

# CAPITA

**TROY**  
ASSET MANAGEMENT

## Trojan Investment Funds

Interim Unaudited Report and Financial Statements  
31 July 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

AUTHORISED CORPORATE DIRECTOR ('ACD')  
Capita Financial Managers Limited  
Head Office:  
40 Dukes Place  
London EC3A 7NH  
Telephone: 0870 607 2555 Fax: 0870 607 2550  
Email: enquiries@capitafinancial.com  
(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE ACD

C. Addenbrooke  
N. Boyling  
B. Hammond  
P. Hugh-Smith  
K.J. Midl

INVESTMENT MANAGER

Troy Asset Management Limited  
Hill House  
1 Little New Street  
London EC4A 3TR  
(Authorised and regulated by the Financial Conduct Authority)

DEPOSITARY

BNY Mellon Trust & Depositary (UK) Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA  
(Authorised and regulated by the Financial Conduct Authority)

REGISTRAR

Capita Financial Administrators Limited  
Customer Service Centre:  
Arlington Business Centre  
Millshaw Park Lane  
Leeds LS11 0PA  
Telephone: 0345 608 0950 Fax: 0113 224 6001  
(Authorised and regulated by the Financial Conduct Authority)

INDEPENDENT AUDITOR

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London E14 5EY

## CONTENTS

ACD's Report .....	9
Authorised Status .....	9
Important Information .....	9
Cross Holdings .....	9
Securities Financing Transactions .....	9
Director's Statement .....	9
TROJAN FUND	
ACD's Report .....	10
Important Information .....	10
Investment Objective and Policy .....	10
Investment Manager's Report .....	11
Fund Information .....	14
Portfolio Statement .....	24
Summary of Material Portfolio Changes .....	27
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	28
Statement of Change in Net Assets Attributable to Shareholders .....	28
Balance Sheet .....	29
Notes to the Interim Financial Statements .....	30

TROJAN ETHICAL INCOME FUND	
ACD's Report .....	31
Important Information .....	31
Investment Objective and Policy .....	31
Investment Manager's Report .....	32
Fund Information .....	36
Portfolio Statement .....	44
Summary of Material Portfolio Changes .....	49
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	50
Statement of Change in Net Assets Attributable to Shareholders .....	50
Balance Sheet .....	51
Notes to the Interim Financial Statements .....	52

TROJAN GLOBAL INCOME FUND	
ACD's Report .....	53
Important Information .....	53
Investment Objective and Policy .....	53
Investment Manager's Report .....	54
Fund Information .....	56
Portfolio Statement .....	66
Summary of Material Portfolio Changes .....	68
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	69
Statement of Change in Net Assets Attributable to Shareholders .....	69
Balance Sheet .....	70
Notes to the Interim Financial Statements .....	71

TROJAN GLOBAL EQUITY FUND

ACD's Report .....	72
Important Information .....	72
Investment Objective and Policy .....	72
Investment Manager's Report .....	73
Fund Information .....	76
Portfolio Statement .....	84
Summary of Material Portfolio Changes .....	86
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	87
Statement of Change in Net Assets Attributable to Shareholders .....	87
Balance Sheet .....	88
Notes to the Interim Financial Statements .....	89

TROJAN INCOME FUND

ACD's Report .....	90
Important Information .....	90
Investment Objective and Policy .....	90
Investment Manager's Report .....	91
Fund Information .....	94
Portfolio Statement .....	104
Summary of Material Portfolio Changes .....	109
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	110
Statement of Change in Net Assets Attributable to Shareholders .....	110
Balance Sheet .....	111
Notes to the Interim Financial Statements .....	112

CRYSTAL FUND

ACD's Report .....	113
Important Information .....	113
Investment Objective and Policy .....	113
Investment Manager's Report .....	114
Fund Information .....	118
Portfolio Statement .....	121
Summary of Material Portfolio Changes .....	123
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	124
Statement of Change in Net Assets Attributable to Shareholders .....	124
Balance Sheet .....	125
Notes to the Interim Financial Statements .....	126

SPECTRUM FUND

ACD's Report .....	127
Important Information .....	127
Investment Objective and Policy .....	127
Investment Manager's Report .....	128
Fund Information .....	132
Portfolio Statement .....	138
Summary of Material Portfolio Changes .....	140
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	141
Statement of Change in Net Assets Attributable to Shareholders .....	141
Balance Sheet .....	142
Notes to the Interim Financial Statements .....	143

SPECTRUM INCOME FUND

ACD's Report .....	144
Important Information .....	144
Investment Objective and Policy .....	144
Investment Manager's Report .....	145
Fund Information .....	148
Portfolio Statement .....	152
Summary of Material Portfolio Changes .....	153
INTERIM FINANCIAL STATEMENTS (UNAUDITED)	
Statement of Total Return .....	154
Statement of Change in Net Assets Attributable to Shareholders .....	154
Balance Sheet .....	155
Notes to the Interim Financial Statements .....	156
General Information .....	157

TROJAN INVESTMENT FUNDS  
ACD'S REPORT  
FOR THE HALF YEAR ENDED 31 JULY 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 ('FCA') with effect from 14 November 2003. The Company has an unlimited duration.

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

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

IMPORTANT INFORMATION

With effect from 1 July 2017, the minimum periodic fee charged by the BNY Mellon Trust & Depository (UK) Limited ('the Depository') to each of the sub-funds of the Company for acting as Depository was increased. Please refer to the Charges, Fees and Expenses section of the Company's Prospectus for further details regarding the charge.

CROSS HOLDINGS

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

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.

DIRECTOR'S STATEMENT

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

P. HUGH-SMITH

CAPITA FINANCIAL MANAGERS LIMITED  
ACD of Trojan Investment Funds  
26 September 2017

**IMPORTANT INFORMATION**

Refer to the 'Important Information' section of the Company on page 9.

**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.

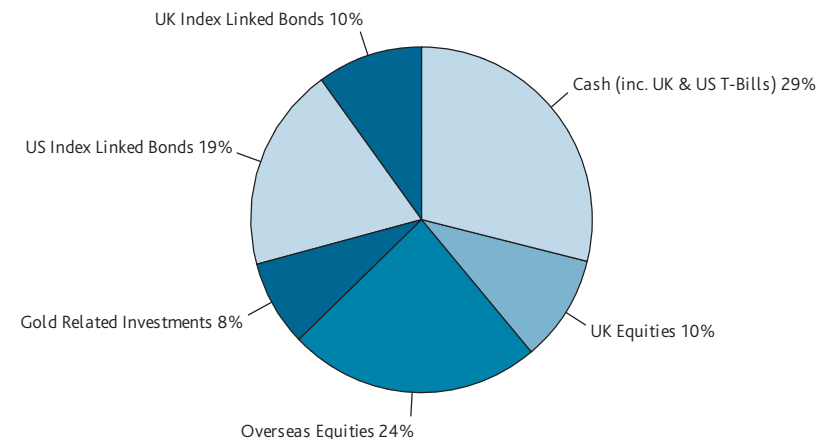
CAPITA FINANCIAL MANAGERS LIMITED  
ACD of Trojan Fund  
26 September 2017

**INVESTMENT MANAGER'S REPORT**

**INVESTMENT REVIEW**

Over the six months under review the Fund produced a total return of +2.2% while the total return on UK RPI was 2.6%<sup>1</sup> and cash (LIBID) amounted to +0.1%<sup>1</sup> compared to a rise of +7.1%<sup>1</sup> in the FTSE All-Share Index (total return).

**ASSET ALLOCATION AS AT 31 JULY 2017**



Source: Troy Asset Management Limited, 31 July 2017 factsheet.

**MARKET REVIEW**

The six months to the end of July saw markets assume a more muted tone. Post-Trump election exuberance gave way to more realistic expectations around the timing and extent of fiscal reform achievable by the Grand Old Party in the US. This said, markets remained remarkably resilient, unperturbed by the escalation of various geopolitical tensions, most notably between the US and North Korea. The VIX, the so-called fear index, reached its lowest level in July since 1993, indicative of the eerie calm that continues to pervade developed market equities. The period under review witnessed new all-time highs from the FTSE 100 Index and S&P 500 Index with the Dow Jones nearing the ground-breaking level of 20,000.

The half year was also another eventful one for politics with elections in both France and the UK. The French welcomed their youngest ever president in Emmanuel Macron and Theresa May lost her gamble to secure a greater majority in the UK. Both events had implications for the currency markets with the euro appreciating significantly, helped by the combination of further economic improvement from the currency bloc. Sterling initially fell on the news that the country will be facing Brexit with a hung parliament but has since rallied against the dollar to a higher level than when the election was called in March. Whilst the outlook for the domestic economy remains highly uncertain, the weakening of Theresa May's negotiating position looks to have increased the possibility of a softer Brexit.

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

## TROJAN FUND

*ACD's Report (continued)*

*Investment Manager's Report (continued)*

*For the half year ended 31 July 2017*

### PORTFOLIO

This period saw the portfolio bid farewell to the last of its gold mining equities, Agnico-Eagle Mines. Gold related securities remain core holdings in the Fund but we have been disappointed with the discipline of the gold mining companies as regards their capital allocation. The proceeds from the sale, made in May and June, have been reinvested into the Canadian precious metals royalty and stream company Franco-Nevada. Royalties and streams are economic interests that provide the holder the right to revenue or production from underlying mineral deposits. Crucially, Franco-Nevada does not operate mines or conduct exploration. It is not on the hook for ongoing capital expenditure or unanticipated operating cost increases. Instead the company's business model is focused on managing and growing a portfolio of cash-generative streams and royalties. Franco-Nevada's financial results in the short term are tied to the price of gold and the amount of production from its portfolio of producing interests. A higher gold price results in higher corporate revenues. However, historically greater shareholder value has been created during commodity slumps. The Board, collectively itself a material shareholder, has deployed considerable sums of capital, at advantageous parts of the cycle, to shore up the over-extended balance sheets of actual mining companies such as Glencore in exchange for new streams that allow Franco-Nevada to buy ounces of gold and silver at material discounts to prevailing market prices. Franco-Nevada's management recognises it operates in a cyclical industry and so retains the valuable commodity of cash on the company's balance sheet, at all times, to take advantage of the impatient and imprudent.

In July British American Tobacco completed its acquisition of the 57.8% it did not already own of its US associate, Reynolds American. Smoking is considerably more affordable in the US than in the UK and Reynolds American has a strong and growing market share in the country. However, the cost of the deal, at a multiple of over 16x EBITDA, in addition to the increased leverage that it brings to British American Tobacco's balance sheet, prompted us to reduce our holdings in the combined entity from almost 6% prior to the deal to 4.1% following its closure. This also had the effect of bringing down the Fund's equity exposure to below 35%. Three days after the acquisition had completed, the US Food and Drug Administration ('the FDA') announced that it would begin a public dialogue around reducing nicotine levels in combustible cigarettes to 'non-addictive levels'. This saw the Fund's holdings in Altria (c. 2%) and British American Tobacco fall -9% and -7% respectively on the day. Importantly, the FDA can only make changes based on rigorous scientific evidence; its experience with menthol cigarettes is instructive. In 2011 a scientific advisory committee established by the FDA recommended that menthol cigarettes be banned for the benefit of public health. Six years later, they are still widely available. We suspect that the initial share price reaction is a case of 'sell first, ask questions later.'

### OUTLOOK

With equity markets near all-time highs, and cyclically-adjusted valuations more expensive than they have been for more than a century (with the exception of 1929 and the dot-com bubble), we find little at present to entice us to take greater risk. For this reason the portfolio's allocation to equities is near an all-time low. An area that we perceive to be a potential source of particular fragility is that of the corporate bond market. Elevated levels of indebtedness are coupled with near-record low borrowing costs in developed markets. Investor inflows into ETFs contributed strongly to demand for corporate debt with the market capitalisation of the largest investment-grade ETF growing 40% to over \$38 billion so far this year, up from just \$3 billion in 2008. Whilst the expensiveness is not unique to the corporate bond market, the market could face greater issues on account of its illiquidity. Trading is ordinarily fragmented across multiple issues for each borrower. Since the global financial crisis, liquidity has been reduced further by a collapse in primary dealer inventories on account of regulatory capital requirements. Money that

has flowed so freely into ETFs may struggle to find the exit with commensurate ease. Any sell-off in corporate debt would have serious implications for its equity market cousin. An increase in borrowing costs could well presage the next equity market collapse, something that we are well placed to exploit.

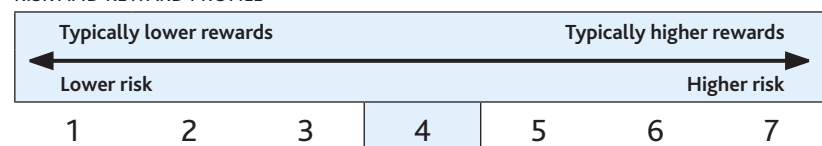
TROY ASSET MANAGEMENT LIMITED

*Investment Manager*

21 August 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.

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, 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.

'Z' Income and 'Z' Accumulation shares can be bought and sold only by the Trojan Feeder Fund (Ireland), a sub-fund of Trojan Funds (Ireland) Plc.

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](http://www.capitafinancial.com), by following the link 'Fund Information'.

**COMPARATIVE TABLES**

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	243.53	218.33	215.81	192.91
Return before operating charges*	6.34	28.61	5.73	26.25
Operating charges	(1.28)	(2.50)	(2.25)	(2.17)
Return after operating charges	5.06	26.11	3.48	24.08
Distributions	(0.69)	(0.91)	(0.96)	(1.18)
Closing net asset value per share	247.90	243.53	218.33	215.81
* after direct transaction costs of:	0.02	0.03	0.03	0.03

**Performance**

Return after charges	2.08%	11.96%	1.61%	12.48%
----------------------	-------	--------	-------	--------

**Other information**

Closing net asset value (£'000)	1,614,217	1,458,797	993,387	931,136
Closing number of shares	651,165,230	599,021,874	454,988,441	431,459,461
Operating charges	1.02% <sup>1</sup>	1.06%	1.05%	1.06%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%

**Prices**

Highest share price	254.88	245.71	218.90	219.54
Lowest share price	243.18	218.00	204.75	192.36

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

## TROJAN FUND

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Accumulation shares</b> <i>(this class is also available for investment by the Global Flexible, a sub-fund of Aristeia SICAV)</i>				
<b>Change in net assets per share</b>				
Opening net asset value per share	295.04	263.53	259.30	230.45
Return before operating charges*	7.67	34.53	6.94	31.44
Operating charges	(1.55)	(3.02)	(2.71)	(2.59)
Return after operating charges	6.12	31.51	4.23	28.85
Distributions	(0.83)	(1.10)	(1.16)	(1.41)
Retained distributions on accumulation shares	0.83	1.10	1.16	1.41
Closing net asset value per share	301.16	295.04	263.53	259.30
* after direct transaction costs of:	0.02	0.04	0.03	0.03
<b>Performance</b>				
Return after charges	2.07%	11.96%	1.63%	12.52%
<b>Other information</b>				
Closing net asset value (£'000)	1,642,557	1,475,063	913,015	819,541
Closing number of shares	545,408,517	499,957,123	346,456,587	316,053,423
Operating charges	1.02% <sup>1</sup>	1.06%	1.05%	1.06%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>				
Highest share price	308.79	297.44	263.86	263.47
Lowest share price	294.61	263.21	246.81	229.84

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	242.05	217.43	215.18	192.61
Return before operating charges*	6.32	28.41	5.70	26.17
Operating charges	(1.89)	(3.66)	(3.30)	(3.18)
Return after operating charges	4.43	24.75	2.40	22.99
Distributions	(0.07)	(0.13)	(0.15)	(0.42)
Closing net asset value per share	246.41	242.05	217.43	215.18
* after direct transaction costs of:	0.02	0.03	0.03	0.03
<b>Performance</b>				
Return after charges	1.83%	11.38%	1.12%	11.94%
<b>Other information</b>				
Closing net asset value (£'000)	11,134	11,631	44,110	52,393
Closing number of shares	4,518,277	4,805,280	20,286,562	24,348,146
Operating charges	1.52% <sup>1</sup>	1.56%	1.55%	1.56%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>				
Highest share price	252.85	244.59	217.71	218.67
Lowest share price	241.70	217.14	204.08	192.08

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

## TROJAN FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	282.27	253.41	250.64	223.87
Return before operating charges*	7.36	33.13	6.62	30.47
Operating charges	(2.21)	(4.27)	(3.85)	(3.70)
Return after operating charges	5.15	28.86	2.77	26.77
Distributions	(0.08)	(0.15)	(0.17)	(0.49)
Retained distributions on accumulation shares	0.08	0.15	0.17	0.49
Closing net asset value per share	287.42	282.27	253.41	250.64
* after direct transaction costs of:	0.02	0.04	0.03	0.03
<b>Performance</b>				
Return after charges	1.82%	11.39%	1.11%	11.96%
<b>Other information</b>				
Closing net asset value (£'000)	116,740	115,657	171,951	260,781
Closing number of shares	40,615,899	40,973,404	67,855,755	104,045,339
Operating charges	1.52% <sup>1</sup>	1.56%	1.55%	1.56%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>				
Highest share price	294.87	285.22	253.73	254.70
Lowest share price	281.86	253.06	237.85	223.27

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'S' Income shares (Registered charities only)</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	243.72	218.50	215.97	193.04
Return before operating charges*	6.35	28.63	5.75	26.28
Operating charges	(0.97)	(1.91)	(1.72)	(1.66)
Return after operating charges	5.38	26.72	4.03	24.62
Distributions	(1.00)	(1.50)	(1.50)	(1.69)
Closing net asset value per share	248.10	243.72	218.50	215.97
* after direct transaction costs of:	0.02	0.03	0.03	0.03
<b>Performance</b>				
Return after charges	2.21%	12.23%	1.87%	12.75%
<b>Other information</b>				
Closing net asset value (£'000)	364,570	353,717	275,078	270,954
Closing number of shares	146,947,710	145,130,350	125,896,087	125,460,276
Operating charges	0.77% <sup>1</sup>	0.81%	0.80%	0.81%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>				
Highest share price	255.33	246.08	219.33	219.96
Lowest share price	243.38	218.18	204.94	192.49

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

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

COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'S' Accumulation shares (Registered charities only)</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	302.46	269.49	264.52	234.50
Return before operating charges*	7.86	35.34	7.08	32.05
Operating charges	(1.20)	(2.37)	(2.11)	(2.03)
Return after operating charges	6.66	32.97	4.97	30.02
Distributions	(1.24)	(1.85)	(1.84)	(2.06)
Retained distributions on accumulation shares	1.24	1.85	1.84	2.06
Closing net asset value per share	309.12	302.46	269.49	264.52
* after direct transaction costs of:	0.02	0.04	0.03	0.03
<b>Performance</b>				
Return after charges	2.20%	12.23%	1.88%	12.80%
<b>Other information</b>				
Closing net asset value (£'000)	87,586	62,288	53,872	72,267
Closing number of shares	28,333,797	20,593,781	19,990,263	27,320,197
Operating charges	0.77% <sup>1</sup>	0.81%	0.80%	0.81%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%
<b>Prices</b>				
Highest share price	316.87	304.74	269.82	268.76
Lowest share price	302.03	269.18	252.13	233.88

<sup>1</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 <sup>1</sup> (p/share)
<b>'Z' Income shares (this class is only available for investment by the Trojan Feeder Fund (Ireland))</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	119.65	107.24	105.99	100.00
Return before operating charges*	3.10	14.09	2.84	6.72
Operating charges	(0.01)	(0.07)	(0.06)	(0.03)
Return after operating charges	3.09	14.02	2.78	6.69
Distributions	(0.95)	(1.61)	(1.53)	(0.70)
Closing net asset value per share	121.79	119.65	107.24	105.99
* after direct transaction costs of:	0.01	0.02	0.01	0.01
<b>Performance</b>				
Return after charges	2.58%	13.07%	2.62%	6.69%
<b>Other information</b>				
Closing net asset value (£'000)	366,122	229,118	131,943	124,689
Closing number of shares	300,611,560	191,489,282	123,038,218	117,642,277
Operating charges	0.02% <sup>3</sup>	0.06%	0.05%	0.06% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.01%	0.01% <sup>2</sup>
<b>Prices</b>				
Highest share price	125.71	121.15	108.04	108.30
Lowest share price	119.48	107.11	100.63	98.43

<sup>1</sup> From 23 June 2014.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

## TROJAN FUND

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 <sup>1</sup> (p/share)
<b>'Z' Accumulation shares</b> <i>(this class is only available for investment by the Trojan Feeder Fund (Ireland))</i>				
<b>Change in net assets per share</b>				
Opening net asset value per share	123.45	109.58	106.68	100.00
Return before operating charges*	3.08	13.94	2.96	6.72
Operating charges	(0.01)	(0.07)	(0.06)	(0.04)
Return after operating charges	3.07	13.87	2.90	6.68
Distributions	(0.87)	(1.51)	(1.65)	(0.69)
Retained distributions on accumulation shares	0.87	1.51	1.65	0.69
Closing net asset value per share	126.52	123.45	109.58	106.68
* after direct transaction costs of:	0.01	0.02	0.01	0.01

### Performance

Return after charges	2.49%	12.66%	2.72%	6.68%
----------------------	-------	--------	-------	-------

### Other information

Closing net asset value (£'000)	–	–	–	–
Closing number of shares	250	250	250	250
Operating charges	0.02% <sup>3</sup>	0.06%	0.05%	0.06% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.01%	0.01% <sup>2</sup>

### Prices

Highest share price	129.61	124.28	109.60	108.36
Lowest share price	123.28	109.36	102.12	98.50

<sup>1</sup> From 23 June 2014.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> The operating charges as at 31 July 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at that date.

### FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	3 years	5 years
Trojan Fund	2.24	3.12	24.54	24.14

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 period end, rather than the period end return after operating charges.

### 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 FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	DEBT SECURITIES – 49.37% (31.01.17 – 45.39%)		
£100,000,000	Treasury 0% 21/8/2017	99,989	2.38
£100,000,000	Treasury 0% 29/8/2017	99,985	2.38
£70,000,000	Treasury 0% 25/9/2017	69,982	1.67
£97,968,502	Treasury 0% 16/10/2017	97,937	2.33
£200,000,000	Treasury 0% 23/10/2017	199,930	4.76
£100,000,000	Treasury 0% 30/10/2017	99,962	2.38
£106,498,500	Treasury 0.125% index-linked 22/3/2024	137,621	3.27
£90,447,000	Treasury 1.875% index-linked 22/11/2022	147,657	3.51
£33,604,000	Treasury 2.5% index-linked 16/4/2020	124,115	2.95
US\$270,000,000	US Treasury 0% 17/8/2017	204,713	4.87
US\$79,000,000	US Treasury 0.125% Inflation Protected Securities 15/4/2021	61,986	1.48
US\$352,616,000	US Treasury 0.125% Inflation Protected Securities 15/1/2022	289,925	6.90
US\$97,562,000	US Treasury 0.625% Inflation Protected Securities 15/7/2021	82,570	1.96
US\$134,000,000	US Treasury 1.125% Inflation Protected Securities 15/1/2021	118,269	2.81
US\$270,000,000	US Treasury 1.625% Inflation Protected Securities 15/1/2018	240,400	5.72
	<b>TOTAL DEBT SECURITIES</b>	<b>2,075,041</b>	<b>49.37</b>
	EQUITIES – 34.69% (31.01.17 – 38.40%)		
	UNITED KINGDOM – 10.66% (31.01.17 – 10.51%)		
4,288,417	A.G. Barr	25,688	0.61
16,825,000	Better Capital PCC*	5,384	0.13
2,974,680	British American Tobacco	140,197	3.34
338,983	British American Tobacco ADRs	16,089	0.38
2,200,000	Diageo	53,867	1.28
3,200,000	GlaxoSmithKline	48,464	1.15
864,042	Mithras Investment Trust*	1,858	0.04
11,700,000	Sage	78,858	1.88
1,800,000	Unilever	77,769	1.85
	<b>TOTAL UNITED KINGDOM</b>	<b>448,174</b>	<b>10.66</b>
	CONTINENTAL EUROPE – 2.17% (31.01.17 – 1.22%)		
1,420,600	Nestlé	91,185	2.17

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	NORTH AMERICA – 21.86% (31.01.17 – 26.67%)		
1,750,000	Altria	86,282	2.05
940,000	American Express	60,784	1.45
400,000	Becton Dickinson	61,125	1.45
380	Berkshire Hathaway 'A'	75,677	1.80
2,900,000	Coca-Cola	100,835	2.40
907,000	Colgate-Palmolive	49,672	1.18
880,000	Dr Pepper Snapple	60,849	1.45
636,579	Franco-Nevada	34,978	0.83
220,000	Hershey Foods	17,582	0.42
3,200,000	Imperial Oil	69,330	1.65
2,400,000	Microsoft	132,384	3.15
1,500,000	Philip Morris International	132,814	3.16
530,000	Procter & Gamble	36,511	0.87
	<b>TOTAL NORTH AMERICA</b>	<b>918,823</b>	<b>21.86</b>
	<b>TOTAL EQUITIES</b>	<b>1,458,182</b>	<b>34.69</b>
	GOLD – 7.72% (31.01.17 – 8.79%)		
814,850	ETFS Physical Swiss Gold*	76,117	1.81
2,726,600	Gold Bullion Securities*	248,431	5.91
	<b>TOTAL GOLD</b>	<b>324,548</b>	<b>7.72</b>
	FORWARD CURRENCY CONTRACTS – 0.84% (31.01.17 – 0.23%)		
US\$(200,000,000)	Vs £153,023,359 (expiry 17/8/2017)	1,403	0.04
US\$(70,000,000)	Vs £53,840,770 (expiry 17/8/2017)	773	0.02
US\$(1,300,000,000)	Vs £1,013,044,901 (expiry 21/9/2017)	28,682	0.68
US\$(120,000,000)	Vs £93,918,025 (expiry 21/9/2017)	3,054	0.07
US\$(200,000,000)	Vs £152,654,276 (expiry 21/9/2017)	1,214	0.03
	<b>TOTAL FORWARD CURRENCY CONTRACTS</b>	<b>35,126</b>	<b>0.84</b>

## TROJAN FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

	Value £'000	31.07.17 %
Portfolio of investments	3,892,897	92.62
Net other assets	310,029	7.38
Net assets	<u>4,202,926</u>	<u>100.00</u>

The investments are ordinary shares listed on a regulated market unless stated otherwise.

\* Collective investment scheme.

Definition:

ADRs – American Depositary Receipts.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

**Total purchases for the half year £'000** **482,851**

Purchases	Cost £'000
US Treasury 1.625% Inflation Protected Securities 15/1/2018	245,802
US Treasury 1.125% Inflation Protected Securities 15/1/2021	123,551
Nestlé	39,897
US Treasury 0.125% Inflation Protected Securities 15/4/2021	31,542
Hershey Foods	14,972
Franco-Nevada	14,943
Diageo	12,144

In addition to above, purchases of £1,786,979 thousand were made in short term investments during the half year.

**Total sales for the half year £'000** **102,940**

Sales	Proceeds £'000
Reynolds American	63,312
Agnico-Eagle Mines	38,722
Mithras Investment Trust	906

In addition to above, sales of £1,762,314 thousand were made in short term investments during the half year.

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

**TROJAN FUND**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**STATEMENT OF TOTAL RETURN**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

		<b>31.07.17</b>		<b>31.07.16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income:				
Net capital gains		63,585		291,573
Revenue	33,582		24,237	
Expenses	<u>(18,579)</u>		<u>(13,565)</u>	
Net revenue before taxation	15,003		10,672	
Taxation	<u>(2,419)</u>		<u>(1,338)</u>	
Net revenue after taxation		<u>12,584</u>		<u>9,334</u>
<b>Total return before distributions</b>		76,169		300,907
Distributions		(12,605)		(9,376)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u>63,564</u>		<u>291,531</u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

		<b>31.07.17</b>		<b>31.07.16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening net assets attributable to shareholders</b>		3,706,271		2,583,356
Amounts receivable on issue of shares	539,585		378,817	
Amounts payable on redemption of shares	<u>(111,423)</u>		<u>(62,393)</u>	
		428,162		316,424
Change in net assets attributable to shareholders from investment activities		63,564		291,531
Retained distributions on Accumulation shares		4,929		3,851
<b>Closing net assets attributable to shareholders</b>		<u>4,202,926</u>		<u>3,195,162</u>

The above statement shows the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

**BALANCE SHEET**  
**AS AT 31 JULY 2017**

	<b>31.07.17</b>	<b>31.01.17</b>
	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	3,892,897	3,439,881
<b>Current assets</b>		
Debtors	17,207	21,535
Cash and bank balances	<u>310,200</u>	<u>251,616</u>
<b>Total assets</b>	<u>4,220,304</u>	<u>3,713,032</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(8,802)	(3,317)
Other creditors	<u>(8,576)</u>	<u>(3,444)</u>
<b>Total liabilities</b>	<u>(17,378)</u>	<u>(6,761)</u>
<b>Net assets attributable to shareholders</b>	<u>4,202,926</u>	<u>3,706,271</u>



## TROJAN FUND

*Interim Financial Statements (unaudited) (continued)*

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 31 JULY 2017

### 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

## TROJAN ETHICAL INCOME FUND

ACD'S REPORT

FOR THE HALF YEAR ENDED 31 JULY 2017

### IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 9.

### 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, alcohol, gambling, high interest rate lending 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*

26 September 2017

## TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

For the half year ended 31 July 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, alcohol, gambling, high-interest rate lending and certain types of armaments. On 28 July, an enhancement of the Fund's ethical investment criteria was introduced. Restrictions on investment in alcohol, gambling and high interest rate lending were implemented and the criteria on armaments was modified. The Fund has been compliant with these additional criteria for some months. Therefore, the changes did not impact on the portfolio construction and has not altered the investment style, management approach or risk profile of the Fund. A document setting out the Fund's ethical investment criteria is available on the ACD's website.

#### INVESTMENT REVIEW

Over the six months under review of the Fund produced a total return of +7.8%. Over the same period the FTSE All-Share Index produced a total return of +7.1%<sup>1</sup>, while the total return on cash (LIBID) amounted to +0.1%<sup>1</sup>.

An interim dividend of 1.735p will be paid to holders of 'O' Income shares on 30 September 2017. This represents an increase of 2.1% over the previous year's interim dividend. It remains 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

Rarely do the rhythms of the market neatly coincide with arbitrarily created reporting periods, however, in this instance, the start of the reporting period on 31 January 2017 almost exactly coincided with a significant shift in market sentiment. The consumer staples sector, which had fallen out of favor in the second half of 2016, was back in vogue by mid-February following a spate of merger and acquisition activity which culminated in the £115 billion Kraft Heinz Company's bid for UK consumer goods giant Unilever. The proposed deal would have been the third-largest takeover in history and the largest ever acquisition of a UK-based company. Although the bid was quickly dropped following a frosty reception from both the company and its investors; it served to highlight the compelling value being offered by some of those stocks that had been discarded by investors during the heady optimism of late 2016 and precipitated a material change in equity market leadership with high-quality defensive stocks once again moving to the fore.

Across the pond, Donald Trump and the Republican Party's shotgun marriage got off to a shaky start. By late March the incompatibility of conservatism and populism had been laid bare as the new president and his Grand Old Party majority failed to pass the American Health Care Act. The Senate rejected a third Republican proposal to repeal the Affordable Care Act towards the end of the reporting period, forcing investors to recognise that tax reforms and infrastructure spending plans could also be delayed and helping to further reverse the reflation trade that had dominated in the second half of 2016.

<sup>1</sup> Source: Lipper as at 31 July 2017. The indices used by the Investment Manager are for comparison purposes. No benchmark is required to be disclosed per the Prospectus.

In the UK, political ructions have continued to be felt through movements in currency markets. The weakness in sterling precipitated by last year's referendum drove February's UK inflation sharply past the Bank of England's ('BoE') 2 percent target to 2.3 per cent (Source: ONS). Despite this upsurge in the cost of living Philip Hammond opted to keep his powder dry in this year's 'boring' Budget citing the transitory nature of exchange rate driven import inflation. The inflation rate has since gone on to reach 2.6% in the month of June.

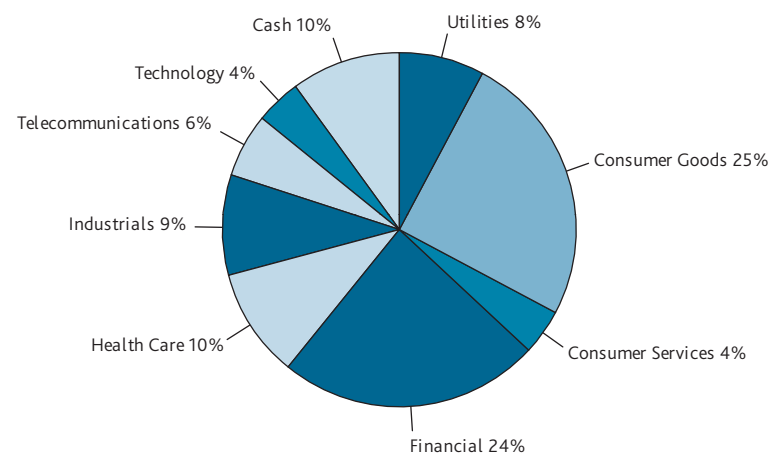
Sterling has rallied since March, driven by growing expectations of an interest rate hike and subsequently misplaced expectations that Theresa May would be able to secure a significant conservative majority that would allow her to adopt a stronger stance in her negotiations with the EU less influenced by hard-line 'Brexiters'. Despite Theresa May's election gamble backfiring and slowing economic growth during the first half of 2017, equity markets hit fresh highs in late May and sterling appreciated to its highest level against the US dollar in over 10 months in July 2017.

#### PORTFOLIO

At the end of the period under review the portfolio was 90% invested in equities with 70% of assets invested in the UK equity markets, 7% invested in Switzerland and 13% in the US. 10% of the Fund is currently held as cash. There were 46 equity holdings as at 31 July 2017.

The sector allocation below shows that the Fund remains biased towards the Consumer Goods, Financials and Health Care sectors.

#### SECTOR ALLOCATION AS AT 31 JULY 2017



Source: Troy Asset Management Limited, 31 July 2017 factsheet.

With the market offering an uneasy combination of challenging valuations, depressed volatility and elevated political and macro-economic uncertainty the portfolio's positioning remained largely unchanged.

## TROJAN ETHICAL INCOME FUND

*ACD's Report (continued)*

*Investment Manager's Report (continued)*

*For the half year ended 31 July 2017*

### PORTFOLIO (continued)

Where we seek to access the returns available from the property market we prefer to invest through liquid real estate investment trusts (REITs) managed by seasoned teams, well aligned with the interests of our investors, and operating in specialist niches. In July we added one such vehicle to the Fund in the form of NewRiver REIT which aims to use its active management capability to generate attractive returns in the otherwise unloved retail sector. Domino's Pizza was also a new investment for the portfolio during the period. The company owns the master franchise for the well-loved Domino's Pizza brand in UK, Ireland, Switzerland and several of the Nordic countries. Short-term headwinds meant that in July this exceptionally capital light and high return business became available to patient investors on a 3% yield.

We used the short-lived weakness in Reckitt Benckiser's share price in late April to continue to build our holding. We view stocks such as Reckitt Benckiser as the core of the portfolio and would be likely to add further on any future pull backs. Following similar falls in the share price we also added to our weightings in Next, National Grid and Dairy Crest amongst others. In each instances we have confidence that the current share prices significantly undervalue these excellent businesses.

These additions were partially offset by a reduction in the portfolio's holding in Sky where the risk reward profile remains dominated by the regulatory progress of the 21 Century Fox bid for the remainder of the company's shares not already owned.

### OUTLOOK

Political uncertainty will continue to prevail in the second half of 2017 with a divided Conservative Party, the resumption of Brexit negotiations against a tight timetable, federal elections in Germany, and a floundering US administration all conspiring to compound investor anxiety. For the time being, however, global equity markets remain eerily calm with the volatility measures touching a fresh low in June.

Speaking at the release of the latest quarterly inflation report, the governor of the BoE highlighted the Monetary Policy Committee's expectation that the pace of wage growth will accelerate as the year progresses and through 2018 and 2019. Combined with the Committee's forecast for the current bout of inflation to be transient, real income growth is expected to return in the latter years of its forecast. However, there are a range of assumptions embedded in this forecast, including that of a smooth and orderly Brexit. The extent to which this particular assumption holds, as the discussions begin in earnest, will be most clearly revealed through the exchange rate.

Movements in the currencies since last year's referendum have, to date, been a positive tailwind for the Fund's income and capital account. Whilst we remain steadfast in our investment approach of seeking to own high quality, income-generating equities, we also recognize the potential impact of a sustained improvement in the fortunes of sterling could have on the portfolio. We believe an increased focus on monitoring the exchange rate is warranted at this time of uncertainty.

Movements in the foreign exchange rate notwithstanding, we enter the second half of the Fund's year optimistic that the underlying holdings will continue to generate attractive income growth in what remains a low interest rate environment in the UK. UK-listed multinationals should remain relatively resilient regardless of the political climate and companies that command pricing power stand to be beneficiaries of the return of inflation in the developed world. In

addition, companies such as Unilever, which is seeking to achieve €6 billion of efficiency savings across its business, demonstrate that even against a low-growth backdrop, opportunities remain for the Fund's holdings to streamline their operations, improve margins and pass through some of the incremental cash flow to their shareholders.

TROY ASSET MANAGEMENT LIMITED

*Investment Manager*

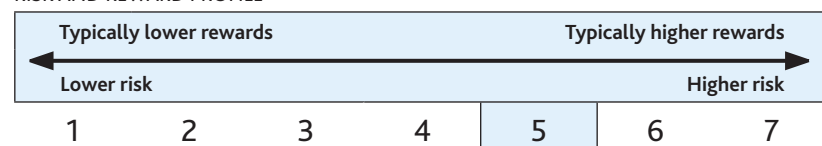
21 August 2017

## 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 may 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, and the Fund receiving less than is due or receiving nothing.

**Financial Techniques Impact:** The Fund may invest in derivatives to generate additional capital or income. A movement in the value of the derivatives underlying asset may have a much larger negative impact on the value of the Fund than if the Fund were to hold the underlying investment itself.

**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](http://www.capitafinancial.com), by following the link 'Fund Information'.

#### COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'O' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	106.00	98.83	100.00
Return before operating charges*	9.34	8.39	(1.01)
Operating charges	(0.65)	(1.22)	(0.16)
Return after operating charges	8.69	7.17	(1.17)
Distributions	(1.74)	(3.36)	(0.11)
Retained distributions on accumulation shares	1.74	3.36	0.11
Closing net asset value per share	114.69	106.00	98.83
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	8.20%	7.25%	(1.17)%
<b>Other Information</b>			
Closing net asset value (£'000)	2,335	1,314	–
Closing number of shares	2,036,301	1,240,070	250
Operating charges	1.15%	1.17%	1.23% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	118.04	110.72	100.00
Lowest share price	105.78	93.84	96.22

<sup>1</sup> From 6 January 2016.

<sup>2</sup> 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'O' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	102.85	98.81	100.00
Return before operating charges*	9.06	8.61	(0.98)
Operating charges	(0.63)	(1.21)	(0.14)
Return after operating charges	8.43	7.40	(1.12)
Distributions	(1.74)	(3.36)	(0.07)
Closing net asset value per share	109.54	102.85	98.81
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	8.20%	7.49%	(1.12)%
<b>Other Information</b>			
Closing net asset value (£'000)	35,296	31,935	25,271
Closing number of shares	32,220,441	31,050,259	25,574,324
Operating charges	1.15%	1.17%	1.23% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	114.53	109.16	100.00
Lowest share price	102.64	93.82	96.25

<sup>1</sup> From 6 January 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'I' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	105.47	98.91	100.00
Return before operating charges*	9.28	8.30	(0.93)
Operating charges	(0.93)	(1.74)	(0.16)
Return after operating charges	8.35	6.56	(1.09)
Distributions	(1.74)	(3.22)	(0.08)
Retained distributions on accumulation shares	1.74	3.22	0.08
Closing net asset value per share	113.82	105.47	98.91
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	7.92%	6.63%	(1.09)%
<b>Other Information</b>			
Closing net asset value (£'000)	26	11	–
Closing number of shares	23,050	9,867	250
Operating charges	1.65%	1.67%	1.73% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	117.21	110.38	100.00
Lowest share price	105.24	93.89	96.28

<sup>1</sup> From 6 January 2016.

