 £'000	31.01.16 £'000
Interim	44,131	35,992
Final	73,401	55,806
	117,532	91,798
Add: Revenue deducted on redemption of shares	1,535	1,443
Deduct: Revenue received on issue of shares	(8,958)	(5,448)
Net distributions for the year	110,109	87,793
Interest	9	–
Total distributions	<u>110,118</u>	<u>87,793</u>

Details of the distributions per share are set out in the table on pages 185 to 187.

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
6. DISTRIBUTIONS (continued)		
Distributions represented by:		
Net revenue after taxation	84,462	66,167
Allocations to capital:		
Annual Management Charge, net of tax relief	25,646	21,619
Equalisation on conversions*	–	7
Balance brought forward	1	1
Balance carried forward	–	(1)
Net distributions for the year	<u>110,109</u>	<u>87,793</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>		
	31.01.17 £'000	31.01.16 £'000
7. DEBTORS		
Amounts receivable for issue of shares	4,452	9,271
Sales awaiting settlement	7,555	–
Accrued revenue:		
Non-taxable dividends	6,789	6,798
Bank interest	–	19
	6,789	6,817
Prepaid expenses	4	5
Amounts due from brokers	–	3,099
Taxation recoverable:		
Income tax	–	6
Overseas withholding tax	33	689
	33	695
Total debtors	<u>18,833</u>	<u>19,887</u>

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS		
Distribution payable	<u>53,230</u>	<u>41,212</u>
OTHER CREDITORS		
Amounts payable for redemption of shares	5,374	238
Purchases awaiting settlement	698	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,567	1,975
Legal and professional fees	2	2
Printing costs	4	4
Registration fees	9	9
	2,582	1,990
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	35	26
Safe custody and other bank charges	14	6
	49	32
Other expenses	14	12
Taxation payable:		
Stamp duty reserve tax	–	2
Total other creditors	<u>8,717</u>	<u>2,274</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 of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 171 and amounts due at the year end are disclosed in notes 7 and 8.		

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

9. RELATED PARTY TRANSACTIONS (continued)

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited or its associates) held 6,323,447 (31.01.16 : 9,232,874) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

11. SHARES IN ISSUE

	'O' Income	'O' Accumulation	'I' Income
Annual Management Charge	1.00%	1.00%	1.50%
Opening shares in issue	788,152,225	189,876,411	30,503,447
Issues	182,630,206	68,843,779	1,670,804
Redemptions	(11,769,198)	(7,812,475)	(2,355,442)
Conversions	1,807,705	5,562,571	(6,914,517)
Closing shares in issue	<u>960,820,938</u>	<u>256,470,286</u>	<u>22,904,292</u>
	'I' Accumulation	'S' Income	'S' Accumulation
Annual Management Charge	1.50%	0.75%	0.75%
Opening shares in issue	42,765,868	153,573,526	4,804,412
Issues	2,632,564	20,403,873	1,151,171
Redemptions	(11,266,583)	(11,573,014)	(646,275)
Conversions	(5,530,491)	5,199,837	(549,126)
Closing shares in issue	<u>28,601,358</u>	<u>167,604,222</u>	<u>4,760,182</u>
		'Z' Income	'Z' Accumulation
Annual Management Charge		0.00%	0.00%
Opening shares in issue		96,694,430	250
Issues		34,111,002	–
Redemptions		(12,544,588)	–
Closing shares in issue		<u>118,260,844</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.

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.

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

31.01.17

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	1,636	–

As at 31 January 2016, no derivatives of a material nature were held.

- ii. *Interest rate risk*
As the Fund seeks to obtain its return from investing in equities, it has no significant exposure to interest rate risk and therefore no interest rate risk table or sensitivity analysis has been presented.

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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.

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

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £11,306 thousand on the net assets of the Fund (31.01.16 : £13,391 thousand).

The table below shows the direct foreign currency risk profile:

	31.01.17 Gross £'000	31.01.17 Hedged £'000	31.01.17 Net £'000
Currency:			
Swiss francs	48,312	–	48,312
US dollars	304,775	(126,971)	177,804
	<u>353,087</u>	<u>(126,971)</u>	<u>226,116</u>
Pounds sterling	2,752,774	128,607	2,881,381
Net assets	<u>3,105,861</u>	<u>1,636</u>	<u>3,107,497</u>

	31.01.16 Gross £'000	31.01.16 Hedged £'000	31.01.16 Net £'000
Currency:			
Swiss francs	43,078	–	43,078
US dollars	224,747	–	224,747
	<u>267,825</u>	<u>–</u>	<u>267,825</u>
Pounds sterling	2,176,549	–	2,176,549
Net assets	<u>2,444,374</u>	<u>–</u>	<u>2,444,374</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.

12. RISK MANAGEMENT POLICIES (continued)

iv. Liquidity risk (continued)

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.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £147,184 thousand (31.01.16 : £116,627 thousand). A 5% decrease would have the equal and opposite effect.

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 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 12iii and note 2, respectively. The counterparty for the forward currency contracts is the Bank of New York Mellon.

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

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Ordinary shares	567,842	776	2,172	570,790
Collective investment schemes	2,859	–	–	2,859
Purchases total	570,701	776	2,172	573,649
<i>Transaction cost % of purchases total</i>		0.14%	0.38%	
<i>Transaction cost % of average NAV</i>		0.03%	0.07%	
Ordinary shares	126,614	(165)	(1)	126,448
Sales total	126,614	(165)	(1)	126,448
<i>Transaction cost % of sales total</i>		0.13%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

Average portfolio dealing spread at 31.01.17 is 0.07% (31.01.16 : 0.14%).

13. PORTFOLIO TRANSACTION COSTS (continued)

	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	478,853	576	1,663	481,092
<i>Transaction cost % of purchases total</i>		0.12%	0.35%	
<i>Transaction cost % of average NAV</i>		0.03%	0.07%	
Ordinary shares	139,698	(193)	–	139,505
Sales total	139,698	(193)	–	139,505
<i>Transaction cost % of sales total</i>		0.14%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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 assets or liabilities.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	2,876,170	–	–	2,876,170
Collective investment schemes	67,503	–	–	67,503
Forward currency contracts	–	1,636	–	1,636
	<u>2,943,673</u>	<u>1,636</u>	<u>–</u>	<u>2,945,309</u>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	2,287,774	–	–	2,287,774
Collective investment schemes	44,762	–	–	44,762
	<u>2,332,536</u>	<u>–</u>	<u>–</u>	<u>2,332,536</u>
Liabilities				
Options	(664)	–	–	(664)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	2.8500	–	2.8500	2.7300
Group 2	0.3690	2.4810	2.8500	2.7300
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	4.2896	–	4.2896	3.9465
Group 2	1.5098	2.7798	4.2896	3.9465

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	4.6019	–	4.6019	4.2428
Group 2	1.1036	3.4983	4.6019	4.2428
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	7.0008	–	7.0008	6.2068
Group 2	2.3157	4.6851	7.0008	6.2068

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

'I' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	2.8500	–	2.8500	2.7300
Group 2	0.7222	2.1278	2.8500	2.7300
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	3.9262	–	3.9262	3.6387
Group 2	1.2811	2.6451	3.9262	3.6387

'I' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	4.6995	–	4.6995	4.3342
Group 2	1.3484	3.3511	4.6995	4.3342
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	6.5500	–	6.5500	5.8510
Group 2	1.9967	4.5533	6.5500	5.8510

'S' Income shares (Registered charities only)

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	2.8500	–	2.8500	2.7300
Group 2	0.7558	2.0942	2.8500	2.7300
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	4.5042	–	4.5042	4.1312
Group 2	1.5822	2.9220	4.5042	4.1312

'S' Accumulation shares (Registered charities only)

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	4.5074	–	4.5074	4.1556
Group 2	0.9144	3.5930	4.5074	4.1556
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	7.1955	–	7.1955	6.3605
Group 2	7.1955	0.0000	7.1955	6.3605

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

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	2.0000	–	2.0000	1.9000
Group 2	0.4702	1.5298	2.0000	1.9000
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	3.0154	–	3.0154	2.7444
Group 2	1.0334	1.9820	3.0154	2.7444

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

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	2.2219	–	2.2219	2.0511
Group 2	2.2219	0.0000	2.2219	2.0511
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	3.4040	–	3.4040	2.9680
Group 2	3.4040	0.0000	3.4040	2.9680

CRYSTAL FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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.

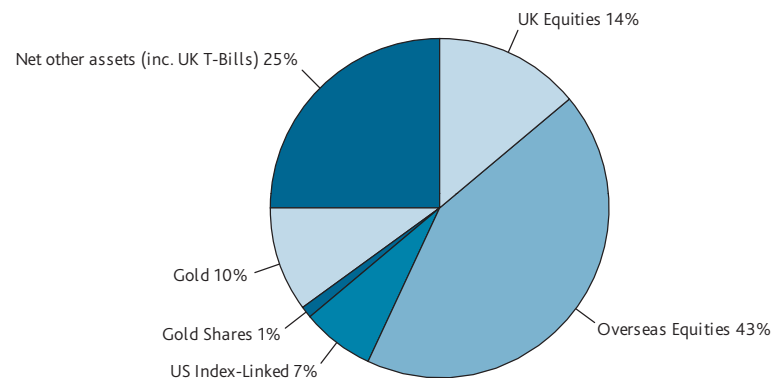
CAPITA FINANCIAL MANAGERS LIMITED
ACD of Crystal Fund
24 May 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2017, the class 'O' Income shares of the Fund produced a total return of +14.1 % compared to a return +0.3%¹ on cash (LIBID) and +20.1%¹ in the FTSE All-Share Index (total return).

