

# Trojan Investment Funds

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022



**Trojan Fund**

**Trojan Ethical Fund**

**Trojan Ethical Global Income Fund**

**Trojan Ethical Income Fund**

**Trojan Global Income Fund**

**Trojan Global Equity Fund**

**Trojan Income Fund**

**Crystal Fund**

**Spectrum Fund**

## AUTHORISED CORPORATE DIRECTOR ('ACD')

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### LINK FUND SOLUTIONS LIMITED

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(Authorised and regulated by  
the Financial Conduct Authority)

## DIRECTORS OF THE ACD

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C. Addenbrooke (retired 2 February 2022)  
N. Boyling  
B. Hammond  
K.J. Midl  
A.G. Reid  
A.J. Stenning (resigned 11 February 2021)  
A.J. Stuart  
E.E. Tracey

## INVESTMENT MANAGER

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### TROY ASSET MANAGEMENT LIMITED

Hill House  
1 Little New Street  
London EC4A 3TR  
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the Financial Conduct Authority)

## DEPOSITARY

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### THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

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(Authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority  
and Prudential Regulation Authority)

## REGISTRAR

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### LINK FUND ADMINISTRATORS LIMITED

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## INDEPENDENT AUDITOR

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### ERNST & YOUNG LLP

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## ACD'S REPORT

for the year ended 31 January 2022

### Authorised Status

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

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

The Company is a UK UCITS and the base currency of the Company and each sub-fund is pounds sterling.

### ACD's Statement

#### Economic Uncertainty

The outbreak of COVID-19, declared by the World Health Organisation as a pandemic on 11 March 2020, caused significant disruption to business and economic activity, which was reflected in the fluctuations seen in the global stock markets. In the immediate period following its initial emergence and the global recognition of the seriousness of the pandemic, various national governments sought to provide financial support and stimulus to their economies, which, when combined with the development of effective vaccines to immunise populations around the world, and governments, society and businesses learning to operate in the post COVID-19 world, led to recovery in asset prices. However, whilst effective vaccines are now in use, their long-term effectiveness has yet to be determined, and there will continue to be an element of uncertainty as to the future. How this will translate into future asset pricing remains to be seen.

In the first quarter of 2022, the geopolitical situation started coming into sharp focus, culminating in February 2022 with Russia's incursion into Ukraine. The consequences of this development and the longer-term impact on the global economy are yet to be realised.

It must be recognised that the markets will remain fragile for a period of time and it is reasonably foreseeable that periods of instability, and consequently volatility in asset pricing, will emerge in the coming months.

### Important Information

The following changes became effective from 1 November 2021:

- A new-sub-fund, the Trojan Ethical Global Income Fund was launched. Further details on this sub-fund are available in the latest scheme Prospectus; and
- The Prospectus was updated to clarify how the Company's sub-funds may invest in the shares or units of other collective investment schemes.

## ACD'S REPORT *continued*

### Important Information *continued*

The assets of the Spectrum Fund have been moved into the Trojan Global Equity Fund by way of a Scheme of Arrangement on 14 May 2022. The Spectrum Fund has now entered the process of termination. FCA approval to commence the wind up of the Spectrum Fund was received on 24 March 2022. As a result, the 31 January 2022 financial statements of the Spectrum Fund have been prepared on a break up basis.

Certain sustainability-related disclosures in relation to the sub-funds are set out in Appendix 1.

### Cross Holdings

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

### Remuneration Policy

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

None of LFSL's staff receives remuneration based on the performance of any individual fund.

LFSL acts as the operator of both UK UCITS funds and Alternative Investment Funds ('AIFs').

LFSL delegates portfolio management for the funds to various investment management firms. The portfolio managers' fees and expense for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms may make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties solely for particular funds, nor are they remunerated by reference to the performance of any individual fund. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Company itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 30 June 2021, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2021, LFSL operated 92 UK UCITS and 111 AIFs, whose respective assets under management ('AuM') were £40,022 million and £49,171 million. The Company was valued at £10,338 million as at that date and represented 11.59% of LFSL's total AuM and 25.83% of its UK UCITS AuM.

**ACD'S REPORT** *continued***Remuneration Policy** *continued*

The disclosure below represents that required under COLL 4.5.7R (7) for funds subject to UK UCITS obligations.

2021	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2021	177	7,903	395	8,298
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 30 June 2021				
Senior management (including all Board members)	8	736	175	911
Staff engaged in control functions	7	521	–	521
Risk takers and other identified staff	19	1,579	118	1,697
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

LFSL's remuneration arrangement includes fixed salaries, contributory pension arrangements and certain other benefits, and the potential for discretionary bonuses. The amount available for payment of discretionary bonuses is dependent on satisfactory performance by LFSL, and the Link Group as a whole, rather than the performance of any individual fund. Bonuses may then be paid to staff to reflect their contribution to LFSL's success. The precise metrics used will vary by function, but consideration is given to both qualitative and quantitative measures.

Further details can be found at: <https://www.linkfundsolutions.co.uk/investor-information/link-financial-solutions-limited-lfsl-policies-and-information-1/>.

**Securities Financing Transactions**

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



## ACD'S REPORT *continued*

### Value Assessment

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of the latest assessment is available on the ACD's website.

### LINK FUND SOLUTIONS LIMITED

ACD of Trojan Investment Funds

26 May 2022

## 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**

**LINK FUND SOLUTIONS LIMITED**

ACD of Trojan Investment Funds

*26 May 2022*

## STATEMENT OF ACD'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook published by the Financial Conduct Authority ('the COLL Sourcebook') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising each of its sub-funds, and of the net revenue/expense and net capital gains/losses on the property of the Company's sub-funds for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Sourcebook.

For the reasons disclosed in Note 1(A), the ACD has prepared the financial statements of the Spectrum Fund on a break-up basis as this sub-fund is not a going concern.

## STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

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

## REPORT OF THE DEPOSITARY

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

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

**THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED**

Depositary of Trojan Investment Funds

26 May 2022

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TROJAN INVESTMENT FUNDS

### Opinion

We have audited the financial statements of Trojan Investment Funds ('the Company') for the year ended 31 January 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables for each of the Company's sub-funds, and the accounting and distribution policies of the Company set out on pages 23 to 26, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 January 2022 and of the net revenue/expense and the net capital gains/losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Financial Statements Prepared on a Break-Up Basis

We draw attention to note 1(A) to the financial statements which explains that the Authorised Corporate Director ('ACD') intends to close Spectrum Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for this sub-fund only, have been prepared on a break up basis as described in note 1(A). The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TROJAN INVESTMENT FUNDS** *continued*

### **Conclusions Relating to Going Concern**

The financial statements for Spectrum Fund have been prepared on a break up basis as disclosed in note 1(A).

In auditing the financial statements of the remaining sub-funds of the Company, we have concluded that the ACD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to Company's ability to continue as a going concern.

### **Other Information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the 'FCA')**

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; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TROJAN INVESTMENT FUNDS *continued*

- 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.

### Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

### Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 16, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to What Extent the Audit Was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TROJAN INVESTMENT FUNDS *continued*

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Accounting Standards (UK GAAP), the Investment Management Association Statement of Recommended Practice (the 'IMA SORP'), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TROJAN INVESTMENT FUNDS *continued*

### Use of Our Report

This report is made solely to the Company's Shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

ERNST & YOUNG LLP

Statutory Auditor

Edinburgh

26 May 2022

## ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 31 January 2022

### 1. Accounting Policies

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

#### (A) BASIS OF ACCOUNTING

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

These financial statements are prepared on a going concern basis. The ACD has made an assessment of each sub-fund's ability to continue as a going concern, and is satisfied they have the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, key service provider's operational resilience, and the impact of COVID-19. The ACD also considered each sub-fund's continued ability to meet ongoing costs, and is satisfied they have the resources to meet these costs and to continue in business.

The financial statements for the Spectrum Fund have been prepared on a break-up basis as the ACD made the decision to close the sub-fund, therefore the sub-fund is not a going concern. Under this basis assets were recorded at their recoverable value and liabilities were recorded at their expected settlement value.

No adjustments were necessary except for reclassifying fixed assets as current assets. The financial statements for the remaining sub-funds of the Company have been prepared on the going concern basis.

#### (B) RECOGNITION OF REVENUE

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

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

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

Revenue from unquoted equity investments is recognised when the dividend is declared.

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

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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

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

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

### (C) TREATMENT OF EXPENSES

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

### (D) 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 deemed more appropriate by the ACD.

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

### (E) 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.

### (F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on the last business day of the financial year.

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

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

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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.

For investments for which there is no quoted price or for which the quoted price is unreliable, fair value is determined by the ACD, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

### (G) EXCHANGE RATES

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

### (H) DILUTION LEVY

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

### (I) DIRECT TRANSACTION COSTS

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

### (J) SET UP COSTS

Initial set up costs are written off as they are incurred.

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

### 2. Distribution Policies

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

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

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

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

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.

## **TROJAN FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Trojan Fund ('the Fund') is to seek to achieve growth in capital (net of fees), ahead of inflation (UK Retail Prices Index), over the longer term (5 to 7 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The Fund has flexibility to invest globally in the following asset classes: government and public securities (such as sovereign debt and treasury bills), corporate bonds, equities and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities), private equity, precious metals, cash, cash equivalents (including money-market instruments) and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts and other transferable securities such as exchange traded commodities. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to precious metals will be indirect.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

Exposure to asset classes will be varied and at times the Fund may have no exposure to a particular asset class.

### **Benchmarks**

The Fund's target benchmark is the UK Retail Prices Index.

The Fund's comparator benchmarks are the UK Official Bank Rate and the FTSE All-Share Index (Total Return).

The UK Retail Prices Index has been selected as the Fund's target return benchmark as the Fund aims to achieve a return (the money made or lost on an investment) that is above the rate of inflation. The UK Retail Prices Index is used to measure the rate of inflation. Please refer to the Fund's investment objective for detail regarding how achievement of the target return benchmark is measured, and over what time period.

## TROJAN FUND

### ACD'S REPORT *continued*

#### **Benchmarks** *continued*

In addition to the target return benchmark, the Fund's performance may also be compared against the following benchmarks (referred to as 'comparator benchmarks'): FTSE All-Share Index (Total Return) is used as a comparator which may assist investors in evaluating the Fund's performance against GBP equity returns. The Fund also used the UK Official Bank Rate as a comparator which may assist investors in evaluating the Fund's performance when compared with returns available from cash. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### LINK FUND SOLUTIONS LIMITED

ACD of Trojan Fund

26 May 2022

## TROJAN FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2022

The Fund's 'O' Accumulation share class returned 9.7% in the period. For comparative purposes, the FTSE All-Share Index (Total Return) returned +18.9%, the UK Retail Price Index return was +7.8% and the Bank of England Base Rate returned +0.1% over the same period.

### Market Review

2021 started with the same momentum created toward the end of 2020 as vaccine announcements provided a narrative underpinning the risk-on 're-opening trade' across equity and bond markets. Value-orientated stocks and cyclical companies, such as airlines, found favour however these sectors have tended not to generate attractive returns for shareholders over the long term and they do not meet the criteria Troy seeks in terms of high quality, resilient, adaptable businesses run by exceptional management teams. On a relative basis, the Fund's equity holdings lagged this rotation during the initial months of the year providing an opportunity to add to existing investments such as Visa whilst modestly extending the duration within the index-linked holdings and topping up our gold exposure at more attractive levels.

As the year progressed, confidence in a sustained economic recovery began to wane. As risks of new variants, supply-chain disruption and a more sanguine view on the trajectory of inflation took centre stage, reduced confidence in a seamless reopening of economies was reflected in a change of leadership from cyclical to more defensive companies. This also impacted government bond yields, with the US 10-year, which peaked just below 1.75% at the end of March, falling to a level just below 1.2% during the summer months. A number of the companies held in the Fund performed strongly, supported by robust financial results. This has provided us with more confidence in how they have adapted to the environment and reinforced their competitive advantages.

Toward the end of the summer and through the final quarter of 2021, we reduced the Fund's weighting to equities and increased liquidity, reflecting our more cautious stance. Markets have had a remarkable period of strong performance following the COVID-19 lows witnessed in March 2020. We have observed signs of investor complacency with record high numbers of Initial Public Offerings and secondary offerings, for example. Given this backdrop, it was and remains prudent, at the time of writing, to maintain a modest level of risk from an overall portfolio perspective. The Omicron variant reminded everyone that the global economy is far from a 'post pandemic' reality. Until such a time that immunity levels no longer compel governments to stop and start economies, supply chain bottlenecks and demand gyrations will persist. In combination with these risks, increased debt levels, low interest rates and rising inflation post the COVID-19 market falls of 2020 have created systemic fragility which may lead to more volatility and turbulence throughout 2022 and beyond.

With this in mind, and following the reduction in specific equities during 2021 and the beginning of 2022, which we discuss in greater detail below, the Fund retains a healthy balance of defensive assets in liquidity (20%), gold-related investments (11%), US Treasury Inflation Protected Securities (US TIPS) with a duration of <5 years, (32%), and a below average equity weighting of 37% at the end of the period.



## TROJAN FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio

The Fund entered the period with an equity weighting of 43%. Over the course of the year, equity holdings<sup>1</sup> went from 17 to 14 following three sales and we outline the investment rationale for each below. Overall, the average equity weighting was 41% and ended the period at 37% reflecting the Fund's defensive positioning.

**Berkshire Hathaway** has been held in the Fund since the aftermath of the financial crisis, over which time it has contributed strongly to performance. After a more challenging year in 2020, the shares performed well in 2021, convincingly making new all-time highs. In terms of valuation, the shares also re-rated and traded on c.1.5x book, towards the upper end of the long-term range. There are several risks which we do not believe are adequately discounted; the most prominent is key-man-risk which is well known but as each year passes this risk, by definition, increases – Warren Buffett celebrated his 91<sup>st</sup> birthday last year. Coupled with this has been disappointing recent capital allocation by Berkshire, evident particularly in the decision to purchase airlines, followed by their untimely sale. Finally, the company's refusal to hold its subsidiary businesses to a higher level of account when it comes to climate disclosures is reflective of a management team that are yet to fully grasp the ESG nettle. This is likely to impact returns in the years to come.

Our views have evolved on the Fund's tobacco holdings in the past few years following the sale of Altria in 2018 and **British American Tobacco** in early 2021. The purchase of 35% of the JUUL vaping business for \$12bn was the catalyst for this reappraisal.

For the tobacco sector, the prospects for a re-rating look unlikely. This is not simply on account of ongoing divestment from the sector by investors. The companies also face the challenge of keeping their cigarette businesses strong enough to fund a transition to reduced risk products, while consumers and regulators are increasingly penalising and eschewing combustible tobacco. This change in business model will be challenging to navigate and it makes future returns much less predictable although we do recognise their role for income generation. Striving for relevance and the cost of reshaping the business will, we believe, be absorbed by shareholders in the shape of low-return acquisitions like JUUL (since written off by Altria) and more recently in the case of **Philip Morris International's** ('PMI') purchase of the UK inhaler group Vectura. PMI had been one of the best performers in the Fund in 2021 and we used the strength to sell out of our last tobacco holding.

**Visa** had a difficult final quarter of 2021 due to a combination of concerns over disruption and the Omicron variant's impact on cross-border travel. In spite of short-term headwinds and a currently negative narrative, we remain confident that card networks can continue to generate attractive returns. The digital payment transition has many years of growth ahead, with several countries still using cash in a significant way. Visa is also diversifying into non-card payment methods and data services. The digital payment sector is not a zero-sum game and there is plenty of growth to be shared by several 'winners'. The Fund added to Visa on weakness, taking advantage of more attractive valuation.

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<sup>1</sup> Excluding Franco Nevada which is included within gold related investments.

## TROJAN FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

The first quarter of 2021 provided an opportunity to increase the duration within the US TIPS holdings to 5 years from 4.3 years as real rates rose in response to short-term price movements that overstated the ability for central banks to normalise monetary policy in our view. During the final quarter of 2021, we modestly trimmed duration and realised profits in one of the longer-dated US TIPS that had performed strongly during the year. At the end of the period duration was 4.7 years. This was in-line with the average level over this period.

The gold price lost some of its shine during the first quarter of 2021 as markets were very much in risk-on phase. The price moved from \$1,898 on the 31 December 2020 finishing the first quarter at \$1,707. A -10% move in dollar terms. We used this price volatility to add to the physically backed Invesco Physical Gold Exchange Traded Commodity.

Over the period, Gold returned -2.7% in US dollar terms. Its performance must be seen in the context of a strongly rising equity market, as well as two very strong years for the gold price, rising from just under \$1,300 at the beginning of 2019 to over \$2,000 in August 2020. We believe gold will continue to offer unique protection against fiat currency debasement. The average Gold Related Investment weighting was 11%.

#### Outlook

Nobody knows the answer to the inflation conundrum but we need to be more alert to all potential outcomes. How do we position a portfolio for these circumstances? We look carefully at equity valuations and complement our stock market allocations with index-linked bonds to partially protect us from rising inflation. Gold remains essential insurance in a world of negative real yields and, whilst cash will not protect us in real terms, it is dry powder for when opportunities present themselves. Currency volatility may re-emerge as policy diverges between Europe, the US, China and the UK. The US dollar is likely to continue to be a defensive currency in risk-averse markets.

Nothing lasts forever. We have witnessed a forty-year bull market in bonds, an equity bull market flirting with 2000 valuations, record low interest rates, and a prolonged period of disinflation. Are we now entering a new regime? We suspect the money illusion (a tendency to view wealth in nominal rather than real terms) will start to mean something once again. Nominal returns, although positive, may be more volatile while real returns are likely to be harder to achieve.

Our objective is not to beat stock markets over short time periods. We seek instead to protect the real value of capital over the long term. That has just become more challenging. As we enter into 2022, we are braced for greater turbulence by being cautiously positioned, both in terms of our equity allocation and our index-linked duration. This caution, combined with our level of cash, does not guarantee positive returns over all time frames. It does however provide the flexibility to add to risk when we are paid to do so. It should also cushion any falls over shorter time horizons.

**TROY ASSET MANAGEMENT LIMITED**

Investment Manager

3 March 2022

**TROJAN FUND**  
**ACD'S REPORT** *continued*  
**FUND INFORMATION**

**Risk and Reward Profile**



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

The 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. Number 1 on the scale does not mean that a fund is risk free.

**Currency risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Counterparty risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Derivative risk:** A derivative may not perform as expected and may create losses greater than its cost.

**Changes in interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN FUND**  
**ACD'S REPORT** *continued*  
**FUND INFORMATION** *continued*

### Comparative Tables

#### 'O' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.22 pence per share	31.01.21 pence per share	31.01.20 pence per share
Opening net asset value per share	282.12	270.41	245.18
Return before operating charges*	33.56	15.25	29.44
Operating charges	(3.07)	(2.82)	(2.66)
Return after operating charges	30.49	12.43	26.78
Distributions	—	(0.72)	(1.55)
Closing net asset value per share	312.61	282.12	270.41
* after direct transaction costs of:	0.02	0.08	0.03

#### PERFORMANCE

Return after charges	10.81%	4.60%	10.92%
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#### OTHER INFORMATION

Closing net asset value (£'000)	317,909	332,381	352,713
Closing number of shares	101,696,260	117,813,442	130,435,931
Operating charges	1.01%	1.01%	1.02%
Direct transaction costs	0.01%	0.03%	0.01%

#### PRICES

Highest share price	321.84	289.18	271.99
Lowest share price	278.50	249.13	245.50

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	348.55	333.23	300.40
Return before operating charges*	41.45	18.80	36.09
Operating charges	(3.79)	(3.48)	(3.26)
Return after operating charges	37.66	15.32	32.83
Distributions	–	(0.89)	(1.90)
Retained distributions on accumulation shares	–	0.89	1.90
Closing net asset value per share	386.21	348.55	333.23
* after direct transaction costs of:	0.02	0.10	0.04

**PERFORMANCE**

Return after charges	10.80%	4.60%	10.93%
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**OTHER INFORMATION**

Closing net asset value (£'000)	958,366	916,265	890,047
Closing number of shares	248,147,099	262,879,034	267,094,898
Operating charges	1.01%	1.01%	1.02%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	397.61	357.10	334.66
Lowest share price	344.07	307.00	300.79

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	279.08	268.15	243.39
Return before operating charges*	33.14	15.10	29.18
Operating charges	(4.53)	(4.17)	(3.93)
Return after operating charges	28.61	10.93	25.25
Distributions	—	—	(0.49)
Closing net asset value per share	307.69	279.08	268.15
* after direct transaction costs of:	0.02	0.08	0.03

**PERFORMANCE**

Return after charges	10.25%	4.08%	10.37%
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**OTHER INFORMATION**

Closing net asset value (£'000)	4,833	4,770	5,473
Closing number of shares	1,570,579	1,709,207	2,041,132
Operating charges	1.51%	1.51%	1.52%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	317.11	286.25	269.34
Lowest share price	275.38	246.87	243.70

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	326.88	314.08	284.55
Return before operating charges*	38.81	17.69	34.13
Operating charges	(5.30)	(4.89)	(4.60)
Return after operating charges	33.51	12.80	29.53
Distributions	–	–	(0.58)
Retained distributions on accumulation shares	–	–	0.58
Closing net asset value per share	360.39	326.88	314.08
* after direct transaction costs of:	0.02	0.09	0.04

**PERFORMANCE**

Return after charges	10.25%	4.08%	10.38%
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**OTHER INFORMATION**

Closing net asset value (£'000)	72,398	67,932	69,866
Closing number of shares	20,088,515	20,781,809	22,244,833
Operating charges	1.51%	1.51%	1.52%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	371.42	335.28	315.47
Lowest share price	322.55	289.14	284.90

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	282.38	270.65	245.38
Return before operating charges*	33.60	15.27	29.49
Operating charges	(2.31)	(2.12)	(2.01)
Return after operating charges	31.29	13.15	27.48
Distributions	(0.62)	(1.42)	(2.21)
Closing net asset value per share	313.05	282.38	270.65
* after direct transaction costs of:	0.02	0.08	0.03

**PERFORMANCE**

Return after charges	11.08%	4.86%	11.20%
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**OTHER INFORMATION**

Closing net asset value (£'000)	272,315	346,941	324,382
Closing number of shares	86,987,472	122,863,216	119,854,402
Operating charges	0.76%	0.76%	0.77%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	322.77	289.65	272.54
Lowest share price	278.80	249.43	245.71



**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> <b>pence per share</b>	<b>31.01.21</b> <b>pence per share</b>	<b>31.01.20</b> <b>pence per share</b>
Opening net asset value per share	360.91	344.19	309.51
Return before operating charges*	42.96	19.43	37.22
Operating charges	(2.96)	(2.71)	(2.54)
Return after operating charges	40.00	16.72	34.68
Distributions	(0.80)	(1.81)	(2.79)
Retained distributions on accumulation shares	0.80	1.81	2.79
Closing net asset value per share	400.91	360.91	344.19
* after direct transaction costs of:	0.02	0.10	0.04

**PERFORMANCE**

Return after charges	11.08%	4.86%	11.20%
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**OTHER INFORMATION**

Closing net asset value (£'000)	106,316	90,365	76,539
Closing number of shares	26,518,899	25,037,930	22,237,439
Operating charges	0.76%	0.76%	0.77%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	412.53	369.56	345.64
Lowest share price	356.34	317.21	309.91

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	113.39	108.68	98.54
Return before operating charges*	13.49	6.14	11.83
Operating charges	(1.05)	(0.97)	(0.91)
Return after operating charges	12.44	5.17	10.92
Distributions	(0.13)	(0.46)	(0.78)
Closing net asset value per share	125.70	113.39	108.68
* after direct transaction costs of:	0.01	0.03	0.01

**PERFORMANCE**

Return after charges	10.97%	4.76%	11.08%
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**OTHER INFORMATION**

Closing net asset value (£'000)	2,341,147	1,947,237	1,650,865
Closing number of shares	1,862,473,677	1,717,314,630	1,519,033,653
Operating charges	0.86%	0.86%	0.87%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	129.50	116.27	109.39
Lowest share price	111.94	100.15	98.67

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	115.75	110.49	99.46
Return before operating charges*	13.77	6.24	11.95
Operating charges	(1.07)	(0.98)	(0.92)
Return after operating charges	12.70	5.26	11.03
Distributions	(0.13)	(0.47)	(0.79)
Retained distributions on accumulation shares	0.13	0.47	0.79
Closing net asset value per share	128.45	115.75	110.49
* after direct transaction costs of:	0.01	0.03	0.01

**PERFORMANCE**

Return after charges	10.97%	4.76%	11.09%
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**OTHER INFORMATION**

Closing net asset value (£'000)	2,034,151	1,652,286	1,077,785
Closing number of shares	1,583,668,143	1,427,506,937	975,424,386
Operating charges	0.86%	0.86%	0.87%
Direct transaction costs	0.01%	0.03%	0.01%

**PRICES**

Highest share price	132.20	118.54	110.96
Lowest share price	114.27	101.82	99.59

**TROJAN FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Fund Performance to 31 January 2022 (%)**

	1 year	3 years	5 years
Trojan Fund	9.67	28.55	30.38
UK Retail Prices Index <sup>1</sup>	7.84	12.26	19.66
FTSE All-Share Index (Total Return) <sup>1</sup>	18.90	21.66	30.20
Bank of England Base Rate <sup>1</sup>	0.12	1.06	2.03

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 62 to 64.

**RISK WARNING**

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

**TROJAN FUND**  
**ACD'S REPORT** *continued*  
**PORTFOLIO STATEMENT**  
as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	DEBT SECURITIES – 46.49% (31.01.21 – 40.29%)		
£296,800,000	UK Treasury 0% 7/3/2022	296,723	4.86
£354,900,000	UK Treasury 0% 11/7/2022	354,212	5.80
£204,810,000	UK Treasury 0% 18/7/2022	204,493	3.35
US\$130,000,000	US Treasury Inflation Protected Securities 0.125% 15/4/2022	112,022	1.83
US\$336,045,000	US Treasury Inflation Protected Securities 0.125% 15/1/2023	309,810	5.07
US\$124,000,000	US Treasury Inflation Protected Securities 0.125% 15/7/2024	114,096	1.87
US\$421,085,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	388,387	6.36
US\$138,000,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	119,127	1.95
US\$127,000,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	117,633	1.92
US\$170,000,000	US Treasury Inflation Protected Securities 0.625% 15/4/2023	147,204	2.41
US\$150,000,000	US Treasury Inflation Protected Securities 0.625% 15/1/2024	140,382	2.30
US\$208,301,200	US Treasury Inflation Protected Securities 0.75% 15/2/2042	226,368	3.71
US\$250,018,800	US Treasury Inflation Protected Securities 2.375% 15/1/2025	308,940	5.06
	TOTAL DEBT SECURITIES	2,839,397	46.49
	EQUITIES – 36.56% (31.01.21 – 42.95%)		
	UNITED KINGDOM – 6.92% (31.01.21 – 9.84%)		
4,581,009	Diageo	170,551	2.79
1,493,900	Experian	45,967	0.76
431,842	Mithras Investment Trust <sup>1,2</sup>	83	–
5,436,365	Unilever	205,902	3.37
	TOTAL UNITED KINGDOM	422,503	6.92

**TROJAN FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	CONTINENTAL EUROPE – 3.47% (31.01.21 – 3.89%)		
1,908,571	Nestlé	181,942	2.98
190,000	Pernod Ricard	30,004	0.49
	TOTAL CONTINENTAL EUROPE	211,946	3.47
	NORTH AMERICA – 26.17% (31.01.21 – 29.22%)		
1,076,800	Agilent Technologies	111,809	1.83
166,983	Alphabet 'A'	336,634	5.51
1,247,051	American Express	167,187	2.74
547,870	Becton Dickinson	103,726	1.70
1,930,500	Medtronic	148,840	2.44
1,455,148	Microsoft	337,016	5.52
135,000	Moody's	34,486	0.56
785,197	Procter & Gamble	93,903	1.54
1,569,800	Visa	264,420	4.33
	TOTAL NORTH AMERICA	1,598,021	26.17
	TOTAL EQUITIES	2,232,470	36.56
	COMMODITIES – 11.01% (31.01.21 – 11.58%)		
1,420,323	Franco-Nevada	140,016	2.29
2,771,311	Gold Bullion Securities <sup>3</sup>	344,748	5.64
1,450,996	Invesco Physical Gold ETC <sup>3</sup>	187,803	3.08
	TOTAL COMMODITIES	672,567	11.01
	FORWARD CURRENCY CONTRACTS – (0.16)% (31.01.21 – 0.77%)		
US\$(974,704,000)	Vs £727,648,980 (expiry 16/2/2022) <sup>4</sup>	1,088	0.02
US\$(728,676,000)	Vs £549,606,091 (expiry 15/3/2022) <sup>5</sup>	6,352	0.10
US\$(960,579,000)	Vs £699,335,304 (expiry 19/4/2022) <sup>5</sup>	(16,933)	(0.28)
£(10,975,182)	Vs US\$14,939,000 (expiry 16/2/2022) <sup>5</sup>	161	–
£(21,893,759)	Vs US\$28,995,000 (expiry 15/3/2022) <sup>5</sup>	(277)	–
	TOTAL FORWARD CURRENCY CONTRACTS	(9,609)	(0.16)

**TROJAN FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	Portfolio of investments <sup>6</sup>	5,734,825	93.90
	Net other assets	372,610	6.10
	Net assets	6,107,435	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Closed end fund.

<sup>2</sup> Delisted security.

<sup>3</sup> Exchange traded commodity.

<sup>4</sup> Counterparty: BNY Mellon.

<sup>5</sup> Counterparty: UBS.

<sup>6</sup> Includes investment liabilities.

**TROJAN FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)		818,365	Total sales for the year £'000 (note 15)		1,259,435
<b>Purchases</b>		<b>Cost £'000</b>	<b>Major sales</b>		<b>Proceeds £'000</b>
US Treasury Inflation Protected Securities 0.125% 15/7/2026	380,647		US Treasury Inflation Protected Securities 0.125% 15/1/2022		293,762
US Treasury Inflation Protected Securities 0.375% 15/1/2027	111,280		Philip Morris International		215,973
US Treasury Inflation Protected Securities 0.125% 15/1/2031	108,840		US Treasury Inflation Protected Securities 0.125% 15/4/2021		166,592
US Treasury Inflation Protected Securities 0.125% 15/4/2022	106,000		Berkshire Hathaway 'A'		138,832
Visa	58,193		British American Tobacco		110,678
Invesco Physical Gold ETC	26,519		US Treasury Inflation Protected Securities 0.625% 15/7/2021		105,472
Franco-Nevada	13,673		Microsoft		68,984
Experian	13,213		US Treasury Inflation Protected Securities 0.75% 15/2/2042		50,691
			Procter & Gamble		30,302
			Nestlé		30,299

In addition to the above, purchases of £1,360,571,000 and sales of £885,510,000 were made in short term investments during the year.

The summary of material portfolio changes represents all of the purchases and the 10 largest sales during the year.



## TROJAN FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains	3		578,885		199,900
Revenue	4	59,384		65,829	
Expenses	5	(51,901)		(44,625)	
Net revenue before taxation		7,483		21,204	
Taxation	6	(3,448)		(3,199)	
Net revenue after taxation			4,035		18,005
<b>Total return before distributions</b>			582,920		217,905
Distributions	7		(5,052)		(18,226)
<b>Change in net assets attributable to shareholders from investment activities</b>			577,868		199,679

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2022

	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>		5,358,177		4,447,670
Amounts receivable on issue of shares	599,079		937,732	
Amounts payable on redemption of shares	(429,957)		(235,790)	
		169,122		701,942
Change in net assets attributable to shareholders from investment activities		577,868		199,679
Retained distributions on Accumulation shares		2,268		8,886
<b>Closing net assets attributable to shareholders</b>		6,107,435		5,358,177

**TROJAN FUND**  
**FINANCIAL STATEMENTS** *continued*  
**BALANCE SHEET**  
as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		5,752,035	5,121,958
<b>Current assets</b>			
Debtors	8	26,222	10,997
Cash and bank balances	9	355,449	244,459
<b>Total assets</b>		<u>6,133,706</u>	<u>5,377,414</u>
<b>LIABILITIES</b>			
Investment liabilities		(17,210)	–
<b>Creditors</b>			
Distribution payable	10	(2,915)	(3,202)
Other creditors	10	(6,146)	(16,035)
<b>Total liabilities</b>		<u>(26,271)</u>	<u>(19,237)</u>
<b>Net assets attributable to shareholders</b>		<u>6,107,435</u>	<u>5,358,177</u>

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 January 2022

**1. Accounting Policies**

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Gains**

The net capital gains during the year comprise:

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	619,647	141,430
Forward currency contracts	(30,893)	67,440
Transaction charges	(1)	(1)
AMC rebates from underlying investments	790	774
Currency losses	(10,658)	(9,743)
Net capital gains	578,885	199,900

**4. Revenue**

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	37,781	45,521
Interest on debt securities	21,597	20,189
Bank interest	4	119
Collateral interest	2	–
Total revenue	59,384	65,829

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	51,240	44,070
Legal and professional fees	19	19
Typesetting costs	3	3
Registration fees	100	100
	51,362	44,192
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	323	273
Safe custody and other bank charges	198	153
	521	426
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Legal and professional fees	3	(8)
	18	7
Total expenses	51,901	44,625

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

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	3,448	3,199
Current tax charge	3,448	3,199
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	3,448	3,199

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	7,483	21,204
Corporation tax at 20%	1,497	4,241
Effects of:		
Non-taxable dividends	(7,556)	(9,104)
AMC rebates taken to capital	158	155
Unutilised excess management expenses	5,901	4,708
Corporation tax charge	–	–
Overseas tax	3,448	3,199
Total tax charge (note 6a)	3,448	3,199

## c) Deferred tax

At the year end there is a potential deferred tax asset of £45,808,000 (31.01.21: £39,907,000) 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.