<sup>2</sup> 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'I' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	102.62	98.76	100.00
Return before operating charges*	9.17	8.89	(1.01)
Operating charges	(0.91)	(1.73)	(0.16)
Return after operating charges	8.26	7.16	(1.17)
Distributions	(1.74)	(3.30)	(0.07)
Closing net asset value per share	109.14	102.62	98.76
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	8.05%	7.25%	(1.17)%
<b>Other Information</b>			
Closing net asset value (£'000)	–	–	–
Closing number of shares	250	250	250
Operating charges	1.65%	1.67%	1.73% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	114.17	108.94	100.00
Lowest share price	102.41	93.76	96.22

<sup>1</sup> From 6 January 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

### 'S' Accumulation shares (Registered charities only)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>Change in net assets per share</b>			
Opening net asset value per share	106.19	98.83	100.00
Return before operating charges*	9.35	8.32	(1.01)
Operating charges	(0.51)	(0.96)	(0.16)
Return after operating charges	8.84	7.36	(1.17)
Distributions	(1.74)	(3.49)	(0.03)
Retained distributions on accumulation shares	1.74	3.49	0.03
Closing net asset value per share	115.03	106.19	98.83
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	8.32%	7.45%	(1.17)%
<b>Other Information</b>			
Closing net asset value (£'000)	127	52	–
Closing number of shares	110,493	49,143	250
Operating charges	0.90%	0.92%	0.98% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	118.36	110.83	100.00
Lowest share price	105.97	93.84	96.23

<sup>1</sup> From 6 January 2016.

<sup>2</sup> 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'S' Income shares (Registered charities only)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	103.06	98.80	100.00
Return before operating charges*	9.09	8.60	(1.01)
Operating charges	(0.50)	(0.95)	(0.16)
Return after operating charges	8.59	7.65	(1.17)
Distributions	(1.74)	(3.39)	(0.03)
Closing net asset value per share	109.91	103.06	98.80
* after direct transaction costs of:	0.09	0.34	0.03
<b>Performance</b>			
Return after charges	8.33%	7.74%	(1.17)%
<b>Other Information</b>			
Closing net asset value (£'000)	22,001	16,350	–
Closing number of shares	20,017,068	15,864,692	250
Operating charges	0.90%	0.92%	0.98% <sup>2</sup>
Direct transaction costs	0.08%	0.33%	0.51% <sup>2</sup>
<b>Prices</b>			
Highest share price	114.87	109.33	100.00
Lowest share price	102.85	93.80	96.23

<sup>1</sup> From 6 January 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

### FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	Since launch*
Trojan Ethical Income Fund	7.82	6.40	14.65

\* 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 period end, rather than the period end return after operating charges.

#### 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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	UNITED KINGDOM – 70.50% (31.01.17 – 69.54%)		
	INDUSTRIALS – 7.24% (31.01.17 – 7.17%)		
	<i>INDUSTRIAL ENGINEERING – 2.05% (31.01.17 – 1.75%)</i>		
530,000	Rotork	1,226	2.05
	<i>INDUSTRIAL TRANSPORTATION – 2.79% (31.01.17 – 3.11%)</i>		
415,000	Royal Mail	1,671	2.79
	<i>SUPPORT SERVICES – 2.40% (31.01.17 – 2.31%)</i>		
95,000	Experian	1,432	2.40
	TOTAL INDUSTRIALS	4,329	7.24
	CONSUMER GOODS – 12.32% (31.01.17 – 13.25%)		
	<i>FOOD PRODUCERS – 8.63% (31.01.17 – 10.30%)</i>		
160,000	A.G. Barr	958	1.60
250,000	Dairy Crest	1,484	2.48
63,000	Unilever	2,722	4.55
		5,164	8.63
	<i>HOUSEHOLD GOODS &amp; HOME CONSTRUCTION – 2.66% (31.01.17 – 1.88%)</i>		
185,000	PZ Cussons	670	1.12
12,500	Reckitt Benckiser	921	1.54
		1,591	2.66
	<i>PERSONAL GOODS – 1.03% (31.01.17 – 1.07%)</i>		
36,000	Burberry	616	1.03
	TOTAL CONSUMER GOODS	7,371	12.32

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	HEALTH CARE – 5.59% (31.01.17 – 5.61%)		
	<i>PHARMACEUTICALS &amp; BIOTECHNOLOGY – 5.59% (31.01.17 – 5.61%)</i>		
30,000	AstraZeneca	1,370	2.29
130,000	GlaxoSmithKline	1,969	3.30
	TOTAL HEALTH CARE	3,339	5.59
	CONSUMER SERVICES – 8.19% (31.01.17 – 8.96%)		
	<i>GENERAL RETAILERS – 4.08% (31.01.17 – 3.60%)</i>		
35,000	Next	1,383	2.31
60,000	WH Smith	1,055	1.77
		2,438	4.08
	<i>TRAVEL &amp; LEISURE – 4.11% (31.01.17 – 2.84%)</i>		
96,153	Compass	1,554	2.60
340,000	Domino's Pizza	906	1.51
		2,460	4.11
	<i>MEDIA – 0.00% (31.01.17 – 2.52%)</i>		
	TOTAL CONSUMER SERVICES	4,898	8.19
	TELECOMMUNICATIONS – 3.99% (31.01.17 – 2.97%)		
	<i>MOBILE TELECOMMUNICATIONS – 3.99% (31.01.17 – 2.97%)</i>		
100,000	Inmarsat	776	1.30
725,000	Vodafone	1,609	2.69
	TOTAL TELECOMMUNICATIONS	2,385	3.99



## TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	UTILITIES – 6.19% (31.01.17 – 6.52%)		
	<i>GAS, WATER &amp; MULTIUTILITIES</i> – 6.19% (31.01.17 – 6.52%)		
200,000	National Grid	1,873	3.13
88,000	Pennon	708	1.19
50,000	Severn Trent	1,120	1.87
	<b>TOTAL UTILITIES</b>	<b>3,701</b>	<b>6.19</b>
	FINANCIALS – 23.15% (31.01.17 – 21.73%)		
	<i>BANKS</i> – 3.29% (31.01.17 – 3.53%)		
3,000,000	Lloyds Banking	1,967	3.29
	<i>NON-LIFE INSURANCE</i> – 4.47% (31.01.17 – 4.36%)		
70,000	Hiscox	908	1.52
60,000	Jardine Lloyd Thompson	712	1.19
145,000	Lancashire	1,053	1.76
	<b>TOTAL FINANCIALS</b>	<b>2,673</b>	<b>4.47</b>
	REAL ESTATE INVESTMENT TRUSTS – 7.65% (31.01.17 – 7.16%)		
1,000,000	Assura	641	1.07
145,000	Land Securities	1,480	2.47
549,673	LondonMetric Property	924	1.55
135,000	NewRiver REIT	476	0.80
465,000	Primary Health Properties	538	0.90
148,184	Secure Income REIT	513	0.86
	<b>TOTAL REAL ESTATE INVESTMENT TRUSTS</b>	<b>4,572</b>	<b>7.65</b>
	FINANCIAL SERVICES – 5.68% (31.01.17 – 4.42%)		
495,981	Equiniti	1,304	2.18
30,000	Rathbone Brothers	802	1.34
37,500	Schroders	1,292	2.16
	<b>TOTAL FINANCIAL SERVICES</b>	<b>3,398</b>	<b>5.68</b>

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	<i>EQUITY INVESTMENT INSTRUMENTS</i> – 2.06% (31.01.17 – 2.26%)		
330,000	3i Infrastructure*	648	1.08
363,165	International Public Partnership*	584	0.98
	<b>TOTAL EQUITY INVESTMENT INSTRUMENTS</b>	<b>1,232</b>	<b>2.06</b>
	TOTAL FINANCIALS	13,842	23.15
	TECHNOLOGY – 3.83% (31.01.17 – 3.33%)		
	<i>SOFTWARE &amp; COMPUTER SERVICES</i> – 3.83% (31.01.17 – 3.33%)		
52,500	AVEVA	1,041	1.74
185,000	Sage	1,247	2.09
	<b>TOTAL TECHNOLOGY</b>	<b>2,288</b>	<b>3.83</b>
	TOTAL UNITED KINGDOM	42,153	70.50
	CONTINENTAL EUROPE – 7.36% (31.01.17 – 6.74%)		
24,000	Nestlé	1,541	2.58
27,500	Novartis	1,781	2.98
5,600	Roche	1,078	1.80
	<b>TOTAL CONTINENTAL EUROPE</b>	<b>4,400</b>	<b>7.36</b>
	NORTH AMERICA – 13.45% (31.01.17 – 15.48%)		
24,000	American Express	1,552	2.60
36,000	Coca-Cola	1,251	2.09
25,500	Colgate-Palmolive	1,397	2.34
19,000	Procter & Gamble	1,309	2.19
35,500	Verizon Communications	1,303	2.18
30,000	Wells Fargo	1,227	2.05
	<b>TOTAL NORTH AMERICA</b>	<b>8,039</b>	<b>13.45</b>
	FORWARD CURRENCY CONTRACTS – 0.09% (31.01.17 – 0.10%)		
US\$(2,400,000)	Vs £1,852,781 (expiry 10/8/2017)	33	0.06
US\$(1,700,000)	Vs £1,305,844 (expiry 21/9/2017)	18	0.03
	<b>TOTAL FORWARD CURRENCY CONTRACTS</b>	<b>51</b>	<b>0.09</b>

## TROJAN ETHICAL INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

	Value £'000	31.07.17 %
Portfolio of investments	54,643	91.40
Net other assets	5,142	8.60
Net assets	<u>59,785</u>	<u>100.00</u>

The investments are ordinary shares listed on a regulated market unless stated otherwise.

\* Collective investment scheme.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

**Total purchases for the half year £'000** **8,199**

**Major purchases** **Cost  
£'000**

Domino's Pizza	903
Next	557
Vodafone	486
Rotork	460
NewRiver REIT	460
National Grid	435
Reckitt Benckiser	408
Dairy Crest	359
Experian	324
Equiniti	322
Roche	315
Wells Fargo	299
GlaxoSmithKline	291
AVEVA	277
Sage	235
AstraZeneca	222
Novartis	216
Nestlé	207
Lloyds Banking	205
Severn Trent	185

**Total sales for the half year £'000** **2,396**

**Sales** **Proceeds  
£'000**

Sky	1,212
Diageo	1,184

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

**TROJAN ETHICAL INCOME FUND**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**STATEMENT OF TOTAL RETURN**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	31.07.17	31.07.16*
	£'000	£'000
Income:		
Net capital gains	3,481	2,450
Revenue	1,228	585
Expenses	(303)	(175)
Net revenue before taxation	925	410
Taxation	(66)	(18)
Net revenue after taxation	859	392
<b>Total return before distributions</b>	4,340	2,842
Distributions	(918)	(476)
<b>Change in net assets attributable to shareholders from investment activities</b>	3,422	2,366

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	31.07.17	31.07.16*
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	49,662	25,271
Amounts receivable on issue of shares	7,547	8,608
Amounts payable on redemption of shares	(884)	(142)
	6,663	8,466
Change in net assets attributable to shareholders from investment activities	3,422	2,366
Retained distributions on Accumulation shares	38	6
<b>Closing net assets attributable to shareholders</b>	59,785	36,109

The above statement shows the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

\* 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 July 2016.

**BALANCE SHEET**  
**AS AT 31 JULY 2017**

	31.07.17	31.01.17
	£'000	£'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	54,643	45,619
<b>Current assets</b>		
Debtors	770	1,178
Cash and bank balances	6,910	3,706
<b>Total assets</b>	62,323	50,503
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(906)	(783)
Other creditors	(1,632)	(58)
<b>Total liabilities</b>	(2,538)	(841)
<b>Net assets attributable to shareholders</b>	59,785	49,662

## TROJAN ETHICAL INCOME FUND

*Interim Financial Statements (unaudited) (continued)*

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 31 JULY 2017

### 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

## TROJAN GLOBAL INCOME FUND

ACD'S REPORT

FOR THE HALF YEAR ENDED 31 JULY 2017

### IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 9.

### 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 purposes of Efficient Portfolio Management.

CAPITA FINANCIAL MANAGERS LIMITED

*ACD of Trojan Global Income Fund*

26 September 2017

## TROJAN GLOBAL INCOME FUND

ACD's Report (continued)

For the half year ended 31 July 2017

### INVESTMENT MANAGER'S REPORT

#### INVESTMENT REVIEW

The Fund was launched on 1 November 2016.

Over the six months under review class 'O' Accumulation shares of the Fund produced a total return of +5.2%<sup>1</sup>. Over the same period the MSCI World Index produced a net return of +5.6%<sup>1</sup> in sterling terms, while the total return on cash (LIBID Index) amounted to +0.1%<sup>1</sup>.

#### MARKET REVIEW

Decent gains were seen in the first six months to the end of July 2017, in what turned out to be a relatively calm period for global equity markets. The US dollar weakened against sterling and for the first time in many years European equity markets outperformed the US. The UK market was subdued as uncertainties surrounding the exit from the EU began to take their toll on investors' sentiment. Returns from Japan were uninspiring and Emerging Markets built on the gains of 2016 to outperform their developed market counterparts. Despite noises to the contrary, monetary policy remained broadly unchanged, underpinning values of global debt markets and high-yield debt in particular. Looking across global industries, technology was the best performing equity sector, followed by healthcare. Energy and materials companies lagged the rest, reversing the 'post-Trump' euphoria of the fourth quarter of 2016 as commodity prices softened. Corporate activity has featured prominently so far in 2017 and the Fund's holdings were involved as acquirers and targets. An audacious, failed takeover attempt of Unilever by The Kraft Heinz Company, in February was followed by public agitations for change at Nestlé and Procter & Gamble instigated by 'activist' investors. We are unconvinced by the short-term objectives of these market participants and remain committed long-term investors in Unilever, Nestlé and Procter & Gamble.

#### PORTFOLIO

Partly in response to the heightened corporate activity noted above, the Fund's holdings in consumer staples made the greatest positive contribution to returns during the six months under review. Healthcare together with individual holdings such as McDonald's and IG also generated decent returns, whereas detractors included Wells Fargo, Paychex and L Brands. Further, the Fund's tobacco holdings, with the exception of Philip Morris International, were a drag on performance as concerns about increased regulation in the US depressed their share prices.

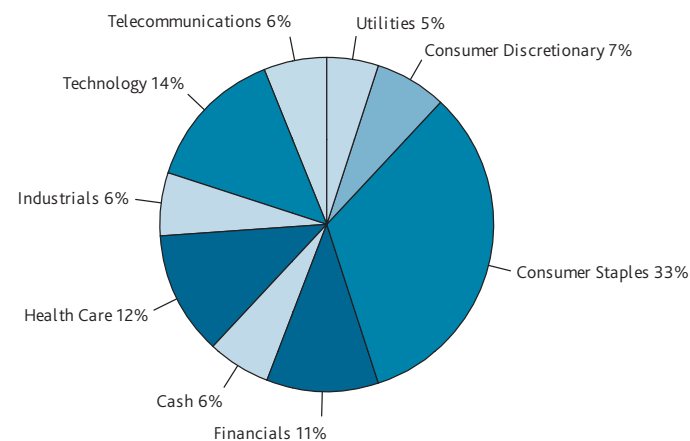
Changes to the Fund in the six month period included the sale of Centrica, the UK utility company, to make way for new ideas such as IG and Accenture. IG is the UK's leading financial spread betting company with an excellent market position and extremely attractive financial productivity. Fears relating to a harsher regulatory regime, which have since receded, allowed us to invest at an extremely favorable valuation and establish a long term holding with an attractive dividend yield. Similarly short term concerns relating to visa restrictions in the US created an opportunity for the Fund to establish a holding in Accenture. This is a global professional services company, which seeks to enhance its clients' business performance through the application of technology. A physical capital-light but human capital-heavy business model creates tremendous returns on capital as well as a broad and stable customer base. The ongoing, and arguably accelerating need for companies to continually invest in their technological capabilities means this company is well placed for the future.

<sup>1</sup> 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.

Substantial inflows were invested across a large number of existing holdings. The Fund ended the period with 39 investments.

The weighted-average financial characteristics of the Fund continue to demonstrate the excellence of the companies held. The average operating margin is 28.9%, the return on equity is over 40% and debt levels are low. The estimated average forward price-to-earnings multiple for the Fund is currently 18.2x<sup>2</sup> with a free-cash-flow yield of 5.2%. Valuations are undoubtedly high relative to their stock market history, but we continue to find compelling investment opportunities in a number of different industrial sectors to give a healthy capacity for income generation as well as long term capital growth.

#### SECTOR ALLOCATION AS AT 31 JULY 2017



Source: Troy Asset Management Limited, 31 July 2017 factsheet.

#### OUTLOOK

Equity market valuations leave little room for disappointment at a time when this global economic cycle is 8 years old and counting. Further, such implied optimism sits uncomfortably with fixed income markets where although credit spreads remain low, lower still global government bond yields suggest the growth outlook is challenged. After such a long period of experimental and aggressive monetary policy by the authorities inflation remains amazingly quiescent. We would suggest that this is a time for caution and have invested this Fund accordingly. Despite the foregoing we continue to find exciting long term investment opportunities that should allow us to generate an attractive level of income together with decent capital gains over a full market cycle – whenever that might be.

<sup>2</sup> Source: Bloomberg as at 31 July 2017.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

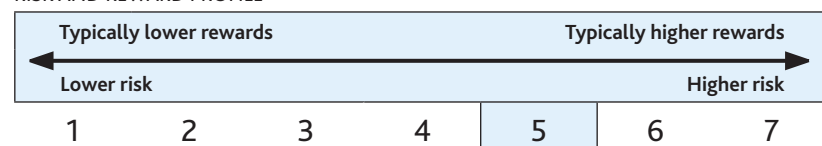
21 August 2017

## 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 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.

**Financial Techniques Impact:** The Fund may invest in derivatives to generate additional capital or income. A movement in the value of the derivative's underlying asset may have a much larger negative impact on the value of the Fund than if the Fund were to hold the underlying investment itself.

**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](http://www.capitafinancial.com), by following the link 'Fund Information'.

#### COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'O' Income shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.06	100.00
Return before operating charges*	5.87	(1.16)
Operating charges	(0.52)	(0.27)
Return after operating charges	5.35	(1.43)
Distributions	(1.70)	(0.51)
Closing net asset value per share	101.71	98.06
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.46%	(1.43)%
<b>Other Information</b>		
Closing net asset value (£'000)	34,744	20,903
Closing number of shares	34,160,162	21,317,349
Operating charges	1.00% <sup>3</sup>	1.07% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	107.58	101.95
Lowest share price	97.26	94.50

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.95%.

## TROJAN GLOBAL INCOME FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'O' Accumulation shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.59	100.00
Return before operating charges*	5.92	(1.14)
Operating charges	(0.52)	(0.27)
Return after operating charges	5.40	(1.41)
Distributions	(1.72)	(0.47)
Retained distributions on accumulation shares	1.72	0.47
Closing net asset value per share	103.99	98.59
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.48%	(1.41)%
<b>Other Information</b>		
Closing net asset value (£'000)	14,706	8,944
Closing number of shares	14,141,564	9,071,433
Operating charges	1.00% <sup>3</sup>	1.07% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	109.01	101.97
Lowest share price	97.79	94.51

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.95%.

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'I' Income shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	97.88	100.00
Return before operating charges*	5.92	(1.17)
Operating charges	(0.77)	(0.39)
Return after operating charges	5.15	(1.56)
Distributions	(1.77)	(0.56)
Closing net asset value per share	101.26	97.88
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.26%	(1.56)%
<b>Other Information</b>		
Closing net asset value (£'000)	–	–
Closing number of shares	250	250
Operating charges	1.50% <sup>3</sup>	1.57% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	107.16	101.85
Lowest share price	97.08	94.48

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 1.45%.

## TROJAN GLOBAL INCOME FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'I' Accumulation shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.46	100.00
Return before operating charges*	5.92	(1.15)
Operating charges	(0.78)	(0.39)
Return after operating charges	5.14	(1.54)
Distributions	(1.72)	(0.53)
Retained distributions on accumulation shares	1.72	0.53
Closing net asset value per share	103.60	98.46
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.22%	(1.54)%
<b>Other Information</b>		
Closing net asset value (£'000)	1,662	1,222
Closing number of shares	1,604,211	1,241,162
Operating charges	1.50% <sup>3</sup>	1.57% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	108.66	101.85
Lowest share price	97.66	94.47

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 1.45%.

### 'S' Income shares (Registered Charities only)

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>Change in net assets per share</b>		
Opening net asset value per share	98.07	100.00
Return before operating charges*	5.87	(1.16)
Operating charges	(0.47)	(0.24)
Return after operating charges	5.40	(1.40)
Distributions	(1.70)	(0.53)
Closing net asset value per share	101.77	98.07
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.51%	(1.40)%
<b>Other Information</b>		
Closing net asset value (£'000)	9,989	5,165
Closing number of shares	9,815,275	5,266,597
Operating charges	0.90% <sup>3</sup>	0.97% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	107.63	101.97
Lowest share price	97.27	94.52

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.85%.



## TROJAN GLOBAL INCOME FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'S' Accumulation shares (Registered Charities only)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.59	100.00
Return before operating charges*	5.76	(1.17)
Operating charges	(0.47)	(0.24)
Return after operating charges	5.29	(1.41)
Distributions	(1.79)	(0.56)
Retained distributions on accumulation shares	1.79	0.56
Closing net asset value per share	103.88	98.59
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.36%	(1.41)%
<b>Other Information</b>		
Closing net asset value (£'000)	–	–
Closing number of shares	250	250
Operating charges	0.90% <sup>3</sup>	0.97% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	108.94	101.99
Lowest share price	97.78	94.55

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.85%.

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'F' Income shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.07	100.00
Return before operating charges*	5.89	(1.16)
Operating charges	(0.47)	(0.24)
Return after operating charges	5.42	(1.40)
Distributions	(1.71)	(0.53)
Closing net asset value per share	101.78	98.07
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.52%	(1.40)%
<b>Other Information</b>		
Closing net asset value (£'000)	32,123	30,669
Closing number of shares	31,561,996	31,273,224
Operating charges	0.90% <sup>3</sup>	0.97% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	107.63	101.97
Lowest share price	97.27	94.52

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.85%.

## TROJAN GLOBAL INCOME FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 <sup>1</sup> (p/share)
<b>'F' Accumulation shares</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	98.59	100.00
Return before operating charges*	5.92	(1.17)
Operating charges	(0.47)	(0.24)
Return after operating charges	5.45	(1.41)
Distributions	(1.72)	(0.53)
Retained distributions on accumulation shares	1.72	0.53
Closing net asset value per share	104.04	98.59
* after direct transaction costs of:	0.12	0.26
<b>Performance</b>		
Return after charges	5.53%	(1.41)%
<b>Other Information</b>		
Closing net asset value (£'000)	1,041	986
Closing number of shares	1,000,250	1,000,250
Operating charges	0.90% <sup>3</sup>	0.97% <sup>2</sup>
Direct transaction costs	0.12%	1.03% <sup>2</sup>
<b>Prices</b>		
Highest share price	109.05	101.96
Lowest share price	97.79	94.51

<sup>1</sup> From 1 November 2016.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Annualised figure due to share class launched less than 1 year. The estimated Ongoing Charges Figure (OCF) is 0.85%.

### FUND PERFORMANCE

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

### 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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	UNITED KINGDOM – 27.08% (31.01.17 – 19.83%)		
102,884	Compass	1,663	1.76
76,500	Diageo	1,873	1.99
510,000	Domino's Pizza	1,359	1.44
184,500	GlaxoSmithKline	2,794	2.96
358,000	IG	2,277	2.42
110,850	Imperial Brands	3,459	3.67
187,000	Inmarsat	1,450	1.54
88,000	RELX	1,398	1.48
360,000	Royal Mail	1,450	1.54
213,200	Sage	1,437	1.52
124,800	SSE	1,718	1.82
62,000	Unilever	2,733	2.90
866,000	Vodafone	1,922	2.04
	TOTAL UNITED KINGDOM	25,533	27.08
	CONTINENTAL EUROPE – 11.25% (31.01.17 – 16.32%)		
32,500	Nestlé	2,086	2.21
57,500	Novartis	3,725	3.95
14,300	Roche	2,752	2.92
66,500	Vonovia	2,041	2.17
	TOTAL CONTINENTAL EUROPE	10,604	11.25
	NORTH AMERICA – 49.38% (31.01.17 – 48.23%)		
16,500	Accenture	1,612	1.71
53,050	Altria	2,616	2.78
28,000	American Express	1,811	1.92
117,250	Cisco Systems	2,797	2.97
88,000	Coca-Cola	3,060	3.25
41,500	Emerson Electric	1,877	1.99
55,500	Eversource Energy	2,559	2.71
23,650	Johnson & Johnson	2,381	2.53
40,000	L Brands	1,407	1.49
20,900	McDonald's	2,460	2.61
54,500	Microsoft	3,006	3.19
63,900	Paychex	2,804	2.97
26,400	PepsiCo	2,335	2.48
37,150	Philip Morris International	3,289	3.49
48,000	Procter & Gamble	3,307	3.51
64,000	Sysco	2,555	2.71

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	NORTH AMERICA – 49.38% (31.01.17 – 48.23%) (continued)		
54,500	Verizon Communications	2,001	2.12
67,600	Wells Fargo	2,766	2.93
127,000	Western Union	1,902	2.02
	TOTAL NORTH AMERICA	46,545	49.38
	ASIA – 6.84% (31.01.17 – 5.49%)		
145,000	Japan Tobacco	3,814	4.05
20,200	Jardine Matheson	969	1.03
270,000	Link REIT	1,664	1.76
	TOTAL ASIA	6,447	6.84
	Portfolio of investments	89,129	94.55
	Net other assets	5,136	5.45
	Net assets	94,265	100.00

The investments are ordinary shares listed on a regulated market.

**TROJAN GLOBAL INCOME FUND**  
*ACD's Report (continued)*  
**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

**Total purchases for the half year £'000** **27,644**

<b>Major purchases</b>	<b>Cost £'000</b>
Imperial Brands	2,585
Japan Tobacco	1,929
Accenture	1,562
IG	1,546
Domino's Pizza	1,356
GlaxoSmithKline	1,343
Paychex	1,297
Cisco Systems	1,193
Procter & Gamble	1,013
Wells Fargo	945
Coca-Cola	920
Verizon Communications	881
Emerson Electric	878
Novartis	802
Sysco	768
Microsoft	747
Link REIT	663
Eversource Energy	599
Vonovia	596
American Express	546

**Total sales for the half year £'000** **2,010**

<b>Sales</b>	<b>Proceeds £'000</b>
Sky	1,311
Centrica	699

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

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**STATEMENT OF TOTAL RETURN**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	<b>£'000</b>	<b>31.07.17<sup>1</sup> £'000</b>
Income:		
Net capital gains		2,476
Revenue	1,562	
Expenses	(380)	
Net revenue before taxation	1,182	
Taxation	(180)	
Net revenue after taxation		1,002
<b>Total return before distributions</b>		<b>3,478</b>
Distributions		(1,325)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>2,153</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	<b>£'000</b>	<b>31.07.17<sup>1</sup> £'000</b>
<b>Opening net assets attributable to shareholders</b>		<b>67,889</b>
Amounts receivable on issue of shares	25,250	
Amounts payable on redemption of shares	(1,295)	
		23,955
Change in net assets attributable to shareholders from investment activities		2,153
Retained distributions on Accumulation shares		268
<b>Closing net assets attributable to shareholders</b>		<b>94,265</b>

<sup>1</sup> No comparative figures are presented for the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders as this is the Fund's first interim reporting period; the Fund launched on 1 November 2016.

**TROJAN GLOBAL INCOME FUND**  
*Interim Financial Statements (unaudited) (continued)*  
**BALANCE SHEET**  
AS AT 31 JULY 2017

	<b>31.07.17</b>	<b>31.01.17</b>
	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	89,129	61,012
<b>Current assets</b>		
Debtors	645	1,139
Cash and bank balances	7,162	7,867
<b>Total assets</b>	<u>96,936</u>	<u>70,018</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(684)	(302)
Other creditors	(1,987)	(1,827)
<b>Total liabilities</b>	<u>(2,671)</u>	<u>(2,129)</u>
<b>Net assets attributable to shareholders</b>	<u>94,265</u>	<u>67,889</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
AS AT 31 JULY 2017

1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

**TROJAN GLOBAL EQUITY FUND**  
**ACD'S REPORT**  
FOR THE HALF YEAR ENDED 31 JULY 2017

**IMPORTANT INFORMATION**

Refer to the 'Important Information' section of the Company on page 9.

**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.

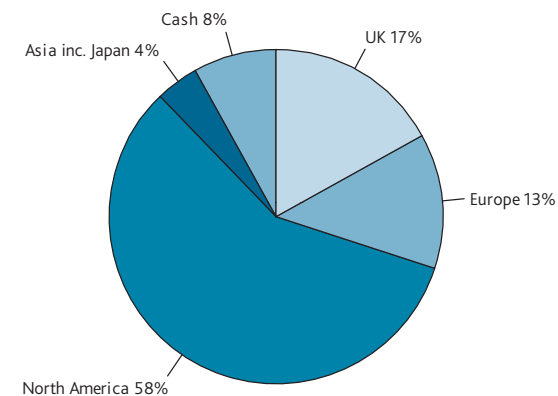
CAPITA FINANCIAL MANAGERS LIMITED  
ACD of Trojan Global Equity Fund  
26 September 2017

**INVESTMENT MANAGER'S REPORT**

**INVESTMENT REVIEW**

Over the six months under review class 'O' Accumulation shares of the Fund produced a total return of +8.0% while the total return on cash (LIBID) amounted to +0.1%<sup>1</sup> compared to a rise of +5.6%<sup>1</sup> for the MSCI World Index (net return).

**ASSET ALLOCATION AS AT 31 JULY 2017**



Source: Troy Asset Management Limited, 31 July 2017 factsheet.

**MARKET REVIEW**

The Fund had a strong first six months to the end of July 2017, outperforming the benchmark in what turned out to be a relatively calm period for global equity markets. Over twelve months, and against a backdrop of exceptionally strong stock market returns, the Fund was up +12.0%, lagging the MSCI World Index return of +16.9%. The US dollar weakened against sterling and for the first time in many years European equity markets outperformed the US. The UK market was subdued as uncertainties surrounding the exit from the EU began to take their toll on investors' sentiment. Returns from Japan were uninspiring and Emerging Markets built on the gains of 2016 to outperform their developed market counterparts. Despite noises to the contrary, monetary policy remained broadly unchanged, underpinning values of global debt markets and high-yield debt in particular. Looking across global industries, technology was the best performing equity sector, followed by healthcare. Energy and materials companies lagged the rest, reversing the 'post-Trump' euphoria of the fourth quarter of 2016 as commodity prices softened. Corporate activity has featured prominently so far in 2017 and the Fund's holdings were involved as acquirers and targets. An audacious, failed takeover attempt of Unilever by The Kraft Heinz Company in

<sup>1</sup> Source: Lipper. 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.

## TROJAN GLOBAL EQUITY FUND

*ACD's Report (continued)*

*Investment Manager's Report (continued)*

*For the half year ended 31 July 2017*

### MARKET REVIEW *(continued)*

February was followed by public agitations for change at Nestlé and Procter & Gamble instigated by 'activist' investors. We are unconvinced by the short-term objectives of these market participants and remain committed long-term investors in Unilever, Nestlé and Procter & Gamble.

### PORTFOLIO REVIEW

Partly in response to the heightened corporate activity noted above, the Fund's holdings in consumer staples made the greatest positive contribution to returns during the six months under review. Technology and healthcare investments also generated decent returns, whereas detractors included Wells Fargo, Sky and Experian. Elsewhere, companies involved in payment services – Visa, American Express, PayPal and Fiserv – all performed well. By contrast, the Fund's tobacco holdings, with the exception of Philip Morris International, were a drag on performance as concerns about increased regulation in the US depressed their share prices.

Changes to the Fund in the six month period included the sale of AVEVA, the specialist engineering software company. Despite challenging fundamentals for its customers operating in oil and gas markets, representing close to 50% of AVEVA's revenues, the company's shares held up well and were trading close to a richly-priced 28x forward earnings. A small and long-held investment in UK soft drinks manufacturer A.G. Barr was also sold after the shares reached a full valuation of 22x forward earnings.

There were no new companies added to the Fund in the six months and substantial inflows were invested across a large number of existing holdings. These included American Express, PayPal, Alphabet, Novartis, Roche, Reckitt Benckiser, Experian, Wells Fargo, Japan Tobacco and Nestlé. The Fund ended the period with 30 investments.

The weighted-average financial characteristics of the Fund continue to demonstrate the excellence of the companies held. The average operating margin is 24.5%, 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 19.7x with a free-cash-flow yield of 5.3%. At the same point last year the Fund had an average price-to-earnings ratio of 19.2x<sup>2</sup> and the free-cash-flow-yield was 5.5%. Valuations are undoubtedly high relative to their stock market history, but we continue to find compelling investment opportunities in a number of different industrial sectors to give a healthy balance to the Fund's capacity for growth in capital and income.

### OUTLOOK

Technological disruption is one of the defining trends of the day. As equity investors that aim to invest in strong and sustainable companies, we are constantly having to reappraise how our established businesses are handling the digitalisation of commerce. Amazon's decision to move aggressively into food distribution by buying the upmarket US supermarket chain Whole Foods illustrates the accelerating pace of change.

We are committed to investing in exceptional companies, those with high levels of capital efficiency, robust balance sheets and sensible management teams. We will only own them at valuations that we consider offer investors the prospect of reasonable future returns. Yet the circular thread that connects the quality of earnings and their valuation is clearest as traditional business models are uprooted. Valuations can only be supported by enduring competitive advantages that can protect earnings through all the turmoil that undoubtedly lies ahead.

<sup>2</sup> Source: Bloomberg as at 31 July 2017.

The Fund aims to navigate these challenges by owning some of those at the vanguard of change (Alphabet, PayPal, eBay, Visa and Microsoft, for example) as well as those older businesses with the assets to adapt and survive (e.g. Colgate-Palmolive, Philip Morris International, Medtronic and Novartis). Just as important, we aim to avoid companies and industries, such as traditional media, retailers and distributors, whose businesses we believe stand to be profoundly disrupted.

TROY ASSET MANAGEMENT LIMITED

*Investment Manager*

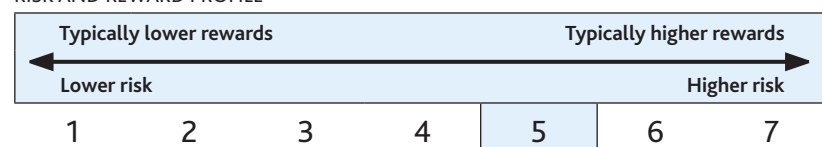
21 August 2017

## 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.

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, 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.

**Concentrated Fund:** The Fund may hold a large weighting in a small number of investments and may therefore be subject to larger than normal swings in its value.

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](http://www.capitafinancial.com), by following the link 'Fund Information'.

#### COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	226.99	187.75	177.21	146.69
Return before operating charges*	19.98	43.31	14.36	33.94
Operating charges	(1.14)	(2.14)	(2.06)	(1.79)
Return after operating charges	18.84	41.17	12.30	32.15
Distributions	(1.25)	(1.93)	(1.76)	(1.63)
Closing net asset value per share	244.58	226.99	187.75	177.21
* after direct transaction costs of:	0.06	0.22	0.02	0.07

#### Performance

Return after charges	8.30%	21.93%	6.94%	21.92%
----------------------	-------	--------	-------	--------

#### Other Information

Closing net asset value (£'000)	73,805	59,064	40,314	39,110
Closing number of shares	30,176,371	26,020,109	21,472,107	22,070,556
Operating charges	0.93% <sup>1</sup>	1.01% <sup>1</sup>	1.13%	1.11%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%

#### Prices

Highest share price	256.07	233.85	193.26	181.30
Lowest share price	225.72	179.55	169.99	145.53

<sup>1</sup> The estimated Ongoing Charges Figure (OCF) at 31 January 2017 and 31 July 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	269.45	220.97	206.57	169.26
Return before operating charges*	23.73	51.01	16.81	39.38
Operating charges	(1.35)	(2.53)	(2.41)	(2.07)
Return after operating charges	22.38	48.48	14.40	37.31
Distributions	(1.48)	(2.27)	(2.07)	(1.89)
Retained distributions on accumulation shares	1.48	2.27	2.07	1.89
Closing net asset value per share	291.83	269.45	220.97	206.57
* after direct transaction costs of:	0.07	0.27	0.03	0.08

### Performance

Return after charges	8.31%	21.94%	6.97%	22.04%
----------------------	-------	--------	-------	--------

### Other Information

Closing net asset value (£'000)	148,842	125,695	51,745	45,713
Closing number of shares	51,002,935	46,649,071	23,417,895	22,129,209
Operating charges	0.93% <sup>1</sup>	1.01% <sup>1</sup>	1.13%	1.11%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%

### Prices

Highest share price	303.96	277.07	226.88	210.91
Lowest share price	267.94	211.31	199.57	167.91

<sup>1</sup> The estimated Ongoing Charges Figure (OCF) at 31 January 2017 and 31 July 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.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	228.66	189.31	178.70	147.99
Return before operating charges*	20.15	43.58	14.46	34.19
Operating charges	(1.76)	(3.22)	(2.97)	(2.58)
Return after operating charges	18.39	40.36	11.49	31.61
Distributions	(0.66)	(1.01)	(0.88)	(0.90)
Closing net asset value per share	246.39	228.66	189.31	178.70
* after direct transaction costs of:	0.06	0.23	0.02	0.07

### Performance

Return after charges	8.04%	21.32%	6.43%	21.36%
----------------------	-------	--------	-------	--------

### Other Information

Closing net asset value (£'000)	1,090	1,056	826	863
Closing number of shares	442,515	461,676	436,338	482,675
Operating charges	1.43% <sup>1</sup>	1.51% <sup>1</sup>	1.62%	1.60%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%

### Prices

Highest share price	257.45	235.17	194.48	182.47
Lowest share price	227.37	181.01	171.36	146.80

<sup>1</sup> The estimated Ongoing Charges Figure (OCF) at 31 January 2017 and 31 July 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	251.70	207.45	194.89	160.48
Return before operating charges*	22.16	47.79	15.81	37.21
Operating charges	(1.94)	(3.54)	(3.25)	(2.80)
Return after operating charges	20.22	44.25	12.56	34.41
Distributions	(0.72)	(1.11)	(0.96)	(0.97)
Retained distributions on accumulation shares	0.72	1.11	0.96	0.97
Closing net asset value per share	271.92	251.70	207.45	194.89
* after direct transaction costs of:	0.06	0.25	0.02	0.07
<b>Performance</b>				
Return after charges	8.03%	21.33%	6.44%	21.44%
<b>Other Information</b>				
Closing net asset value (£'000)	8,740	9,167	6,294	7,676
Closing number of shares	3,214,295	3,641,937	3,033,980	3,938,370
Operating charges	1.43% <sup>1</sup>	1.51% <sup>1</sup>	1.62%	1.60%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%
<b>Prices</b>				
Highest share price	283.40	258.87	213.09	199.01
Lowest share price	250.28	198.35	187.76	159.19

<sup>1</sup> The estimated Ongoing Charges Figure (OCF) at 31 January 2017 and 31 July 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.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'S' Income shares (Registered charities only)</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	227.13	187.84	177.28	146.74
Return before operating charges*	20.00	43.35	14.39	33.97
Operating charges	(1.02)	(1.80)	(1.59)	(1.37)
Return after operating charges	18.98	41.55	12.80	32.60
Distributions	(1.38)	(2.26)	(2.24)	(2.06)
Closing net asset value per share	244.73	227.13	187.84	177.28
* after direct transaction costs of:	0.06	0.23	0.02	0.07
<b>Performance</b>				
Return after charges	8.36%	22.12%	7.22%	22.22%
<b>Other Information</b>				
Closing net asset value (£'000)	7,083	7,094	5,802	5,473
Closing number of shares	2,894,014	3,123,290	3,088,772	3,087,472
Operating charges	0.83%	0.85%	0.87%	0.85%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%
<b>Prices</b>				
Highest share price	256.32	234.09	193.55	174.72
Lowest share price	225.86	179.65	170.10	145.58

## TROJAN GLOBAL EQUITY FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'S' Accumulation shares (Registered charities only)</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	271.33	222.16	207.15	169.30
Return before operating charges*	23.88	51.31	16.87	39.41
Operating charges	(1.21)	(2.14)	(1.86)	(1.56)
Return after operating charges	22.67	49.17	15.01	37.85
Distributions	(1.65)	(2.67)	(2.62)	(2.37)
Retained distributions on accumulation shares	1.65	2.67	2.62	2.37
Closing net asset value per share	294.00	271.33	222.16	207.15
* after direct transaction costs of:	0.07	0.27	0.03	0.08

### Performance

Return after charges	8.35%	22.13%	7.25%	22.36%
----------------------	-------	--------	-------	--------

### Other Information

Closing net asset value (£'000)	128	118	88	82
Closing number of shares	43,467	43,467	39,418	39,418
Operating charges	0.83%	0.85%	0.87%	0.85%
Direct transaction costs	0.02%	0.11%	0.01%	0.04%

### Prices

Highest share price	306.20	278.99	228.05	211.49
Lowest share price	269.80	212.46	200.42	167.96

### FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	3 years	5 years
Trojan Global Equity Fund	7.75	11.45	59.38	85.54

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 period end, rather than the period end return after operating charges.

### 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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
UNITED KINGDOM – 16.81% (31.01.17 – 17.64%)			
116,300	British American Tobacco	5,481	2.29
169,000	Diageo	4,138	1.73
419,259	Experian	6,318	2.63
75,855	Reckitt Benckiser	5,589	2.33
669,940	Sage	4,515	1.88
641,000	Sky	6,179	2.58
187,000	Unilever	8,080	3.37
TOTAL UNITED KINGDOM		40,300	16.81
CONTINENTAL EUROPE – 13.44% (31.01.17 – 16.28%)			
83,200	Heineken	6,176	2.58
115,000	Nestlé	7,382	3.08
174,074	Novartis	11,276	4.70
38,300	Roche	7,371	3.08
TOTAL CONTINENTAL EUROPE		32,205	13.44
NORTH AMERICA – 58.69% (31.01.17 – 51.78%)			
17,235	Alphabet 'A'	12,367	5.16
150,500	Altria	7,420	3.10
190,684	American Express	12,330	5.14
58,300	Becton Dickinson	8,909	3.72
140,000	Coca-Cola	4,868	2.03
95,900	Colgate-Palmolive	5,252	2.19
429,826	eBay	11,649	4.86
85,500	Fiserv	8,334	3.48
43,000	Intuit	4,475	1.87
58,200	Johnson & Johnson	5,859	2.44
150,200	Medtronic	9,568	3.99
211,029	Microsoft	11,640	4.86
248,776	PayPal	11,049	4.61
71,000	Philip Morris International	6,287	2.62
52,200	Procter & Gamble	3,596	1.50
96,577	Visa	7,294	3.04
239,000	Wells Fargo	9,779	4.08
TOTAL NORTH AMERICA		140,676	58.69

Holding	Portfolio of Investments	Value £'000	31.07.17 %
ASIA – 3.92% (31.01.17 – 3.97%)			
223,700	Japan Tobacco	5,885	2.46
73,000	Jardine Matheson	3,501	1.46
TOTAL ASIA		9,386	3.92
Portfolio of investments		222,567	92.86
Net other assets		17,121	7.14
Net assets		239,688	100.00

The investments are ordinary shares listed on a regulatory market.

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

**Total purchases for the half year £'000** **27,923**

<b>Purchases</b>	<b>Cost £'000</b>
American Express	3,399
Wells Fargo	3,147
Alphabet 'A'	3,095
eBay	2,855
Novartis	2,382
Experian	2,250
Reckitt Benckiser	1,811
PayPal	1,781
Visa	1,721
Japan Tobacco	1,429
Medtronic	1,073
Roche	1,024
Philip Morris International	724
Nestlé	653
Microsoft	579

**Total sales for the half year £'000** **2,252**

<b>Sales</b>	<b>Proceeds £'000</b>
AVEVA	1,193
A.G. Barr	1,059

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

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**STATEMENT OF TOTAL RETURN**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	<b>£'000</b>	<b>31.07.17 £'000</b>	<b>£'000</b>	<b>31.07.16 £'000</b>
Income:				
Net capital gains		15,580		20,660
Revenue	2,599		1,664	
Expenses	<u>(1,061)</u>		<u>(666)</u>	
Net revenue before taxation	1,538		998	
Taxation	<u>(413)</u>		<u>(124)</u>	
Net revenue after taxation		<u>1,125</u>		<u>874</u>
<b>Total return before distributions</b>		<b>16,705</b>		<b>21,534</b>
Distributions		<u>(1,125)</u>		<u>(875)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<b><u>15,580</u></b>		<b><u>20,659</u></b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	<b>£'000</b>	<b>31.07.17 £'000</b>	<b>£'000</b>	<b>31.07.16 £'000</b>
<b>Opening net assets attributable to shareholders</b>				
		202,194		105,069
Amounts receivable on issue of shares	40,610		21,786	
Amounts payable on redemption of shares	<u>(19,477)</u>		<u>(4,499)</u>	
		21,133		17,287
Change in net assets attributable to shareholders from investment activities		15,580		20,659
Retained distributions on Accumulation shares		781		540
<b>Closing net assets attributable to shareholders</b>		<b><u>239,688</u></b>		<b><u>143,555</u></b>

The above statement shows the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

**TROJAN GLOBAL EQUITY FUND**  
*Interim Financial Statements (unaudited) (continued)*  
**BALANCE SHEET**  
AS AT 31 JULY 2017

	<b>31.07.17</b>	<b>31.01.17</b>
	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	222,567	181,312
<b>Current assets</b>		
Debtors	6,326	4,060
Cash and bank balances	12,176	17,372
<b>Total assets</b>	<u>241,069</u>	<u>202,744</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(421)	(126)
Other creditors	(960)	(424)
<b>Total liabilities</b>	<u>(1,381)</u>	<u>(550)</u>
<b>Net assets attributable to shareholders</b>	<u>239,688</u>	<u>202,194</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
AS AT 31 JULY 2017

1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

TROJAN INCOME FUND  
ACD'S REPORT  
FOR THE HALF YEAR ENDED 31 JULY 2017

IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 9.

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*  
26 September 2017

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the six months under review the Fund produced a total return of +5.4%. Over the same period the FTSE All-Share Index produced a total return of +7.1%<sup>1</sup>, while the total return on cash (LIBID Index) amounted to +0.1%<sup>1</sup>.

An interim dividend of 2.97p will be paid to holders of 'O' Income shares on 30 September 2017. This represents an increase of 4.2% over the previous year's interim dividend and continues the Fund's track record of unbroken dividend growth since its launch in 2004.

MARKET REVIEW

Rarely do the rhythms of the market neatly coincide with arbitrarily created reporting periods, however, in this instance, the start of the reporting period on 31 January 2017 almost exactly coincided with a significant shift in market sentiment. The consumer staples sector, which had fallen out of favor in the second half of 2016, was back in vogue by mid-February following a spate of merger and acquisition activity which culminated in the £115 billion Kraft Heinz Company's bid for UK consumer goods giant Unilever. The proposed deal would have been the third-largest takeover in history and the largest ever acquisition of a UK-based company. Although the bid was quickly dropped following a frosty reception from both the company and investors it served to highlight the compelling value being offered by some of those stocks that had been discarded by investors during the heady optimism of late 2016 and precipitated a material change in equity market leadership with high-quality defensive stocks once again moving to the fore.

Across the pond, Donald Trump and the Republican Party's shotgun marriage got off to a shaky start. By late March the incompatibility of conservatism and populism had been laid bare as the new president and his 'Grand Old Party' majority failed to pass the American Health Care Act. The Senate rejected a third Republican proposal to repeal the Affordable Care Act towards the end of the reporting period, forcing investors to recognise that tax reforms and infrastructure spending plans could also be delayed and helping to further reverse the reflation trade that had dominated in the second half of 2016.

In the UK, political ructions have continued to be felt through movements in currency markets. The weakness in sterling precipitated by last year's referendum drove February's UK inflation sharply past the Bank of England's ('BoE') 2 per cent target to 2.3 per cent (*Source: ONS*). Despite this upsurge in the cost of living Philip Hammond opted to keep his powder dry in this year's 'boring' Budget citing the transitory nature of exchange rate driven import inflation. The inflation rate has since gone on to reach 2.6% in the month of June.

Sterling has rallied since March, driven by growing expectations of an interest rate hike and subsequently misplaced expectations that Theresa May would be able to secure a significant conservative majority that would allow her to adopt a stronger stance in her negotiations with the EU less influenced by hard-line 'Brexiters'. Despite Theresa May's election gamble backfiring and slowing economic growth during the first half of 2017, equity markets hit fresh highs in late May and sterling appreciated to its highest level against the US dollar in over 10 months in July.

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

## TROJAN INCOME FUND

ACD's Report (continued)

Investment Manager's Report (continued)

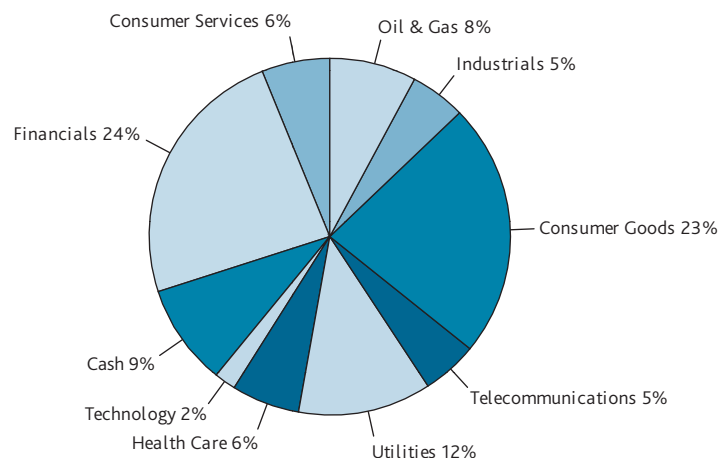
For the half year ended 31 July 2017

### PORTFOLIO

At the end of the period under review the portfolio was 92.4% invested in equities and 7.6% in cash. This is at the upper end of the cash range given prevailing yields seen across different asset classes. There were 47 equity holdings as at 31 July 2017. The trailing yield on the 'O' Income shares on 31 July 2017 was 3.7%.

The sector allocation shown below shows that the Fund remains biased towards the Consumer Goods, Financials and Utilities sectors.

### SECTOR ALLOCATION AS AT 31 JULY 2017



Source: Troy Asset Management Limited, 31 July 2017 factsheet.

With the market offering an uneasy combination of challenging valuations, depressed volatility and elevated political and macro-economic uncertainty the portfolio's positioning remained largely unchanged.

We used the short-lived weakness in Reckitt Benckiser's share price in late April to continue to build our holding. We view stocks such as Reckitt Benckiser as the core of the portfolio and would be likely to add further on any future temporary weakness. During May we also felt able to add modestly to the portfolio's holding in Royal Dutch Shell and to a lesser extent to BP. Such a move represents something of a sea change in terms of our thinking about the oil majors. We have detected an encouraging shift in management's tone away from a focus on production and reserve figures towards an emphasis on return on capital invested and the generation of cash. This gives us cause to feel more optimistic about the sustainability of the dividends paid by the industry.

These additions were partially offset by a reduction in the portfolio's holding in Sky where the risk reward profile remains dominated by the regulatory progress of the 21st Century Fox bid for the remainder of the company's shares not already owned.

### OUTLOOK

Political uncertainty will continue to prevail in the second half of 2017 with a divided Conservative Party, the resumption of Brexit negotiations against a tight timetable, federal elections in Germany, and a floundering US administration all conspiring to compound investor anxiety. For the time being, however, global equity markets remain eerily calm with the volatility measures touching a fresh low in June.

Speaking at the release of the latest quarterly inflation report, the governor of the BoE highlighted the Monetary Policy Committee's expectation that the pace of wage growth will accelerate as the year progresses and through 2018 and 2019. Combined with the Committee's forecast for the current bout of inflation to be transient, real income growth is expected to return in the latter years of its forecast. However, there are a range of assumptions embedded in this forecast, including that of a smooth and orderly Brexit. The extent to which this particular assumption holds, as the discussions begin in earnest, will be most clearly revealed through the exchange rate.

Movements in the currencies since last year's referendum have, to date, been a positive tailwind for the Fund's income and capital account. Whilst we remain steadfast in our investment approach of seeking to own high quality, income-generating equities, we also recognize the potential impact of a sustained improvement in the fortunes of sterling could have on the portfolio. We believe an increased focus on monitoring the exchange rate is warranted at this time of uncertainty.

Movements in the foreign exchange rate notwithstanding, we enter the second half of the Fund's year optimistic that the underlying holdings will continue to generate attractive income growth in what remains a low interest rate environment in the UK. UK-listed multinationals should remain relatively resilient regardless of the political climate and companies that command pricing power stand to be beneficiaries of the return of inflation in the developed world. In addition, companies such as Unilever, which is seeking to achieve €6 billion of efficiency savings across its business, demonstrate that even against a low-growth backdrop, opportunities remain for the Fund's companies to streamline their operations, improve margins and pass through some of the incremental cash flow to their shareholders.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

22 August 2017

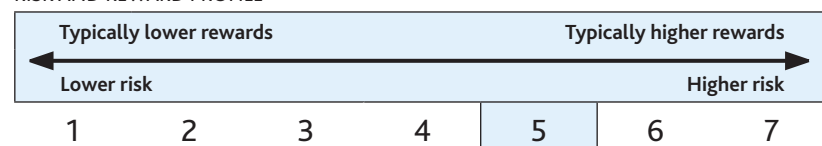


## TROJAN INCOME FUND

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. 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 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, and the Fund receiving less than is due or receiving nothing.

**Financial Techniques Impact:** The Fund may invest in derivatives to generate additional capital or income. A movement in the value of the derivative's underlying asset may have a much larger negative impact on the value of the Fund than if the Fund were to hold the underlying investment itself.

**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.

'Z' Income and 'Z' Accumulation shares can be bought and sold only by the Trojan Income Feeder Fund (Ireland), a sub-fund of Trojan Funds (Ireland) Plc.

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](http://www.capitafinancial.com), by following the link 'Fund Information'.

#### COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	180.26	171.61	170.16	149.87
Return before operating charges*	11.08	17.64	9.90	28.45
Operating charges	(0.98)	(1.85)	(1.77)	(1.65)
Return after operating charges	10.10	15.79	8.13	26.80
Distributions	(2.97)	(7.14)	(6.68)	(6.51)
Closing net asset value per share	187.39	180.26	171.61	170.16
* after direct transaction costs of:	0.07	0.20	0.18	0.19

#### Performance

Return after charges	5.60%	9.20%	4.78%	17.88%
----------------------	-------	-------	-------	--------

#### Other Information

Closing net asset value (£'000)	1,931,344	1,732,001	1,352,549	1,144,657
Closing number of shares	1,030,662,027	960,820,938	788,152,225	672,675,819
Operating charges	1.02%	1.02%	1.02%	1.02%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

#### Prices

Highest share price	199.80	191.46	180.94	174.31
Lowest share price	179.91	161.45	161.89	149.08

## TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	302.56	277.15	264.44	223.94
Return before operating charges*	18.57	28.42	15.48	42.99
Operating charges	(1.65)	(3.01)	(2.77)	(2.49)
Return after operating charges	16.92	25.41	12.71	40.50
Distributions	(4.98)	(11.60)	(10.45)	(9.80)
Retained distributions on accumulation shares	4.98	11.60	10.45	9.80
Closing net asset value per share	319.48	302.56	277.15	264.44
* after direct transaction costs of:	0.11	0.32	0.29	0.28

### Performance

Return after charges	5.59%	9.17%	4.81%	18.09%
----------------------	-------	-------	-------	--------

### Other Information

Closing net asset value (£'000)	832,285	775,976	526,241	397,776
Closing number of shares	260,509,590	256,470,286	189,876,411	150,423,856
Operating charges	1.02%	1.02%	1.02%	1.02%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

### Prices

Highest share price	335.32	313.88	283.21	264.86
Lowest share price	301.96	260.70	255.58	222.75

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
--	-----------------------	-----------------------	-----------------------	-----------------------

### 'I' Income shares

<b>Change in net assets per share</b>				
Opening net asset value per share	170.66	163.29	162.73	144.06
Return before operating charges*	10.49	16.76	9.44	27.27
Operating charges	(1.38)	(2.61)	(2.51)	(2.35)
Return after operating charges	9.11	14.15	6.93	24.92
Distributions	(2.97)	(6.78)	(6.37)	(6.25)
Closing net asset value per share	176.80	170.66	163.29	162.73
* after direct transaction costs of:	0.06	0.19	0.18	0.18

### Performance

Return after charges	5.34%	8.66%	4.26%	17.30%
----------------------	-------	-------	-------	--------

### Other Information

Closing net asset value (£'000)	38,090	39,088	49,809	73,216
Closing number of shares	21,544,651	22,904,292	30,503,447	44,991,509
Operating charges	1.52%	1.52%	1.52%	1.52%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

### Prices

Highest share price	188.84	181.41	172.75	166.60
Lowest share price	170.32	153.60	154.26	143.30

## TROJAN INCOME FUND

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

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	292.55	269.33	258.27	219.81
Return before operating charges*	17.97	27.56	15.07	42.08
Operating charges	(2.37)	(4.34)	(4.01)	(3.62)
Return after operating charges	15.60	23.22	11.06	38.46
Distributions	(5.09)	(11.25)	(10.19)	(9.60)
Retained distributions on accumulation shares	5.09	11.25	10.19	9.60
Closing net asset value per share	308.15	292.55	269.33	258.27
* after direct transaction costs of:	0.11	0.31	0.28	0.28

### Performance

Return after charges	5.33%	8.62%	4.28%	17.50%
----------------------	-------	-------	-------	--------

### Other Information

Closing net asset value (£'000)	81,921	83,672	115,181	144,709
Closing number of shares	26,584,667	28,601,358	42,765,868	56,030,686
Operating charges	1.52%	1.52%	1.52%	1.52%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

### Prices

Highest share price	323.69	303.99	275.44	258.69
Lowest share price	291.96	253.30	248.90	218.63

	31.07.17 (p/share)	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	185.91	176.54	174.61	153.39
Return before operating charges*	11.42	18.16	10.16	29.18
Operating charges	(0.76)	(1.44)	(1.37)	(1.28)
Return after operating charges	10.66	16.72	8.79	27.90
Distributions	(2.97)	(7.35)	(6.86)	(6.68)
Closing net asset value per share	193.60	185.91	176.54	174.61
* after direct transaction costs of:	0.07	0.20	0.19	0.19

### Performance

Return after charges	5.73%	9.47%	5.03%	18.19%
----------------------	-------	-------	-------	--------

### Other Information

Closing net asset value (£'000)	315,599	311,589	271,116	266,936
Closing number of shares	163,019,154	167,604,222	153,573,526	152,875,095
Operating charges	0.77%	0.77%	0.77%	0.77%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

### Prices

Highest share price	206.23	197.37	185.81	178.92
Lowest share price	185.55	166.10	166.43	152.59

## TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'S' Accumulation shares</b> (Registered charities only)				
<b>Change in net assets per share</b>				
Opening net asset value per share	305.61	279.24	265.77	224.54
Return before operating charges*	18.75	28.66	15.57	43.11
Operating charges	(1.26)	(2.29)	(2.10)	(1.88)
Return after operating charges	17.49	26.37	13.47	41.23
Distributions	(4.88)	(11.70)	(10.52)	(9.84)
Retained distributions on accumulation shares	4.88	11.70	10.52	9.84
Closing net asset value per share	323.10	305.61	279.24	265.77
* after direct transaction costs of:	0.12	0.33	0.29	0.28
<b>Performance</b>				
Return after charges	5.72%	9.44%	5.07%	18.36%
<b>Other Information</b>				
Closing net asset value (£'000)	16,634	14,548	13,415	10,134
Closing number of shares	5,148,055	4,760,182	4,804,412	3,813,222
Operating charges	0.77%	0.77%	0.77%	0.77%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%
<b>Prices</b>				
Highest share price	338.99	316.79	285.23	266.20
Lowest share price	305.00	262.68	257.23	223.35

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'Z' Income shares</b> (this class is only available for investment by the Trojan Income Feeder Fund (Ireland))				
<b>Change in net assets per share</b>				
Opening net asset value per share	127.37	120.03	117.82	102.73
Return before operating charges*	7.81	12.39	6.88	19.61
Operating charges	(0.01)	(0.03)	(0.03)	(0.03)
Return after operating charges	7.80	12.36	6.85	19.58
Distributions	(2.10)	(5.02)	(4.64)	(4.49)
Closing net asset value per share	133.07	127.37	120.03	117.82
* after direct transaction costs of:	0.05	0.14	0.13	0.13
<b>Performance</b>				
Return after charges	6.12%	10.29%	5.82%	19.06%
<b>Other Information</b>				
Closing net asset value (£'000)	165,913	150,623	116,063	78,567
Closing number of shares	124,683,338	118,260,844	96,694,430	66,684,948
Operating charges	0.02%	0.02%	0.02%	0.02%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%
<b>Prices</b>				
Highest share price	141.64	134.82	125.68	120.67
Lowest share price	127.13	112.96	112.73	102.20

## TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

### COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'Z' Accumulation shares</b> <i>(this class is only available for investment by the Trojan Income Feeder Fund (Ireland))</i>				
<b>Change in net assets per share</b>				
Opening net asset value per share	147.47	133.78	126.42	105.96
Return before operating charges*	9.08	13.72	7.39	20.49
Operating charges	(0.02)	(0.03)	(0.03)	(0.03)
Return after operating charges	9.06	13.69	7.36	20.46
Distributions	(2.45)	(5.63)	(5.02)	(4.66)
Retained distributions on accumulation shares	2.45	5.63	5.02	4.66
Closing net asset value per share	156.53	147.47	133.78	126.42
* after direct transaction costs of:	0.06	0.16	0.14	0.13

### Performance

Return after charges	6.14%	10.23%	5.82%	19.31%
----------------------	-------	--------	-------	--------

### Other Information

Closing net asset value (£'000)	–	–	–	–
Closing number of shares	250	250	250	250
Operating charges	0.02%	0.02%	0.02%	0.02%
Direct transaction costs	0.04%	0.11%	0.11%	0.12%

### Prices

Highest share price	164.01	152.49	136.48	126.62
Lowest share price	147.18	125.88	122.83	105.40

### FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	3 years	5 years
Trojan Income Fund	5.40	5.36	33.10	70.61

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 period end, rather than the period end return after operating charges.