ASSET ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

MARKET REVIEW

Hindsight can frequently make an investor look foolish: innately unpredictable events are reinterpreted as being completely obvious after the event. However, 2016 was one of those years where even foresight would have likely impaired investment decisions. Forewarned is forearmed, or so they say, but prior knowledge of the unexpected political outcomes in 2016 would have been worse than useless to investors. Traders might understandably give a great deal for tomorrow's news, but knowing the outcome of the UK referendum in June or the US presidential election in November would not have provided much successful investment insight (perhaps with the exception of the sterling weakness which followed the Brexit vote). Both of these dramatic political events were expected to knock markets spectacularly off course; that they didn't provided us with more cause for alarm than celebration. Eight years of rising UK and US equity markets, induced by ultralow interest rates and Quantitative Easing, have now conditioned investors to 'buy the dips' rather than 'bag a profit' as conditions change and valuations march ever upwards.

Last year we highlighted the bifurcation of the market and the divergence in fortunes of different industry groups. Twelve months ago natural resource companies found themselves at the bottom of the pit of investor despair, whilst consumer staple stocks were riding the crest of a

¹ Source: Lipper, 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 as per the Prospectus.

CRYSTAL FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

MARKET REVIEW *(continued)*

wave of investor enthusiasm. We had largely avoided the carnage of the energy and metals crash and had benefited from the relentless re-rating of consumer stocks. We cautioned that both of these trends would not go on forever and that we would certainly have to endure some relative pain and perhaps some absolute losses as fortunes reversed. Our warning was timely, as by the end of the year, the riskiest assets – miners, emerging market and distressed debt, cyclical and financial stocks – had all performed strongly as the Fund's financial year drew to a close. Equity and commodity markets are now discounting indebted western economies being on the cusp of escape velocity from a quagmire of stagnant growth.

PORTFOLIO

Equity markets have ascended to new heights and the oxygen necessary to sustain them at these elevated levels looks to be running out. We therefore believe that being overly active at the current market peak could be injurious for your wealth. Our investment goal is to protect and increase the value of the savings that you have entrusted to us. Our favoured way of achieving these objectives is through the long-term ownership of excellent businesses run by thoughtful, entrepreneurial and candid managers at reasonable prices. When equity markets are depressed we are busy increasing the Fund's participation in such opportunities and increasing the likelihood that future returns will compound at a satisfactory rate. When equity markets are exuberant, such as at present, we find ourselves holding fewer such securities. Today, there is demonstrably less worth doing and this has been reflected in the modest changes we have made to the portfolio in the past twelve months.

It is difficult to decide what was the most momentous event of last year? Donald Trump becoming president of the United States, the recommendation by voters that the UK should leave the European Union, or the fact that the asset management industry permitted over \$12 trillion of bonds to offer nothing better than a negative nominal yield? The malign influence has not been confined to the fixed income arena, but has poured into equity markets. Businesses that demonstrate dependable revenues and returns have been rechristened 'bond proxies' in this long in the tooth bull market. Recent strong returns from many of Crystal's core equity holdings have been partly a function of notable multiple expansion. We reduced the holdings in Altria Group; Becton, Dickinson & Company; British American Tobacco; Microsoft Corporation and The Sage Group after strong share price performances had left their dividend yields looking far less generous.

Specific stock price weakness in A.G. BARR did allow us to add to this relatively new and still modest in size holding. A.G. BARR's share price has been the victim of a confluence of negative issues. Importantly some of these will likely prove only temporary and others should be manageable as the company adapts to new realities. It won't always rain in Glasgow and the powerful combination of a credible low-calorific portfolio and latent pricing power should help mitigate the negative impact of the proposed UK soft drinks sugar levy. We prefer to own businesses that do something quite similar today to what they were doing five years ago and what they will likely be doing five years hence, A.G. BARR fits the bill. Shares were purchased on mid-teen price-to-earnings (P/E) multiples, a significant discount to the prevailing valuation of just a few years ago.

The price of gold proved a reliable aggregator of investor sentiment in the period under review, moving inversely to the direction of broad equity market indices. Towards the end of the financial year a slightly softer gold price presented us the opportunity to initiate a small holding in Canadian-headquartered, Franco-Nevada. Franco-Nevada is a precious metals royalty and

stream company and so receives payment from other companies' mine production. Franco-Nevada therefore does not operate or develop any mines. Its business model is instead focused on managing and growing its portfolio of royalties and streams. In the short term, Franco-Nevada's financial results are primarily tied to the price of precious metals and the amount of production from its portfolio of producing assets. However, its longer-term fortunes are dependent on management's success in growing the company's portfolio of productive assets through acquisition. Perversely, value creation is more likely to be ensured when metal and specifically gold prices are depressed. In the last 18 months or so this entrepreneurial management team has invested, counter-cyclically, some US \$1.5 billion in growing the business. These transactions have likely transferred shareholder value from the reckless and imprudent mining companies to the purposeful and prudent Franco-Nevada. Crucially, the management team has a long-term focus and recognises the company it stewards operates in a cyclical industry. Franco-Nevada thus has historically maintained a strong and cash-rich balance sheet so that it can make investments during commodity cycle downturns.

OUTLOOK

Towering equity valuations and recovering commodity prices are suggestive of a world of rising prosperity and respectable economic growth. Yet the sheer quantum of ultra-low-yielding bonds is indicative of a world being mired in a deflationary funk. These two different narratives are hard to reconcile and the continuing extremes in valuation imply that opposing views are polarising. Derisory bond yields and the elevated valuation of stocks imply that the respective holders of each possess a tremendous amount of certainty as to how the future will unfold. However, just because you have conviction does not mean that you are necessarily right. More important to long-term investment success is what happens to the value of your portfolio when you are wrong. We have tried to construct a cockroach-like portfolio that will survive the manifestation of a number of unpleasant scenarios.

We rely on valuation as a prospective arbiter of future return as it is one of the few inputs that you do not have to predict. 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 expensive, traditional asset diversification may not protect to the same extent that it has in the past. We are, of course, assuming that asset prices will (eventually) revert to valuation levels similar to historic norms. If the forces of mean reversion have indefinitely been suspended then all bets are off.

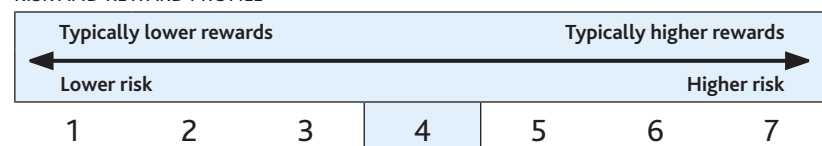
We continue to be largely inactive in the knowledge that the stock market is often a mechanism to transfer wealth from the impatient to the patient. Waiting for 'value' to recover the whip-hand from 'momentum' is a trying discipline but we take solace in the words of the eighteenth century Swiss polymath Jean-Jacques Rousseau who said that "patience is bitter, but its fruit is sweet".

TROY ASSET MANAGEMENT LIMITED

Investment Manager

21 February 2017

RISK AND REWARD PROFILE



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.

Credit Risk: Debt securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a debt security is also affected by its credit rating.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

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.

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
Income shares			
Change in net assets per share			
Opening net asset value per share	212.02	209.98	188.92
Return before operating charges*	32.73	5.54	24.64
Operating charges	(2.74)	(2.38)	(2.30)
Return after operating charges	29.99	3.16	22.34
Distributions	(1.53)	(1.12)	(1.28)
Closing net asset value per share	240.48	212.02	209.98
* after direct transaction costs of:	0.01	0.05	0.02
Performance			
Return after charges	14.14%	1.50%	11.83%
Other information			
Closing net asset value (£'000)	50,046	46,312	46,231
Closing number of shares	20,810,632	21,843,393	22,016,527
Operating charges	1.17%	1.15%	1.15%
Direct transaction costs	0.01%	0.02%	0.01%
Prices			
Highest share price	244.78	212.64	211.31
Lowest share price	210.75	199.20	188.34

CRYSTAL FUND

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

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	3 years	5 years
Crystal Fund	14.09	29.65	31.32

The performance of the Fund is based on the published price per 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 the 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 212.