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	–	13,180
Final	5,183	5,862
	<u>5,183</u>	<u>19,042</u>
Add: Revenue deducted on redemption of shares	372	156
Deduct: Revenue received on issue of shares	<u>(503)</u>	<u>(972)</u>
Net distributions for the year	<u>5,052</u>	<u>18,226</u>

Details of the distributions per share are set out in the table on pages 62 to 64.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net revenue after taxation	4,035	18,005
Allocations to capital:		
Revenue deficit – 'I' Income	26	12
– 'I' Accumulation	385	168
– 'O' Income	141	–
– 'O' Accumulation	426	–
	<u>978</u>	<u>180</u>
Equalisation on conversions <sup>1</sup>	<u>39</u>	<u>41</u>
Net distributions for the year	<u>5,052</u>	<u>18,226</u>

<sup>1</sup> 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.

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	10,735	6,318
Accrued revenue:		
Non-taxable dividends	951	3,204
Interest from debt securities	1,385	1,420
AMC rebates from underlying investments	66	53
Amounts due from brokers	13,084	–
	15,486	4,677
Prepaid expenses	1	2
Total debtors	26,222	10,997

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	355,449	244,459
Total cash and bank balances	355,449	244,459

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	2,915	3,202
<b>Other Creditors</b>		
Amounts payable for redemption of shares	1,495	11,888

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,567	4,072
Legal and professional fees	2	–
Typesetting costs	2	1
Registration fees	9	8
	4,580	4,081
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	28	26
Safe custody and other bank charges	33	28
	61	54
Other expenses	10	12
Total other creditors	6,146	16,035

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 46 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 11,807,614 (31.01.21: 8,165,644) of the Fund's shares at the balance sheet date.

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).



**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**13. Shares in Issue**

	<b>'O'</b> Income	<b>'O'</b> Accumulation	<b>'I'</b> Income	<b>'I'</b> Accumulation
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	117,813,442	262,879,034	1,709,207	20,781,809
Issues	11,654,532	15,883,870	83,296	1,118,913
Redemptions	(14,342,400)	(18,688,864)	(195,133)	(1,603,329)
Conversions	(13,429,314)	(11,926,941)	(26,791)	(208,878)
Closing shares in issue	101,696,260	248,147,099	1,570,579	20,088,515

  

	<b>'S'</b> Income	<b>'S'</b> Accumulation	<b>'X'</b> Income	<b>'X'</b> Accumulation
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	122,863,216	25,037,930	1,717,314,630	1,427,506,937
Issues	3,276,354	12,822,767	165,834,951	190,030,770
Redemptions	(39,245,068)	(12,146,447)	(51,317,056)	(70,388,857)
Conversions	92,970	804,649	30,641,152	36,519,293
Closing shares in issue	86,987,472	26,518,899	1,862,473,677	1,583,668,143

**14. Risk Management Policies**

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

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

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

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(A) CREDIT RISK**

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

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

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

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

<b>31.01.22</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	1,088	–
UBS	(10,697)	–
<b>31.01.21</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	41,354	–

At 31 January 2022, cash collateral of £13,084,000 (31.01.21: £Nil) was held with UBS. These amounts are included in amounts due from broker in note 8.

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(B) INTEREST RATE RISK**

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 January 2022 a one basis point change in the yield would have an impact of £980,000 on the direct net asset of the Fund (31.01.21: £893,000).

The table below shows the direct interest rate risk profile:

	31.01.22 £'000	31.01.21 £'000
Floating rate investments	1,983,969	1,778,205
Fixed rate investments	855,428	380,775
Investments on which interest is not paid	2,912,638	2,962,978
Investment liabilities on which interest is not paid	(17,210)	–
Total investments	5,734,825	5,121,958

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

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

**(C) 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.

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The table below shows the direct foreign currency risk profile:

	31.01.22 Gross £'000	31.01.22 Hedged £'000	31.01.22 Net £'000
Currency:			
Euros	30,004	–	30,004
Swiss francs	181,942	–	181,942
US dollars	4,256,894	(1,953,330)	2,303,564
	4,468,840	(1,953,330)	2,515,510
Pounds sterling	1,648,204	1,943,721	3,591,925
Net assets	6,117,044	(9,609)	6,107,435
	31.01.21 Gross £'000	31.01.21 Hedged £'000	31.01.21 Net £'000
Currency:			
Euros	26,173	–	26,173
Swiss francs	181,929	–	181,929
US dollars	3,966,837	(1,699,464)	2,267,373
	4,174,939	(1,699,464)	2,475,475
Pounds sterling	1,141,884	1,740,818	2,882,702
Net assets	5,316,823	41,354	5,358,177

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £125,776,000 on the net assets of the Fund (31.01.21: £123,774,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

## TROJAN FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 89.91% of the portfolio can be liquidated within 5 days and 91.95% within 21 working days (31.01.21: 90.51% within 5 days and 90.51% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £287,222,000 (31.01.21: £254,030,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has the power to manage exposure to currency movements by using forward contracts. Details of the holdings of such instruments, the net exposure to foreign currencies as at the balance sheet date, and details of the total gains on forward currency contracts during the year are set out in the Portfolio Statement, note 14(C) and note 3, respectively. The counterparties for the forward currency contracts are the Bank of New York Mellon and UBS.

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

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	85,039	40	–	85,079
Collective investment schemes	26,511	8	–	26,519
Debt securities	706,767	–	–	706,767
Purchases total	818,317	48	–	818,365
<i>Transaction cost % of purchases total</i>		0.01%	–	
<i>Transaction cost % of average NAV</i>		–	–	
Ordinary shares	643,184	(263)	(2)	642,919
Debt securities	616,516	–	–	616,516
Sales total	1,259,700	(263)	(2)	1,259,435
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

Average portfolio dealing spread at 31.01.22 is 0.07% (31.01.21: 0.08%).

The collective investment schemes include closed end funds and exchange traded commodities.

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	925,812	359	911	927,082
Collective investment schemes	155,435	26	–	155,461
Debt securities	652,066	–	–	652,066
Purchases total	<u>1,733,313</u>	<u>385</u>	<u>911</u>	<u>1,734,609</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.05%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.02%</i>	
Ordinary shares	173,419	(68)	(4)	173,347
Collective investment schemes	102,230	(10)	–	102,220
Debt securities	195,397	–	–	195,397
Sales total	<u>471,046</u>	<u>(78)</u>	<u>(4)</u>	<u>470,964</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	–	
<i>Transaction cost % of average NAV</i>		–	–	

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

<b>31.01.22</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	5,744,351	7,601	83	5,752,035
Investment liabilities	–	(17,210)	–	(17,210)

  

<b>31.01.21</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	5,080,375	41,354	229	5,121,958



**TROJAN FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the year ended 31 January 2022 – in pence per share

**EQUALISATION**

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

Group 2	Final
From	01.02.21
To	31.01.22

**‘O’ INCOME SHARES**

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.5832
Group 2	N/A	N/A	N/A	0.5832

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	–	–	–	0.1366
Group 2	–	0.0000	–	0.1366

**‘O’ ACCUMULATION SHARES**

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.7196
Group 2	N/A	N/A	N/A	0.7196

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	–	–	–	0.1688
Group 2	–	0.0000	–	0.1688

**TROJAN FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE** *continued***'I' INCOME SHARES**

There were no distributions in the current or prior year.

**'I' ACCUMULATION SHARES**

There were no distributions in the current or prior year.

**'S' INCOME SHARES**

*(REGISTERED CHARITIES ONLY)*

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.9259
Group 2	N/A	N/A	N/A	0.9259

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.6219	–	0.6219	0.4959
Group 2	0.1743	0.4476	0.6219	0.4959

**'S' ACCUMULATION SHARES**

*(REGISTERED CHARITIES ONLY)*

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	1.1758
Group 2	N/A	N/A	N/A	1.1758

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	0.7998	–	0.7998	0.6316
Group 2	0.7737	0.0261	0.7998	0.6316

**TROJAN FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**'X' INCOME SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.21</b>	<b>Paid 30.09.20</b>
Group 1	N/A	N/A	N/A	0.3165
Group 2	N/A	N/A	N/A	0.3165
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.22</b>	<b>Paid 31.03.21</b>
Group 1	0.1274	–	0.1274	0.1415
Group 2	0.0077	0.1197	0.1274	0.1415

**'X' ACCUMULATION SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	N/A	N/A	N/A	0.3224
Group 2	N/A	N/A	N/A	0.3224
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	0.1298	–	0.1298	0.1442
Group 2	0.0091	0.1207	0.1298	0.1442

## **TROJAN ETHICAL FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Trojan Ethical Fund ('the Fund') is to seek to achieve growth in capital (net of fees), ahead of inflation (UK Retail Prices Index), over the longer term (5 to 7 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The Fund has flexibility to invest globally in the following asset classes: government and public securities (such as sovereign debt and treasury bills), corporate bonds, equities and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities), private equity, precious metals, money-market instruments, cash, cash equivalents and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts and other transferable securities such as exchange traded commodities. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to precious metals will be indirect.

For certain assets including companies additional ethical exclusion criteria also apply. A document setting out a summary of the Fund's ethical exclusion criteria is available on the ACD's website [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). The ethical exclusion criteria prohibit the Fund from investing in any company that generates revenues from fossil fuels, pornography, tobacco, alcohol, gambling, high interest rate lending and certain types of armaments which exceed the limits set out in the Fund's ethical exclusion criteria.

When investing in government and public securities, the Fund will not invest in securities issued or guaranteed by any issuer or guarantor which is subject to a sanction issued by either the United Nations or the European Union. Investment will also only be made in securities issued or guaranteed by Canada, France, Germany, Italy, Japan, the UK and the US (commonly known as the 'G7'), or by a single local authority or public authority of those countries.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

Exposure to asset classes will be varied and at times the Fund may have no exposure to a particular asset class.

## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

#### Investment Objective and Policy *continued*

Where an investment is identified as no longer meeting the Fund's ethical exclusion criteria the Investment Manager will seek to sell the investment within the following 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.

#### Benchmarks

The Fund's target benchmark is the UK Retail Prices Index.

The Fund's comparator benchmarks are the UK Official Bank Rate and the FTSE All-Share Index (Total Return).

The UK Retail Prices Index has been selected as the Fund's target return benchmark as the Fund aims to achieve a return (the money made or lost on an investment) that is above the rate of inflation. The UK Retail Prices Index is used to measure the rate of inflation. Please refer to the Fund's investment objective for detail regarding how achievement of the target return benchmark is measured, and over what time period.

In addition to the target return benchmark, the Fund's performance may also be compared against the following benchmarks (referred to as 'comparator benchmarks'): FTSE All-Share Index (Total Return) is used as a comparator which may assist investors in evaluating the Fund's performance against GBP equity returns. The Fund also uses the UK Official Bank Rate as a comparator which may assist investors in evaluating the Fund's performance when compared with returns available from cash. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### LINK FUND SOLUTIONS LIMITED

ACD of Trojan Ethical Fund

26 May 2022

## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2022

The Fund's 'O' Accumulation share class returned +8.0% in the period. For comparative purposes, the FTSE All-Share Index (Total Return) returned +18.9%, the UK Retail Price Index return was +7.8% and the Bank of England Base Rate returned +0.1% over the same period.

### Market Review

2021 started with the same momentum created toward the end of 2020 as vaccine announcements provided a narrative underpinning the risk-on 're-opening trade' across equity and bond markets. Value-orientated stocks and cyclical companies found favour, however these sectors have tended not to generate attractive returns for shareholders over the long term and they do not meet the criteria Troy seeks in terms of high quality, resilient, adaptable businesses run by exceptional management teams. On a relative basis, the Fund's equity holdings lagged this rotation during the initial months of the year providing an opportunity to add to existing investments such as Visa whilst modestly extending the duration within the index-linked holdings and topping up our gold exposure at more attractive levels.

As the year progressed, we witnessed levels of conviction in a sustained economic recovery wane. As risks of new variants, supply-chain disruption and a more sanguine view on the trajectory of inflation took centre stage, reduced confidence in a seamless reopening of economies was reflected in a change of leadership from cyclical to more defensive companies. This also impacted government bond yields, with the US 10-year, which peaked just below 1.75% at the end of March, falling to a level just below 1.2% during the summer months. A number of the companies held in the Fund performed strongly, supported by robust financial results. This has provided us with more confidence in how they have adapted to the environment and reinforced their competitive advantages.

Toward the end of the summer and through the final quarter of 2021, we reduced the Fund's weighting to equities and increased liquidity, reflecting our more cautious stance. Markets have had a remarkable period of strong performance following the COVID-19 lows witnessed in March 2020. We have observed signs of investor complacency with record high numbers of Initial Public Offerings and secondary offerings, for example. Given this backdrop, it was and remains prudent, at the time of writing, to maintain a modest level of risk from an overall portfolio perspective. Omicron reminded everyone that the global economy is far from a 'post-pandemic' reality. Until such a time that immunity levels no longer compel governments to stop and start economies, supply chain bottlenecks and demand gyrations will persist. In combination with these risks, increased debt levels, low interest rates and rising inflation post the COVID-19 market falls of 2020 have created systemic fragility which may lead to more volatility and turbulence throughout 2022 and beyond.

With this in mind, and following the reduction in specific equities during 2021, which we discuss in greater detail below, the Fund retains a healthy balance of defensive assets in liquidity 21%, gold-related investments 11%, US Treasury Inflation Protected Securities ('US TIPS') (duration of <5 years) 32% to offset the equity weighting of 36% at the end of the period.

## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio

The Fund entered the period with an equity weighting of 42%. Defensive asset classes included 11% in gold-related investments, 34% in index-linked bonds (duration < 5 years) and liquidity of 13%. Over the course of the year, equity holdings went from 17 to 14 following three sales and we outline the investment rationale for each below. Overall, the average equity weighting was 41% and ended the period at 36% reflecting the Fund's defensive positioning.

**Berkshire Hathaway.** After a more challenging year in 2020, the shares had performed well during the reporting period, convincingly making new all-time highs. In terms of valuation, the shares had also re-rated and traded on c.1.5x book, towards the upper end of the long-term range. There are several risks which we do not believe are adequately discounted; the most prominent is key-man-risk which is well known but as each year passes this risk, by definition, increases – Warren Buffett celebrated his 91<sup>st</sup> birthday last year. Coupled with this has been disappointing recent capital allocation by Berkshire, evident particularly in the decision to purchase airlines, followed by their untimely sale. Finally, the company's refusal to hold its subsidiary businesses to a higher level of account when it comes to climate disclosures is reflective of a management team that are yet to fully grasp the ESG nettle. This is likely to impact returns in the years to come.

**Fielmann**, the German eye-wear company was sold during the period. We have lost conviction in its ability to match the competitive pressures from more digitally native companies. The latter have rolled out automated eye tests with much greater speed, for example. In the face of tight labour markets, owing to a lack of skilled staff for the sight and hearing services they serve, innovative digital investments will be vital to defend their existing market share and grow into future.

**Hargreaves Lansdown** was removed from the portfolio during the final quarter of 2021. We recognise that the opportunity for direct to consumer (D2C) platforms in the UK remains large. However, we have concerns around the trajectory of its moat given the current fee landscape and the potential for this to undermine its ability to retain and grow its customer base over the very long term.

**Visa** and **Mastercard** had a difficult final quarter of 2021 due to a combination of concerns over disruption and the Omicron variant's impact on cross-border travel. In spite of short-term headwinds and a currently negative narrative, we remain confident that card networks can continue to generate attractive returns. As highlighted in our recent Special Paper No. 8, the digital payment transition has many years of growth ahead, with several countries still using cash in a significant way. The digital payment sector is not a zero-sum game and there is plenty of growth to be shared by several 'winners'. The Fund added to Visa and Mastercard on weakness, taking advantage of more attractive valuations.

The first quarter of 2021 provided an opportunity to increase the duration within the US TIPS holdings to c. 5 years from 4.6 years as real rates rose in response to short-term price movements that overstated the ability for central banks to normalise monetary policy in our view. During the final quarter of 2021, we modestly trimmed duration and realised profits in one of the longer-dated US TIPS that had performed strongly during the year. At the end of the period duration was 4.7 years. This was broadly in-line with the average level over this period.

## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

The gold price lost some of its shine during the first quarter of 2021 as markets were very much in risk-on phase. The price moved from \$1,898 on the 31 December 2020 finishing the first quarter at \$1,707. A -10% move in dollar terms. We used this price volatility to add to the physically-backed Invesco Physical Gold and WisdomTree Physical Gold Exchange Traded Commodities (ETCs).

Over the period, Gold returned -2.7% in US dollar terms. Its performance must be seen in the context of a strongly rising equity market, as well as two very strong years for the gold price, rising from just under \$1,300 at the beginning of 2019 to over \$2,000 in August 2020. We believe gold will continue to offer unique protection against fiat currency debasement. The average Gold Related Investment weighting was 11%.

#### Outlook

Nobody knows the answer to the inflation conundrum but we need to be alert to all potential outcomes. How do we therefore position a portfolio? We look carefully at equity valuations and complement our stock market allocations with index-linked bonds to partially protect us from rising inflation. Gold remains essential insurance in a world of negative real yields and, whilst cash will not protect us in real terms, it is dry powder for when opportunities present themselves. Currency volatility may re-emerge as policy diverges between Europe, the US, China and the UK. The US dollar is likely to continue to be a defensive currency in risk-averse markets.

Nothing lasts forever. We have witnessed a forty-year bull market in bonds, an equity bull market flirting with 2000 valuations, record low interest rates, and a prolonged period of disinflation. Are we now entering a new regime? We suspect the money illusion (a tendency to view wealth in nominal rather than real terms) will start to mean something once again. Nominal returns, although positive, may be more volatile while real returns are likely to be harder to achieve.

Our objective is not to beat stock markets over short time periods. We seek instead to protect the real value of capital over the long term. That has just become more challenging. As we enter into 2022, we are braced for greater turbulence by being cautiously positioned, both in terms of our equity allocation and our index-linked duration. This caution, combined with our level of cash, does not guarantee positive returns over all time frames. It does however provide the flexibility to add to risk when we are paid to do so. It should also cushion any falls over shorter time horizons.

#### TROY ASSET MANAGEMENT LIMITED

Investment Manager

18 February 2022



## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. As the Fund has less than 5 years' price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

This indicator 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 change over time. Number 1 on the scale does not mean that a fund is risk free.

**Currency risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Counterparty risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Derivative risk:** A derivative may not perform as expected and may create losses greater than its cost.

**Changes in interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

**Ethical investments:** The Fund is prevented from investing in certain sectors or companies. This narrower range may constrain the Fund's performance. If an investment no longer meets the ethical exclusion criteria it will be sold and the price obtained may be less than could be obtained if a forced sale was not required.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20<sup>1</sup></b> pence per share
Opening net asset value per share	117.48	109.14	100.00
Return before operating charges*	12.02	9.59	10.18
Operating charges	(1.29)	(1.18)	(0.91)
Return after operating charges	10.73	8.41	9.27
Distributions	–	(0.07)	(0.13)
Closing net asset value per share	128.21	117.48	109.14
* after direct transaction costs of:	0.03	0.07	0.08

**PERFORMANCE**

Return after charges	9.13%	7.71%	9.27%
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**OTHER INFORMATION**

Closing net asset value (£'000)	32,048	18,722	12,173
Closing number of shares	24,996,652	15,936,250	11,153,308
Operating charges <sup>4</sup>	1.03%	1.03% <sup>3</sup>	1.00% <sup>2</sup>
Direct transaction costs	0.03%	0.06%	0.10% <sup>2</sup>

**PRICES**

Highest share price	131.84	119.94	109.66
Lowest share price	116.20	101.50	99.65

<sup>1</sup> From 22 March 2019.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> For the year to 31 January 2021, there was an accounting adjustment resulting in the operating charges figure of 1.03%.<sup>4</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 1.02%.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20<sup>1</sup></b> pence per share
Opening net asset value per share	117.71	109.28	100.00
Return before operating charges*	12.04	9.60	10.19
Operating charges	(1.29)	(1.17)	(0.91)
Return after operating charges	10.75	8.43	9.28
Distributions	–	(0.09)	(0.17)
Retained distributions on accumulation shares	–	0.09	0.17
Closing net asset value per share	128.46	117.71	109.28
* after direct transaction costs of:	0.03	0.07	0.08

**PERFORMANCE**

Return after charges	9.13%	7.71%	9.28%
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**OTHER INFORMATION**

Closing net asset value (£'000)	82,535	44,404	13,307
Closing number of shares	64,249,185	37,724,487	12,176,606
Operating charges <sup>3</sup>	1.03%	1.02%	1.00% <sup>2</sup>
Direct transaction costs	0.03%	0.06%	0.10% <sup>2</sup>

**PRICES**

Highest share price	132.10	120.17	109.77
Lowest share price	116.42	101.63	99.65

<sup>1</sup> From 22 March 2019.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 1.02%.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20<sup>1</sup> pence per share</b>
Opening net asset value per share	117.64	109.15	100.00
Return before operating charges*	12.04	9.60	10.20
Operating charges	(0.98)	(0.90)	(0.69)
Return after operating charges	11.06	8.70	9.51
Distributions	—	(0.21)	(0.36)
Closing net asset value per share	128.70	117.64	109.15
* after direct transaction costs of:	0.03	0.07	0.08

**PERFORMANCE**

Return after charges	9.40%	7.97%	9.51%
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**OTHER INFORMATION**

Closing net asset value (£'000)	140,941	84,552	69,653
Closing number of shares	109,510,129	71,876,797	63,816,887
Operating charges <sup>4</sup>	0.78%	0.78% <sup>3</sup>	0.76% <sup>2</sup>
Direct transaction costs	0.03%	0.06%	0.10% <sup>2</sup>

**PRICES**

Highest share price	132.27	120.03	109.79
Lowest share price	116.38	101.54	99.65

<sup>1</sup> From 22 March 2019.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> For the year to 31 January 2021, there was an accounting adjustment resulting in the operating charges figure of 0.78%.<sup>4</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 0.77%.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20<sup>1</sup></b> pence per share
Opening net asset value per share	118.25	109.51	100.00
Return before operating charges*	12.10	9.64	10.21
Operating charges	(0.98)	(0.90)	(0.70)
Return after operating charges	11.12	8.74	9.51
Distributions	–	(0.22)	(0.36)
Retained distributions on accumulation shares	–	0.22	0.36
Closing net asset value per share	129.37	118.25	109.51
* after direct transaction costs of:	0.03	0.07	0.08

**PERFORMANCE**

Return after charges	9.40%	7.98%	9.51%
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**OTHER INFORMATION**

Closing net asset value (£'000)	100,814	29,903	18,232
Closing number of shares	77,927,653	25,288,525	16,648,636
Operating charges <sup>4</sup>	0.78%	0.78% <sup>3</sup>	0.76% <sup>2</sup>
Direct transaction costs	0.03%	0.06%	0.10% <sup>2</sup>

**PRICES**

Highest share price	132.96	120.66	110.00
Lowest share price	116.98	101.88	99.65

<sup>1</sup> From 22 March 2019.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> For the year to 31 January 2021, there was an accounting adjustment resulting in the operating charges figure of 0.78%.<sup>4</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 0.77%.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21<sup>1</sup> pence per share</b>
Opening net asset value per share	109.35	100.00
Return before operating charges*	11.29	10.38
Operating charges	(1.02)	(0.87)
Return after operating charges	10.27	9.51
Distributions	(0.11)	(0.16)
Closing net asset value per share	119.51	109.35
* after direct transaction costs of:	0.03	0.06

**PERFORMANCE**

Return after charges	9.39%	9.51%
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**OTHER INFORMATION**

Closing net asset value (£'000)	58,737	30,630
Closing number of shares	49,146,444	28,011,918
Operating charges <sup>3</sup>	0.88%	0.87% <sup>2</sup>
Direct transaction costs	0.03%	0.06%

**PRICES**

Highest share price	122.86	111.60
Lowest share price	108.17	94.42

<sup>1</sup> From 28 February 2020.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 0.87%.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21<sup>1</sup> pence per share</b>
Opening net asset value per share	109.50	100.00
Return before operating charges*	11.22	10.37
Operating charges	(1.03)	(0.87)
Return after operating charges	10.19	9.50
Distributions	(0.11)	(0.16)
Retained distributions on accumulation shares	0.11	0.16
Closing net asset value per share	119.69	109.50
* after direct transaction costs of:	0.03	0.06

**PERFORMANCE**

Return after charges	9.31%	9.50%
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**OTHER INFORMATION**

Closing net asset value (£'000)	158,530	51,521
Closing number of shares	132,454,873	47,049,623
Operating charges <sup>3</sup>	0.88%	0.87% <sup>2</sup>
Direct transaction costs	0.03%	0.06%

**PRICES**

Highest share price	123.03	111.76
Lowest share price	108.32	94.42

<sup>1</sup> From 28 February 2020.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed on a discretionary basis, to waive a portion of their fee, to seek to achieve an ongoing charges figure of 0.87%.

## TROJAN ETHICAL FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	Since launch <sup>1</sup>
Trojan Ethical Fund	8.01	28.17
UK Retail Prices Index <sup>2</sup>	7.84	11.47
FTSE All-Share Index (Total Return) <sup>2</sup>	18.90	16.96
UK Official Bank Rate <sup>2</sup>	0.12	0.96

<sup>1</sup> Launch date 22 March 2019.

<sup>2</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 99 and 100.

#### RISK WARNING

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



**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	DEBT SECURITIES – 50.35% (31.01.21 – 41.76%)		
£22,185,000	UK Treasury 0% 28/2/2022	22,180	3.86
£17,800,000	UK Treasury 0% 7/3/2022	17,795	3.10
£7,000,000	UK Treasury 0% 14/3/2022	6,998	1.22
£20,000,000	UK Treasury 0% 3/5/2022	19,981	3.48
£15,700,000	UK Treasury 0% 16/5/2022	15,682	2.73
£23,100,000	UK Treasury 0% 11/7/2022	23,055	4.02
US\$23,602,000	US Treasury Inflation Protected Securities 0.125% 15/4/2022	20,338	3.55
US\$15,955,000	US Treasury Inflation Protected Securities 0.125% 15/1/2023	14,709	2.57
US\$19,973,000	US Treasury Inflation Protected Securities 0.125% 15/7/2024	18,378	3.21
US\$37,402,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	34,498	6.01
US\$12,181,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	10,515	1.83
US\$18,327,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	16,975	2.96
US\$26,625,000	US Treasury Inflation Protected Securities 0.625% 15/4/2023	23,055	4.02
US\$18,956,500	US Treasury Inflation Protected Securities 0.75% 15/2/2042	20,601	3.59
US\$19,511,000	US Treasury Inflation Protected Securities 2.375% 15/1/2025	24,109	4.20
	TOTAL DEBT SECURITIES	288,869	50.35
	EQUITIES – 36.00% (31.01.21 – 42.52%)		
	UNITED KINGDOM – 4.32% (31.01.21 – 7.24%)		
327,382	Experian	10,074	1.76
388,080	Unilever	14,699	2.56
	TOTAL UNITED KINGDOM	24,773	4.32

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	CONTINENTAL EUROPE – 2.29% (31.01.21 – 4.92%)		
137,848	Nestlé	13,141	2.29
	TOTAL CONTINENTAL EUROPE	13,141	2.29
	NORTH AMERICA – 29.39% (31.01.21 – 30.36%)		
78,882	Agilent Technologies	8,191	1.43
14,482	Alphabet 'A'	29,195	5.09
119,790	American Express	16,060	2.80
58,428	Becton Dickinson	11,062	1.93
15,692	Intuit	6,490	1.13
44,968	Mastercard 'A'	12,938	2.26
210,481	Medtronic	16,228	2.83
131,842	Microsoft	30,535	5.32
18,562	Moody's	4,742	0.83
60,147	Procter & Gamble	7,193	1.25
153,767	Visa	25,901	4.52
	TOTAL NORTH AMERICA	168,535	29.39
	TOTAL EQUITIES	206,449	36.00
	COMMODITIES – 10.96% (31.01.21 – 11.17%)		
354,038	Invesco Physical Gold ETC <sup>1</sup>	45,823	7.99
134,704	WisdomTree Physical Gold <sup>1</sup>	17,015	2.97
	TOTAL COMMODITIES	62,838	10.96
	FORWARD CURRENCY CONTRACTS – (0.04)% (31.01.21 – 0.90%)		
US(\$86,263,000)	Vs £64,398,201 (expiry 16/2/2022) <sup>2</sup>	96	0.02
US(\$86,130,000)	Vs £64,963,815 (expiry 15/3/2022) <sup>3</sup>	751	0.13
US(\$10,958,000)	Vs £8,260,700 (expiry 15/3/2022) <sup>2</sup>	91	0.01
US(\$76,140,000)	Vs £55,616,639 (expiry 19/4/2022) <sup>3</sup>	(1,158)	(0.20)
	TOTAL FORWARD CURRENCY CONTRACTS	(220)	(0.04)

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

<b>Holding</b>	<b>Portfolio of Investments</b>	<b>Value £'000</b>	<b>31.01.22 %</b>
	Portfolio of investments <sup>4</sup>	557,936	97.27
	Net other assets	15,669	2.73
	Net assets	573,605	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Exchange traded commodity.

<sup>2</sup> Counterparty: BNY Mellon.

<sup>3</sup> Counterparty: UBS.

<sup>4</sup> Includes investment liabilities.

**TROJAN ETHICAL FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 16)		Total sales for the year £'000 (note 16)	
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
US Treasury Inflation Protected Securities 0.125% 15/7/2026	33,826	US Treasury Inflation Protected Securities 0.125% 15/1/2022	15,355
Invesco Physical Gold ETC	28,310	Hargreaves Lansdown	9,137
US Treasury Inflation Protected Securities 0.375% 15/1/2027	16,368	US Treasury Inflation Protected Securities 0.125% 15/4/2021	5,510
US Treasury Inflation Protected Securities 0.125% 15/7/2024	12,438	Fielmann	5,029
Visa	11,646	Berkshire Hathway 'A'	3,860
Alphabet 'A'	10,340	Nestlé	2,740
US Treasury Inflation Protected Securities 0.625% 15/4/2023	10,233	Agilent Technologies	2,166
Microsoft	9,982	US Treasury Inflation Protected Securities 0.75% 15/2/2042	1,882
US Treasury Inflation Protected Securities 0.125% 15/1/2031	9,798	US Treasury Inflation Protected Securities 0.625% 15/7/2021	1,139
US Treasury Inflation Protected Securities 2.375% 15/1/2025	9,329	Invesco Physical Gold ETC	792

In addition to the above, purchases of £138,974,000 and sales of £55,100,000 were made in short term investments during the year.

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains	3		32,268		7,657
Revenue	4	3,291		1,489	
Expenses	5	(3,554)		(1,378)	
Interest payable and similar charges	7	(1)		—	
Net (expense)/revenue before taxation		(264)		111	
Taxation	6	(218)		(100)	
Net (expense)/revenue after taxation			(482)		11
<b>Total return before distributions</b>			31,786		7,668
Distributions	8		51		(178)
<b>Change in net assets attributable to shareholders from investment activities</b>			31,837		7,490

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2022

	Note	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>			259,732		113,365
Amounts receivable on issue of shares		321,583		177,881	
Amounts payable on redemption of shares		(39,547)		(39,083)	
			282,036		138,798
Dilution levy	1(H)		—		8
Change in net assets attributable to shareholders from investment activities			31,837		7,490
Retained distributions on Accumulation shares			—		71
<b>Closing net assets attributable to shareholders</b>			573,605		259,732

# TROJAN ETHICAL FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		559,094	250,263
<b>Current assets</b>			
Debtors	9	6,358	8,062
Cash and bank balances	10	13,282	1,651
<b>Total assets</b>		<u>578,734</u>	<u>259,976</u>
<b>LIABILITIES</b>			
Investment liabilities		(1,158)	–
<b>Creditors</b>			
Other creditors	11	<u>(3,971)</u>	<u>(244)</u>
<b>Total liabilities</b>		<u>(5,129)</u>	<u>(244)</u>
<b>Net assets attributable to shareholders</b>		<u>573,605</u>	<u>259,732</u>

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2022

### 1. Accounting Policies

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

### 2. Distribution Policies

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year.

### 3. Net Capital Gains

The net capital gains during the year comprise:

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	36,683	4,441
Forward currency contracts	(3,829)	3,635
Transaction charges	(1)	(2)
AMC rebates from underlying investments	31	18
Currency losses	(616)	(435)
Net capital gains	32,268	7,657

### 4. Revenue

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	2,256	892
Interest on debt securities	1,035	592
Bank interest	–	5
Total revenue	3,291	1,489

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	3,500	1,339
Legal and professional fees	14	14
Typesetting costs	3	3
Registration fees	98	49
	3,615	1,405
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	79	46
Safe custody and other bank charges	25	13
	104	59
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Legal and professional fees	3	3
Refund of expenses	(183)	(104)
	(165)	(86)
Total expenses	3,554	1,378

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



**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	218	100
Current tax charge	218	100
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	218	100

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net (expense)/revenue before taxation	(264)	111
Corporation tax at 20%	(53)	22
Effects of:		
Non-taxable dividends	(451)	(178)
AMC rebates taken to capital	6	3
Unutilised excess management expenses	498	153
Corporation tax charge	–	–
Overseas tax	218	100
Total tax charge (note 6a)	218	100

## c) Deferred tax

At the year end there is a potential deferred tax asset of £672,000 (31.01.21: £174,000) 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.

