

CAPITA

TROY
ASSET MANAGEMENT



Trojan Investment Funds

Annual Report and Financial Statements
31 January 2014

Trojan Fund
Trojan Capital Fund
Trojan Income Fund
Crystal Fund
Spectrum Fund

AUTHORISED CORPORATE DIRECTOR ('ACD')
 Capita Financial Managers Limited
 Head Office:
 Ibex House
 42 – 47 Minories
 London EC3N 1DX
 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
 C. Hayes
 K.J. Midl
 J.E. Millan

INVESTMENT MANAGER

Troy Asset Management Limited
 Brookfield House
 44 Davies Street
 London W1K 5JA
 (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)

REGISTRARS

Capita Financial Administrators Limited
 Customer Service Centre:
 2 The Boulevard
 City West One Office Park
 Gelderd Road
 Leeds LS12 6NT
 Telephone: 0845 922 0044 Fax: 0113 224 6001
 (Authorised and regulated by the Financial Conduct Authority)

INDEPENDENT AUDITOR

Ernst & Young LLP
 1 More London Place
 London SE1 2AF

CONTENTS

ACD's Report	7
Authorised Status	7
Important Information	7
Director's Statement	8
Statement of ACD's Responsibilities in Relation to the Financial Statements	8
Statement of Depositary's Responsibilities	9
Report of the Depositary	9
Independent Auditor's Report to the Members of Trojan Investment Funds	10
AGGREGATED FINANCIAL STATEMENTS	
Aggregated Statement of Total Return	12
Aggregated Statement of Change in Net Assets Attributable to Shareholders	12
Aggregated Balance Sheet	13
Notes to the Aggregated Financial Statements	14

TROJAN FUND

ACD's Report	25
Important Information	25
Investment Objective and Policy	25
Investment Manager's Report	26
Fund Information	29
Portfolio Statement	33
Summary of Material Portfolio Changes	37

FINANCIAL STATEMENTS

Statement of Total Return	39
Statement of Change in Net Assets Attributable to Shareholders	39
Balance Sheet	40
Notes to the Financial Statements	41
Distribution Table	49

TROJAN CAPITAL FUND

ACD's Report	51
Investment Objective and Policy	51
Investment Manager's Report	52
Fund Information	55
Portfolio Statement	59
Summary of Material Portfolio Changes	62

FINANCIAL STATEMENTS

Statement of Total Return	64
Statement of Change in Net Assets Attributable to Shareholders	64
Balance Sheet	65
Notes to the Financial Statements	66
Distribution Table	73

TROJAN INCOME FUND

ACD's Report	75
Important Information	75
Investment Objective and Policy	75
Investment Manager's Report	76
Fund Information	79
Portfolio Statement	84
Summary of Material Portfolio Changes	88

FINANCIAL STATEMENTS

Statement of Total Return	90
Statement of Change in Net Assets Attributable to Shareholders	90
Balance Sheet	91
Notes to the Financial Statements	92
Distribution Table	98

CRYSTAL FUND

ACD's Report	101
Investment Objective and Policy	101
Investment Manager's Report	102
Fund Information	105
Portfolio Statement	107
Summary of Material Portfolio Changes	111

FINANCIAL STATEMENTS

Statement of Total Return	113
Statement of Change in Net Assets Attributable to Shareholders	113
Balance Sheet	114
Notes to the Financial Statements	115
Distribution Table	122

SPECTRUM FUND

ACD's Report	123
Investment Objective and Policy	123
Investment Manager's Report	124
Fund Information	129
Portfolio Statement	133
Summary of Material Portfolio Changes	136

FINANCIAL STATEMENTS

Statement of Total Return	138
Statement of Change in Net Assets Attributable to Shareholders	138
Balance Sheet	139
Notes to the Financial Statements	140
Distribution Table	147
General Information	149

ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

AUTHORISED STATUS

Trojan Investment Funds ('the Company') is an open-ended investment company ('OEIC') with variable capital incorporated in England and Wales under registration number IC000280 and authorised by the Financial Services Authority (note that the Financial Services Authority was replaced by the Financial Conduct Authority on 1 April 2013) with effect from 14 November 2003.

Shareholders are not liable for the debts of the Company. A shareholder is 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 is pounds sterling.

IMPORTANT INFORMATION

We have updated the Prospectus to comply with the new Financial Conduct Authority rules introducing 'protected cells' for umbrella Open Ended Investment Companies ('OEICs') in the UK. The Company is an umbrella OEIC. Previously, each sub-fund of a UK umbrella OEIC effectively had its own pool of assets but could not be treated as a separate legal entity. As such, each of the sub-funds' assets were not legally ring-fenced and consequently it was possible that if the liabilities of another sub-fund within the same umbrella exceeded its assets, a creditor could pursue one or more other sub-funds in that umbrella to satisfy its debt. The effect of the new rules is to legally protect assets in each sub-fund from the creditors of other sub-funds and, as such, these changes are deemed to be in the investors' interest.

For details of other changes please see 'Important Information' section of the sub-funds. Full details of these changes can be found in the revised Prospectus dated 13 January 2014.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Investment Funds
30 April 2014

DIRECTOR'S STATEMENT

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

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
ACD of Trojan Investment Funds
30 April 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 Company and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

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

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

In so far as the ACD is aware:

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

REPORT OF THE DEPOSITARY FOR THE YEAR ENDED 31 JANUARY 2014

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

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

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of Trojan Investment Funds
30 April 2014

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

We have audited the financial statements of Trojan Investment Funds ('the Company') for the year ended 31 January 2014 which comprise the Aggregated Statement of Total Return, Aggregated Statement of Change in Net Assets Attributable to Shareholders, Aggregated Balance Sheet and the related notes 1 to 13, together with the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related notes and the distribution table for each sub-fund. 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 Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the ACD's responsibilities statement set out on page 8, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and of its sub-funds as at 31 January 2014 and of the net revenue and the net capital losses on the scheme property of the Company and its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

In our opinion:

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

ERNST & YOUNG LLP
Statutory Auditor
London
30 April 2014

AGGREGATED FINANCIAL STATEMENTS
AGGREGATED STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Income:					
Net capital (losses)/gains	2		(106,499,207)		145,094,066
Revenue	3	101,547,063		78,246,612	
Expenses	4	(42,951,349)		(33,841,455)	
Finance costs: Interest	6	(7,799)		–	
Net revenue before taxation		58,587,915		44,405,157	
Taxation	5	(3,643,359)		(2,607,200)	
Net revenue after taxation			54,944,556		41,797,957
Total return before distributions			(51,554,651)		186,892,023
Finance costs: Distributions	6		(68,146,049)		(49,380,790)
Change in net assets attributable to shareholders from investment activities			(119,700,700)		137,511,233

AGGREGATED STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Opening net assets attributable to shareholders			3,695,951,206		2,401,284,821
Amounts receivable on issue of shares		708,085,734		1,193,444,247	
Amounts payable on cancellation of shares		(459,203,550)		(62,284,042)	
			248,882,184		1,131,160,205
Dilution levy charged	1(k)		9,199,809		8,611,472
Stamp duty reserve tax, net of credit	1(g)		(1,317,068)		(439,040)
Change in net assets attributable to shareholders from investment activities			(119,700,700)		137,511,233
Retained distribution on Accumulation shares			21,214,414		17,822,515
Closing net assets attributable to shareholders			3,854,229,845		3,695,951,206

AGGREGATED BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			3,752,641,087		3,529,267,813
Other assets					
Debtors	7	15,340,669		19,689,160	
Cash and bank balances		148,134,391		236,002,027	
Total other assets			163,475,060		255,691,187
Total assets			3,916,116,147		3,784,959,000
LIABILITIES					
Investment liabilities			(45,605)		(7,957,300)
Other liabilities					
Creditors	8	(28,494,776)		(53,710,361)	
Bank overdrafts		(4,365,299)		(5,041,354)	
Distribution payable on Income shares		(28,980,622)		(22,298,779)	
Total other liabilities			(61,840,697)		(81,050,494)
Total liabilities			(61,886,302)		(89,007,794)
Net assets attributable to shareholders			3,854,229,845		3,695,951,206

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) *Basis of aggregation*

The aggregated financial statements represent the sum of the relevant items from the financial statements of the individual sub-funds within the umbrella company.

(c) *Recognition of revenue*

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

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

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

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

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

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.

(d) *Treatment of stock and special dividends*

The ordinary element of stock dividend 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.

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.

(e) *Treatment of expenses*

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

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

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

1. ACCOUNTING POLICIES (continued)

(f) *Allocation of revenue and expenses to multiple share classes and sub-funds (continued)*
 All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(g) *Taxation*

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

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

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

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

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

(h) *Distribution policy*

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

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

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

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

(i) *Basis of valuation of investments*

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. Accrued interest on fixed interest securities is included in revenue.

Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve on the last business day of the accounting period.

1. ACCOUNTING POLICIES (continued)

(j) 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.

(k) Dilution levy

The ACD may apply a dilution levy of 0.5% on the purchase or sale of shares in the Trojan Fund and the Trojan Income Fund, if, in its opinion the existing shareholders (for purchases) or remaining shareholders (for sales) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically in this context being a purchase or sale of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); where the Scheme Property of a sub-fund is in continual decline; 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.

The ACD does not currently charge a dilution levy on the purchase or sale of shares in respect of Crystal Fund but may introduce a dilution charge in future. The ACD currently charges a 0.5% dilution levy on the purchase or sale of shares in the Trojan Capital Fund and the Spectrum Fund.

	31.01.14 £	31.01.13 £
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(126,356,213)	145,150,864
Derivative contracts	–	76,634
Forward currency contracts	25,813,918	6,459,232
Transaction charges	(4,843)	(9,013)
Currency losses	(5,952,069)	(6,583,651)
Net capital (losses)/gains	<u>(106,499,207)</u>	<u>145,094,066</u>
3. REVENUE		
Non-taxable dividends	83,529,266	57,745,112
Taxable dividends	144,161	124,149
UK property income distributions	393,750	331,624
Unfranked interest	17,176,643	19,767,152
AMC rebates from underlying investments	(3,574)	44,564
Bank interest	306,732	233,994
Other interest	85	17
Total revenue	<u>101,547,063</u>	<u>78,246,612</u>

4. EXPENSES

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

ACD's periodic charge	41,766,319	32,697,637
Legal and professional fees	60,839	87,905
Printing costs	32,359	26,181
Registration fees	131,146	106,070
Other tax related services	2,250	–
	<u>41,992,913</u>	<u>32,917,793</u>

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

Depositary's fees	626,023	516,417
Safe custody and other bank charges	231,804	304,245
	<u>857,827</u>	<u>820,662</u>

Other expenses:

FCA fee	380	300
Fees paid to auditor – audit fees	40,500	40,500
– tax services	15,000	15,000
Publication costs	32,635	33,124
Postage and distribution costs	12,094	14,076
	<u>100,609</u>	<u>103,000</u>

Total expenses	<u>42,951,349</u>	<u>33,841,455</u>
----------------	-------------------	-------------------

5. TAXATION

a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	3,643,359	2,607,200
Current tax charge (note 5b)	<u>3,643,359</u>	<u>2,607,200</u>

Deferred tax – origination and reversal of timing differences (note 5c)

	–	–
Total taxation	<u>3,643,359</u>	<u>2,607,200</u>

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%) (31.01.13 : 20%) for the reasons explained below.

	31.01.14 £	31.01.13 £
Net revenue before taxation	58,587,915	44,405,157
Corporation tax at 20%	11,717,583	8,881,031
Effects of:		
Non-taxable dividends	(16,705,853)	(11,549,022)
RPI movement on UK index-linked gilts	(2,461,922)	(1,913,301)
Unutilised excess management expenses	7,450,192	4,581,292
Corporation tax charge	–	–
Overseas tax	3,643,359	2,607,200
Current tax charge (note 5a)	3,643,359	2,607,200

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	32,850,927	25,345,817
Final	39,352,522	31,735,567
	72,203,449	57,081,384
Add: Revenue deducted on cancellation of shares	1,945,593	360,776
Deduct: Revenue received on issue of shares	(6,002,993)	(8,061,370)
Net distributions for the year	68,146,049	49,380,790
Interest	7,799	–
Total finance costs	68,153,848	49,380,790

6. FINANCE COSTS (continued)

Distributions represented by:

Net revenue after taxation	54,944,556	41,797,957
Allocations to capital:		
ACD's periodic charge, net of tax relief	13,011,512	7,566,081
Revenue deficit	141,537	2,758
	13,153,049	7,568,839
Equalisation on conversions*	48,410	13,936
Balance brought forward	803	861
Balance carried forward	(769)	(803)
Net distributions for the year	68,146,049	49,380,790

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

7. DEBTORS

Amounts receivable for issue of shares	7,800,434	13,233,497
Accrued revenue:		
Non-taxable dividends	5,768,742	4,438,862
Unfranked interest	1,204,587	1,371,228
AMC rebates from underlying investments	–	19,871
Bank interest	21,743	26,633
	6,995,072	5,856,594
Dilution levy	14,284	135,202
Prepaid expenses	5,398	23,055
Taxation recoverable:		
Income tax	5,883	19,878
Overseas withholding tax	519,598	420,934
	525,481	440,812
Total debtors	15,340,669	19,689,160

	31.01.14 £	31.01.13 £
8. CREDITORS		
Amounts payable for cancellation of shares	22,060,941	2,150,399
Purchases awaiting settlement	2,654,878	47,966,220
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,494,146	3,277,688
Legal and professional fees	5,060	4,673
Printing costs	25,411	14,089
Registration fees	11,140	10,557
	3,535,757	3,307,007
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	53,119	49,640
Transaction charges	1,658	3,019
Safe custody and other bank charges	61,574	123,103
	116,351	175,762
Other expenses	63,712	65,763
Taxation payable:		
Stamp duty reserve tax	63,137	45,210
Total creditors	28,494,776	53,710,361

9. RELATED PARTY TRANSACTIONS

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

The aggregate monies received and paid by the ACD through the issue and cancellation of shares are disclosed in the Aggregated Statement of Change in Net Assets Attributable to Shareholders on page 12 and amounts due at the year end are disclosed in notes 7 and 8.

9. RELATED PARTY TRANSACTIONS (continued)

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

	Held at 31.01.14	Change in year	Held at 31.01.13
Trojan Fund			
'O' Income	4,357,334	(387,222)	4,744,556
'O' Accumulation	4,199,037	(508,428)	4,707,465
'I' Accumulation	404,945	(116)	405,061
Trojan Capital Fund			
'O' Income	16,470	36	16,434
'O' Accumulation	432,366	(1,705)	434,071
'I' Accumulation	7,583	–	7,583
Trojan Income Fund			
'O' Income	1,913,102	(1,605,086)	3,518,188
'O' Accumulation	936,279	5,172	931,107
'I' Income	250,229	3,119	247,110
'I' Accumulation	103,897	13,952	89,945
Spectrum Fund			
'O' Income	10,276	10,276	–
'O' Accumulation	144,133	(19,572)	163,705

As part of the investment strategy, the Company may from time to time hold shares in other Collective Investment Schemes managed by the same ACD. At the balance sheet date the value of these holdings was as follows:

	31.01.14 £	31.01.13 £
Spectrum Fund		
ACD in common	5,160,606	9,679,417

10. SHAREHOLDER FUNDS

The Trojan Income Fund has four share classes which are available as Income and Accumulation shares. The annual management charges per share class are shown below:

'O' shares	1.00%
'I' shares	1.50%
'S' shares	0.75%
'Z' shares (this class is only available for investment by the Trojan Income Feeder Fund (Ireland))	0.00%

10. SHAREHOLDER FUNDS (continued)

The Trojan Fund and Trojan Capital Fund have three share classes which are available as Income and Accumulation shares. The annual management charges per share class are shown below:

'O' shares	1.00%
'I' shares	1.50%
'S' shares	0.75%

The Spectrum Fund has two share classes which are available as Income and Accumulation. The annual management charges per share class are shown below:

'O' shares	0.65%
'I' shares	1.15%

The Crystal Fund has one share class, available as Income and the annual management charge is 1.00%.

11. CONTINGENT LIABILITIES AND COMMITMENTS

Disclosure is made in note 11 of the Notes to the Financial Statements of the sub-funds.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objectives 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 Company'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 funds. 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 funds managed.

i. Credit risk

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Credit risk (continued)

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

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. All of the bonds in which the sub-funds invest are investment grade listed bonds or government securities which are lower risk.

ii. Interest rate risk

Interest rate risk is the risk that the value of the Company's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. These risks are not actively managed.

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

Numerical disclosure of the interest rate risk profile is made in note 12i of the Notes to the Financial Statements of the sub-funds.

iii. Foreign currency risk

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

Numerical disclosure of the foreign currency risk profile is made in note 12ii of the Notes to the Financial Statements of the sub-funds.

iv. Liquidity risk

The main liability of the Company 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 Company's assets consist of readily realisable securities.

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

v. *Market price risk*

Market price risk is the risk that the value of the Company'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 Company holds.

Market price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company's investment portfolio's are exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adherence to investment guidelines and avoidance of 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*

Disclosure is made in note 12iii of the Notes to the Financial Statements of the sub-funds.

13. PORTFOLIO TRANSACTION COSTS

Disclosure is made in note 13 of the Notes to the Financial Statements of the sub-funds.

TROJAN FUND ACD'S REPORT FOR THE YEAR ENDED 31 JANUARY 2014

IMPORTANT INFORMATION

From 6 January 2014, the dilution levy policy of the Trojan Fund ('the Fund') was changed to reflect that it may charge a dilution levy on the purchases and redemption of shares and that the estimated dilution levy has been revised to 0.5%.

Further Company changes can be found on page 7, full details of all changes can be found in the revised Prospectus dated 13 January 2014.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of 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
30 April 2014

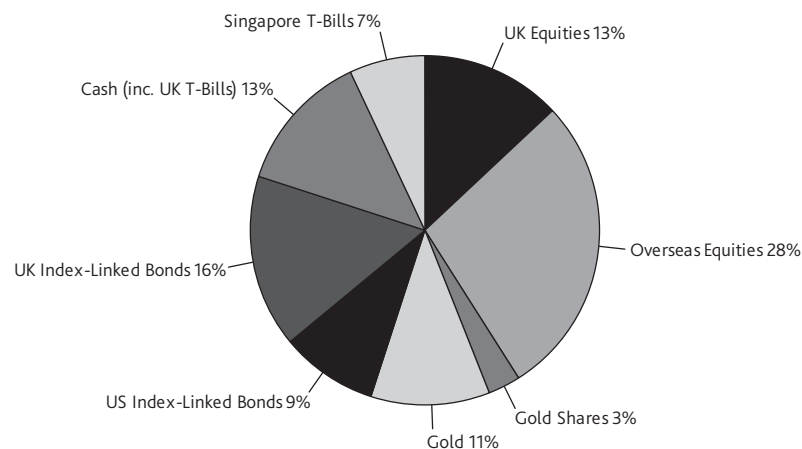
INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2014, the Fund produced a total return of -6.4% compared to a return of +0.4%* in the LIBID Index (total return) and +10.1%* in the FTSE All-Share Index (total return).

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

ASSET ALLOCATION AS AT 31 JANUARY 2014



Source: Troy Asset Management Limited.

MARKET REVIEW

Universally low yields have been a painful thorn in our side for the past two years. At the start of 2012 we wrote about how we believed that it would be harder for us to generate good returns, given that yields across most assets had significantly compressed. That warning was timely and frustratingly accurate. Our caution on equities came too early. Not holding more in equities these last 12 months was a blow on the chin, but holding alternatives that demonstrated a negative correlation to rising stocks has been a more painful punch to the stomach. In 2000 and 2007, opportunities were available for the canny to protect capital. In 2000, it was in so-called 'old economy' stocks that had been left behind in the unseemly dash for internet stocks. In 2007 bonds offered protection along with foreign currency as sterling was extremely overvalued. Today, all those routes of escape are more dangerous. Furthermore, traditional safe haven assets such as gold and index-linked bonds have recently been anything but safe. Trying to act prudently has been punished. Since the summer of 2012 it has, surprisingly to us, paid to be bullish.