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.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	DEBT SECURITIES – 25.73% (31.01.16 – 30.93%)		
£2,000,000	Treasury 0% 06.03.17	2,000	3.99
£500,000	Treasury 0% 10.04.17	500	1.00
£3,046,300	Treasury 0.125% index-linked 22.03.24	3,921	7.83
£1,518,000	Treasury 1.875% index-linked 22.11.22	2,491	4.98
US\$3,166,000	US Treasury 0.125% Inflation Protected Securities 15.01.22	2,716	5.43
US\$1,500,000	US Treasury 0.125% Inflation Protected Securities 15.01.23	1,250	2.50
	TOTAL DEBT SECURITIES	12,878	25.73
	EQUITIES – 56.72% (31.01.16 – 51.38%)		
	UNITED KINGDOM – 14.25% (31.01.16 – 14.91%)		
128,091	A.G. BARR	642	1.28
212,000	Better Capital 2012*	62	0.12
43,088	British American Tobacco	2,111	4.22
31,356	Diageo	691	1.38
47,000	GlaxoSmithKline	718	1.44
665	Hershey	56	0.11
124,555	PZ Cussons	379	0.76
180,000	Sage Group (The)	1,103	2.20
42,500	Unilever	1,372	2.74
	TOTAL UNITED KINGDOM	7,134	14.25
	CONTINENTAL EUROPE – 3.77% (31.01.16 – 3.57%)		
32,400	Nestlé	1,886	3.77
	NORTH AMERICA – 38.70% (31.01.16 – 32.90%)		
15,500	Agnico-Eagle Mines	587	1.17
28,000	Altria Group	1,584	3.16
15,000	American Express Company	911	1.82
7,000	Becton, Dickinson & Company	986	1.97
6	Berkshire Hathaway	1,174	2.35
35,000	Coach	1,039	2.08
55,600	Coca-Cola Company (The)	1,837	3.67
16,000	Colgate-Palmolive Company	821	1.64
16,000	Dr Pepper Snapple Group	1,160	2.32
5,000	Franco-Nevada	258	0.52

CRYSTAL FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	NORTH AMERICA – 38.70% (31.01.16 – 32.90%) (continued)		
50,604	Imperial Oil	1,314	2.63
14,636	Johnson & Johnson	1,317	2.63
39,500	Microsoft Corporation	2,029	4.05
24,958	Philip Morris International	1,907	3.81
9,500	Procter & Gamble Company (The)	661	1.32
37,241	Reynolds American	1,780	3.56
	TOTAL NORTH AMERICA	19,365	38.70
	TOTAL EQUITIES	28,385	56.72
	COMMODITIES – 11.46% (31.01.16 – 10.21%)		
66,363	BlackRock Gold and General*	672	1.34
24,746	ETFS Physical Swiss Gold*	2,318	4.63
30,000	Gold Bullion Securities*	2,745	5.49
	TOTAL COMMODITIES	5,735	11.46
	FORWARD CURRENCY CONTRACTS – 0.36% (31.01.16 – (1.12)%)		
US\$(20,315,000)	Vs £16,308,558 (expiry 21.03.17)	178	0.36
	Portfolio of investments	47,176	94.27
	Net other assets	2,870	5.73
	Net assets	50,046	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.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13) **1,658**

Purchases	Cost £'000
-----------	---------------

US Treasury 0.125% Inflation Protected Securities 15.01.23	1,298
Franco-Nevada	255
A.G. BARR	53
Hershey	52

In addition to the above, purchases of £2,500 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **3,163**

Sales	Proceeds £'000
-------	-------------------

US Treasury 1.375% Inflation Protected Securities 15.01.20	1,449
BlackRock Gold and General	457
Sage Group (The)	271
Better Capital 2009	240
Microsoft Corporation	218
Becton, Dickinson & Company	209
Altria Group	185
British American Tobacco	134

In addition to the above, purchases of £3,900 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.

CRYSTAL FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Income:					
Net capital gains	2		6,121		439
Revenue	3	979		813	
Expenses	4	(557)		(501)	
Net revenue before taxation		422		312	
Taxation	5	(93)		(66)	
Net revenue after taxation			329		246
Total return before distributions			6,450		685
Distributions	6		(329)		(246)
Change in net assets attributable to shareholders from investment activities			6,121		439

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2017

	31.01.17 £'000	31.01.16 £'000
Opening net assets attributable to shareholders	46,312	46,231
Amounts payable on redemption of shares	(2,387)	(358)
Change in net assets attributable to shareholders from investment activities	6,121	439
Closing net assets attributable to shareholders	50,046	46,312

BALANCE SHEET
AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		47,176	42,851
Current assets			
Debtors	7	21	261
Cash and bank balances		3,277	3,846
Total assets		50,474	46,958
LIABILITIES			
Investment liabilities			(521)
Creditors			
Distributions payable	8	(128)	(70)
Other creditors	8	(300)	(55)
Total liabilities		(428)	(646)
Net assets attributable to shareholders		50,046	46,312

CRYSTAL FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.17 £'000	31.01.16 £'000
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	8,032	936
Forward currency contracts	(1,855)	(310)
AMC rebates from underlying investments	4	3
Currency losses	(60)	(190)
Net capital gains	<u>6,121</u>	<u>439</u>
3. REVENUE		
Non-taxable dividends	767	646
Unfranked interest	210	163
Bank interest	2	4
Total revenue	<u>979</u>	<u>813</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	500	453
Legal and professional fees	3	3
Printing costs	5	4
Registration fees	15	11
	523	471
Payable to the Depositary, associates of the Depositary and agents of either of them		
Depositary's fees	18	16
Safe custody and other bank charges	4	3
	22	19

	31.01.17 £'000	31.01.16 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	8	8
– tax services	4	3
	12	11
Total expenses	<u>557</u>	<u>501</u>

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

	31.01.17 £'000	31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	93	66
Current tax charge	93	66
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>93</u>	<u>66</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%) (31.01.16 : 20%). The difference is explained below:		
	31.01.17 £'000	31.01.16 £'000
Net revenue before taxation	422	312
Corporation tax at 20%	84	62
Effects of:		
Non-taxable dividends	(154)	(129)
RPI movement on UK index-linked gilts	(28)	(16)
AMC rebates taken to capital	1	1
Unutilised excess management expenses	97	82
Corporation tax charge	–	–

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
5. TAXATION (continued)		
Overseas tax	93	66
Total tax charge (note 5a)	<u>93</u>	<u>66</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £546 thousand (31.01.16 : £449 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. DISTRIBUTIONS

The distributions take account of revenue deducted on redemption of shares, and comprise:

	31.01.17 £'000	31.01.16 £'000
Interim	197	175
Final	128	70
	<u>325</u>	<u>245</u>
Add: Revenue deducted on redemption of shares	4	1
Net distributions for the year	<u>329</u>	<u>246</u>
Total distributions	<u>329</u>	<u>246</u>

Details of the distributions per share are set out in the table on page 212.

	31.01.17 £'000	31.01.16 £'000
7. DEBTORS		
Sales awaiting settlement	–	221
Accrued revenue:		
Non-taxable dividends	12	10
Unfranked interest	9	10
	21	20
Taxation recoverable:		
Overseas withholding tax	–	20
Total debtors	<u>21</u>	<u>261</u>

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS		
Distribution payable	<u>128</u>	<u>70</u>
OTHER CREDITORS		
Amounts payable for redemption of shares	240	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	43	39
Printing costs	2	2
Registration fees	1	1
	46	42
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	2
Other expenses	12	11
Total other creditors	<u>300</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 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 redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 198 and amounts due at the year end are disclosed in note 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 67.00% and 33.00% of the shares in issue of the Fund (31.01.16 : 64.61% and 35.09% respectively).

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

11. SHARES IN ISSUE

	Income
Annual Management Charge	1.00 %
Opening shares in issue	21,843,393
Redemptions	(1,032,761)
Closing shares in issue	<u>20,810,632</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.

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

Credit Quality	31.01.17 %	31.01.16 %
Investment grade debt securities	25.73	30.93
Other investments	68.54	60.47
Net other assets	5.73	8.60
	<u>100.00</u>	<u>100.00</u>

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

31.01.17

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	178	-

31.01.16

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	(521)	-

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 takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The Fund will at times have significant exposure to Interest rate risk. The risk is actively managed at all times taking into account the correlations with other risks in the portfolio. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 January 2017 a one basis point change in the yield would have an impact of £6 thousand on the net asset of the Fund.

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

The table below shows the direct interest rate risk profile:

	31.01.17 £'000	31.01.16 £'000
Floating rate investments	10,378	9,338
Fixed rate investments	2,500	4,988
Investments on which interest is not paid	34,298	28,525
Investment liabilities on which interest is not paid	–	(521)
Total investments	47,176	42,330

Investments on which interest is not paid include equities, collective investment schemes and the long side of forward currency contracts.

Liabilities on which interest is not paid include the short side of forward currency contracts.

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.

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

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £790 thousand on the net assets of the Fund (31.01.16 : £660 thousand).

12. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk (continued)

The table below shows the direct foreign currency risk profile:

	31.01.17 Gross £'000	31.01.17 Hedged £'000	31.01.17 Net £'000
Currency:			
Canadian dollars	1,901	–	1,901
Swiss francs	1,886	–	1,886
US dollars	28,143	(16,131)	12,012
	<u>31,930</u>	<u>(16,131)</u>	<u>15,799</u>
Pounds sterling	17,938	16,309	34,247
Net assets	49,868	178	50,046

	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
	<u>25,618</u>	<u>(12,428)</u>	<u>13,190</u>
Pounds sterling	21,215	11,907	33,122
Net assets	46,833	(521)	46,312

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.

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £2,350 thousand (31.01.16 : £2,143 thousand). A 5% decrease would have the equal and opposite effect.

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 gains/(losses) on forward currency contracts during the year are set out in the Portfolio Statement, note 12iii and note 2, respectively. The counterparty for the forward currency contracts is the Bank of New York Mellon.

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
31.01.17				
Ordinary shares	359	1	–	360
Debt securities	1,298	–	–	1,298
Purchases total	1,657	1	–	1,658
Transaction cost % of purchases total		0.06%	–	
Transaction cost % of average NAV		–	–	
Ordinary shares	1,259	(2)	–	1,257
Collective investment schemes	457	–	–	457
Debt securities	1,449	–	–	1,449
Sales total	3,165	(2)	–	3,163
Transaction cost % of sales total		0.06%	–	
Transaction cost % of average NAV		0.01%	–	

Average portfolio dealing spread at 31.01.17 is 0.08% (31.01.16 : 0.30%).