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Interest Payable and Similar Charges**

	31.01.22 £'000	31.01.21 £'000
Interest payable	1	–
Total interest payable and similar charges	1	–

**8. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	–	211
Final	–	–
	–	211
Add: Revenue deducted on redemption of shares	8	10
Deduct: Revenue received on issue of shares	(59)	(43)
Net distributions for the year	(51)	178

Details of the distributions per share are set out in the table on pages 99 and 100.

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net (expense)/revenue after taxation	(482)	11
Allocations to capital:		
Expenses, net of tax relief	4	1
Revenue deficit – 'O' Income	66	26
– 'O' Accumulation	168	55
– 'S' Income	–	26
– 'S' Accumulation	1	10
– 'X' Income	53	18
– 'X' Accumulation	139	30
	431	166
Equalisation on conversions <sup>1</sup>	–	1
Net distributions for the year	(51)	178

**9. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	5,981	7,891
Accrued revenue:		
Non-taxable dividends	115	39
Interest from debt securities	140	78
AMC rebates from underlying investments	3	2
	258	119
Prepaid expenses	1	1

<sup>1</sup> 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.

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Amounts due from the Investment Manager:		
Refund of expenses	118	51
Total debtors	6,358	8,062

**10. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	13,282	1,651
Total cash and bank balances	13,282	1,651

**11. Other Creditors**

	31.01.22 £'000	31.01.21 £'000
Amounts payable for redemption of shares	96	40
Purchases awaiting settlement	3,444	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	395	178
Legal and professional fees	2	–
Typesetting costs	2	1
Registration fees	9	6
	408	185
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	5
Safe custody and other bank charges	5	3
	13	8

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Other expenses	10	11
Total other creditors	3,971	244

**12. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 82 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 2,569,022 (31.01.21: 2,485,372) of the Fund's shares at the balance sheet date.

**13. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**14. Shares in Issue**

	'O' Income	'O' Accumulation	'S' Income
Annual Management Charge	1.00%	1.00%	0.75%
Opening shares in issue	15,936,250	37,724,487	71,876,797
Issues	11,269,731	28,460,163	53,379,450
Redemptions	(688,062)	(2,364,787)	(15,746,118)
Conversions	(1,521,267)	429,322	–
Closing shares in issue	24,996,652	64,249,185	109,510,129

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	<b>'S'</b> <b>Accumulation</b>	<b>'X'</b> <b>Income</b>	<b>'X'</b> <b>Accumulation</b>
Annual Management Charge	0.75%	0.85%	0.85%
Opening shares in issue	25,288,525	28,011,918	47,049,623
Issues	55,731,245	28,784,908	86,933,950
Redemptions	(1,942,117)	(9,283,443)	(2,310,188)
Conversions	(1,150,000)	1,633,061	781,488
Closing shares in issue	<u>77,927,653</u>	<u>49,146,444</u>	<u>132,454,873</u>

**15. Risk Management Policies**

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

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

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

**(A) CREDIT RISK**

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

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

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

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.

<b>Credit Quality</b>	<b>31.01.22</b> <b>%</b>	<b>31.01.21</b> <b>%</b>
Investment grade debt securities	50.35	41.76
Other investments	46.92	54.59
Net other assets	2.73	3.65
	<u>100.00</u>	<u>100.00</u>

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

<b>31.01.22</b> <b>Counterparty</b>	<b>Forward</b> <b>currency</b> <b>contracts</b> <b>£'000</b>	<b>Net cash</b> <b>collateral</b> <b>pledged</b> <b>£'000</b>
Bank of New York Mellon	187	–
UBS	(407)	–

<b>31.01.21</b> <b>Counterparty</b>	<b>Forward</b> <b>currency</b> <b>contracts</b> <b>£'000</b>	<b>Net cash</b> <b>collateral</b> <b>pledged</b> <b>£'000</b>
Bank of New York Mellon	2,327	–

**(B) INTEREST RATE RISK**

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

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 January 2022 a one basis point change in the yield would have an impact of £90,000 on the direct net assets of the Fund (31.01.21: £43,000).

The table below shows the interest rate risk profile:

	31.01.22 £'000	31.01.21 £'000
Floating rate investments	183,178	86,622
Fixed rate investments	105,691	21,854
Investments on which interest is not paid	270,225	141,787
Investment liabilities on which interest is not paid	(1,158)	–
Total investments	557,936	250,263

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents and collective investment schemes that pay UK interest distributions.

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

**(C) 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.



**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The table below shows the direct foreign currency risk profile:

	31.01.22 Gross £'000	31.01.22 Hedged £'000	31.01.22 Net £'000
Currency:			
Swiss francs	13,141	–	13,141
US dollars	414,806	(193,459)	221,347
	<u>427,947</u>	<u>(193,459)</u>	<u>234,488</u>
Pounds sterling	145,878	193,239	339,117
Net assets	<u>573,825</u>	<u>(220)</u>	<u>573,605</u>

  

	31.01.21 Gross £'000	31.01.21 Hedged £'000	31.01.21 Net £'000
Currency:			
Euros	3,379	–	3,379
Swiss francs	9,401	–	9,401
US dollars	194,608	(77,020)	117,588
	<u>207,388</u>	<u>(77,020)</u>	<u>130,368</u>
Pounds sterling	50,017	79,347	129,364
Net assets	<u>257,405</u>	<u>2,327</u>	<u>259,732</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £11,724,000 on the net assets of the Fund (31.01.21: £6,518,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 90.92% of the portfolio can be liquidated within 5 days and 97.04% within 21 working days (31.01.21: 93.18% within 5 days and 100.00% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts, would have the effect of increasing the return and net assets by £27,908,000 (31.01.21: £12,397,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has the power to manage exposure to currency movements by using forward contracts. Details of the holdings of such instruments, the net exposure to foreign currencies as at the balance sheet date, and details of the total losses on forward currency contracts during the year are set out in the Portfolio Statement, note 15(c) and note 3, respectively. The counterparties for the forward currency contracts are the Bank of New York Mellon and UBS.

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

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**16. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	91,863	30	58	91,951
Collective investment schemes	34,140	10	–	34,150
Debt securities	111,352	–	–	111,352
Purchases total	237,355	40	58	237,453
<i>Transaction cost % of purchases total</i>		0.02%	0.02%	
<i>Transaction cost % of average NAV</i>		0.01%	0.02%	
Ordinary shares	23,440	(11)	–	23,429
Collective investment schemes	792	–	–	792
Debt securities	23,886	–	–	23,886
Sales total	48,118	(11)	–	48,107
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 31.01.22 is 0.06% (31.01.21: 0.09%).

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	80,619	28	55	80,702
Collective investment schemes	17,133	7	–	17,140
Debt securities	70,135	–	–	70,135
Purchases total	<u>167,887</u>	<u>35</u>	<u>55</u>	<u>167,977</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.03%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.03%</i>	<i>0.03%</i>	
Ordinary shares	11,742	(5)	–	11,737
Collective investment schemes	1,281	(1)	–	1,280
Debt securities	15,005	–	–	15,005
Sales total	<u>28,028</u>	<u>(6)</u>	<u>–</u>	<u>28,022</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include exchange traded commodities.

**TROJAN ETHICAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**17. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.01.22</b>				
Investment assets	558,156	938	–	559,094
Investment liabilities	–	(1,158)	–	(1,158)
<b>31.01.21</b>				
Investment assets	247,936	2,327	–	250,263

## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 January 2022 – in pence per share

#### EQUALISATION

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

Group 2	Final
From	01.02.21
To	31.01.22

#### 'O' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.0744
Group 2	N/A	N/A	N/A	0.0744

There were no final distributions in the current or prior year.

#### 'O' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.0854
Group 2	N/A	N/A	N/A	0.0854

There were no final distributions in the current or prior year.

#### 'S' INCOME SHARES (REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.2136
Group 2	N/A	N/A	N/A	0.2136

There were no final distributions in the current or prior year.

## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

#### 'S' ACCUMULATION SHARES (REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.2171
Group 2	N/A	N/A	N/A	0.2171

There were no final distributions in the current or prior year.

#### 'X' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.1624
Group 2	N/A	N/A	N/A	0.1624

There were no final distributions in the current or prior year.

#### 'X' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.1595
Group 2	N/A	N/A	N/A	0.1595

There were no final distributions in the current or prior year.

## **TROJAN ETHICAL GLOBAL INCOME FUND**

### **ACD'S REPORT**

for the period from 1 November 2021 to 31 January 2022

#### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

#### **Investment Objective and Policy**

The investment objective of the Trojan Ethical Global Income Fund ('the Fund') is to seek to achieve income with the potential for capital growth in the medium term (3 to 5 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The Fund's investment policy is to invest at least 80% of its assets globally in equities (including investment trusts and real estate investment trusts ('REITs')) and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities). The Fund may also invest in government and public securities (such as sovereign debt and treasury bills), corporate bonds, real estate (via REITs), cash, cash equivalents (including money-market instruments) and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to real estate will be indirect.

Ethical exclusion criteria apply to equities, equity-related securities and corporate bonds (together, 'corporate securities') and government and public securities. A document setting out a summary of the Fund's ethical exclusion criteria is available on the ACD's website [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). The ethical exclusion criteria prohibit the Fund from investing in any corporate security that generates revenues from fossil fuels, pornography, tobacco, alcohol, gambling, high interest rate lending and certain types of armaments which exceed the limits set out in the Fund's ethical exclusion criteria.

When investing in government and public securities, the Fund will: (a) not invest in securities issued or guaranteed by any issuer or guarantor which is subject to a sanction issued by either the United Nations or the European Union; (b) only invest in securities issued or guaranteed by Canada, France, Germany, Italy, Japan, the UK and the US (commonly known as the 'G7'), or by a single local authority or public authority of those countries.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

Where an investment is identified as no longer meeting the Fund's ethical exclusion criteria the Investment Manager will seek to sell the investment within the following 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.



## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT *continued*

#### Benchmarks

The Fund's comparator benchmarks are the MSCI World Index (Net Return) and the Investment Association Global Equity Income Sector (Net Return).

The Fund performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'); MSCI World Index (Net Return) is used as a comparator which may assist investors in evaluating the Fund's performance against global equity returns. The Fund also uses the Investment Association Global Equity Income Sector (Net Return) as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### LINK FUND SOLUTIONS LIMITED

ACD of Trojan Ethical Global Income Fund

26 May 2022

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the period from 1 November 2021 to 31 January 2022

#### Market Review

2021 started with hope that the worst of the pandemic was behind us and that the global economy would gradually reopen as the year progressed. However, whilst COVID-19 vaccines helped limit the severity of disease, the emergence of new variants throughout the year delayed a return to normality. In equity markets, early enthusiasm for companies negatively impacted by shutdown orders in 2020 was replaced by the continued strong performance of US equities in general, and technology staples such as Alphabet and Microsoft in particular. By contrast, more speculative and higher growth companies, including Peloton and Zoom Video Communications, reversed some of their gains from the previous year as investors questioned the sustainability of their growth.

The beginning of 2022 found investors in a circumspect mood. Whilst investors dismissed rising inflation as transitory for much of 2021, there is now far greater concern that higher inflation is here to stay and that this will result in sharply rising interest rates. Against this backdrop, equity markets witnessed a significant rotation during January, as the share prices of many growth stocks fell precipitously whilst more lowly-valued parts of the market, including financials and energy, performed well.

#### Portfolio

The Fund launched on the 1<sup>st</sup> November 2021. The fund aims to invest in a concentrated portfolio of resilient companies that can grow cash flows and dividends over the long term. We believe this approach will generate, over a full market cycle, above average returns with below average volatility. The Fund also adheres to the Fund's ethical exclusion criteria. Specifically, the Fund cannot invest in companies that generate sales (usually 10% or more) from activities in the following sectors: Tobacco, Alcohol, Gambling, Fossil Fuels, High Interest Lending, Armaments and Pornography.

The Fund's portfolio will have similar allocations to the Trojan Global Income Fund. However, some companies held in the Trojan Global Income Fund are not available for investment due to the ethical exclusion criteria mentioned above. These include British American Tobacco, Philip Morris, Diageo and Imperial Brands.

We have replaced those four companies with investments in four new businesses that offer a rare combination of quality, income and defensive growth.

1. **Universal Music** owns music rights for roughly one-third of the music ever produced. After years of contraction, the music industry is now growing thanks to the rise of music streaming. Services like Spotify and Apple Music would not be viable without the Universal Music catalogue, which gives the company a unique competitive position. We believe there are still ample growth opportunities for music, both in developed and emerging markets. Universal collect royalties every time a song is streamed, which will allow the company to participate in the industry growth while generating robust profits.
2. **Coloplast** is a leading global developer and manufacturer of medical products. The company primarily sells products for patients with chronic conditions, such as ostomy bags and catheters for patients who struggle to control their bladder. These products are crucial in improving living conditions and patient outcomes and are non-discretionary in nature. Coloplast has significant opportunities to grow in emerging markets, accounting for less than 20% of sales.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

3. **Chr Hansen** is a leading foods ingredient business. The company develops cultures and enzymes used to produce cheese, yoghurt and other fermented products. Chr Hansen also develops bacteria used to produce premium infant formula. Most of Chr Hansen products are necessary in the production process, but represent a negligible part of the total production costs, which allows the company to generate significant profits.
4. **Colgate** is a global consumer staples company operating in four core categories: Oral Care, Home Care, Personal Care and Pet Nutrition. The oral category is extremely attractive as toothpaste and toothbrushes are non-discretionary repeat purchases. Growth is also driven by increasing global usage of oral hygiene products. The pet nutrition business is another interesting market, which offers good growth opportunities as pet owners spend more on premium products.

The Fund has been active only for the last two months of 2021, so it seems premature to dwell too much into performance at this stage. The Fund has performed ahead of the MSCI World Index since launch until the end of 2021.

#### Outlook

Equity markets trade at elevated valuations compared to history and now face the headwind of less accommodative monetary and fiscal policy owing to inflation fears. This leads us to have a relatively cautious stance. We continue to invest in a concentrated, high quality and reasonably valued portfolio that we believe will generate a resilient and growing level of free cash flow and income throughout the investment cycle. Further we are monitoring a select group of companies which we would like to add to the portfolio should valuations allow. Therefore, despite our concerns about the broader market backdrop we are confident in the positioning of the Fund and its ability to fund an attractive and growing income stream as well as long term capital growth.

#### TROY ASSET MANAGEMENT LIMITED

Investment Manager

15 February 2022

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. As the Fund has less than 5 years' price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

This indicator 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 change over time. The lowest number on the scale does not mean that a fund is risk free.

**Currency Risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Property Fund Investment Risk:** Property funds can become illiquid increasing the risk that a position cannot be sold in a timely manner or at a reasonable price.

**Counterparty Risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Changes in Interest Rate Risk:** A rise in interest rates generally causes bond prices to fall.

**Credit Risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

**Ethical Investments:** The Fund is prevented from investing in certain sectors or companies. This narrower range may constrain the Fund's performance. If an investment no longer meets the ethical exclusion criteria it will be sold and the price obtained may be less than could be obtained if a forced sale was not required.

**Charges to Capital Risk:** As charges are taken from capital, this will erode capital and may constrain capital growth.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables**

Information relates to the period from 1 November 2021 to 31 January 2022. The operating charges relate to the expenses incurred on an ex post basis over the period ending 31 January 2022, expressed as an annualised percentage of the average net asset value.

**'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22<sup>1</sup> pence per share</b>
Opening net asset value per share	100.00
Return before operating charges*	0.42
Operating charges	(0.24)
Return after operating charges	0.18
Distributions	(0.46)
Closing net asset value per share	99.72
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.18%
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**OTHER INFORMATION**

Closing net asset value (£'000)	6
Closing number of shares	6,149
Operating charges	0.92% <sup>2</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.15
Lowest share price	98.46

<sup>1</sup> Fund launched on 1 November 2021.

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

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

	31.01.22 <sup>1</sup> pence per share
<b>CHANGE IN NET ASSETS PER SHARE</b>	
Opening net asset value per share	100.00
Return before operating charges*	0.45
Operating charges	(0.24)
Return after operating charges	0.21
Distributions	(0.48)
Retained distributions on accumulation shares	0.48
Closing net asset value per share	100.21
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.21%
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**OTHER INFORMATION**

Closing net asset value (£'000)	35
Closing number of shares	34,853
Operating charges	0.92% <sup>2</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.15
Lowest share price	98.48

<sup>1</sup> Fund launched on 1 November 2021.<sup>2</sup> Annualised figure due to share class launched less than 1 year.

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

	31.01.22 <sup>1</sup> pence per share
<b>CHANGE IN NET ASSETS PER SHARE</b>	
Opening net asset value per share	100.00
Return before operating charges*	0.49
Operating charges	(0.21)
Return after operating charges	0.28
Distributions	(0.48)
Closing net asset value per share	99.80
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.28%
----------------------	-------

**OTHER INFORMATION**

Closing net asset value (£'000)	—
Closing number of shares	250
Operating charges	0.82% <sup>2</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.20
Lowest share price	98.56

<sup>1</sup> Fund launched on 1 November 2021.<sup>2</sup> Annualised figure due to share class launched less than 1 year.

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22<sup>1</sup> pence per share</b>
Opening net asset value per share	100.00
Return before operating charges*	0.48
Operating charges	(0.21)
Return after operating charges	0.27
Distributions	(0.48)
Retained distributions on accumulation shares	0.48
Closing net asset value per share	100.27
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.27%
----------------------	-------

**OTHER INFORMATION**

Closing net asset value (£'000)	–
Closing number of shares	250
Operating charges	0.82% <sup>2</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.20
Lowest share price	98.56

<sup>1</sup> Fund launched on 1 November 2021.<sup>2</sup> Annualised figure due to share class launched less than 1 year.



**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'F' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22<sup>1</sup> pence per share</b>
Opening net asset value per share	100.00
Return before operating charges*	0.43
Operating charges	(0.13)
Return after operating charges	0.30
Distributions	(0.48)
Closing net asset value per share	99.82
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.30%
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**OTHER INFORMATION**

Closing net asset value (£'000)	219
Closing number of shares	219,701
Operating charges	0.52% <sup>2,3</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.21
Lowest share price	98.56

<sup>1</sup> Fund launched on 1 November 2021.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed to waive the Annual Management Charge for this share class for first year of the Fund.

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'F' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22<sup>1</sup> pence per share</b>
Opening net asset value per share	100.00
Return before operating charges*	0.42
Operating charges	(0.14)
Return after operating charges	0.28
Distributions	(0.47)
Retained distributions on accumulation shares	0.47
Closing net asset value per share	100.28
* after direct transaction costs of:	0.05

**PERFORMANCE**

Return after charges	0.28%
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**OTHER INFORMATION**

Closing net asset value (£'000)	21,279
Closing number of shares	21,219,237
Operating charges	0.55% <sup>2,3</sup>
Direct transaction costs	0.76% <sup>2</sup>

**PRICES**

Highest share price	106.19
Lowest share price	98.55

<sup>1</sup> Fund launched on 1 November 2021.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed to waive the Annual Management Charge for this share class for first year of the Fund.

## **TROJAN ETHICAL GLOBAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **FUND INFORMATION** *continued*

#### **Fund Performance**

As the Fund was launched less than one year ago, in accordance with FCA rules, no performance data is permitted to be reported.

Details of the distributions per share for the period are shown in the Distribution Table on pages 128 and 129.

#### **RISK WARNING**

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

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UNITED KINGDOM – 20.31%		
159,164	Domino's Pizza	615	2.86
38,214	GlaxoSmithKline	628	2.92
5,904	InterContinental Hotels	287	1.33
17,036	Reckitt Benckiser	1,024	4.75
33,216	RELX	753	3.50
28,169	Unilever	1,067	4.95
	TOTAL UNITED KINGDOM	4,374	20.31
	CONTINENTAL EUROPE – 20.66%		
10,592	Chr. Hansen	627	2.91
6,555	Coloplast 'B'	706	3.28
4,683	Nestlé	446	2.07
11,861	Novartis	761	3.54
2,821	Roche	806	3.74
28,736	Universal Music	524	2.43
13,844	Vonovia	579	2.69
	TOTAL CONTINENTAL EUROPE	4,449	20.66
	NORTH AMERICA – 54.24%		
1,604	Accenture	422	1.96
6,080	Automatic Data Processing	934	4.34
4,426	Boston Properties	370	1.72
16,516	Cisco Systems	685	3.18
1,948	Clorox	244	1.13
6,168	CME	1,054	4.89
5,991	Coca-Cola	272	1.26
10,212	Colgate-Palmolive	627	2.91
11,604	Fastenal	490	2.27
3,557	Hershey	522	2.42
6,080	Johnson & Johnson	781	3.63
2,514	McDonald's	486	2.26
9,489	Medtronic	732	3.40
3,821	Microsoft	885	4.11

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
13,040	Paychex	1,144	5.31
8,079	PepsiCo	1,045	4.85
5,602	Procter & Gamble	670	3.11
22,737	Western Union	320	1.49
	TOTAL NORTH AMERICA	11,683	54.24
	ASIA – 3.68%		
60,867	Link REIT	388	1.80
1,114	Nintendo	405	1.88
	TOTAL ASIA	793	3.68
	Portfolio of investments	21,299	98.89
	Net other assets	240	1.11
	Net assets	21,539	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market.

No comparative figures are presented for the Portfolio Statement as this is the Fund's first reporting period; the Fund launched on 1 November 2021.

**TROJAN ETHICAL GLOBAL INCOME FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the period from 1 November 2021 to 31 January 2022

Total purchases for the period £'000 (note 15)	21,897	Total sales for the period £'000 (note 15)	231
	Cost		Proceeds
Major purchases	£'000	Sales	£'000
Paychex	1,201	Hargreaves Lansdown	161
Unilever	1,096	Nestlé	24
Reckitt Benckiser	1,058	Roche	24
Automatic Data Processing	1,052	Medtronic	22
CME	1,034		
PepsiCo	985		
Microsoft	958		
Roche	857		
Coloplast 'B'	839		
Medtronic	833		

The summary of material portfolio changes represents the 10 largest purchases and all of the sales during the period.

## TROJAN ETHICAL GLOBAL INCOME FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the period from 1 November 2021 to 31 January 2022

	Notes	£'000	31.01.22 £'000
Income:			
Net capital losses	3		(384)
Revenue	4	90	
Expenses	5	(21)	
Net revenue before taxation		69	
Taxation	6	(13)	
Net revenue after taxation			56
<b>Total return before distributions</b>			(328)
Distributions	7		(76)
<b>Change in net assets attributable to shareholders from investment activities</b>			(404)

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 1 November 2021 to 31 January 2022

	£'000	31.01.22 £'000
<b>Opening net assets attributable to shareholders</b>		–
Amounts receivable on issue of shares	22,370	
Amounts payable on redemption of shares	(528)	
		21,842
Change in net assets attributable to shareholders from investment activities		(404)
Retained distributions on Accumulation shares		101
<b>Closing net assets attributable to shareholders</b>		21,539

No comparative figures are presented for the Statement of Total Return and the Statement of Change in Net Assets Attributable to Shareholders as this is the Fund's first reporting period; the Fund launched on 1 November 2021.

# TROJAN ETHICAL GLOBAL INCOME FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments		21,299
<b>Current assets</b>		
Debtors	8	53
Cash and bank balances	9	207
<b>Total assets</b>		<u>21,559</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distribution payable	10	(1)
Other creditors	10	(19)
<b>Total liabilities</b>		<u>(20)</u>
<b>Net assets attributable to shareholders</b>		<u>21,539</u>

No comparative figures are presented for the Balance Sheet as this is the Fund's first reporting period; the Fund launched on 1 November 2021.



**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS**

for the period from 1 November 2021 to 31 January 2022

**1. Accounting Policies**

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current period.

**2. Distribution Policies**

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current period.

All expenses are 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.

**3. Net Capital Losses**

The net capital losses during the period comprise:

	From 01.11.21 to 31.01.22 £'000
Non-derivative securities	(366)
Transaction charges	(1)
Currency losses	(17)
Net capital losses	(384)

**4. Revenue**

	From 01.11.21 to 31.01.22 £'000
Non-taxable dividends	83
Taxable dividends	7
Total revenue	90

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

**5. Expenses**From 01.11.21  
to 31.01.22  
£'000Payable to the ACD, associates of the  
ACD and agents of either of them:

Legal and professional fees

4

Typesetting costs

1

Registration fees

2

7

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

Depositary's fees

2

Safe custody and other bank charges

5

7

Other expenses:

Audit fees

10

Refund of expenses

(3)

7

Total expenses

21

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

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

**6. Taxation**From 01.11.21  
to 31.01.22  
£'000

## a) Analysis of charge for the period

Corporation tax at 20%

–

Overseas tax

13

Current tax charge

13

Deferred tax – origination and reversal of timing differences (note 6c)

–

Total taxation (note 6b)

13

## b) Factors affecting the tax charge for the period

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

From 01.11.21  
to 31.01.22  
£'000

Net revenue before taxation

69

Corporation tax at 20%

14

Effects of:

Non-taxable dividends

(17)

Unutilised excess management expenses

3

Corporation tax charge

–

Overseas tax

13

Total tax charge (note 6a)

13

## c) Deferred tax

At the period end there is a potential deferred tax asset of £3,000 in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current period.

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

**7. Distributions**

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

	From 01.11.21 to 31.01.22 £'000
Final	102
Deduct: Revenue received on issue of shares	(26)
Net distributions for the period	76

Details of the distributions per share are set out in the table on pages 128 and 129.

	From 01.11.21 to 31.01.22 £'000
Distributions represented by:	
Net revenue after taxation	56
Allocations to capital:	
Expenses, net of tax relief	20
Net distributions for the period	76

**8. Debtors**

	31.01.22 £'000
Amounts receivable for issue of shares	34
Accrued revenue:	
Non-taxable dividends	14
Amounts due from the Investment Manager:	
Refund of expenses	3

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

31.01.22  
£'000

Taxation recoverable:	
Overseas withholding tax	2
Total debtors	53

**9. Cash and Bank Balances**31.01.22  
£'000

Bank balances	207
Total cash and bank balances	207

**10. Creditors**31.01.22  
£'000

Distribution payable	1
----------------------	---

**Other Creditors**

Accrued expenses:

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

Typesetting costs	1
Legal and professional fees	1
Registration fees	1
	3

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

Depositary's fees	1
Safe custody and other bank charges	4
	5

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

31.01.22  
£'000

Other expenses	11
Total other creditors	19

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the period end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 116 and amounts due at the period end are disclosed in note 10.

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

Pershing Nominees Limited 77.78%

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments.

**13. Shares in Issue**

	'O' Income	'O' Accumulation	'S' Income
Annual Management Charge	0.85%	0.85%	0.75%
Opening shares in issue	—	—	—
Issues	505,900	34,853	250
Redemptions	(499,751)	—	—
Closing shares in issue	6,149	34,853	250

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

	'S' Accumulation	'F' Income <sup>1</sup>	'F' Accumulation <sup>1</sup>
Annual Management Charge	0.75%	0.65%	0.65%
Opening shares in issue	–	–	–
Issues	250	219,703	21,234,104
Redemptions	–	(2)	(14,867)
Closing shares in issue	<u>250</u>	<u>219,701</u>	<u>21,219,237</u>

**14. Risk Management Policies**

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

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

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

**(A) CREDIT RISK**

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

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

<sup>1</sup> The Investment Manager has agreed to waive the Annual Management Charge for this share class for first year of the Fund.

## TROJAN ETHICAL GLOBAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 1 November 2021 to 31 January 2022

#### (B) INTEREST RATE RISK

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

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

#### (C) FOREIGN CURRENCY RISK

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

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

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000
Currency:	
Danish krone	1,335
Euros	1,103
Hong Kong dollars	388
Japanese yen	405
Swiss francs	2,013
US dollars	11,699
	<hr/> 16,943
Pounds sterling	4,596
Net assets	<hr/> 21,539

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £847,000 on the net assets of the Fund.

#### (D) LEVERAGE

The Fund did not employ any significant leverage in the current period.



## TROJAN ETHICAL GLOBAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 1 November 2021 to 31 January 2022

#### (E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100.00% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £1,065,000. A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Fund held no derivatives in the current period.

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 1 November 2021 to 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	21,867	7	23	21,897
Purchases total	21,867	7	23	21,897
<i>Transaction cost % of purchases total</i>		0.03%	0.11%	
<i>Transaction cost % of average NAV</i>		0.04%	0.15%	
Ordinary shares	231	—	—	231
Sales total	231	—	—	231
<i>Transaction cost % of sales total</i>		—	—	
<i>Transaction cost % of average NAV</i>		—	—	

Average portfolio dealing spread at 31.01.22 is 0.04%.

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

All investments held in the current period are ordinary shares categorised as Level 1.

**TROJAN ETHICAL GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the period from 1 November 2021 to 31 January 2022 – in pence per share

**EQUALISATION**

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

Group 2	Final
From	01.11.21
To	31.01.22

**'O' INCOME SHARES**

Final	Net Revenue	Equalisation	Payable 31.03.22
Group 1	0.4608	–	0.4608
Group 2	0.4608	0.0000	0.4608

**'O' ACCUMULATION SHARES**

Final	Net Revenue	Equalisation	Allocation 31.03.22
Group 1	0.4751	–	0.4751
Group 2	0.1047	0.3704	0.4751

**'S' INCOME SHARES**  
*(REGISTERED CHARITIES ONLY)*

Final	Net Revenue	Equalisation	Payable 31.03.22
Group 1	0.4760	–	0.4760
Group 2	0.4760	0.0000	0.4760

**'S' ACCUMULATION SHARES**  
*(REGISTERED CHARITIES ONLY)*

Final	Net Revenue	Equalisation	Allocation 31.03.22
Group 1	0.4760	–	0.4760
Group 2	0.4760	0.0000	0.4760

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**'F' INCOME SHARES**

Final	Net Revenue	Equalisation	Payable 31.03.22
Group 1	0.4808	–	0.4808
Group 2	0.2844	0.1964	0.4808

**'F' ACCUMULATION SHARES**

Final	Net Revenue	Equalisation	Allocation 31.03.22
Group 1	0.4744	–	0.4744
Group 2	0.3520	0.1224	0.4744

## **TROJAN ETHICAL INCOME FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Trojan Ethical Income Fund ('the Fund') is to seek to achieve income with the potential for capital growth in the medium term (3 to 5 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The investment policy of the Fund is to invest at least 80% of its assets in UK and overseas equities (including investment trusts and real estate investment trusts ('REITs')) and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities). At least 60% of its assets will be invested in UK equities and equity-related securities. A maximum of 30% of its assets may also be invested in overseas equities and equity-related securities.

The Fund may also invest in government and public securities (such as sovereign debt and treasury bills), corporate bonds, real estate (via REITs), private equity and cash equivalents (including money-market instruments). A maximum of 20% of the Fund's assets may be invested in cash and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to real estate will be indirect.

A document setting out a summary of the Fund's ethical exclusion criteria is available on the ACD's website [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). The ethical exclusion criteria prohibit the Fund from investing in any company that generates revenues from fossil fuels, pornography, tobacco, alcohol, gambling, high interest rate lending and certain types of armaments which exceed the limits set out in the Fund's ethical exclusion criteria.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

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

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT *continued*

#### Benchmark

The Fund's comparator benchmark is the FTSE All-Share Index (Total Return).

The Fund's performance may be compared against the FTSE All-Share Index (Total Return) which may assist investors in evaluating the Fund's performance against GBP equity returns. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund.

#### LINK FUND SOLUTIONS LIMITED

ACD of Trojan Ethical Income Fund

26 May 2022

## **TROJAN ETHICAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT**

for the year ended 31 January 2022

#### **Investment Review**

Equities delivered a very strong return over the 12-month period, with the FTSE All-Share Index (Total Return) rising +18.9%. Against this backdrop the Fund delivered a more modest return of +6.3%. While the Fund broadly kept pace with the market for much of the year, sharp rotations in the leadership of equity markets in both the first and final month of the period detracted from the relative performance. The dramatic change in market leadership seen in January 2022 penalised broadly defined 'growth' and 'quality' stocks and conversely favoured those 'value' names perceived to benefit most from rising commodity prices or rising interest rates. The best-performing sectors were those in which we are either not able to invest due to the Fund's ethical investment criteria (Energy and much of the Mining Sector) or tend not to invest in as a result of our quality bias (Banks). By contrast, many of our favoured sectors, such as Technology, Industrials and Consumer Staples declined in value. 12 months earlier, in February 2021, the market behaved in a very similar way. In our experience such extreme periods tend not to be sustained.

Looking at the year as a whole, the dominant theme has been one of recovery and reflation. Similar to the very strong UK equity market, the S&P 500 (TR) rose 23% whilst oil prices (WTI) rallied 69% to \$88 a barrel. In fixed income, US and UK 10-year sovereign bond yields rose substantially over the period from 1.1% to 1.8% and 0.3% and 1.3% respectively.

The sharp change in bond yields reflects a significant rise in interest rate expectations. This shift was particularly pronounced in the final months of the period. By the close of January, the market anticipated at least six 0.25% raises in the US in 2022 and nearly as many in the UK. Only a month earlier, less than three rate hikes had been priced in. The perceived need for higher rates is linked to global inflationary pressures. As economies emerge from the COVID-19 pandemic, demand for particular goods and services has exceeded depressed supply. Inflation readings are also suffering strong base effects due to a lapping of subdued economic activity in 2021.

#### **Portfolio Review**

The five largest contributors to the Fund's returns over the year were RELX, American Express, Paychex, Experian and Compass Group. Smaller holding such as Equiniti and St James's Place also delivered notably strong returns. On a relative basis, compared to the FTSE All-Share Index, the Fund benefitted from a number of its overseas holdings which performed well but this was insufficient to offset the impact of not owning HSBC, Shell, BP, Diageo and Glencore – all large constituents of the index that performed very strongly and are, with the exception of HSBC, excluded from ownership in the Fund by the ethical investment criteria.

Turning to portfolio activity; during the first six months of the period we initiated new holdings in Diploma, a value-added distribution company, the financial exchange company CME Group and Big Yellow, the UK's leading self-storage brand. A comment on each of these names was included in the Interim Report.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

Elsewhere we completed the disposal of non-life insurers Hiscox and Lancashire. We have gradually been exiting both companies in favour of holdings that we judge to have better multi-year prospects. Whilst both are leading companies within the sector, we have concerns around the future growth and returns achievable from natural catastrophe business lines. We believe climate change will have far-reaching implications for the frequency and severity of catastrophe claims and that the industry will find it difficult to adjust pricing accordingly.

We also exited a number of smaller holdings where our levels of conviction have declined including Hargreaves Lansdown, which was sold in the final quarter. Whilst we continue to like the structural growth on offer from the UK savings industry, we have become incrementally more cautious about competition in the UK platform market and reduced exposure where we think these pressures may be felt most acutely. We also sold a position in German eyecare firm Fielmann which is likely to suffer pressure on cash flows from both wage inflation and the need for technological investment. Finally, we exited a small holding in UK beverages company AG Barr.

#### Dividend

On 31<sup>st</sup> March 2022 the Fund will pay a final dividend of 1.67p to holders of 'O' Income shares. When combined with the interim dividend of 1.25p this will give a dividend of 2.92p for the full-year and a historical yield of 2.4% on the year end share price.

The full year distribution represents a 17.1% increase on the prior year dividend. Much of this above average growth came as many companies that had focussed on retaining cash through the pandemic felt able to return to the dividend list and in some cases even pay special dividends. Furthermore, the active decisions made in the previous year to increase the portfolio's exposure to dividend growth stocks meant the Fund's core investments delivered robust increases in their ordinary dividends, supported by higher levels of free cash flow.

Today we are optimistic about the Fund's medium-term dividend growth potential and believe the portfolio is now well positioned to deliver a sustainable and growing stream of equity income to its investors.

#### Outlook

Inflation, and therefore interest rate expectations, are likely to continue to be pivotal for equity returns in the year ahead. Most recently, inflation and the subsequent changes in interest rate expectations have benefitted more cyclical assets. We believe that the market has already shifted quite materially to price in these new interest rate expectations, which should lead to a broader profile of market returns as the year develops in all but the most extreme inflationary scenarios.

Against this uncertain back drop we are: 1) emphasising companies with pricing power that can reliably grow, 2) avoiding companies with volatile margins or those with high requirements to reinvest into inflation, and 3) ensuring we are invested in companies with strong balance sheets that do not overly rely on debt. Ultimately, we are attracted to businesses that will continue to grow cash flows and dividends in a resilient way, almost regardless of the macro-economic back-drop.



## **TROJAN ETHICAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT** *continued*

The start of 2022 has not been favourable for the type company we like to invest in. However, we are finding that recent share price weakness has often been at odds with strong operational performance and this provides opportunities. For instance, core holdings such as Experian, Croda, Paychex and Diploma have each provided strong updates to the market within the past two months and yet their share prices have dropped meaningfully. We remain highly positive about their prospects and have been adding to some of these and other holdings in recent weeks. We are also excited about the potential to bring new holdings into the portfolio, particularly as valuations have improved for high-quality assets. Looking beyond very short-term performance, we believe the Fund's exposure to reasonably valued, cash-generative, growing companies will continue to translate into strong capital and income returns for investors.

Finally, we are happy to be able to reiterate that the outlook for dividends is positive – we expect almost every holding to report dividend growth this year, supported by strong and sustainable cash generation.

#### **TROY ASSET MANAGEMENT LIMITED**

Investment Manager

3 March 2022

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. 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 Fund has been classed as 5 because its volatility has been measured as above average.

This indicator 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. Number 1 on the scale does not mean that a fund is risk free.

**Currency risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Property fund investment risk:** Property funds can become illiquid increasing the risk that a position cannot be sold in a timely manner or at a reasonable price.

**Counterparty risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Derivative risk:** A derivative may not perform as expected and may create losses greater than its cost.

**Changes in interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

**Liquidity risk:** Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

**Ethical investments:** The Fund is prevented from investing in certain sectors or companies. This narrower range may constrain the Fund's performance. If an investment no longer meets the ethical exclusion criteria it will be sold and the price obtained may be less than could be obtained if a forced sale was not required.

**Income risk:** The amount of income is not guaranteed.

**Charges to capital risk:** As charges are taken from capital, this will erode capital and may constrain capital growth.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	114.71	126.75	108.11
Return before operating charges*	9.91	(8.36)	23.33
Operating charges	(1.25)	(1.18)	(1.24)
Return after operating charges	8.66	(9.54)	22.09
Distributions	(2.92)	(2.50)	(3.45)
Closing net asset value per share	120.45	114.71	126.75
* after direct transaction costs of:	0.15	0.20	0.31

**PERFORMANCE**

Return after charges	7.55%	(7.53)%	20.43%
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**OTHER INFORMATION**

Closing net asset value (£'000)	15,574	23,810	111,450
Closing number of shares	12,930,179	20,757,356	87,926,634
Operating charges	1.02% <sup>1</sup>	1.02% <sup>1</sup>	1.02% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	130.41	130.54	130.18
Lowest share price	112.87	97.35	108.23

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.02%.

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	132.24	142.99	118.67
Return before operating charges*	11.40	(9.41)	25.69
Operating charges	(1.45)	(1.34)	(1.37)
Return after operating charges	9.95	(10.75)	24.32
Distributions	(3.38)	(2.83)	(3.81)
Retained distributions on accumulation shares	3.38	2.83	3.81
Closing net asset value per share	142.19	132.24	142.99
* after direct transaction costs of:	0.17	0.23	0.34

**PERFORMANCE**

Return after charges	7.52%	(7.52)%	20.49%
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**OTHER INFORMATION**

Closing net asset value (£'000)	28,007	24,086	17,956
Closing number of shares	19,696,910	18,213,415	12,558,008
Operating charges	1.02% <sup>1</sup>	1.02% <sup>1</sup>	1.02% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	151.84	147.24	144.94
Lowest share price	130.11	109.81	118.81

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.02%.

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	112.64	124.88	107.05
Return before operating charges*	9.75	(8.24)	23.08
Operating charges	(1.83)	(1.73)	(1.83)
Return after operating charges	7.92	(9.97)	21.25
Distributions	(2.87)	(2.27)	(3.42)
Closing net asset value per share	117.69	112.64	124.88
* after direct transaction costs of:	0.15	0.20	0.31

**PERFORMANCE**

Return after charges	7.03%	(7.98)%	19.85%
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**OTHER INFORMATION**

Closing net asset value (£'000)	33	32	233
Closing number of shares	28,096	28,279	186,194
Operating charges	1.52% <sup>1</sup>	1.52% <sup>1</sup>	1.52% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	127.47	128.57	128.26
Lowest share price	110.79	95.85	107.16

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.52%.

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	128.96	140.14	116.88
Return before operating charges*	11.11	(9.23)	25.27
Operating charges	(2.10)	(1.95)	(2.01)
Return after operating charges	9.01	(11.18)	23.26
Distributions	(3.29)	(2.77)	(3.74)
Retained distributions on accumulation shares	3.29	2.77	3.74
Closing net asset value per share	137.97	128.96	140.14
* after direct transaction costs of:	0.17	0.22	0.34

**PERFORMANCE**

Return after charges	6.99%	(7.98)%	19.90%
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**OTHER INFORMATION**

Closing net asset value (£'000)	134	129	68
Closing number of shares	97,036	99,696	48,540
Operating charges	1.52% <sup>1</sup>	1.52% <sup>1</sup>	1.52% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	147.39	144.27	142.07
Lowest share price	126.83	107.54	117.01

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.52%.

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	116.12	127.99	108.89
Return before operating charges*	10.03	(8.44)	23.52
Operating charges	(0.96)	(0.90)	(0.94)
Return after operating charges	9.07	(9.34)	22.58
Distributions	(2.96)	(2.53)	(3.48)
Closing net asset value per share	122.23	116.12	127.99
* after direct transaction costs of:	0.15	0.20	0.31

**PERFORMANCE**

Return after charges	7.81%	(7.30)%	20.74%
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**OTHER INFORMATION**

Closing net asset value (£'000)	88,489	69,625	73,562
Closing number of shares	72,392,798	59,960,536	57,474,286
Operating charges	0.77% <sup>1</sup>	0.77% <sup>1</sup>	0.77% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	132.32	131.83	131.45
Lowest share price	114.28	98.34	109.01

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 0.77%.

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> <b>pence per share</b>	<b>31.01.21</b> <b>pence per share</b>	<b>31.01.20</b> <b>pence per share</b>
Opening net asset value per share	133.81	144.32	119.47
Return before operating charges*	11.53	(9.49)	25.89
Operating charges	(1.11)	(1.02)	(1.04)
Return after operating charges	10.42	(10.51)	24.85
Distributions	(3.43)	(2.86)	(3.84)
Retained distributions on accumulation shares	3.43	2.86	3.84
Closing net asset value per share	144.23	133.81	144.32
* after direct transaction costs of:	0.17	0.23	0.34

**PERFORMANCE**

Return after charges	7.79%	(7.28)%	20.80%
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**OTHER INFORMATION**

Closing net asset value (£'000)	538	229	236
Closing number of shares	373,184	170,797	163,086
Operating charges	0.77% <sup>1</sup>	0.77% <sup>1</sup>	0.77% <sup>1</sup>
Direct transaction costs	0.12%	0.17%	0.25%

**PRICES**

Highest share price	153.99	148.63	146.28
Lowest share price	131.68	110.87	119.61

<sup>1</sup> With effect 1 April 2019, the Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 0.77%.



**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21<sup>1</sup></b> pence per share
Opening net asset value per share	97.69	100.00
Return before operating charges*	8.45	0.60
Operating charges	(0.91)	(0.79)
Return after operating charges	7.54	(0.19)
Distributions	(2.49)	(2.12)
Closing net asset value per share	102.74	97.69
* after direct transaction costs of:	0.13	0.16

**PERFORMANCE**

Return after charges	7.72%	(0.19)%
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**OTHER INFORMATION**

Closing net asset value (£'000)	124,549	121,759
Closing number of shares	121,230,878	124,633,875
Operating charges <sup>3</sup>	0.87%	0.87% <sup>2</sup>
Direct transaction costs	0.12%	0.17%

**PRICES**

Highest share price	111.22	103.67
Lowest share price	96.14	82.80

<sup>1</sup> From 28 February 2020.<sup>2</sup> Annualised figure due to share class launched less than 1 year.<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 0.87%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.22 pence per share	31.01.21 <sup>1</sup> pence per share
Opening net asset value per share	99.84	100.00
Return before operating charges*	8.60	0.63
Operating charges	(0.93)	(0.79)
Return after operating charges	7.67	(0.16)
Distributions	(2.56)	(2.14)
Retained distributions on accumulation shares	2.56	2.14
Closing net asset value per share	107.51	99.84
* after direct transaction costs of:	0.13	0.16

##### PERFORMANCE

Return after charges	7.68%	(0.16)%
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##### OTHER INFORMATION

Closing net asset value (£'000)	81,542	34,226
Closing number of shares	75,847,718	34,281,551
Operating charges <sup>3</sup>	0.87%	0.87% <sup>2</sup>
Direct transaction costs	0.12%	0.17%

##### PRICES

Highest share price	114.79	104.24
Lowest share price	98.24	82.80

<sup>1</sup> From 28 February 2020.

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

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 0.87%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Trojan Ethical Income Fund	6.31	19.08	33.10
FTSE All-Share Index (Total Return) <sup>1</sup>	18.90	21.66	30.20

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 166 to 168.

#### RISK WARNING

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

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UNITED KINGDOM – 72.05% (31.01.21 – 73.67%)		
	TECHNOLOGY – 2.18% (31.01.21 – 3.54%)		
	SOFTWARE AND COMPUTER SERVICES – 2.18% (31.01.21 – 3.54%)		
253,149	AVEVA	7,384	2.18
	HEALTH CARE – 4.67% (31.01.21 – 4.83%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 4.67% (31.01.21 – 4.83%)		
93,158	AstraZeneca	8,026	2.37
475,920	GlaxoSmithKline	7,818	2.30
	TOTAL HEALTH CARE	15,844	4.67
	FINANCIALS – 14.91% (31.01.21 – 19.08%)		
	FINANCE AND CREDIT SERVICES – 4.94% (31.01.21 – 3.43%)		
543,909	Experian	16,736	4.94
	INVESTMENT BANKING AND BROKERAGE SERVICES – 3.67% (31.01.21 – 6.31%)		
1,123,693	AJ Bell	3,776	1.12
921,752	IntegraFin	4,539	1.34
190,657	Schroders	4,109	1.21
		12,424	3.67
	CLOSED END INVESTMENTS – 2.70% (31.01.21 – 2.07%)		
1,551,009	3i Infrastructure <sup>1</sup>	5,359	1.58
2,273,135	International Public Partnership <sup>1</sup>	3,810	1.12
		9,169	2.70

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	LIFE INSURANCE – 2.06% (31.01.21 – 1.38%)		
460,008	St. James's Place	6,981	2.06
	NON-LIFE INSURANCE – 1.54% (31.01.21 – 5.89%)		
2,296,280	Sabre Insurance	5,213	1.54
	TOTAL FINANCIALS	50,523	14.91
	REAL ESTATE – 6.64% (31.01.21 – 4.95%)		
	REAL ESTATE INVESTMENT TRUSTS – 6.64% (31.01.21 – 4.95%)		
7,292,434	Assura	4,875	1.44
388,547	Big Yellow	5,793	1.71
3,095,075	LondonMetric Property	8,251	2.43
2,493,592	Primary Health Properties	3,581	1.06
	TOTAL REAL ESTATE	22,500	6.64
	CONSUMER DISCRETIONARY – 27.54% (31.01.21 – 28.85%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.74% (31.01.21 – 5.59%)		
1,397,673	PZ Cussons	2,684	0.79
279,187	Reckitt Benckiser	16,779	4.95
		19,463	5.74
	PERSONAL GOODS – 4.73% (31.01.21 – 5.54%)		
423,265	Unilever	16,031	4.73
	MEDIA – 7.00% (31.01.21 – 6.58%)		
1,369,204	Moneysupermarket.com	2,589	0.77
931,299	RELX	21,122	6.23
		23,711	7.00

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	RETAILERS – 3.43% (31.01.21 – 4.39%)		
104,731	Next	7,853	2.31
230,004	WH Smith	3,789	1.12
		<u>11,642</u>	<u>3.43</u>
	TRAVEL AND LEISURE – 6.64% (31.01.21 – 6.75%)		
560,400	Compass	9,350	2.76
2,103,308	Domino's Pizza	8,131	2.40
102,995	InterContinental Hotels	5,005	1.48
		<u>22,486</u>	<u>6.64</u>
	TOTAL CONSUMER DISCRETIONARY	<u>93,333</u>	<u>27.54</u>
	CONSUMER STAPLES – 1.63% (31.01.21 – 1.84%)		
	BEVERAGES – 1.63% (31.01.21 – 1.84%)		
258,935	Fever-Tree Drinks	<u>5,520</u>	<u>1.63</u>
	INDUSTRIALS – 7.01% (31.01.21 – 5.04%)		
	INDUSTRIAL ENGINEERING – 2.36% (31.01.21 – 2.26%)		
2,368,898	Rotork	<u>7,988</u>	<u>2.36</u>
	INDUSTRIAL SUPPORT SERVICES – 4.65% (31.01.21 – 2.78%)		
287,445	Diploma	7,910	2.33
147,260	Intertek	7,867	2.32
		<u>15,777</u>	<u>4.65</u>
	TOTAL INDUSTRIALS	<u>23,765</u>	<u>7.01</u>

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	BASIC MATERIALS – 4.78% (31.01.21 – 3.31%)		
	CHEMICALS – 4.78% (31.01.21 – 3.31%)		
116,593	Croda International	9,295	2.74
338,207	Victrix	6,906	2.04
	TOTAL BASIC MATERIALS	16,201	4.78
	UTILITIES – 2.69% (31.01.21 – 2.23%)		
	GAS, WATER AND MULTI-UTILITIES – 2.69% (31.01.21 – 2.23%)		
843,348	National Grid	9,105	2.69
	TOTAL UNITED KINGDOM	244,175	72.05
	CONTINENTAL EUROPE – 7.97% (31.01.21 – 9.81%)		
129,901	Nestlé	12,383	3.65
102,995	Novartis	6,606	1.95
28,063	Roche	8,017	2.37
	TOTAL CONTINENTAL EUROPE	27,006	7.97
	UNITED STATES OF AMERICA – 16.86% (31.01.21 – 13.01%)		
77,246	American Express	10,356	3.06
48,026	CME	8,209	2.42
54,860	Colgate-Palmolive	3,370	0.99
85,058	Medtronic	6,558	1.94
151,310	Paychex	13,273	3.92
78,693	Procter & Gamble	9,411	2.78
35,296	Visa	5,945	1.75
	TOTAL UNITED STATES OF AMERICA	57,122	16.86

**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	Portfolio of investments	328,303	96.88
	Net other assets	10,563	3.12
	Net assets	338,866	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

The securities held within the United Kingdom section of the Portfolio Statement have been shown under the new Industry Classification Benchmarks, which were adopted by all FTSE indices with effect from 22 March 2021. Comparatives have been restated where necessary.

<sup>1</sup> Closed end fund.



**TROJAN ETHICAL INCOME FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)	104,035	Total sales for the year £'000 (note 15)	55,999
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
CME	7,386	Hiscox	5,364
Croda International	7,218	Fielmann	5,347
Diploma	7,084	Lancashire	4,747
Experian	5,887	Hargreaves Lansdown	4,109
Reckitt Benckiser	5,832	Colgate-Palmolive	4,058
Big Yellow	5,600	Equiniti	4,004
RELX	4,109	Compass	3,164
Unilever	3,510	AVEVA	2,451
Paychex	2,681	American Express	2,087
Nestlé	2,485	AstraZeneca	1,910

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains/(losses)	3		15,941		(15,798)
Revenue	4	8,011		5,618	
Expenses	5	(2,699)		(2,143)	
Net revenue before taxation		5,312		3,475	
Taxation	6	(327)		(273)	
Net revenue after taxation			4,985		3,202
<b>Total return before distributions</b>			20,926		(12,596)
Distributions	7		(7,402)		(5,109)
<b>Change in net assets attributable to shareholders from investment activities</b>			13,524		(17,705)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2022

	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>		273,896		203,505
Amounts receivable on issue of shares	108,967		142,566	
Amounts payable on redemption of shares	(59,884)		(55,777)	
		49,083		86,789
Change in net assets attributable to shareholders from investment activities		13,524		(17,705)
Retained distributions on Accumulation shares		2,363		1,307
<b>Closing net assets attributable to shareholders</b>		338,866		273,896

# TROJAN ETHICAL INCOME FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		328,303	264,294
<b>Current assets</b>			
Debtors	8	3,924	13,358
Cash and bank balances	9	10,637	2
<b>Total assets</b>		<u>342,864</u>	<u>277,654</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Bank overdraft	9	–	(176)
Distribution payable	10	(3,173)	(2,431)
Other creditors	10	(825)	(1,151)
<b>Total liabilities</b>		<u>(3,998)</u>	<u>(3,758)</u>
<b>Net assets attributable to shareholders</b>		<u>338,866</u>	<u>273,896</u>

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2022

### 1. Accounting Policies

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

### 2. Distribution Policies

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below had also been applied to this Fund.

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

### 3. Net Capital Gains/(Losses)

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

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	15,973	(15,203)
Forward currency contracts	—	(557)
Transaction charges	(6)	(6)
Currency losses	(26)	(32)
Net capital gains/(losses)	15,941	(15,798)

### 4. Revenue

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	7,471	5,181
UK property income distributions	540	430
Bank interest	—	7
Total revenue	8,011	5,618

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,642	2,098
Legal and professional fees	19	18
Typesetting costs	3	3
Registration fees	93	73
	2,757	2,192
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	66	58
Safe custody and other bank charges	19	17
	85	75
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Legal and professional fees	3	(7)
Refund of expenses	(161)	(132)
	(143)	(124)
Total expenses	2,699	2,143

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

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	327	273
Current tax charge	327	273
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	327	273

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	5,312	3,475
Corporation tax at 20%	1,062	695
Effects of:		
Non-taxable dividends	(1,494)	(1,036)
Unutilised excess management expenses	432	341
Corporation tax charge	–	–
Overseas tax	327	273
Total tax charge (note 6a)	327	273

## c) Deferred tax

At the year end there is a potential deferred tax asset of £1,282,000 (31.01.21: £850,000) 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.

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	3,056	2,704
Final	4,679	3,086
	<u>7,735</u>	<u>5,790</u>
Add: Revenue deducted on redemption of shares	534	460
Deduct: Revenue received on issue of shares	<u>(867)</u>	<u>(1,141)</u>
Net distributions for the year	<u>7,402</u>	<u>5,109</u>

Details of the distributions per share are set out in the table on pages 166 to 168.

	31.01.22 £'000	31.01.21 £'000
Net revenue after taxation	4,985	3,202
Allocations to capital:		
Expenses, net of tax relief	2,417	1,914
Equalisation on conversions <sup>1</sup>	<u>—</u>	<u>(7)</u>
Net distributions for the year	<u>7,402</u>	<u>5,109</u>

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	1,166	12,845
Sales awaiting settlement	1,791	16

<sup>1</sup> 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.

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Accrued revenue:		
Non-taxable dividends	870	420
Prepaid expenses	1	1
Amounts due from the Investment Manager:		
Refund of expenses	96	76
Total debtors	3,924	13,358

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	10,637	2
Total cash and bank balances	10,637	2
Bank overdraft	—	176
Total bank overdraft	—	176

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	3,173	2,431
<b>Other Creditors</b>		
Amounts payable for redemption of shares	366	270
Purchases awaiting settlement	178	654



**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	248	198
Legal and professional fees	2	2
Typesetting costs	2	1
Registration fees	9	7
	261	208
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	6	5
Transaction charges	1	1
Safe custody and other bank charges	3	3
	10	9
Other expenses	10	10
Total other creditors	825	1,151

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 151 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 77,260 (31.01.21: 77,260) of the Fund's shares at the balance sheet date.

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**13. Shares in Issue**

	<b>'O'</b> Income	<b>'O'</b> Accumulation	<b>'I'</b> Income	<b>'I'</b> Accumulation
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	20,757,356	18,213,415	28,279	99,696
Issues	4,379,908	8,499,427	18,928	10,549
Redemptions	(7,389,189)	(5,422,487)	(1,047)	(13,209)
Conversions	(4,817,896)	(1,593,445)	(18,064)	–
Closing shares in issue	<u>12,930,179</u>	<u>19,696,910</u>	<u>28,096</u>	<u>97,036</u>

	<b>'S'</b> Income	<b>'S'</b> Accumulation	<b>'X'</b> Income	<b>'X'</b> Accumulation
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	59,960,536	170,797	124,633,875	34,281,551
Issues	19,098,591	222,387	15,597,994	48,244,049
Redemptions	(6,666,329)	(20,000)	(24,802,507)	(8,664,622)
Conversions	–	–	5,801,516	1,986,740
Closing shares in issue	<u>72,392,798</u>	<u>373,184</u>	<u>121,230,878</u>	<u>75,847,718</u>

**14. Risk Management Policies**

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

## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

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

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

#### (A) CREDIT RISK

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

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

There were no forward currency contracts held at the balance sheet date.

#### (B) INTEREST RATE RISK

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

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

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(C) FOREIGN CURRENCY RISK**

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

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000	31.01.21 £'000
Currency:		
Euros	–	6,176
Swiss francs	27,006	20,687
US dollars	59,138	35,819
	<u>86,144</u>	<u>62,682</u>
Pounds sterling	252,722	211,214
Net assets	<u>338,866</u>	<u>273,896</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £4,307,000 on the net assets of the Fund (31.01.21: £3,134,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

Based on this analysis 91.62% of the portfolio can be liquidated within 5 days and 99.26% within 21 working days (31.01.21: 97.28% within 5 days and 100.00% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £16,415,000 (31.01.21: £13,215,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Fund held no derivatives of a material nature in the current or prior year.

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	100,234	34	321	100,589
Collective investment schemes	3,445	1	–	3,446
Purchases total	<u>103,679</u>	<u>35</u>	<u>321</u>	<u>104,035</u>
<i>Transaction cost % of purchases total</i>		<i>0.03%</i>	<i>0.31%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.10%</i>	
Ordinary shares	55,627	(21)	–	55,606
Collective investment schemes	393	–	–	393
Sales total	<u>56,020</u>	<u>(21)</u>	<u>–</u>	<u>55,999</u>
<i>Transaction cost % of sales total</i>		<i>0.04%</i>	<i>–</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>–</i>	

Average portfolio dealing spread at 31.01.22 is 0.07% (31.01.21: 0.08%).

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	120,678	47	361	121,086
Collective investment schemes	1,335	1	–	1,336
Purchases total	122,013	48	361	122,422
<i>Transaction cost % of purchases total</i>		0.04%	0.30%	
<i>Transaction cost % of average NAV</i>		0.02%	0.15%	
Ordinary shares	32,403	(11)	(1)	32,391
Collective investment schemes	1,266	(1)	–	1,265
Sales total	33,669	(12)	(1)	33,656
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include closed end funds and exchange traded commodities.

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

All investments held in the current and prior year are ordinary shares and collective investment schemes categorised as Level 1.

**TROJAN ETHICAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**17. Subsequent Events**

Since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	23.05.22	Movement
'O' Income	121.55	115.01	(5.38)%
'O' Accumulation	141.52	135.76	(4.07)%
'I' Income	118.77	112.20	(5.53)%
'I' Accumulation	137.32	131.52	(4.22)%
'S' Income	123.35	116.81	(5.30)%
'S' Accumulation	143.56	137.81	(4.01)%
'X' Income	103.68	98.14	(5.34)%
'X' Accumulation	107.01	102.69	(4.04)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 26 May 2022.



## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 January 2022 – in pence per share

#### EQUALISATION

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

Group 2	Interim	Final
From	01.02.21	01.08.21
To	31.07.21	31.01.22

#### 'O' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	1.2500	–	1.2500	1.2000
Group 2	0.6588	0.5912	1.2500	1.2000

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	1.6731	–	1.6731	1.2961
Group 2	0.6882	0.9849	1.6731	1.2961

#### 'O' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	1.4401	–	1.4401	1.3560
Group 2	0.5604	0.8797	1.4401	1.3560

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	1.9436	–	1.9436	1.4749
Group 2	0.8096	1.1340	1.9436	1.4749

## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

#### 'I' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	1.2321	–	1.2321	1.0104
Group 2	0.7015	0.5306	1.2321	1.0104
Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	1.6407	–	1.6407	1.2560
Group 2	0.6251	1.0156	1.6407	1.2560

#### 'I' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	1.4036	–	1.4036	1.3283
Group 2	–	1.4036	1.4036	1.3283
Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	1.8889	–	1.8889	1.4410
Group 2	1.0036	0.8853	1.8889	1.4410

#### 'S' INCOME SHARES (REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	1.2658	–	1.2658	1.2150
Group 2	–	1.2658	1.2658	1.2150
Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	1.6957	–	1.6957	1.3129
Group 2	0.5207	1.1750	1.6957	1.3129

# TROJAN ETHICAL INCOME FUND

## FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

#### 'S' ACCUMULATION SHARES (REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	1.4590	–	1.4590	1.3695
Group 2	1.1404	0.3186	1.4590	1.3695

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	1.9697	–	1.9697	1.4912
Group 2	1.9697	0.0000	1.9697	1.4912

#### 'X' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	1.0647	–	1.0647	1.0176
Group 2	0.6393	0.4254	1.0647	1.0176

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	1.4260	–	1.4260	1.1026
Group 2	0.4996	0.9264	1.4260	1.1026

#### 'X' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	1.0882	–	1.0882	1.0272
Group 2	0.3310	0.7572	1.0882	1.0272

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	1.4684	–	1.4684	1.1149
Group 2	0.5273	0.9411	1.4684	1.1149

## **TROJAN GLOBAL INCOME FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Trojan Global Income Fund ('the Fund') is to seek to achieve income with the potential for capital growth in the medium term (3 to 5 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The Fund's investment policy is to invest at least 80% of its assets globally in equities (including investment trusts and real estate investment trusts ('REITs')) and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities). The Fund may also invest in government and public securities (such as sovereign debt and treasury bills), corporate bonds, real estate (via REITs), private equity, cash, cash equivalents (including money-market instruments) and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to real estate will be indirect.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

### **Benchmarks**

The Fund's comparator benchmarks are the MSCI World Index (Net Return) and the Investment Association Global Equity Income Sector (Net Return).

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): MSCI World Index (Net Return) is used as a comparator which may assist investors in evaluating the Fund's performance against global equity returns. The Fund also uses the Investment Association Global Equity Income Sector (Net Return) as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

**LINK FUND SOLUTIONS LIMITED**

ACD of Trojan Global Income Fund

26 May 2022

## **TROJAN GLOBAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT**

#### **for the year ended 31 January 2022**

#### **Market Review**

2021 started with hope that the worst of the pandemic was behind us and that the global economy would gradually reopen as the year progressed. However, whilst COVID-19 vaccines helped limit the severity of disease, the emergence of new variants throughout the year delayed a return to normality. In equity markets, early enthusiasm for companies negatively impacted by shutdown orders in 2020 was replaced by the continued strong performance of US equities in general, and technology staples such as Alphabet and Microsoft in particular. By contrast, more speculative and higher growth companies, including Peloton and Zoom Video Communications, reversed some of their gains from the previous year as investors questioned the sustainability of their growth.

The beginning of 2022 found investors in a circumspect mood. Whilst investors dismissed rising inflation as transitory for much of 2021, there is now far greater concern that higher inflation is here to stay and that this will result in sharply rising interest rates. Against this backdrop, equity markets witnessed a significant rotation during January, as the share prices of many growth stocks fell precipitously whilst more lowly-valued parts of the market, including financials and energy, performed well.

#### **Portfolio**

The portfolio generated a strong return over the period under review rising by 15.2% which compares unfavourably to the peer group return of 15.9% and slightly behind the broader index return of 19.3%. Strong contributions to performance were seen from the Consumer Staples and Information Technology sectors including from Philip Morris and British American Tobacco as well as Paychex and Microsoft. Equally the same sectors appeared in the key detractors to performance with companies such as Unilever, Clorox, Nintendo and Western Union proving disappointing.

Activity in the portfolio was very limited. We sold our holdings in IG Group and Verizon and established new investments in Boston Properties and Nintendo. Furthermore, and unusually, we bought and sold shares in Hargreaves Lansdown during the year.

IG Group is the UK's leading spread betting platform with a dominant market share and resultant tight dealing spreads conferring a sustainable competitive advantage. In addition to the core UK trading business the company has a number of other avenues of growth which we did not think were adequately reflected in the valuation of the shares. We have held IG in the portfolio since 2016 having established an investment at a very attractive valuation owing to regulatory concerns that we expected to dissipate over time. During the holding period the shares appreciated by 91.5% compared to 53.0% for the MSCI World Index (Net Return) over the same period. A successful investment.

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

The sale is disappointing as the conditions under which this company thrives are precisely those we observed at the time of the sale in February 2021. Macro-economic uncertainty led to elevated levels of volatility which delivered opportunities for market participants to trade. Against this backdrop we considered the shares to be inexpensive and well set for some strong performance. Our hope was that excess cash flow would be used to fund a special dividend or reduce the share count to the benefit of existing shareholders. Instead, the management team executed what we think is a questionable capital allocation decision, part-funded by equity, and without seeking approval from shareholders.

The company agreed to pay \$1bn to acquire a relatively newly established US online options and futures brokerage and "trader education" company called Tastytrade. The price represented a full multiple at 8.6x 2020 sales – sales which are likely to have been bolstered by widespread speculative activity seen in the US market among retail investors. We feared this would turn out to be the wrong asset, bought at the wrong price, at the wrong time. Further, despite material equity issuance, existing shareholders were not given a vote to approve the deal.

We engaged with the company, including with the management team and the Chairman of the Board, expressing our reservations about the deal and the governance issues surrounding the lack of a shareholder vote. Having received no comfort on either count we sold the shares. We think there is a reasonable risk that the value of the acquired asset may be written down in the coming years.

The proceeds were used to increase our holding in CME group and establish a new investment in Hargreaves Lansdown ('HL').

HL describe themselves as "the UK's no.1 investment platform for private investors" which we think is fair. It is an excellent business operating in a very attractive market.

A number of structural tailwinds such as pension legislation, stretched government finances, demographics and increased levels of digital and investment sophistication are leading to a growing number of people taking increased control of their investment lives. As the dominant operator in this industry HL is well placed to take advantage of these trends.

Scale and longevity have enabled the company to build a large, loyal customer base allowing them to invest in technology, delivering excellent customer service. As a result, they have enjoyed pricing power, driving excellent financial productivity without recourse to debt.

Despite their size, HL represents a relatively small percentage of a growing market. Returns on capital and revenue growth have been declining from elevated levels but remained sufficiently strong for us to regard this as a very attractive long-term investment.

We were able to buy the shares when trading at an unlevered 4.4% free cash flow yield. This valuation combined with a clear run way for growth, meant we expected good returns for years to come.

Unfortunately developments during the year caused us to change our mind. This was a nuanced investment decision as we still think much of the investment case laid out above remains valid. The problem is that increasing competition is putting pressure on pricing. This was exemplified in the quarter by an announcement by rival, AJ

## **TROJAN GLOBAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT** *continued*

Bell, that they would be launching a commission-free investing platform named DODL. The initial holding was small reflecting the full valuation of the shares with a view to scaling the investment should the valuation become more attractive. As we have become incrementally more negative and in the context of a still full valuation, we decided to sell.

We sold our holding in Verizon to fund a new investment in Boston Properties ('BXP'). BXP is the largest office REIT in the US, with prime properties in five coastal cities – Boston, New York, Washington, Los Angeles and San Francisco. Our belief was, and remains, that the widely-held view of the need for materially less prime office space post COVID-19 will ultimately prove to be overstated. By way of example a survey run by KPMG in March 2021 showed that only 17% of CEOs plan to reduce office space, compared to 69% in August 2020. The reality is that knowledge-based economies benefit from network effects requiring face-to-face interaction which requires offices. In the meantime, BXP has a strong financial position, with ample liquidity and no debt maturities for the next two years.

With BXP yielding 3.6%, we were able to replace a high-yielding company (Verizon) with a higher quality asset with minimal impact on the Fund's income generation.

Finally, we made a new investment in Nintendo. This is the legendary Japanese company that brought us Mario, the Game Boy and most recently the Switch console. Despite Nintendo's unrivalled intellectual property, the company has struggled over the years to produce reliable and growing earnings. Today, the renewed focus on one platform, digital content and ancillary opportunities means that Nintendo will be able to generate more money from its growing fan base. The Nintendo Switch, launched four years ago, is on track to become one of the most successful consoles of all time. Gamers are increasingly buying games digitally, which benefits the company's margins. The core gaming business is healthy and is generating increasing and more stable profits. Nintendo is also quietly transforming into an entertainment company. Super Nintendo World, a theme park, just opened in Osaka and Orlando. A new Super Mario movie is in the works in collaboration with Illumination, the animation studio behind the Minions. In our view investors continue to underappreciate the changes that have happened at Nintendo over the last few years. As a result, we were able to initiate our investment at attractive valuation levels, with the shares trading on less than 19x earnings and offering a 2.8% dividend yield.

Notwithstanding the above changes the overall shape of the portfolio is largely unchanged. Sectors that have a low degree of cyclicity and capital intensity such as consumer staples, healthcare and technology represent a large part of the Fund with limited exposure to those that have less attractive long-term characteristics.

## **TROJAN GLOBAL INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT** *continued*

#### **Outlook**

Equity markets trade at elevated valuations compared to history and now face the headwind of less accommodative monetary and fiscal policy owing to inflation fears. This leads us to have a relatively cautious stance. We continue to invest in a concentrated, high quality and reasonably valued portfolio that we believe will generate a resilient and growing level of free cash flow and income throughout the investment cycle. Further we are monitoring a select group of companies which we would like to add to the portfolio should valuations allow. Therefore, despite our concerns about the broader market backdrop we are confident in the positioning of the Fund and its ability to fund an attractive and growing income stream as well as long term capital growth.

#### **TROY ASSET MANAGEMENT LIMITED**

Investment Manager

7 March 2022



## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. 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 Fund has been classed as 5 because its volatility has been measured as above average.

This indicator 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 change over time. Number 1 on the scale does not mean that a fund is risk free.

**Currency risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Property fund investment risk:** Property funds can become illiquid increasing the risk that a position cannot be sold in a timely manner or at a reasonable price.

**Counterparty risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Derivative risk:** A derivative may not perform as expected and may create losses greater than its cost.

**Changes in interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

**Income risk:** The amount of income is not guaranteed.

**Charges to capital risk:** As charges are taken from capital, this will erode capital and may constrain capital growth.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	113.81	120.07	104.01
Return before operating charges*	20.74	(1.59)	20.57
Operating charges	(1.12)	(1.08)	(1.09)
Return after operating charges	19.62	(2.67)	19.48
Distributions	(3.49)	(3.59)	(3.42)
Closing net asset value per share	129.94	113.81	120.07
* after direct transaction costs of:	0.07	0.17	0.08

**PERFORMANCE**

Return after charges	17.24%	(2.22)%	18.73%
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**OTHER INFORMATION**

Closing net asset value (£'000)	354,363	237,146	92,607
Closing number of shares	272,722,021	208,376,031	77,125,905
Operating charges	0.90%	0.92%	0.94%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	135.16	124.57	123.51
Lowest share price	110.83	101.27	104.50

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	129.32	132.21	111.23
Return before operating charges*	23.76	(1.69)	22.16
Operating charges	(1.28)	(1.20)	(1.18)
Return after operating charges	22.48	(2.89)	20.98
Distributions	(4.01)	(4.00)	(3.70)
Retained distributions on accumulation shares	4.01	4.00	3.70
Closing net asset value per share	151.80	129.32	132.21
* after direct transaction costs of:	0.08	0.19	0.09

**PERFORMANCE**

Return after charges	17.38%	(2.19)%	18.86%
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**OTHER INFORMATION**

Closing net asset value (£'000)	172,781	116,261	55,122
Closing number of shares	113,820,428	89,902,712	41,694,193
Operating charges	0.90%	0.92%	0.94%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	157.03	137.15	135.19
Lowest share price	125.94	111.50	111.75

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	111.44	118.04	102.64
Return before operating charges*	20.41	(1.39)	20.48
Operating charges	(1.69)	(1.63)	(1.64)
Return after operating charges	18.72	(3.02)	18.84
Distributions	(3.43)	(3.58)	(3.44)
Closing net asset value per share	126.73	111.44	118.04
* after direct transaction costs of:	0.07	0.16	0.08

**PERFORMANCE**

Return after charges	16.80%	(2.56)%	18.36%
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**OTHER INFORMATION**

Closing net asset value (£'000)	9	–	–
Closing number of shares	7,309	250	250
Operating charges	1.39%	1.42%	1.44%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	131.88	122.45	121.45
Lowest share price	108.50	99.50	103.12

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	126.59	130.07	109.98
Return before operating charges*	23.22	(1.66)	21.87
Operating charges	(1.95)	(1.82)	(1.78)
Return after operating charges	21.27	(3.48)	20.09
Distributions	(3.91)	(3.93)	(3.65)
Retained distributions on accumulation shares	3.91	3.93	3.65
Closing net asset value per share	147.86	126.59	130.07
* after direct transaction costs of:	0.08	0.18	0.09

**PERFORMANCE**

Return after charges	16.80%	(2.68)%	18.27%
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**OTHER INFORMATION**

Closing net asset value (£'000)	2,651	2,362	3,077
Closing number of shares	1,792,794	1,865,731	2,365,483
Operating charges	1.40%	1.42%	1.44%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	153.02	134.92	133.03
Lowest share price	123.24	109.62	110.49

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	114.28	120.45	104.24
Return before operating charges*	20.83	(1.61)	20.61
Operating charges	(1.00)	(0.96)	(0.97)
Return after operating charges	19.83	(2.57)	19.64
Distributions	(3.51)	(3.60)	(3.43)
Closing net asset value per share	130.60	114.28	120.45
* after direct transaction costs of:	0.07	0.17	0.08

**PERFORMANCE**

Return after charges	17.35%	(2.13)%	18.84%
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**OTHER INFORMATION**

Closing net asset value (£'000)	12,280	11,048	17,962
Closing number of shares	9,402,804	9,667,174	14,912,928
Operating charges	0.80%	0.82%	0.84%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	135.84	124.96	123.90
Lowest share price	111.30	101.60	104.72

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> <b>pence per share</b>	<b>31.01.21</b> <b>pence per share</b>	<b>31.01.20</b> <b>pence per share</b>
Opening net asset value per share	129.07	131.82	110.82
Return before operating charges*	23.72	(1.68)	22.04
Operating charges	(1.13)	(1.07)	(1.04)
Return after operating charges	22.59	(2.75)	21.00
Distributions	(4.00)	(3.98)	(3.71)
Retained distributions on accumulation shares	4.00	3.98	3.71
Closing net asset value per share	151.66	129.07	131.82
* after direct transaction costs of:	0.08	0.19	0.09

**PERFORMANCE**

Return after charges	17.50%	(2.09)%	18.95%
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**OTHER INFORMATION**

Closing net asset value (£'000)	27	23	6
Closing number of shares	17,900	17,900	4,460
Operating charges	0.79%	0.82%	0.83%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	156.87	136.76	134.79
Lowest share price	125.71	111.19	111.33

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'F' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	114.29	120.46	104.24
Return before operating charges*	20.83	(1.60)	20.62
Operating charges	(1.00)	(0.96)	(0.97)
Return after operating charges	19.83	(2.56)	19.65
Distributions	(3.51)	(3.61)	(3.43)
Closing net asset value per share	130.61	114.29	120.46
* after direct transaction costs of:	0.07	0.17	0.08

**PERFORMANCE**

Return after charges	17.35%	(2.13)%	18.85%
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**OTHER INFORMATION**

Closing net asset value (£'000)	75,129	62,643	47,729
Closing number of shares	57,521,897	54,813,365	39,622,952
Operating charges	0.80%	0.82%	0.84%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	135.84	124.97	123.90
Lowest share price	111.31	101.61	104.72



**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'F' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	129.84	132.60	111.45
Return before operating charges*	23.87	(1.69)	22.20
Operating charges	(1.15)	(1.07)	(1.05)
Return after operating charges	22.72	(2.76)	21.15
Distributions	(4.03)	(4.01)	(3.71)
Retained distributions on accumulation shares	4.03	4.01	3.71
Closing net asset value per share	152.56	129.84	132.60
* after direct transaction costs of:	0.08	0.19	0.09

**PERFORMANCE**

Return after charges	17.50%	(2.08)%	18.98%
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**OTHER INFORMATION**

Closing net asset value (£'000)	2,425	1,299	1,326
Closing number of shares	1,589,937	1,000,250	1,000,250
Operating charges	0.80%	0.82%	0.84%
Direct transaction costs	0.06%	0.14%	0.07%

**PRICES**

Highest share price	157.80	137.57	135.59
Lowest share price	126.45	111.85	111.97

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Trojan Global Income Fund	15.26	36.60	52.44
MSCI World Index (Net Return) <sup>1</sup>	19.27	55.30	74.66
Investment Association Global Equity Income Sector (Net Return) <sup>1</sup>	15.88	36.74	46.73

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 200 to 205.

#### RISK WARNING

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

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UNITED KINGDOM – 30.60% (31.01.21 – 31.40%)		
1,231,002	British American Tobacco	38,937	6.28
703,278	Diageo	26,183	4.23
4,411,121	Domino's Pizza	17,053	2.75
1,070,992	GlaxoSmithKline	17,594	2.84
335,462	Imperial Brands	5,876	0.95
161,059	InterContinental Hotels	7,826	1.26
461,114	Reckitt Benckiser	27,713	4.47
882,246	RELX	20,009	3.23
750,395	Unilever	28,421	4.59
	TOTAL UNITED KINGDOM	189,612	30.60
	CONTINENTAL EUROPE – 11.78% (31.01.21 – 14.78%)		
135,408	Nestlé	12,908	2.08
318,499	Novartis	20,428	3.30
78,781	Roche	22,506	3.63
409,918	Vonovia	17,146	2.77
	TOTAL CONTINENTAL EUROPE	72,988	11.78
	NORTH AMERICA – 53.10% (31.01.21 – 50.65%)		
43,076	Accenture	11,344	1.83
163,104	Automatic Data Processing	25,053	4.04
116,944	Boston Properties	9,768	1.58
437,026	Cisco Systems	18,127	2.92
53,347	Clorox	6,675	1.08
166,189	CME	28,406	4.58
162,076	Coca-Cola	7,368	1.19
316,977	Fastenal	13,382	2.16
92,321	Hershey	13,560	2.19
161,059	Johnson & Johnson	20,675	3.34
67,688	McDonald's	13,082	2.11
253,380	Medtronic	19,535	3.15
104,946	Microsoft	24,306	3.92
347,748	Paychex	30,505	4.92

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
215,619	PepsiCo	27,880	4.50
431,875	Philip Morris International	33,107	5.34
150,295	Procter & Gamble	17,974	2.90
591,906	Western Union	8,343	1.35
	TOTAL NORTH AMERICA	329,090	53.10
	ASIA – 3.58% (31.01.21 – 2.08%)		
1,631,069	Link REIT	10,399	1.68
32,425	Nintendo	11,780	1.90
	TOTAL ASIA	22,179	3.58
	Portfolio of investments	613,869	99.06
	Net other assets	5,796	0.94
	Net assets	619,665	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market.

**TROJAN GLOBAL INCOME FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 16)	176,928	Total sales for the year £'000 (note 16)	65,136
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
RELX	25,498	RELX	18,746
CME	14,001	Verizon Communications	9,545
Nintendo	13,021	Hargreaves Lansdown	6,738
Boston Properties	9,243	IG	6,102
Diageo	9,004	Roche	5,038
Hargreaves Lansdown	8,315	Cisco Systems	1,871
Reckitt Benckiser	8,165	Vonovia	1,708
British American Tobacco	6,682	PepsiCo	1,663
Unilever	6,455	Paychex	1,653
Philip Morris International	5,983	Novartis	1,517

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains/(losses)	3		76,093		(14,193)
Revenue	4	17,539		10,764	
Expenses	5	(5,014)		(2,963)	
Interest payable and similar charges	7	—		(1)	
Net revenue before taxation		12,525		7,800	
Taxation	6	(1,373)		(859)	
Net revenue after taxation			11,152		6,941
<b>Total return before distributions</b>			87,245		(7,252)
Distributions	8		(15,864)		(9,682)
<b>Change in net assets attributable to shareholders from investment activities</b>			71,381		(16,934)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2022

	Note	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>			430,782		217,829
Amounts receivable on issue of shares		193,492		259,323	
Amounts payable on redemption of shares		(80,422)		(32,781)	
			113,070		226,542
Dilution levy	1(H)		121		85
Change in net assets attributable to shareholders from investment activities			71,381		(16,934)
Retained distributions on Accumulation shares			4,311		3,260
<b>Closing net assets attributable to shareholders</b>			619,665		430,782

# TROJAN GLOBAL INCOME FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		613,869	426,065
<b>Current assets</b>			
Debtors	9	1,588	5,216
Cash and bank balances	10	7,437	9,163
<b>Total assets</b>		<u>622,894</u>	<u>440,444</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	11	(2,444)	(1,911)
Other creditors	11	(785)	(7,751)
<b>Total liabilities</b>		<u>(3,229)</u>	<u>(9,662)</u>
<b>Net assets attributable to shareholders</b>		<u>619,665</u>	<u>430,782</u>

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2022

### 1. Accounting Policies

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

### 2. Distribution Policies

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

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

### 3. Net Capital Gains/(Losses)

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

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	76,084	(13,526)
Forward currency contracts	(5)	–
Transaction charges	(1)	(3)
Currency gains/(losses)	15	(664)
Net capital gains/(losses)	<u>76,093</u>	<u>(14,193)</u>

### 4. Revenue

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	16,908	10,448
Taxable dividends	631	308
Bank interest	–	8
Total revenue	<u>17,539</u>	<u>10,764</u>



**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,752	2,744
Legal and professional fees	19	18
Typesetting costs	3	3
Registration fees	100	86
	4,874	2,851
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	97	68
Safe custody and other bank charges	25	23
	122	91
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Legal and professional fees	3	6
	18	21
Total expenses	5,014	2,963

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

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,373	859
Current tax charge	1,373	859
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	1,373	859

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	12,525	7,800
Corporation tax at 20%	2,505	1,560
Effects of:		
Non-taxable dividends	(3,381)	(2,090)
Prior year adjustment	–	(1)
Capitalised income subject to tax	11	–
Unutilised excess management expenses	872	531
Foreign tax expensed	(7)	–
Corporation tax charge	–	–
Overseas tax	1,373	859
Total tax charge (note 6a)	1,373	859

## c) Deferred tax

At the year end there is a potential deferred tax asset of £2,077,000 (31.01.21: £1,205,000) 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.

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Interest Payable and Similar Charges**

	31.01.22 £'000	31.01.21 £'000
Interest payable	—	1
Total interest payable and similar charges	—	1

**8. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
First Interim	5,138	2,311
Second Interim	3,568	2,203
Third Interim	3,967	3,369
Final	3,423	2,643
	16,096	10,526
Add: Revenue deducted on redemption of shares	257	114
Deduct: Revenue received on issue of shares	(489)	(958)
Net distributions for the year	15,864	9,682

Details of the distributions per share are set out in the table on pages 200 to 205.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net revenue after taxation	11,152	6,941
Allocations to capital:		
Annual Management Charge, net of tax relief	4,712	2,741
Net distributions for the year	15,864	9,682

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**9. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	646	2,513
Sales awaiting settlement	–	1,698
Accrued revenue:		
Non-taxable dividends	941	960
Prepaid expenses	1	2
Taxation recoverable:		
Overseas withholding tax	–	43
Total debtors	<u>1,588</u>	<u>5,216</u>

**10. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	<u>7,437</u>	<u>9,163</u>
Total cash and bank balances	<u>7,437</u>	<u>9,163</u>

**11. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	<u>2,444</u>	<u>1,911</u>
<b>Other Creditors</b>		
Amounts payable for redemption of shares	295	7,398

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	444	320
Legal and professional fees	12	3
Typesetting costs	2	1
Registration fees	8	8
	466	332
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	7
Safe custody and other bank charges	5	4
	14	11
Other expenses	10	10
Total other creditors	785	7,751

**12. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 187 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 353,503 (31.01.21: 1,366,596) of the Fund's shares at the balance sheet date.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date there were no shareholders which held in excess of 20% of the shares in issue of the Fund.

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**13. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**14. Shares in Issue**

	<b>'O'</b> Income	<b>'O'</b> Accumulation	<b>'I'</b> Income	<b>'I'</b> Accumulation
Annual Management Charge	0.85%	0.85%	1.35%	1.35%
Opening shares in issue	208,376,031	89,902,712	250	1,865,731
Issues	97,012,281	50,533,781	7,595	365,491
Redemptions	(32,740,046)	(26,551,927)	(536)	(438,428)
Conversions	73,755	(64,138)	–	–
Closing shares in issue	<u>272,722,021</u>	<u>113,820,428</u>	<u>7,309</u>	<u>1,792,794</u>

	<b>'S'</b> Income	<b>'S'</b> Accumulation	<b>'F'</b> Income	<b>'F'</b> Accumulation
Annual Management Charge	0.75%	0.75%	0.75%	0.75%
Opening shares in issue	9,667,174	17,900	54,813,365	1,000,250
Issues	34,118	–	3,165,532	589,687
Redemptions	(298,488)	–	(457,000)	–
Conversions	–	–	–	–
Closing shares in issue	<u>9,402,804</u>	<u>17,900</u>	<u>57,521,897</u>	<u>1,589,937</u>

**15. Risk Management Policies**

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

## TROJAN GLOBAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

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

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

#### (A) CREDIT RISK

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

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

#### (B) INTEREST RATE RISK

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

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

#### (C) FOREIGN CURRENCY RISK

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

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

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000	31.01.21 £'000
Currency:		
Euros	17,146	24,238
Hong Kong dollars	10,399	8,978
Japanese yen	11,779	–
Swiss francs	55,842	48,749
US dollars	329,386	218,477
	<u>424,552</u>	<u>300,442</u>
Pounds sterling	195,113	130,340
Net assets	<u>619,665</u>	<u>430,782</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £21,228,000 on the net assets of the Fund (31.01.21: £15,022,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 97.82% of the portfolio can be liquidated within 5 days and 99.64% within 21 working days (31.01.21: 100.00% within 5 days and 100.00% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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



**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(F) MARKET PRICE RISK**

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £30,693,000 (31.01.21: £21,303,000). A 5% decrease would have an equal and opposite effect.

**(G) DERIVATIVES**

The Fund held no derivatives of a material nature in the current or prior year.

**16. Portfolio Transaction Costs**

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
<b>31.01.22</b>				
Ordinary shares	176,619	62	247	176,928
Purchases total	176,619	62	247	176,928
<i>Transaction cost % of purchases total</i>		0.04%	0.14%	
<i>Transaction cost % of average NAV</i>		0.01%	0.05%	
Ordinary shares	65,154	(17)	(1)	65,136
Sales total	65,154	(17)	(1)	65,136
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 31.01.22 is 0.04% (31.01.21: 0.05%).

**TROJAN GLOBAL INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	296,261	95	358	296,714
Purchases total	296,261	95	358	296,714
<i>Transaction cost % of purchases total</i>		0.03%	0.12%	
<i>Transaction cost % of average NAV</i>		0.03%	0.11%	
Ordinary shares	62,029	(18)	(2)	62,009
Sales total	62,029	(18)	(2)	62,009
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		–	–	

**17. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

All investments held in the current and prior year are ordinary shares categorised as Level 1.

## TROJAN GLOBAL INCOME FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 January 2022 – in pence per share

#### EQUALISATION

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

Group 2	First Interim	Second Interim	Third Interim	Final
From	01.02.21	01.05.21	01.08.21	01.11.21
To	30.04.21	31.07.21	31.10.21	31.01.22

#### 'O' INCOME SHARES

First Interim	Net Revenue	Equalisation	Paid 30.06.21	Paid 30.06.20
Group 1	1.1391	–	1.1391	1.1288
Group 2	0.9458	0.1933	1.1391	1.1288

Second Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	0.7776	–	0.7776	0.8443
Group 2	0.4180	0.3596	0.7776	0.8443

Third Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	0.8531	–	0.8531	0.9164
Group 2	0.2920	0.5611	0.8531	0.9164

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.7189	–	0.7189	0.6996
Group 2	0.4360	0.2829	0.7189	0.6996

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**‘O’ ACCUMULATION SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.21</b>	<b>Allocated 30.06.20</b>
Group 1	1.2947	–	1.2947	1.2429
Group 2	0.6069	0.6878	1.2947	1.2429
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	0.8918	–	0.8918	0.9383
Group 2	0.3914	0.5004	0.8918	0.9383
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.21</b>	<b>Allocated 31.12.20</b>
Group 1	0.9844	–	0.9844	1.0276
Group 2	0.3110	0.6734	0.9844	1.0276
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	0.8356	–	0.8356	0.7883
Group 2	0.6414	0.1942	0.8356	0.7883

**‘I’ INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.21</b>	<b>Paid 30.06.20</b>
Group 1	1.1280	–	1.1280	1.1200
Group 2	1.1280	0.0000	1.1280	1.1200
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.21</b>	<b>Paid 30.09.20</b>
Group 1	0.7680	–	0.7680	0.8440
Group 2	0.7680	0.0000	0.7680	0.8440

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

Third Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	0.8357	–	0.8357	0.9160
Group 2	0.3316	0.5041	0.8357	0.9160

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.7021	–	0.7021	0.6960
Group 2	0.4272	0.2749	0.7021	0.6960

**‘I’ ACCUMULATION SHARES**

First Interim	Net Revenue	Equalisation	Allocated 30.06.21	Allocated 30.06.20
Group 1	1.2664	–	1.2664	1.2217
Group 2	0.3911	0.8753	1.2664	1.2217

Second Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	0.8761	–	0.8761	0.9205
Group 2	0.5411	0.3350	0.8761	0.9205

Third Interim	Net Revenue	Equalisation	Allocated 31.12.21	Allocated 31.12.20
Group 1	0.9582	–	0.9582	1.0084
Group 2	0.5062	0.4520	0.9582	1.0084

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	0.8134	–	0.8134	0.7747
Group 2	0.5587	0.2547	0.8134	0.7747

# TROJAN GLOBAL INCOME FUND

## FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

#### 'S' INCOME SHARES (REGISTERED CHARITIES ONLY)

First Interim	Net Revenue	Equalisation	Paid 30.06.21	Paid 30.06.20
Group 1	1.1443	–	1.1443	1.1323
Group 2	1.1338	0.0105	1.1443	1.1323

Second Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	0.7851	–	0.7851	0.8471
Group 2	0.7851	0.0000	0.7851	0.8471

Third Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	0.8549	–	0.8549	0.9215
Group 2	0.8549	0.0000	0.8549	0.9215

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.7219	–	0.7219	0.7024
Group 2	0.0330	0.6889	0.7219	0.7024

#### 'S' ACCUMULATION SHARES (REGISTERED CHARITIES ONLY)

First Interim	Net Revenue	Equalisation	Allocated 30.06.21	Allocated 30.06.20
Group 1	1.2930	–	1.2930	1.2400
Group 2	1.2930	0.0000	1.2930	1.2400

Second Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	0.8912	–	0.8912	0.9329
Group 2	0.8912	0.0000	0.8912	0.9329

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

Third Interim	Net Revenue	Equalisation	Allocated 31.12.21	Allocated 31.12.20
Group 1	0.9835	–	0.9835	1.0289
Group 2	0.9835	0.0000	0.9835	1.0289

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	0.8352	–	0.8352	0.7828
Group 2	0.8352	0.0000	0.8352	0.7828

**‘F’ INCOME SHARES**

First Interim	Net Revenue	Equalisation	Paid 30.06.21	Paid 30.06.20
Group 1	1.1444	–	1.1444	1.1323
Group 2	0.6446	0.4998	1.1444	1.1323

Second Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	0.7852	–	0.7852	0.8505
Group 2	0.0471	0.7381	0.7852	0.8505

Third Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	0.8549	–	0.8549	0.9215
Group 2	0.8549	0.0000	0.8549	0.9215

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.7220	–	0.7220	0.7031
Group 2	0.7220	0.0000	0.7220	0.7031

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**'F' ACCUMULATION SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.21</b>	<b>Allocated 30.06.20</b>
Group 1	1.3000	–	1.3000	1.2464
Group 2	1.3000	0.0000	1.3000	1.2464
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	0.9017	–	0.9017	0.9417
Group 2	0.0553	0.8464	0.9017	0.9417
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.21</b>	<b>Allocated 31.12.20</b>
Group 1	0.9864	–	0.9864	1.0317
Group 2	0.9864	0.0000	0.9864	1.0317
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	0.8386	–	0.8386	0.7937
Group 2	0.8386	0.0000	0.8386	0.7937



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

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Trojan Global Equity Fund ('the Fund') is to seek to achieve capital growth over the long term (at least 5 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The investment policy of the Fund is to invest globally and at least 80% of its assets in equities and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities). It may also invest in government and public securities (such as sovereign debt and treasury bills), money-market instruments, cash, cash equivalents and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts. It is anticipated that these funds will provide exposure to the asset classes listed above.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

### **Benchmarks**

The Fund's comparator benchmarks are the MSCI World Index (Net Return) and the Investment Association Global Sector (Total Return).

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): MSCI World Index (Net Return) is used as a comparator which may assist investors in evaluating the Fund's performance against global equity returns. The Fund also uses the Investment Association Global Sector (Total Return) as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

**LINK FUND SOLUTIONS LIMITED**

ACD of Trojan Global Equity Fund

26 May 2022

## **TROJAN GLOBAL EQUITY FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT**

**for the year ended 31 January 2022**

#### **Market Review**

Global equities performed well in the year, supported by recovering corporate earnings and very easy monetary and fiscal policy. The emergence of successive COVID-19 variants delayed the end of the pandemic and dampened enthusiasm for the hardest hit companies.

Tight supply chains and labour markets put upward pressure on commodity prices and inflation. The shares of energy companies outperformed and those of financials rose strongly in anticipation of higher interest rates. As monetary policy showed signs of tightening, bond markets were volatile and sold off in January 2022.

Global equity markets were once more led by US technology companies, although significant divergence emerged within US tech. Some of the largest and most profitable examples outperformed smaller, less profitable peers, as more speculative ends of investment markets were especially weak. Asian and emerging markets continued to underperform Europe and North America. Negative investor sentiment towards large Chinese technology companies persisted after many became subject to increased state interference.

#### **Portfolio Review**

The Fund made strong absolute returns for the year. The top five contributors to performance were Alphabet, Microsoft, American Express ('Amex'), Intuit and Meta Platforms (formerly known as Facebook). All reported strong growth in earnings. The Fund's top five detractors to performance were PayPal, Unilever, Becton Dickinson ('Becton'), Johnson & Johnson ('J&J') and Reckitt Benckiser ('Reckitt'). PayPal reported slowing momentum as the positive effects of the pandemic on its business began to wear off. Unilever, Becton and Reckitt faced rising inflationary pressures and sluggish demand. At the end of the period, investors reacted negatively to Unilever's interest in acquiring GlaxoSmithKline's Consumer Health division.

J&J made only a small contribution to returns because the holding was sold at the start of the period. Holdings in Amex, Nestlé, eBay, Medtronic and PayPal were significantly reduced. In each case, the shares had performed well and we saw better uses for the capital elsewhere.

The Fund made two new investments in the year, ending the period with 28 investments. The purchase of Take-Two Interactive Software was discussed in the Fund's Interim Report. An investment was made in Adobe. Adobe has commanding market shares in the provision of software tools (Illustrator, Photoshop, Premiere etc.) for content creators such as graphic designers, photographers and videographers. It also owns leading positions in digital documentation (via Acrobat's ubiquitous PDFs) and in enterprise-grade digital marketing and analytics software services. Adobe's products all benefit from the growth of the digital economy in general and particularly the vast proliferation of visual content across multiple media and device formats. Adobe was early to move to a digital subscription business model. This increased its predictability whilst expanding its addressable market by enhancing its geographical reach and accelerating innovation.

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

Adobe is a company that we have admired for several years. It is expected to grow its revenues in the low double-digits whilst maintaining over 40% cash margins. It has been well managed by the same CEO for the past 14 years and its balance sheet has net cash. Adobe's shares were dragged down by volatility experienced by US technology companies at the end of January 2022. This provided an opportunity to begin an investment in the company at a valuation we deem to be reasonable for such a very high-quality business.

Elsewhere, we added significantly to existing holdings in the card networks Mastercard and Visa. We expect both companies to recover to historic levels of revenue and earnings growth as travel-related card spending normalises. We further believe that competitive threats to these companies are overstated and that they are adapting well in a dynamic payments sector.

#### Outlook

We entered 2022 with a sense of *déjà vu*. Equity markets had risen to historically high levels during a period of spectacular fiscal and monetary largesse. We recognise, however, that we have written words to this effect for much of the past decade and yet global stock markets have generally gone up. We have little confidence in making predictions about what might happen in the short term beyond prosaically stating that markets are likely to remain volatile.

The strategy is firmly rooted in two more basic, longer-term predictions. The first is that we expect the economy to continue to digitise and for this to be a driving force behind global growth. This trend is less mature than is often assumed and it will manifest in the rising consumption of business software, digital payments, digital advertising and medical technology. The second is that we believe companies are increasingly challenged to demonstrate the value they create for others, not only for their owners, but for all stakeholders, including customers, employees and governments. The most successful companies will be those that are responsive to the demands made of them.

For everything else that we cannot foresee, the portfolio's investments combine resilience with adaptability. They have been resilient from the intrusion of their rivals because of distinct and enduring competitive advantages. They have been economically resilient because of their predictable and recurring business models. And they have been financially resilient because of their cash generation and reasonable valuations. Similarly, and at the same time, the portfolio's companies are adaptable in multiple ways. They operate in large and dynamic addressable markets, giving many avenues for growth. They have a culture of long-term management that emphasises reinvestment into innovation aimed at meeting the changing needs of customers. And, as they grow, they deepen and enrich internal and external relationships by generating sustainable surpluses for others.

#### TROY ASSET MANAGEMENT LIMITED

Investment Manager

15 February 2022

# TROJAN GLOBAL EQUITY FUND

## ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



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

The 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 change over time. Number 1 on the scale does not mean that a fund is risk free.

Currency risk: As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

Counterparty risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Derivative risk: A derivative may not perform as expected and may create losses greater than its cost.

Changes in interest rate risk: A rise in interest rates generally causes bond prices to fall.

Credit risk: The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

Concentration risk: The Fund may hold a small number of investments. This means that a fall in the value of one investment will have a greater negative impact on the Fund's value than if it had a higher number of investments.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	347.83	323.49	263.74
Return before operating charges*	70.36	27.95	64.23
Operating charges	(3.68)	(3.07)	(2.82)
Return after operating charges	66.68	24.88	61.41
Distributions	—	(0.54)	(1.66)
Closing net asset value per share	414.51	347.83	323.49
* after direct transaction costs of:	0.03	0.08	0.06

**PERFORMANCE**

Return after charges	19.17%	7.69%	23.28%
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**OTHER INFORMATION**

Closing net asset value (£'000)	120,192	106,559	100,767
Closing number of shares	28,996,213	30,635,068	31,150,260
Operating charges	0.91%	0.91%	0.92%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	440.28	367.12	335.77
Lowest share price	349.28	269.23	265.53

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	421.55	391.43	317.53
Return before operating charges*	85.29	33.83	77.30
Operating charges	(4.46)	(3.71)	(3.40)
Return after operating charges	80.83	30.12	73.90
Distributions	—	(0.65)	(2.00)
Retained distributions on accumulation shares	—	0.65	2.00
Closing net asset value per share	502.38	421.55	391.43
* after direct transaction costs of:	0.04	0.09	0.07

**PERFORMANCE**

Return after charges	19.17%	7.69%	23.27%
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**OTHER INFORMATION**

Closing net asset value (£'000)	279,598	237,239	186,218
Closing number of shares	55,654,355	56,277,518	47,573,750
Operating charges	0.91%	0.91%	0.92%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	533.59	444.92	405.92
Lowest share price	423.31	325.76	319.66

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	348.26	324.99	265.47
Return before operating charges*	70.40	28.03	64.53
Operating charges	(5.70)	(4.76)	(4.37)
Return after operating charges	64.70	23.27	60.16
Distributions	—	—	(0.64)
Closing net asset value per share	412.96	348.26	324.99
* after direct transaction costs of:	0.03	0.08	0.06

**PERFORMANCE**

Return after charges	18.58%	7.16%	22.66%
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**OTHER INFORMATION**

Closing net asset value (£'000)	1,180	890	773
Closing number of shares	285,717	255,445	237,850
Operating charges	1.41%	1.41%	1.42%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	438.94	367.67	337.08
Lowest share price	349.70	270.28	267.26

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	385.99	360.21	293.66
Return before operating charges*	78.02	31.06	71.39
Operating charges	(6.31)	(5.28)	(4.84)
Return after operating charges	71.71	25.78	66.55
Distributions	—	—	(0.71)
Retained distributions on accumulation shares	—	—	0.71
Closing net asset value per share	457.70	385.99	360.21
* after direct transaction costs of:	0.03	0.08	0.06

**PERFORMANCE**

Return after charges	18.58%	7.16%	22.66%
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**OTHER INFORMATION**

Closing net asset value (£'000)	8,901	9,137	7,056
Closing number of shares	1,944,755	2,367,212	1,958,863
Operating charges	1.41%	1.41%	1.42%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	486.49	407.50	373.60
Lowest share price	387.59	299.57	295.64



**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	348.10	323.72	263.92
Return before operating charges*	70.43	27.99	64.28
Operating charges	(3.28)	(2.73)	(2.51)
Return after operating charges	67.15	25.26	61.77
Distributions	—	(0.88)	(1.97)
Closing net asset value per share	415.25	348.10	323.72
* after direct transaction costs of:	0.03	0.08	0.06

**PERFORMANCE**

Return after charges	19.29%	7.80%	23.40%
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**OTHER INFORMATION**

Closing net asset value (£'000)	15,360	12,886	8,503
Closing number of shares	3,698,918	3,701,713	2,626,653
Operating charges	0.81%	0.81%	0.82%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	440.99	367.65	336.17
Lowest share price	349.55	269.46	265.71

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> <b>pence per share</b>	<b>31.01.21</b> <b>pence per share</b>	<b>31.01.20</b> <b>pence per share</b>
Opening net asset value per share	426.17	395.32	320.36
Return before operating charges*	86.24	34.19	78.02
Operating charges	(4.02)	(3.34)	(3.06)
Return after operating charges	82.22	30.85	74.96
Distributions	–	(1.07)	(2.39)
Retained distributions on accumulation shares	–	1.07	2.39
Closing net asset value per share	508.39	426.17	395.32
* after direct transaction costs of:	0.04	0.09	0.07

**PERFORMANCE**

Return after charges	19.29%	7.80%	23.40%
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**OTHER INFORMATION**

Closing net asset value (£'000)	146	140	130
Closing number of shares	28,675	32,811	32,811
Operating charges	0.81%	0.81%	0.82%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	539.90	449.77	409.94
Lowest share price	427.94	329.05	322.52

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Trojan Global Equity Fund	15.59	56.56	82.72
MSCI World Index (Net Return) <sup>1</sup>	19.27	55.30	74.66
Investment Association Global Sector (Total Return) <sup>1</sup>	9.30	45.99	62.02

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 234 and 235.

#### RISK WARNING

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

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UNITED KINGDOM – 7.93% (31.01.21 – 9.48%)		
186,177	Diageo	6,931	1.63
461,827	Experian	14,210	3.34
45,985	Reckitt Benckiser	2,764	0.65
260,140	Unilever	9,853	2.31
	TOTAL UNITED KINGDOM	33,758	7.93
	CONTINENTAL EUROPE – 17.53% (31.01.21 – 20.64%)		
270,401	Alcon	15,335	3.61
177,840	Heineken	11,553	2.72
30,722	L'Oréal	9,671	2.27
60,877	Nestlé	5,803	1.36
244,243	Novartis	15,666	3.68
57,894	Roche	16,539	3.89
	TOTAL CONTINENTAL EUROPE	74,567	17.53
	NORTH AMERICA – 74.21% (31.01.21 – 67.64%)		
22,546	Adobe Systems	8,978	2.11
105,800	Agilent Technologies	10,986	2.58
18,885	Alphabet 'A'	38,072	8.95
135,675	American Express	18,189	4.28
54,640	Becton Dickinson	10,345	2.43
7,457	Booking	13,644	3.21
65,102	eBay	2,914	0.69
196,070	Fiserv	15,444	3.63
47,004	Intuit	19,440	4.57
90,170	Mastercard 'A'	25,944	6.10
197,995	Medtronic	15,265	3.59
120,534	Meta Platforms	28,142	6.62
157,077	Microsoft	36,379	8.55
18,248	Moody's	4,662	1.10
137,202	PayPal	17,577	4.13

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
33,708	S&P Global	10,424	2.45
70,036	Take-Two Interactive Software	8,525	2.00
182,415	Visa	30,726	7.22
	TOTAL NORTH AMERICA	315,656	74.21
	Portfolio of investments	423,981	99.67
	Net other assets	1,396	0.33
	Net assets	425,377	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market.

**TROJAN GLOBAL EQUITY FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)	37,311	Total sales for the year £'000 (note 15)	41,955
	Cost		Proceeds
<b>Purchases</b>	<b>£'000</b>	<b>Major sales</b>	<b>£'000</b>
Mastercard 'A'	9,418	American Express	7,054
Adobe Systems	8,473	eBay	5,366
Take-Two Interactive Software	8,372	Nestlé	5,299
Visa	6,131	PayPal	3,743
Fiserv	2,872	Medtronic	3,670
Meta Platforms	2,045	Microsoft	2,541
		Johnson & Johnson	2,532
		Roche	2,511
		Becton Dickinson	2,115
		Diageo	2,046

The summary of material portfolio changes represents all of the purchases and the 10 largest sales during the year.

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains	3		69,941		23,653
Revenue	4	3,990		4,156	
Expenses	5	(3,846)		(3,116)	
Net revenue before taxation		144		1,040	
Taxation	6	(654)		(624)	
Net revenue after taxation			(510)		416
<b>Total return before distributions</b>			69,431		24,069
Distributions	7		—		(449)
<b>Change in net assets attributable to shareholders from investment activities</b>			69,431		23,620

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2022

	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>		366,851		303,447
Amounts receivable on issue of shares	35,779		66,883	
Amounts payable on redemption of shares	(46,684)		(27,448)	
		(10,905)		39,435
Change in net assets attributable to shareholders from investment activities		69,431		23,620
Retained distributions on Accumulation shares		—		349
<b>Closing net assets attributable to shareholders</b>		425,377		366,851

# TROJAN GLOBAL EQUITY FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		423,981	358,623
<b>Current assets</b>			
Debtors	8	749	265
Cash and bank balances	9	4,095	9,060
<b>Total assets</b>		<u>428,825</u>	<u>367,948</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	–	(11)
Other creditors	10	(3,448)	(1,086)
<b>Total liabilities</b>		<u>(3,448)</u>	<u>(1,097)</u>
<b>Net assets attributable to shareholders</b>		<u>425,377</u>	<u>366,851</u>



**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2022

### 1. Accounting Policies

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

### 2. Distribution Policies

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year.

### 3. Net Capital Gains

The net capital gains during the year comprise:

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	70,002	23,728
Currency losses	(61)	(75)
Net capital gains	69,941	23,653

### 4. Revenue

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	3,990	4,147
Bank interest	–	9
Total revenue	3,990	4,156

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	3,609	2,907
Legal and professional fees	14	14
Typesetting costs	3	3
Registration fees	100	95
	3,726	3,019
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	79	69
Safe custody and other bank charges	22	19
	101	88
Other expenses:		
Audit fee	10	10
Publication costs	5	5
Legal and professional fees	4	(6)
	19	9
Total expenses	3,846	3,116

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

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	654	624
Current tax charge	654	624
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	654	624

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	144	1,040
Corporation tax at 20%	29	208
Effects of:		
Non-taxable dividends	(798)	(829)
Prior year adjustment	(2)	–
Unutilised excess management expenses	771	621
Corporation tax charge	–	–
Overseas tax	654	624
Total tax charge (note 6a)	654	624

## c) Deferred tax

At the year end there is a potential deferred tax asset of £4,101,000 (31.01.21: £3,330,000) 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.

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	—	533
Final	—	14
	—	547
Add: Revenue deducted on redemption of shares	—	39
Deduct: Revenue received on issue of shares	—	(137)
Net distributions for the year	—	449

Details of the distributions per share are set out in the table on pages 234 and 235.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net revenue after taxation	(510)	416
Allocations to capital:		
Revenue deficit – 'O' Income	136	—
– 'O' Accumulation	311	—
– 'I' Income	7	3
– 'I' Accumulation	54	30
– 'S' Income	2	—
– 'S' Accumulation	—	—
	510	33
Net distributions for the year	—	449

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	623	148
Accrued revenue:		
Non-taxable dividends	124	115
Prepaid expenses	2	2
Total debtors	749	265

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	4,095	9,060
Total cash and bank balances	4,095	9,060

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	—	11
<b>Other Creditors</b>		
Amounts payable for redemption of shares	3,102	778
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	313	277
Legal and professional fees	1	1
Typesetting costs	2	2
Registration fees	8	8
	324	288

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	6
Safe custody and other bank charges	4	4
	11	10
Other expenses	11	10
Total other creditors	3,448	1,086

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 220 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 616,655 (31.01.21: 642,936) of the Fund's shares at the balance sheet date.

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

Pershing Nominees Limited	35.84% (31.01.21: 37.82%)
---------------------------	---------------------------

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**13. Shares in Issue**

	<b>'O'</b> <b>Income</b>	<b>'O'</b> <b>Accumulation</b>	<b>'I'</b> <b>Income</b>
Annual Management Charge	0.85%	0.85%	1.35%
Opening shares in issue	30,635,068	56,277,518	255,445
Issues	1,200,744	5,993,676	53,367
Redemptions	(2,872,534)	(6,955,785)	(18,682)
Conversions	32,935	338,946	(4,413)
Closing shares in issue	<u>28,996,213</u>	<u>55,654,355</u>	<u>285,717</u>

  

	<b>'I'</b> <b>Accumulation</b>	<b>'S'</b> <b>Income</b>	<b>'S'</b> <b>Accumulation</b>
Annual Management Charge	1.35%	0.75%	0.75%
Opening shares in issue	2,367,212	3,701,713	32,811
Issues	279,046	1,389	–
Redemptions	(305,533)	(4,184)	(4,136)
Conversions	(395,970)	–	–
Closing shares in issue	<u>1,944,755</u>	<u>3,698,918</u>	<u>28,675</u>

**14. Risk Management Policies**

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

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

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

## TROJAN GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

#### (A) CREDIT RISK

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

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

#### (B) INTEREST RATE RISK

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

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

#### (C) FOREIGN CURRENCY RISK

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

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



**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000	31.01.21 £'000
Currency:		
Euros	21,224	19,300
Swiss francs	53,342	56,420
US dollars	315,793	248,247
	<u>390,359</u>	<u>323,967</u>
Pounds sterling	35,018	42,884
Net assets	<u>425,377</u>	<u>366,851</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £19,518,000 on the net assets of the Fund (31.01.21: £16,198,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 99.51% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days (31.01.21: 100.00% within 5 days and 100.00% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(F) MARKET PRICE RISK**

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £21,199,000 (31.01.21: £17,931,000). A 5% decrease would have an equal and opposite effect.

**(G) DERIVATIVES**

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

**15. Portfolio Transaction Costs**

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
<b>31.01.22</b>				
Ordinary shares	37,295	16	–	37,311
Purchases total	<u>37,295</u>	<u>16</u>	<u>–</u>	<u>37,311</u>
<i>Transaction cost % of purchases total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	
Ordinary shares	41,970	(15)	–	41,955
Sales total	<u>41,970</u>	<u>(15)</u>	<u>–</u>	<u>41,955</u>
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 31.01.22 is 0.05% (31.01.21: 0.07%).

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	82,683	28	35	82,746
Purchases total	82,683	28	35	82,746
<i>Transaction cost % of purchases total</i>		0.03%	0.04%	
<i>Transaction cost % of average NAV</i>		0.01%	0.01%	
Ordinary shares	34,782	(12)	(1)	34,769
Sales total	34,782	(12)	(1)	34,769
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		–	–	

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

All investments held in the current and prior year are ordinary shares categorised as Level 1.

**TROJAN GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**17. Subsequent Events**

Since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	17.05.22	Movement
'O' Income	409.46	366.28	(10.55)%
'O' Accumulation	496.24	443.93	(10.54)%
'I' Income	407.92	364.36	(10.68)%
'I' Accumulation	452.11	403.83	(10.68)%
'S' Income	410.18	367.05	(10.51)%
'S' Accumulation	502.18	449.38	(10.51)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 26 May 2022.

## TROJAN GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 January 2022 – in pence per share

#### EQUALISATION

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

Group 2	Final
From	01.02.21
To	31.01.22

#### 'O' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.5358
Group 2	N/A	N/A	N/A	0.5358

  

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	–	–	–	0.0047
Group 2	–	0.0000	–	0.0047

#### 'O' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.6483
Group 2	N/A	N/A	N/A	0.6483

  

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	–	–	–	0.0048
Group 2	–	0.0000	–	0.0048

#### 'I' INCOME SHARES

There were no distributions in the current or prior year.

## TROJAN GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

#### 'I' ACCUMULATION SHARES

There were no distributions in the current or prior year.

#### 'S' INCOME SHARES

(REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	N/A	N/A	N/A	0.6157
Group 2	N/A	N/A	N/A	0.6157

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	—	—	—	0.2620
Group 2	—	0.0000	—	0.2620

#### 'S' ACCUMULATION SHARES

(REGISTERED CHARITIES ONLY)

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	N/A	N/A	N/A	0.7517
Group 2	N/A	N/A	N/A	0.7517

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	—	—	—	0.3204
Group 2	—	0.0000	—	0.3204

## **TROJAN INCOME FUND**

### **ACD'S REPORT**

for the year ended 31 January 2022

#### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

#### **Investment Objective and Policy**

The investment objective of the Trojan Income Fund ('the Fund') is to seek to achieve income with the potential for capital growth in the medium term (3 to 5 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The investment policy of the Fund is to invest at least 80% of its assets in UK equities (including investment trusts and real estate investment trusts ('REITs')) and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities). The Fund may also invest in overseas equities and equity-related securities, government and public securities (such as sovereign debt and treasury bills), corporate bonds, money-market instruments, real estate (via REITs), private equity, cash, cash equivalents and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to real estate will be indirect.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

#### **Benchmarks**

The Fund's comparator benchmarks are the FTSE All-Share Index (Total Return) and the Investment Association UK Equity Income Sector (Total Return).

The Fund's performance may be compared against the FTSE All-Share Index (Total Return) which may assist investors in evaluating the Fund's performance against GBP equity returns. The Fund also uses the Investment Association UK Equity Income Sector (Total Return) as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### **LINK FUND SOLUTIONS LIMITED**

ACD of Trojan Income Fund

26 May 2022

## TROJAN INCOME FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2022

### Investment Review

The FTSE All-Share delivered a very strong total return (TR) over the 12-month period, rising +18.9%<sup>1</sup>. Up until the month of January, the Fund broadly kept pace with this return, however a weak final month of the period resulted in a 12-month return of +9.1% for the Fund. January was an extremely unusual month. Market leadership dramatically shifted, penalising broadly defined 'growth' and 'quality', and favouring those 'value' names perceived to benefit most from rising commodity prices or rising interest rates. Sectors in which the Fund tends not to invest including Banks, Energy and Mining rose sharply in the month. By contrast, many of our favoured sectors, such as Technology, Industrials and Consumer Staples declined in value. It is unfortunate that such a polarising month for markets fell at the end of the Fund's financial year, but in our experience such extreme periods tend not to be sustained.

Looking at the year as a whole, the dominant theme has been one of recovery and reflation. Similar to the very strong UK equity market, the S&P 500 (TR) rose 23% whilst oil prices (WTI) rallied 69% to \$88 a barrel. In fixed income, US and UK 10-year sovereign bond yields rose substantially over the period from 1.1% to 1.8% and 0.3% and 1.3% respectively.

This sharp change in bond yields reflects a significant shift in interest rate expectations. This shift was particularly pronounced at the end of the period. By the close of January, the market anticipated at least six 0.25% raises in the US in 2022 and nearly as many in the UK. Only a month earlier, less than three rate hikes were priced in. The perceived need for higher rates is linked to global inflationary pressures. As economies emerge from the COVID-19 pandemic, demand for particular goods and services currently exceeds stunted supply. Inflation readings are also suffering strong base effects due to a lapping of subdued economic activity in 2021.

### Portfolio Review

The five largest contributors to the Fund's returns over the year were Diageo, Paychex, RELX, Experian and Croda. On a relative basis, compared to the FTSE All-Share, the Fund suffered from not owning HSBC, Shell, BP and Glencore – all large constituents of the index that performed very strongly.

Turning to portfolio activity; during the first six months of the period we initiated new holdings in Diploma, CME Group, Admiral, Big Yellow and Safestore. A comment on each of these names is included in the Interim Report.

In the period since, we initiated a holding in AVEVA, a UK-based company that makes industrial software used primarily to design, build, and operate industrial plants across diverse sectors including energy, power, food & beverage, life sciences, infrastructure and marine. These industries are at relatively early stages of their automation and digitisation journeys, which gives AVEVA a large and growing addressable market to target. AVEVA is already a global leader in its niche. The complexity and requisite technical know-how in deploying industrial plant software also leads to high barriers to entry and very sticky customers. Like many software companies with scale, AVEVA has high margins and low capital requirements, leaving it well placed to reinvest and still have ample cash to pay shareholders growing dividends.

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<sup>1</sup> Source: Morningstar Direct.



## TROJAN INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

Elsewhere we completed the disposal of non-life insurers Hiscox and Lancashire. We have gradually been exiting both companies in favour of holdings that we judge to have better multi-year prospects. Whilst both are leading companies within the sector, we have concerns around the future growth and returns achievable from natural catastrophe business lines, especially in the face of challenges created by climate change. We also exited our relatively small holding in Hargreaves Lansdown in the quarter. Whilst we continue to like the structural growth on offer from the UK savings industry, we have become incrementally more cautious about competition in the UK platform market and reduced exposure where we think these pressures may be felt most acutely.

The Fund will pay a final dividend of 2.87p to holders of 'O' Income shares on 31<sup>st</sup> March 2022 which, when combined with the interim dividend of 1.80p, gives a combined dividend of 4.67p for the year. Two factors dampened the Fund's dividend in the year; i) the annualisation of some of the changes that were made to the portfolio in the prior year and ii) a handful of companies impacted by the pandemic lockdowns were yet to return to paying dividends. Both factors have now played out and so barring unforeseen disruption, investors can reasonably expect the Fund's dividend to return to healthy, resilient growth in the year ahead and beyond.

#### Outlook

Inflation and therefore interest rate expectations are likely to continue to be pivotal for equity returns in the year ahead. Most recently, inflation has been to the benefit of more cyclical assets but given the market has already shifted quite materially to price in a rising rate environment, we see reason for a broader profile of market returns as the year develops in all but the most extreme inflationary scenarios.

In this uncertain back drop we are: 1) emphasising companies with pricing power that can reliably grow, 2) avoiding companies with volatile margins or those with high requirements to reinvest into inflation, and 3) ensuring we are invested in companies with strong balance sheets that do not overly rely on debt. Ultimately, we are attracted to businesses that will continue to grow cash flows and dividends in a resilient way, regardless of the macro back-drop.

The start of 2022 has not been favourable for the type company we like to invest in. However, we are finding that recent share price weakness is often at odds with strong operational performance and this provides opportunities. For instance, core holdings such as Diageo, Experian, Croda, Paychex and Diploma have each provided strong updates to the market within the past two months and yet their share prices have dropped meaningfully. We remain highly positive about their prospects and have been adding to some of these and other holdings in recent weeks. We are also excited about the potential to bring new holdings into the portfolio, particularly as valuations have improved for high-quality assets. Looking beyond very short-term performance, we believe the Fund's exposure to reasonably valued, cash-generative, growing companies will continue to translate into strong capital and income returns for investors.

## **TROJAN INCOME FUND**

### **ACD'S REPORT** *continued*

### **INVESTMENT MANAGER'S REPORT** *continued*

Finally, we are happy to note that the outlook for dividends is positive – we expect almost every holding to report dividend growth this year, supported by strong and sustainable cash generation.

#### **TROY ASSET MANAGEMENT LIMITED**

Investment Manager

7 March 2022

## TROJAN INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



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

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

This indicator 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 change over time. Number 1 on the scale does not mean that a fund is risk free.

**Currency risk:** As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

**Property fund investment risk:** Property funds can become illiquid increasing the risk that a position cannot be sold in a timely manner or at a reasonable price.

**Counterparty risk:** The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

**Derivative risk:** A derivative may not perform as expected and may create losses greater than its cost.

**Changes in interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Credit risk:** The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

**Liquidity risk:** The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price.

**Income risk:** The amount of income is not guaranteed.

**Charges to capital risk:** As charges are taken from capital, this will erode capital and may constrain capital growth.

'S' Income and 'S' Accumulation shares available to registered charities only.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	165.69	191.26	171.57
Return before operating charges*	18.98	(19.09)	28.74
Operating charges	(1.83)	(1.72)	(1.92)
Return after operating charges	17.15	(20.81)	26.82
Distributions	(4.67)	(4.76)	(7.13)
Closing net asset value per share	178.17	165.69	191.26
* after direct transaction costs of:	0.13	0.25	0.25

**PERFORMANCE**

Return after charges	10.35%	(10.88)%	15.63%
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**OTHER INFORMATION**

Closing net asset value (£'000)	187,689	254,193	350,921
Closing number of shares	105,343,633	153,411,469	183,482,584
Operating charges	1.02%	1.01%	1.02%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	195.81	195.54	199.89
Lowest share price	162.10	140.72	171.66

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	322.83	362.19	313.11
Return before operating charges*	36.93	(36.09)	52.61
Operating charges	(3.59)	(3.27)	(3.53)
Return after operating charges	33.34	(39.36)	49.08
Distributions	(9.15)	(9.05)	(13.11)
Retained distributions on accumulation shares	9.15	9.05	13.11
Closing net asset value per share	356.17	322.83	362.19
* after direct transaction costs of:	0.25	0.48	0.46

**PERFORMANCE**

Return after charges	10.33%	(10.87)%	15.68%
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**OTHER INFORMATION**

Closing net asset value (£'000)	282,268	369,841	411,543
Closing number of shares	79,251,685	114,561,823	113,627,100
Operating charges	1.02%	1.01%	1.02%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	385.21	370.24	370.63
Lowest share price	315.80	266.45	313.26

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	153.72	178.33	160.79
Return before operating charges*	17.60	(17.79)	26.88
Operating charges	(2.53)	(2.39)	(2.67)
Return after operating charges	15.07	(20.18)	24.21
Distributions	(4.33)	(4.43)	(6.67)
Closing net asset value per share	164.46	153.72	178.33
* after direct transaction costs of:	0.12	0.24	0.23

**PERFORMANCE**

Return after charges	9.80%	(11.32)%	15.06%
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**OTHER INFORMATION**

Closing net asset value (£'000)	14,069	16,416	20,739
Closing number of shares	8,554,634	10,679,287	11,629,258
Operating charges	1.52%	1.51%	1.52%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	180.82	182.30	186.46
Lowest share price	150.33	131.12	160.88

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	305.97	344.99	299.73
Return before operating charges*	34.97	(34.37)	50.28
Operating charges	(5.06)	(4.65)	(5.02)
Return after operating charges	29.91	(39.02)	45.26
Distributions	(8.65)	(8.61)	(12.51)
Retained distributions on accumulation shares	8.65	8.61	12.51
Closing net asset value per share	335.88	305.97	344.99
* after direct transaction costs of:	0.24	0.46	0.44

**PERFORMANCE**

Return after charges	9.78%	(11.31)%	15.10%
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**OTHER INFORMATION**

Closing net asset value (£'000)	29,178	33,397	40,673
Closing number of shares	8,686,961	10,915,111	11,789,564
Operating charges	1.52%	1.51%	1.52%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	363.44	352.61	353.21
Lowest share price	299.19	253.62	299.88

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' INCOME SHARES****(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	172.62	198.75	177.84
Return before operating charges*	19.78	(19.84)	29.81
Operating charges	(1.44)	(1.34)	(1.50)
Return after operating charges	18.34	(21.18)	28.31
Distributions	(4.87)	(4.95)	(7.40)
Closing net asset value per share	186.09	172.62	198.75
* after direct transaction costs of:	0.13	0.26	0.26

**PERFORMANCE**

Return after charges	10.62%	(10.66)%	15.92%
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**OTHER INFORMATION**

Closing net asset value (£'000)	151,235	218,362	303,294
Closing number of shares	81,271,888	126,497,702	152,600,357
Operating charges	0.77%	0.76%	0.77%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	204.46	203.22	207.69
Lowest share price	168.92	146.29	177.95



**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	329.36	368.59	317.85
Return before operating charges*	37.69	(36.72)	53.45
Operating charges	(2.77)	(2.51)	(2.71)
Return after operating charges	34.92	(39.23)	50.74
Distributions	(9.34)	(9.22)	(13.32)
Retained distributions on accumulation shares	9.34	9.22	13.32
Closing net asset value per share	364.28	329.36	368.59
* after direct transaction costs of:	0.26	0.49	0.47

**PERFORMANCE**

Return after charges	10.60%	(10.64)%	15.96%
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**OTHER INFORMATION**

Closing net asset value (£'000)	8,874	11,929	15,578
Closing number of shares	2,435,945	3,621,832	4,226,389
Operating charges	0.77%	0.76%	0.77%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	393.90	376.81	377.12
Lowest share price	322.25	271.25	318.01

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	91.59	105.56	94.55
Return before operating charges*	10.50	(10.53)	15.84
Operating charges	(0.87)	(0.81)	(0.90)
Return after operating charges	9.63	(11.34)	14.94
Distributions	(2.58)	(2.63)	(3.93)
Closing net asset value per share	98.64	91.59	105.56
* after direct transaction costs of:	0.07	0.14	0.14

**PERFORMANCE**

Return after charges	10.51%	(10.74)%	15.80%
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**OTHER INFORMATION**

Closing net asset value (£'000)	1,099,729	1,645,393	1,731,643
Closing number of shares	1,114,929,238	1,796,440,288	1,640,403,744
Operating charges	0.87%	0.86%	0.87%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	108.39	107.93	110.32
Lowest share price	89.62	77.69	94.61

**TROJAN INCOME FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'X' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	102.53	114.86	99.15
Return before operating charges*	11.72	(11.45)	16.66
Operating charges	(0.97)	(0.88)	(0.95)
Return after operating charges	10.75	(12.33)	15.71
Distributions	(2.91)	(2.87)	(4.15)
Retained distributions on accumulation shares	2.91	2.87	4.15
Closing net asset value per share	113.28	102.53	114.86
* after direct transaction costs of:	0.08	0.15	0.15

**PERFORMANCE**

Return after charges	10.48%	(10.73)%	15.84%
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**OTHER INFORMATION**

Closing net asset value (£'000)	678,397	713,944	498,024
Closing number of shares	598,841,817	696,339,249	433,608,408
Operating charges	0.87%	0.86%	0.87%
Direct transaction costs	0.07%	0.15%	0.13%

**PRICES**

Highest share price	122.51	117.41	117.52
Lowest share price	100.31	84.51	99.20

## TROJAN INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Trojan Income Fund	9.13	13.15	16.75
FTSE All-Share Index (Total Return) <sup>1</sup>	18.90	21.66	30.20
Investment Association UK Equity Income Sector (Total Return) <sup>1</sup>	18.81	20.22	25.92

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 269 to 271.

#### RISK WARNING

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

**TROJAN INCOME FUND**  
**ACD'S REPORT** *continued*  
**PORTFOLIO STATEMENT**  
as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UNITED KINGDOM – 81.27% (31.01.21 – 82.74%)		
	TECHNOLOGY – 1.41% (31.01.21 – 0.00%)		
	SOFTWARE AND COMPUTER SERVICES – 1.41% (31.01.21 – 0.00%)		
1,185,226	AVEVA	34,573	1.41
	HEALTH CARE – 5.96% (31.01.21 – 8.20%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 5.96% (31.01.21 – 8.20%)		
672,562	AstraZeneca	57,948	2.36
5,371,270	GlaxoSmithKline	88,239	3.60
	TOTAL HEALTH CARE	146,187	5.96
	FINANCIALS – 16.46% (31.01.21 – 18.49%)		
	FINANCE AND CREDIT SERVICES – 5.95% (31.01.21 – 4.92%)		
4,737,533	Experian	145,774	5.95
	INVESTMENT BANKING AND BROKERAGE SERVICES – 5.09% (31.01.21 – 7.67%)		
10,430,483	AJ Bell	35,046	1.43
8,457,558	IntegraFin	41,645	1.70
1,426,193	Schroders	48,148	1.96
		124,839	5.09
	CLOSED END INVESTMENTS – 1.35% (31.01.21 – 0.00%)		
9,541,084	3i Infrastructure <sup>1</sup>	32,964	1.35
	LIFE INSURANCE – 2.34% (31.01.21 – 1.61%)		
3,778,838	St. James's Place	57,344	2.34

**TROJAN INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	NON-LIFE INSURANCE – 1.73% (31.01.21 – 4.29%)		
1,352,339	Admiral	42,518	1.73
	TOTAL FINANCIALS	403,439	16.46
	REAL ESTATE – 7.10% (31.01.21 – 6.16%)		
	REAL ESTATE INVESTMENT TRUSTS – 7.10% (31.01.21 – 6.16%)		
53,179,697	Assura	35,551	1.45
1,926,264	Big Yellow	28,721	1.17
25,129,795	LondonMetric Property	66,996	2.73
13,946,284	Primary Health Properties	20,027	0.82
1,802,504	Safestore	22,820	0.93
	TOTAL REAL ESTATE	174,115	7.10
	CONSUMER DISCRETIONARY – 27.37% (31.01.21 – 29.54%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.04% (31.01.21 – 5.22%)		
2,056,985	Reckitt Benckiser	123,625	5.04
	PERSONAL GOODS – 4.69% (31.01.21 – 5.96%)		
3,033,560	Unilever	114,896	4.69
	MEDIA – 6.60% (31.01.21 – 6.45%)		
9,418,985	Moneysupermarket.com	17,811	0.72
6,353,361	RELX	144,094	5.88
		161,905	6.60
	RETAILERS – 3.69% (31.01.21 – 4.82%)		
832,430	Next	62,416	2.55
1,695,104	WH Smith	27,927	1.14
		90,343	3.69

**TROJAN INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	TRAVEL AND LEISURE – 7.35% (31.01.21 – 7.09%)		
4,008,924	Compass	66,889	2.73
16,641,610	Domino's Pizza	64,336	2.62
1,009,032	InterContinental Hotels	49,029	2.00
		<u>180,254</u>	<u>7.35</u>
	TOTAL CONSUMER DISCRETIONARY	<u>671,023</u>	<u>27.37</u>
	CONSUMER STAPLES – 10.38% (31.01.21 – 9.99%)		
	BEVERAGES – 8.66% (31.01.21 – 6.23%)		
4,526,383	Diageo	168,517	6.87
2,058,055	Fever-Tree Drinks	43,878	1.79
		<u>212,395</u>	<u>8.66</u>
	TOBACCO – 1.72% (31.01.21 – 3.76%)		
1,329,574	British American Tobacco	42,054	1.72
	TOTAL CONSUMER STAPLES	<u>254,449</u>	<u>10.38</u>
	INDUSTRIALS – 4.72% (31.01.21 – 2.84%)		
	INDUSTRIAL SUPPORT SERVICES – 4.72% (31.01.21 – 2.84%)		
2,205,393	Diploma	60,692	2.47
1,031,638	Intertek	55,110	2.25
	TOTAL INDUSTRIALS	<u>115,802</u>	<u>4.72</u>
	BASIC MATERIALS – 5.33% (31.01.21 – 5.18%)		
	CHEMICALS – 5.33% (31.01.21 – 5.18%)		
1,318,310	Croda International	105,096	4.29
1,251,162	Victrix	25,549	1.04
	TOTAL BASIC MATERIALS	<u>130,645</u>	<u>5.33</u>

**TROJAN INCOME FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	UTILITIES – 2.54% (31.01.21 – 2.34%)		
	GAS, WATER AND MULTI-UTILITIES – 2.54% (31.01.21 – 2.34%)		
5,758,793	National Grid	62,172	2.54
	TOTAL UNITED KINGDOM	1,992,405	81.27
	CONTINENTAL EUROPE – 3.36% (31.01.21 – 3.64%)		
863,762	Nestlé	82,341	3.36
	NORTH AMERICA – 13.86% (31.01.21 – 10.61%)		
334,567	CME	57,185	2.33
723,657	Medtronic	55,793	2.28
1,265,917	Paychex	111,047	4.53
522,777	Procter & Gamble	62,520	2.55
315,811	Visa	53,196	2.17
	TOTAL NORTH AMERICA	339,741	13.86
	Portfolio of investments	2,414,487	98.49
	Net other assets	36,952	1.51
	Net assets	2,451,439	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

The securities held within the United Kingdom section Portfolio Statement have been shown under the new Industry Classification Benchmarks, which were adopted by all FTSE indices with effect from 22 March 2021. Comparatives have been restated where necessary.

<sup>1</sup> Closed end fund.



**TROJAN INCOME FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)	387,726	Total sales for the year £'000 (note 15)	1,378,646
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
CME	50,601	British American Tobacco	89,653
Diploma	46,664	AstraZeneca	86,851
Admiral	44,859	Compass	67,814
AVEVA	43,354	Unilever	65,890
3i Infrastructure	33,359	Hiscox	64,571
Diageo	27,938	RELX	63,113
Big Yellow	27,912	GlaxoSmithKline	62,010
Safestore	19,227	Lancashire	58,065
Hargreaves Lansdown	12,600	Diageo	55,795
St. James's Place	11,636	Reckitt Benckiser	53,247

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

## TROJAN INCOME FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains/(losses)	3		239,902		(419,730)
Revenue	4	76,794		96,763	
Expenses	5	(25,088)		(30,004)	
Net revenue before taxation		51,706		66,759	
Taxation	6	(1,750)		(2,115)	
Net revenue after taxation			49,956		64,644
<b>Total return before distributions</b>			289,858		(355,086)
Distributions	7		(73,556)		(92,877)
<b>Change in net assets attributable to shareholders from investment activities</b>			216,302		(447,963)

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2022

	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>		3,263,475		3,372,415
Amounts receivable on issue of shares	129,471		821,777	
Amounts payable on redemption of shares	(1,184,049)		(516,466)	
		(1,054,578)		305,311
Change in net assets attributable to shareholders from investment activities		216,302		(447,963)
Retained distributions on Accumulation shares		26,240		33,688
Unclaimed distributions		—		24
<b>Closing net assets attributable to shareholders</b>		2,451,439		3,263,475

# TROJAN INCOME FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		2,414,487	3,165,284
<b>Current assets</b>			
Debtors	8	44,280	25,187
Cash and bank balances	9	29,908	125,058
<b>Total assets</b>		<u>2,488,675</u>	<u>3,315,529</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(23,414)	(35,509)
Other creditors	10	(13,822)	(16,545)
<b>Total liabilities</b>		<u>(37,236)</u>	<u>(52,054)</u>
<b>Net assets attributable to shareholders</b>		<u>2,451,439</u>	<u>3,263,475</u>

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2022

### 1. Accounting Policies

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

### 2. Distribution Policies

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

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

### 3. Net Capital Gains/(Losses)

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

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	240,139	(420,572)
Transaction charges	(9)	(10)
Currency (losses)/gains	(228)	852
Net capital gains/(losses)	239,902	(419,730)

### 4. Revenue

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	71,150	89,702
UK property income distributions	5,642	6,958
Bank interest	2	103
Total revenue	76,794	96,763

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	24,639	29,555
Legal and professional fees	20	19
Typesetting costs	3	3
Registration fees	101	100
	24,763	29,677
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	232	233
Safe custody and other bank charges	76	88
	308	321
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Representation fees	2	2
Legal and professional fees	–	(11)
	17	6
Total expenses	25,088	30,004

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

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,750	2,115
Current tax charge	1,750	2,115
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	1,750	2,115

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	51,706	66,759
Corporation tax at 20%	10,341	13,352
Effects of:		
Non-taxable dividends	(14,230)	(17,941)
Unutilised excess management expenses	3,889	4,589
Corporation tax charge	–	–
Overseas tax	1,750	2,115
Total tax charge (note 6a)	1,750	2,115

## c) Deferred tax

At the year end there is a potential deferred tax asset of £37,201,000 (31.01.21: £33,312,000) 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.

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	26,830	41,453
Final	39,224	53,926
	<u>66,054</u>	<u>95,379</u>
Add: Revenue deducted on redemption of shares	8,663	5,886
Deduct: Revenue received on issue of shares	<u>(1,161)</u>	<u>(8,388)</u>
Net distributions for the year	<u>73,556</u>	<u>92,877</u>

Details of the distributions per share are set out in the table on pages 269 to 271.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net revenue after taxation	49,956	64,644
Allocations to capital:		
Annual Management Charge, net of tax relief	<u>23,600</u>	<u>28,233</u>
Net distributions for the year	<u>73,556</u>	<u>92,877</u>

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	1,412	4,725
Sales awaiting settlement	36,914	12,869
Accrued revenue:		
Non-taxable dividends	5,952	7,591
Prepaid expenses	<u>2</u>	<u>2</u>
Total debtors	<u>44,280</u>	<u>25,187</u>

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	29,908	125,058
Total cash and bank balances	29,908	125,058

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	23,414	35,509
<b>Other Creditors</b>		
Amounts payable for redemption of shares	10,382	7,581
Purchases awaiting settlement	1,456	6,360
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,928	2,545
Legal and professional fees	2	2
Typesetting costs	2	1
Registration fees	9	8
	1,941	2,556
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	19	21
Transaction charges	2	1
Safe custody and other bank charges	12	16
	33	38
Other expenses	10	10
Total other creditors	13,822	16,545



**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 255 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 5,788,344 (31.01.21: 21,081,490) of the Fund's shares at the balance sheet date.

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**13. Shares in Issue**

	<b>'O'</b> Income	<b>'O'</b> Accumulation	<b>'I'</b> Income	<b>'I'</b> Accumulation
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	153,411,469	114,561,823	10,679,287	10,915,111
Issues	3,811,888	1,240,683	258,239	182,370
Redemptions	(40,181,778)	(34,981,651)	(1,982,225)	(2,054,994)
Conversions	(11,697,946)	(1,569,170)	(400,667)	(355,526)
Closing shares in issue	105,343,633	79,251,685	8,554,634	8,686,961

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	<b>'S'</b> Income	<b>'S'</b> Accumulation	<b>'X'</b> Income	<b>'X'</b> Accumulation
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	126,497,702	3,621,832	1,796,440,288	696,339,249
Issues	2,078,137	–	4,975,317	97,853,260
Redemptions	(48,414,598)	(1,185,887)	(705,280,070)	(202,180,802)
Conversions	1,110,647	–	18,793,703	6,830,110
Closing shares in issue	81,271,888	2,435,945	1,114,929,238	598,841,817

**14. Risk Management Policies**

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

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

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

**(A) CREDIT RISK**

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

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

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(B) INTEREST RATE RISK**

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

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

**(C) 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. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

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

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000	31.01.21 £'000
Currency:		
Swiss francs	82,341	118,891
US dollars	341,254	348,515
	<u>423,595</u>	<u>467,406</u>
Pounds sterling	2,027,844	2,796,069
Net assets	<u>2,451,439</u>	<u>3,263,475</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £21,180,000 on the net assets of the Fund (31.01.21: £23,370,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

## TROJAN INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

#### (E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 60.71% of the portfolio can be liquidated within 5 days and 90.26% within 21 working days (31.01.21: 70.11% within 5 days and 97.93% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £120,724,000 (31.01.21: £158,264,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	352,850	144	1,373	354,367
Collective investment schemes	33,341	18	–	33,359
Purchases total	<u>386,191</u>	<u>162</u>	<u>1,373</u>	<u>387,726</u>
<i>Transaction cost % of purchases total</i>		0.04%	0.36%	
<i>Transaction cost % of average NAV</i>		–	0.05%	
Ordinary shares	<u>1,379,110</u>	<u>(462)</u>	<u>(2)</u>	<u>1,378,646</u>
Sales total	<u>1,379,110</u>	<u>(462)</u>	<u>(2)</u>	<u>1,378,646</u>
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	

Average portfolio dealing spread at 31.01.22 is 0.06% (31.01.21: 0.06).

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	1,314,081	530	4,147	1,318,758
Collective investment schemes	2,055	1	–	2,056
Purchases total	<u>1,316,136</u>	<u>531</u>	<u>4,147</u>	<u>1,320,814</u>
<i>Transaction cost % of purchases total</i>		<i>0.04%</i>	<i>0.32%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.12%</i>	
Ordinary shares	817,512	(279)	(4)	817,229
Collective investment schemes	69,186	(42)	–	69,144
Sales total	<u>886,698</u>	<u>(321)</u>	<u>(4)</u>	<u>886,373</u>
<i>Transaction cost % of sales total</i>		<i>0.04%</i>	–	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	–	

The collective investment schemes include closed end funds.

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

All investments held in the current and prior year are ordinary shares categorised as Level 1.

**TROJAN INCOME FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**17. Subsequent Events**

Since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	23.05.22	Movement
'O' Income	180.28	169.43	(6.02)%
'O' Accumulation	354.67	338.65	(4.52)%
'I' Income	166.41	156.15	(6.17)%
'I' Accumulation	334.47	318.88	(4.66)%
'S' Income	188.29	177.09	(5.95)%
'S' Accumulation	362.75	346.63	(4.44)%
'X' Income	99.80	93.84	(5.97)%
'X' Accumulation	112.81	107.76	(4.48)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 26 May 2022.

## TROJAN INCOME FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 January 2022 – in pence per share

#### EQUALISATION

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

Group 2	Interim	Final
From	01.02.21	01.08.21
To	31.07.21	31.01.22

#### 'O' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	1.8000	–	1.8000	2.0000
Group 2	0.3390	1.4610	1.8000	2.0000

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	2.8732	–	2.8732	2.7583
Group 2	0.8981	1.9751	2.8732	2.7583

#### 'O' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.21	Allocated 30.09.20
Group 1	3.5062	–	3.5062	3.7871
Group 2	1.3168	2.1894	3.5062	3.7871

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	5.6397	–	5.6397	5.2671
Group 2	1.9840	3.6557	5.6397	5.2671



**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**'I' INCOME SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.21</b>	<b>Paid 30.09.20</b>
Group 1	1.6679	–	1.6679	1.8627
Group 2	0.1911	1.4768	1.6679	1.8627
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.22</b>	<b>Paid 31.03.21</b>
Group 1	2.6574	–	2.6574	2.5647
Group 2	0.8374	1.8200	2.6574	2.5647

**'I' ACCUMULATION SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	3.3193	–	3.3193	3.6032
Group 2	0.5982	2.7211	3.3193	3.6032
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	5.3293	–	5.3293	5.0029
Group 2	2.0221	3.3072	5.3293	5.0029

**'S' INCOME SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.21</b>	<b>Paid 30.09.20</b>
Group 1	1.8762	–	1.8762	2.0795
Group 2	0.4389	1.4373	1.8762	2.0795
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.22</b>	<b>Paid 31.03.21</b>
Group 1	2.9976	–	2.9976	2.8704
Group 2	1.2370	1.7606	2.9976	2.8704

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

**'S' ACCUMULATION SHARES**  
**(REGISTERED CHARITIES ONLY)**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	3.5785	–	3.5785	3.8562
Group 2	3.5785	0.0000	3.5785	3.8562

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	5.7622	–	5.7622	5.3673
Group 2	5.7622	0.0000	5.7622	5.3673

**'X' INCOME SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.21</b>	<b>Paid 30.09.20</b>
Group 1	0.9951	–	0.9951	1.1043
Group 2	0.4635	0.5316	0.9951	1.1043

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.22</b>	<b>Paid 31.03.21</b>
Group 1	1.5896	–	1.5896	1.5237
Group 2	0.5298	1.0598	1.5896	1.5237

**'X' ACCUMULATION SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.21</b>	<b>Allocated 30.09.20</b>
Group 1	1.1140	–	1.1140	1.2009
Group 2	0.3818	0.7322	1.1140	1.2009

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.22</b>	<b>Allocated 31.03.21</b>
Group 1	1.7929	–	1.7929	1.6718
Group 2	0.5915	1.2014	1.7929	1.6718

## **CRYSTAL FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Crystal Fund ('the Fund') is to seek to achieve growth in capital over the longer term (5 to 7 years) with a particular emphasis on preservation of capital.

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

The Fund has flexibility to invest globally in the following asset classes: government and public securities (such as sovereign debt and treasury bills), corporate bonds, equities and equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities), private equity, precious metals, cash, cash equivalents (including money-market instruments) and deposits.

The Fund may also invest in funds which may be open-ended or closed-ended (which may include other funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services), such as collective investment schemes and funds which constitute transferable securities such as investment trusts and other transferable securities such as exchange traded commodities. It is anticipated that these funds will provide exposure to the asset classes listed above. Exposure to precious metals will be indirect.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

The Fund has no particular geographic focus.

Exposure to asset classes will be varied and at times the Fund may have no exposure to a particular asset class.

## CRYSTAL FUND

### ACD'S REPORT *continued*

#### Benchmarks

The Fund's comparator benchmarks are the UK Retail Prices Index, the FTSE All-Share Index (Total Return) and the UK Official Bank Rate.

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'); The UK Retail Prices Index may be used as to compare the Fund's performance against a rate of UK inflation, the FTSE All-Share Index (Total Return) may be used as a comparator which may assist investors in evaluating the Fund's performance against GBP equity returns. The Fund also uses the UK Official Bank Rate as a comparator which may assist investors in evaluating the Fund's performance when compared with returns available from cash. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### LINK FUND SOLUTIONS LIMITED

ACD of Crystal Fund

26 May 2022

## CRYSTAL FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2022

The Fund returned +10.4% in the period. For comparative purposes, the FTSE All-Share Index (Total Return) returned +18.9%, the UK Retail Price Index return was +7.8% and the Bank of England Base Rate returned +0.1% over the same period.

### Market Review

2021 started with the same momentum created toward the end of 2020 as vaccine announcements provided a narrative underpinning the risk-on 're-opening trade' across equity and bond markets. Value-orientated stocks and cyclical companies, such as airlines, found favour however these sectors have tended not to generate attractive returns for shareholders over the long term and they do not meet the criteria Troy seek in terms of high quality, resilient, adaptable businesses run by exceptional management teams. On a relative basis, the Fund's equity holdings lagged this rotation during the initial months of the year providing an opportunity to add to existing investments such as Visa whilst modestly extending the duration within the index-linked holdings and topping up our gold exposure at more attractive levels.

As the year progressed, confidence in a sustained economic recovery began to wane. As risks of new variants, supply-chain disruption and a more sanguine view on the trajectory of inflation took centre stage, reduced confidence in a seamless reopening of economies was reflected in a change of leadership from cyclical to more defensive companies. This also impacted government bond yields, with the US 10-year, which peaked just below 1.75% at the end of March, falling to a level just below 1.2% during the summer months. A number of the companies held in the Fund performed strongly, supported by robust financial results. This has provided us with more confidence in how they have adapted to the environment and reinforced their competitive advantages.

Toward the end of the summer and through the final quarter of 2021, we reduced the Fund's weighting to equities and increased liquidity, reflecting our more cautious stance. Markets have had a remarkable period of strong performance following the COVID-19 lows witnessed in March 2020. We have observed signs of investor complacency with record high numbers of Initial Public Offerings and secondary offerings, for example. Given this backdrop, it was and remains prudent, at the time of writing, to maintain a modest level of risk from an overall portfolio perspective. The Omicron variant reminded everyone that the global economy is far from a 'post-pandemic' reality. Until such a time that immunity levels no longer compel governments to stop and start economies, supply chain bottlenecks and demand gyrations will persist. In combination with these risks, increased debt levels, low interest rates and rising inflation post the COVID-19 market falls of 2020 have created systemic fragility which may lead to more volatility and turbulence throughout 2022 and beyond.

With this in mind, and following the reduction in specific equities during 2021, which we discuss in greater detail below, the Fund retains a healthy balance of defensive assets in liquidity (11%), gold-related investments (12%), US Treasury Inflation Protected Securities ('US TIPS') (35%), and a below average equity weighting of 40% at the end of the 2021.

## CRYSTAL FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio

The Fund entered 2021 with an equity weighting of 47%. Over the course of the year, equity holdings<sup>1</sup> went from 17 to 14 following three sales and we outline the investment rationale for each below.

**Berkshire Hathaway.** After a more challenging year in 2020, the shares performed well during the reporting period, convincingly making new all-time highs. In terms of valuation, the shares also re-rated and traded on c.1.5x book, towards the upper end of the long-term range. There are several risks which we do not believe are adequately discounted; the most prominent is key-man-risk which is well known but as each year passes this risk, by definition, increases – Warren Buffett celebrated his 91st birthday last year. Coupled with this has been disappointing recent capital allocation by Berkshire, evident particularly in the decision to purchase airlines, followed by their untimely sale. Finally, the company's refusal to hold its subsidiary businesses to a higher level of account when it comes to climate disclosures is reflective of a management team that are yet to fully grasp the ESG nettle. This is likely to impact returns in the years to come.

Our views have evolved on the Fund's tobacco holdings in the past few years following the sale of Altria in 2018 and **British American Tobacco** in early 2021. The purchase of 35% of the JUUL vaping business for \$12bn was the catalyst for this reappraisal.

For the tobacco sector, the prospects for a re-rating look unlikely. This is not simply on account of ongoing divestment from the sector by investors. The companies also face the challenge of keeping their cigarette businesses strong enough to fund a transition to reduced risk products, while consumers and regulators are increasingly penalising and eschewing combustible tobacco. This change in business model will be challenging to navigate and it makes future returns much less predictable although we do recognise their role for income generation. Striving for relevance and the cost of reshaping the business will, we believe, be absorbed by shareholders in the shape of low-return acquisitions like JUUL (since written off by Altria) and more recently in the case of **Philip Morris International's** ('PMI') purchase of the UK inhaler group Vectura. PMI had been one of the best performers in the Fund in 2021 and we used the strength to sell out of our last tobacco holding.

**Visa** had a difficult final quarter of 2021 due to a combination of concerns over disruption and the Omicron variant's impact on cross-border travel. In spite of short-term headwinds and a currently negative narrative, we remain confident that card networks can continue to generate attractive returns. The digital payment transition has many years of growth ahead, with several countries still using cash in a significant way. Visa is also diversifying into non-card payment methods and data services. The digital payment sector is not a zero-sum game and there is plenty of growth to be shared by several 'winners'. The Fund added to Visa on weakness, taking advantage of a more attractive valuation.

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<sup>1</sup> Excluding Franco Nevada which is included within gold related investments.

## CRYSTAL FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

The first quarter of 2021 provided an opportunity to modestly increase the duration within the US TIPS holdings to 5 years as real rates rose in response to short-term price movements that overstated the ability for central banks to normalise monetary policy in our view. During the final quarter of 2021, we modestly trimmed duration and realised profits in one of the longer-dated US TIPS that had performed strongly during the year. At the end of the period duration was 4.2 years.

The gold price lost some of its shine during the first quarter of 2021 as markets were very much in risk-on phase. The price moved from \$1,898 on the 31 December 2020 finishing the first quarter at \$1,707. A -10% move in dollar terms. We used this price volatility to add to the physically backed Invesco Physical Gold Exchange Traded Commodity.

Over the period, Gold returned -2.7% in US dollar terms. Its performance must be seen in the context of a strongly rising equity market, as well as two very strong years for the gold price, rising from just under \$1,300 at the beginning of 2019 to over \$2,000 in August 2020. We believe gold will continue to offer unique protection against fiat currency debasement.

#### Outlook

Nobody knows the answer to the inflation conundrum but we need to be alert to all potential outcomes. How do we therefore position a portfolio? We look carefully at equity valuations and complement our stock market allocations with index-linked bonds to partially protect us from rising inflation. Gold remains essential insurance in a world of negative real yields and, whilst cash will not protect us in real terms, it is dry powder for when opportunities present themselves. Currency volatility may re-emerge as policy diverges between Europe, the US, China and the UK. The US dollar is likely to continue to be a defensive currency in risk-averse markets.

Nothing lasts forever. We have witnessed a forty-year bull market in bonds, an equity bull market flirting with 2000 valuations, record low interest rates, and a prolonged period of disinflation. Are we now entering a new regime? We suspect the money illusion (a tendency to view wealth in nominal rather than real terms) will start to mean something once again. Nominal returns, although positive, may be more volatile while real returns are likely to be harder to achieve.

Our objective is not to beat stock markets over short time periods. We seek instead to protect the real value of capital over the long term. That has just become more challenging. As we enter into 2022, we are braced for greater turbulence by being cautiously positioned, both in terms of our equity allocation and our index-linked duration. This caution, combined with our level of cash, does not guarantee positive returns over all time frames. It does however provide the flexibility to add to risk when we are paid to do so. It should also cushion any falls over shorter time horizons.

**TROY ASSET MANAGEMENT LIMITED**

Investment Manager

7 March 2022

## CRYSTAL FUND

### ACD'S REPORT *continued*

### FUND INFORMATION

#### Risk and Reward Profile



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

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

This indicator 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. Number 1 on the scale does not mean that a fund is risk free.

Currency risk: As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

Counterparty risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Derivative risk: A derivative may not perform as expected and may create losses greater than its cost.

Changes in interest rate risk: A rise in interest rates generally causes bond prices to fall.

Credit risk: The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

Liquidity risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).



**CRYSTAL FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Table****INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	282.65	269.20	245.26
Return before operating charges*	36.00	17.88	28.95
Operating charges	(3.40)	(3.10)	(2.89)
Return after operating charges	32.60	14.78	26.06
Distributions	(0.10)	(1.33)	(2.12)
Closing net asset value per share	315.15	282.65	269.20
* after direct transaction costs of:	0.03	0.07	0.04

**PERFORMANCE**

Return after charges	11.53%	5.49%	10.63%
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**OTHER INFORMATION**

Closing net asset value (£'000)	48,673	54,279	52,873
Closing number of shares	15,444,130	19,203,565	19,640,777
Operating charges	1.11%	1.11%	1.11%
Direct transaction costs	0.01%	0.02%	0.02%

**PRICES**

Highest share price	325.31	289.33	270.83
Lowest share price	279.29	250.29	246.32

## CRYSTAL FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Crystal Fund	10.35	30.18	34.93
UK Retail Prices Index <sup>1</sup>	7.84	12.26	19.66
FTSE All-Share Index (Total Return) <sup>1</sup>	18.90	21.66	30.20
UK Official Bank Rate <sup>1</sup>	0.12	1.06	2.03

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on page 300.

#### RISK WARNING

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

**CRYSTAL FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	DEBT SECURITIES – 41.15% (31.01.21 – 33.58%)		
£2,300,000	UK Treasury 0% 7/3/2022	2,299	4.72
£600,000	UK Treasury 0% 16/5/2022	599	1.23
US\$2,650,000	US Treasury Inflation Protected Securities 0.125% 15/4/2022	2,284	4.69
US\$1,940,000	US Treasury Inflation Protected Securities 0.125% 15/7/2022	1,788	3.67
US\$3,350,000	US Treasury Inflation Protected Securities 0.125% 15/1/2023	3,089	6.35
US\$2,735,000	US Treasury Inflation Protected Securities 0.125% 15/7/2024	2,517	5.17
US\$1,598,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	1,474	3.03
US\$1,235,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	1,066	2.19
US\$1,150,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	1,065	2.19
US\$1,710,100	US Treasury Inflation Protected Securities 0.75% 15/2/2042	1,858	3.82
US\$1,612,000	US Treasury Inflation Protected Securities 2.375% 15/1/2025	1,992	4.09
	TOTAL DEBT SECURITIES	20,031	41.15
	EQUITIES – 39.88% (31.01.21 – 46.56%)		
	UNITED KINGDOM – 7.55% (31.01.21 – 11.51%)		
35,116	Diageo	1,307	2.69
13,650	Experian	420	0.86
51,407	Unilever	1,947	4.00
	TOTAL UNITED KINGDOM	3,674	7.55
	CONTINENTAL EUROPE – 4.95% (31.01.21 – 5.06%)		
22,400	Nestlé	2,135	4.38
1,750	Pernod Ricard	276	0.57
	TOTAL CONTINENTAL EUROPE	2,411	4.95

**CRYSTAL FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	NORTH AMERICA – 27.38% (31.01.21 – 29.99%)		
7,600	Agilent Technologies	789	1.62
1,370	Alphabet 'A'	2,762	5.67
9,880	American Express	1,325	2.72
5,400	Becton Dickinson	1,022	2.10
18,950	Medtronic	1,461	3.00
11,800	Microsoft	2,733	5.61
1,235	Moody's	316	0.65
5,800	Procter & Gamble	694	1.43
13,200	Visa	2,223	4.58
	TOTAL NORTH AMERICA	13,325	27.38
	TOTAL EQUITIES	19,410	39.88
	COMMODITIES – 12.21% (31.01.21 – 12.34%)		
11,092	Franco-Nevada	1,094	2.25
14,100	Gold Bullion Securities <sup>1</sup>	1,754	3.60
9,898	Invesco Physical Gold ETC <sup>1</sup>	1,281	2.63
14,100	WisdomTree Physical Swiss Gold <sup>1</sup>	1,815	3.73
	TOTAL COMMODITIES	5,944	12.21
	FORWARD CURRENCY CONTRACTS – 0.09% (31.01.21 – 1.12%)		
US\$(4,535,000)	Vs £3,385,528 (expiry 16/2/2022) <sup>2</sup>	5	0.01
US\$(311,000)	Vs £234,448 (expiry 15/3/2022) <sup>2</sup>	3	0.01
US\$(14,767,000)	Vs £11,138,055 (expiry 15/3/2022) <sup>3</sup>	129	0.27
US\$(8,001,000)	Vs £5,825,009 (expiry 19/4/2022) <sup>3</sup>	(141)	(0.29)
£(258,240)	Vs US\$342,000 (expiry 15/3/2022) <sup>3</sup>	(3)	(0.01)
£(2,707,029)	Vs US\$3,695,000 (expiry 15/3/2022) <sup>3</sup>	48	0.10
	TOTAL FORWARD CURRENCY CONTRACTS	41	0.09

**CRYSTAL FUND**

**ACD'S REPORT** *continued*

**PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	Portfolio of investments <sup>4</sup>	45,426	93.33
	Net other assets	3,247	6.67
	Net assets	48,673	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Exchange traded commodity.

<sup>2</sup> Counterparty: BNY Mellon.

<sup>3</sup> Counterparty: UBS.

<sup>4</sup> Including investment liabilities.

**CRYSTAL FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)		4,847	Total sales for the year £'000 (note 15)		19,261
<b>Purchases</b>		<b>Cost £'000</b>	<b>Major sales</b>		<b>Proceeds £'000</b>
US Treasury Inflation Protected Securities			US Treasury Inflation Protected Securities		
0.125% 15/7/2026		1,635	0.125% 15/1/2022		2,781
US Treasury Inflation Protected Securities			Philip Morris International		2,390
0.375% 15/1/2027		1,139	British American Tobacco		1,434
US Treasury Inflation Protected Securities			Diageo		1,276
0.125% 15/1/2031		1,104	Microsoft		1,273
Visa		464	Berkshire Hathaway 'A'		1,207
Invesco Physical Gold ETC		267	Alphabet 'A'		1,185
Experian		132	US Treasury Inflation Protected Securities		
Franco-Nevada		106	0.75% 15/2/2042		1,079
			Agilent Technologies		873
			Nestlé		745

In addition to the above, purchases of £4,899,000 and sales of £2,000,000 were made in short term investments during the year.

The summary of material portfolio changes represents all of the purchases and the 10 largest sales during the year.

## CRYSTAL FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains	3		6,197		2,595
Revenue	4	611		883	
Expenses	5	(619)		(600)	
Net (expense)/revenue before taxation		(8)		283	
Taxation	6	(39)		(24)	
Net (expense)/revenue after taxation			(47)		259
<b>Total return before distributions</b>			6,150		2,854
Distributions	7		(19)		(259)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,131		2,595

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>	54,279	52,873
Amounts payable on redemption of shares	(11,737)	(1,189)
Change in net assets attributable to shareholders from investment activities	6,131	2,595
<b>Closing net assets attributable to shareholders</b>	48,673	54,279

# CRYSTAL FUND

## FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		45,570	50,806
<b>Current assets</b>			
Debtors	8	19	49
Cash and bank balances	9	3,289	3,567
<b>Total assets</b>		<u>48,878</u>	<u>54,422</u>
<b>LIABILITIES</b>			
Investment liabilities		(144)	–
<b>Creditors</b>			
Distribution payable	10	–	(81)
Other creditors	10	(61)	(62)
<b>Total liabilities</b>		<u>(205)</u>	<u>(143)</u>
<b>Net assets attributable to shareholders</b>		<u>48,673</u>	<u>54,279</u>



**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 January 2022

**1. Accounting Policies**

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Gains**

The net capital gains during the year comprise:

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	6,590	1,427
Forward currency contracts	(392)	1,391
Transaction charges	–	(1)
AMC rebates from underlying investments	5	6
Currency losses	(6)	(228)
Net capital gains	6,197	2,595

**4. Revenue**

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	412	574
Interest on debt securities	199	305
Bank interest	–	4
Total revenue	611	883

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	559	543
Legal and professional fees	4	4
Typesetting costs	3	3
Registration fees	17	17
	583	567
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	20	19
Safe custody and other bank charges	4	3
	24	22
Other expenses:		
Audit fees	10	10
Representation fees	2	1
	12	11
Total expenses	619	600

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

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	39	24
Current tax charge	39	24
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	39	24

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net (expense)/revenue before taxation	(8)	283
Corporation tax at 20%	(2)	57
Effects of:		
Non-taxable dividends	(82)	(115)
AMC rebates taken to capital	1	1
Unutilised excess management expenses	83	57
Corporation tax charge	–	–
Overseas tax	39	24
Total tax charge (note 6a)	39	24

## c) Deferred tax

At the year end there is a potential deferred tax asset of £871,000 (31.01.21: £788,000) 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.

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Interim	19	177
Final	—	81
	<u>19</u>	<u>258</u>
Add: Revenue deducted on redemption of shares	—	1
Net distributions for the year	<u>19</u>	<u>259</u>

Details of the distributions per share are set out in the table on page 300.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net (expense)/revenue after taxation	(47)	259
Allocations to capital:		
Revenue deficit	<u>66</u>	<u>—</u>
Net distributions for the year	<u>19</u>	<u>259</u>

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Accrued revenue:		
Non-taxable dividends	9	37
Interest from debt securities	9	11
	<u>18</u>	<u>48</u>
Prepaid expenses	<u>1</u>	<u>1</u>
Total debtors	<u>19</u>	<u>49</u>

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	3,289	3,567
Total cash and bank balances	3,289	3,567

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	—	81
<b>Other Creditors</b>		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	45	47
Typesetting costs	2	2
Registration fees	1	1
	48	50
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	2
Safe custody and other bank charges	1	1
	3	3
Other expenses	10	9
Total other creditors	61	62

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

## CRYSTAL FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 284. There were no amounts due at the year end.

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

Another shareholder	26.80% (31.01.21: 32.42%)
Fundsettle Nominees Limited	72.75% (31.01.21: 67.22%)

#### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

#### 13. Shares in Issue

	Income
Annual Management Charge	1.00%
Opening shares in issue	19,203,565
Issues	—
Redemptions	(3,759,435)
Closing shares in issue	<u>15,444,130</u>

#### 14. Risk Management Policies

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

## CRYSTAL FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

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

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

#### (A) CREDIT RISK

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

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

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

Credit Quality	31.01.22 %	31.01.21 %
Investment grade debt securities	41.15	33.58
Other investments	52.18	60.02
Net other assets	6.67	6.40
	<u>100.00</u>	<u>100.00</u>

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

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

31.01.22 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
Bank of New York Mellon	8	–
UBS	33	–

31.01.21 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
Bank of New York Mellon	608	–

**(B) INTEREST RATE RISK**

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 January 2022 a one basis point change in the yield would have an impact of £7,000 on the direct net assets of the Fund (31.01.21: £9,000).



**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

The table below shows the direct interest rate risk profile:

	31.01.22 £'000	31.01.21 £'000
Floating rate investments	17,133	18,224
Fixed rate investments	2,898	–
Investments on which interest is not paid	25,539	32,582
Investment liabilities on which interest is not paid	(144)	–
Total investments	45,426	50,806

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

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

**(C) FOREIGN CURRENCY RISK**

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

The table below shows the direct foreign currency risk profile:

	31.01.22 Gross £'000	31.01.22 Hedged £'000	31.01.22 Net £'000
Currency:			
Euros	276	–	276
Swiss francs	2,135	–	2,135
US dollars	36,418	(17,578)	18,840
	38,829	(17,578)	21,251
Pounds sterling	9,803	17,619	27,422
Net assets	48,632	41	48,673

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.21 Gross £'000	31.01.21 Hedged £'000	31.01.21 Net £'000
Currency:			
Euros	276	–	276
Swiss francs	2,473	–	2,473
US dollars	41,222	(19,650)	21,572
	43,971	(19,650)	24,321
Pounds sterling	9,700	20,258	29,958
Net assets	53,671	608	54,279

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £1,063,000 on the net assets of the Fund (31.01.21: £1,216,000).

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the current or prior year.

**(E) LIQUIDITY RISK**

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 96.68% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days (31.01.21: 100.00% within 5 days and 100.00% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

**(F) MARKET PRICE RISK**

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

## CRYSTAL FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

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

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts would have the effect of increasing the return and net assets by £2,269,000 (31.01.21: £2,510,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has the power to manage exposure to currency movements by using forward contracts. Details of the holdings of such instruments, the net exposure to foreign currencies as at the balance sheet date, and details of the total gains on forward currency contracts during the year are set out in the Portfolio Statement, note 14(C) and note 3, respectively. The counterparties for the forward currency contracts are the Bank of New York Mellon and UBS.

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

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	702	—	—	702
Collective investment schemes	267	—	—	267
Debt securities	3,878	—	—	3,878
Purchases total	4,847	—	—	4,847
<i>Transaction cost % of purchases total</i>		—	—	
<i>Transaction cost % of average NAV</i>		—	—	
Ordinary shares	12,195	(5)	—	12,190
Collective investment schemes	907	—	—	907
Debt securities	6,164	—	—	6,164
Sales total	19,266	(5)	—	19,261
<i>Transaction cost % of sales total</i>		0.03%	—	
<i>Transaction cost % of average NAV</i>		0.01%	—	

Average portfolio dealing spread at 31.01.22 is 0.07% (31.01.21: 0.08%).

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

31.01.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	8,897	4	7	8,908
Collective investment schemes	1,117	–	–	1,117
Debt securities	11,207	–	–	11,207
Purchases total	<u>21,221</u>	<u>4</u>	<u>7</u>	<u>21,232</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.03%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.01%</i>	
Ordinary shares	4,150	(2)	–	4,148
Collective investment schemes	1,319	–	–	1,319
Debt securities	6,528	–	–	6,528
Sales total	<u>11,997</u>	<u>(2)</u>	<u>–</u>	<u>11,995</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include exchange traded commodities.

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

<b>31.01.22</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	45,385	185	–	45,570
Investment liabilities	–	(144)	–	(144)
<b>31.01.21</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	50,198	608	–	50,806

**CRYSTAL FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the year ended 31 January 2022 – in pence per share

**EQUALISATION**

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

Group 2	Interim	Final
From	01.02.21	01.08.21
To	31.07.21	31.01.22

**INCOME SHARES**

Interim	Net Revenue	Equalisation	Paid 30.09.21	Paid 30.09.20
Group 1	0.0982	–	0.0982	0.9107
Group 2	0.0982	0.0000	0.0982	0.9107
Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	–	–	–	0.4214
Group 2	–	0.0000	–	0.4214

## **SPECTRUM FUND ACD'S REPORT**

for the year ended 31 January 2022

### **Important Information**

Refer to the 'Important Information' section of the Company on pages 11 and 12.

### **Investment Objective and Policy**

The investment objective of the Spectrum Fund ('the Fund') is to seek to achieve capital growth over the longer term (5-7 years).

Capital invested is at risk and there is no guarantee that a positive return will be delivered or that the investment objective will be achieved.

At least 70% of the Fund's assets will be invested globally in collective investment schemes which may be open-ended or closed-ended and/or other investment funds such as investment trusts. It is anticipated that these funds will invest in the following asset classes: government and public securities (such as sovereign debt and treasury bills), corporate bonds, equities, equity-related securities (being instruments whose return is determined by the performance of a single underlying equity or a basket of equities), real estate (via real estate investments trusts ('REITs')), alternative investments (such as private equity, infrastructure and hedge funds), precious metals, cash, cash equivalents (including money-market instruments) and deposits. The Fund may also invest up to 30% of its assets directly in these asset classes with the exception of investment in precious metals and real estate, exposure to which will be indirect.

The funds in which the Fund may invest may include funds managed by the ACD, or Associates of the ACD or Investment Manager, or funds to which the Investment Manager, or its Associates, provides investment management services. The Fund may invest up to 100% of its assets in collective investment schemes.

The Fund may use derivatives, including currency forwards and futures, for the purposes of Efficient Portfolio Management, including hedging.

Exposure to asset classes will be varied and at times the Fund may have no exposure to a particular asset class.

The Fund has no particular geographic focus.



## **SPECTRUM FUND**

### **ACD'S REPORT** *continued*

#### **Benchmarks**

The Fund's comparator benchmarks are the UK Retail Prices Index, the UK Official Bank Rate and the Investment Association Flexible Investment Sector.

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'); The UK Retail Prices Index may be used as to compare the Fund's performance against a rate of UK inflation. The Fund also uses the UK Official Bank Rate as a comparator which may assist investors in evaluating the Fund's performance when compared with returns available from cash. The Fund also uses the Investment Association Flexible Investment Sector as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. The ACD believes that these are appropriate comparator benchmarks for the Fund given the investment objective and policy of the Fund.

#### **LINK FUND SOLUTIONS LIMITED**

ACD of Spectrum Fund

26 May 2022

## SPECTRUM FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2022

The Funds 'O' Accumulation share class returned +9.0% in the period, compared to the IA Flexible Investment (TR) return of +6.2%.

### Market Review

2021 started with hope that the worst of the pandemic was behind us and that the global economy would gradually reopen as the year progressed. However, whilst COVID-19 vaccines helped limit the severity of disease, the emergence of new variants throughout the year delayed a return to normality. In equity markets, early enthusiasm for companies negatively impacted by shutdown orders in 2020 was replaced by the continued strong performance of US equities in general, and technology staples such as Alphabet and Microsoft in particular. By contrast, more speculative and higher growth companies, including Peloton and Zoom Video Communications, reversed some of their gains from the previous year as investors questioned the sustainability of their growth.

The beginning of 2022 found investors in a circumspect mood. Whilst investors dismissed rising inflation as transitory for much of 2021, there is now far greater concern that higher inflation is here to stay and that this will result in sharply rising interest rates. Against this backdrop, equity markets witnessed a significant rotation during January, as the share prices of many growth stocks fell precipitously whilst more lowly-valued parts of the market, including financials and energy, performed well.

### Portfolio

Polar Capital Global Insurance, Findlay Park American and Egerton Capital Equity were among the leading contributors to the Fund's performance over the year.

Having underperformed during 2020, Polar Capital Global Insurance's performance was much better in 2021. Uncertainty around the costs of insuring against a pandemic was replaced by a recognition that the best insurers have little exposure to claims directly related to COVID-19. Moreover, a strong underwriting environment is allowing the insurance companies held in Polar's portfolio to increase prices and grow their book value per share at a healthy rate. A combination of improving fundamentals and reasonable valuations gives us confidence that Polar Capital Global Insurance can continue to deliver compelling returns in the future. Findlay Park American benefited from continued strength across US equities and, more specifically, the strong performance of large holdings such as Alphabet, Microsoft and Intuit. Egerton Capital Equity also delivered good absolute returns but lagged the MSCI World index, its global equity benchmark.

Gold Bullion Securities and Brown Advisory Latin American were among the largest detractors to the Fund's performance over the year.

Whilst gold performed well during the early stages of the pandemic, it has done little since the summer of 2020. Although disappointing, especially when set against a backdrop of rising inflation, we own gold as ballast in the portfolio and for its potential to preserve capital during periods of equity market weakness. With a high allocation to Brazil, a country significantly impacted by the pandemic, Brown Advisory Latin American suffered from a fatal combination of falling equity prices and a weaker currency. As a result of the fund's poor performance and shrinking asset base, Brown Advisory decided to close the fund towards the end of the year.

## SPECTRUM FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

We initiated a number of new holdings during the year, including HC Snyder US Equity, Columbus Point Global Equity, Jupiter Global Equity Growth Unconstrained and the Schiehallion Fund, all of which were discussed in detail in the Fund's interim report. These new holdings were financed by the sale of Evenlode Income, Lindsell Train Global Equity, CG Real Return and Berkshire Hathaway. In addition, EPE Special Opportunities and Columbus Point Global Equity were sold in December. Whilst EPE Special Opportunities has performed well over the last couple of years, it has always been one of the Fund's smallest holdings due to its less liquid nature. Without the ability or willingness to grow the holding, we recycled the capital elsewhere. Columbus Point made the difficult decision to close its business towards the end of the year. This is a disappointing outcome for a new investment that has generated positive returns since it was acquired for the Fund.

#### Outlook

A significant decline in the share prices of many of the most highly-rated growth companies over the last few months highlights how rapidly investor sentiment can change. Sky-high valuations implied unquestioned confidence in the sustainability of future growth have since come rattling back towards earth. Yet valuations remain far above historic norms. Whether they suffer a crash landing or manage to avoid one will be influenced by the future path of interest rates and inflation. Whilst it is tempting to try and predict what will happen, we believe it is far better to avoid such excesses in the first place and steer a middle course. For the Fund, this means partnering with a balance of talented fund managers, who have long track records for navigating different market environments. In aggregate they invest in good quality companies, with strong and durable prospects, which trade at reasonable prices.

#### TROY ASSET MANAGEMENT LIMITED

Investment Manager

7 March 2022

**SPECTRUM FUND**  
**ACD'S REPORT** *continued*  
**FUND INFORMATION**

**Risk and Reward Profile**



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

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

This indicator 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. Number 1 on the scale does not mean that a fund is risk free.

Currency risk: As the Fund can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

Property fund investment risk: Property funds can become illiquid increasing the risk that a position cannot be sold in a timely manner or at a reasonable price.

Counterparty risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Changes in interest rate risk: A rise in interest rates generally causes bond prices to fall.

Credit risk: The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

Liquidity risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

**SPECTRUM FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables**

Where the Fund has significant investment in collective investment schemes, exchange-traded funds and similar products, the operating charges figure takes account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date. Following an update to industry guidance, with effect from 1 July 2021, the operating charges figure also takes account of the ongoing charges incurred in closed end underlying schemes calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

**'O' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22</b> pence per share	<b>31.01.21</b> pence per share	<b>31.01.20</b> pence per share
Opening net asset value per share	237.76	230.80	206.82
Return before operating charges*	26.07	11.45	28.69
Operating charges	(3.95)	(3.35)	(3.35)
Return after operating charges	22.12	8.10	25.34
Distributions	(0.44)	(1.14)	(1.36)
Closing net asset value per share	259.44	237.76	230.80
* after direct transaction costs of:	0.09	0.05	0.01

**PERFORMANCE**

Return after charges	9.30%	3.51%	12.25%
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**OTHER INFORMATION**

Closing net asset value (£'000)	94,962	99,716	98,606
Closing number of shares	36,601,853	41,940,251	42,724,145
Operating charges <sup>1</sup>	1.50%	1.47%	1.50%
Direct transaction costs	0.03%	0.02%	0.01%

**PRICES**

Highest share price	287.19	249.05	235.74
Lowest share price	236.11	190.55	207.43

<sup>1</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charge Figure of 1.50%.

**SPECTRUM FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'O' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	251.47	242.94	216.44
Return before operating charges*	27.60	12.06	30.01
Operating charges	(4.18)	(3.53)	(3.51)
Return after operating charges	23.42	8.53	26.50
Distributions	(0.43)	(1.20)	(1.42)
Retained distributions on accumulation shares	0.43	1.20	1.42
Closing net asset value per share	274.89	251.47	242.94
* after direct transaction costs of:	0.10	0.05	0.01

**PERFORMANCE**

Return after charges	9.31%	3.51%	12.24%
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**OTHER INFORMATION**

Closing net asset value (£'000)	33,404	39,593	37,915
Closing number of shares	12,151,499	15,744,415	15,606,654
Operating charges <sup>1</sup>	1.50%	1.47%	1.50%
Direct transaction costs	0.03%	0.02%	0.01%

**PRICES**

Highest share price	303.77	262.16	247.54
Lowest share price	249.74	200.58	217.07

<sup>1</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charge Figure of 1.50%.

**SPECTRUM FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables****'I' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	234.94	228.12	204.50
Return before operating charges*	25.76	11.25	28.31
Operating charges	(5.16)	(4.43)	(4.41)
Return after operating charges	20.60	6.82	23.90
Distributions	—	—	(0.28)
Closing net asset value per share	255.54	234.94	228.12
* after direct transaction costs of:	0.09	0.05	0.01

**PERFORMANCE**

Return after charges	8.77%	2.99%	11.69%
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**OTHER INFORMATION**

Closing net asset value (£'000)	80	84	152
Closing number of shares	31,270	35,618	66,523
Operating charges <sup>1</sup>	1.99%	1.97%	2.00%
Direct transaction costs	0.03%	0.02%	0.01%

**PRICES**

Highest share price	282.68	245.00	232.48
Lowest share price	233.22	188.20	205.09

<sup>1</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charge Figure of 2.00%.

**SPECTRUM FUND****ACD'S REPORT** *continued***FUND INFORMATION** *continued***Comparative Tables** *continued***'I' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.22 pence per share</b>	<b>31.01.21 pence per share</b>	<b>31.01.20 pence per share</b>
Opening net asset value per share	240.05	233.08	208.69
Return before operating charges*	26.35	11.50	28.90
Operating charges	(5.30)	(4.53)	(4.51)
Return after operating charges	21.05	6.97	24.39
Distributions	—	—	(0.23)
Retained distributions on accumulation shares	—	—	0.23
Closing net asset value per share	261.10	240.05	233.08
* after direct transaction costs of:	0.09	0.05	0.01

**PERFORMANCE**

Return after charges	8.77%	2.99%	11.69%
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**OTHER INFORMATION**

Closing net asset value (£'000)	383	361	378
Closing number of shares	146,903	150,510	162,423
Operating charges <sup>1</sup>	2.00%	1.97%	2.00%
Direct transaction costs	0.03%	0.02%	0.01%

**PRICES**

Highest share price	288.83	250.33	237.52
Lowest share price	238.29	192.29	209.29

<sup>1</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee, to seek to achieve an Ongoing Charge Figure of 2.00%.



## SPECTRUM FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 January 2022 (%)

	1 year	3 years	5 years
Spectrum Fund	8.96	27.75	38.59
UK Retail Prices Index <sup>1</sup>	7.84	12.26	19.66
UK Official Bank Rate <sup>1</sup>	0.12	1.06	2.03
Investment Association Flexible Investment Sector <sup>1</sup>	6.19	26.85	34.76

<sup>1</sup> Source: Morningstar Direct.

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

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

Details of the distributions per share for the year are shown in the Distribution Table on page 328.

#### RISK WARNING

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

**SPECTRUM FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	INDEX-LINKED BONDS – 0.00% (31.01.21 – 3.99%)	–	–
744,698	UNITED KINGDOM EQUITIES – 1.36% (31.01.21 – 6.75%) Aurora Investment Trust <sup>1</sup>	1,750	1.36
3,928	EUROPEAN EQUITIES – 0.35% (31.01.21 – 3.67%) HAL Trust <sup>2</sup>	453	0.35
130,519	NORTH AMERICAN EQUITIES – 22.73% (31.01.21 – 20.71%) Findlay Park American	17,431	13.53
92,463	HC Snyder US All Cap Equity Founder Class USD Acc	6,673	5.18
187,316	Pershing Square <sup>1</sup>	5,179	4.02
	TOTAL NORTH AMERICAN EQUITIES	29,283	22.73
	EMERGING MARKETS EQUITIES – 0.00% (31.01.21 – 1.31%)	–	–
36,603	ASIAN EQUITIES – 6.97% (31.01.21 – 6.59%) Samarang Asian Prosperity	8,979	6.97
6,635,647	GLOBAL EQUITIES – 42.12% (31.01.21 – 39.19%) AMP Capital Global Companies	10,462	8.12
47,204	Egerton Capital Equity	18,207	14.13
118,603	Jupiter Global Equity Growth Unconstrained	11,693	9.08
86,687	Polar Capital Technology <sup>1</sup>	2,001	1.55
526,804	The Schiehallion Fund <sup>1</sup>	801	0.62
110,104	WCM Global Equity	11,100	8.62
	TOTAL GLOBAL EQUITIES	54,264	42.12
	ABSOLUTE RETURNS & ALTERNATIVES – 0.00% (31.01.21 – 0.89%)	–	–

**SPECTRUM FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT** *continued*

as at 31 January 2022

Holding	Portfolio of Investments	Value £'000	31.01.22 %
	FINANCIALS – 13.36% (31.01.21 – 8.05%)		
2,020,062	Polar Capital Global Insurance	17,206	13.36
	COMMODITIES – 7.01% (31.01.21 – 7.79%)		
41,481	Franco-Nevada <sup>2</sup>	4,089	3.17
39,772	Gold Bullion Securities <sup>3</sup>	4,948	3.84
	TOTAL COMMODITIES	9,037	7.01
	Portfolio of investments	120,972	93.90
	Net other assets	7,857	6.10
	Net assets	128,829	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are collective investment schemes unless stated otherwise.

<sup>1</sup> Closed end fund.

<sup>2</sup> Ordinary shares.

<sup>3</sup> Exchange traded commodity.

**SPECTRUM FUND****ACD'S REPORT** *continued***SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the year ended 31 January 2022

Total purchases for the year £'000 (note 15)	49,120	Total sales for the year £'000 (note 15)	77,868
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Jupiter Global Equity Growth		Columbus Point Global Equity	10,893
Unconstrained	12,320	Lindsell Train Global Equity	9,137
Columbus Point Global Equity	10,000	Berkshire Hathaway 'A'	8,734
HC Snyder US All Cap Equity Founder		WCM Global Equity	6,750
Class USD Acc	6,115	HAL Trust	5,591
The Schiehallion Fund 'C'	4,361	The Schiehallion Fund 'C'	5,574
Polar Capital Global Insurance	4,225	CG Real Return	5,432
Findlay Park American	3,966	Gold Bullion Securities	5,190
Gold Bullion Securities	2,747	Aurora Investment Trust	4,532
WCM Global Equity	1,302	TB Evenlode Income	4,164
The Schiehallion Fund	1,257		
AMP Capital Global Companies	961		

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

## SPECTRUM FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 January 2022

	Notes	£'000	31.01.22 £'000	£'000	31.01.21 £'000
Income:					
Net capital gains	3		12,484		3,770
Revenue	4	1,124		1,650	
Expenses	5	(899)		(985)	
Net revenue before taxation		225		665	
Taxation	6	(5)		(9)	
Net revenue after taxation			220		656
<b>Total return before distributions</b>			12,704		4,426
Distributions	7		(224)		(661)
<b>Change in net assets attributable to shareholders from investment activities</b>			12,480		3,765

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2022

	£'000	31.01.22 £'000	£'000	31.01.21 £'000
<b>Opening net assets attributable to shareholders</b>		139,754		137,051
Amounts receivable on issue of shares	4,412		5,414	
Amounts payable on redemption of shares	(27,869)		(6,664)	
		(23,457)		(1,250)
Change in net assets attributable to shareholders from investment activities		12,480		3,765
Retained distributions on Accumulation shares		52		188
<b>Closing net assets attributable to shareholders</b>		128,829		139,754

**SPECTRUM FUND**  
**FINANCIAL STATEMENTS** *continued*  
**BALANCE SHEET**  
as at 31 January 2022

	Notes	31.01.22 £'000	31.01.21 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		–	138,276
<b>Current assets</b>			
Investments		120,972	–
Debtors	8	1,095	758
Cash and bank balances	9	9,160	2,125
<b>Total assets</b>		<u>131,227</u>	<u>141,159</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(161)	(477)
Other creditors	10	(2,237)	(928)
<b>Total liabilities</b>		<u>(2,398)</u>	<u>(1,405)</u>
<b>Net assets attributable to shareholders</b>		<u>128,829</u>	<u>139,754</u>

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 January 2022

**1. Accounting Policies**

The accounting policies described on pages 23 to 25 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on page 26 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Gains**

The net capital gains during the year comprise:

	31.01.22 £'000	31.01.21 £'000
Non-derivative securities	12,452	4,342
Forward currency contracts	6	(448)
Transaction charges	(1)	(1)
AMC rebates from underlying investments	8	23
Currency gains/(losses)	19	(146)
Net capital gains	12,484	3,770

**4. Revenue**

	31.01.22 £'000	31.01.21 £'000
Non-taxable dividends	1,023	1,503
Taxable dividends	–	138
Interest on debt securities	–	5
Bank interest	–	4
Non-taxable stock dividends	101	–
Total revenue	1,124	1,650

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**5. Expenses**

	31.01.22 £'000	31.01.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	919	871
Legal and professional fees	10	9
Typesetting costs	3	3
Registration fees	43	40
	975	923
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	45	43
Safe custody and other bank charges	7	7
	52	50
Other expenses:		
Audit fees	10	10
Publication costs	5	5
Legal and professional fees	3	(3)
Refund of expenses	(146)	–
	(128)	12
Total expenses	899	985

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



**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**6. Taxation**

	31.01.22 £'000	31.01.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	5	9
Current tax charge	5	9
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	5	9

## b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.21: 20%). The difference is explained below:

	31.01.22 £'000	31.01.21 £'000
Net revenue before taxation	225	665
Corporation tax at 20%	45	133
Effects of:		
Non-taxable dividends	(205)	(301)
Non-taxable stock dividends	(20)	–
AMC rebates taken to capital	2	5
Unutilised excess management expenses	178	163
Corporation tax charge	–	–
Overseas tax	5	9
Total tax charge (note 6a)	5	9

## c) Deferred tax

At the year end there is a potential deferred tax asset of £1,104,000 (31.01.21: £926,000) 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*

for the year ended 31 January 2022

**7. Distributions**

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

	31.01.22 £'000	31.01.21 £'000
Final	213	665
Add: Revenue deducted on redemption of shares	12	9
Deduct: Revenue received on issue of shares	(1)	(13)
Net distributions for the year	224	661

Details of the distributions per share are set out in the table on page 328.

	31.01.22 £'000	31.01.21 £'000
Distributions represented by:		
Net revenue after taxation	220	656
Allocations to capital:		
Tax relief on AMC rebates from underlying investments taken to capital	2	5
Revenue deficit – 'I' Income	1	–
– 'I' Accumulation	1	–
	4	5
Net distributions for the year	224	661

**8. Debtors**

	31.01.22 £'000	31.01.21 £'000
Amounts receivable for issue of shares	34	128
Sales awaiting settlement	913	539
Accrued revenue:		
Non-taxable dividends	–	88
AMC rebates from underlying investments	1	1
	1	89

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Prepaid expenses	1	2
Amounts due from the Investment Manager:		
Refund of expenses	146	–
Total debtors	1,095	758

**9. Cash and Bank Balances**

	31.01.22 £'000	31.01.21 £'000
Bank balances	9,160	2,125
Total cash and bank balances	9,160	2,125

**10. Creditors**

	31.01.22 £'000	31.01.21 £'000
Distribution payable	161	477
<b>Other Creditors</b>		
Amounts payable for redemption of shares	2,138	83
Purchases awaiting settlement	2	726
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	76	80
Legal and professional fees	1	–
Typesetting costs	2	1
Registration fees	3	4
	82	85

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	31.01.22 £'000	31.01.21 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	4	4
Safe custody and other bank charges	1	1
	5	5
Other expenses	10	29
Total other creditors	2,237	928

**11. Related Party Transactions**

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 314 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 93,034 (31.01.21: 110,574) of the Fund's shares at the balance sheet date.

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

Pershing Nominees Limited	67.46% (31.01.21: 63.80%)
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**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.01.21: none).

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**13. Shares in Issue**

	<b>'O'</b> Income	<b>'O'</b> Accumulation	<b>'I'</b> Income	<b>'I'</b> Accumulation
Annual Management Charge	0.65%	0.65%	1.15%	1.15%
Opening shares in issue	41,940,251	15,744,415	35,618	150,510
Issues	382,817	1,196,367	1,905	11,675
Redemptions	(5,722,218)	(4,792,905)	(6,253)	(10,485)
Conversions	1,003	3,622	—	(4,797)
Closing shares in issue	<u>36,601,853</u>	<u>12,151,499</u>	<u>31,270</u>	<u>146,903</u>

**14. Risk Management Policies**

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

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

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

**(A) CREDIT RISK**

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

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty setting 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.

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**(B) INTEREST RATE RISK**

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

The Fund invests in collective investment schemes and as such does not have any significant direct exposure to interest rate risk. The Fund may indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no direct exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

**(C) FOREIGN CURRENCY RISK**

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

The table below shows the direct foreign currency risk profile:

	31.01.22 £'000	31.01.21 £'000
Currency:		
Euros	453	5,124
US dollars	45,042	51,421
	<u>45,495</u>	<u>56,545</u>
Pounds sterling	83,334	83,209
Net assets	<u>128,829</u>	<u>139,754</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £2,275,000 on the net assets of the Fund (31.01.21: £2,827,000).

## SPECTRUM FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 January 2022

#### (D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

#### (E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 67.83% of the portfolio can be liquidated within 5 days and 71.53% within 21 working days (31.01.21: 79.45% within 5 days and 95.29% within 30 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £6,049,000 (31.01.21: £6,914,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Fund held no derivatives of a material nature in the current or prior year.

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

**15. Portfolio Transaction Costs**

31.01.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	393	—	—	393
Collective investment schemes	48,695	2	30	48,727
Purchases total	49,088	2	30	49,120
<i>Transaction cost % of purchases total</i>		—	0.06%	
<i>Transaction cost % of average NAV</i>		—	0.02%	
Ordinary shares	14,332	(6)	—	14,326
Collective investment schemes	63,552	(10)	—	63,542
Sales total	77,884	(16)	—	77,868
<i>Transaction cost % of sales total</i>		0.02%	—	
<i>Transaction cost % of average NAV</i>		0.01%	—	

Average portfolio dealing spread at 31.01.22 is 0.08% (31.01.21: 0.27%).



**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
<b>31.01.21</b>				
Ordinary shares	11,042	5	–	11,047
Collective investment schemes	42,310	7	9	42,326
Purchases total	<u>53,352</u>	<u>12</u>	<u>9</u>	<u>53,373</u>
<i>Transaction cost % of purchases total</i>		0.02%	0.02%	
<i>Transaction cost % of average NAV</i>		0.01%	0.01%	
Collective investment schemes	46,544	(7)	–	46,537
Sales total	<u>46,544</u>	<u>(7)</u>	<u>–</u>	<u>46,537</u>
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include closed end funds and exchange traded commodities.

**16. Fair Value Hierarchy**

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

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.01.22</b>				
Investment assets	<u>9,490</u>	<u>111,482</u>	<u>–</u>	<u>120,972</u>
<b>31.01.21</b>				
Investment assets	<u>37,252</u>	<u>101,024</u>	<u>–</u>	<u>138,276</u>

## **SPECTRUM FUND**

### **FINANCIAL STATEMENTS** *continued*

### **NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 January 2022

#### **17. Subsequent Events**

The assets of the Spectrum Fund have been moved into the Trojan Global Equity Fund by way of a Scheme of Arrangement on 14 May 2022. The Spectrum Fund has now entered the process of termination. FCA approval to commence the wind up of the Spectrum Fund was received on 24 March 2022. As a result, the 31 January 2022 financial statements of the Spectrum Fund have been prepared on a break up basis.

**SPECTRUM FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the year ended 31 January 2022 – in pence per share

**EQUALISATION**

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

Group 2	Final
From	01.02.21
To	31.01.22

**‘O’ INCOME SHARES**

There were no interim distributions in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.22	Paid 31.03.21
Group 1	0.4399	–	0.4399	1.1372
Group 2	0.3782	0.0617	0.4399	1.1372

**‘O’ ACCUMULATION SHARES**

There were no interim distributions in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.22	Allocated 31.03.21
Group 1	0.4266	–	0.4266	1.1962
Group 2	0.3410	0.0856	0.4266	1.1962

**‘I’ INCOME SHARES**

There were no distributions in the current or prior year.

**‘I’ ACCUMULATION SHARES**

There were no distributions in the current or prior year.

## GENERAL INFORMATION

### Share Capital

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

### Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority. On the introduction of any new sub-fund or class, a revised Prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

Trojan Fund  
Trojan Ethical Fund  
Trojan Ethical Global Income Fund  
Trojan Ethical Income Fund  
Trojan Global Income Fund  
Trojan Global Equity 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 may issue Income and Accumulation shares in respect of each sub-fund.

Holders of Income shares are entitled to be paid the distributable income attributable to such shares on any relevant interim and annual allocation dates.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation share.

### Valuation Point

The current Valuation Point for the Trojan Fund, Trojan Ethical Fund, Trojan Ethical Income Fund, Trojan Global Equity Fund, Trojan Income Fund, Trojan Global Income Fund and Trojan Ethical Global Income Fund is 12.00 noon (London time) on each business day. The current Valuation Point for the Spectrum Fund is 10.30 p.m. (London time) on each business day. The current valuation point of the Crystal Fund is 12.00 noon (London time) on each Thursday which is a business day and the last business day of every month. Valuations may be made at other times under the terms contained within the Prospectus.

## GENERAL INFORMATION *continued*

### Buying and Selling Shares

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 608 0950.

### Prices

The prices of Class 'O' shares in the Trojan Fund, Trojan Ethical Fund, Trojan Ethical Income Fund, Trojan Income Fund, Trojan Global Income Fund, Trojan Global Equity Fund, Trojan Ethical Global Income Fund and Spectrum Fund are published in the *Financial Times*. The prices of shares in the Crystal Fund are not currently published in the *Financial Times*. The prices of all shares are published on every dealing day on the ACD's website: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) and by calling 0345 608 0950 during the ACD's normal business hours.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Documents and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

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

### Data Protection Act

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

### Information for Swiss Qualified Investors

The distribution of shares of the Fund in Switzerland made exclusively to, and directed at, qualified investors ('Qualified Investors') as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. The Swiss representative for the Fund is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent for the Fund is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Prospectus, the Key Investor Information Documents (edition for Switzerland), the Instrument of Incorporation, the latest annual or semi-annual report, and further information free of charge from the Swiss representative. The place of jurisdiction regarding the distribution of interests to qualified investors in Switzerland is Geneva. This

## **GENERAL INFORMATION** *continued*

document may only be issued, circulated or distributed in Switzerland to Qualified Investors. Recipients of the document in Switzerland should not pass it on to anyone other than a Qualified Investor. In respect of shares distributed in Switzerland the place of jurisdiction is at the registered office of the representative in Switzerland.

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

## APPENDIX 1 – SUSTAINABLE FINANCE DISCLOSURE REGULATION (UNAUDITED)

### Applicable to Trojan Ethical Fund and Trojan Ethical Income Fund:

Article 11 of Regulation EU/2019/2088 on sustainability-related disclosures in the financial services sector known as the Sustainable Finance Disclosure Regulation ('SFDR') and Article 6 of Regulation EU/2020/852 on the establishment of a framework to facilitate sustainable investment known as the Taxonomy Regulation require certain disclosures in relation to Trojan Ethical Fund and Trojan Ethical Income Fund (each an 'Ethical Fund' and together, the 'Ethical Funds'), each being a product that promotes environmental and social characteristics in accordance with article 8(1) of SFDR.

### Article 11 SFDR Disclosure

#### Promotion of Environmental and Social Characteristics

The environmental and social characteristics promoted by the Ethical Funds are:

#### Environmental

- Mitigation of climate change

#### Social

- Fostering social cohesion
- Protection of human rights
- Promotion of good health
- Prevention of exploitation of individuals
- Tackling inequality
- Protection of economically or socially disadvantaged communities
- Avoidance of funding social injustice and human rights abuses

Troy Asset Management Limited ('Troy'), as investment manager of the Ethical Funds, seeks to attain these environmental and social characteristics by investing only in investments which do not contravene ethical exclusion criteria. The ethical exclusion criteria relating to corporate securities and government and public securities are binding restrictions on the Ethical Funds for the purpose of article 8 of SFDR.

#### Information on Assessing, Measuring and Monitoring

Troy assesses the environmental and social characteristics being promoted by the Ethical Funds by implementing specific ethical exclusion criteria in relation to each characteristic being promoted. These criteria are used as sustainability indicators for the relevant environmental and/or social characteristic.

Attainment of the environmental and social characteristics being promoted by the Ethical Funds is measured by prohibiting investment in securities which contravene the applicable ethical exclusion criteria. This is monitored: (i) through Troy's compliance engine rules which restrict investment unless screening has been carried out on new investments into the Ethical Funds; and (ii) via a review of the relevant investments within the Ethical Funds, at

## APPENDIX 1 – SUSTAINABLE FINANCE DISCLOSURE REGULATION (UNAUDITED) *continued*

least quarterly, to ensure they continue to meet the ethical exclusion criteria for the relevant environmental and/or social characteristic. Link Fund Solutions Limited ('LFSI'), as authorised corporate director of the Ethical Funds, provides oversight, independent of Troy, of the relevant Ethical Fund's compliance with the ethical exclusion criteria.

Troy uses data from a third party provider, Vigeo Eiris, to screen the relevant investments and potential investments in the Ethical Funds to ensure they comply with the requirements as set out in the ethical exclusion criteria. Where information is not available from Vigeo Eiris, research is carried out internally which is independently reviewed by Troy's Compliance Team.

### Extent to Which Environmental and Social Characteristics Are Met

#### Trojan Ethical Fund

During the period ended 31 January 2022, none of the corporate securities and government and public securities in which Trojan Ethical Fund was invested contravened the applicable ethical exclusion criteria and therefore, in Troy and LFSI's view, all met the relevant environmental and social characteristics. The remaining holdings of Trojan Ethical Fund, being invested in gold and cash, do not promote environmental or social characteristics for the purposes of article 8(1) of SFDR.

#### Trojan Ethical Income Fund

During the period ended 31 January 2022, none of the corporate securities in which Trojan Ethical Income Fund was invested contravened the applicable ethical exclusion criteria and subsequently, in Troy and LFSI's view, met the relevant environmental and social characteristics. The remaining holdings of the Trojan Ethical Income Fund, being in cash, do not promote environmental or social characteristics for the purposes of article 8(1) of SFDR.

### Article 6 Taxonomy Disclosure

#### Environmentally Sustainable Economic Activities

The exclusion of certain investments underlying the Ethical Funds contribute to the environmental objective of climate change mitigation, however Troy does not make an assessment as to whether the investments are in economic activities that qualify as environmentally sustainable under article 3 of the Taxonomy Regulation.

Notwithstanding this, for the purposes of article 6 of the Taxonomy Regulation, LFSI is required to make the following mandatory disclosures:

The "do no significant harm" principle applies only to those investments underlying these financial products that take into account the EU criteria for environmentally sustainable economic activities (within the meaning of the Taxonomy Regulation). (Therefore the principle does not apply to any of the investments of the Ethical Funds.)



## **APPENDIX 1 – SUSTAINABLE FINANCE DISCLOSURE REGULATION (UNAUDITED)** *continued*

The investments underlying the remaining portion of these financial products do not take into account the EU criteria for environmentally sustainable economic activities. (In this case, the “remaining portion” means all investments of the Ethical Funds.)

### **Applicable to Trojan Fund, Trojan Income Fund, Trojan Global Equity Fund, Trojan Global Income Fund, Trojan Ethical Global Income Fund, Spectrum Fund and Crystal Fund (the ‘Article 6 Funds’):**

Article 7 of the Taxonomy Regulation requires certain disclosures in relation to Trojan Fund, Trojan Income Fund, Trojan Global Equity Fund, Trojan Global Income Fund, Trojan Ethical Global Income Fund, Spectrum Fund and Crystal Fund, each being a product that complies with Article 6 of SFDR.

### **Article 7 Taxonomy Disclosure**

#### **Environmentally Sustainable Economic Activities**

The investments underlying these financial products do not take into account the EU criteria for environmentally sustainable economic activities.

### **Future Reports**

Further detail will be provided in future periodic reports following the implementation of the regulatory technical standards implementing SFDR.





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