

CAPITA

CF Morant Wright Japan Fund

Annual Report and Financial Statements
30 April 2014

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INDEPENDENT AUDITOR

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 (Chartered Accountants)

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ACD'S REPORT

FOR THE YEAR ENDED 30 APRIL 2014

AUTHORISED STATUS

CF Morant Wright Japan Fund ('the Fund') is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000223 and authorised by the Financial Conduct Authority with effect from 6 May 2003. The Fund has an unlimited duration.

It is a 'UCITS Scheme' and the currency of the Fund is Pounds Sterling.

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

IMPORTANT INFORMATION

With effect from 14 July 2014, the address of the Fund's head office; the ACD's principal place of business; and the office where the documents of the Fund may be inspected changed to 40 Dukes Place, London EC3A 7NH.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is longer term capital growth principally through diversified investment in Japanese equities and related instruments. There may be times in light of adverse conditions when the Investment Manager will wish to hold positions in collective investment schemes, money market instruments and warrants.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Morant Wright Japan Fund
29 July 2014

INVESTMENT MANAGER'S REPORT

Over the year the 'A' shares fell by 10.2% and the 'B' shares by 9.7% slightly better than the TOPIX Total Return Index which fell by 10.9%* in sterling terms. In local terms TOPIX actually rose by 1.8%* but the yen continued to fall against sterling declining from ¥151.1* to ¥172.5*. TOPIX traded in a relatively narrow range with the low occurring on 13 June 2013 and the high on 8 January 2014.

Prime Minister Abe's three arrows are designed to reinvigorate the Japanese economy and end deflation. The first arrow is bold monetary policy, which was introduced in April 2013, and is to double the monetary base by the end of 2014. Mr. Kuroda, the Governor of the Bank of Japan, remains committed to attaining the price stability target of 2% at the earliest possible time. The CPI has picked up helped by the weakness of the yen and increase in consumption tax. To be sustained at the current level it is important that the output gap narrows and wages increase. There has been some pressure on wages in the construction industry and base wages are rising in other areas but not all companies have yet followed the trend.

The consumption tax was raised from 5% to 8% on 1 April 2014. There was significant spending ahead of the rise and this has helped the latest quarterly GDP figures to show an annualised growth rate of 5.9%, helping real growth in the fiscal year to 2.3%. A reactionary slow down is expected which will be partially offset by a fiscal package of around ¥5 trillion, but still growth of 1.5% is forecast. In September, Japan won the bid to host the 2020 Olympics, which will involve further spending on infrastructure and give a boost to tourism which is in any event increasing.

There has been much slower progress on the third arrow of "growth strategies". Negotiations are continuing on the Trans Pacific Partnership. There have been announcements on encouraging greater female participation in the workforce, special economic zones and the debate about opening casinos continues. Corporation tax was reduced as the temporary surcharge to finance reconstruction following the Tohoku earthquake was eliminated a year early, and further more radical reforms are being discussed. The reopening of nuclear power stations has yet to occur and as a result Japan is running a record trade deficit due to the import of fossil fuels.

Domestic investors are being encouraged to invest in equities. For individuals, Nippon Individual Savings Accounts (NISAs) were introduced on 1 January. These allowed tax breaks for individuals investing up to ¥1 million annually into equities and investment trusts. Mr. Ito's report in November on the management of the Government Pension Investment fund, the largest pension fund in the world at ¥129 trillion, and similar funds, recommended a higher weighting in domestic equities, currently 17%, and a much reduced position in bonds, in anticipation of inflation reaching 2%. In addition a new index, the JPX-Nikkei 400, emphasising return on equity, has been introduced to encourage companies to focus on this measure.

The corporate sector is buoyant. Earnings per share for the fiscal year just ended will be at a record high. Nomura estimate the figure to be ¥83 with approximately 10% growth for the year to March 2015. With this increased confidence dividends are rising and there has been a pick up in share buybacks too. The property market is recovering with price rises occurring in the major cities which will help asset values.