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS (continued)

	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
<i>Transaction cost % of purchases total</i>		0.03%	0.06%	
<i>Transaction cost % of average NAV</i>		–	0.01%	
Ordinary shares	1,892	(3)	–	1,889
Debt securities	6,000	–	–	6,000
Sales total	7,892	(3)	–	7,889
<i>Transaction cost % of sales total</i>		0.04%	–	
<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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	28,323	–	–	28,323
Collective investment schemes	5,063	734	–	5,797
Debt securities	12,878	–	–	12,878
Forward currency contracts	–	178	–	178
	46,264	912	–	47,176

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	23,483	–	–	23,483
Collective investment schemes	4,100	942	–	5,042
Debt securities	14,326	–	–	14,326
	41,909	942	–	42,851
Liabilities				
Forward currency contracts	–	(521)	–	(521)

CRYSTAL FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.9123	–	0.9123	0.8023
Group 2	0.9123	0.0000	0.9123	0.8023
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.6151	–	0.6151	0.3192
Group 2	0.6151	0.0000	0.6151	0.3192

SPECTRUM FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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

24 May 2017

SPECTRUM FUND

ACD's Report (continued)

For the year ended 31 January 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2017, the class 'O' Accumulation shares of the Fund produced a total return of +25.5% compared to +0.3%¹ on cash (LIBID) and a rise of +32.0%¹ in the MSCI World (£) Index (net return). The FTSE All-Share Index (total return) produced a return of +20.1%¹.

MARKET REVIEW

Equity and corporate debt markets had a difficult start to the year as investors worried about rising levels of debt in China, weakening commodity prices and a tightening of US monetary policy. However, such concerns were soon pushed aside and the period under review ended up being a good one for sterling-based investors with significant exposure to overseas markets. In large part this was because of sterling's weakness in the aftermath of the 'Brexit' vote. It was also the result of a growing optimism about the prospects for the global economy.

Having survived Britain's decision to leave the European Union, markets proved equally resilient following Donald Trump's electoral victory in the US. Ignoring the possible ill effects of greater protectionism, investors enthusiastically embraced Trump's promise of greater fiscal expenditure, lower taxes and a looser regulatory framework. This helped accentuate a change in equity market leadership that had begun during the summer. Consumer staples, utilities, telecoms and other companies that had proved popular in a world of low interest rates and anaemic economic growth lost their lustre. In their place, investors poured capital into companies they believed would benefit from improved growth, higher interest rates and inflation. In general, these included many financials, energy and mining stocks.

A burgeoning belief in economic reflation also had a profound impact on government debt markets as yields rose from depressed levels. The move was less pronounced in Japan due to the central bank's decision to keep the 10-year government bond yield near to the zero bound. Instead the Japanese yen bore the brunt of the pressure, weakening against the US dollar and providing a fillip to Japanese equities which performed well during the fourth quarter.

Commodity prices also recovered strongly. Metal prices rose meaningfully through the year as a result of stronger than expected demand from China, whilst the oil price benefited from an OPEC agreement to curb production and a better balance between supply and demand. Heightened uncertainty, negative interest rates and growing political risks meant gold performed strongly in the first half of 2016. However, it fared less well later in the year, hindered by a combination of a stronger US dollar and expectations of higher interest rates.

PORTFOLIO

With sterling weakening significantly during the year, the Fund benefited from having a geographically diversified portfolio. A number of the Fund's underlying holdings also performed well. In stark contrast to 2015, BlackRock Gold & General, Findlay Park Latin American, Stewart Investors Global Emerging Markets Best Ideas and Better Capital 2009 were among the Fund's best performing constituents.

Having focused on cutting costs in a tough operational environment over the last few years, the gold mining shares held by BlackRock proved sensitive to a rising gold price. Whilst the profitability of such companies will always primarily be determined by the price of gold, it is

¹ Source: Lipper. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

reassuring to note that management teams continue to be disciplined as well as focused on improving shareholder returns. The currency and political headwinds that made 2015 a torrid year for investors in Latin America eased somewhat in the period under review. This was especially true in Brazil, where both the equity market and Brazilian real rebounded strongly and a degree of political stability was achieved. The Findlay Park Latin American fund's holdings in Peru, Chile, Argentina and Colombia also performed well. However, the fund was hindered by its exposure to Mexico, a country that is likely to bear the brunt of Donald Trump's protectionist agenda.

Stewart Investors Global Emerging Markets Best Ideas also benefited from resurgent emerging market currencies, especially in Brazil and South Africa, as well as the good performance of companies including Banco Bradesco, Standard Bank and Tata Power. Improving investor sentiment meant that Better Capital 2009's discount to net asset value narrowed considerably during the year. Confidence was bolstered further by the announcement in November that Better Capital 2009 had finally found a buyer for Gardner Aerospace, its largest underlying holding.

Morant Wright Sakura and El Sturdza Strategic Europe Value were among the larger detractors to the Fund's performance. Although Morant Wright Sakura lagged a weak Japanese equity market, performance improved markedly in the second six months of the year. The fund remains a core holding and continues to offer good long-term value, providing exposure to companies with strong balance sheets, that trade on low price-to-book multiples and have a growing propensity to return capital to shareholders. El Sturdza Strategic Europe Value was held back by the poor performance of several of its underlying holdings including Grandvision, Galenica, Bayer and Novo Nordisk. The fund's significant weighting to consumer staples and healthcare, as well as its lack of exposure to energy and materials, also contributed to poor relative performance.

We made few changes to Spectrum's portfolio during the twelve month period. However, we did continue to gradually increase the Fund's holding in the Aurora Investment Trust. We also took profits in Better Capital 2009 following the announcement that it had accepted an offer from Shaanxi Ligeance Mineral Resources, a Chinese company, for Gardner Aerospace. Whilst there is potentially further upside for Better Capital 2009's share price should the deal successfully complete, we feel that there are significant downside risks should it not. At 31 January 2017, Spectrum's holding of Better Capital 2009 was less than 1%.

Top 10 Holdings January 2016	% Fund
Morant Wright Sakura	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	4.6
Total Top 10	56.7
Plus 13 other holdings	36.5
Cash & equivalent	6.8
Total	100.0

SPECTRUM FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

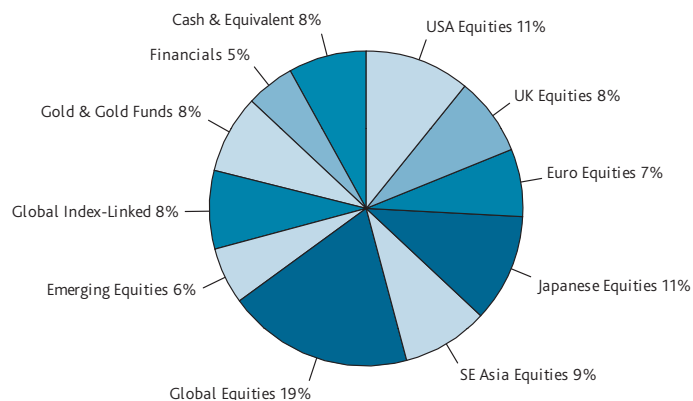
PORTFOLIO (continued)

Top 10 Holdings January 2017

	% Fund
Egerton Capital Equity	7.3
Morant Wright Sakura	6.3
Findlay Park American	5.6
Heptagon Yacktman US Equity	5.6
Evenlode Income	5.5
Polar Capital Global Insurance	5.4
CG Portfolio Real Return	5.2
Odey Allegra Developed Markets	4.8
BlackRock Gold & General	4.5
Lindsell Train Global Equity	4.5
Total Top 10	54.7
Plus 13 other holdings	37.9
Cash & equivalent	7.4
Total	100.0

Source: Troy Asset Management Limited.

ASSET ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

OUTLOOK

The global economy is at an interesting juncture. On the one hand economic growth appears to be improving, inflation is rising and greater optimism pervades both markets and the business world. Investors pin their hopes on the promise that greater fiscal expenditure, lower taxes and a looser regulatory framework will prove restorative. On the other, there is little evidence that the structural forces that have kept interest rates at such low levels for so long have truly abated. Ageing demographics, technological change and high levels of debt continue to act as powerful

disinflationary forces. The political arena also appears to be evolving rapidly. Globalisation certainly hasn't benefited all but it has been advantageous for asset markets. A move to greater protectionism may not prove to be as kind for global investors.

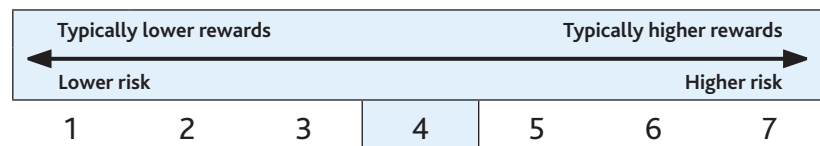
Uncertainty is the constant companion of every investor. However, with equity valuations in the developed world at elevated levels and a credit cycle that is mature, we believe it prudent to remain cautious and conservative. The Fund takes a balanced approach. It is geographically diversified and invests with those that we consider to be excellent custodians of our clients' capital. The Fund's managers focus on underlying corporate fundamentals and invest with a long-term mindset. They are well placed to exploit the richer pickings greater volatility will provide.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

21 February 2017

RISK AND REWARD PROFILE



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.

Credit Risk: Some of the collective investment schemes held by the Fund invest in debt securities. Such debt securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a debt security is also affected by its credit rating.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests in overseas securities and collective investment schemes, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

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.