### RISK WARNING

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

## TROJAN INCOME FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	UNITED KINGDOM – 84.90% (31.01.17 – 83.38%)		
	OIL & GAS – 7.67% (31.01.17 – 7.58%)		
	<i>OIL &amp; GAS PRODUCERS – 7.67%</i> (31.01.17 – 7.58%)		
22,000,000	BP	98,043	2.90
7,500,000	Royal Dutch Shell 'B'	161,362	4.77
	TOTAL OIL & GAS	259,405	7.67
	INDUSTRIALS – 5.19% (31.01.17 – 5.55%)		
	<i>INDUSTRIAL TRANSPORTATION – 2.51%</i> (31.01.17 – 2.79%)		
21,100,000	Royal Mail	84,970	2.51
	<i>SUPPORT SERVICES – 2.68%</i> (31.01.17 – 2.76%)		
6,000,000	Experian	90,420	2.68
	TOTAL INDUSTRIALS	175,390	5.19
	CONSUMER GOODS – 16.77% (31.01.17 – 14.37%)		
	<i>FOOD PRODUCERS – 6.82%</i> (31.01.17 – 5.79%)		
5,000,000	Dairy Crest	29,675	0.88
4,650,000	Unilever	200,903	5.94
		230,578	6.82
	<i>HOUSEHOLD GOODS &amp; HOME CONSTRUCTION – 3.48%</i> (31.01.17 – 2.71%)		
1,500,000	Burberry	25,665	0.76
1,250,000	Reckitt Benckiser	92,100	2.72
		117,765	3.48

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	<i>TOBACCO – 6.47% (31.01.17 – 5.87%)</i>		
1,400,000	British American Tobacco	65,982	1.95
986,250	British American Tobacco ADRs	46,808	1.38
3,400,000	Imperial Brands	106,080	3.14
		218,870	6.47
	TOTAL CONSUMER GOODS	567,213	16.77
	HEALTH CARE – 6.32% (31.01.17 – 6.65%)		
	<i>PHARMACEUTICALS &amp; BIOTECHNOLOGY – 6.32% (31.01.17 – 6.65%)</i>		
2,175,000	AstraZeneca	99,321	2.94
7,550,000	GlaxoSmithKline	114,345	3.38
	TOTAL HEALTH CARE	213,666	6.32
	CONSUMER SERVICES – 8.08% (31.01.17 – 9.73%)		
	<i>GENERAL RETAILERS – 4.00%</i> (31.01.17 – 3.53%)		
1,700,000	Next	67,150	1.99
3,870,148	WH Smith	68,076	2.01
		135,226	4.00
	<i>TRAVEL &amp; LEISURE – 3.34%</i> (31.01.17 – 3.19%)		
7,000,000	Compass	113,120	3.34
	<i>MEDIA – 0.74% (31.01.17 – 3.01%)</i>		
2,600,000	Sky	25,064	0.74
	TOTAL CONSUMER SERVICES	273,410	8.08

## TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	TELECOMMUNICATIONS – 4.29% (31.01.17 – 3.84%)		
	<i>MOBILE TELECOMMUNICATIONS – 4.29%</i> (31.01.17 – 3.84%)		
5,250,000	Inmarsat	40,714	1.20
47,000,000	Vodafone	104,316	3.09
	<b>TOTAL TELECOMMUNICATIONS</b>	<b>145,030</b>	<b>4.29</b>
	UTILITIES – 10.13% (31.01.17 – 10.89%)		
	<i>ELECTRICITY – 1.90% (31.01.17 – 2.24%)</i>		
4,675,000	SSE	64,375	1.90
	<i>GAS, WATER &amp; MULTIUTILITIES – 8.23%</i> (31.01.17 – 8.65%)		
42,000,000	Centrica	83,370	2.46
11,000,000	National Grid	103,004	3.05
5,300,000	Pennon	42,665	1.26
2,200,000	Severn Trent	49,258	1.46
		<b>278,297</b>	<b>8.23</b>
	<b>TOTAL UTILITIES</b>	<b>342,672</b>	<b>10.13</b>
	FINANCIALS – 24.46% (31.01.17 – 22.90%)		
	<i>BANKS – 3.39% (31.01.17 – 3.50%)</i>		
175,000,000	Lloyds Banking	114,748	3.39
	<i>NON-LIFE INSURANCE – 4.29%</i> (31.01.17 – 3.99%)		
4,558,389	Hiscox	59,122	1.75
3,500,000	Jardine Lloyd Thompson	41,510	1.23
6,085,000	Lancashire	44,208	1.31
		<b>144,840</b>	<b>4.29</b>
	<i>REAL ESTATE INVESTMENT TRUSTS – 7.33%</i> (31.01.17 – 6.88%)		
56,000,000	Assura	35,868	1.06
7,460,564	Land Securities	76,172	2.25
30,584,467	LondonMetric Property	51,412	1.52

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	<i>REAL ESTATE INVESTMENT TRUSTS – 7.33%</i> (31.01.17 – 6.88%) (continued)		
8,891,372	NewRiver REIT^	31,360	0.93
19,274,000	Primary Health Properties	22,310	0.66
8,891,050	Secure Income REIT	30,763	0.91
		<b>247,885</b>	<b>7.33</b>
	<i>FINANCIAL SERVICES – 7.26%</i> (31.01.17 – 6.36%)		
5,870,270	IG	37,335	1.10
6,421,877	NEX	42,866	1.27
2,350,000	Provident Financial	48,410	1.43
1,609,500	Rathbone Brothers	43,022	1.27
2,150,000	Schroders	74,068	2.19
		<b>245,701</b>	<b>7.26</b>
	<i>EQUITY INVESTMENT INSTRUMENTS – 2.19%</i> (31.01.17 – 2.17%)		
19,419,230	3i Infrastructure*	38,120	1.13
22,303,125	International Public Partnership*	35,886	1.06
		<b>74,006</b>	<b>2.19</b>
	<b>TOTAL FINANCIALS</b>	<b>827,180</b>	<b>24.46</b>
	TECHNOLOGY – 1.99% (31.01.17 – 1.87%)		
	<i>SOFTWARE &amp; COMPUTER SERVICES – 1.99%</i> (31.01.17 – 1.87%)		
9,972,648	Sage	67,216	1.99
	<b>TOTAL UNITED KINGDOM</b>	<b>2,871,182</b>	<b>84.90</b>
	CONTINENTAL EUROPE – 1.58% (31.01.17 – 1.56%)		
830,000	Nestlé	53,276	1.58

## TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	NORTH AMERICA – 5.93% (31.01.17 – 9.79%)		
1,125,000	Altria	55,467	1.64
1,250,000	Coca-Cola	43,463	1.29
1,150,000	Verizon Communications	42,219	1.25
1,450,000	Wells Fargo	59,326	1.75
	<b>TOTAL NORTH AMERICA</b>	<b>200,475</b>	<b>5.93</b>
	FORWARD CURRENCY CONTRACTS – 0.06% (31.01.17 – 0.05%)		
US\$(160,000,000)	Vs £123,518,740 (expiry 10/8/2017)	2,191	0.06
	Portfolio of investments	3,127,124	92.47
	Net other assets	254,662	7.53
	<b>Net assets</b>	<b>3,381,786</b>	<b>100.00</b>

Investments are ordinary shares listed on a regulated market unless stated otherwise.

^ Quoted on the Alternative Investment Market (AIM).

\* Collective investment scheme.

Definition:

ADRs – American Depositary Receipts.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

**Total purchases for the half year £'000** **191,301**

Purchases	Cost £'000
Royal Dutch Shell 'B'	26,604
Reckitt Benckiser	22,009
Next	19,386
National Grid	17,979
IG	12,371
Provident Financial	11,647
Severn Trent	11,106
Imperial Brands	10,721
BP	8,938
NEX	6,891
Experian	6,474
London Metric Property	5,472
Lloyds Banking	5,028
Burberry	4,874
Vodafone	4,605
Compass	4,127
International Public Partnerships	3,717
NewRiver REIT	3,572
Sage	3,186
Assura	2,594

**Total sales for the half year £'000** **107,836**

Sales	Proceeds £'000
Sky	65,479
Reynolds American	42,357

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



**TROJAN INCOME FUND**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**STATEMENT OF TOTAL RETURN**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	31.07.17	31.07.16
	£'000	£'000
Income:		
Net capital gains	111,331	195,935
Revenue	82,553	62,214
Expenses	<u>(16,289)</u>	<u>(12,500)</u>
Net revenue before taxation	66,264	49,714
Taxation	<u>(1,312)</u>	<u>(557)</u>
Net revenue after taxation	64,952	49,157
<b>Total return before distributions</b>	176,283	245,092
Distributions	(52,407)	(40,747)
<b>Change in net assets attributable to shareholders from investment activities</b>	<u>123,876</u>	<u>204,345</u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
**FOR THE HALF YEAR ENDED 31 JULY 2017**

	31.07.17	31.07.16
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	3,107,497	2,444,374
Amounts receivable on issue of shares	266,877	293,441
Amounts payable on redemption of shares	<u>(131,054)</u>	<u>(70,385)</u>
	135,823	223,056
Change in net assets attributable to shareholders from investment activities	123,876	204,345
Retained distributions on Accumulation shares	14,590	11,755
<b>Closing net assets attributable to shareholders</b>	<u>3,381,786</u>	<u>2,883,530</u>

The above statement shows the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

**BALANCE SHEET**  
**AS AT 31 JULY 2017**

	31.07.17	31.01.17
	£'000	£'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	3,127,124	2,945,309
<b>Current assets</b>		
Debtors	22,024	18,833
Cash and bank balances	293,476	205,302
<b>Total assets</b>	<u>3,442,624</u>	<u>3,169,444</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(38,711)	(53,230)
Other creditors	(22,127)	(8,717)
<b>Total liabilities</b>	<u>(60,838)</u>	<u>(61,947)</u>
<b>Net assets attributable to shareholders</b>	<u>3,381,786</u>	<u>3,107,497</u>

## TROJAN INCOME FUND

*Interim Financial Statements (unaudited) (continued)*

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 31 JULY 2017

### 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

## CRYSTAL FUND

ACD'S REPORT

FOR THE HALF YEAR ENDED 31 JULY 2017

### IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 9.

### 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*

26 September 2017

## CRYSTAL FUND

ACD's Report (continued)

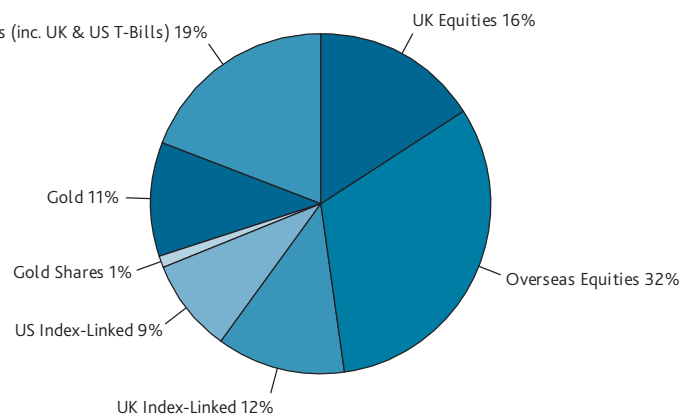
For the half year ended 31 July 2017

### INVESTMENT MANAGER'S REPORT

#### INVESTMENT REVIEW

For the six months to 31 July 2017, the Fund produced a total return of +4.9% compared to a return of +0.1%<sup>1</sup> in the LIBID Index (total return) and +7.1%<sup>1</sup> in the FTSE All-Share Index (total return).

#### ASSET ALLOCATION AS AT 31 JULY 2017



Source: Capita Asset Services.

#### MARKET REVIEW

The six months to the end of July 2017 saw markets assume a muted tone. Post-Trump election exuberance gave way to more realistic expectations around the timing and extent of fiscal reform achievable in the US. This said, markets remained remarkably resilient, unperturbed by the escalation of various geopolitical tensions, most notably between the US and North Korea. It is a comic conundrum that a president as volatile as Donald Trump should oversee such stable stock markets. The period under review witnessed new all-time highs from the FTSE 100 Index and S&P 500 Index with the Dow Jones nearing the ground-breaking level of 20,000.

The current and prolonged bull market continues to climb the wall of worry with few investors exhibiting *joie de vivre*. Most investors are not thinking bullishly, but they are acting bullishly. The disappearance of income from traditional safe-haven assets such as cash and government bonds has led income-conscious investors to chase yield in the manner of a relay race, when, after each lap, savers and investors have to change to the outside lane and reach out further across the risk asset class spectrum to maintain incomes. We were recently reminded of the words of the late American investment writer Raymond DeVoe, who observed that "More money has been lost reaching for yield than at the point of a gun". This warning seems particularly timely as the US Federal Reserve continues its attempts to raise official interest rates.

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

### PORTFOLIO

It is becoming increasingly important to identify and avoid companies that will be adversely impacted by disruptive technology. We take the Amazon.com founder's warning that "Your margin is my opportunity" seriously. Future stock losses are as likely to be the result of technology disruption as they are economic dislocation. We employ healthy paranoia in evaluating which business models could be digitally disrupted or disintermediated.

The longer the bull market lasts, the more imaginative and emboldened we are finding company management in allocating shareholder capital. When capital and confidence are in oversupply it is perhaps inevitable that risk aversion is abandoned and investment standards are relaxed. We have certainly seen these behaviours in practice amongst several of our portfolio companies and have taken action. Indeed the last six months have been a relatively busy trading period for us, resulting in a material reduction in the Fund's allocation to equities. We recognise that the calibre of capital allocation decisions taken by the boards of companies that the Fund owns will cumulatively and over time determine the long-term success of our investment decisions.

We have exited the holding of US handbag designer and retailer Coach. Coach's dominant market position in the US turned out to be weaker than we originally envisaged and so the company has been undergoing a necessary turnaround. Market excitement over the acquisition of rival, Kate Spade, allowed us to exit into share price strength.

We also bade farewell to the gold miner, Agnico-Eagle Mines. The best companies to own are those that require little capital investment, but provide shareholders with prodigious free cash flows. Sadly our latest meeting with Agnico's management confirmed that it has no shortage of 'opportunities' of where to invest shareholder funds. In our judgement these expenditures are only likely to produce middling returns. Gold-related securities remain core holdings of the Fund and so some of the proceeds from the Agnico disposal have been reinvested into the Canadian precious metals royalty and stream company Franco-Nevada. Royalties and streams are economic interests that provide the holder the right to revenue or production from underlying mineral deposits. Crucially, Franco-Nevada does not operate mines or conduct exploration. It is not on the hook for ongoing capital expenditure or unanticipated operating cost increases. Instead the Company's business model is focused on managing and growing a portfolio of cash-generative streams and royalties.

The period also saw us reduce each of our four tobacco holdings, principally on valuation concerns. For most of our careers tobacco companies have traded on big P/E discounts and dividend yield premiums to comparably productive companies. Favourable valuations have thus contributed to stellar shareholder returns in the past. However, owners have become addicted to good returns from tobacco investments and gains in the past have been extrapolated into the future, judging by sector valuations. We therefore reduced the holdings in Altria, British American Tobacco ('BAT') and Philip Morris International. The sale of BAT shares was also encouraged by its now completed takeover of its American associate, Reynolds American. It was an expensive deal and increased BAT's indebtedness late into the present economic cycle. We also therefore reduced the holding of Reynolds American before we received further shares in BAT as part of the deal. Three days after the acquisition had completed, the US Food and Drug Administration ('FDA') announced that it would begin a public dialogue around reducing nicotine levels in combustible cigarettes to 'non-addictive levels'. This saw the Fund's holdings in Altria and BAT fall -9% and -7% respectively on the day. Importantly, the FDA can only make changes based on rigorous scientific evidence; its experience with menthol cigarettes is instructive. In

## CRYSTAL FUND

*ACD's Report (continued)*

*Investment Manager's Report (continued)*

*For the half year ended 31 July 2017*

### PORTFOLIO (continued)

2011 a scientific advisory committee established by the FDA recommended that menthol cigarettes be banned for the benefit of public health. Six years later, they are still widely available. We suspect that the initial share price reactions are a case of 'sell first, ask questions later.' However, prevailing valuations left little room for corporate disappointment.

Two of the Fund's healthcare holdings, Becton Dickinson and Johnson & Johnson ('J&J'), were also reduced on management capital allocation concerns. J&J 'won' an auction to expensively acquire the Swiss pharmaceutical company, Actelion, whilst Becton is paying through the nose to acquire the well-run medical device company CR Bard in its second transformative deal in recent years. Sage and Diageo (in particular) have also embarked on expensive acquisitions that, in both cases, suggest that 'return on investment' has been removed from the corporate lexicon. Bold deals tend to occur when confidence is high, money is cheap and disappointment is just around the corner.

Recent strong returns from our equity holdings have been more a function of multiple expansion than favourable revenue and earnings growth. Stretched valuations led us to reduce the holdings in Microsoft and Nestlé after strong share price performances had left their dividend yields looking far less generous. It can be hard to reduce holdings in those businesses that have performed well operationally, and even more so in share price terms, but we are reminded of the warnings of the famous 1920s American investor, Bernard Baruch, who quipped that "I made my money by selling too soon".

Searching for value in the present market is a little bit like inspecting a hen for teeth. However, that doesn't stop us and towards the end of the period under review we were able to acquire a modest holding in Bic, the French family-controlled manufacturer of stationery, lighters and shavers. It is a business we have owned in the past and precipitous share price weakness has afforded us the opportunity to initiate this holding on a P/E multiple of around 16x. We continue to be drawn to companies that are controlled by stewards and so are able to make decisions for the benefit of long-term shareholders. We hope and expect that future episodes of stock market dislocation will present us with the opportunities to align your capital with entrepreneurs.

### OUTLOOK

The present investing environment is one characterised by too much money chasing too few good opportunities. Prolonged benign conditions have lulled investors into a state of complacency. Risk should be taken when others are avoiding it, not when investors are competing with each other to do so. Kraft Heinz Company's recent bid to acquire Unilever and activist agitation at Nestlé and ADP suggest, to us, that today's opportunity set consists mainly of slim pickings. ADP, Nestlé and Unilever are all fine companies that are well-managed and enjoy expensive valuations: the opportunity for transformational improvements in operations would appear limited in all cases.

Patience in investing means shunning mediocre ideas. The companies that exhibit repeat revenues, generated from goods or services that customers purchase regularly out of habit, loyalty or necessity have never been more expensive since Troy was established. There is therefore the temptation to move down the quality hierarchy and buy shares in companies that have not demonstrated a consistent ability to generate high returns on capital. We continue

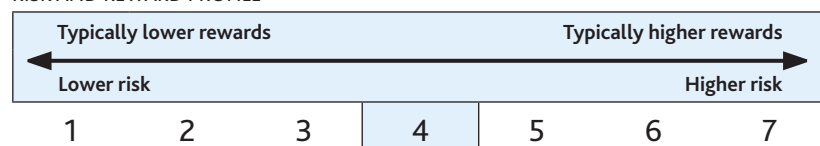
to eschew such enticements, as even mediocre companies look expensive, and we remain optimistic that tomorrow's opportunities will be more interesting and rewarding than those available today. Given prevailing valuations and the extraordinary length of the established bull market, we emphasise our ambition to avoid losses rather than to seek gains.

TROY ASSET MANAGEMENT LIMITED

*Investment Manager*

25 August 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.

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, 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](http://www.capitafinancial.com), by following the link 'Fund Information'.

COMPARATIVE TABLE

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

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.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	240.48	212.02	209.98	188.92
Return before operating charges*	12.45	32.73	5.54	24.64
Operating charges	(1.46)	(2.74)	(2.38)	(2.30)
Return after operating charges	10.99	29.99	3.16	22.34
Distributions	(1.48)	(1.53)	(1.12)	(1.28)
Closing net asset value per share	249.99	240.48	212.02	209.98
* after direct transaction costs of:	0.04	0.01	0.05	0.02
<b>Performance</b>				
Return after charges	4.57%	14.14%	1.50%	11.83%
<b>Other Information</b>				
Closing net asset value (£'000)	51,424	50,046	46,312	46,231
Closing number of shares	20,570,058	20,810,632	21,843,393	22,016,527
Operating charges	1.16%	1.17%	1.15%	1.15%
Direct transaction costs	0.02%	0.01%	0.02%	0.01%
<b>Prices</b>				
Highest share price	257.85	244.78	212.64	211.31
Lowest share price	240.16	210.75	199.20	188.34

## CRYSTAL FUND

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

### FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	3 years	5 years
Crystal Fund	4.87	4.81	30.15	32.30

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

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

### 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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	DEBT SECURITIES – 29.22% (31.01.17 – 25.73%)		
£1,100,000	Treasury 0% 29/8/2017	1,100	2.14
£1,414,500	Treasury 0% 4/9/2017	1,414	2.75
£3,046,300	Treasury 0.125% index-linked 22/3/2024	3,937	7.65
£1,518,000	Treasury 1.875% index-linked 22/11/2022	2,478	4.82
US\$2,500,000	US Treasury 0% 21/9/2017	1,894	3.68
US\$500,000	US Treasury 0.125% Inflation Protected Securities 15/4/2018	400	0.78
US\$3,166,000	US Treasury 0.125% Inflation Protected Securities 15/1/2022	2,603	5.06
US\$1,500,000	US Treasury 0.125% Inflation Protected Securities 15/1/2023	1,202	2.34
	<b>TOTAL DEBT SECURITIES</b>	<b>15,028</b>	<b>29.22</b>
	EQUITIES – 48.44% (31.01.17 – 56.72%)		
	UNITED KINGDOM – 15.48% (31.01.17 – 14.25%)		
128,091	A.G. Barr	767	1.49
212,000	Better Capital 2012*	68	0.13
36,000	British American Tobacco	1,697	3.30
4,334	British American Tobacco ADRs	206	0.40
31,356	Diageo	768	1.49
47,000	GlaxoSmithKline	712	1.39
3,000	Hershey Foods	240	0.47
124,555	PZ Cussons	451	0.88
180,000	Sage	1,213	2.36
42,500	Unilever	1,836	3.57
	<b>TOTAL UNITED KINGDOM</b>	<b>7,958</b>	<b>15.48</b>
	CONTINENTAL EUROPE – 3.92% (31.01.17 – 3.77%)		
2,500	Bic	221	0.43
28,000	Nestlé	1,797	3.49
	<b>TOTAL CONTINENTAL EUROPE</b>	<b>2,018</b>	<b>3.92</b>
	NORTH AMERICA – 29.04% (31.01.17 – 38.70%)		
24,000	Altria	1,183	2.30
15,000	American Express	970	1.89
5,300	Becton Dickinson	810	1.58

## CRYSTAL FUND

ACD's Report (continued)

Portfolio Statement (continued)

As at 31 July 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	NORTH AMERICA – 29.04% (31.01.17 – 38.70%) (continued)		
6	Berkshire Hathaway 'A'	1,195	2.32
55,600	Coca-Cola	1,933	3.76
16,000	Colgate-Palmolive	876	1.70
16,000	Dr Pepper Snapple	1,106	2.15
9,310	Franco-Nevada	512	1.00
50,604	Imperial Oil	1,096	2.13
10,000	Johnson & Johnson	1,007	1.96
33,000	Microsoft	1,820	3.54
20,000	Philip Morris International	1,771	3.44
9,500	Procter & Gamble	654	1.27
	TOTAL NORTH AMERICA	14,933	29.04
	TOTAL EQUITIES	24,909	48.44
	COMMODITIES – 11.03% (31.01.17 – 11.46%)		
66,363	BlackRock Gold and General*	629	1.22
24,746	ETFS Physical Swiss Gold*	2,312	4.50
30,000	Gold Bullion Securities*	2,733	5.31
	TOTAL COMMODITIES	5,674	11.03
	FORWARD CURRENCY CONTRACTS – 0.89% (31.01.17 – 0.36%)		
US\$(20,700,000)	Vs £16,130,792 (expiry 21/9/2017)	457	0.89
	Portfolio of investments	46,068	89.58
	Net other assets	5,356	10.42
	Net assets	51,424	100.00

The investments are ordinary shares listed on a regulated market unless stated otherwise.

\* Collective investment scheme.

Definition:

ADRs – American Depositary Receipts.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

Total purchases for the half year £'000 **1,055**

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

US Treasury 0.125% 15/4/2018	409
Franco-Nevada	225
Bic	222
Hershey Foods	199

In addition to above, purchases totalling £8,449 thousand were made in short term investments during the half year.

Total sales for the half year £'000 **5,919**

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

Reynolds American	1,659
Coach	1,222
Agnico-Eagle Mines	581
Johnson & Johnson	480
Philip Morris International	452
British American Tobacco	378
Microsoft	355
Nestlé	293
Becton Dickinson	259
Altria	240

In addition to above, sales totalling £6,473 thousand were made in short term investments during the half year.

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

CRYSTAL FUND  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
STATEMENT OF TOTAL RETURN  
FOR THE HALF YEAR ENDED 31 JULY 2017

	31.07.17	31.07.16
	£'000	£'000
Income:		
Net capital gains	1,972	6,311
Revenue	641	509
Expenses	<u>(283)</u>	<u>(270)</u>
Net revenue before taxation	358	239
Taxation	<u>(51)</u>	<u>(41)</u>
Net revenue after taxation	307	198
<b>Total return before distributions</b>	2,279	6,509
Distributions	(307)	(198)
<b>Change in net assets attributable to shareholders from investment activities</b>	<u>1,972</u>	<u>6,311</u>

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

	31.07.17	31.07.16
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	50,046	46,312
Amounts payable on redemption of shares	(594)	(526)
Change in net assets attributable to shareholders from investment activities	1,972	6,311
<b>Closing net assets attributable to shareholders</b>	<u>51,424</u>	<u>52,097</u>

The above statement shows the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

BALANCE SHEET  
AS AT 31 JULY 2017

	31.07.17	31.01.17
	£'000	£'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	46,068	47,176
<b>Current assets</b>		
Debtors	285	21
Cash and bank balances	5,523	3,277
<b>Total assets</b>	<u>51,876</u>	<u>50,474</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(305)	(128)
Other creditors	(147)	(300)
<b>Total liabilities</b>	<u>(452)</u>	<u>(428)</u>
<b>Net assets attributable to shareholders</b>	<u>51,424</u>	<u>50,046</u>



## CRYSTAL FUND

*Interim Financial Statements (unaudited) (continued)*

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 31 JULY 2017

### 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

## SPECTRUM FUND

ACD'S REPORT

FOR THE HALF YEAR ENDED 31 JULY 2017

### IMPORTANT INFORMATION

Refer to the 'Important Information' section of the Company on page 9.

### 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*

26 September 2017

## SPECTRUM FUND

ACD's Report (continued)

For the half year ended 31 July 2017

### INVESTMENT MANAGER'S REPORT

#### INVESTMENT REVIEW

For the six months to 31 July 2017, the Fund produced a total return of +6.3% compared to +0.1%<sup>1</sup> in the LIBID Index (total return) and a rise of +5.6%<sup>1</sup> in the MSCI World (£) index (net return). The FTSE All-Share Index (total return) produced a return of +7.1%<sup>1</sup>.

#### MARKET REVIEW

Equity markets were fairly benign, marked by subdued levels of volatility and rising asset prices. The MSCI World (\$TR) Index, for example, posted positive returns in every month of the period under review. This can partly be explained by the reporting of more robust corporate earnings as well as greater optimism around global economic growth. It also led to a further inflation of equity valuations.

The calm nature of equity markets belies a backdrop of greater political instability in the US and the UK. A revolving White House door and Donald Trump's failure to push through healthcare reform calls into question the timing and effectiveness of the potential tax and infrastructure reforms that inspired such enthusiasm when mooted last year. Nevertheless, US markets continued to climb higher, albeit led by a fairly small number of large technology stocks.

A chaotic political landscape did, however, help undermine the US dollar, which has fallen against most major currencies this year. Even sterling appreciated significantly against the dollar over the six-month period, despite Theresa May's failure to win a majority in the UK general election and the uncertainties surrounding Brexit negotiations. A weaker US dollar has also helped buoy Asian and Emerging Markets, which continued to perform well in 2017.

Emmanuel Macron's electoral victory in France helped to reinvigorate the European project, encouraging greater integration within the Union as well as underpinning a stronger euro. Whether this lasts remains to be seen. Italy's economy, for one, remains in a fragile state.

Fixed income markets were also remarkably quiescent. The US Federal Reserve has raised interest rates twice this year and discussed when to begin the process of reducing the size of its balance sheet. Despite this, bond yields and credit spreads have remained compressed both in the US and overseas. Argentina, for example, was able to sell \$2.75 billion worth of bonds that mature in 100 years, in spite of being a country that has defaulted on its debts five times over the last century.

#### PORTFOLIO

Egerton Capital Equity fund, Lindsell Train Global Equity and Odey Allegra Developed Markets were all strong contributors to the Fund's performance during the period.

The Egerton Capital Equity fund has been managed by John Armitage since its inception in 1995. The fund invests in global equities, with a focus on developed markets. The fund's investment approach is completely unconstrained. The portfolio is constructed independently of benchmarks, with investments made following rigorous analysis in companies with strong balance sheets, sustainable cash flows and attractive medium-term growth prospects. The fund has delivered outstanding long-term returns and remains Spectrum's largest holding.

Lindsell Train Global Equity is managed by Michael Lindsell and Nick Train. Their investment approach emphasises the value of good quality franchise businesses with durable competitive advantages and high returns on capital. In the six month period, Nintendo and Unilever have underpinned strong returns. Nintendo benefited from strong sales of the Switch, a new gaming console, whilst Unilever's shares moved higher following Kraft Heinz Company's failed bid for the company.

The Odey Allegra Developed Markets fund was established in 2013 and is managed by James Hanbury and Jamie Grimston. Following a poor period of performance last year, the fund has fared much better so far in 2017. Plus500, a company providing online trading services, was the standout performer as investors reappraised the impact of potential regulatory changes to the spread betting industry.

BlackRock Gold and General, CG Portfolio Real Return and the CG Portfolio Dollar were the largest detractors during the first half of the year. Although the gold price continued to rise modestly in 2017, gold equities seem to have paused for breath after a strong run in 2016. As cost inflation remains subdued and corporate management continue to focus on shareholder returns, we believe that gold mining equities will prove sensitive to any further rise in the price of bullion. CG Portfolio Real Return and CG Portfolio Dollar invest in index-linked bonds. Both have a significant exposure to the US dollar, which was notably weak during the period.

There was little turnover in the portfolio between 31 January and 31 July 2017. The only significant change was a reduction in the size of the Fund's holding of Better Capital PCC, a closed-ended private equity trust. Better Capital PCC redeemed and cancelled ~83% of its shares on 28 June 2017, returning £222 million to investors following the successful sale of Gardner Aerospace to a Chinese buyer.

<b>Top 10 Holdings 31 July 2017</b>	<b>% Fund</b>
Egerton Capital Equity	7.7
Morant Wright Sakura	6.3
Findlay Park American	5.6
Evenlode Income	5.6
Polar Capital Global Insurance	5.4
Heptagon Yacktman US Equity 'I'	5.3
Odey Allegra Developed Markets	5.2
Lindsell Train Global Equity	4.9
CG Portfolio Real Return	4.8
Halley Asian Prosperity	4.7
<b>Total Top 10</b>	<b>55.5</b>
12 other holdings	37.0
Cash & equivalent	7.5
<b>Total</b>	<b>100.0</b>

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

## SPECTRUM FUND

ACD's Report (continued)

Investment Manager's Report (continued)

For the half year ended 31 July 2017

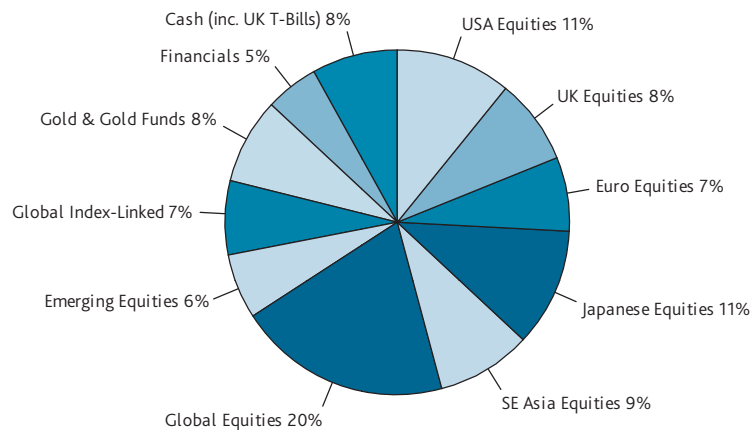
PORTFOLIO (continued)

### Top 10 Holdings 31 July 2016

	% Fund
Egerton Capital Equity	6.5
Evenlode Income	5.8
Morant Wright Sakura	5.6
BlackRock Gold and General	5.6
Findlay Park American	5.4
Heptagon Yacktman US Equity 'I'	5.3
CG Portfolio Real Return	5.3
Odey Allegra Developed Markets	5.2
Polar Capital Global Insurance	4.9
Lindsell Train Japanese Equity	4.6
<b>Total Top 10</b>	<b>54.2</b>
13 other holdings	42.6
Cash & equivalent	3.2
<b>Total</b>	<b>100.0</b>

Source: Troy Asset Management Limited.

### ASSET ALLOCATION AS AT 31 JULY 2017



Source: Troy Asset Management Limited, 31 July factsheet.

### OUTLOOK

With valuations across most asset classes at elevated levels, we feel that prospective returns are likely to be lower than those enjoyed by investors over the last few years. As a result, we believe it is prudent to take a conservative approach. At this stage of the market cycle, we also prefer to allocate capital to active managers rather than passive alternatives. We believe that many of the best active managers often prove their worth when times are tough.

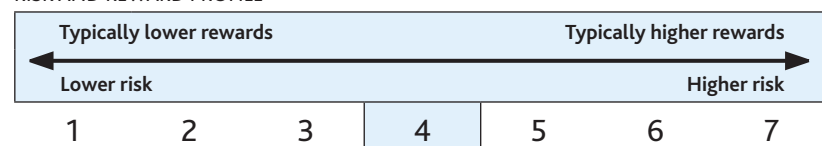
We purposefully avoid funds that are industrial in size and what we consider to be 'active' only in name, aligning ourselves instead with those who deliberately set out to do things differently. We believe the merits of this show up in superior returns and stem from the way the fund management companies are organised and run. These foundations should mean that the boutique fund managers in which the Fund tends to invest remain excellent custodians of our investors' capital.

TROY ASSET MANAGEMENT LIMITED

Investment Adviser

23 August 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.

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, and the Fund receiving less than is due or receiving nothing.

Currency Risk: As the Fund may invest 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](http://www.capitafinancial.com), by following the link 'Fund Information'.

COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

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.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	191.31	153.57	155.99	139.46
Return before operating charges*	13.65	41.32	0.64	19.43
Operating charges	(1.50)	(2.66)	(2.46)	(2.54)
Return after operating charges	12.15	38.66	(1.82)	16.89
Distributions	(0.46)	(0.92)	(0.60)	(0.36)
Closing net asset value per share	203.00	191.31	153.57	155.99
* after direct transaction costs of:	0.01	–	0.01	0.03

Performance

Return after charges	6.35%	25.17%	(1.17)%	12.11%
----------------------	-------	--------	---------	--------

Other information

Closing net asset value (£'000)	84,704	80,391	64,513	66,659
Closing number of shares	41,726,854	42,021,230	42,008,114	42,732,341
Operating charges	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.58%	1.68%
Direct transaction costs	0.01%	–	0.01%	0.02%

Prices

Highest share price	206.12	194.92	165.90	157.61
Lowest share price	190.84	150.19	148.04	137.32

<sup>1</sup> 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 seek to achieve an Ongoing Charges Figure ('OCF') of 1.50%. Therefore, the estimated OCF is 1.50%.

COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'O' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	197.83	158.03	159.91	142.66
Return before operating charges*	14.11	42.54	0.65	19.85
Operating charges	(1.55)	(2.74)	(2.53)	(2.60)
Return after operating charges	12.56	39.80	(1.88)	17.25
Distributions	(0.47)	(0.95)	(0.62)	(0.36)
Retained distributions on accumulation shares	0.47	0.95	0.62	0.36
Closing net asset value per share	210.39	197.83	158.03	159.91
* after direct transaction costs of:	0.01	–	0.01	0.03

**Performance**

Return after charges	6.35%	25.19%	(1.18)%	12.09%
----------------------	-------	--------	---------	--------

**Other information**

Closing net asset value (£'000)	27,804	26,064	20,861	20,868
Closing number of shares	13,215,738	13,175,225	13,200,429	13,049,746
Operating charges	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.58%	1.68%
Direct transaction costs	0.01%	–	0.01%	0.02%

**Prices**

Highest share price	213.14	200.91	170.06	161.26
Lowest share price	197.29	154.60	151.88	140.46

<sup>1</sup> 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' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure ('OCF') of 1.50%. Therefore, the estimated OCF is 1.50%.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Income shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	189.20	151.93	154.50	138.49
Return before operating charges*	13.49	40.82	0.64	19.23
Operating charges	(1.98)	(3.50)	(3.21)	(3.22)
Return after operating charges	11.51	37.32	(2.57)	16.01
Distributions	–	(0.05)	–	–
Closing net asset value per share	200.71	189.20	151.93	154.50
* after direct transaction costs of:	0.01	–	0.01	0.03

**Performance**

Return after charges	6.08%	24.56%	(1.66)%	11.56%
----------------------	-------	--------	---------	--------

**Other information**

Closing net asset value (£'000)	71	60	50	92
Closing number of shares	35,269	31,976	32,949	59,300
Operating charges	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.08%	2.17%
Direct transaction costs	0.01%	–	0.01%	0.02%

**Prices**

Highest share price	203.45	192.23	164.14	155.81
Lowest share price	188.72	148.60	146.33	136.35

<sup>1</sup> From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'I' Income share class, in order to seek to achieve an Ongoing Charges Figure ('OCF') of 2.00%. Therefore, the estimated OCF is 2.00%.

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

COMPARATIVE TABLES (continued)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 (p/share)	31.01.15 (p/share)
<b>'I' Accumulation shares</b>				
<b>Change in net assets per share</b>				
Opening net asset value per share	192.65	154.67	157.28	140.99
Return before operating charges*	13.74	41.54	0.67	19.57
Operating charges	(2.01)	(3.56)	(3.28)	(3.28)
Return after operating charges	11.73	37.98	(2.61)	16.29
Distributions	–	(0.05)	–	–
Retained distributions on accumulation shares	–	0.05	–	–
Closing net asset value per share	204.38	192.65	154.67	157.28
* after direct transaction costs of:	0.01	–	0.01	0.03

**Performance**

Return after charges	6.09%	24.56%	(1.66)%	11.55%
----------------------	-------	--------	---------	--------

**Other information**

Closing net asset value (£'000)	573	528	437	683
Closing number of shares	280,375	273,814	282,834	434,265
Operating charges	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.09%	2.17%
Direct transaction costs	0.01%	–	0.01%	0.02%

**Prices**

Highest share price	207.16	195.69	167.10	158.62
Lowest share price	192.13	151.28	148.97	138.81

<sup>1</sup> From 3 August 2015 the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'I' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure ('OCF') of 2.00%. Therefore, the estimated OCF is 2.00%.

FUND PERFORMANCE TO 31 JULY 2017 (%)

	6 months	1 year	3 years	5 years
Spectrum Fund	6.27	11.32	39.71	54.64

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 period end, rather than the period end return after operating charges.

**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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
£1,700,000	DEBT SECURITIES – 1.50% (31.01.17 – 1.59%) Treasury 0% 7/8/2017	1,700	1.50
20,770	INDEX-LINKED BONDS – 7.59% (31.01.17 – 8.25%) CG Portfolio Dollar	3,191	2.82
27,129	CG Portfolio Real Return	5,400	4.77
	TOTAL INDEX-LINKED BONDS	8,591	7.59
	UNITED KINGDOM EQUITIES – 7.76% (31.01.17 – 7.44%)		
1,253,708	Aurora Investment Trust*	2,495	2.20
3,075,409	Evenlode Income	6,289	5.56
	TOTAL UNITED KINGDOM EQUITIES	8,784	7.76
	EUROPEAN EQUITIES – 6.76% (31.01.17 – 6.61%)		
30,715	EI Sturdza Strategic Europe Value	4,251	3.76
21,301	HAL Trust*	3,397	3.00
	TOTAL EUROPEAN EQUITIES	7,648	6.76
	UNITED STATES EQUITIES – 10.97% (31.01.17 – 11.24%)		
84,724	Findlay Park American	6,381	5.64
45,384	Heptagon Yacktman US Equity 'I'	6,034	5.33
	TOTAL UNITED STATES EQUITIES	12,415	10.97
	EMERGING MARKETS EQUITIES – 5.83% (31.01.17 – 5.45%)		
275,909	Findlay Park Latin American	3,499	3.09
2,047,946	MI Somerset Emerging Markets Dividend Growth	3,092	2.74
	TOTAL EMERGING MARKETS EQUITIES	6,591	5.83
	JAPANESE EQUITIES – 10.66% (31.01.17 – 10.59%)		
3,976,277	Lindsell Train Japanese Equity	4,911	4.34
479,662	Morant Wright Sakura	7,150	6.32
	TOTAL JAPANESE EQUITIES	12,061	10.66

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	ASIAN EQUITIES – 9.16% (31.01.17 – 8.82%)		
18,018	Halley Asian Prosperity	5,276	4.66
747,873	Stewart Investors Asia Pacific Leaders	5,090	4.50
	TOTAL ASIAN EQUITIES	10,366	9.16
	GLOBAL EQUITIES – 20.65% (31.01.17 – 19.44%)		
35,438	Egerton Capital Equity	8,687	7.67
2,037,629	Lindsell Train Global Equity	5,575	4.93
68,332	McInroy & Wood Balanced	3,213	2.84
34,564	Odey Allegra Developed Markets	5,890	5.21
	TOTAL GLOBAL EQUITIES	23,365	20.65
	ABSOLUTE RETURNS & ALTERNATIVES – 0.08% (31.01.17 – 0.94%)		
168,605	Better Capital PCC*	89	0.08
	FINANCIALS – 5.36% (31.01.17 – 5.36%)		
995,978	Polar Capital Global Insurance	6,068	5.36
	COMMODITIES – 7.69% (31.01.17 – 8.43%)		
476,005	BlackRock Gold and General	4,509	3.99
45,950	Gold Bullion Securities	4,187	3.70
	TOTAL COMMODITIES	8,696	7.69
	Portfolio of investments	106,374	94.01
	Net other assets	6,778	5.99
	Net assets	113,152	100.00

The investments are collective investment schemes unless stated otherwise.

\* Ordinary shares.

## SPECTRUM FUND

ACD's Report (continued)

### SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

**Total purchases for the half year £'000** **1,775**

<b>Purchases</b>	<b>Cost £'000</b>
MI Somerset Emerging Markets Dividend Growth	1,625
Aurora Investment Trust	150

In addition to above, purchases totalling £1,700 thousand were made in short term investments during the half year.

**Total sales for the half year £'000** **3,076**

<b>Sales</b>	<b>Proceeds £'000</b>
Stewart Investors Global Emerging Markets Best Ideas	1,614
Better Capital PCC	1,061
Lindsell Train Japanese Equity	401

In addition to above, sales totalling £1,700 thousand were made in short term investments during the half year.

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

## INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### STATEMENT OF TOTAL RETURN FOR THE HALF YEAR ENDED 31 JULY 2017

	<b>£'000</b>	<b>31.07.17 £'000</b>	<b>£'000</b>	<b>31.07.16 £'000</b>
Income:				
Net capital gains		6,566		16,809
Revenue	585		408	
Expenses	(331)		(237)	
Net revenue before taxation	254		171	
Taxation	–		–	
Net revenue after taxation		254		171
<b>Total return before distributions</b>		<b>6,820</b>		<b>16,980</b>
Distributions		(254)		(171)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>6,566</b>		<b>16,809</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 JULY 2017

	<b>£'000</b>	<b>31.07.17 £'000</b>	<b>£'000</b>	<b>31.07.16 £'000</b>
<b>Opening net assets attributable to shareholders</b>		107,043		85,861
Amounts receivable on issue of shares	1,736		1,208	
Amounts payable on redemption of shares	(2,256)		(1,459)	
		(520)		(251)
Change in net assets attributable to shareholders from investment activities		6,566		16,809
Retained distributions on Accumulation shares		63		41
<b>Closing net assets attributable to shareholders</b>		<b>113,152</b>		<b>102,460</b>

The above statements show the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.



**SPECTRUM FUND***Interim Financial Statements (unaudited) (continued)***BALANCE SHEET**

AS AT 31 JULY 2017

	<b>31.07.17</b>	<b>31.01.17</b>
	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	106,374	100,791
<b>Current assets</b>		
Debtors	502	453
Cash and bank balances	6,548	6,162
<b>Total assets</b>	<u>113,424</u>	<u>107,406</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(191)	(259)
Other creditors	(81)	(104)
<b>Total liabilities</b>	<u>(272)</u>	<u>(363)</u>
<b>Net assets attributable to shareholders</b>	<u>113,152</u>	<u>107,043</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

AS AT 31 JULY 2017

## 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

**SPECTRUM INCOME FUND**  
**ACD'S REPORT**  
FOR THE HALF YEAR ENDED 31 JULY 2017

**IMPORTANT INFORMATION**

Refer to the 'Important Information' section of the Company on page 9.

**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*  
26 September 2017

**INVESTMENT MANAGER'S REPORT**

**INVESTMENT REVIEW**

For the six months to 31 July 2017 the Fund produced a total return of +3.8% compared to +0.1%<sup>1</sup> in the LIBID Index (total return) and a rise of +5.6%<sup>1</sup> in the MSCI World (£) Index (net return). The FTSE All-Share Index (total return) produced a return of +7.1%<sup>1</sup>.

**MARKET REVIEW**

Equity markets were fairly benign, marked by subdued levels of volatility and rising asset prices. The MSCI World (£) Index (total return), for example, posted positive returns in every month of the period under review. This can partly be explained by the reporting of more robust corporate earnings as well as greater optimism around global economic growth. It also led to a further inflation of equity valuations.

The calm nature of equity markets belies a backdrop of greater political instability in the US and the UK. A revolving White House door and Donald Trump's failure to push through healthcare reform calls into question the timing and effectiveness of the potential tax and infrastructure reforms that inspired such enthusiasm when mooted last year. Nevertheless, US markets continued to climb higher, albeit led by a fairly small number of large technology stocks.

A chaotic political landscape did, however, help undermine the US dollar, which has fallen against most major currencies this year. Even sterling appreciated significantly against the dollar over the six-month period, despite Theresa May's failure to win a majority in the UK general election and the uncertainties surrounding Brexit negotiations. A weaker US dollar has also helped buoy Asian and Emerging Markets, which continued to perform well in 2017.

Emmanuel Macron's electoral victory in France helped to reinvigorate the European project, encouraging greater integration within the Union as well as underpinning a stronger euro. Whether this lasts remains to be seen. Italy's economy, for one, remains in a fragile state.

Fixed income markets were also remarkably quiescent. The US Federal Reserve has raised interest rates twice this year and discussed when to begin the process of reducing the size of its balance sheet. Despite this, bond yields and credit spreads have remained compressed both in the US and overseas. Argentina, for example, was able to sell \$2.75 billion worth of bonds that mature in 100 years, in spite of being a country that has defaulted on its debts five times over the last century.

**PORTFOLIO**

Evenlode Income and MI Somerset Emerging Markets Dividend Growth were the main contributors to Fund's performance in the period under review.

Hugh Yarrow and Ben Peters, fund managers of Evenlode Income, invest in good quality, cash generative companies with durable franchises, listed in the UK. The approach has stood them in good stead, with investors benefiting from strong capital appreciation and a steady above-inflation growth in dividend income since the Fund's launch in 2009. During the first half of the year, Unilever and WS Atkins were notable performers in the Fund. Unilever's shares moved higher following Kraft Heinz Company's failed bid for the company, whilst WS Atkins was acquired by SNC-Lavalin.

<sup>1</sup> Source: Lipper. 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 half year ended 31 July 2017

### PORTFOLIO (continued)

Edward Lam, fund manager of MI Somerset Emerging Markets Dividend Growth, is bullish on the prospects for emerging market equities. Having had a sizeable weighting to cash up until the beginning of 2016, the Fund is now more fully invested. This underpins the manager's optimism and belief that emerging equity market valuations and currencies are attractively valued, whilst corporate profitability has also started to improve following a protracted period of weakness.

The CG Portfolio Dollar fund was the largest detractor to performance during the first half of the year. CG Portfolio Dollar invests in index-linked bonds and has a significant exposure to the US dollar, which was notably weak during the period.

### Holdings 31 July 2017

	% Fund
Evenlode Income	16.3
Artemis Global Income	14.3
RWC Enhanced Income	13.3
CG Portfolio Dollar	12.1
Sequoia Economic Infrastructure Income	9.9
MI Somerset Emerging Markets Dividend Growth	9.5
CC Japan Income & Growth	8.2
MI TwentyFour Dynamic Bond	7.5

### Total Top 8

Cash (inc. UK T-Bill)	8.9
-----------------------	-----

### Total

**100.0**

### Holdings 31 July 2016

	% Fund
Evenlode Income	16.1
RWC Enhanced Income	14.1
Artemis Global Income	13.1
CG Portfolio Dollar	11.3
Sequoia Economic Infrastructure Income	9.4
MI Somerset Emerging Markets Dividend Growth	8.4
MI TwentyFour Dynamic Bond	7.5
CC Japan Income & Growth	7.5

### Total Top 8

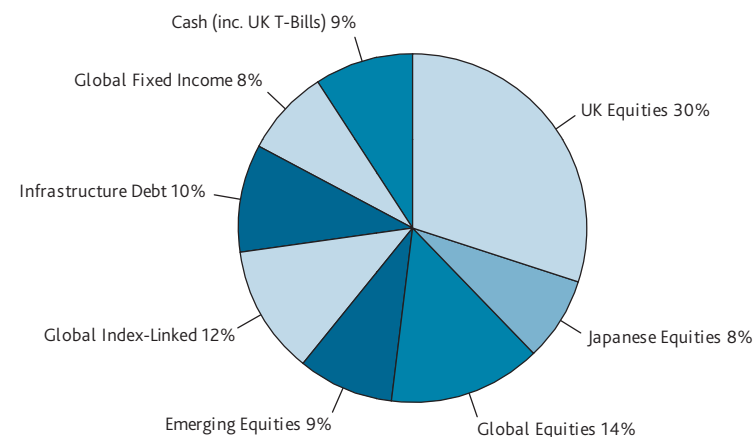
Cash (inc. UK T-Bill)	12.6
-----------------------	------

### Total

**100.0**

Source: Troy Asset Management Limited.

### ASSET ALLOCATION AS AT 31 JULY 2017



Source: Troy Asset Management Limited.

### OUTLOOK

With valuations across most asset classes at elevated levels, we feel that prospective returns are likely to be lower than those enjoyed by investors over the last few years. As a result, we believe it is prudent to take a conservative approach. At this stage of the market cycle, we also prefer to allocate capital to active managers rather than passive alternatives. We believe that many of the best active managers often prove their worth when times are tough.

We purposefully avoid funds that are industrial in size and what we consider to be 'active' only in name, aligning ourselves instead with those who deliberately set out to do things differently. We believe the merits of this show up in superior returns and stem from the way the fund management companies are organised and run. These foundations should mean that the boutique fund managers in which the Fund tends to invest remain excellent custodians of our investors' capital.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

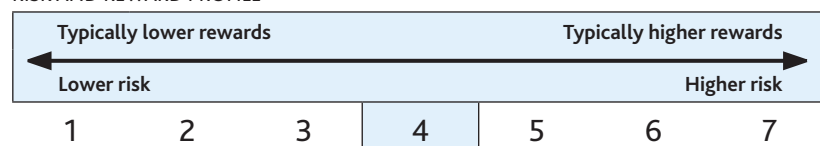
22 August 2017

## 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.

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, and the Fund receiving less than is due or receiving nothing.

Currency Risk: As the Fund may invest 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](http://www.capitafinancial.com), by following the link 'Fund Information'.

#### COMPARATIVE TABLES

Information for 31 July 2017 relates to the 6 month period ending 31 July 2017. The operating charges relate to the expenses incurred on an *ex post* basis over the 6 month period ending 31 July 2017, expressed as an annualised percentage of the average net asset value.

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.

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'O' Income shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	104.57	93.61	100.00
Return before operating charges*	4.65	15.54	(3.83)
Operating charges	(0.81)	(1.51)	(0.52)
Return after operating charges	3.84	14.03	(4.35)
Distributions	(1.49)	(3.07)	(2.04)
Closing net asset value per share	106.92	104.57	93.61
* after direct transaction costs of:	–	0.01	0.05

#### Performance

Return after charges	3.67%	14.99%	(4.35)%
----------------------	-------	--------	---------

#### Other Information

Closing net asset value (£'000)	10,304	10,116	10,328
Closing number of shares	9,637,486	9,674,071	11,033,658
Operating charges <sup>3</sup>	1.50%	1.50%	1.61% <sup>2</sup>
Direct transaction costs	–	0.01%	0.05%

#### Prices

Highest share price	109.55	107.74	101.06
Lowest share price	104.00	91.33	93.57

<sup>1</sup> From 27 April 2015.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> 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)

	31.07.17 (p/share)	31.01.17 (p/share)	31.01.16 <sup>1</sup> (p/share)
<b>'O' Accumulation shares</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	110.03	95.64	100.00
Return before operating charges*	4.89	15.94	(3.83)
Operating charges	(0.85)	(1.55)	(0.53)
Return after operating charges	4.04	14.39	(4.36)
Distributions	(1.56)	(3.16)	(2.07)
Retained distributions on accumulation shares	1.56	3.16	2.07
Closing net asset value per share	114.07	110.03	95.64
* after direct transaction costs of:	–	0.01	0.05
<b>Performance</b>			
Return after charges	3.67%	15.05%	(4.36)%
<b>Other Information</b>			
Closing net asset value (£'000)	103	61	24
Closing number of shares	90,142	55,386	25,250
Operating charges <sup>3</sup>	1.50%	1.50%	1.61% <sup>2</sup>
Direct transaction costs	–	0.01%	0.05%
<b>Prices</b>			
Highest share price	115.27	111.57	101.06
Lowest share price	109.43	93.26	93.57

<sup>1</sup> From 27 April 2015.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> 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' Accumulation 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 JULY 2017 (%)

	6 months	1 year	Since launch*
Spectrum Income Fund	3.84	8.33	14.19

\* Launch date 27 April 2015.

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 period end, rather than the period end return after operating charges.

### 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 JULY 2017

Holding	Portfolio of Investments	Value £'000	31.07.17 %
	DEBT SECURITIES – 5.77% (31.01.17 – 5.90%)		
£600,000	UK Treasury 0% 7/8/2017	600	5.77
	BOND FUNDS – 19.69% (31.01.17 – 20.41%)		
8,218	CG Portfolio Dollar	1,263	12.14
6,927	MI TwentyFour Dynamic Bond	786	7.55
	TOTAL BOND FUNDS	2,049	19.69
	UNITED KINGDOM – 39.43% (31.01.17 – 38.28%)		
829,847	Evenlode Income	1,697	16.30
16,465	RWC Enhanced Income	1,379	13.25
928,000	Sequoia Economic Infrastructure Income	1,028	9.88
	TOTAL UNITED KINGDOM	4,104	39.43
	EMERGING MARKETS EQUITIES – 9.51% (31.01.17 – 8.71%)		
655,879	MI Somerset Emerging Markets Dividend Growth	990	9.51
	JAPANESE EQUITIES – 8.19% (31.01.17 – 7.98%)		
57,917	CC Japan Income & Growth	852	8.19
	GLOBAL EQUITIES – 14.26% (31.01.17 – 14.27%)		
1,479,817	Artemis Global Income	1,484	14.26
	Portfolio of investments	10,079	96.85
	Net other assets	328	3.15
	Net assets	10,407	100.00

The investments are collective investment schemes unless stated otherwise.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE HALF YEAR ENDED 31 JULY 2017

Total purchases for the half year £'000 95

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

Sequoia Economic Infrastructure Income	95
----------------------------------------	----

In addition to above, purchases totalling £1,200 thousand were made in short term investments during the half year.

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

Sales totalling £1,200 thousand were made in short term investments during the half year.

There were no other sales during the half year.

SPECTRUM INCOME FUND  
 INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
 STATEMENT OF TOTAL RETURN  
 FOR THE HALF YEAR ENDED 31 JULY 2017

	31.07.17	31.07.16
£'000	£'000	£'000
Income:		
Net capital gains	260	930
Revenue	155	163
Expenses	(41)	(41)
Net revenue before taxation	114	122
Taxation	-	-
Net revenue after taxation	114	122
<b>Total return before distributions</b>	374	1,052
Distributions	(145)	(154)
<b>Change in net assets attributable to shareholders from investment activities</b>	229	898

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

	31.07.17	31.07.16
£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>	10,177	10,352
Amounts receivable on issue of shares	59	27
Amounts payable on redemption of shares	(59)	(14)
	-	13
Change in net assets attributable to shareholders from investment activities	229	898
Retained distributions on Accumulation shares	1	1
<b>Closing net assets attributable to shareholders</b>	10,407	11,264

The above statements show the comparative closing net assets at 31 July 2016 whereas the current accounting period commenced 1 February 2017.

BALANCE SHEET  
 AS AT 31 JULY 2017

	31.07.17	31.01.17
	£'000	£'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	10,079	9,724
<b>Current assets</b>		
Debtors	95	88
Cash and bank balances	390	550
<b>Total assets</b>	10,564	10,362
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distributions payable	(143)	(163)
Other creditors	(14)	(22)
<b>Total liabilities</b>	(157)	(185)
<b>Net assets attributable to shareholders</b>	10,407	10,177

## SPECTRUM INCOME FUND

*Interim Financial Statements (unaudited) (continued)*

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS AT 31 JULY 2017

#### 1. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 January 2017 and are described in those annual financial statements.

The financial statements 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, and with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

## 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 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](http://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](http://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.