** Source: Bloomberg. The Investment Manager uses the TOPIX Total Return Index for comparison only. No benchmark is required to be disclosed per the Prospectus.*

The market continues to trade at low valuations of about 1.15 times book value while the portfolio as a whole is nearer only 0.8 times. The forecast P/E is under 13 times and the historic dividend yield is 2% which is attractive against ten year government bonds yielding 0.6% and the negligible return on cash.

Despite these valuations domestic involvement in the stock market is lacklustre and trading remains dominated by foreign investors amongst whom, despite the good corporate outlook, sentiment is fragile. We remain fully invested and believe our stocks will prove rewarding investments in the long term especially if Mr. Abe's policies successfully eradicate deflation.

MORANT WRIGHT MANAGEMENT LIMITED
Investment Manager
19 May 2014

FUND INFORMATION

PERFORMANCE RECORD

'A' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	190.54	152.43	0.6263
2010	205.33	172.81	–
2011	205.44	166.37	0.3556
2012	196.52	172.03	0.8322
2013	241.63	180.21	0.8819
2014*	232.24	204.57	–

'A' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	191.47	152.62	0.3975
2010	206.32	173.65	–
2011	206.44	167.18	0.3573
2012	197.87	173.92	0.9077
2013	245.16	182.20	0.9969
2014*	235.71	207.63	–

'B' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	193.57	155.16	1.4822
2010	208.46	175.66	0.7812
2011	209.27	169.59	1.2966
2012	200.37	175.04	1.8257
2013	245.50	183.49	1.8601
2014*	236.74	208.80	1.1121

PERFORMANCE RECORD (continued)

'B' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	197.56	157.02	1.4641
2010	213.55	179.99	0.7203
2011	214.43	173.77	1.3541
2012	206.73	182.25	1.9071
2013	257.57	191.05	1.9096
2014*	248.45	219.13	1.1326

* To 30 April 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
30.04.12	'A' Income	5,693,409	3,054,045	186.42
	'A' Accumulation	11,196,496	5,938,562	188.54
	'B' Income	135,634,195	71,695,459	189.18
	'B' Accumulation	390,091,629	197,953,168	197.06
30.04.13	'A' Income	3,227,740	1,398,250	230.84
	'A' Accumulation	19,062,268	8,136,540	234.28
	'B' Income	136,819,636	58,353,282	234.47
	'B' Accumulation	457,438,991	185,901,302	246.07
30.04.14	'A' Income	1,775,172	853,212	208.06
	'A' Accumulation	9,328,940	4,417,745	211.17
	'B' Income	187,738,885	88,850,647	211.30
	'B' Accumulation	396,709,118	177,964,635	222.91

RISK WARNING

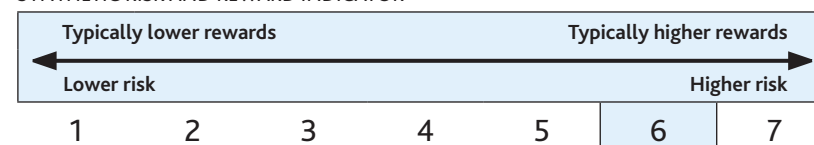
An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to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

ONGOING CHARGES FIGURE

Expense Type	30.04.14 %		30.04.13 %	
	'A'	'B'	'A'	'B'
ACD's periodic charge	1.50	1.00	1.50	1.00
Other expenses	0.16	0.16	0.17	0.17
Ongoing charges figure	1.66	1.16	1.67	1.17

The Ongoing Charges Figure represents the annualised total operating expenses of the Fund, expressed as a percentage of the average net assets over the accounting period.

SYNTHETIC RISK AND REWARD INDICATOR



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

The Fund has been classed as 6 because its volatility has been measured as above average to high.

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.

FUND PERFORMANCE TO 30 APRIL 2014 (%)

	1 year	3 years	5 years
CF Morant Wright Japan Fund			
'A' Shares	(10.19)	16.47	24.76
'B' Shares	(9.73)	18.22	27.91

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

Details of the distributions per share for the year are shown in the Distribution Table on page 30.

Holding	Portfolio of Investments	Value £'000	30.04.14 %
	APPAREL MANUFACTURERS – 1.18% (30.04.13 – 0.26%)		
1,200,000	Wacoal Holdings Corporation	7,006	1.18
	AUTO/TRUCK PARTS – 8.65% (30.04.13 – 10.27%)		
700,000	Alpine Electronics	4,939	0.83
260,000	Denso Corporation	7,009	1.18
750,000	NOK Corporation	7,261	1.22
1,950,000	Sumitomo Electric Industries Company	15,929	2.67
600,000	Toyota Industries Corporation	16,384	2.75
	TOTAL AUTO/TRUCK PARTS	51,522	8.65
	BANKS – 6.89% (30.04.13 – 6.73%)		
4,350,000	Mitsubishi UFJ Financial Group	13,644	2.29
600,000	Sumitomo Mitsui Financial Group	14,018	2.35
5,500,000	Sumitomo Mitsui Trust Holdings	13,392	2.25
	TOTAL BANKS	41,054	6.89
	BUILDING – RESIDENTIAL/COMMERCIAL – 4.80% (30.04.13 – 5.21%)		
1,700,000	PanaHome Corporation	6,682	1.12
1,600,000	Sekisui House	11,372	1.91
1,750,000	Sumitomo Forestry Company	10,531	1.77
	TOTAL BUILDING – RESIDENTIAL/COMMERCIAL	28,585	4.80
	BUILDING & CONSTRUCTION – 4.80% (30.04.13 – 4.62%)		
575,000	Aica Kogyo Company	7,084	1.19
1,177,000	Nippo Corporation	10,611	1.78
775,000	Takasago Thermal Engineering Company	4,480	0.75
3,100,000	Toda Corporation	6,434	1.08
	TOTAL BUILDING & CONSTRUCTION	28,609	4.80
	CHEMICALS – 9.37% (30.04.13 – 10.67%)		
1,050,000	Adeka Corporation	6,824	1.14
2,200,000	Asahi Kasei Corporation	8,864	1.49
750,000	Lintec Corporation	8,253	1.39
1,300,000	Nippon Shokubai Company	8,871	1.49

Holding	Portfolio of Investments	Value £'000	30.04.14 %
	CHEMICALS (continued)		
1,550,000	Sekisui Chemical Company	9,310	1.56
2,600,000	Toagosei Company	6,436	1.08
3,000,000	Toyo Ink SC Holdings Company	7,253	1.22
	TOTAL CHEMICALS	55,811	9.37
	COSMETICS & PERSONAL CARE – 2.10% (30.04.13 – 1.99%)		
540,000	Pola Orbis Holdings	12,476	2.10
	DISTRIBUTION – 4.92% (30.04.13 – 4.61%)		
1,300,000	Canon Marketing Japan	12,375	2.08
1,250,000	Hitachi High-Technologies Corporation	16,893	2.84
	TOTAL DISTRIBUTION	29,268	4.92
	ELECTRONIC & ELECTRICAL EQUIPMENT – 2.40% (30.04.13 – 1.85%)		
1,101,000	Toshiba TEC Corporation	4,245	0.71
1,300,000	Ushio	10,054	1.69
	TOTAL ELECTRONIC & ELECTRICAL EQUIPMENT	14,299	2.40
	ENGINEERING – 2.67% (30.04.13 – 2.46%)		
550,000	Chudenko Corporation	4,639	0.78
2,070,000	Kinden Corporation	11,257	1.89
	TOTAL ENGINEERING	15,896	2.67
	HOME DECORATION PRODUCTS – 0.97% (30.04.13 – 1.13%)		
380,000	Sangetsu Company	5,794	0.97
	IMPORT/EXPORT – 1.58% (30.04.13 – 1.73%)		
1,300,000	Nagase & Company	9,421	1.58
	INSURANCE – 4.50% (30.04.13 – 4.06%)		
900,000	NKSJ Holdings	13,285	2.23
775,000	Tokio Marine Holdings	13,524	2.27
	TOTAL INSURANCE	26,809	4.50

Holding	Portfolio of Investments	Value £'000	30.04.14 %
1,450,000	MACHINERY – 1.04% (30.04.13 – 2.09%) Amada Company	6,204	1.04
1,200,000	MEDIA – 6.00% (30.04.13 – 7.41%) Fuji Media Holdings	11,959	2.01
1,600,000	Nippon Television Holdings	14,118	2.37
1,500,000	Tokyo Broadcasting System Holdings	9,653	1.62
	TOTAL MEDIA	35,730	6.00
110,000	MEDICAL INSTRUMENTS – 0.55% (30.04.13 – 0.45%) Fukuda Denshi Company	3,291	0.55
1,800,000	MISCELLANEOUS MANUFACTURERS – 3.20% (30.04.13 – 2.93%) Citizen Holdings Company	7,816	1.31
735,000	Glory	11,233	1.89
	TOTAL MISCELLANEOUS MANUFACTURERS	19,049	3.20
2,000,000	OIL & GAS – 2.89% (30.04.13 – 0.00%) INPEX Corporation	17,219	2.89
1,475,000	PHARMACEUTICALS & BIOTECHNOLOGY – 3.15% (30.04.13 – 3.54%) Medipal Holdings Corporation	12,263	2.06
800,000	Mitsubishi Tanabe Pharma Corporation	6,493	1.09
	TOTAL PHARMACEUTICALS & BIOTECHNOLOGY	18,756	3.15
1,000,000	PHOTO EQUIPMENT & SUPPLIES – 2.57% (30.04.13 – 2.14%) FujiFilm Holdings Corporation	15,306	2.57
800,000	RETAIL – 7.47% (30.04.13 – 7.80%) AOKI Holdings	6,447	1.08
700,000	Aoyama Trading Company	10,284	1.73
1,900,000	H2O Retailing Corporation	8,482	1.42
450,000	Matsumotokiyoshi Holdings Company	7,853	1.32
500,000	Shimachu Company	6,508	1.09
450,000	XEBIO Company	4,918	0.83
	TOTAL RETAIL	44,492	7.47

Holding	Portfolio of Investments	Value £'000	30.04.14 %
2,000,000	STEEL – 0.78% (30.04.13 – 0.79%) Yodogawa Steel Works	4,661	0.78
1,500,000	STORAGE/WAREHOUSE – 3.00% (30.04.13 – 3.18%) Mitsubishi Logistics Corporation	12,723	2.13
1,800,000	Sumitomo Warehouse Company (The)	5,166	0.87
	TOTAL STORAGE/WAREHOUSE	17,889	3.00
880,000	TECHNOLOGY – 3.46% (30.04.13 – 3.50%) IT Holdings Corporation	8,066	1.36
450,000	Kyocera Corporation	12,525	2.10
	TOTAL TECHNOLOGY	20,591	3.46
950,000	TELECOMMUNICATIONS – 1.55% (30.04.13 – 0.00%) COMSYS Holdings Corporation	9,220	1.55
350,000	TEXTILES – 1.90% (30.04.13 – 2.41%) Katakura Industries Company	2,660	0.45
1,300,000	Kuraray Company	8,637	1.45
	TOTAL TEXTILES	11,297	1.90
700,000	TRANSPORT – 5.44% (30.04.13 – 6.99%) Hitachi Transport System	6,343	1.07
2,550,250	Kamigumi Company	14,356	2.41
2,000,000	Seino Holdings Company	11,676	1.96
	TOTAL TRANSPORT	32,375	5.44
	Portfolio of investments	582,630	97.83
	Net other assets	12,922	2.17
	Net assets	595,552	100.00

The investments have been valued in accordance with note 1(h) and are ordinary shares listed on a regulated market.

ACD's Report (continued)
SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 30 APRIL 2014

Total purchases for the year (note 13) **£131,708,660**

Major purchases	Cost £'000
INPEX Corporation	17,386
Mitsubishi UFJ Financial Group	10,069
COMSYS Holdings Corporation	9,613
Matsumotokiyoshi Holdings Company	7,698
NOK Corporation	7,487
Medipal Holdings Corporation	7,311
Wacoal Holdings Corporation	6,642
Tokyo Broadcasting System Holdings	6,158
Sekisui House	4,927
Mitsubishi Logistics Corporation	4,750
Kurita Water Industries	3,984
Nippon Television Holdings	3,981
Hitachi High-Technologies Corporation	3,338
NKSJ Holdings	3,066
IT Holdings Corporation	2,981
Tokio Marine Holdings	2,554
FujiFilm Holdings Corporation	2,382
Lintec Corporation	2,157
Toyota Industries Corporation	2,063
Kyocera Corporation	1,977

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

Total sales for the year (note 13) **£89,990,148**

Sales	Proceeds £'000
NGK Spark Plug Company	20,512
Yamato Holdings Company	9,369
Kurita Water Industries	6,724
Amada Company	5,110
Nippon Shokubai Company	5,049
Asahi Kasei Corporation	4,973
Medipal Holdings Corporation	4,742
Toyota Industries Corporation	4,211
Mitsubishi Tanabe Pharma Corporation	3,359
Sumitomo Electric Industries Company	3,353
Fuji Media Holdings	3,310
INPEX Corporation	3,071
Kyocera Corporation	3,037
COMSYS Holdings Corporation	2,865
Toho Company	2,683
FujiFilm Holdings Corporation	2,507
Hitachi Transport System	2,142
Nippon Television Holdings	1,774
Aica Kogyo Company	635
Toshiba TEC Corporation	564

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

DIRECTOR'S STATEMENT

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

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Morant Wright Japan Fund
29 July 2014

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

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

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

In so far as the ACD is aware:

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 30 APRIL 2014

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

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

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of CF Morant Wright Japan Fund
29 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CF MORANT WRIGHT JAPAN FUND

We have audited the financial statements of the Fund for the year ended 30 April 2014 set out on pages 18 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of ACD's Responsibilities set out on page 14 the ACD is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Fund as at 30 April 2014 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COLL RULES

In our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Jatin Patel
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Leeds
29 July 2014

FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 30 APRIL 2014

	Notes	£'000	30.04.14 £'000	£'000	30.04.13 £'000
Income:					
Net capital (losses)/gains	2		(69,895)		127,275
Revenue	3	11,973		12,236	
Expenses	4	(7,847)		(6,418)	
Finance costs: Interest	6	(1)		(1)	
Net revenue before taxation		4,125		5,817	
Taxation	5	(1,050)		(868)	
Net revenue after taxation			3,075		4,949
Total return before distributions			(66,820)		132,224
Finance costs: Distributions	6		(3,076)		(4,949)
Change in net assets attributable to shareholders from investment activities			(69,896)		127,275

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 30 APRIL 2014

	£'000	30.04.14 £'000	£'000	30.04.13 £'000
Opening net assets attributable to shareholders		616,549		542,616
Amounts receivable on issue of shares	203,476		134,962	
Amounts payable on cancellation of shares	(156,593)		(191,935)	
		46,883		(56,973)
Change in net assets attributable to shareholders from investment activities		(69,896)		127,275
Retained distribution on Accumulation shares		2,016		3,631
Closing net assets attributable to shareholders		595,552		616,549

BALANCE SHEET
AS AT 30 APRIL 2014

	Notes	£'000	30.04.14 £'000	£'000	30.04.13 £'000
ASSETS					
Investment assets			582,630		609,298
Other assets					
Debtors	7	7,401		8,665	
Cash and bank balances		10,732		2,863	
Total other assets			18,133		11,528
Total assets			600,763		620,826
LIABILITIES					
Other liabilities					
Creditors	8	(2,232)		(2,330)	
Bank overdrafts		(1,991)		(849)	
Distribution payable on Income shares		(988)		(1,098)	
Total other liabilities			(5,211)		(4,277)
Total liabilities			(5,211)		(4,277)
Net assets attributable to shareholders			595,552		616,549

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

(a) *Basis of accounting*

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

(b) *Recognition of revenue*

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

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

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

(c) *Treatment of stock and special dividends*

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

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

(d) *Treatment of expenses*

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

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

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

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

(f) *Taxation*

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

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

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

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

1. ACCOUNTING POLICIES (continued)

(g) *Distribution policy*

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

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

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

(h) *Basis of valuation of investment*

Quoted investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period.

(i) *Exchange rates*

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

(j) *Dilution levy*

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

	30.04.14 £'000	30.04.13 £'000
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(68,387)	128,560
Transaction charges	(4)	(15)
Currency losses	(1,504)	(1,270)
Net capital (losses)/gains	<u>(69,895)</u>	<u>127,275</u>
3. REVENUE		
Non-taxable dividends	11,967	12,230
Bank interest	6	6
Total revenue	<u>11,973</u>	<u>12,236</u>

	30.04.14 £'000	30.04.13 £'000
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	6,773	5,520
Administration fees	719	593
Legal and professional fees	9	10
Printing costs	6	5
Registration fees	6	8
	7,513	6,136
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	119	103
Safe custody and other bank charges	199	164
	318	267
Other expenses:		
Fees paid to auditor – audit	7	6
– tax services	2	2
Publication costs	6	6
Postage and distribution costs	1	1
	16	15
Total expenses	7,847	6,418
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,050	868
Current tax charge (note 5b)	1,050	868
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	1,050	868

5. TAXATION (continued)

b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.04.13 : 20%). The difference is explained below.

	30.04.14 £'000	30.04.13 £'000
Net revenue before taxation	4,125	5,817
Corporation tax at 20%	825	1,163
Effects of:		
Non-taxable dividends	(2,393)	(2,446)
Unutilised excess management expenses	1,568	1,283
Corporation tax charge	–	–
Overseas tax	1,050	868
Current tax charge (note 5a)	1,050	868

c) Deferred tax

At the year end there is a potential deferred tax asset of £5,493,481 (30.04.13 : £3,924,889) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

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

	30.04.14 £'000	30.04.13 £'000
Final	3,004	4,729
Add: Revenue deducted on cancellation of shares	136	715
Deduct: Revenue received on issue of shares	(64)	(495)
Net distributions for the year	3,076	4,949
Interest	1	1
Total finance costs	3,077	4,950

Details of the distributions per share are set out in the table on page 30.

	30.04.14 £'000	30.04.13 £'000
6. FINANCE COSTS (continued)		
Distributions represented by:		
Net revenue after taxation	3,075	4,949
Allocations to capital:		
Revenue deficit on 'A' shares	2	–
Equalisation on conversions*	(1)	–
Net distributions for the year	<u>3,076</u>	<u>4,949</u>

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

	30.04.14 £'000	30.04.13 £'000
7. DEBTORS		
Amounts receivable for issue of shares	24	2,033
Sales awaiting settlement	1,715	1,239
Accrued revenue:		
Non-taxable dividends	5,662	5,388
Bank interest	–	1
	<u>5,662</u>	<u>5,389</u>
Prepaid expenses	–	4
Total debtors	<u>7,401</u>	<u>8,665</u>
8. CREDITORS		
Amounts payable for cancellation of shares	1,568	1,682
Purchases awaiting settlement	–	1

	30.04.14 £'000	30.04.13 £'000
8. CREDITORS (continued)		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	502	519
Administration fees	54	55
Legal and professional fees	1	1
Printing costs	3	3
Registration fees	–	1
	<u>560</u>	<u>579</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	9
Transaction charges	2	4
Safe custody and other bank charges	82	45
	<u>93</u>	<u>58</u>
Other expenses	11	10
Total creditors	<u>2,232</u>	<u>2,330</u>

9. RELATED PARTY TRANSACTIONS

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 18. The amounts outstanding at the year end in respect of these monies are shown in notes 7 and 8.

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers) had the following shareholdings in the Fund:

	Held at 30.04.14	Held at 30.04.13
'A' Accumulation	16,618	16,189
'B' Accumulation	13,902,690	16,011,406
'B' Income	911,603	1,509,543

10. SHAREHOLDER FUNDS

The Fund has two share classes: 'A' and 'B' which are available as Income or Accumulation shares. The annual management charges are 1.50% and 1.00% respectively.

The net asset value, the net asset value per share and the number of shares in issue are given in the Fund Information.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.04.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

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

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

i. Credit risk

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

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

ii. Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

This risk is not actively managed.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

ii. Interest rate risk (continued)

The table below shows the direct interest rate risk profile:

	30.04.14 £'000	30.04.13 £'000
Floating rate assets:		
Japanese yen	5,463	2,863
Pounds sterling	5,269	–
	10,732	2,863
Floating rate liabilities:		
Pounds sterling	(1,991)	(849)
Assets on which interest is not paid:		
Japanese yen	590,007	615,926
Pounds sterling	24	2,037
	590,031	617,963
Liabilities on which interest is not paid:		
Japanese yen	–	(1)
Pounds sterling	(3,220)	(3,427)
	(3,220)	(3,428)
Net assets	595,552	616,549

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

iii. Foreign currency risk

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

This risk is not actively managed.

The table below shows the direct foreign currency risk profile:

	30.04.14 £'000	30.04.13 £'000
Currency:		
Japanese yen	595,470	618,788
Pounds sterling	82	(2,239)
Net assets	595,552	616,549

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

iv. *Liquidity risk*

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

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

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

v. *Market price risk*

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

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

vi. *Fair value of financial assets and financial liabilities*

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

vii. *Derivatives*

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

	30.04.14 £'000	30.04.13 £'000
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	131,446	107,060
Transaction costs:		
Commissions	263	214
Gross purchases total	<u>131,709</u>	<u>107,274</u>
Analysis of total sale costs		
Gross sales before transaction costs	90,168	154,148
Transaction costs:		
Commissions	(178)	(310)
Other charges	–	1
	<u>(178)</u>	<u>(309)</u>
Total sales net of transaction costs	<u>89,990</u>	<u>153,839</u>

Financial Statements (continued)
DISTRIBUTION TABLE
FOR THE YEAR ENDED 30 APRIL 2014 – IN PENCE PER SHARE

Interim

There were no distributions for the interim period and the net surplus was carried forward to the final period.

Final

Group 1 – Shares purchased prior to 1 May 2013

Group 2 – Shares purchased on or after 1 May 2013 and on or before 30 April 2014

'A' Income Shares	Net Revenue	Equalisation	Payable 30.06.14	Paid 30.06.13
Group 1	0.0000	–	0.0000	0.8819
Group 2	0.0000	0.0000	0.0000	0.8819

'A' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.06.14	Allocated 30.06.13
Group 1	0.0000	–	0.0000	0.9969
Group 2	0.0000	0.0000	0.0000	0.9969

'B' Income Shares	Net Revenue	Equalisation	Payable 30.06.14	Paid 30.06.13
Group 1	1.1121	–	1.1121	1.8601
Group 2	0.9457	0.1664	1.1121	1.8601

'B' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.06.14	Allocated 30.06.13
Group 1	1.1326	–	1.1326	1.9096
Group 2	1.1048	0.0278	1.1326	1.9096

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes. Where there is no distribution at interim, the final distribution period is deemed to run for the whole year.

GENERAL INFORMATION

VALUATION POINT

The valuation point of the Fund is 11.00am London time on each business day. 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. Instructions to buy or sell shares may be either in writing to 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT, or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The most recent prices of shares are published in the *Financial Times* under the heading Capita Financial Managers, are available on the website of the Investment Management Association at www.fundlistings.com under the heading Capita Financial Managers, by calling 0845 922 0044 during the ACD's normal business hours and on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