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Income shares			
Change in net assets per share			
Opening net asset value per share	153.57	155.99	139.46
Return before operating charges*	41.32	0.64	19.43
Operating charges	(2.66)	(2.46)	(2.54)
Return after operating charges	38.66	(1.82)	16.89
Distributions	(0.92)	(0.60)	(0.36)
Closing net asset value per share	191.31	153.57	155.99
* after direct transaction costs of:	–	0.01	0.03
Performance			
Return after charges	25.17%	(1.17)%	12.11%
Other Information			
Closing net asset value (£'000)	80,391	64,513	66,659
Closing number of shares	42,021,230	42,008,114	42,732,341
Operating charges	1.50%	1.58%	1.68%
Direct transaction costs	–	0.01%	0.02%
Prices			
Highest share price	194.92	165.90	157.61
Lowest share price	150.19	148.04	137.32

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'O' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	158.03	159.91	142.66
Return before operating charges*	42.54	0.65	19.85
Operating charges	(2.74)	(2.53)	(2.60)
Return after operating charges	39.80	(1.88)	17.25
Distributions	(0.95)	(0.62)	(0.36)
Retained distributions on accumulation shares	0.95	0.62	0.36
Closing net asset value per share	197.83	158.03	159.91
* after direct transaction costs of:	–	0.01	0.03
Performance			
Return after charges	25.19%	(1.18)%	12.09%
Other Information			
Closing net asset value (£'000)	26,064	20,861	20,868
Closing number of shares	13,175,225	13,200,429	13,049,746
Operating charges	1.50%	1.58%	1.68%
Direct transaction costs	–	0.01%	0.02%
Prices			
Highest share price	200.91	170.06	161.26
Lowest share price	154.60	151.88	140.46

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Income shares			
Change in net assets per share			
Opening net asset value per share	151.93	154.50	138.49
Return before operating charges*	40.82	0.64	19.23
Operating charges	(3.50)	(3.21)	(3.22)
Return after operating charges	37.32	(2.57)	16.01
Distributions	(0.05)	–	–
Closing net asset value per share	189.20	151.93	154.50
* after direct transaction costs of:	–	0.01	0.03
Performance			
Return after charges	24.56%	(1.66)%	11.56%
Other Information			
Closing net asset value (£'000)	60	50	92
Closing number of shares	31,976	32,949	59,300
Operating charges	2.00%	2.08%	2.17%
Direct transaction costs	–	0.01%	0.02%
Prices			
Highest share price	192.23	164.14	155.81
Lowest share price	148.60	146.33	136.35

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
'I' Accumulation shares			
Change in net assets per share			
Opening net asset value per share	154.67	157.28	140.99
Return before operating charges*	41.54	0.67	19.57
Operating charges	(3.56)	(3.28)	(3.28)
Return after operating charges	37.98	(2.61)	16.29
Distributions	(0.05)	–	–
Retained distributions on accumulation shares	0.05	–	–
Closing net asset value per share	192.65	154.67	157.28
* after direct transaction costs of:	–	0.01	0.03

Performance

Return after charges	24.56%	(1.66)%	11.55%
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Other Information

Closing net asset value (£'000)	528	437	683
Closing number of shares	273,814	282,834	434,265
Operating charges	2.00%	2.09%	2.17%
Direct transaction costs	–	0.01%	0.02%

Prices

Highest share price	195.69	167.10	158.62
Lowest share price	151.28	148.97	138.81

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	3 years	5 years
Spectrum Fund	25.50	39.05	46.15

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 the 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 243 and 244.

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 FUND
ACD's Report (continued)
PORTFOLIO STATEMENT
AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	DEBT SECURITIES – 1.59% (31.01.16 – 1.98%)		
£1,700,000	Treasury 0% 02.05.17	1,699	1.59
	INDEX-LINKED BONDS – 8.25% (31.01.16 – 8.79%)		
20,770	CG Portfolio Dollar	3,319	3.10
27,129	CG Portfolio Real Return	5,515	5.15
	TOTAL INDEX-LINKED BONDS	8,834	8.25
	UNITED KINGDOM EQUITIES – 7.44% (31.01.16 – 6.61%)		
1,172,832	Aurora Investment Trust	2,064	1.93
3,075,409	Evenlode Income	5,898	5.51
	TOTAL UNITED KINGDOM EQUITIES	7,962	7.44
	EUROPEAN EQUITIES – 6.61% (31.01.16 – 7.58%)		
30,715	El Sturza Strategic Europe Value	3,883	3.63
20,893	HAL Trust*	3,187	2.98
	TOTAL EUROPEAN EQUITIES	7,070	6.61
	UNITED STATES EQUITIES – 11.24% (31.01.16 – 11.84%)		
84,724	Findlay Park American	6,041	5.64
45,384	Heptagon Yacktman US Equity	5,988	5.60
	TOTAL UNITED STATES EQUITIES	12,029	11.24
	EMERGING MARKETS EQUITIES – 5.45% (31.01.16 – 4.48%)		
275,909	Findlay Park Latin American	3,116	2.91
874,661	MI Somerset Emerging Markets Dividend Growth	1,183	1.11
122,180	Stewart Investors Global Emerging Markets Best Ideas	1,536	1.43
	TOTAL EMERGING MARKETS EQUITIES	5,835	5.45

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	JAPANESE EQUITIES – 10.59% (31.01.16 – 11.61%)		
4,291,277	Lindsell Train Japanese Equity	4,606	4.30
479,662	Morant Wright Sakura	6,735	6.29
	TOTAL JAPANESE EQUITIES	11,341	10.59
	ASIAN EQUITIES – 8.82% (31.01.16 – 9.31%)		
18,018	Halley Asian Prosperity	4,676	4.37
747,873	Stewart Investors Asia Pacific Leaders	4,769	4.45
	TOTAL ASIAN EQUITIES	9,445	8.82
	GLOBAL EQUITIES – 19.44% (31.01.16 – 19.30%)		
35,438	Egerton Capital Equity	7,759	7.25
2,037,629	Lindsell Train Global Equity	4,778	4.46
68,332	McInroy & Wood Balanced	3,147	2.94
34,564	Odey Allegra Developed Markets	5,123	4.79
	TOTAL GLOBAL EQUITIES	20,807	19.44
	ABSOLUTE RETURNS & ALTERNATIVES – 0.94% (31.01.16 – 1.85%)		
988,709	Better Capital 2009	1,009	0.94
	FINANCIALS – 5.36% (31.01.16 – 4.79%)		
995,978	Polar Capital Global Insurance	5,738	5.36
	COMMODITIES – 8.43% (31.01.16 – 7.08%)		
476,005	BlackRock Gold and General	4,817	4.50
45,950	Gold Bullion Securities	4,204	3.93
	TOTAL COMMODITIES	9,021	8.43
	FORWARD CURRENCY CONTRACTS – 0.00% (31.01.16 – 0.23%)		
¥(635,250,000)	Vs £4,492,533 (expiry 26.04.17)	1	–

SPECTRUM FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 January 2017

	Value £'000	31.01.17 %
Portfolio of investments	100,791	94.16
Net other assets	6,252	5.84
Net assets	<u>107,043</u>	<u>100.00</u>

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

* Ordinary shares.

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13) **1,254**

Purchases	Cost £'000
Aurora Investment Trust	1,250
Stewart Investors Global Emerging Markets Best Ideas	4

In addition to above, purchases totalling £1,699 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **4,213**

Sales	Proceeds £'000
Heptagon Yacktman US Equity	1,485
Better Capital 2009	1,076
Stewart Investors Asia Pacific Leaders	666
Morant Wright Sakura	349
Odey Allegra Developed Markets	348
Lindsell Train Japanese Equity	289

In addition to above, sales totalling £1,700 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 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Income:					
Net capital gains/(losses)	2		21,072		(1,315)
Revenue	3	1,060		924	
Expenses	4	(547)		(594)	
Net revenue before taxation		513		330	
Taxation	5	-		-	
Net revenue after taxation			513		330
Total return before distributions			21,585		(985)
Distributions	6		(513)		(331)
Change in net assets attributable to shareholders from investment activities			21,072		(1,316)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 £'000
Opening net assets attributable to shareholders		85,861		88,302
Amounts receivable on issue of shares	2,845		2,070	
Amounts payable on redemption of shares	(2,860)		(3,290)	
		(15)		(1,220)
Dilution adjustment		-		15
Change in net assets attributable to shareholders		21,072		(1,316)
Retained distributions on Accumulation shares		125		80
Closing net assets attributable to shareholders		107,043		85,861

BALANCE SHEET
AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		100,791	81,952
Current assets			
Debtors	7	453	195
Cash and bank balances		6,162	3,981
Total assets		107,406	86,128
LIABILITIES			
Creditors			
Distributions payable	8	(259)	(196)
Other creditors	8	(104)	(71)
Total liabilities		(363)	(267)
Net assets attributable to shareholders		107,043	85,861

SPECTRUM FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current and prior year.

	31.01.17 £'000	31.01.16 £'000
2. NET CAPITAL GAINS/(LOSSES)		
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	21,817	(1,234)
Forward currency contracts	(721)	8
AMC rebates from underlying investments	4	3
Currency losses	(28)	(92)
Net capital gains/(losses)	21,072	(1,315)
3. REVENUE		
Non-taxable dividends	782	684
Taxable dividends	105	90
Unfranked interest	163	137
AMC rebates from underlying investments	7	7
Bank interest	3	6
Total revenue	1,060	924
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	645	576
Rebate of Annual Management Charge	(205)	(74)
Legal and professional fees	9	10
Printing costs	5	5
Registration fees	29	20
	483	537
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fees:	35	32
Safe custody and other bank charges	6	6
	41	38

	31.01.17 £'000	31.01.16 £'000
4. EXPENSES (continued)		
Other expenses:		
Fees paid to auditor – audit	9	8
– tax services	3	3
Publication costs	8	8
Legal and professional fees	3	–
	23	19
Total expenses	547	594

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 proportion 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.