The financial year ending 31 January 2014 was clearly the most challenging and disappointing year in the Fund's history. Nearly everything that could go wrong did go wrong. In 2011 gold, index-linked bonds and currency all aligned to assist us, but in the past 12 months they all

conspired against us. Gold produced its worst yearly return since 1981 and its price, in sterling terms, was down by about 28% over the past twelve months. Index-linked bonds, another insurance policy, failed to pay out as investors questioned their holdings in an immediate environment of disinflation. We were left holding an umbrella whilst the sun shone.

The casual observer can see that developed world equity markets were the places to invest in 2013, but the curious may ask why that was so. These markets have been driven more by the fumes of hope than the fuel of impressive earnings growth. Indeed, the overwhelming majority of last year's US stock market progress came from multiple expansion rather than an improvement in corporate fundamentals. In both the UK and continental Europe, earnings in 2013 are likely to have fallen for a second consecutive year meaning that all of the impressive advances were predicated on investors' willingness to pay more for less.

PORTFOLIO

2013 was clearly not 'our kind of market' and we found appealing new investment opportunities few and far between. A rare exception was the new holding in Dr Pepper Snapple Group. Consumer staple stocks have denigrated from market heroes to market villains. Their temporary fall from grace coincides with a fall in 'safe' government bond prices and a consequential rise in yields. Myopic investors have increasingly come to see consumer good companies as bond proxies. This is puzzling as we know that the coupon on a conventional bond will be the same annual payment until maturity. We are nearly as certain that Dr Pepper Snapple Group will grow its dividend at a good pace over the medium term as it looks to grow its share of US consumer throat and stomach.

Consumer staples were one part of the market that witnessed a modest de-rating as generally solid, if unspectacular, earnings growth was rewarded with share price weakness. Weakness was most acute in those stocks with disproportionately large operations in emerging markets. Emerging market growth is slowing and currencies in these parts of the world are buckling as capital takes flight; this is all tempering immediate earnings expectations. There is an old but useful stock market maxim: 'You can have good news or good prices, but not both'. We prefer buying when sentiment is soured and so we took the opportunity of share price weakness to add to our core holdings of The Coca-Cola Company, British American Tobacco and Philip Morris International all of which have increasingly valuable emerging market franchises. Towards the beginning of the financial year we increased our holding of Reynolds American, the US domestic cigarette manufacturer. At the time the market was concerned that the market leader, Altria Group (also owned), was not pushing price hard enough to propel industry profitability forward. As the year progressed, pricing improved, industry earnings grew and the news flow was more of the good than bad variety.

The new holding of Dr Pepper Snapple Group was sizeable because of the combination of high returns and a low valuation. Smaller holdings were also started in Novartis, the Swiss pharmaceuticals company, and American Express Company, the card payment network provider. These holdings are more modest because valuation and returns do not meet so favourably. American Express is a unique consumer franchise that has a fantastic growth runway. However, the road ahead will be bumpy and we hope to purchase more at even more appealing valuations. Novartis is favoured because of the breadth and depth of its business which makes it more resilient than most pharmaceutical companies to patented drug expiries.

In many ways Microsoft Corporation serves as a vignette of the wider market. Earnings expectations have disappointed, but the shares have performed very well; this had led to a substantial re-rating. We therefore chose to reduce our holding. There were also two complete equity exits from the Fund. We first bade farewell to BG Group. BG is in the midst

TROJAN FUND

ACD's Report (continued)

Investment Manager's Report (continued)

PORTFOLIO (continued)

of an ambitious plan to materially grow its oil and gas production. Unfortunately, new energy developments require tremendous amounts of capital to be deployed and we are concerned that the returns on investment might disappoint. Over recent years we have shifted the equity part of the portfolio away from tangible asset intensive businesses to those that are more reliant on brands.

It is unusual for healthcare stocks to be at the vanguard of a rapidly rising market, but these are unusual times. Johnson & Johnson saw its share prices rise by around 25% largely because of a material re-rating rather than material earnings growth. We felt that the share price was discounting only good news, so we made the decision to sell.

OUTLOOK

Making money imparts its own feelings of optimism and accomplishment. Investors who stuck to stocks over the past 12 months know these feelings only too well. Today, it is difficult to recall another time when optimism about the stock market, profits and the UK economy was so widespread. Fear has unquestionably surrendered to greed and stock markets, to us, look more expensive and more extended than at any time since 2007. Investor faith in central bankers is at an all-time high. Many stocks are trading on, in our opinion, nose-bleed valuations, yet investors seem happy to trundle along a high tightrope in the belief that the Federal Reserve stands ready with a safety net, not near the floor but only inches below the rope. This explains why stock market corrections have become both shallower and more infrequent. With interest rates already at zero this safety net may be more illusionary than real. We see risk when others are blind to it and refuse to chase returns just because we have underperformed these past two financial years.

Cash is our protection against and ammunition in falling markets. Our gold and index-linked bond insurance policies have become cheaper despite the risks they protect us against not diminishing. Earnings need to sharply increase to rationally justify current valuations of most stocks and markets. If they do not and positive market momentum continues then equity markets are at risk of entering another bubble whilst the echoes of the last two popping are still in ear shot. Stock market bubbles are very democratic; they make all investors look foolish either before or after the peak. We will always be lonely and choose the former.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

20 February 2014

FUND INFORMATION

PERFORMANCE RECORD

'O' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	167.42	135.58	3.7058
2010	187.95	161.35	2.4673
2011	202.11	180.36	2.5743
2012	209.88	198.45	2.0062
2013	214.17	194.37	1.5038
2014*	196.16	193.57	0.4382

'O' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	190.74	152.77	3.5021
2010	217.25	184.79	2.8233
2011	236.81	209.54	3.0025
2012	248.33	233.49	2.3278
2013	254.16	231.67	1.7822
2014*	233.81	230.72	0.5219

'I' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	166.80	135.42	2.7984
2010	187.39	161.17	1.5310
2011	201.56	180.17	1.6779
2012	209.40	197.85	1.0012
2013	213.70	193.73	0.4694
2014*	195.44	192.83	–

TROJAN FUND

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

PERFORMANCE RECORD (continued)

'I' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	188.99	151.99	2.8305
2010	214.20	183.00	1.7337
2011	232.58	206.50	1.9743
2012	242.83	228.77	1.1614
2013	247.93	225.19	0.5457
2014*	227.16	224.13	—

'S' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	167.51	135.67	4.3804
2010	188.19	161.40	2.7647
2011	202.36	180.46	2.9900
2012	210.13	198.69	2.4223
2013	214.42	194.70	2.0247
2014*	196.54	193.95	0.6893

'S' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	192.61	154.10	3.8000
2010	219.43	186.65	3.1226
2011	239.70	211.70	3.4719
2012	251.86	236.57	2.8708
2013	258.08	235.67	2.4281
2014*	237.90	234.77	0.8351

* To 31 January 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.12	'O' Income	698,856,183	346,050,488	201.95
	'O' Accumulation	502,760,718	211,571,036	237.63
	'I' Income	78,067,711	38,706,828	201.69
	'I' Accumulation	264,097,416	113,250,142	233.20
	'S' Income	191,983,131	95,007,936	202.07
	'S' Accumulation	44,401,871	18,455,194	240.59
31.01.13	'O' Income	874,755,377	422,913,785	206.84
	'O' Accumulation	717,518,181	292,321,709	245.45
	'I' Income	113,898,988	55,140,801	206.56
	'I' Accumulation	432,212,134	180,356,763	239.64
	'S' Income	286,413,851	138,370,013	206.99
	'S' Accumulation	54,187,702	21,750,284	249.14
31.01.14	'O' Income	815,815,750	422,901,754	192.91
	'O' Accumulation	672,464,520	291,799,000	230.45
	'I' Income	64,375,244	33,423,370	192.61
	'I' Accumulation	359,773,136	160,704,220	223.87
	'S' Income	248,095,858	128,520,585	193.04
	'S' Accumulation	59,102,115	25,203,456	234.50

ONGOING CHARGES FIGURE

Expense Type	31.01.14 %			31.01.13 %		
	'O'	'I'	'S'	'O'	'I'	'S'
ACD's periodic charge	1.00	1.50	0.75	1.00	1.50	0.75
Other expenses	0.02	0.02	0.02	0.03	0.03	0.03
	1.02	1.52	0.77	1.03	1.53	0.78
Collective investment scheme costs	0.05	0.05	0.05	0.05	0.05	0.05
Ongoing charges figure	1.07	1.57	0.82	1.08	1.58	0.83

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Fund expressed as a percentage of the average net assets during the accounting period.

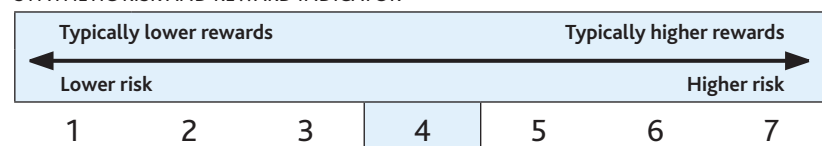
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

TROJAN FUND

ACD's Report (continued)

Fund Information (continued)

SYNTHETIC RISK AND REWARD INDICATOR



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

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

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

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

FUND PERFORMANCE TO 31 JANUARY 2014 (%)

	1 year	3 years	5 years
Trojan Fund	(6.41)	9.95	40.35

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 49 and 50.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 31.01.14 %	31.01.13 %
DEBT SECURITIES				
SG\$110,250,000	Monetary Authority of Singapore 0% 07.02.14	52,482,059	2.37	
SG\$71,000,000	Monetary Authority of Singapore 0% 28.02.14	33,791,749	1.52	
SG\$43,000,000	Monetary Authority of Singapore 0% 07.03.14	20,464,170	0.92	
SG\$111,000,000	Monetary Authority of Singapore 0% 04.04.14	52,813,151	2.38	
£26,000,000	UK Treasury 0% 10.02.14	25,997,073	1.17	
£109,500,000	UK Treasury 0% 24.02.14	109,469,696	4.93	
£20,000,000	UK Treasury 0% 03.03.14	19,992,851	0.90	
£98,700,000	UK Treasury 0% 22.04.14	98,532,210	4.44	
£103,025,500	UK Treasury 0.125% index-linked 2024	110,362,770	4.97	
£87,000,000	UK Treasury 1.875% index-linked 2022	128,758,695	5.80	
£32,496,000	UK Treasury 2.5% index-linked 2020	117,950,601	5.31	
US\$227,050,000	US Treasury 0.125% Inflation Protected Securities 2022	140,501,401	6.33	
US\$94,500,000	US Treasury 0.625% Inflation Protected Securities 2021	61,886,471	2.79	
	TOTAL DEBT SECURITIES	973,002,897	43.83	48.09
EQUITIES				
UNITED KINGDOM				
	OIL & GAS	—	—	0.28
CONSUMER GOODS				
BEVERAGES				
291,519	Barr (A.G.)	1,778,266	0.08	
1,252,500	Diageo	22,551,262	1.02	
		24,329,528	1.10	1.01
FOOD PRODUCERS				
1,264,000	Unilever	29,564,960	1.33	1.31

TROJAN FUND

ACD's Report (continued)

Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
2,900,000	TOBACCO			
	British American Tobacco	84,549,500	3.81	2.77
	TOTAL CONSUMER GOODS	138,443,988	6.24	5.09
3,550,613	HEALTH CARE			
	PHARMACEUTICALS & BIOTECHNOLOGY			
	GlaxoSmithKline	55,513,834	2.50	0.78
1,757,022	CONSUMER SERVICES			
	FOOD & DRUG RETAILERS			
	Greggs	8,855,391	0.40	0.34
9,091,011	FINANCIALS			
	EQUITY INVESTMENT INSTRUMENTS			
	Better Capital 2009	13,863,792	0.62	
23,010,000	Better Capital 2012	25,138,425	1.13	
2,529,477	Mithras Investment Trust	3,440,089	0.16	
		42,442,306	1.91	0.70
9,506,172	TECHNOLOGY			
	SOFTWARE & COMPUTER SERVICES			
	Sage Group (The)	38,813,700	1.75	1.30
	TOTAL UNITED KINGDOM	284,069,219	12.80	8.49
752,000	CONTINENTAL EUROPE			
	Nestlé	33,219,991	1.50	
175,340	Novartis	8,452,571	0.38	
	TOTAL CONTINENTAL EUROPE	41,672,562	1.88	1.34
2,814,000	AUSTRALIA			
	Newcrest Mining	14,386,754	0.65	1.75

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
1,000,000	NORTH AMERICA			
	Agnico-Eagle Mines	18,893,742	0.85	
	Altria Group	49,365,448	2.22	
	American Express Company	16,546,762	0.74	
	Becton, Dickinson and Company	80,972,685	3.65	
	Berkshire Hathaway	50,287,750	2.27	
	Coca-Cola Company (The)	52,685,180	2.37	
	Colgate-Palmolive Company	32,552,183	1.47	
	Dr Pepper Snapple Group	47,960,808	2.16	
	Imperial Oil	69,225,149	3.12	
	Microsoft Corporation	77,727,401	3.50	
	Newmont Mining	28,231,647	1.27	
1,810,000	Philip Morris International	42,791,964	1.93	
	Reynolds American	53,415,417	2.41	
	TOTAL NORTH AMERICA	620,656,136	27.96	23.60
129,531	COMMODITIES			
	BlackRock Gold and General*	892,342	0.04	
	ETFS Physical Swiss Gold*	58,400,811	2.63	
786,900	Gold Bullion Securities*	190,349,581	8.58	
2,620,000	TOTAL COMMODITIES	249,642,734	11.25	12.29
US\$(725,000,000)	FORWARD CURRENCY CONTRACTS			
	Vs £444,894,453 (expiry 18.03.14)	3,617,838	0.16	(0.30)
	Portfolio of investments	2,187,048,140	98.53	95.26
	Net other assets	32,578,483	1.47	4.74
	Net assets	2,219,626,623	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares unless stated otherwise.

* Collective investment scheme.

TROJAN FUND

ACD's Report (continued)

Portfolio Statement (continued)

Credit Quality	31.01.14 %	31.01.13 %
Investment grade debt securities	32.20	48.09
Non-rated debt securities	11.63	–
Other investments	54.70	47.17
Net other assets	1.47	4.74
Total	<u>100.00</u>	<u>100.00</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2014

Total purchases for the year (note 13) **£308,708,125**

Purchases	Cost £
US Treasury 0.125% Inflation Protected Securities 2022	53,831,148
Dr Pepper Snapple Group	46,210,474
Gold Bullion Securities	37,743,625
GlaxoSmithKline	36,130,504
British American Tobacco	25,983,093
Better Capital 2012	24,111,745
Philip Morris International	17,931,578
American Express Company	17,452,451
Coca-Cola Company (The)	15,191,369
Reynolds American	12,916,877
Novartis	8,456,940
Microsoft Corporation	7,812,842
Imperial Oil	4,935,479

The summary of material portfolio changes represents all of the purchases (excluding money market instruments) during the year.

In addition to the above, purchases of £2,292,427,479 were made on UK, US and Singapore Treasury Bills.

TROJAN FUND

ACD's Report (continued)

Summary of Material Portfolio Changes (continued)

Total sales for the year (note 13) **£230,701,511**

Sales	Proceeds £
Microsoft Corporation	61,911,803
US Treasury 1.375% Inflation Protected Securities 2020	46,792,248
US Treasury 1.25% Inflation Protected Securities 2020	45,285,258
Johnson & Johnson	34,129,669
UK Treasury 1.875% index-linked 2022	18,538,035
US Treasury 0.125% Inflation Protected Securities 2022	15,353,207
BG Group	7,431,975
Mithras Investment Trust	1,259,316

The summary of material portfolio changes represents all of the sales (excluding money market instruments) during the year.

In addition to the above, sales of £2,367,234,665 were made on UK, US and Singapore Treasury Bills.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	31.01.13 £
Income:				
Net capital (losses)/gains	2		(179,031,913)	47,726,510
Revenue	3	44,876,992		42,080,197
Expenses	4	(27,405,792)		(23,910,733)
Finance costs: Interest	6	(5,264)		—
Net revenue before taxation		17,465,936		18,169,464
Taxation	5	(2,679,629)		(2,030,346)
Net revenue after taxation			14,786,307	16,139,118
Total return before distributions			(164,245,606)	63,865,628
Finance costs: Distributions	6		(14,970,634)	(16,153,114)
Change in net assets attributable to shareholders from investment activities			(179,216,240)	47,712,514

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	31.01.13 £
Opening net assets attributable to shareholders			2,478,986,233	1,780,167,030
Amounts receivable on issue of shares		235,587,466		677,641,671
Amounts payable on cancellation of shares		(326,702,654)		(39,004,015)
			(91,115,188)	638,637,656
Dilution levy charged	1(k)	4,969,145		5,253,200
Stamp duty reserve tax, net of credit	1(g)	(229,712)		(139,567)
Change in net assets attributable to shareholders from investment activities			(179,216,240)	47,712,514
Retained distribution on Accumulation shares			6,232,385	7,355,400
Closing net assets attributable to shareholders			2,219,626,623	2,478,986,233

TROJAN FUND
Financial Statements (continued)
BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			2,187,048,140		2,369,067,136
Other assets					
Debtors	7	2,529,965		7,169,757	
Cash and bank balances		<u>56,354,522</u>		<u>167,702,404</u>	
Total other assets			58,884,487		174,872,161
Total assets			<u>2,245,932,627</u>		<u>2,543,939,297</u>
LIABILITIES					
Investment liabilities			–		(7,486,054)
Other liabilities					
Creditors	8	(19,234,702)		(48,629,923)	
Bank overdrafts		(4,332,254)		(5,006,312)	
Distribution payable on					
Income shares		<u>(2,739,048)</u>		<u>(3,830,775)</u>	
Total other liabilities			(26,306,004)		(57,467,010)
Total liabilities			<u>(26,306,004)</u>		<u>(64,953,064)</u>
Net assets attributable to shareholders			<u>2,219,626,623</u>		<u>2,478,986,233</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	31.01.14 £	31.01.13 £
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(197,861,597)	47,498,590
Forward currency contracts	24,622,296	6,599,551
Transaction charges	(803)	(2,763)
Currency losses	(5,791,809)	(6,368,868)
Net capital (losses)/gains	<u>(179,031,913)</u>	<u>47,726,510</u>
3. REVENUE		
Non-taxable dividends	28,182,274	23,192,816
UK property income distributions	–	46,747
Unfranked interest	16,546,487	18,704,746
Bank interest	148,162	135,888
Other interest	69	–
Total revenue	<u>44,876,992</u>	<u>42,080,197</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	26,802,953	23,281,103
Legal and professional fees	14,000	22,782
Printing costs	10,624	6,800
Registration fees	80,583	69,055
Other tax related services	750	–
	<u>26,908,910</u>	<u>23,379,740</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	339,305	298,425
Safe custody and other bank charges	130,925	204,467
	<u>470,230</u>	<u>502,892</u>

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
4. EXPENSES (continued)		
Other expenses:		
FCA fee	76	60
Fees paid to auditor – audit fees	8,100	8,100
– tax services	3,000	3,000
Publication costs	8,212	8,223
Postage and distribution costs	7,264	8,718
	26,652	28,101
Total expenses	27,405,792	23,910,733
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	2,679,629	2,030,346
Current tax charge (note 5b)	2,679,629	2,030,346
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	2,679,629	2,030,346

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%) (31.01.13 : 20%). The difference is explained below.

	31.01.14 £	31.01.13 £
Net revenue before taxation	17,465,936	18,169,464
Corporation tax at 20%	3,493,187	3,633,893
Effects of:		
Non-taxable dividends	(5,636,455)	(4,638,563)
RPI movement on UK index-linked gilts	(2,187,018)	(1,877,579)
Unutilised excess management expenses	4,330,286	2,882,249
Corporation tax charge	–	–
Overseas tax	2,679,629	2,030,346
Current tax charge (note 5a)	2,679,629	2,030,346

5. TAXATION (continued)

c) Deferred tax

At the year end there is a potential deferred tax asset of £9,358,598 (31.01.13 : £5,028,312) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	10,378,719	11,236,948
Final	4,472,421	6,359,747
	14,851,140	17,596,695
Add: Revenue deducted on cancellation of shares	579,864	86,047
Deduct: Revenue received on issue of shares	(460,370)	(1,529,628)
Net distributions for the year	14,970,634	16,153,114
Interest	5,264	–
Total finance costs	14,975,898	16,153,114

Details of the distributions per share are set out in the table on pages 49 and 50.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
6. FINANCE COSTS		
Distributions represented by:		
Net revenue after taxation	14,786,307	16,139,118
Allocations to capital:		
Revenue deficit – 'I' Income shares	24,180	–
– 'I' Accumulation shares	117,291	–
	141,471	–
Equalisation on conversions*	42,526	13,953
Balance brought forward	540	583
Balance carried forward	(210)	(540)
Net distributions for the year	14,970,634	16,153,114

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

	31.01.14 £	31.01.13 £
7. DEBTORS		
Amounts receivable for issue of shares	922,241	5,137,477
Accrued revenue:		
Non-taxable dividends	191,760	455,851
Unfranked interest	1,195,528	1,259,625
Bank interest	11,932	18,017
	1,399,220	1,733,493
Dilution levy	–	76,709
Prepaid expenses	1,353	5,822
Taxation recoverable:		
Income tax	–	13,089
Overseas withholding tax	207,151	203,167
	207,151	216,256
Total debtors	2,529,965	7,169,757

	31.01.14 £	31.01.13 £
8. CREDITORS		
Amounts payable for cancellation of shares	17,072,841	1,948,851
Purchases awaiting settlement	–	44,281,309
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,061,346	2,237,141
Legal and professional fees	1,206	1,206
Printing costs	8,213	3,472
Registration fees	6,625	6,652
	2,077,390	2,248,471
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26,609	28,170
Transaction charges	327	1,192
Safe custody and other bank charges	34,311	84,846
	61,247	114,208
Other expenses	16,191	16,712
Taxation payable:		
Stamp duty reserve tax	7,033	20,372
Total creditors	19,234,702	48,629,923

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements.

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.01.14 £	31.01.13 £
Floating rate assets:		
Singapore dollars	37,517	42,048
US dollars	202,387,872	295,226,185
Pounds sterling	413,389,071	560,627,462
	615,814,460	855,895,695
Floating rate liabilities:		
Pounds sterling	(4,332,254)	(5,006,312)
Fixed rate assets:		
Singapore dollars	159,551,129	207,099,229
Pounds sterling	253,991,830	296,921,210
	413,542,959	504,020,439
Assets on which interest is not paid:		
Australian dollars	14,386,754	43,320,554
Canadian dollars	88,118,891	101,333,576
Swiss franc	41,879,713	33,491,276
US dollars	781,505,115	787,006,648
Pounds sterling	731,961,350	671,293,805
	1,657,851,823	1,636,445,859
Liabilities on which interest is not paid:		
Australian dollars	–	(12,690,181)
US dollars	(441,276,615)	(491,499,878)
Pounds sterling	(21,973,750)	(8,179,389)
	(463,250,365)	(512,369,448)
Net assets	2,219,626,623	2,478,986,233

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

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

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	31.01.14 Gross £	31.01.14 Hedged £	31.01.14 Net £
Currency:			
Australian dollars	14,386,754	–	14,386,754
Canadian dollars	88,118,891	–	88,118,891
Singapore dollars	159,588,646	–	159,588,646
Swiss franc	41,879,713	–	41,879,713
US dollars	983,892,987	(441,276,615)	542,616,372
	1,287,866,991	(441,276,615)	846,590,376
Pounds sterling	928,141,794	444,894,453	1,373,036,247
Net assets	2,216,008,785	3,617,838	2,219,626,623

	31.01.13 Gross £	31.01.13 Hedged £	31.01.13 Net £
Currency:			
Australian dollars	30,630,373	–	30,630,373
Canadian dollars	101,333,576	–	101,333,576
Singapore dollars	207,141,277	–	207,141,277
Swiss franc	33,491,276	–	33,491,276
US dollars	1,050,641,705	(459,908,750)	590,732,955
	1,423,238,207	(459,908,750)	963,329,457
Pounds sterling	1,063,234,080	452,422,696	1,515,656,776
Net assets	2,486,472,287	(7,486,054)	2,478,986,233

iii. Derivatives

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

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

TROJAN FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	308,085,248	5,428,190,960
Transaction costs:		
Commissions	313,842	573,613
Stamp duty and other charges	309,035	133,209
	622,877	706,822
Gross purchases total	308,708,125	5,428,897,782
Analysis of total sale costs		
Gross sales before transaction costs	230,857,369	4,788,841,228
Transaction costs:		
Commissions	(154,182)	(99,211)
Other charges	(1,676)	(21)
	(155,858)	(99,232)
Total sales net of transaction costs	230,701,511	4,788,741,996

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 February 2013

Group 2 – Shares purchased on or after 1 February 2013 and on or before 31 July 2013

'O' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	0.8949	–	0.8949	1.1517
Group 2	0.3679	0.5270	0.8949	1.1517

'O' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	1.0611	–	1.0611	1.3258
Group 2	0.4898	0.5713	1.0611	1.3258

'I' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	0.3759	–	0.3759	0.5932
Group 2	0.1243	0.2516	0.3759	0.5932

'I' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	0.4379	–	0.4379	0.6880
Group 2	0.0988	0.3391	0.4379	0.6880

'S' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	1.1545	–	1.1545	1.3885
Group 2	0.5554	0.5991	1.1545	1.3885

'S' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	1.3862	–	1.3862	1.6485
Group 2	1.1605	0.2257	1.3862	1.6485

TROJAN FUND

Financial Statements (continued)

Distribution Table (continued)

Final

Group 1 – Shares purchased prior to 1 August 2013

Group 2 – Shares purchased on or after 1 August 2013 and on or before 31 January 2014

'O' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.4382	–	0.4382	0.6089
Group 2	0.1856	0.2526	0.4382	0.6089

'O' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	0.5219	–	0.5219	0.7211
Group 2	0.2116	0.3103	0.5219	0.7211

'I' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	–	–	–	0.0935
Group 2	–	–	–	0.0935

'I' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	–	–	–	0.1078
Group 2	–	–	–	0.1078

'S' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.6893	–	0.6893	0.8702
Group 2	0.3918	0.2975	0.6893	0.8702

'S' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	0.8351	–	0.8351	1.0419
Group 2	0.3442	0.4909	0.8351	1.0419

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.

TROJAN CAPITAL FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2014

IMPORTANT INFORMATION

For details of important information please refer to the 'Important Information' section of the Company on page 7.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Trojan Capital 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 Capital Fund

30 April 2014

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2014 the Fund's 'O' Accumulation shares produced a total return of +3.5% compared to a total return of +0.4%* for the LIBID Index and +12.6%* for the MSCI World Index.

* Source: Lipper, net income reinvested at ex-dividend date, sterling terms. The indices used by the Investment Manager are for comparative purposes only. No benchmarks are required to be disclosed as per Prospectus.

Global equity markets produced strong returns for the year to the end of January 2014 with many major indices ending the period near their multi-year highs. The United States was the best performing market +17.4%, followed by Japan +13.9% and Europe ex. UK +11.9%¹. The UK lagged by returning 10.1% but Emerging Markets ('EM') were the worst performing region falling 13% in sterling terms as measured by the MSCI Emerging Market Index. The US dollar appreciated against most major currencies, with the exception of sterling, which was strong throughout the year. Long bond yields in both the US and the UK rose on signs of economic improvement and in anticipation of a tapering in the US Federal Reserve's bond buying programme.

The Fund did not keep up with global equity markets in the year under review. In retrospect, the portfolio was too defensively positioned for what proved to be a very strong year for equities. Although our substantial investments in the consumer staples sector have added significant value over the long term, they were a drag in 2013 as slowing economic activity and weak currencies in EM weighed on the sector. The portfolio's weighting in the US was boosted with the addition of several new investments and healthy returns from our US holdings. Yet in comparison with the benchmark our relatively low average weight was costly given how well the US stock market performed. Holdings in gold bullion and gold shares, both sold early in 2013, detracted from performance. Finally, our cash also dampened returns.

The most significant positive contributors to performance over the year included our investments in technology, and Microsoft Corporation and The Sage Group in particular. The appreciation of their shares reflected their compelling fundamentals; prodigious cash generation, high margins and returns on capital, strong rates of recurring revenue and excellent cash return to shareholders. Holdings in the healthcare sector were also a highlight and investments in Roche Holding, Novartis, Becton Dickinson and Company, Johnson & Johnson and Medtronic all performed well. In Financials, American Express Company and Rathbone Brothers generated outstanding returns, whilst Britvic, purchased on the announcement of the pending merger with AG Barr, proved to be an excellent investment for the Fund. The subsequent failure of the merger prompted us to take profits and sell the entire holding after a 50%+ gain. Another special situation which performed strongly was the UK payment company PayPoint which was also sold from the portfolio after exceeding our estimate of fair value.

PORTFOLIO REVIEW

The objective of the Fund is to deliver capital growth over the long term without taking on excessive risk. We aim to do this by investing in rare companies with high returns on their invested capital sustained by durable competitive advantages, strong balance sheets, and sensible managers. We aim to buy them at better than fair prices. Despite the very strong equity market backdrop in 2013 our bottom up stock research yielded some interesting new investments.

¹ Data from MSCI, all quoted in sterling.

After a stellar year, technology companies continue to be an important sector for the Fund. Whatever the sector, we are attracted to durable franchises and so when it comes to technology we tend to prefer companies that sell software with a long life over those that sell hardware with a short life-cycle. The software companies we like have high levels of recurring revenue due to their customers' deep loyalty to their products and services. Revenue growth is steady, profit margins are wide, and cash flow is phenomenal because of low capital requirements to support future growth. Balance sheets tend to be very solid, usually with net cash, and returns to shareholders are improving.

In addition to our long standing holdings in Microsoft Corporation and The Sage Group, we added three new technology stocks last year; SAP in Germany and Intuit and eBay in the US. We took the opportunity to buy shares in SAP at a reasonable valuation as concerns emerged that its core business software franchise is being eroded by the move to 'cloud computing'. We view SAP as a major beneficiary of the secular trend towards 'Big Data' and one of the few established tech companies that is making a profitable transition to the cloud.

Intuit sells tax, business and financial management software to small businesses and consumers. More than 35 million people in the US use Intuit's software each year to help fill out their tax return. Revenue growth is very consistent, operating margins are high at 30%, the balance sheet has net cash and 70% of the company's accumulated cash flow has been returned to shareholders over the past 10 years. The free cash flow yield (cash per share generated after capital expenditures divided by share price) is appealing at 7%.

eBay is the world's second largest e-commerce company and, unlike Amazon the number one, is focused on profitable growth. Forty percent of eBay's revenue comes from its payment network PayPal which has a significant market share in the growing online payments market. Group operating margins are above 20%, revenues are growing in the mid-teens and eBay has net financial assets of \$13 billion. The shares languished in 2013 and we bought them in December at a P/E of 16.8x forward earnings. Subsequent to our purchase we were encouraged to see activist investor Carl Icahn take a significant stake in the company. We share his view that eBay's unique constituent parts are worth more than the current stock price suggests.

As noted above, our holdings in consumer staples were a source of frustration for the Fund during the year. The performance of a number of our stocks was weighed down by the economic slowdown in Asia, Africa and Latin America combined with a significant shift in risk appetite in favour of more cyclical and leveraged companies. Unilever, Nestlé and British American Tobacco were weak over the year but remain core holdings in the Fund. More positive contributions were made by Colgate-Palmolive Company in the US and Reckitt Benckiser Group in the UK, both of which built on their impressive long term track records for compounding operating profit, cash flow and returns to shareholders.

Healthcare has been an important sector for the portfolio over the past two years and has yielded some very strong investment returns. Just over 20% of the Fund is invested in pharmaceutical and medical technology companies. The healthcare industry has been dogged for a prolonged period by disappointing research and development productivity, pricing pressures and, for the drug companies in particular, substitution from generic alternatives. The industry has had to adapt to an environment of lower revenue growth and has had to undergo major cultural and operational changes to improve productivity and reduce costs. Despite all their challenges, the companies produce and sell necessities that are not easily replaced and they enjoy growing demand as populations become older and incomes expand in emerging markets. We are attracted to their stable revenue growth, 20% to 30% operating margins,

TROJAN CAPITAL FUND

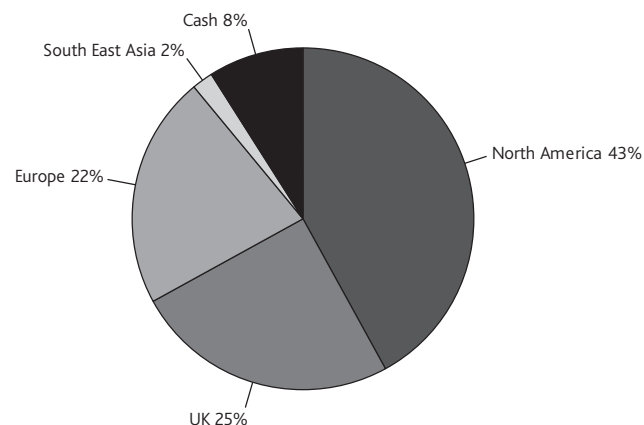
ACD's Report (continued)

Investment Manager's Report (continued)

PORTFOLIO REVIEW (continued)

relatively unlevered balance sheets and superb cash generation. Valuations remain reasonable with mid-teen price-to-earnings ratios, healthy and growing dividend yields and large share repurchase programmes. Core holdings include Becton Dickinson and Company and Medtronic in medical technology and Roche Holding and Novartis in pharmaceuticals.

ASSET ALLOCATION AS AT 31 JANUARY 2014



Source: Troy Asset Management Limited.

OUTLOOK

We are managing the Fund to deliver capital growth over the long term. We have written extensively on our concerns about the consequences of Quantitative Easing and the distorting impact it is having on financial markets. These concerns have not diminished with the upward move in the market. We are encouraged that the weighted average forward P/E of the Fund is 15.6x, the free cash flow yield is 6.6% and the return on equity is high at 34.6%². The Fund has a more global orientation today with 43% invested in the United States, 25% in the UK and 22% in Continental Europe. We aim to be careful, discerning and patient with your capital, and not compromise on the quality of the businesses we own or the prices we pay. The risk appetite of other investors will inevitably change from its current state of complacency and as prices cheapen better opportunities will return to buy great companies.

² Data from Bloomberg.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

20 February 2014

FUND INFORMATION

PERFORMANCE RECORD

'O' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	112.40	86.62	3.2400
2010	126.46	107.65	2.2439
2011	132.52	118.24	1.9941
2012	139.51	128.56	1.6490
2013	159.47	135.30	2.1468
2014*	152.54	146.55	0.3630

'O' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	121.49	92.04	2.7574
2010	139.50	117.12	2.4392
2011	147.03	131.06	2.2204
2012	158.30	144.72	1.8705
2013	181.50	153.52	2.4564
2014*	175.59	168.69	0.4232

'I' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	113.41	87.50	3.0650
2010	127.39	108.75	1.7251
2011	133.48	119.27	1.4397
2012	140.65	129.54	1.0279
2013	160.66	136.25	1.4748
2014*	153.55	147.50	–

TROJAN CAPITAL FUND

ACD's Report (continued)

Fund Information (continued)

PERFORMANCE RECORD (continued)

'I' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	117.51	89.37	2.2176
2010	134.27	113.22	1.7897
2011	141.02	126.02	1.5065
2012	151.05	138.35	1.1128
2013	172.67	146.33	1.5817
2014*	166.51	159.94	–

'S' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	112.31	86.75	3.6600
2010	126.44	107.72	2.0680
2011	132.72	118.32	2.1326
2012	139.63	128.73	2.0249
2013	159.66	135.50	2.5340
2014*	152.79	146.81	0.5640

'S' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	120.76	91.57	2.8440
2010	138.64	116.40	2.3280
2011	146.33	130.31	2.3360
2012	157.79	144.11	2.1604
2013	181.21	153.12	2.8795
2014*	175.61	168.73	0.6499

* To 31 January 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.12	'O' Income	18,583,022	14,185,517	131.00
	'O' Accumulation	40,833,373	27,691,836	147.46
	'I' Income	279,581	211,497	132.19
	'I' Accumulation	2,566,146	1,817,679	141.18
	'S' Income	21,176	16,159	131.05
	'S' Accumulation	367	250	146.75
31.01.13	'O' Income	22,851,708	16,023,145	142.62
	'O' Accumulation	53,653,575	33,054,176	162.32
	'I' Income	702,268	488,056	143.89
	'I' Accumulation	8,336,343	5,390,334	154.65
	'S' Income	4,248,037	2,977,476	142.67
	'S' Accumulation	52,322	32,312	161.93
31.01.14	'O' Income	29,394,907	20,038,443	146.69
	'O' Accumulation	38,779,657	22,911,586	169.26
	'I' Income	1,052,085	710,930	147.99
	'I' Accumulation	10,545,633	6,571,464	160.48
	'S' Income	4,500,531	3,067,046	146.74
	'S' Accumulation	183,682	108,498	169.30

ONGOING CHARGES FIGURE

Expense Type	31.01.14 %			31.01.13 %		
	'O'	'I'	'S'	'O'	'I'	'S'
ACD's periodic charge	1.00	1.50	0.75	1.00	1.50	0.75
Other expenses	0.12	0.11	0.11	0.14	0.13	0.13
Ongoing charges figure	1.12	1.61	0.86	1.14	1.63	0.88

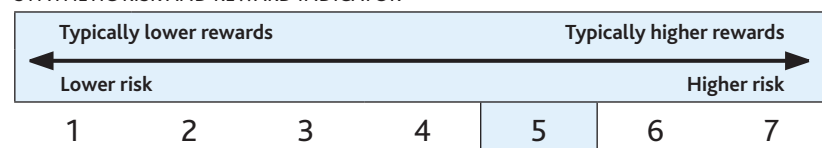
The Ongoing Charges Figure represents the total operating expenses of the Fund expressed as a percentage of the average net assets during the accounting period.

TROJAN CAPITAL FUND

ACD's Report (continued)

Fund Information (continued)

SYNTHETIC RISK AND REWARD INDICATOR



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

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

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 31 JANUARY 2014 (%)

	1 year	3 years	5 years
Trojan Capital Fund	3.04	23.84	66.10

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 73 and 74.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 31.01.14 %	31.01.13 %
	UNITED KINGDOM			
	OIL & GAS	—	—	3.42
	INDUSTRIALS			
162,500	SUPPORT SERVICES Experian	1,688,375	2.00	
		1,688,375	2.00	3.35
	CONSUMER GOODS			
	BEVERAGES			
105,180	Barr (A.G.)	641,598	0.76	
141,000	Diageo	2,538,705	3.00	
		3,180,303	3.76	5.73
	FOOD PRODUCERS			
132,000	Unilever	3,087,480	3.66	4.34
	HOUSEHOLD GOODS & HOME CONSTRUCTION			
45,200	Reckitt Benckiser Group	2,061,120	2.44	3.16
	TOBACCO			
93,000	British American Tobacco	2,711,415	3.21	
70,000	Imperial Tobacco Group	1,556,100	1.84	
		4,267,515	5.05	5.91
	TOTAL CONSUMER GOODS	12,596,418	14.91	19.14
	HEALTH CARE	—	—	1.71
	CONSUMER SERVICES			
	FOOD & DRUG RETAILERS	—	—	1.43
	GENERAL RETAILERS	—	—	0.46

TROJAN CAPITAL FUND

ACD's Report (continued)

Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	<i>MEDIA</i>			
268,000	British Sky Broadcasting Group	2,346,340	2.78	–
	TOTAL CONSUMER SERVICES	2,346,340	2.78	1.89
	<i>FINANCIALS</i>			
	<i>REAL ESTATE INVESTMENT TRUSTS</i>	–	–	1.59
	<i>FINANCIAL SERVICES</i>			
100,000	Rathbone Brothers	1,656,000	1.96	2.32
	TOTAL FINANCIALS	1,656,000	1.96	3.91
	<i>TECHNOLOGY</i>			
	<i>SOFTWARE & COMPUTER SERVICES</i>			
761,444	Sage Group (The)	3,108,976	3.68	2.88
	TOTAL UNITED KINGDOM	21,396,109	25.33	36.30
	<i>CONTINENTAL EUROPE</i>			
21,900	Heineken	813,157	0.96	
40,200	Heineken Holding	1,407,539	1.67	
74,000	Nestlé	3,268,988	3.87	
86,800	Novartis	4,184,346	4.95	
25,000	Roche Holding	4,182,397	4.95	
34,000	SAP	1,584,950	1.88	
40,000	Société BIC	2,802,057	3.32	
	TOTAL CONTINENTAL EUROPE	18,243,434	21.60	20.12
	<i>AUSTRALIA</i>	–	–	1.22
	<i>NORTH AMERICA</i>			
126,000	Altria Group	2,699,497	3.20	
72,800	American Express Company	3,764,388	4.46	
6,000	AutoZone	1,807,039	2.14	
58,100	Becton, Dickinson and Company	3,824,807	4.53	
40,000	Coach	1,165,118	1.38	
84,000	Coca-Cola Company (The)	1,932,557	2.29	
70,400	Colgate-Palmolive Company	2,622,052	3.10	
91,000	eBay	2,945,220	3.49	

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	<i>NORTH AMERICA (continued)</i>			
1,200	Google	862,250	1.02	
37,500	Intuit	1,670,278	1.98	
47,000	Johnson & Johnson	2,528,971	2.99	
97,000	Medtronic	3,338,316	3.95	
182,000	Microsoft Corporation	4,190,529	4.96	
105,000	Wells Fargo & Company	2,895,513	3.43	
	TOTAL NORTH AMERICA	36,246,535	42.92	26.50
	<i>ASIA</i>			
50,000	Jardine Matheson Holdings	1,621,599	1.92	
	TOTAL ASIA	1,621,599	1.92	4.29
	<i>COMMODITIES</i>	–	–	6.98
	<i>FORWARD CURRENCY CONTRACTS</i>	–	–	(0.36)
	Portfolio of investments	77,507,677	91.77	95.05
	Net other assets	6,948,818	8.23	4.95
	Net assets	84,456,495	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares unless stated otherwise.

TROJAN CAPITAL FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2014

Total purchases for the year (note 13) £19,437,820

Purchases	Cost £
American Express Company	3,440,788
eBay	2,906,991
Wells Fargo & Company	2,857,450
British Sky Broadcasting Group	2,400,062
Coach	2,360,612
AutoZone	1,588,221
Intuit	1,565,937
Google	811,898
SAP	707,936
Diageo	410,719
Société BIC	387,206

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

Total sales for the year (note 13) £29,985,080

Major sales	Proceeds £
Gold Bullion Securities	5,372,590
Britvic	3,020,749
Imperial Oil	2,091,164
BG Group	1,928,985
GlaxoSmithKline	1,576,067
LondonMetric Property	1,375,238
Greggs	1,269,273
Coach	1,226,105
Gudang Garam	1,180,650
BP	1,178,656
Newmont Mining	1,089,320
Reckitt Benckiser Group	1,014,837
Microsoft Corporation	996,681
PayPoint	978,637
Rathbone Brothers	824,260
Roche Holding	820,593
Newcrest Mining	803,959
Johnson & Johnson	685,120
Imperial Tobacco Group	604,735
Unilever	529,604

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

TROJAN CAPITAL FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Income:					
Net capital gains	2		2,167,309		6,592,389
Revenue	3	2,303,058		1,860,604	
Expenses	4	(967,728)		(902,397)	
Finance costs: Interest	6	(2,535)		–	
Net revenue before taxation		1,332,795		958,207	
Taxation	5	(203,668)		(125,491)	
Net revenue after taxation			1,129,127		832,716
Total return before distributions			3,296,436		7,425,105
Finance costs: Distributions	6		(1,130,599)		(832,687)
Change in net assets attributable to shareholders from investment activities			2,165,837		6,592,418

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Opening net assets attributable to shareholders			89,844,253		62,283,665
Amounts receivable on issue of shares		18,777,818		25,112,987	
Amounts payable on cancellation of shares		(27,223,632)		(4,891,440)	
			(8,445,814)		20,221,547
Dilution levy charged	1(k)		268,051		178,566
Stamp duty reserve tax, net of credit	1(g)		(14,607)		(11,758)
Change in net assets attributable to shareholders from investment activities			2,165,837		6,592,418
Retained distribution on Accumulation shares			638,775		579,815
Closing net assets attributable to shareholders			84,456,495		89,844,253

BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			77,507,677		85,718,617
Other assets					
Debtors	7	2,676,807		360,320	
Cash and bank balances		7,378,186		4,750,940	
Total other assets			10,054,993		5,111,260
Total assets			87,562,670		90,829,877
LIABILITIES					
Investment liabilities			–		(325,018)
Other liabilities					
Creditors	8	(3,016,137)		(571,978)	
Distribution payable on Income shares		(90,038)		(88,628)	
Total other liabilities			(3,106,175)		(660,606)
Total liabilities			(3,106,175)		(985,624)
Net assets attributable to shareholders			84,456,495		89,844,253

TROJAN CAPITAL FUND
Financial Statements (continued)
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

2. NET CAPITAL GAINS

The net capital gains during the year comprise:

	31.01.14	31.01.13
	£	£
Non-derivative securities	2,336,322	6,786,626
Derivative contracts	–	76,634
Forward currency contracts	(232,720)	(308,188)
Transaction charges	(746)	(886)
Currency gains	64,453	38,203
Net capital gains	<u>2,167,309</u>	<u>6,592,389</u>

3. REVENUE

Non-taxable dividends	2,294,752	1,812,591
UK property income distributions	–	35,100
Bank interest	8,306	12,906
Other interest	–	7
Total revenue	<u>2,303,058</u>	<u>1,860,604</u>

4. EXPENSES

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

ACD's periodic charge	870,120	795,263
Legal and professional fees	14,000	22,782
Printing costs	5,489	5,112
Registration fees	5,532	4,710
	<u>895,141</u>	<u>827,867</u>

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

Depositary's fees	38,066	36,361
Safe custody and other bank charges	14,614	17,573
	<u>52,680</u>	<u>53,934</u>

4. EXPENSES (continued)

Other expenses:

FCA fee	76	60
Fees paid to auditor – audit fees	8,100	8,100
– tax services	3,000	3,000
Publication costs	8,031	8,413
Postage and distribution costs	700	1,023
	<u>19,907</u>	<u>20,596</u>
Total expenses	<u>967,728</u>	<u>902,397</u>

5. TAXATION

a) Analysis of charge for the year

Corporation tax at 20%	–	–
Overseas tax	203,668	125,491
Current tax charge (note 5b)	<u>203,668</u>	<u>125,491</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	<u>203,668</u>	<u>125,491</u>

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%) (31.01.13 : 20%). The difference is explained below.

	31.01.14	31.01.13
	£	£
Net revenue before taxation	<u>1,332,795</u>	<u>958,207</u>
Corporation tax at 20%	266,559	191,641
Effects of:		
Non-taxable dividends	(458,950)	(362,518)
Unutilised excess management expenses	<u>192,391</u>	<u>170,877</u>
Corporation tax charge	–	–
Overseas tax	<u>203,668</u>	<u>125,491</u>
Current tax charge (note 5a)	<u>203,668</u>	<u>125,491</u>

TROJAN CAPITAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

5. TAXATION (continued)

c) Deferred tax

At the year end there is a potential deferred tax asset of £617,674 (31.01.13 : £425,283) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	902,366	615,912
Final	187,705	261,387
	<u>1,090,071</u>	<u>877,299</u>
Add: Revenue deducted on cancellation of shares	113,397	24,157
Deduct: Revenue received on issue of shares	(72,869)	(68,769)
Net distributions for the year	<u>1,130,599</u>	<u>832,687</u>
Interest	2,535	–
Total finance costs	<u>1,133,134</u>	<u>832,687</u>

Details of the distributions per share are set out in the table on pages 73 and 74.

	31.01.14 £	31.01.13 £
Distributions represented by:		
Net revenue after taxation	1,129,127	832,716
Allocations to capital:		
Revenue deficit – 'I' Accumulation shares	3	–
Equalisation on conversions*	1,435	–
Balance brought forward	41	12
Balance carried forward	(7)	(41)
Net distributions for the year	<u>1,130,599</u>	<u>832,687</u>

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

31.01.14
£

31.01.13
£

7. DEBTORS

Amounts receivable for issue of shares	2,508,859	200,149
Accrued revenue:		
Non-taxable dividends	75,465	96,375
Bank interest	611	759
	<u>76,076</u>	<u>97,134</u>
Dilution levy	13,953	1,460
Prepaid expenses	1,344	5,631
Taxation recoverable:		
Overseas withholding tax	76,575	55,946
Total debtors	<u>2,676,807</u>	<u>360,320</u>

8. CREDITORS

Amounts payable for cancellation of shares	260,908	9,506
Purchases awaiting settlement	2,654,878	458,719
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	74,329	76,787
Legal and professional fees	1,206	1,206
Printing costs	4,441	2,778
Registration fees	483	455
	<u>80,459</u>	<u>81,226</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3,237	3,377
Transaction charges	227	370
Safe custody and other bank charges	3,254	6,170
	<u>6,718</u>	<u>9,917</u>
Other expenses	11,554	11,387
Taxation payable:		
Stamp duty reserve tax	1,620	1,223
Total creditors	<u>3,016,137</u>	<u>571,978</u>

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. *Interest rate risk*

The table below shows the direct interest rate risk profile:

	31.01.14 £	31.01.13 £
Floating rate assets:		
US dollars	2,255,530	–
Pounds sterling	5,122,656	4,750,940
	7,378,186	4,750,940
Assets on which interest is not paid:		
Australian dollars	–	1,093,020
Canadian dollars	–	2,217,683
Euros	6,610,401	6,375,624
Indonesian rupiah	–	1,807,906
Swiss francs	11,709,608	11,759,529
US dollars	37,886,759	29,929,486
Pounds sterling	23,977,716	39,550,189
	80,184,484	92,733,437
Liabilities on which interest is not paid:		
Euros	–	(5,095,311)
Indonesian rupiah	–	(1,884,207)
US dollars	–	(458,719)
Pounds sterling	(3,106,175)	(201,887)
	(3,106,175)	(7,640,124)
Net assets	84,456,495	89,844,253

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. *Interest rate risk (continued)*

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

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

ii. *Foreign currency risk*

The table below shows the direct foreign currency risk profile:

	31.01.14 Gross £	31.01.14 Hedged £	31.01.14 Net £
Currency:			
Euros	6,610,401	–	6,610,401
Swiss francs	11,709,608	–	11,709,608
US dollars	40,142,289	–	40,142,289
	58,462,298	–	58,462,298
Pounds sterling	25,994,197	–	25,994,197
Net assets	84,456,495	–	84,456,495

	31.01.13 Gross £	31.01.13 Hedged £	31.01.13 Net £
Currency:			
Australian dollars	1,093,020	–	1,093,020
Canadian dollars	2,217,683	–	2,217,683
Euros	6,375,624	(5,095,311)	1,280,313
Indonesian rupiah	1,807,906	(1,884,207)	(76,301)
Swiss francs	11,759,529	–	11,759,529
US dollars	29,470,767	–	29,470,767
	52,724,529	(6,979,518)	45,745,011
Pounds sterling	37,444,742	6,654,500	44,099,242
Net assets	90,169,271	(325,018)	89,844,253

iii. *Derivatives*

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

iii. *Derivatives (continued)*

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

	31.01.14 £	31.01.13 £
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	19,403,072	30,948,176
Transaction costs:		
Commissions	22,028	50,516
Stamp duty and other charges	12,720	40,693
	34,748	91,209
Gross purchases total	19,437,820	31,039,385
Analysis of total sale costs		
Gross sales before transaction costs	30,017,949	4,638,277
Transaction costs:		
Commissions	(30,885)	(6,483)
Other charges	(1,984)	(27)
	(32,869)	(6,510)
Total sales net of transaction costs	29,985,080	4,631,767

DISTRIBUTION TABLE
FOR THE YEAR ENDED 31 JANUARY 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 February 2013

Group 2 – Shares purchased on or after 1 February 2013 and on or before 31 July 2013

'O' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	1.7125	–	1.7125	1.0777
Group 2	0.4753	1.2372	1.7125	1.0777

'O' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	1.9536	–	1.9536	1.2209
Group 2	0.6623	1.2913	1.9536	1.2209

'I' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	1.3653	–	1.3653	0.7658
Group 2	0.6203	0.7450	1.3653	0.7658

'I' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	1.4642	–	1.4642	0.8237
Group 2	0.5963	0.8679	1.4642	0.8237

'S' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	1.9125	–	1.9125	1.2788
Group 2	0.8346	1.0779	1.9125	1.2788

'S' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	2.1714	–	2.1714	1.3884
Group 2	1.2300	0.9414	2.1714	1.3884

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

Final

Group 1 – Shares purchased prior to 1 August 2013

Group 2 – Shares purchased on or after 1 August 2013 and on or before 31 January 2014

'O' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.3630	–	0.3630	0.4343
Group 2	0.0184	0.3446	0.3630	0.4343

'O' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	0.4232	–	0.4232	0.5028
Group 2	0.0424	0.3808	0.4232	0.5028

'I' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	–	–	–	0.1095
Group 2	–	–	–	0.1095

'I' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	–	–	–	0.1175
Group 2	–	–	–	0.1175

'S' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.5640	–	0.5640	0.6215
Group 2	0.2272	0.3368	0.5640	0.6215

'S' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	0.6499	–	0.6499	0.7081
Group 2	0.1894	0.4605	0.6499	0.7081

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.

TROJAN INCOME FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

IMPORTANT INFORMATION

With effect from 3 April 2013, the Trojan Income Fund ('the Fund') has been operating as a master UCITS to an Irish feeder UCITS, the Trojan Income Feeder Fund (Ireland), a sub-fund of Trojan Funds (Ireland) plc. For this purpose, the new 'Z' share class has been introduced, which is only available for investment by the feeder UCITS.

Please be advised that the following changes to the Fund took effect on 1 May 2013:

- Increase Investment Minima from £1,000 to £250,000; and
- Increase Initial Charge from Nil to 5%.

Both changes are applicable to the 'O', 'I' & 'S' classes only and will not impact existing investors.

From 6 January 2014, the dilution levy policy of the Fund was changed to reflect that it may charge a dilution levy on the purchases and redemption of shares and that the estimated dilution levy has been revised to 0.5%.

Further Company changes can be found on page 7, full details of all changes can be found in the revised Prospectus dated 13 January 2014.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of 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
 30 April 2014

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

Over the twelve months under review the Fund produced a total return of +10.3%. Over the same period the FTSE All-Share Index produced a total return of +10.1%*, while the total return on cash (LIBID Index) amounted to +0.4%*. At the 31 January 2014 the Fund size was £1,426 million.

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

A distribution of 3.6773p will be paid to holders of 'O' Income shares on 31 March 2014, which combined with the interim dividend of 2.55p paid on 30 September 2013, makes a total distribution of 6.2273p. This represents an increase of 4.1% over the previous year and continues the Fund's track record of unbroken dividend growth since its launch in 2004.

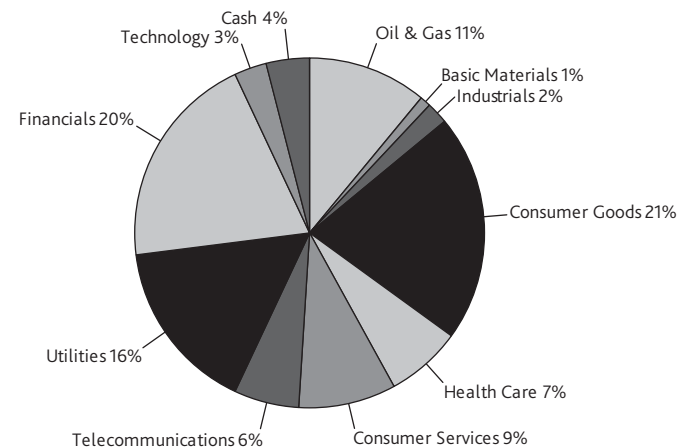
Since the nomination of Janet Yellen as Federal Reserve ('the Fed') Chairwoman at the beginning of October 2013, markets have continued to move upwards. Her dovish outlook and her stated desire to avoid a deflationary downturn have reinforced the likelihood that monetary policy will continue to be loose. This remains the focus of financial markets which calmly brushed aside a near US default as political differences almost prevented an extension of the debt ceiling in October. By December, all eyes were on the Federal Reserve Open Markets Committee meeting at which the Fed, contrary to expectations, announced that it would reduce the current programme of asset purchases by \$10 billion. A further \$10 billion reduction was subsequently announced in January. This nod towards the Quantitative Easing exit was more than offset by strengthened guidance on interest rates which are to remain at historic lows until at least mid-2015. Yellen's first speech to Congress suggested further relaxation of the previously established link between the official unemployment rate and monetary tightening, saying that additional factors such as the participation ratio will have to be considered before rates are raised.

In the UK, positive economic signals point towards a potential recovery. GDP grew 1.9% in 2013, the strongest expansion since 2007, and various business confidence indices are showing levels not seen for two decades. Greggs, which has long endured the pain of falling high street footfall, saw its sales return to like-for-like growth of 3% in the month of December. Whilst results from other retailers were more muted, UK consumer confidence indicators point to a marked improvement since the start of the year. The fragility of the recovery, however, is acknowledged by the Governor of the Bank of England's withdrawal of forward guidance on interest rates, a policy which he established a mere six months ago. He had previously indicated that interest rates would rise when the UK unemployment rate fell to 7%. Now that it has fallen from 7.8% to 7.1%, the link with joblessness has been abolished in favour of a more flexible policy. As with the US, UK interest rates seem likely to remain lower for a considerable time longer.

PORTFOLIO

As at 31 January 2014 there were 39 equity holdings in the portfolio. 4.0% of assets were held as cash. The asset and sector allocations as at the end of January 2014 are shown below. As has been the case in recent years turnover was low.

SECTOR ALLOCATION AS AT 31 JANUARY 2014



Source: Troy Asset Management Limited.

A number of equity sales were made including Diageo, PayPoint and Microsoft Corporation. The only new holding bought in the second half of the Fund's year was Lloyds Banking Group and the stock has made good progress since the purchase in October. Although we expect a further reduction of the taxpayer's stake to take place this year, the backdrop of a growing economy and improving credit conditions should drive the stock performance. We would also expect the stock to return to the dividend list in the near future.

Positions in several other stocks have also been either reduced or added to as valuations have dictated. This has been done to insulate the portfolio from as much multiple expansion as possible. One such example is our addition to the Fund's holding in BG Group, a stock trading on a price to book that is lower than at any time since 1999. The production downgrade issued by the company in January on the back of lower Egyptian exports hurt the share price. Whilst it is a blow to short-term earnings, the downgrade does not reflect any impairment in the company's operating ability and the Brazilian and Australian assets remain an attractive source of future growth. As the Fund has grown we have also allowed more expensive holdings such as Reckitt Benckiser (trading on 19x 2014 earnings) to become a smaller part of the portfolio.

OUTLOOK

As we approach the fifth anniversary of the UK market low in March 2009 it is easy to forget the trauma that investors experienced in the financial crisis, especially given the huge recovery in equity markets since. There have been setbacks along the way, most notably in the summers of 2010, 2011 and 2012 when aftershocks from the crisis required central bankers to make increasingly expansive gestures to protect the global economy from slipping back into a

TROJAN INCOME FUND

ACD's Report (continued)

OUTLOOK (continued)

deflationary slump. There can be no doubt that this objective was achieved but also that a consequence has been the surge of liquidity driving up the value of real assets such as equities and property.

Troy's natural sense of caution has meant that our shareholders have foregone some of the excess returns achieved by managers who have anticipated economic recovery more enthusiastically than us. The economic outlook in the US and UK is definitely better than it has been at any point since the crisis but in the eurozone, China and a number of emerging markets the outlook is much more uncertain. Valuations are demanding as UK equities now yield now close to 3% and the FTSE 250 price earnings multiples is at an eye watering 22x¹. An as yet unconfirmed recovery in profits is heavily discounted and considerable downside risk is embedded in current equity prices in the event of disappointment. We are therefore seeking to reduce such risk by selling more fully valued names and adding to those which are unloved by the market. With some spare cash to deploy, we are well positioned if the optimistic expectations of the market are not met, or if sobering macroeconomic events cause them to be readjusted downwards. As stocks wobbled in January on the back of Emerging Markets woes, we were given a taste of the potential for a significant correction which we are well positioned to take advantage of.

¹ Source: Market yield and price to earnings multiple from FT data.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

20 February 2014

FUND INFORMATION

PERFORMANCE RECORD

'O' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	117.99	91.85	5.2337
2010	128.94	109.16	5.4057
2011	133.24	116.68	5.6321
2012	139.13	126.48	5.8546
2013	158.15	138.31	6.0828
2014*	159.23	153.12	3.6773

'O' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	144.01	109.64	5.6054
2010	164.99	136.90	6.6681
2011	175.07	156.15	7.2763
2012	194.71	173.81	7.9091
2013	229.72	193.56	8.5782
2014*	232.23	223.32	5.3370

'I' Income shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	115.74	90.49	5.1814
2010	125.85	106.87	5.3111
2011	129.75	113.53	5.5115
2012	134.57	122.63	5.7056
2013	152.57	133.62	5.8965
2014*	152.99	147.11	3.4511

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

PERFORMANCE RECORD (continued)

'I' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	144.21	110.22	5.6671
2010	164.44	136.78	6.6862
2011	174.05	155.16	7.2711
2012	192.38	172.06	7.8722
2013	225.59	191.02	8.4983
2014*	227.98	219.21	5.1214

'S' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	119.55	92.86	5.2848
2010	130.97	110.68	5.4761
2011	135.49	118.72	5.7131
2012	141.98	128.89	5.9587
2013	161.58	141.22	6.2023
2014*	163.01	156.77	3.8160

'S' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	143.20	109.17	5.5468
2010	164.14	136.15	6.6363
2011	174.41	155.59	7.2175
2012	194.58	173.51	7.8869
2013	230.29	193.54	8.5651
2014*	232.84	223.92	5.4256

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

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2013#	107.18	97.92	1.5326
2014*	108.41	104.28	1.8401

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

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2013#	108.58	97.85	1.5360
2014*	109.85	105.66	1.8680

From 15 April 2013.

* To 31 January 2014.

TROJAN INCOME FUND

ACD's Report (continued)

Fund Information (continued)

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.12	'O' Income	274,261,050	216,901,916	126.44
	'O' Accumulation	38,714,497	22,279,800	173.77
	'I' Income	28,420,142	23,145,708	122.79
	'I' Accumulation	41,352,006	24,003,658	172.27
	'S' Income	65,588,271	50,937,472	128.76
	'S' Accumulation	3,996,419	2,305,347	173.35
31.01.13	'O' Income	508,547,699	361,062,321	140.85
	'O' Accumulation	144,110,553	71,322,344	202.06
	'I' Income	80,011,056	58,796,467	136.08
	'I' Accumulation	128,109,118	64,270,679	199.33
	'S' Income	135,608,157	94,309,352	143.79
	'S' Accumulation	5,873,668	2,906,520	202.09
31.01.14	'O' Income	741,033,493	494,466,061	149.87
	'O' Accumulation	202,378,329	90,372,793	223.94
	'I' Income	94,786,308	65,795,511	144.06
	'I' Accumulation	147,904,988	67,286,319	219.81
	'S' Income	188,495,741	122,889,689	153.39
	'S' Accumulation	9,185,331	4,090,738	224.54
	'Z' Income	42,365,452	41,239,972	102.73
	'Z' Accumulation	265	250	105.96

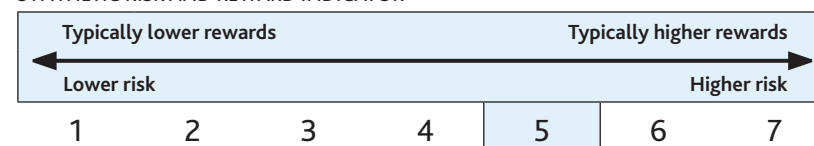
ONGOING CHARGES FIGURE

Expense Type	31.01.14				31.01.13		
	%				%		
	'O'	'I'	'S'	'Z' *	'O'	'I'	'S'
ACD's periodic charge	1.00	1.50	0.75	–	1.00	1.50	0.75
Other expenses	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Ongoing charges figure	1.03	1.53	0.78	0.03	1.04	1.54	0.79

* The Ongoing Charges Figure ('OCF') for 'Z' shares is an estimate of the charges. An estimate is being used rather than an *ex post* figure due to the share class being launched less than a year.

The OCF represents the total operating expenses of the Fund expressed as a percentage of the average net assets during 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 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.

FUND PERFORMANCE TO 31 JANUARY 2014 (%)

	1 year	3 years	5 years
Trojan Income Fund	10.34	39.10	86.18

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 98 to 100.

TROJAN INCOME FUND

ACD's Report (continued)

PORTFOLIO STATEMENT

AS AT 31 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	DEBT SECURITIES	—	—	0.76
	UNITED KINGDOM			
	OIL & GAS			
	<i>OIL & GAS PRODUCERS</i>			
2,500,000	BG Group	25,550,000	1.79	
13,300,000	BP	63,574,000	4.46	
2,850,000	Royal Dutch Shell 'B'	63,398,250	4.45	
		<u>152,522,250</u>	<u>10.70</u>	<u>9.07</u>
	INDUSTRIALS			
	<i>SUPPORT SERVICES</i>			
3,350,000	Experian	34,806,500	2.44	
		<u>34,806,500</u>	<u>2.44</u>	<u>3.17</u>
	CONSUMER GOODS			
	<i>BEVERAGES</i>	—	—	2.56
	<i>FOOD PRODUCERS</i>			
4,465,027	Dairy Crest Group	22,994,889	1.61	
2,450,000	Unilever	57,305,500	4.02	
		<u>80,300,389</u>	<u>5.63</u>	<u>6.12</u>
	<i>HOUSEHOLD GOODS & HOME CONSTRUCTION</i>			
650,000	Reckitt Benckiser Group	29,640,000	2.08	2.73
	<i>TOBACCO</i>			
1,320,000	British American Tobacco	38,484,600	2.70	
2,300,000	Imperial Tobacco Group	51,129,000	3.58	
		<u>89,613,600</u>	<u>6.28</u>	<u>6.89</u>
	TOTAL CONSUMER GOODS	<u>199,553,989</u>	<u>13.99</u>	<u>18.30</u>

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	HEALTH CARE			
	<i>PHARMACEUTICALS & BIOTECHNOLOGY</i>			
1,225,000	AstraZeneca	47,266,625	3.32	
3,550,000	GlaxoSmithKline	55,504,250	3.89	
		<u>102,770,875</u>	<u>7.21</u>	<u>6.56</u>
	CONSUMER SERVICES			
	<i>FOOD & DRUG RETAILERS</i>			
2,100,000	Greggs	10,584,000	0.74	1.00
	<i>GENERAL RETAILERS</i>			
3,870,148	WH Smith	40,326,942	2.83	2.52
	<i>TRAVEL & LEISURE</i>			
4,550,000	Compass Group	41,405,000	2.90	2.74
	<i>MEDIA</i>			
4,300,000	British Sky Broadcasting Group	37,646,500	2.64	—
	TOTAL CONSUMER SERVICES	<u>129,962,442</u>	<u>9.11</u>	<u>6.26</u>
	TELECOMMUNICATIONS			
	<i>MOBILE TELECOMMUNICATIONS</i>			
2,750,000	Inmarsat	19,263,750	1.35	
28,000,000	Vodafone Group	63,434,000	4.45	
		<u>82,697,750</u>	<u>5.80</u>	<u>5.21</u>
	UTILITIES			
	<i>ELECTRICITY</i>			
3,200,000	SSE	41,824,000	2.93	3.33

TROJAN INCOME FUND

ACD's Report (continued)

Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	<i>GAS, WATER & MULTIUTILITIES</i>			
11,400,000	Centrica	35,442,600	2.48	
6,950,000	National Grid	54,766,000	3.84	
6,036,719	Pennon Group	41,502,443	2.91	
2,300,000	Severn Trent	39,721,000	2.79	
		<u>171,432,043</u>	<u>12.02</u>	<u>12.97</u>
	TOTAL UTILITIES	<u>213,256,043</u>	<u>14.95</u>	<u>16.30</u>
	<i>FINANCIALS</i>			
	<i>BANKS</i>			
7,500,000	HSBC Holdings	47,025,000	3.30	
25,000,000	Lloyds Banking Group	20,825,000	1.46	
		<u>67,850,000</u>	<u>4.76</u>	<u>3.40</u>
	<i>NON-LIFE INSURANCE</i>			
7,424,177	Amlin	31,047,908	2.18	
2,400,000	Jardine Lloyd Thompson Group	25,368,000	1.78	
		<u>56,415,908</u>	<u>3.96</u>	<u>4.17</u>
	<i>REAL ESTATE INVESTMENT TRUSTS</i>			
15,050,000	LondonMetric Property	20,633,550	1.45	
3,881,000	Primary Health Properties	13,787,253	0.96	
		<u>34,420,803</u>	<u>2.41</u>	<u>2.06</u>
	<i>FINANCIAL SERVICES</i>			
7,550,000	ICAP	29,173,200	2.04	
2,050,000	Provident Financial	33,456,000	2.35	
1,135,000	Rathbone Brothers	18,795,600	1.32	
1,133,550	Schroders	27,930,672	1.96	
		<u>109,355,472</u>	<u>7.67</u>	<u>7.50</u>
	<i>EQUITY INVESTMENT INSTRUMENTS</i>			
17,000,000	3i Infrastructure	22,984,000	1.61	1.37
	TOTAL FINANCIALS	<u>291,026,183</u>	<u>20.41</u>	<u>18.50</u>

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	<i>TECHNOLOGY</i>			
	<i>SOFTWARE & COMPUTER SERVICES</i>			
10,245,168	Sage Group (The)	41,831,021	2.93	2.01
	TOTAL UNITED KINGDOM	<u>1,248,427,053</u>	<u>87.54</u>	<u>85.38</u>
	<i>CONTINENTAL EUROPE</i>			
660,000	Nestlé	29,155,843	2.04	1.32
	<i>NORTH AMERICA</i>			
1,170,000	Altria Group	25,066,760	1.76	
1,020,000	Coca-Cola Company (The)	23,466,761	1.65	
563,745	Newmont Mining	7,402,535	0.52	
1,200,000	Reynolds American	35,413,536	2.48	
	TOTAL NORTH AMERICA	<u>91,349,592</u>	<u>6.41</u>	<u>7.70</u>
	Portfolio of investments	1,368,932,488	95.99	95.16
	Net other assets	<u>57,217,419</u>	<u>4.01</u>	<u>4.84</u>
	Net assets	<u>1,426,149,907</u>	<u>100.00</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares unless stated otherwise.

TROJAN INCOME FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2014

Total purchases for the year (note 13) £455,292,820

Major purchases	Cost £
British Sky Broadcasting Group	36,144,986
Unilever	33,573,749
Royal Dutch Shell 'B'	27,674,928
BP	24,062,855
Lloyds Banking Group	19,636,962
HSBC Holdings	19,015,275
Reynolds American	18,745,516
Provident Financial	16,756,764
National Grid	16,266,996
Nestlé	16,228,514
Imperial Tobacco Group	15,931,661
Vodafone Group	15,837,809
Sage Group (The)	14,737,996
GlaxoSmithKline	13,607,621
Altria Group	13,096,716
ICAP	12,632,372
BG Group	12,593,453
British American Tobacco	12,470,061
AstraZeneca	11,661,326
SSE	11,575,593

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

Total sales for the year (note 13) £114,553,516

Sales	Proceeds £
Associated British Foods	31,365,524
Britvic	28,582,785
Microsoft Corporation	19,625,077
Aberdeen Asset Management	12,311,635
Aberdeen Asset Management 7.9% 2013	7,964,160
Diageo	7,642,109
PayPoint	6,759,352
Newmont Mining	302,874

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

TROJAN INCOME FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Income:					
Net capital gains	2		74,289,050		83,848,283
Revenue	3	52,353,256		32,593,605	
Expenses	4	(13,443,162)		(7,974,093)	
Finance costs: Interest	6	—		—	
Net revenue before taxation		38,910,094		24,619,512	
Taxation	5	(691,168)		(388,382)	
Net revenue after taxation			38,218,926		24,231,130
Total return before distributions			112,507,976		108,079,413
Finance costs: Distributions	6		(51,234,594)		(31,797,269)
Change in net assets attributable to shareholders from investment activities			61,273,382		76,282,144

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Opening net assets attributable to shareholders			1,002,260,251		452,332,385
Amounts receivable on issue of shares		445,010,334		477,190,847	
Amounts payable on cancellation of shares		(99,437,066)		(16,222,764)	
			345,573,268		460,968,083
Dilution levy charged	1(k)	3,876,649		3,099,393	
Stamp duty reserve tax	1(g)	(1,069,462)		(285,752)	
Change in net assets attributable to shareholders from investment activities			61,273,382		76,282,144
Retained distribution on Accumulation shares			14,235,819		9,863,998
Closing net assets attributable to shareholders			1,426,149,907		1,002,260,251

BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			1,368,932,488		953,782,577
Other assets					
Debtors	7	10,075,771		12,017,242	
Cash and bank balances		79,017,941		55,775,789	
Total other assets			89,093,712		67,793,031
Total assets			1,458,026,200		1,021,575,608
LIABILITIES					
Other liabilities					
Creditors	8	(5,974,296)		(1,147,663)	
Distribution payable on Income shares		(25,901,997)		(18,167,694)	
Total other liabilities			(31,876,293)		(19,315,357)
Total liabilities			(31,876,293)		(19,315,357)
Net assets attributable to shareholders			1,426,149,907		1,002,260,251

TROJAN INCOME FUND
Financial Statements (continued)
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	31.01.14	31.01.13
	£	£
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	74,410,608	83,976,088
Transaction charges	(2,235)	(2,917)
Currency losses	(119,323)	(124,888)
Net capital gains	<u>74,289,050</u>	<u>83,848,283</u>
3. REVENUE		
Non-taxable dividends	51,600,921	31,595,550
UK property income distributions	393,750	249,000
Unfranked interest	220,040	669,290
Bank interest	138,534	79,765
Other interest	11	–
Total revenue	<u>52,353,256</u>	<u>32,593,605</u>
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	13,091,684	7,702,301
Legal and professional fees	20,589	22,782
Printing costs	7,185	5,832
Registration fees	40,472	28,156
	<u>13,159,930</u>	<u>7,759,071</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	188,443	125,903
Safe custody and other bank charges	71,893	65,945
	<u>260,336</u>	<u>191,848</u>

	31.01.14	31.01.13
	£	£
4. EXPENSES (continued)		
Other expenses:		
FCA fee	76	60
Fees paid to auditor – audit fees	8,100	8,100
– tax services	3,000	3,000
Publication costs	8,180	8,265
Postage and distribution costs	3,540	3,749
	<u>22,896</u>	<u>23,174</u>
Total expenses	<u>13,443,162</u>	<u>7,974,093</u>
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	691,168	388,382
Current tax charge (note 5b)	<u>691,168</u>	<u>388,382</u>
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	<u>691,168</u>	<u>388,382</u>
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%) (31.01.13 : 20%). The difference is explained below.		
	31.01.14	31.01.13
	£	£
Net revenue before taxation	<u>38,910,094</u>	<u>24,619,512</u>
Corporation tax at 20%	7,782,019	4,923,902
Effects of:		
Non-taxable dividends	(10,320,184)	(6,319,110)
Unutilised excess management expenses	<u>2,538,165</u>	<u>1,395,208</u>
Corporation tax charge	–	–
Overseas tax	691,168	388,382
Current tax charge (note 5a)	<u>691,168</u>	<u>388,382</u>

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

5. TAXATION (continued)

c) Deferred tax

At the year end there is a potential deferred tax asset of £5,105,373 (31.01.13 : £2,567,208) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	21,063,388	13,124,847
Final	34,393,146	24,884,696
	<u>55,456,534</u>	<u>38,009,543</u>
Add: Revenue deducted on cancellation of shares	1,245,754	248,587
Deduct: Revenue received on issue of shares	(5,467,694)	(6,460,861)
Net distributions for the year	<u>51,234,594</u>	<u>31,797,269</u>
Interest	–	–
Total finance costs	<u>51,234,594</u>	<u>31,797,269</u>

Details of the distributions per share are set out in the table on pages 98 to 100.

	31.01.14 £	31.01.13 £
Distributions represented by:		
Net revenue after taxation	38,218,926	24,231,130
Allocations to capital:		
ACD's periodic charge, net of tax relief	13,011,512	7,566,081
Equalisation on conversions*	4,449	(17)
Balance brought forward	191	266
Balance carried forward	(484)	(191)
Net distributions for the year	<u>51,234,594</u>	<u>31,797,269</u>

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

	31.01.14 £	31.01.13 £
7. DEBTORS		
Amounts receivable for issue of shares	4,353,590	7,835,682
Accrued revenue:		
Non-taxable dividends	5,481,147	3,860,195
Unfranked interest	–	102,979
Bank interest	7,852	6,948
	<u>5,488,999</u>	<u>3,970,122</u>
Dilution levy	–	56,579
Prepaid expenses	1,344	5,780
Taxation recoverable:		
Income tax	5,883	4,777
Overseas withholding tax	225,955	144,302
	<u>231,838</u>	<u>149,079</u>
Total debtors	<u>10,075,771</u>	<u>12,017,242</u>
8. CREDITORS		
Amounts payable for cancellation of shares	4,580,942	182,009
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,275,348	882,458
Legal and professional fees	1,593	1,206
Printing costs	5,603	3,043
Registration fees	3,645	3,067
	<u>1,286,189</u>	<u>889,774</u>
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	18,255	13,182
Transaction charges	675	450
Safe custody and other bank charges	20,427	26,427
	<u>39,357</u>	<u>40,059</u>
Other expenses	13,387	12,240
Taxation payable:		
Stamp duty reserve tax	54,421	23,581
Total creditors	<u>5,974,296</u>	<u>1,147,663</u>

TROJAN INCOME FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.01.14 £	31.01.13 £
Floating rate assets:		
US dollars	234,417	1
Pounds sterling	78,783,524	55,775,788
	79,017,941	55,775,789
Fixed rate assets:		
US dollars	–	7,605,211
Assets on which interest is not paid:		
Euros	52,552	54,833
Swiss franc	29,321,124	13,360,882
US dollars	91,357,714	77,405,935
Pounds sterling	1,258,276,869	867,372,958
	1,379,008,259	958,194,608
Liabilities on which interest is not paid:		
Pounds sterling	(31,876,293)	(19,315,357)
Net assets	1,426,149,907	1,002,260,251

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

Fixed rate financial assets have a weighted average yield of 0.00% (31.01.13 : 7.9%) and a weighted average period for which income is fixed of nil years (31.03.13 : 0.33 years).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Interest rate risk (continued)

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	31.01.14 £	31.01.13 £
Currency:		
Euros	52,552	54,833
Swiss franc	29,321,124	13,360,882
US dollars	91,592,131	85,011,147
	120,965,807	98,426,862
Pounds sterling	1,305,184,100	903,833,389
Net assets	1,426,149,907	1,002,260,251

iii. Derivatives

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

13. PORTFOLIO TRANSACTION COSTS

Analysis of total purchase costs		
Purchases in year before transaction costs	452,806,925	492,594,330
Transaction costs:		
Commissions	603,472	741,999
Stamp duty and other charges	1,882,423	2,071,060
	2,485,895	2,813,059
Gross purchases total	455,292,820	495,407,389
Analysis of total sale costs		
Gross sales before transaction costs	114,703,994	42,608,939
Transaction costs:		
Commissions	(150,076)	(62,542)
Other charges	(402)	(30)
	(150,478)	(62,572)
Total sales net of transaction costs	114,553,516	42,546,367

TROJAN INCOME FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 February 2013

Group 2 – Shares purchased on or after 1 February 2013 and on or before 31 July 2013

'O' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	2.5500	–	2.5500	2.4500
Group 2	1.0226	1.5274	2.5500	2.4500

'O' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	3.6556	–	3.6556	3.3671
Group 2	1.3465	2.3091	3.6556	3.3671

'I' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	2.5500	–	2.5500	2.4500
Group 2	1.0855	1.4645	2.5500	2.4500

'I' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	3.7352	–	3.7352	3.4372
Group 2	1.6672	2.0680	3.7352	3.4372

'S' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	2.5500	–	2.5500	2.4500
Group 2	0.9652	1.5848	2.5500	2.4500

'S' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	3.5828	–	3.5828	3.2998
Group 2	2.5553	1.0275	3.5828	3.2998

'Z' Income Shares	Net Revenue	Equalisation	Paid 30.09.13
Group 1	1.5326	–	1.5326
Group 2	1.2897	0.2429	1.5326

'Z' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13
Group 1	1.5360	–	1.5360
Group 2	1.5360	0.0000	1.5360

Final

Group 1 – Shares purchased prior to 1 August 2013

Group 2 – Shares purchased on or after 1 August 2013 and on or before 31 January 2014

'O' Income Shares	Net Revenue	Equalisation	Payable 30.03.14	Paid 30.03.13
Group 1	3.6773	–	3.6773	3.5328
Group 2	1.3899	2.2874	3.6773	3.5328

'O' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.03.14	Allocated 30.03.13
Group 1	5.3370	–	5.3370	4.9226
Group 2	1.5550	3.7820	5.3370	4.9226

'I' Income Shares	Net Revenue	Equalisation	Payable 30.03.14	Paid 30.03.13
Group 1	3.4511	–	3.4511	3.3465
Group 2	1.2545	2.1966	3.4511	3.3465

'I' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.03.14	Allocated 30.03.13
Group 1	5.1214	–	5.1214	4.7631
Group 2	2.0422	3.0792	5.1214	4.7631

'S' Income Shares	Net Revenue	Equalisation	Payable 30.03.14	Paid 30.03.13
Group 1	3.8160	–	3.8160	3.6523
Group 2	0.9578	2.8582	3.8160	3.6523

'S' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.03.14	Allocated 30.03.13
Group 1	5.4256	–	5.4256	4.9823
Group 2	2.4556	2.9700	5.4256	4.9823

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

Final (continued)

'Z' Income Shares	Net Revenue	Equalisation	Payable 30.03.14
Group 1	1.8401	–	1.8401
Group 2	1.0418	0.7983	1.8401

'Z' Accumulation Shares	Net Revenue	Equalisation	Allocation 30.03.14
Group 1	1.8680	–	1.8680
Group 2	1.8680	0.0000	1.8680

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.

CRYSTAL FUND
ACD'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2014

IMPORTANT INFORMATION

For details of important information please refer to the 'Important Information' section of the Company on page 7.

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
30 April 2014

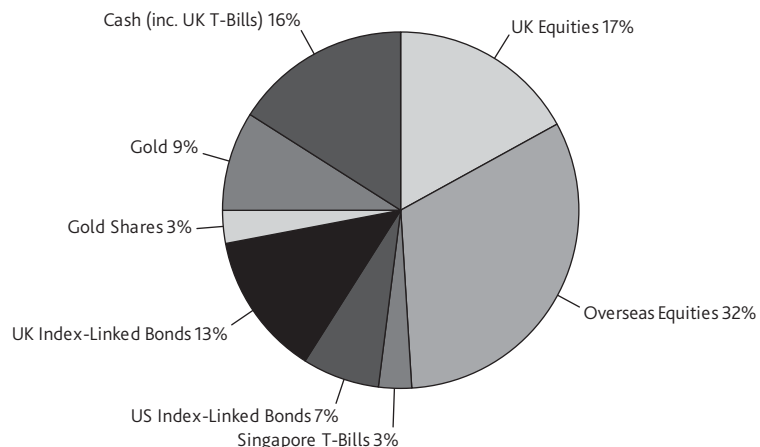
INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2014, the Fund produced a total return of -4.1 % compared to a return +0.4%* in the LIBID Index (total return) and +10.1%* in the FTSE All-Share Index (total return).

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

ASSET ALLOCATION AS AT 31 JANUARY 2014



Source: Troy Asset Management Limited.

MARKET REVIEW

Universally low yields have been a painful thorn in our side for the past two years. At the start of 2012 we wrote about how we believed that it would be harder for us to generate good returns, given that yields across most assets had significantly compressed. That warning was timely and frustratingly accurate. Our caution on equities came too early. Not holding more in equities these last 12 months was a blow on the chin, but holding alternatives that demonstrated a negative correlation to rising stocks has been a more painful punch to the stomach. In 2000 and 2007, opportunities were available for the canny to protect capital. In 2000, it was in so-called 'old economy' stocks that had been left behind in the unseemly dash for internet stocks. In 2007 bonds offered protection along with foreign currency as sterling was extremely overvalued. Today, all those routes of escape are more dangerous. Furthermore, traditional safe haven assets such as gold and index-linked bonds have recently been anything but safe. Trying to act prudently has been punished. Since the summer of 2012 it has, surprisingly to us, paid to be bullish.

The financial year ending 31 January 2014 was clearly a challenging and disappointing year. Nearly everything that could go wrong did go wrong. In 2011, gold, index-linked bonds and currency all aligned to assist us, but in the past 12 months they all conspired against us. Gold produced its worst yearly return since 1981 and its price, in sterling terms, was down by about

28% over the past twelve months. Index-linked bonds, another insurance policy, failed to pay out as investors questioned their holdings in an immediate environment of disinflation. We were left holding an umbrella whilst the sun shone.

The casual observer can see that developed world equity markets were the places to invest in 2013, but the curious may ask why that was so. These markets have been driven more by the fumes of hope than the fuel of impressive earnings growth. Indeed the overwhelming majority of last year's US stock market progress came from multiple expansion rather than an improvement in corporate fundamentals. In both the UK and continental Europe, earnings in 2013 are likely to have fallen for a second consecutive year meaning that all of the impressive advances were predicated on investors' willingness to pay more for less.

PORTFOLIO

2013 was clearly not 'our kind of market' and we found appealing new investment opportunities few and far between. Indeed, trading had a bias towards reducing the Fund's weighting to equities. This was consistent with our preference to sell into rising markets and buy into falling ones. Zero interest rates have reduced the income available on cash deposits and on conventional government bonds. High-quality, blue-chip consumer staples have become a refuge for those looking for capital safety and surety of income. Stocks that we have always admired have been fashionable for the past three years and their popularity peaked in the first half of the financial year. The gains we have made on several of our consumer staple holdings have been impressive. However, the vast majority of recent price gains have not come about because of dramatic improvements in operations or long-term earnings potential, but through the simple mechanism of investors willing to pay more for consistent companies. By the spring we therefore took the opportunity to take profits in British American Tobacco, Coca-Cola Company, Diageo, Nestlé, Reynolds American and Unilever. Sentiment can be fickle and stocks on a podium of popularity can soon be found in the bargain basement. By the second half of the year, many consumer staple stocks were on this journey. Weakness was most acute in those stocks with disproportionately large operations in emerging markets. Emerging market growth is slowing and currencies in these parts of the world are buckling as capital takes flight; this is all tempering immediate earnings expectations. There is an old but useful stock market maxim: 'You can have good news or good prices, but not both'. If sentiment towards these fabulous businesses continues to deteriorate then we would look to add to existing or initiate new holdings at lower prices.

Dr Pepper Snapple Group was one consumer staple stock that endured share price weakness in the latter months of 2013 and we were able to begin a new holding on a valuation of less than 14 times earnings expectations. Its temporary fall from grace coincided with a fall in 'safe' government bond prices and a consequential rise in yields. Myopic investors have increasingly come to see consumer good companies as bond proxies. This is puzzling as we know that the coupon on a conventional bond will be the same annual payment until maturity. We are nearly as certain that Dr Pepper will grow its dividend at a good pace over the medium term as it looks to grow its share of US consumer throat and stomach.

We made modest purchases of American Express Company, the credit card issuer and payments network provider, and Société BIC, the French manufacturer of disposable pens, lighters and razors. These are two wonderful, consumer brand-led franchises that earn good returns on equity, reward shareholders and delight their customers. Both were purchased also at around 14 times earnings expectations. Although we find it difficult to get enthusiastic about the likely returns from stock markets over the coming years we are excited about the prospects of these

CRYSTAL FUND

ACD's Report (continued)

Investment Manager's Report (continued)

PORTFOLIO (continued)

great businesses that have all been bought at very reasonable prices. A great business being available at a good price will always demand the commitment of capital and override whatever wider fears there may be. We also added to the holding of Coach, the cash generative designer and retailer of premium leather fashion accessories. Trading in its core US market has been far weaker than expected as the company has lost share to its more fashionable rivals. A stabilisation in domestic sales would both aid profitability and investor sentiment.

In many ways Microsoft Corporation serves as a vignette of the wider market. Earnings expectations have disappointed, but the shares have performed very well; this had led to a substantial re-rating. We therefore chose to reduce our holding. We also completely exited the holding of BG Group. BG Group is in the midst of an ambitious plan to materially grow its oil and gas production. Unfortunately, new energy developments require tremendous amounts of capital to be deployed and we are concerned that the returns on investment might disappoint. Over recent years we have shifted the equity part of the portfolio away from tangible asset intensive businesses to those that are more reliant on brands.

OUTLOOK

Making money imparts its own feelings of optimism and accomplishment. Investors who stuck to stocks over the past 12 months know these feelings only too well. Today, it is difficult to recall another time when optimism about the stock market, profits and the UK economy was so widespread. Fear has unquestionably surrendered to greed and stock markets, to us, look more expensive and more extended than at any time since 2007. Investor faith in central bankers is at an all-time high. Many stocks are trading on, in our opinion, nose-bleed valuations, yet investors seem happy to trundle along a high tightrope in the belief that the Federal Reserve stands ready with a safety net, not near the floor but only inches below the rope. This explains why stock market corrections have become both shallower and more infrequent. With interest rates already at zero this safety net may be more illusionary than real. We see risk when others are blind to it and refuse to chase returns just because we have underperformed these past two financial years.

Cash is our protection against and ammunition in falling markets. Our gold and index-linked bond insurance policies have become cheaper despite the risks they protect us against not diminishing. Earnings need to sharply increase to rationally justify current valuations of most stocks and markets. If they do not and positive market momentum continues then equity markets are at risk of entering another bubble whilst the echoes of the last two popping are still in ear shot. Stock market bubbles are very democratic; they make all investors look foolish either before or after the peak. We will always be lonely and choose the former.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

20 February 2014

FUND INFORMATION

PERFORMANCE RECORD

Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	156.41	128.31	4.7258
2010	177.93	152.00	2.5937
2011	190.40	169.26	2.8548
2012	199.92	187.40	2.4148
2013	206.93	190.92	1.9889
2014*	192.62	189.51	0.4415

* To 31 January 2014.

NET ASSET VALUE

Date	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.12	43,292,369	22,792,263	189.94
31.01.13	44,948,288	22,702,429	197.99
31.01.14	42,304,602	22,392,587	188.92

ONGOING CHARGES FIGURE

Expense Type	31.01.14 %	31.01.13 %
ACD's periodic charge	1.00	1.00
Other expenses	0.10	0.11
	<hr/> 1.10	<hr/> 1.11
Collective investment scheme costs	0.06	0.08
Ongoing charges figure	<hr/> 1.16	<hr/> 1.19

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Fund expressed as a percentage of the average net assets during the accounting period.

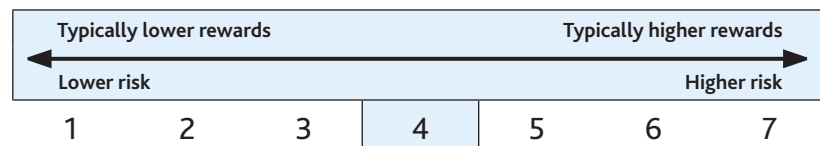
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

CRYSTAL FUND

ACD's Report (continued)

Fund Information (continued)

SYNTHETIC RISK AND REWARD INDICATOR



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

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

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

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

FUND PERFORMANCE TO 31 JANUARY 2014 (%)

	1 year	3 years	5 years
Crystal Fund	(4.11)	15.58	47.06

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

Details of the distributions per share for the year are shown in the Distribution Table on page 122.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 31.01.14 %	31.01.13 %
DEBT SECURITIES				
SG\$470,000	Monetary Authority of Singapore 0% 04.04.14	223,623	0.53	
SG\$300,000	Monetary Authority of Singapore 0% 07.02.14	142,808	0.34	
SG\$230,000	Monetary Authority of Singapore 0% 07.03.14	109,460	0.26	
SG\$1,600,000	Monetary Authority of Singapore 0% 28.02.14	761,504	1.80	
£4,700,000	UK Treasury 0% 22.04.14	4,692,010	11.09	
£3,046,300	UK Treasury 0.125% index-linked 2024	3,263,251	7.71	
£1,518,000	UK Treasury 1.875% index-linked 2022	2,246,617	5.31	
US\$3,166,000	US Treasury 0.125% Inflation Protected Securities 2022	1,959,161	4.63	
US\$1,500,000	US Treasury 1.375% Inflation Protected Securities 2020	1,076,289	2.55	
	TOTAL DEBT SECURITIES	14,474,723	34.22	31.01
EQUITIES				
UNITED KINGDOM				
	OIL & GAS	—	—	0.77
CONSUMER GOODS				
	BEVERAGES			
25,500	Diageo	459,127	1.09	2.11
	FOOD PRODUCERS			
42,500	Unilever	994,075	2.35	3.54
	TOBACCO			
44,000	British American Tobacco	1,282,820	3.03	3.43
	TOTAL CONSUMER GOODS	2,736,022	6.47	9.08

CRYSTAL FUND
ACD's Report (continued)
Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	HEALTH CARE			
	PHARMACEUTICALS & BIOTECHNOLOGY			
70,475	GlaxoSmithKline	1,101,877	2.60	2.27
	CONSUMER SERVICES			
	FOOD & DRUG RETAILERS			
94,186	Greggs	474,697	1.12	1.00
	FINANCIALS			
	EQUITY INVESTMENT INSTRUMENTS			
304,000	Better Capital 2009	463,600	1.10	
300,000	Better Capital 2012	327,750	0.77	
	TOTAL FINANCIALS	791,350	1.87	1.01
	TECHNOLOGY			
	SOFTWARE & COMPUTER SERVICES			
242,407	Sage Group (The)	989,748	2.34	1.83
	TOTAL UNITED KINGDOM	6,093,694	14.40	15.96
	CONTINENTAL EUROPE			
32,400	Nestlé	1,431,287	3.38	
3,030	Novartis	146,066	0.35	
2,700	Société BIC	189,139	0.45	
	TOTAL CONTINENTAL EUROPE	1,766,492	4.18	3.55
	AUSTRALIA			
35,000	Newcrest Mining	178,940	0.42	1.20
	NORTH AMERICA			
15,500	Agnico-Eagle Mines	292,853	0.69	
44,000	Altria Group	942,682	2.23	
10,300	American Express Company	532,599	1.26	
18,000	Becton, Dickinson and Company	1,184,966	2.80	

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
	NORTH AMERICA (continued)			
10	Berkshire Hathaway	1,026,281	2.43	
35,000	Coach	1,019,478	2.41	
55,600	Coca-Cola Company (The)	1,279,168	3.02	
16,000	Colgate-Palmolive Company	595,921	1.41	
20,000	Dr Pepper Snapple Group	582,437	1.38	
50,604	Imperial Oil	1,251,048	2.96	
16,300	Johnson & Johnson	877,068	2.07	
59,615	Microsoft Corporation	1,372,628	3.24	
24,958	Philip Morris International	1,186,669	2.80	
33,500	Reynolds American	988,628	2.34	
	TOTAL NORTH AMERICA	13,132,426	31.04	29.93
	COMMODITIES			
111,363	BlackRock Gold and General*	767,182	1.82	
24,746	ETFs Physical Swiss Gold*	1,836,557	4.34	
30,000	Gold Bullion Securities*	2,179,575	5.15	
	TOTAL COMMODITIES	4,783,314	11.31	15.39
	FORWARD CURRENCY CONTRACTS			
US\$(14,400,000)	Vs £8,836,524 (expiry 18.03.14)	71,858	0.17	(0.33)
	Portfolio of investments	40,501,447	95.74	96.71
	Net other assets	1,803,155	4.26	3.29
	Net assets	42,304,602	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares unless stated otherwise.

* Collective investment scheme.

CRYSTAL FUND

ACD's Report (continued)

Portfolio Statement (continued)

Credit Quality	31.01.14 %	31.01.13 %
Investment grade debt securities	20.20	31.01
Non-rated debt securities	14.02	–
Other investments	61.52	65.70
Net other assets	4.26	3.29
	<u>100.00</u>	<u>100.00</u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2014

Total purchases for the year (note 13) £2,615,527

Purchases	Cost £
Coach	859,752
Dr Pepper Snapple Group	544,129
American Express Company	453,885
Better Capital 2012	315,000
Société BIC	176,401
Novartis	146,138
British American Tobacco	120,222

The summary of material portfolio changes represents all of the purchases (excluding money market instruments) during the year.

In addition to the above, purchases of £23,303,608 were made on UK, US and Singapore Treasury Bills.

CRYSTAL FUND

ACD's Report (continued)

Summary of Material Portfolio Changes (continued)

Total sales for the year (note 13) £4,885,450

Sales	Proceeds £
Microsoft Corporation	1,102,395
Berkshire Hathaway	648,932
Unilever	528,631
Diageo	506,717
Reynolds American	454,119
BG Group	371,597
Johnson & Johnson	313,251
Coca-Cola Company (The)	278,247
Becton, Dickinson and Company	273,264
British American Tobacco	243,886
Nestlé	164,411

The summary of material portfolio changes represents all of the sales (excluding money market instruments) during the year.

In addition to the above, redemptions of £21,962,702 were made on UK, US and Singapore Treasury Bills.

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Income:					
Net capital (losses)/gains	2		(2,040,149)		1,825,012
Revenue	3	956,228		1,059,919	
Expenses	4	(493,398)		(488,249)	
Finance costs: Interest	6	—		—	
Net revenue before taxation		462,830		571,670	
Taxation	5	(68,894)		(62,981)	
Net revenue after taxation			393,936		508,689
Total return before distributions			(1,646,213)		2,333,701
Finance costs: Distributions	6		(393,923)		(508,680)
Change in net assets attributable to shareholders from investment activities			(2,040,136)		1,825,021

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

FOR THE YEAR ENDED 31 JANUARY 2014

	£	31.01.14 £	£	31.01.13 £
Opening net assets attributable to shareholders		44,948,288		43,292,369
Amounts receivable on issue of shares	—		179,574	
Amounts payable on cancellation of shares	(603,550)		(348,676)	
		(603,550)		(169,102)
Change in net assets attributable to shareholders from investment activities		(2,040,136)		1,825,021
Closing net assets attributable to shareholders		42,304,602		44,948,288

CRYSTAL FUND
Financial Statements (continued)
BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			40,501,447		43,616,590
Other assets					
Debtors	7	23,360		46,468	
Cash and bank balances		<u>1,965,139</u>		<u>3,685,668</u>	
Total other assets			1,988,499		3,732,136
Total assets			<u>42,489,946</u>		<u>47,348,726</u>
LIABILITIES					
Investment liabilities			–		(146,228)
Other liabilities					
Creditors	8	(53,436)		(2,061,954)	
Bank overdrafts		<u>(33,045)</u>		<u>(35,042)</u>	
Distribution payable on Income shares	6	<u>(98,863)</u>		<u>(157,214)</u>	
Total other liabilities			(185,344)		(2,254,210)
Total liabilities			<u>(185,344)</u>		<u>(2,400,438)</u>
Net assets attributable to shareholders			<u>42,304,602</u>		<u>44,948,288</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	31.01.14 £	31.01.13 £
2. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,388,284)	1,787,153
Forward currency contracts	468,700	167,869
Transaction charges	(513)	(1,340)
Currency losses	<u>(120,052)</u>	<u>(128,670)</u>
Net capital (losses)/gains	<u>(2,040,149)</u>	<u>1,825,012</u>

3. REVENUE

Non-taxable dividends	727,588	772,255
UK property income distributions	–	777
Unfranked interest	224,463	284,834
Bank interest	4,177	2,052
Other interest	–	1
Total revenue	<u>956,228</u>	<u>1,059,919</u>

4. EXPENSES

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

ACD's periodic charge	447,982	441,527
Legal and professional fees	2,750	4,207
Printing costs	3,715	3,367
Registration fees	1,900	1,902
Other tax related services	<u>750</u>	<u>–</u>
	457,097	451,003

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

Depositary's fees	21,503	21,193
Safe custody and other bank charges	<u>3,524</u>	<u>4,746</u>
	25,027	25,939

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
4. EXPENSES (continued)		
Other expenses:		
FCA fee	76	60
Fees paid to auditor – audit fees	8,100	8,100
– tax services	3,000	3,000
Postage and distribution costs	98	147
	11,274	11,307
Total expenses	493,398	488,249
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	68,894	62,981
Current tax charge (note 5b)	68,894	62,981
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	68,894	62,981
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%) (31.01.13 : 20%). The difference is explained below.		
	31.01.14 £	31.01.13 £
Net revenue before taxation	462,830	571,670
Corporation tax at 20%	92,566	114,334
Effects of:		
Non-taxable dividends	(145,518)	(154,451)
RPI movement on UK index-linked gilts	(31,857)	(35,722)
Unutilised excess management expenses	84,809	75,839
Corporation tax charge	–	–
Overseas tax	68,894	62,981
Current tax charge (note 5a)	68,894	62,981

5. TAXATION (continued)

c) Deferred tax

At the year end there is a potential deferred tax asset of £296,353 (31.01.13 : £211,544) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	293,022	350,568
Final	98,863	157,214
	391,885	507,782
Add: Revenue deducted on cancellation of shares	2,038	1,324
Deduct: Revenue received on issue of shares	–	(426)
Net distributions for the year	393,923	508,680
Interest	–	–
Total finance costs	393,923	508,680

Details of the distributions per share are set out in the table on page 122.

	31.01.14 £	31.01.13 £
Distributions represented by:		
Net revenue after taxation	393,936	508,689
Balance brought forward	9	–
Balance carried forward	(22)	(9)
Net distributions for the year	393,923	508,680
7. DEBTORS		
Accrued revenue:		
Non-taxable dividends	4,039	19,892
Unfranked interest	9,059	8,624
Bank interest	332	423
	13,430	28,939

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
7. DEBTORS (continued)		
Prepaid expenses	13	10
Taxation recoverable:		
Overseas withholding tax	9,917	17,519
Total debtors	23,360	46,468
8. CREDITORS		
Purchases awaiting settlement	–	2,003,749
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	36,496	37,653
Legal and professional fees	237	237
Printing costs	2,812	2,041
Registration fees	164	164
	39,709	40,095
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,752	1,807
Transaction charges	155	512
Safe custody and other bank charges	663	1,640
	2,570	3,959
Other expenses	11,157	14,151
Total creditors	53,436	2,061,954

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.01.14 £	31.01.13 £
Floating rate assets:		
Singapore dollars	159	7,545
US dollars	3,035,450	3,391,892
Pounds sterling	7,474,848	9,435,934
	10,510,457	12,835,371
Floating rate liabilities:		
Pounds sterling	(33,045)	(35,042)
Fixed rate assets:		
Singapore dollars	1,237,395	4,788,488
Pounds sterling	4,692,010	–
	5,929,405	4,788,488
Assets on which interest is not paid:		
Australian dollars	178,940	538,813
Canadian dollars	1,543,901	1,844,834
Euros	189,139	–
Swiss franc	1,587,270	1,611,099
US dollars	15,609,445	17,211,706
Pounds sterling	15,706,055	17,709,154
	34,814,750	38,915,606
Liabilities on which interest is not paid:		
Singapore dollars	–	(1,731,794)
US dollars	(8,764,666)	(9,608,922)
Pounds sterling	(152,299)	(215,419)
	(8,916,965)	(11,556,135)
Net assets	42,304,602	44,948,288

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

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

CRYSTAL FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

i. Interest rate risk (continued)

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

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	31.01.14 Gross £	31.01.14 Hedged £	31.01.14 Net £
Currency:			
Australian dollars	178,940	–	178,940
Canadian dollars	1,543,901	–	1,543,901
Euros	189,139	–	189,139
Singapore dollars	1,237,554	–	1,237,554
Swiss franc	1,587,270	–	1,587,270
US dollars	18,644,895	(8,764,666)	9,880,229
	<u>23,381,699</u>	<u>(8,764,666)</u>	<u>14,617,033</u>
Pounds sterling	18,851,045	8,836,524	27,687,569
Net assets	<u>42,232,744</u>	<u>71,858</u>	<u>42,304,602</u>

	31.01.13 Gross £	31.01.13 Hedged £	31.01.13 Net £
Currency:			
Australian dollars	538,813	–	538,813
Canadian dollars	1,844,834	–	1,844,834
Singapore dollars	3,064,239	–	3,064,239
Swiss franc	1,611,099	–	1,611,099
US dollars	20,331,643	(9,336,967)	10,994,676
	<u>27,390,628</u>	<u>(9,336,967)</u>	<u>18,053,661</u>
Pounds sterling	17,703,888	9,190,739	26,894,627
Net assets	<u>45,094,516</u>	<u>(146,228)</u>	<u>44,948,288</u>

iii. Derivatives

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

iii. Derivatives (continued)

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

	31.01.14 £	31.01.13 £
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	2,611,292	41,841,948
Transaction costs:		
Commissions	3,284	4,275
Stamp duty and other charges	951	3,711
	<u>4,235</u>	<u>7,986</u>
Gross purchases total	<u>2,615,527</u>	<u>41,849,934</u>
Analysis of total sale costs		
Gross sales before transaction costs	4,891,760	42,357,901
Transaction costs:		
Commissions	(6,248)	(7,451)
Other charges	(62)	(38)
	<u>(6,310)</u>	<u>(7,489)</u>
Total sales net of transaction costs	<u>4,885,450</u>	<u>42,350,412</u>

CRYSTAL FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 February 2013

Group 2 – Shares purchased on or after 1 February 2013 and on or before 31 July 2013

Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	1.2964	–	1.2964	1.5434
Group 2	1.2964	0.0000	1.2964	1.5434

Final

Group 1 – Shares purchased prior to 1 August 2013

Group 2 – Shares purchased on or after 1 August 2013 and on or before 31 January 2014

Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.4415	–	0.4415	0.6925
Group 2	0.4415	0.0000	0.4415	0.6925

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.

SPECTRUM FUND

ACD'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2014

IMPORTANT INFORMATION

For details of important information please refer to the 'Important Information' section of the Company on page 7.

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

30 April 2014

INVESTMENT MANAGER'S REPORT

INVESTMENT REVIEW

For the year to 31 January 2014 the Fund produced a total return of -1.9% compared to a rise of +0.4%* in the LIBID Index (total return) and a rise of 12.6%* in the MSCI World (£) Index (total return). The FTSE All-Share Index (total return) produced a return of +10.1%*.

MARKET REVIEW

The year to the end of January 2014 demonstrates, once again, that investment markets are fashion victims. It was not long ago that all things emerging market were marketed as a secure source of returns. Stocks and bonds in these youthful economies, unfettered by the West's debt and aging demographics, were cast in a favourable light compared to securities in mature economies. Yet today, assets once thought as 'safe' are considered risky, and vice versa. Emerging markets stocks have collectively fallen by -13%¹ during the period whereas developed equity markets have returned its mirror image +13%¹. The United States has led the way, with the S&P Index up +17%*, and the NASDAQ Index even better up +28%*.

Assets that typically serve to protect investors' capital were in fact highly volatile and subtracted from returns. The prices of government bonds issued by several major developed countries fell steeply from their historic highs before recovering some of their losses in the final month of the year. Bonds in Europe's troubled periphery bucked this trend as sentiment towards the eurozone improved. Government bond yields in Greece, Portugal, Ireland and Spain declined between 1 and 2 percentage points. The price of inflation protected bonds fell in sympathy with conventional fixed income securities but suffered additional losses as global inflationary forces waned. With inflation contained and equity prices buoyant, gold, the ultimate safe haven, declined for the first time in years, dropping by a quarter against the US dollar and by even more in sterling.

The diverging pattern of returns can partly be explained by shifting expectations for economic growth and monetary policy. Countries deemed to have recovering economies and easy monetary policies were rewarded with higher stock market indices by the end of the year. In May, global investment markets shuddered when the US Federal Reserve warned it could begin to withdraw its extraordinary monetary stimulus if positive economic trends continued. Whilst bonds sold off, investors in developed market equities regained their poise as 'tapering' of the US bond buying programmes was delayed until the end of the calendar year and interest rates remained firmly anchored to their abnormally low levels. By contrast, the resolve of investors in developing nations was frayed as higher global bond yields tightened credit conditions and local growth trajectories weakened. Currencies exacerbated stock market trends – a basket of emerging market currencies depreciated by -15% during the year, whilst the strength of the pound ensured the return of overseas assets was diminished when translated into sterling². As ever, Japan defied simple categorisation. Its stock market gave the best local returns of any major developed market, rising +37%, but sterling-based investors received less than half this as the yen wilted under pressure from the central bank's aggressive monetary policy.

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

¹ MSCI Emerging Market Index and MSCI World Index respectively. All returns are total returns, quoted in sterling unless otherwise stated.

² JPMorgan Emerging Market Currency Index.

PORTFOLIO

The Fund is intended to give investors an efficient way of holding a diversified global portfolio of collective investments. The underlying managers are carefully selected for their distinctive investment styles and we seek to understand how they should perform in different market environments. Not all managers will generate high returns simultaneously, but their joint efforts should combine to achieve long-term returns without exposing the Fund's investors to excessive short-term losses.

The Fund's disappointing year overall belies the creditable performance by many of its constituent assets. Strong advances made by the Fund's equity-related investments in the US, Japan and Europe, were overcome by declines from holdings in emerging markets, gold and index-linked government bonds. Cash was retained to defend capital in difficult markets and provide funds for anticipated new purchases. In the absence of both, however, and in the presence of low rates of interest, it acted to suppress the Fund's returns.

Top 10 Holdings January 2014	% Fund
Morant Wright Sakura	6.8
Findlay Park American	6.8
CF Ruffer European	6.3
Heptagon Yacktman US Equity	6.0
Lindsell Train Global Equity	5.9
First State Asia Pacific Leaders	5.9
BlackRock Gold and General	5.5
CG Portfolio Real Return	5.5
British Empire Securities and General	4.9
HAL Trust	4.5
Total Top 10	58.1
Plus 11 other holdings	34.4
Cash & equivalent	7.5
Total	100.0

SPECTRUM FUND

ACD's Report (continued)

Investment Manager's Report (continued)

PORTFOLIO (continued)

Top 10 Holdings January 2013

	% Fund
CF Ruffer European	7.6
Gold Bullion Securities	7.2
CG Portfolio Real Return	6.4
Findlay Park American	6.1
Polar Capital Global Insurance	5.7
First State Asia Pacific Leaders	5.5
Jupiter Absolute Return	4.6
CF Morant Wright Japan B	4.5
HAL Trust	4.5
BlackRock Gold and General	4.1
Total Top 10	56.2
Plus 13 other holdings	32.4
Cash & equivalent	11.4

Total	100.0
--------------	--------------

Source: Troy Asset Management Limited.

Management changes at RIT Capital Partners and Philip Gibbs's forthcoming retirement from managing Jupiter Absolute Return fund led to the sale of both in the first half of the year. Other changes to the portfolio illustrate a contrarian instinct to reduce holdings that have performed well and buy those that are out of favour. Several purchases and sales therefore ran against the prevailing fashion for developed equity markets over the emerging world. Large holdings in CF Ruffer European and Polar Capital Global Insurance were reduced in the second half of the year as the valuations of both increased. Conversely, holdings of First State Asia Pacific Leaders and Findlay Park Latin America were grown at the end of the year to take advantage of deteriorating sentiment towards Asian and South American stock markets. New holdings were also initiated in two other funds that invest across developing economies. Somerset Capital Management's Emerging Markets Dividend Growth fund and Samarang's Halley Asian Prosperity fund go beyond the largest constituents of popular stock market indices to focus attentions on more obscure businesses. Their managers have records of protecting capital relatively well during broader market declines by constructing concentrated portfolios invested in durable businesses at reasonable prices. The Somerset fund emphasises dividend paying businesses of all sizes spread across emerging markets. Samarang has a singular focus on deeply undervalued Asian smaller companies which encompasses Japan, and thereby adds to the Fund's investments in that country. Despite its eye-catching performance this year, the Japanese stock market remains cheaper than the alternatives on several measures. Long standing investments in Morant Wright Japan and Lindsell Train Japanese Equity were enlarged at the beginning of the year. The Fund's Japanese holdings are hedged into sterling³.

Further investments in North America and Europe were made in conservatively managed companies. Camellia is a UK listed holding company with diverse interests in agriculture and horticulture, private banking and engineering. It is an unusual creation with no following among

³ The investment in Morant Wright was exchanged for a new, fully hedged share-class during the year.

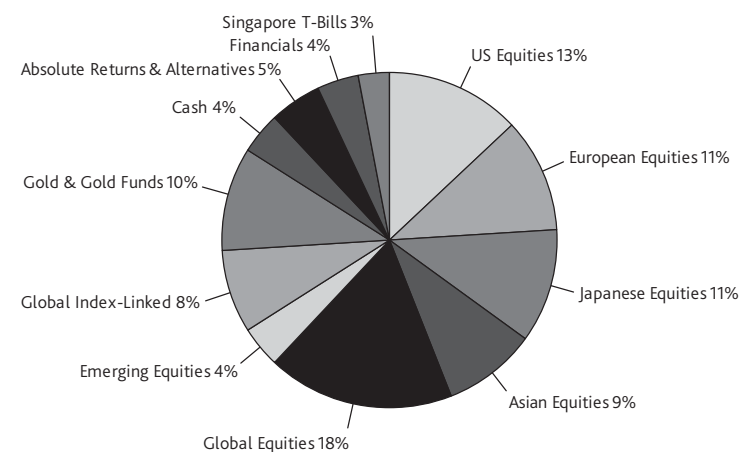
Britain's many stockbrokers. The Fund added to its holding at a material discount to NAV after the Company's thinly traded shares were removed from inclusion in all FTSE indices, resulting in forced sellers by index-trackers.

Holdings in British Empire Securities and General and the Heptagon Yacktman US Equity fund were also increased. The former invests in often complex and unfashionable conglomerates at steep discounts to the manager's estimates of their true worth. The managers of the Yacktman fund are also price sensitive investors but with a bias to large and well-known corporations whose earnings power are protected by formidable competitive positions. Both British Empire and Yacktman hold over 20% of their assets in cash ready to invest when prices cheapen.

The Fund aims to identify managers that are prepared to ignore the stock market's whims by adhering to tried and tested investment approaches. Many of our managers ensure their independence to act by owning the investment companies they work for. Two good examples are Lindsell Train and McInroy & Wood. These organisations specialise in owning the compounding earnings power of high quality global companies. Lindsell Train prefers consumer franchises and McInroy & Wood predominantly invests in medium-sized businesses spread across industrial sectors. Their discipline in selecting sustainable and growing companies through the ebb and flow of stock market sentiment has generated attractive returns to long-term investors. Towards the end of the year the Fund invested some of its cash by adding to Lindsell Train's Global Equity fund and initiating a small holding in McInroy & Wood's Balanced fund.

By far the most contrarian investments of the year were the additions made to the BlackRock Gold and General fund, which principally owns shares in gold miners. Fluctuations in the gold price are magnified in the stock prices of the companies that make it their business to unearth the precious metal and sell it. Their cash flows have been squeezed by falling prices and higher costs, resulting in profit warnings, asset write-downs and the halving of share prices in many cases. Investors have so far complied with central bankers' experiments in monetary policy by elevating the prices of stocks and bonds. Should their faith be shaken then alternative stores of value will be reappraised and gold will appreciate once again, lifting miners with it.

ASSET ALLOCATION AS AT 31 JANUARY 2014



Source: Troy Asset Management Limited.

SPECTRUM FUND

ACD's Report (continued)

Investment Manager's Report (continued)

OUTLOOK

By maintaining their unorthodox monetary policy central banks hold out a promise to grant investors their three wishes of cheap money, low inflation and high asset prices. Outside of emerging markets, both parties appear satisfied with the results so far. Yet their mutual satisfaction overlooks inconvenient failures to stimulate growth in real wages and productivity. The much vaunted economic recovery in developed economies looks subdued for anyone that does not own inflated assets. Whilst faster earnings growth is required to justify rising valuations, it is absolutely necessary to maintain the West's monstrous debts. But corporate profitability is already at record highs and growth is slowing. Herein lies the contradiction at the heart of investors' wish-list. Low interest rates and high prices cannot coexist forever because the accelerated earnings growth that is essential to support prices will be inflationary unless monetary stimulus is withdrawn. And should companies fail to grow their earnings sufficiently, investors will question the merit of their valuations. Something has to give and investors may come to regret what they wish for.

The Fund has maintained a slow and cautious path into this uncertain future. Returns in the last couple of years have been disappointing because we and many of our underlying managers have refused to commit your capital when opportunities are scarce. The third of underlying assets that are invested in a mixture of cash, index-linked bonds, gold and gold related securities continues to serve its dual purpose; to protect capital in difficult markets and to enable further investment in global equities should they become more attractively priced.

TROY ASSET MANAGEMENT LIMITED

Investment Manager

20 February 2014

FUND INFORMATION

PERFORMANCE RECORD

'O' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	113.72	87.38	1.5102
2010	134.06	110.50	–
2011	134.40	125.66	–
2012	138.02	129.18	0.0297
2013	149.88	137.13	0.4948
2014*	143.23	139.86	0.3473

'O' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	115.62	88.74	1.5625
2010	136.31	112.35	–
2011	136.66	127.78	–
2012	140.37	131.35	0.0414
2013	152.56	139.45	0.5044
2014*	146.14	142.70	0.3544

'I' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2011#	133.30	127.17	–
2012	137.15	128.68	–
2013	148.87	136.20	0.1195
2014*	141.90	138.54	–

SPECTRUM FUND

ACD's Report (continued)

Fund Information (continued)

PERFORMANCE RECORD (continued)

'I' Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2011#	135.57	129.34	—
2012	139.51	130.89	—
2013	151.42	138.54	0.0469
2014*	144.46	141.04	—

From 1 August 2011.

* To 31 January 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.01.12	'O' Income	49,359,932	37,142,481	132.89
	'O' Accumulation	13,582,441	10,051,768	135.12
	'I' Income	331	250	132.56
	'I' Accumulation	266,668	197,762	134.84
31.01.13	'O' Income	59,168,537	41,578,301	142.31
	'O' Accumulation	19,664,699	13,575,708	144.85
	'I' Income	91,278	64,542	141.42
	'I' Accumulation	987,667	686,589	143.85
31.01.14	'O' Income	60,505,807	43,384,899	139.46
	'O' Accumulation	20,010,026	14,026,855	142.66
	'I' Income	124,500	89,898	138.49
	'I' Accumulation	1,051,885	746,076	140.99

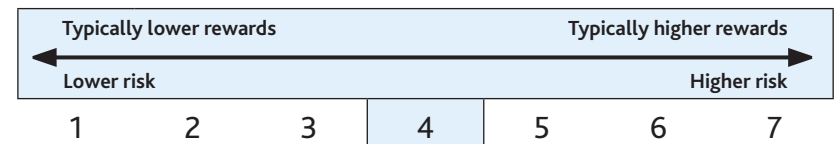
ONGOING CHARGES FIGURE

Expense Type	31.01.14 %		31.01.13 %	
	'O'	'I'	'O'	'I'
ACD's periodic charge	0.65	1.15	0.65	1.15
Other expenses	0.10	0.10	0.12	0.11
	0.75	1.25	0.77	1.26
Collective investment scheme costs	0.79	0.79	0.68	0.68
Ongoing charges figure	1.54	2.04	1.45	1.94

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Fund expressed as a percentage of the average net assets during the accounting period.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

SYNTHETIC RISK AND REWARD INDICATOR



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

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

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

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

SPECTRUM FUND

ACD's Report (continued)

Fund Information (continued)

FUND PERFORMANCE TO 31 JANUARY 2014 (%)

	1 year	3 years	5 years
Spectrum Fund	(1.90)	8.02	48.26

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

Details of the distributions per share for the year are shown in the Distribution Table on page 147.

PORTFOLIO STATEMENT AS AT 31 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 31.01.14 %	31.01.13 %
DEBT SECURITIES				
SG\$1,500,000	Monetary Authority of Singapore 0% 07.02.14	714,042	0.87	
SG\$1,100,000	Monetary Authority of Singapore 0% 28.02.14	523,534	0.64	
SG\$1,150,000	Monetary Authority of Singapore 0% 07.03.14	547,298	0.67	
SG\$2,350,000	Monetary Authority of Singapore 0% 04.04.14	1,118,116	1.37	
	TOTAL DEBT SECURITIES	2,902,990	3.55	7.91
INDEX-LINKED BONDS				
20,769	CG Portfolio Dollar Fund	2,516,031	3.08	
27,129	CG Portfolio Real Return	4,520,788	5.53	
	TOTAL INDEX-LINKED BONDS	7,036,819	8.61	8.10
EUROPEAN EQUITIES				
1,048,861	CF Ruffer European#	5,160,606	6.32	
44,893	HAL Trust*	3,687,435	4.51	
	TOTAL EUROPEAN EQUITIES	8,848,041	10.83	12.02
UNITED STATES EQUITIES				
131,095	Findlay Park American	5,546,281	6.79	
58,059	Heptagon Yacktman US Equity	4,907,605	6.01	
	TOTAL UNITED STATES EQUITIES	10,453,886	12.80	9.56
EMERGING MARKETS EQUITIES				
220,327	Findlay Park Latin American	2,304,573	2.82	
874,661	Somerset Emerging Markets Dividend Growth	890,405	1.09	
	TOTAL EMERGING MARKETS EQUITIES	3,194,978	3.91	2.10
JAPANESE EQUITIES				
5,170,771	Lindsell Train Japanese Equity	3,175,967	3.89	
536,164	Morant Wright Sakura	5,572,886	6.82	
	TOTAL JAPANESE EQUITIES	8,748,853	10.71	7.13

SPECTRUM FUND
ACD's Report (continued)
Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			31.01.14 %	31.01.13 %
1,199,273 13,934	ASIAN EQUITIES			
	First State Asia Pacific Leaders	4,843,743	5.93	
	Halley Asian Prosperity	2,652,854	3.25	
	TOTAL ASIAN EQUITIES	7,496,597	9.18	9.01
850,900 34,700 3,402,629 68,332	GLOBAL EQUITIES			
	British Empire Securities and General*	4,033,266	4.94	
	Camellia*	3,105,650	3.80	
	Lindsell Train Global Equity	4,850,448	5.94	
	McInroy & Wood Balanced	2,448,136	3.00	
	TOTAL GLOBAL EQUITIES	14,437,500	17.68	9.27
954,385 2,088,709	ABSOLUTE RETURNS & ALTERNATIVES			
	Aberforth Geared Income <i>zdp</i> *	1,309,893	1.60	
	Better Capital 2009*	3,185,281	3.90	
	TOTAL ABSOLUTE RETURNS & ALTERNATIVES	4,495,174	5.50	11.23
995,977	FINANCIALS			
	Polar Capital Global Insurance	3,165,118	3.87	5.75
658,005 45,950	COMMODITIES			
	BlackRock Gold and General	4,532,996	5.54	
	Gold Bullion Securities	3,338,383	4.09	
	TOTAL COMMODITIES	7,871,379	9.63	14.38
¥(556,304,085)	FORWARD CURRENCY CONTRACTS			
	Vs £3,276,434 (expiry 15.04.14)	(45,605)	(0.05)	–

	Value £	Total Net Assets	
		31.01.14 %	31.01.13 %
Portfolio of investments##	78,605,730	96.22	96.46
Net other assets	3,086,488	3.78	3.54
Net assets	81,692,218	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are collective investment schemes unless stated otherwise.

* Ordinary shares.

Related party holding (See note 9).

Includes derivative liabilities.

Definition:

zdp – zero dividend preference.

SPECTRUM FUND

ACD's Report (continued)

SUMMARY OF MATERIAL PORTFOLIO CHANGES FOR THE YEAR ENDED 31 JANUARY 2014

Total purchases for the year (note 13) **£29,366,055**

Purchases	Cost £
Morant Wright Sakura	5,684,836
Camellia	3,016,908
BlackRock Gold and General	2,670,550
McInroy & Wood Balanced	2,500,000
Halley Asian Prosperity	2,500,000
British Empire Securities and General	2,272,948
Heptagon Yacktman US Equity	1,848,973
CG Portfolio Dollar Fund	1,700,000
Lindsell Train Global Equity	1,680,000
CF Morant Wright Japan	1,265,408
Findlay Park American	1,100,246
Somerset Emerging Markets Dividend Growth	1,000,000
Lindsell Train Japanese Equity	863,468
First State Asia Pacific Leaders	847,718
CF Ruffer European	415,000

The summary of material portfolio changes represents all of the purchases (excluding money market instruments) during the year.

In addition to the above, purchases of £20,413,123 were made on Singapore Treasury Bills.

Total sales for the year (note 13) **£22,138,016**

Sales	Proceeds £
CF Morant Wright Japan	5,684,836
Jupiter Absolute Return	3,633,606
Veritas Asian	2,800,902
Polar Capital Global Insurance	2,250,000
RIT Capital Partners	2,131,679
CF Ruffer European	2,000,000
ETFS Physical Swiss Gold	1,919,381
Aberforth Geared Income	758,985
Gold Bullion Securities	752,687
Jupiter Second Split	205,940

The summary of material portfolio changes represents all of the sales (excluding money market instruments) during the year.

In addition to the above, redemptions of £23,508,899 were made on Singapore Treasury Bills.

SPECTRUM FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Income:					
Net capital (losses)/gains	2		(1,883,504)		5,101,872
Revenue	3	1,057,529		652,287	
Expenses	4	(641,269)		(565,983)	
Finance costs: Interest	6	—		—	
Net revenue before taxation		416,260		86,304	
Taxation	5	—		—	
Net revenue after taxation			416,260		86,304
Total return before distributions			(1,467,244)		5,188,176
Finance costs: Distributions	6		(416,299)		(89,040)
Change in net assets attributable to shareholders from investment activities			(1,883,543)		5,099,136

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
Opening net assets attributable to shareholders			79,912,181		63,209,372
Amounts receivable on issue of shares		8,710,116		13,319,168	
Amounts payable on cancellation of shares		(5,236,648)		(1,817,147)	
			3,473,468		11,502,021
Dilution levy charged	1(k)		85,964		80,313
Stamp duty reserve tax	1(g)		(3,287)		(1,963)
Change in net assets attributable to shareholders from investment activities			(1,883,543)		5,099,136
Retained distribution on Accumulation shares			107,435		23,302
Closing net assets attributable to shareholders			81,692,218		79,912,181

BALANCE SHEET
AS AT 31 JANUARY 2014

	Notes	£	31.01.14 £	£	31.01.13 £
ASSETS					
Investment assets			78,651,335		77,082,893
Other assets					
Debtors	7	34,766		95,373	
Cash and bank balances		3,418,603		4,087,226	
Total other assets			3,453,369		4,182,599
Total assets			82,104,704		81,265,492
LIABILITIES					
Investment liabilities			(45,605)		—
Other liabilities					
Creditors	8	(216,205)		(1,298,843)	
Distribution payable on Income shares		(150,676)		(54,468)	
Total other liabilities			(366,881)		(1,353,311)
Total liabilities			(412,486)		(1,353,311)
Net assets attributable to shareholders			81,692,218		79,912,181

SPECTRUM FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

2. NET CAPITAL (LOSSES)/GAINS

The net capital (losses)/gains during the year comprise:

	31.01.14 £	31.01.13 £
Non-derivative securities	(2,853,262)	5,102,407
Forward currency contracts	955,642	–
Transaction charges	(546)	(1,107)
Currency gains	14,662	572
Net capital (losses)/gains	<u>(1,883,504)</u>	<u>5,101,872</u>

3. REVENUE

Non-taxable dividends	723,731	371,900
Taxable dividends	144,161	124,149
Unfranked interest	185,653	108,282
AMC rebates from underlying investments	(3,574)	44,564
Bank interest	7,553	3,383
Other interest	5	9
Total revenue	<u>1,057,529</u>	<u>652,287</u>

4. EXPENSES

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

ACD's periodic charge	553,580	477,443
Legal and professional fees	9,500	15,352
Printing costs	5,346	5,070
Registration fees	2,659	2,247
Other tax related services	750	–
	<u>571,835</u>	<u>500,112</u>

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

Depositary's fees	38,706	34,535
Safe custody and other bank charges	10,848	11,514
	<u>49,554</u>	<u>46,049</u>

4. EXPENSES (continued)

Other expenses:

FCA fee	76	60
Fees paid to auditor – audit fees	8,100	8,100
– tax services	3,000	3,000
Publication costs	8,212	8,223
Postage and distribution costs	492	439
	<u>19,880</u>	<u>19,822</u>
Total expenses	<u>641,269</u>	<u>565,983</u>

5. TAXATION

a) Analysis of charge for the year

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

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%) (31.01.13 : 20%). The difference is explained below.

	31.01.14 £	31.01.13 £
Net revenue before taxation	<u>416,260</u>	<u>86,304</u>
Corporation tax at 20%	83,252	17,261
Effects of:		
Non-taxable dividends	(144,746)	(74,380)
Unutilised excess management expenses	61,494	57,119
Corporation tax charge	–	–
Current tax charge (note 5a)	<u>–</u>	<u>–</u>

c) Deferred tax

At the year end there is a potential deferred tax asset of £228,245 (31.01.13 : £166,751) 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.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

6. FINANCE COSTS

Distributions

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

	31.01.14 £	31.01.13 £
Interim	213,432	17,542
Final	200,387	72,523
	<u>413,819</u>	<u>90,065</u>
Add: Revenue deducted on cancellation of shares	4,540	661
Deduct: Revenue received on issue of shares	(2,060)	(1,686)
Net distributions for the year	<u>416,299</u>	<u>89,040</u>
Interest	–	–
Total finance costs	<u>416,299</u>	<u>89,040</u>

Details of the distributions per share are set out in the table on page 147.

	31.01.14 £	31.01.13 £
Distributions represented by:		
Net revenue after taxation	416,260	86,304
Allocations to capital:		
Revenue deficit – 'I' Income shares	7	186
– 'I' Accumulation shares	56	2,572
	63	2,758
Balance brought forward	22	–
Balance carried forward	(46)	(22)
Net distributions for the year	<u>416,299</u>	<u>89,040</u>

7. DEBTORS

Amounts receivable for issue of shares	15,744	60,189
Accrued revenue:		
Non-taxable dividends	16,331	6,549
AMC rebates from underlying investments	–	19,871
Bank interest	1,016	486
	<u>17,347</u>	<u>26,906</u>

7. DEBTORS (continued)

Dilution levy	331	454
Prepaid expenses	1,344	5,812
Taxation recoverable:		
Income tax	–	2,012
Total debtors	<u>34,766</u>	<u>95,373</u>

8. CREDITORS

Amounts payable for cancellation of shares	146,250	10,033
Purchases awaiting settlement	–	1,222,443

Accrued expenses:

Amounts payable to the ACD, associates of the ACD and agents of either of them:

ACD's periodic charge	46,627	43,649
Legal and professional fees	818	818
Printing costs	4,342	2,755
Registration fees	223	219
	<u>52,010</u>	<u>47,441</u>

Amounts payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	3,266	3,104
Transaction charges	274	495
Safe custody and other bank charges	2,919	4,020
	<u>6,459</u>	<u>7,619</u>

Other expenses	11,423	11,273
Taxation payable:		
Stamp duty reserve tax	63	34
Total creditors	<u>216,205</u>	<u>1,298,843</u>

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (31.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. Interest rate risk

The table below shows the direct interest rate risk profile:

	31.01.14 £	31.01.13 £
Floating rate assets:		
Singapore dollars	794	4,381
Pounds sterling	10,454,628	10,551,699
	10,455,422	10,556,080
Fixed rate assets:		
Singapore dollars	2,902,990	6,317,097
Assets on which interest is not paid:		
Euros	3,687,435	3,591,577
Japanese yen	3,175,967	2,040,130
US dollars	16,113,173	17,513,657
Pounds sterling	49,046,151	41,246,951
	72,022,726	64,392,315
Liabilities on which interest is not paid:		
Japanese yen	(3,322,039)	–
Singapore dollars	–	(1,222,443)
Pounds sterling	(366,881)	(130,868)
	(3,688,920)	(1,353,311)
Net assets	81,692,218	79,912,181

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

The fixed rate financial assets held in the current and prior year are 0% Singapore government bonds held for short term investment purposes.

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

	31.01.14 Gross £	31.01.14 Hedged £	31.01.14 Net £
Currency:			
Euros	3,687,435	–	3,687,435
Japanese yen	3,175,967	(3,322,039)	(146,072)
Singapore dollars	2,903,784	–	2,903,784
US dollars	16,113,173	–	16,113,173
	25,880,359	(3,322,039)	22,558,320
Pounds sterling	55,857,464	3,276,434	59,133,898
Net assets	81,737,823	(45,605)	81,692,218
	31.01.13 Gross £	31.01.13 Hedged £	31.01.13 Net £
Currency:			
Euros	3,591,577	–	3,591,577
Japanese yen	2,040,130	–	2,040,130
Singapore dollars	5,099,035	–	5,099,035
US dollars	17,513,657	–	17,513,657
	28,244,399	–	28,244,399
Pounds sterling	51,667,782	–	51,667,782
Net assets	79,912,181	–	79,912,181

iii. Derivatives

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

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

SPECTRUM FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

	31.01.14 £	31.01.13 £
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	29,323,982	73,651,012
Transaction costs:		
Commissions	7,249	7,973
Stamp duty and other charges	34,824	26,898
	42,073	34,871
Gross purchases total	<u>29,366,055</u>	<u>73,685,883</u>
Analysis of total sale costs		
Gross sales before transaction costs	22,146,688	60,754,618
Transaction costs:		
Commissions	(8,666)	(613)
Other charges	(6)	(1)
	(8,672)	(614)
Total sales net of transaction costs	<u>22,138,016</u>	<u>60,754,004</u>

DISTRIBUTION TABLE

FOR THE YEAR ENDED 31 JANUARY 2014 – IN PENCE PER SHARE

Interim

Group 1 – Shares purchased prior to 1 February 2013

Group 2 – Shares purchased on or after 1 February 2013 and on or before 31 July 2013

'O' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	0.3638	–	0.3638	0.0297
Group 2	0.3531	0.0107	0.3638	0.0297

'O' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	0.3714	–	0.3714	0.0414
Group 2	0.3257	0.0457	0.3714	0.0414

'I' Income Shares	Net Revenue	Equalisation	Paid 30.09.13	Paid 30.09.12
Group 1	0.1195	–	0.1195	–
Group 2	0.1195	0.0000	0.1195	–

'I' Accumulation Shares	Net Revenue	Equalisation	Allocated 30.09.13	Allocated 30.09.12
Group 1	0.0469	–	0.0469	–
Group 2	0.0436	0.0033	0.0469	–

Final

Group 1 – Shares purchased prior to 1 August 2013

Group 2 – Shares purchased on or after 1 August 2013 and on or before 31 January 2014

'O' Income Shares	Net Revenue	Equalisation	Payable 31.03.14	Paid 31.03.13
Group 1	0.3473	–	0.3473	0.1310
Group 2	0.3376	0.0097	0.3473	0.1310

'O' Accumulation Shares	Net Revenue	Equalisation	Allocation 31.03.14	Allocated 31.03.13
Group 1	0.3544	–	0.3544	0.1330
Group 2	0.2511	0.1033	0.3544	0.1330

The 'I' Income and 'I' Accumulation share class did not pay a final distribution in the current or prior year.

SPECTRUM FUND

Financial Statements (continued)

Distribution Table (continued)

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.

GENERAL INFORMATION

Head Office: Ibex House, 42 – 47 Minorities, London EC3N 1DX.

Address for Service: The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Company is pounds sterling. Each sub-fund and class is designated in pounds sterling.

Share Capital: The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

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 and the agreement of the Depositary. 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 Capital Fund
Trojan Income Fund
Crystal Fund
Spectrum 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 Capital Fund, the Trojan Income Fund and the Spectrum 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 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 and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 608 0950. 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 'O' shares, with the exception of the Crystal Fund, are published in the *Financial Times*, and are also available on the Capita Financial Group's website at www.capitafinancial.com, under the heading Troy Asset Management Ltd. The price of shares may also be obtained by calling 0845 608 0950 during normal business hours and can be found on our 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 our website, www.capitafinancial.com, by following the link 'Fund Information'.

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

DATA PROTECTION ACT

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

RISK WARNING

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