	31.01.17 £'000	31.01.16 £'000
5. TAXATION		
a) Analysis of charge for the year		
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%) (31.01.16 : 20%). The difference is explained below:		
	31.01.17 £'000	31.01.16 £'000
Net revenue before taxation	513	330
Corporation tax at 20%	103	66

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
5. TAXATION (continued)		
Effects of:		
Non-taxable dividends	(156)	(137)
AMC rebates taken to capital	–	1
Unutilised excess management expenses	53	70
Corporation tax charge	–	–
Total tax charge (note 5a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £414 thousand (31.01.16 : £361 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. DISTRIBUTIONS

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

	31.01.17 £'000	31.01.16 £'000
Interim	171	74
Final	343	259
	514	333
Add: Revenue deducted on redemption of shares	3	1
Deduct: Revenue received on issue of shares	(4)	(3)
Net distributions for the year	513	331
Total distributions	513	331

Details of the distributions per share are set out in the table on pages 243 and 244.

	31.01.17 £'000	31.01.16 £'000
6. DISTRIBUTIONS (continued)		
Distributions represented by:		
Net revenue after taxation	513	330
Allocations to capital:		
Revenue deficit	–	1
Net distributions for the year	513	331
7. DEBTORS		
Amounts receivable for issue of shares	87	82
Accrued revenue:		
Non-taxable dividends	73	31
AMC rebates from underlying investments	3	2
	76	33
Prepaid expenses	5	6
Amounts due from the Investment Manager:		
Refund of expenses	279	74
Taxation recoverable:		
Overseas withholding tax	6	–
Total debtors	453	195
8. CREDITORS		
Distribution payable	259	196
OTHER CREDITORS		
Amounts payable for redemption of shares	21	2
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	59	48
Legal and professional fees	1	1
Printing costs	1	3
Registration fees	3	2
	64	54

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS (continued)		
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3	3
Safe custody and other bank charges	1	–
	4	3
Other expenses	15	11
Taxation payable:		
Stamp duty reserve tax	–	1
Total other creditors	<u>104</u>	<u>71</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 of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 228 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 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 72.06% (31.01.16 : 72.58%)

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers Limited or its associates) held 121,620 (31.01.16 : 100,921) of the Fund's shares at the balance sheet date.

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

11. SHARES IN ISSUE

	'0' Income	'0' Accumulation
Annual Management Charge	0.65%	0.65%
Opening shares in issue	42,008,114	13,200,429
Issues	344,444	1,182,036
Redemptions	(331,328)	(1,218,545)
Conversions	–	11,305
Closing shares in issue	<u>42,021,230</u>	<u>13,175,225</u>
	'1' Income	'1' Accumulation
Annual Management Charge	1.15%	1.15%
Opening shares in issue	32,949	282,834
Issues	3,561	25,661
Redemptions	(4,534)	(23,125)
Conversions	–	(11,556)
Closing shares in issue	<u>31,976</u>	<u>273,814</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.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

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.

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the portfolio statement and the total position by counterparty at the balance sheet date was as follows:

31.01.17

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	1	–

31.01.16

Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	193	–

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.

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The Fund will at times have significant exposure to Interest rate risk. The risk is actively managed at all times taking into account the correlations with other risks in the portfolio. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis.

The table below shows the direct interest rate risk profile:

	31.01.17 £'000	31.01.16 £'000
Floating rate investments	8,834	7,544
Fixed rate investments	1,699	1,697
Investments on which interest is not paid	90,258	72,711
Total investments	<u>100,791</u>	<u>81,952</u>

Investments on which interest is not paid include equities, collective investment schemes and the long side of forward currency contracts.

The Fund's exposure to interest rate risk is not significant and therefore no sensitivity analysis has been presented.

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.

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

A 5% change in the Pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £1,134 thousand on the net assets of the Fund (31.01.16 : £902 thousand).

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk (continued)

The table below shows the direct foreign currency risk profile:

	31.01.17 Gross £'000	31.01.17 Hedged £'000	31.01.17 Net £'000
Currency:			
Euros	3,187	–	3,187
Japanese yen	4,606	(4,492)	114
US dollars	19,378	–	19,378
	<u>27,171</u>	<u>(4,492)</u>	<u>22,679</u>
Pounds sterling	79,871	4,493	84,364
Net assets	<u>107,042</u>	<u>1</u>	<u>107,043</u>

	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
	<u>21,556</u>	<u>(3,523)</u>	<u>18,033</u>
Pounds sterling	64,112	3,716	67,828
Net assets	<u>85,668</u>	<u>193</u>	<u>85,861</u>

iv. Liquidity risk

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions 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.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £5,040 thousand (31.01.16 : £4,088 thousand). A 5% decrease would have the equal and opposite effect.

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.

The counterparty for the forward currency contracts is the Bank of New York Mellon.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Collective investment schemes	1,254	-	-	1,254
Purchases total	1,254	-	-	1,254
<i>Transaction cost % of purchases total</i>		-	-	
<i>Transaction cost % of average NAV</i>		-	-	
Collective investment schemes	4,215	(2)	-	4,213
Sales total	4,215	(2)	-	4,213
<i>Transaction cost % of sales total</i>		0.05%	-	
<i>Transaction cost % of average NAV</i>		-	-	

Average portfolio dealing spread at 31.01.17 is 0.12% (31.01.16 : 0.10%).

13. PORTFOLIO TRANSACTION COSTS (continued)

	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>		-	-	

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Ordinary shares	3,187	–	–	3,187
Collective investment schemes	4,204	91,700	–	95,904
Debt securities	1,699	–	–	1,699
Forward currency contracts	–	1	–	1
	<u>9,090</u>	<u>91,701</u>	<u>–</u>	<u>100,791</u>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	2,560	–	–	2,560
Collective investment schemes	6,083	71,419	–	77,502
Debt securities	1,697	–	–	1,697
Forward currency contracts	–	193	–	193
	<u>10,340</u>	<u>71,612</u>	<u>–</u>	<u>81,952</u>

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	0.3074	–	0.3074	0.1337
Group 2	0.1591	0.1483	0.3074	0.1337
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.6163	–	0.6163	0.4665
Group 2	0.5108	0.1055	0.6163	0.4665

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	0.3163	–	0.3163	0.1369
Group 2	0.1387	0.1776	0.3163	0.1369
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.6360	–	0.6360	0.4782
Group 2	0.3594	0.2766	0.6360	0.4782

SPECTRUM FUND

Financial Statements (continued)
Distribution Table (continued)

'I' Income shares

Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	0.0450	–	0.0450	–
Group 2	0.0448	0.0002	0.0450	–

'I' Accumulation shares

Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	0.0461	–	0.0461	–
Group 2	0.0291	0.0170	0.0461	–

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

SPECTRUM INCOME FUND

ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 10.

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*
24 May 2017

SPECTRUM INCOME FUND

ACD's Report (continued)

For the year ended 31 January 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the period 1 February 2016 to 31 January 2017, the class 'O' Accumulation shares of the Fund produced a total return of +14.9% compared to +0.3%¹ on cash (LIBID) and +32.0%¹ in the MSCI World (£) Index (net return). The FTSE All-Share Index (total return) produced a return of +20.1%¹.

MARKET REVIEW

Equity and corporate debt markets had a difficult start to the year as investors worried about rising levels of debt in China, weakening commodity prices and a tightening of US monetary policy. However, such concerns were soon pushed aside and the period under review ended up being a good one for sterling-based investors with significant exposure to overseas markets. In large part this was because of sterling's weakness in the aftermath of the 'Brexit' vote. It was also the result of a growing optimism about the prospects for the global economy.

Having survived Britain's decision to leave the European Union, markets proved equally resilient following Donald Trump's electoral victory in the US. Ignoring the possible ill effects of greater protectionism, investors enthusiastically embraced Trump's promise of greater fiscal expenditure, lower taxes and a looser regulatory framework. This helped accentuate a change in equity market leadership that had begun during the summer. Consumer staples, utilities, telecoms and other companies that had proved popular in a world of low interest rates and anaemic economic growth lost their lustre. In their place, investors poured capital into companies they believed would benefit from improved growth, higher interest rates and inflation. In general, these included many financials, energy and mining stocks.

A burgeoning belief in economic reflation also had a profound impact on government debt markets as yields rose from depressed levels. The move was less pronounced in Japan due to the central bank's decision to keep the 10-year government bond yield near to the zero bound. Instead the Japanese yen bore the brunt of the pressure, weakening against the US dollar and providing a fillip to Japanese equities which performed well during the fourth quarter.

Commodity prices also recovered strongly. Metal prices rose meaningfully through the year as a result of stronger than expected demand from China, whilst the oil price benefited from an OPEC agreement to curb production and a better balance between supply and demand. Heightened uncertainty, negative interest rates and growing political risks meant gold performed strongly in the first half of 2016. However, it fared less well later in the year, hindered by a combination of a stronger US dollar and expectations of higher interest rates.

PORTFOLIO

Artemis Global Income and Evenlode Income were the most significant contributors to performance during the year.

Artemis Global Income, managed by Jacob de Tusch-Lec, is geographically diversified and seeks to invest in companies that are able to pay a growing dividend over time. Unable to find value in many of the highest quality income generating companies and believing that economic growth

and inflation would rise, the manager was early in shifting the portfolio towards more cyclical and financial stocks. Whilst this led to a poor period of relative performance during the first part of 2016 it underpinned strong returns in the second half of the year.

Evenlode Income, managed by Hugh Yarrow and Ben Peters, predominantly invests in UK-listed companies. They focus on good quality, capital-light businesses, including Diageo and Unilever, which are cash generative and have strong track records of growing their dividends above inflation. The fund performed particularly well in the immediate aftermath of the Brexit vote as a weak sterling highlighted the value in holding companies with significant overseas revenues. The volatility created by the Brexit vote also allowed Evenlode Income to invest in companies such as PageGroup, a global recruitment consultancy, at opportune prices.

RWC Enhanced Income and CC Japan Income & Growth posted positive returns but were among the Fund's weaker performers.

RWC Enhanced Income is managed by the experienced team of Nick Purves, Ian Lance and John Teahan. Alongside RWC Enhanced Income's focus on good quality companies runs a strong valuation discipline, which has resulted in the fund having a high cash weighting in excess of 20% in recent years. This has acted as a drag on performance in strongly rising markets. However, such prudence should allow RWC Enhanced Income to better protect its investors' capital during periods of dislocation. The team are also well placed to deploy the fund's capital as more attractively valued opportunities emerge. Until then, the fund generates a dividend yield of 7% due to the boost to income that comes from writing covered call options on the portfolio's underlying constituents.

CC Japan Income & Growth underperformed a relatively weak Japanese equity market in the period under review. However, we continue to have faith in the fund's manager, Richard Aston, and like the fact that his investment approach focuses on companies with sound financial characteristics and the ability to pay growing dividends over time.

Holdings January 2016	% Fund
RWC Enhanced Income	14.27
Evenlode Income	13.47
CG Portfolio Dollar	10.80
Artemis Global Income	9.91
Veritas Global Equity Income	9.62
MI TwentyFour Dynamic Bond	8.09
Treasury 0% 2016	7.71
CC Japan Income & Growth	7.64
MI Somerset Emerging Markets Dividend Growth	6.36
Sequoia Economic Infrastructure Income	6.14
Total Top 10	94.00
Cash & equivalent	5.99
Total	100.00

¹ Source: Lipper, 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.

SPECTRUM INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the year ended 31 January 2017

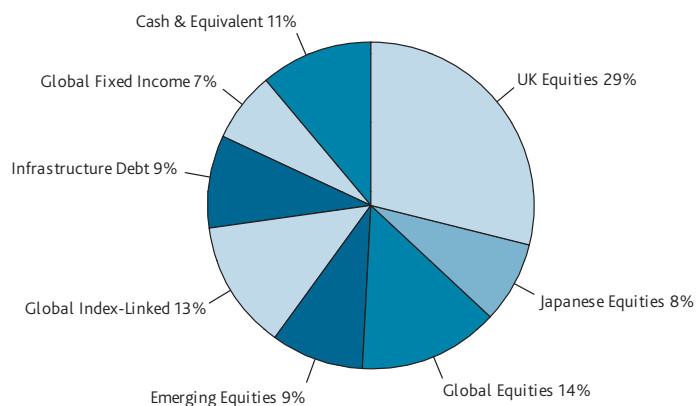
PORTFOLIO (continued)

Holdings January 2017

	% Fund
Evenlode Income	15.6
Artemis Global Income	14.2
RWC Enhanced Income	13.5
CG Portfolio Dollar	12.9
Sequoia Economic Infrastructure Income	9.1
MI Somerset Emerging Markets Dividend Growth	8.7
CC Japan Income & Growth	8.0
MI TwentyFour Dynamic Bond	7.5
Total Top 10	89.5
Cash & equivalent	10.5
Total	100.0

Source: Troy Asset Management Limited.

ASSET ALLOCATION AS AT 31 JANUARY 2017



Source: Troy Asset Management Limited.

OUTLOOK

The global economy is at an interesting juncture. On the one hand economic growth appears to be improving, inflation is rising and greater optimism pervades both markets and the business world. Investors pin their hopes on the promise that greater fiscal expenditure, lower taxes and a looser regulatory framework will prove restorative. On the other, there is little evidence that the structural forces that have kept interest rates at such low levels for so long have truly abated. Ageing demographics, technological change and high levels of debt continue to act as powerful disinflationary forces. The political arena also appears to be evolving rapidly. Globalisation certainly hasn't benefited all but it has been advantageous for asset markets. A move to greater protectionism may not prove to be as kind for global investors.

Uncertainty is the constant companion of every investor. However, with equity valuations in the developed world at elevated levels and a credit cycle that is mature, we believe it prudent to remain cautious and conservative. The Fund takes a balanced approach. It is geographically diversified and invests with those that we consider to be excellent custodians of our clients' capital. The Fund's managers focus on underlying corporate fundamentals and invest with a long-term mindset. They are well placed to exploit the richer pickings greater volatility will provide.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

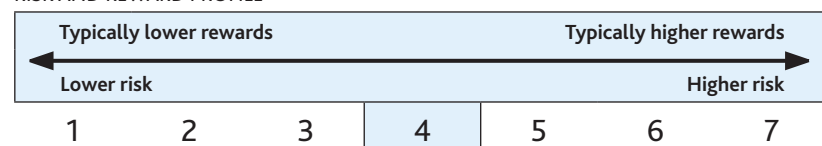
21 February 2017

SPECTRUM INCOME FUND

ACD's Report (continued)

FUND INFORMATION

RISK AND REWARD PROFILE



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

Credit Risk: Some of the collective investment schemes held by the Fund invest in debt securities. Such debt securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a debt security is also affected by its credit rating.

Counterparty Risk: As the Fund may enter into currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

Currency Risk: As the Fund invests indirectly in overseas securities, exchange rate movements may, when not hedged, cause the value of your investment to increase or decrease.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

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.

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'O' Income shares		
Change in net assets per share		
Opening net asset value per share	93.61	100.00
Return before operating charges*	15.54	(3.83)
Operating charges	(1.51)	(0.52)
Return after operating charges	14.03	(4.35)
Distributions	(3.07)	(2.04)
Closing net asset value per share	104.57	93.61
* after direct transaction costs of:	0.01	0.05
Performance		
Return after charges	14.99%	(4.35)%
Other Information		
Closing net asset value (£'000)	10,116	10,328
Closing number of shares	9,674,071	11,033,658
Operating charges	1.50%	1.61% ^{2,3}
Direct transaction costs	0.01%	0.05%
Prices		
Highest share price	107.74	101.06
Lowest share price	91.33	93.57

¹ From 27 April 2015.

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

³ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'O' Income share class, in order to achieve an Ongoing Charges Figure ('OCF') of 1.50%. Therefore, the estimated OCF is 1.50%.

SPECTRUM INCOME FUND

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

COMPARATIVE TABLES (continued)

	31.01.17 (p/share)	31.01.16 ¹ (p/share)
'O' Accumulation shares		
Change in net assets per share		
Opening net asset value per share	95.64	100.00
Return before operating charges*	15.94	(3.83)
Operating charges	(1.55)	(0.53)
Return after operating charges	14.39	(4.36)
Distributions	(3.16)	(2.07)
Retained distributions on accumulation shares	3.16	2.07
Closing net asset value per share	110.03	95.64
* after direct transaction costs of:	0.01	0.05
Performance		
Return after charges	15.05%	(4.36)%
Other Information		
Closing net asset value (£'000)	61	24
Closing number of shares	55,386	25,250
Operating charges	1.50%	1.61% ^{2,3}
Direct transaction costs	0.01%	0.05%
Prices		
Highest share price	111.57	101.06
Lowest share price	93.26	93.57

¹ From 27 April 2015.

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

³ From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'O' Income share class, in order to achieve an Ongoing Charges Figure ('OCF') of 1.50%. Therefore, the estimated OCF is 1.50%.

FUND PERFORMANCE TO 31 JANUARY 2017 (%)

	1 year	Since launch*
Spectrum Income Fund	14.90	9.97

* Launch date 27 April 2015.

The performance of the Fund is based on the published price per 'O' Accumulation 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 the 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 268.

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)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2017

Holding	Portfolio of Investments	Value £'000	31.01.17 %
	DEBT SECURITIES – 5.90% (31.01.16 – 7.71%)		
£600,000	Treasury 0% 06.02.17	600	5.90
	BOND FUNDS – 20.41% (31.01.16 – 18.89%)		
8,218	CG Portfolio Dollar	1,313	12.90
6,927	MI TwentyFour Dynamic Bond	764	7.51
	TOTAL BOND FUNDS	2,077	20.41
	UNITED KINGDOM – 38.28% (31.01.16 – 37.73%)		
829,847	Evenlode Income	1,591	15.63
16,465	RWC Enhanced Income	1,375	13.51
838,000	Sequoia Economic Infrastructure Income	930	9.14
	TOTAL UNITED KINGDOM	3,896	38.28
	EMERGING MARKETS EQUITIES – 8.71% (31.01.16 – 6.36%)		
655,880	MI Somerset Emerging Markets Dividend Growth	887	8.71
	JAPANESE EQUITIES – 7.98% (31.01.16 – 7.64%)		
57,917	CC Japan Income & Growth	812	7.98
	GLOBAL EQUITIES – 14.27% (31.01.16 – 19.53%)		
1,479,817	Artemis Global Income	1,452	14.27
	Portfolio of investments	9,724	95.55
	Net other assets	453	4.45
	Net assets	10,177	100.00

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

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2017

Total purchases for the year £'000 (note 13) **705**

Purchases	Cost £'000
Artemis Global Income	250
Evenlode Income	150
CC Japan Income and Growth	105
MI Somerset Emerging Markets Dividend Growth	100
RWC Enhanced Income	100

In addition to the above, purchases totalling £2,998 thousand were made in short term investments during the year.

Total sales for the year £'000 (note 13) **2,150**

Sales	Proceeds £'000
Veritas Global Equity Income	1,006
Sequoia Economic Infrastructure Income	234
Evenlode Income	208
RWC Enhanced Income	189
Artemis Global Income	188
MI Somerset Emerging Markets Dividend Growth	113
CC Japan Income and Growth	109
MI TwentyFour Dynamic Bond	103

In addition to the above, sales totalling £3,200 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 INCOME FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	£'000	31.01.17 £'000	£'000	31.01.16 ¹ £'000
Income					
Net capital gains/(losses)	2		1,246		(661)
Revenue	3	361		248	
Expenses	4	(88)		(69)	
Net revenue before taxation		273		179	
Taxation	5	-		-	
Net revenue after taxation			273		179
Total return before distributions			1,519		(482)
Distributions	6		(335)		(226)
Change in net assets attributable to shareholders from investment activities			1,184		(708)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2017

	£'000	31.01.17 £'000	£'000	31.01.16 ¹ £'000
Opening net assets attributable to shareholders		10,352		-
Amounts receivable on issue of shares	59		11,075	
Amounts payable on redemption of shares	(1,422)		(15)	
		(1,363)		11,060
Dilution adjustment		2		-
Change in net assets attributable to shareholders from investment activities		1,184		(708)
Retained distributions on Accumulation shares		2		-
Closing net assets attributable to shareholders		10,177		10,352

¹ The comparative figures in the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders are for the period from 27 April 2015 to 31 January 2016.

BALANCE SHEET
AS AT 31 JANUARY 2017

	Notes	31.01.17 £'000	31.01.16 £'000
ASSETS			
Fixed assets			
Investments		9,724	10,130
Current assets			
Debtors	7	88	82
Cash and bank balances		550	338
Total assets		10,362	10,550
LIABILITIES			
Creditors			
Distributions payable	8	(163)	(176)
Other creditors	8	(22)	(22)
Total liabilities		(185)	(198)
Net assets attributable to shareholders		10,177	10,352

SPECTRUM INCOME FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 16 to 18 have been applied to the financial statements of the Fund in the current year and prior period. 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.

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
2. NET CAPITAL GAINS/(LOSSES)		
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	1,246	(661)
Net capital gains/(losses)	<u>1,246</u>	<u>(661)</u>
3. REVENUE		
Non-taxable dividends	295	201
Taxable dividends	9	–
Unfranked interest	56	47
Bank interest	1	–
Total revenue	<u>361</u>	<u>248</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	71	52
Rebate of Investment Management fees	(24)	(14)
Legal and professional fees	5	4
Printing costs	4	5
Registration fees	4	2
	60	49
Payable to the Depositary, associates of the Depositary and agents of either of them		
Depositary's fees	6	4
Safe custody and other bank charges	1	1
	7	5

4. EXPENSES (continued)

Other expenses:

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
Fees paid to auditor – audit	9	8
– tax services	3	3
Publication costs	7	4
Legal and professional fees	2	–
	21	15
Total expenses	<u>88</u>	<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%.

5. TAXATION

a) Analysis of charge for the year

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation (note 5b)	<u>–</u>	<u>–</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%) (31.01.16 : 20%). The difference is explained below:

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
Net revenue before taxation	<u>273</u>	<u>179</u>
Corporation tax at 20%	55	36

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
5. TAXATION <i>(continued)</i>		
Effects of:		
Non-taxable dividends	(59)	(40)
Unutilised excess management expenses	4	4
	<u> </u>	<u> </u>
Corporation tax charge	–	–
	<u> </u>	<u> </u>
Total tax charge (note 5a)	<u> </u>	<u> </u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £8 thousand (31.01.16 : £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 year or prior period.

6. DISTRIBUTIONS

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

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
Interim	154	49
Final	164	177
	<u> </u>	<u> </u>
	318	226
Add: Revenue deducted on redemption of shares	17	–
Net distributions for the year	<u> </u>	<u> </u>
	335	226
	<u> </u>	<u> </u>
Total distributions	<u> </u>	<u> </u>

Details of the distributions per share are set out in the table on page 268.

	31.01.17 £'000	For the period from 27.04.15 to 31.01.16 £'000
6. DISTRIBUTIONS <i>(continued)</i>		
Distributions represented by:		
Net revenue after taxation	273	179
Allocations to capital:		
Annual Management Charge, net of tax relief	62	47
	<u> </u>	<u> </u>
Net distributions for the year	<u> </u>	<u> </u>
	335	226
	<u> </u>	<u> </u>
	31.01.17 £'000	31.01.16 £'000
7. DEBTORS		
Amounts receivable for issue of shares	2	–
Accrued revenue:		
Non-taxable dividends	26	49
Unfranked interest	7	9
	<u> </u>	<u> </u>
	33	58
Prepaid expenses	5	5
Amounts due from the Investment Manager:		
Rebate of Investment Management fees	38	14
Taxation recoverable:		
Income tax	10	5
	<u> </u>	<u> </u>
Total debtors	<u> </u>	<u> </u>
	88	82
	<u> </u>	<u> </u>
8. CREDITORS		
Distribution payable	<u> </u>	<u> </u>
	163	176
	<u> </u>	<u> </u>
OTHER CREDITORS		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	6	6
Printing costs	3	3
	<u> </u>	<u> </u>
	9	9

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

	31.01.17 £'000	31.01.16 £'000
8. CREDITORS (continued)		
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	1
Other expenses	12	12
Total other creditors	<u>22</u>	<u>22</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 of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 256 and amounts due at the year end are disclosed in note 7.

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	75.88% (31.01.16 : 79.56%)
Troy Asset Management	20.56% (31.01.16 : 18.09%)

10. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.16 : none).

11. SHARES IN ISSUE

	'O' Income	'O' Accumulation
Annual Management Charge	0.65%	0.65%
Opening shares in issue	11,033,658	25,250
Issues	7,759	50,075
Redemptions	(1,367,346)	(19,939)
Closing shares in issue	<u>9,674,071</u>	<u>55,386</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.

- 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.

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

12. RISK MANAGEMENT POLICIES (continued)

ii. Interest rate risk (continued)

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The Fund will at times have significant exposure to Interest rate risk. The risk is actively managed at all times taking into account the correlations with other risks in the portfolio. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis.

The table below shows the direct interest rate risk profile:

	31.01.17 £'000	31.01.16 £'000
Floating rate investments	2,077	1,955
Fixed rate investments	600	798
Investments on which interest is not paid	7,047	7,377
Total investments	9,724	10,130

Investments on which interest is not paid are collective investment schemes.

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

The Fund's exposure to interest rate risk is not significant and therefore no sensitivity analysis has been presented.

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. The Fund has no significant foreign currency risk in the current or prior year.

iv. Liquidity risk

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions 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.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £486 thousand (31.01.16 : £507 thousand). A 5% decrease would have the equal and opposite effect.

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 Fund held no derivatives during the current year or prior period.

13. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
31.01.17				
Collective investment schemes	704	–	1	705
Purchases total	704	–	1	705
Transaction cost % of purchases total		–	0.14%	
Transaction cost % of average NAV		–	0.01%	
Collective investment schemes	2,150	–	–	2,150
Sales total	2,150	–	–	2,150
Transaction cost % of sales total		–	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.17 is 0.27% (31.01.16 : 0.23%).

SPECTRUM INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 31 January 2017

13. PORTFOLIO TRANSACTION COSTS (continued)

	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	10,216	1	4	10,221
<i>Transaction cost % of purchases total</i>		0.01%	0.04%	
<i>Transaction cost % of average NAV</i>		0.01%	0.04%	
Ordinary shares	205	–	–	205
Sales total	205	–	–	205
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

¹ Includes corporate actions of £200 thousand on which no direct transaction costs were incurred.

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 assets.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.17				
Assets				
Collective investment schemes	–	9,124	–	9,124
Debt securities	600	–	–	600
	600	9,124	–	9,724

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.01.16				
Assets				
Ordinary shares	1,034	–	–	1,034
Collective investment schemes	–	8,298	–	8,298
Debt securities	798	–	–	798
	1,832	8,298	–	10,130

SPECTRUM INCOME FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2017 – 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	01.02.16	01.08.16
To	31.07.16	31.01.17

'O' Income shares

Interim	Net Revenue	Equalisation	Paid 30.09.16	Paid 30.09.15
Group 1	1.3890	–	1.3890	0.4380
Group 2	0.1406	1.2484	1.3890	0.4380
Final	Net Revenue	Equalisation	Payable 31.03.17	Paid 31.03.16
Group 1	1.6837	–	1.6837	1.5985
Group 2	0.4731	1.2106	1.6837	1.5985

'O' Accumulation shares

Interim	Net Revenue	Equalisation	Allocated 30.09.16	Allocated 30.09.15
Group 1	1.4268	–	1.4268	0.4674
Group 2	0.9535	0.4733	1.4268	0.4674
Final	Net Revenue	Equalisation	Allocation 31.03.17	Allocated 31.03.16
Group 1	1.7376	–	1.7376	1.5994
Group 2	0.6305	1.1071	1.7376	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 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: PO Box 389, Darlington DL1 9UF 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 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.com, 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 Exchange Tower, 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.

INFORMATION FOR SWISS QUALIFIED INVESTORS

The distribution of shares of the Fund in Switzerland made exclusively to, and directed at, qualified investors ('Qualified Investors') as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. The Swiss representative for the Fund is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent for the Fund is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Prospectus, the Key Investor Information Documents (edition for Switzerland), the Instrument of Incorporation, the latest annual or semi-annual report, and further information free of charge from the Swiss representative. This document may only be issued, circulated or distributed in Switzerland to Qualified Investors. Recipients of the document in Switzerland should not pass it on to anyone other than a Qualified Investor. In respect of shares distributed in Switzerland the place of jurisdiction is at the registered office of the representative in Switzerland.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares.