



# Trojan Investment Funds

Annual Report and Financial Statements  
for the year ended 31 January 2024



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

## AUTHORISED CORPORATE DIRECTOR ('ACD')

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### WAYSTONE MANAGEMENT (UK) LIMITED

Head Office:  
2nd floor  
20-22 Bedford Row  
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London WC1R 4EB  
Telephone: 0345 922 0044  
Email: [investorservices@linkgroup.co.uk](mailto:investorservices@linkgroup.co.uk)  
(Authorised and regulated by the Financial Conduct Authority)

## DIRECTORS OF THE ACD

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A.M. Berry  
V. Karalekas (appointed 14 July 2023)  
T.K. Madigan\*  
K.J. Midl (appointed 9 October 2023)  
E.E. Tracey (appointed 9 October 2023)\*  
R.E. Wheeler  
S.P. White\*

## INVESTMENT MANAGER

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### TROY ASSET MANAGEMENT LIMITED

33 Davies Street  
London W1K 4BP  
(Authorised and regulated by the Financial Conduct Authority)

## DEPOSITARY

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

160 Queen Victoria Street  
London EC4V 4LA  
(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

Customer Service Centre:  
Central Square  
29 Wellington Street  
Leeds LS1 4DL  
Telephone: 0345 608 0950  
Fax: 0113 224 6001  
(Authorised and regulated by the Financial Conduct Authority)

## INDEPENDENT AUDITOR

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### ERNST & YOUNG LLP

Atria One  
144 Morrison Street  
Edinburgh EH3 8EX  
(Chartered Accountants)

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\* Non-Executive Directors of the ACD.

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## ACD'S REPORT

for the year ended 31 January 2024

### 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

Whilst the outbreak of COVID-19 in March 2020 now seems a distant memory, Russia's incursion into Ukraine in February 2022 remains an unresolved conflict that has led to inflationary pressures globally. Add to this the Israel-Hamas conflict that commenced in October 2023, and we are faced with consequences in both the domestic and global economy. Significant increases in the prices of energy and commodities have reverberated around the world, leading to many countries experiencing inflation at levels not seen for many years. To curb the increase in inflation, many nations' central banks have been progressively increasing interest rates. In light of most economies heading in a downward trajectory, central banks have recently ended their aggressive monetary tightening and have projected loosening their monetary policies in the second half of 2024. It is not clear at this time whether the consequences of these events will culminate in local, or even a global, recession or whether a 'soft-landing' is attainable.

#### Important Information

With effect from 28 July 2023, the Investment Manager's registered address changed to 33 Davies Street, London W1K 4BP.

With effect from 9 October 2023, the following changes occurred:

- The ACD of the Company changed to Waystone Management (UK) Limited ('WMUK');
- The head office and registered office of the Company changed to 2nd floor, 20-22 Bedford Row, Holborn, London WC1R 4EB; and
- The website for the publication of prices and obtaining documents of the Company changed to [www.waystone.com](http://www.waystone.com).

## ACD'S REPORT continued

### Important Information continued

With effect from 22 November 2023, the following changes occurred within the Trojan Ethical Global Income Fund:

- The Prospectus was updated to reflect a reduction in the Annual Management Charge for the F share classes to 0.50%; and
- The Prospectus and KIID were updated to reflect a reduction in the Ongoing Charges Figure limit for the F share classes to 0.57%.

### Cross Holdings

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

### Remuneration Disclosure

On 9 October 2023 the ACD of the Company changed. These report and accounts are being produced by the Company's current ACD and the disclosures below relate to the most recent period for which audited information in respect of the current ACD is available, being the year ended 31 December 2022.

Investors' attention is drawn to the following:

1. The remuneration arising in respect of the accounting period for which these report and accounts are being prepared related to the Company's previous ACD. We understand that the previous ACD discloses information in respect of that remuneration on its website.
2. The change of ACD was part of a wider corporate transaction whereby substantially all the previous ACD's funds were transferred to the current ACD. As a result circa £83 billion of funds under management were transferred to the current ACD. The effects of this transaction in terms of remuneration will be reported to investors in due course once more recent audited accounts for the current ACD are available.

## REMUNERATION

The ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive.

The fixed remuneration paid by the ACD to its staff in respect of all funds that it manages in the year ended 31 December 2022 was £823,929 and was shared amongst 12 members of staff (31.12.21: £751,344; 12 members of staff). The fixed remuneration paid by the ACD to the Remuneration Code Staff for the year ended 31 December 2022 was £292,500, shared amongst 3 employees. All 12 ACD staff members were fully or partially involved in the activities of the Company. The ACD did not pay any variable remuneration. The ACD staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Company or any other alternative investment fund the ACD is the AIFM of. None of the ACD's staff actions had a material impact on the risk profile of the Company.

## ACD'S REPORT continued

### 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.

### Task Force on Climate-related Financial Disclosures ('TCFD')

In accordance with current Financial Conduct Authority rules, the ACD is required to publish its own TCFD report and that of each fund. The report can be found at TCFD Reporting ([fundsolutions.net/tcfd-reporting](https://fundsolutions.net/tcfd-reporting)) and the report of the sub-funds of the Company can be found at <http://www.fundsolutions.net/uk/troy-asset-management-limited/trojan-investment-funds/>.

Prior to accessing the report of the sub-funds of the Company there is a link to the 'TCFD Reporting Guide' which provides an explanation of the TCFD report.

### 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.

### Sustainable Finance Disclosure Regulation ('SFDR')

Details of the Company's latest sustainability-related disclosures can be found at <https://www.fundsolutions.net/uk/troy-asset-management-limited/trojan-investment-funds/> under Fund Literature.

## WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Investment Funds

24 May 2024

## 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.

K.J. MIDL

**WAYSTONE MANAGEMENT (UK) LIMITED**

ACD of Trojan Investment Funds  
24 May 2024



## 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.

## 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

24 May 2024

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

### Opinion

We have audited the financial statements of Trojan Investment Funds ('the Company') comprising each of its sub-funds for the year ended 31 January 2024, 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, and the accounting policies of the Company, which include summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

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 2024 and of the net revenue and the net capital gains 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 (the 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.

### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ('the ACD') 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 these 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 the Company's ability to continue as a going concern.

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

### 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 FCA 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
- 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 FCA 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.

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

### Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 14, 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.

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 Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (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.

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

- 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 fraud risks in relation to the incomplete or inaccurate income recognition through incorrect classifications 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 return 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 which included the use of specialists where appropriate 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.

### 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 FCA. 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  
24 May 2024

## ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 31 January 2024

### 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 and key service provider's operational resilience. 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.

#### (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.

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.



## ACCOUNTING AND DISTRIBUTION POLICIES continued

### (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.

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.

## ACCOUNTING AND DISTRIBUTION POLICIES continued

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 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) IN-SPECIE TRANSFER

The ACD may arrange for a sub-fund to issue shares in exchange for assets other than cash and may also redeem shares via a transfer of scheme property instead of a payment of cash. The issue/redemption of shares and the transfer of assets will be recognised on the effective date of the in-specie transfer.

## 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 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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 will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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. At times less than 50% of the Fund's portfolio may be invested in assets that are subject to the Investment Manager's Climate Change Mitigation Policy.

## TROJAN FUND

### ACD'S REPORT continued

#### 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.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Fund  
24 May 2024

# TROJAN FUND

## ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

#### for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +2.4% in the period. For comparative purposes, the FTSE All-Share Index (Total Return) returned +1.9%, the UK Retail Prices Index return was +4.9% and the UK Official Bank Rate returned +5.0% over the same period.

After a very different sort of year in 2022, much of the market was caught off guard in 2023 by a showstopping performance from the share prices of a handful of technology companies. The surge of the Magnificent Seven<sup>1</sup> propelled markets higher but such gains were not widely shared. In fact, 72% of the remaining 493 constituents of the S&P 500 underperformed the index, as did many actively managed equity funds.

We were impressed by the extent of economic strength last year but not surprised that tighter monetary policy is taking time to be felt. The Fund's return for the period was grounded in a cautious portfolio allocation to risk. Equities drove around half of the return, whilst our government bonds (mostly short-duration and index-linked) and gold exposure contributed positively to performance.

Markets began the reporting period in a bullish mood with a reversal of the selling we witnessed throughout 2022. We felt investors' renewed optimism was unwarranted in the face of higher interest rates and the potential for an economic slowdown. This view was reinforced in March as the financial system creaked under the strain of higher interest rates. We witnessed the largest banking failure since the Financial Crisis, in the form of Silicon Valley Bank (SVB) in the US, and the swift demise of Credit Suisse in Europe. The Swiss bank was bought by UBS for CHF3.2bn, approximately 97% below where it traded 15 years ago.

These were not the first rumblings of trouble. The UK's LDI<sup>2</sup> chaos in the autumn of 2022 was a hint of what happens when you have the fastest rate hiking cycle in decades. After the events in the first quarter, banks followed the logical path to tighten lending standards, making life a lot harder for sectors of the economy reliant on bank lending, including small businesses and commercial real estate in the US.

For investors, there are two important factors that require consideration. These are the ongoing effects of tighter monetary policy and the fact that the market's performance is being driven by only a handful of stocks. The latter is not uncommon in a bear market. As we head into an economic downturn, investors coalesce around an ever-smaller number of successful growth stocks. In the UK in 1989, it was Glaxo and Guinness; fund managers not holding these two stocks underperformed. In 2000, after the dot-com bubble burst, investors huddled around the safety of Cisco, IBM, Lucent and Intel. In the US in 2023, it is large-cap tech stocks once more, with many shares reversing some of their 2022 losses. These are examples of stock market bubbles reigniting after periods of speculation and echoing what came before, rather than what might lie ahead. The narrower the stock market leadership, the less healthy the prospect for the wider market.

<sup>1</sup> Each stock in this group – Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla -- delivered gains of +48% or more in 2023.

<sup>2</sup> Liability-Driven Investment.

## TROJAN FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

We often talk of the nature of bull markets and bear markets. Bull markets are characterised by “climbing the stairs and falling down the lift”. Big price falls occur in bull markets. Historic examples include the 1987 crash in the case of equities, or 1994 in the case of a material bond market correction. Bear markets tend to be marked by gradual falls in prices with sharp squeezes higher. These outsized jumps in share prices are usually the effect of investors who short the market (or individual equities) buying back stock when there is little liquidity. As a result, and somewhat paradoxically, this means that the largest upward price moves tend to occur during bear markets, not bull markets.

After a more than forty-year bull market in bonds, which peaked in the summer of 2020, the bond market started to exhibit signs true to the bear market playbook. Bond yields ground higher (prices fell) for most of 2023, with the US 10-year Treasury yield peaking at 5% in October - a yield not seen since 2007. Since then, we have experienced a countertrend move, as yields fell back to 4%. This has supported other asset classes toward the end of 2023, but it may be a bear market trap to suck in the unwary. The price action experienced in the fourth quarter of 2023 makes it more (not less) likely that the 1981-2020 bull market for bonds is over, with all the implications that this entails.

With this in mind, we believe nominal bond yields will continue to be volatile and that it is prudent to own bonds of relatively short duration in the portfolio. We continue to prefer index-linked bonds (39% of the Fund), given our view that inflation will remain structurally higher than has been the norm over the past couple of decades.

Our mandate of capital preservation requires that we alight the bull market train well before it derails. Longstanding investors will know that this primary objective is closely followed by a secondary objective to generate strong returns ahead of inflation over the long term. As a result, investors in this strategy should be prepared for our allocation to equities to shift substantially higher in the future from the c. 26% of the portfolio invested in stocks today. This will happen when we judge that investors are being adequately compensated for the risks that they face.

### Portfolio Review

The Fund entered the period with an equity weighting of 22% and ended it with a weighting of 26%. The average equity exposure during the period under review was 24% whilst the average, over the life of the strategy, is just below 40%.

Over the course of the year, several equity holdings including Microsoft, Alphabet, American Express, Visa and Moody's were reduced. A new holding in Heineken was added whilst Franco-Nevada was sold from the portfolio.

Heineken's shares were weak in 2023, with the valuation falling to the same level as its 2020 low. This followed difficult macroeconomic conditions in some of the company's emerging markets, in particular Vietnam. We have followed the business for several years and met with Heineken's CEO and CFO in March last year. This confirmed our enthusiasm for the business, which operates in the growing premium segment of the attractive beer category, with a strong portfolio of brands distributed across many countries. Around

## TROJAN FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

70% of its profits come from fast-growing emerging markets. Current management are still early in their tenure and are bringing renewed dynamism to the company's productivity, pricing and digitisation efforts. This combines with the company's long-term approach to capital allocation, supported by an ongoing history of family ownership, and should lead to attractive value creation over the long run. We started a holding during the summer of 2023.

The majority of the Fund's gold exposure is via physically backed exchange-traded commodities but, since 2017, the Fund has also been invested in royalty and streaming company Franco-Nevada ('Franco'). Franco, focused on gold, has an excellent track record in allocating capital to mining projects where the royalty/streaming structure of its investments provides geared exposure to the price of the commodity, whilst avoiding the capital intensity and operational complexity of running a mine. This model worked exceptionally well when Franco was smaller and able to invest behind a broad range of opportunities.

The company arguably became a victim of its own success, and its size has made it more challenging to do deals that 'move the needle'. This has resulted in increased concentration across a handful of larger investments, most notably in the Cobre Panama gold and copper mine, which comprises just under 20% of Franco-Nevada's assets. Via Cobre Panama, Franco became exposed to political uncertainty in Panama, where social unrest, over the past year, led the government to question the constitutionality of the mine's concession agreement and to suspend its operations. We reduced our holding in December 2022, from 3% to 1.3%, when these pressures first emerged. After an apparent resolution earlier in the year, the issue resurfaced, and we sold the remainder of our shares. We sold the shares at an average price of \$130, versus an average entry price of \$65 in 2017.

The Fund entered the period with 34.7% in inflation-linked bonds, with a weighted-average duration of 6.4 years. At the end of January 2024, the Fund held 38.9% in US & UK Index-Linked Bonds with a weighted-average duration of 5.4 years.

UK inflation was stickier than expected during the summer months of 2023. Core CPI, which strips out the more volatile components of energy, food, alcohol and tobacco, rose +7.1% versus a year previously. This is the fastest that it has risen since March of 1992. Bond markets priced in higher interest rates as the Bank of England responded by tightening monetary policy. As a result, the so-called 'terminal rate', the expected peak for the Bank of England base rate, rose above 6%, creating a very different environment to the one when rates were 0.25%.

We added 4-year gilts to the Fund in June, at a yield that was similar to the level on offer following the mini-budget fiasco.

During the third quarter of 2023, the narrative shifted from one where rates are necessarily marching upwards to combat inflation, to one where rates can stabilise at a higher level because economic growth is resilient. This dynamic was reflected in index-linked bond markets, where an expansion in real yields in both the UK and US highlighted investors' more sanguine stance on inflation. We took advantage of the more attractive real yields on offer in August by reinvesting some of our shortest-dated bonds into 3-year index-linked bonds,



## TROJAN FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

locking in a real yield of c. 2.6% on US Treasury Inflation Protected Securities (TIPS) and a real yield of c. 1.6% on UK index-linked bonds. If held to maturity, these will deliver a return of 2.6% (US) and 1.6% (UK) above the rate of inflation. At a time when equity markets are trading on valuation levels far above their long run averages and the inflationary outlook remains uncertain, these looked particularly attractive.

#### Outlook

As we look to the year ahead, we do not attempt to make precise economic or market forecasts. We also believe it would be imprudent to make investment decisions on any such basis. Instead, we consider valuations, risk and prospective returns for every asset class we invest in. We believe that the scope for disappointment in the equity market today demands caution, but we must be ready to turn on a sixpence when prices come our way. We have the dry powder and the flexibility to be able to act dynamically, as we have in previous market cycles, and the course of action will be rooted in an understanding of the companies we favour, tempered by an awareness of the macroeconomic risks they face.

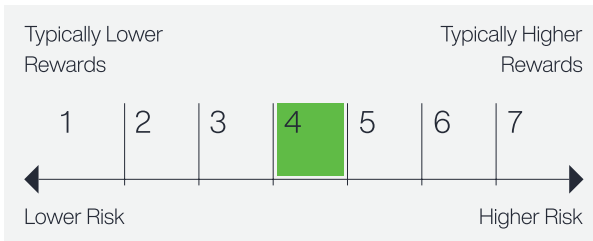
We also remain alive to opportunities as they present themselves. One such example is Heineken, discussed above. Our approach to buying shares in Heineken, ably supported by the rest of the team at Troy, provides a microcosm of how we work. Our collective knowledge of a group of exceptional companies offers valuable clarity when it comes to managing our equity exposure. Opportunities may stand alone, as in the case of Heineken, or become more pervasive across the market. The ability to anchor market expectations in an understanding of individual businesses lends substantial conviction to our decision-making. This will remain vital as we enter into what we believe will be a more challenging period for equities.

#### TROY ASSET MANAGEMENT LIMITED

Investment Manager  
23 February 2024

## 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.

**Alternative Investment Risk:** The Fund may invest in other investment vehicles to gain indirect exposure to alternative investments, such as precious metals and private equity. Exposure to such investments can involve a higher degree of risk that may increase the risk of investment loss. The performance of such vehicles can be volatile and there is a risk that investors may experience a delay in receiving redemption proceeds.

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

For more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## TROJAN 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.

#### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	310.05	312.61	282.12
Return before operating charges*	9.11	1.37	33.56
Operating charges	(3.20)	(3.14)	(3.07)
Return after operating charges	5.91	(1.77)	30.49
Distributions	(3.32)	(0.79)	–
Closing net asset value per share	312.64	310.05	312.61
* after direct transaction costs of:	0.01	0.03	0.02

#### PERFORMANCE

Return after charges	1.91%	(0.57)%	10.81%
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#### OTHER INFORMATION

Closing net asset value (£'000)	217,808	283,892	317,909
Closing number of shares	69,668,049	91,562,941	101,696,260
Operating charges	1.03%	1.01% <sup>1</sup>	1.01% <sup>1</sup>
Direct transaction costs	–	0.01%	0.01%

#### PRICES

Highest share price	316.87	321.40	321.84
Lowest share price	305.02	302.56	278.50

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

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

**Comparative Tables** continued

**ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	384.03	386.21	348.55
Return before operating charges*	11.28	1.70	41.45
Operating charges	(3.96)	(3.88)	(3.79)
Return after operating charges	7.32	(2.18)	37.66
Distributions	(4.12)	(0.98)	-
Retained distributions on accumulation shares	4.12	0.98	-
Closing net asset value per share	391.35	384.03	386.21
* after direct transaction costs of:	0.01	0.03	0.02

**PERFORMANCE**

Return after charges	1.91%	(0.56)%	10.80%
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**OTHER INFORMATION**

Closing net asset value (£'000)	1,036,271	1,124,832	958,366
Closing number of shares	264,796,745	292,902,521	248,147,099
Operating charges	1.03%	1.01% <sup>1</sup>	1.01% <sup>1</sup>
Direct transaction costs	-	0.01%	0.01%

**PRICES**

Highest share price	392.47	397.07	397.61
Lowest share price	377.79	373.80	344.07

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

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

**Comparative Tables** continued

**I INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	304.43	307.69	279.08
Return before operating charges*	8.92	1.36	33.14
Operating charges	(4.66)	(4.62)	(4.53)
Return after operating charges	4.26	(3.26)	28.61
Distributions	(1.72)	-	-
Closing net asset value per share	306.97	304.43	307.69
* after direct transaction costs of:	0.01	0.03	0.02

**PERFORMANCE**

Return after charges	1.40%	(1.06)%	10.25%
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**OTHER INFORMATION**

Closing net asset value (£'000)	841	4,712	4,833
Closing number of shares	273,824	1,547,702	1,570,579
Operating charges	1.53%	1.51% <sup>1</sup>	1.51% <sup>1</sup>
Direct transaction costs	-	0.01%	0.01%

**PRICES**

Highest share price	309.57	316.09	317.11
Lowest share price	298.48	297.24	275.38

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

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

**Comparative Tables** continued

**I ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	356.57	360.39	326.88
Return before operating charges*	10.44	1.59	38.81
Operating charges	(5.45)	(5.41)	(5.30)
Return after operating charges	4.99	(3.82)	33.51
Distributions	(2.03)	-	-
Retained distributions on accumulation shares	2.03	-	-
Closing net asset value per share	361.56	356.57	360.39
* after direct transaction costs of:	0.01	0.03	0.02

**PERFORMANCE**

Return after charges	1.40%	(1.06)%	10.25%
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**OTHER INFORMATION**

Closing net asset value (£'000)	43,082	75,517	72,398
Closing number of shares	11,915,783	21,178,634	20,088,515
Operating charges	1.53%	1.51% <sup>1</sup>	1.51% <sup>1</sup>
Direct transaction costs	-	0.01%	0.01%

**PRICES**

Highest share price	362.59	370.23	371.42
Lowest share price	349.59	348.16	322.55

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	310.49	313.05	282.38
Return before operating charges*	9.14	1.39	33.60
Operating charges	(2.43)	(2.37)	(2.31)
Return after operating charges	6.71	(0.98)	31.29
Distributions	(4.11)	(1.58)	(0.62)
Closing net asset value per share	313.09	310.49	313.05
* after direct transaction costs of:	0.01	0.03	0.02

**PERFORMANCE**

Return after charges	2.16%	(0.31)%	11.08%
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**OTHER INFORMATION**

Closing net asset value (£'000)	162,794	246,658	272,315
Closing number of shares	51,996,158	79,441,825	86,987,472
Operating charges	0.78%	0.76% <sup>1</sup>	0.76% <sup>1</sup>
Direct transaction costs	–	0.01%	0.01%

**PRICES**

Highest share price	318.11	321.98	322.77
Lowest share price	305.97	303.27	278.80

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	399.64	400.91	360.91
Return before operating charges*	11.76	1.77	42.96
Operating charges	(3.13)	(3.04)	(2.96)
Return after operating charges	8.63	(1.27)	40.00
Distributions	(5.29)	(2.02)	(0.80)
Retained distributions on accumulation shares	5.29	2.02	0.80
Closing net asset value per share	408.27	399.64	400.91
* after direct transaction costs of:	0.01	0.04	0.02

**PERFORMANCE**

Return after charges	2.16%	(0.32)%	11.08%
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**OTHER INFORMATION**

Closing net asset value (£'000)	41,845	119,657	106,316
Closing number of shares	10,249,163	29,940,922	26,518,899
Operating charges	0.78%	0.76% <sup>1</sup>	0.76% <sup>1</sup>
Direct transaction costs	-	0.01%	0.01%

**PRICES**

Highest share price	409.44	412.35	412.53
Lowest share price	393.82	388.39	356.34

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.



## TROJAN FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### X INCOME SHARES

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	124.67	125.70	113.39
Return before operating charges*	3.66	0.56	13.49
Operating charges	(1.10)	(1.08)	(1.05)
Return after operating charges	2.56	(0.52)	12.44
Distributions	(1.52)	(0.51)	(0.13)
Closing net asset value per share	125.71	124.67	125.70
* after direct transaction costs of:	-	0.01	0.01

##### PERFORMANCE

Return after charges	2.05%	(0.41)%	10.97%
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##### OTHER INFORMATION

Closing net asset value (£'000)	1,830,483	2,423,365	2,341,147
Closing number of shares	1,456,066,131	1,943,789,468	1,862,473,677
Operating charges	0.88%	0.86% <sup>1</sup>	0.86% <sup>1</sup>
Direct transaction costs	-	0.01%	0.01%

##### PRICES

Highest share price	127.60	129.27	129.50
Lowest share price	122.77	121.73	111.94

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

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

**Comparative Tables** continued

**X ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	127.91	128.45	115.75
Return before operating charges*	3.76	0.56	13.77
Operating charges	(1.13)	(1.10)	(1.07)
Return after operating charges	2.63	(0.54)	12.70
Distributions	(1.56)	(0.52)	(0.13)
Retained distributions on accumulation shares	1.56	0.52	0.13
Closing net asset value per share	130.54	127.91	128.45
* after direct transaction costs of:	–	0.01	0.01

**PERFORMANCE**

Return after charges	2.06%	(0.42)%	10.97%
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**OTHER INFORMATION**

Closing net asset value (£'000)	2,071,228	2,255,296	2,034,151
Closing number of shares	1,586,602,398	1,763,160,485	1,583,668,143
Operating charges	0.88%	0.86% <sup>1</sup>	0.86% <sup>1</sup>
Direct transaction costs	–	0.01%	0.01%

**PRICES**

Highest share price	130.92	132.09	132.20
Lowest share price	125.96	124.39	114.27

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

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

**Fund Performance to 31 January 2024 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Trojan Fund	2.45	11.68	30.91
UK Retail Prices Index <sup>1</sup>	4.91	28.31	33.57
FTSE All-Share Index (Total Return) <sup>1</sup>	1.90	27.46	30.42
UK Official Bank Rate <sup>1</sup>	5.02	7.02	8.02

<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 63 to 65.

**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 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	DEBT SECURITIES – 60.38% (31.01.23 – 59.97%)		
£126,375,000	UK Treasury 0.125% index-linked 22/3/2026	183,187	3.39
£350,703,000	UK Treasury 1.25% 22/7/2027	322,705	5.97
£247,060,000	UK Treasury 2.75% 7/9/2024	244,008	4.51
US\$208,000,000	US Treasury 2.75% 15/2/2024	163,175	3.02
US\$319,550,000	US Treasury 3% 30/6/2024	248,688	4.60
US\$231,751,000	US Treasury 4.5% 30/11/2024	181,446	3.36
US\$117,117,000	US Treasury Inflation Protected Securities 0.125% 15/7/2024	117,926	2.18
US\$171,735,000	US Treasury Inflation Protected Securities 0.125% 15/4/2026	151,124	2.80
US\$403,040,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	388,987	7.20
US\$316,175,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	263,465	4.88
US\$120,970,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	115,555	2.14
US\$451,930,200	US Treasury Inflation Protected Securities 0.75% 15/2/2042	390,813	7.23
US\$192,273,000	US Treasury Inflation Protected Securities 0.875% 15/1/2029	176,449	3.26
US\$247,468,800	US Treasury Inflation Protected Securities 2.375% 15/1/2025	315,477	5.84
	TOTAL DEBT SECURITIES	<u>3,263,005</u>	<u>60.38</u>

**TROJAN FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	EQUITIES – 26.34% (31.01.23 – 22.28%)		
	UNITED KINGDOM – 7.14% (31.01.23 – 6.62%)		
4,520,609	Diageo	129,289	2.39
1,448,937	Experian	47,757	0.88
431,842	Mithras Investment Trust <sup>1,2</sup>	62	–
5,434,326	Unilever	209,059	3.87
	TOTAL UNITED KINGDOM	<u>386,167</u>	<u>7.14</u>
	CONTINENTAL EUROPE – 5.73% (31.01.23 – 3.85%)		
781,234	Heineken	62,163	1.15
473,054	Heineken Holding	31,374	0.58
1,824,100	Nestlé	164,576	3.05
395,284	Pernod Ricard	51,421	0.95
	TOTAL CONTINENTAL EUROPE	<u>309,534</u>	<u>5.73</u>
	NORTH AMERICA – 13.47% (31.01.23 – 11.81%)		
522,061	Agilent Technologies	53,331	0.99
932,268	Alphabet 'A'	102,491	1.90
428,098	American Express	67,480	1.25
524,893	Becton Dickinson	98,499	1.82
377,330	Microsoft	117,728	2.18
88,517	Moody's	27,247	0.50
747,702	Procter & Gamble	92,229	1.71
786,709	Visa	168,765	3.12
	TOTAL NORTH AMERICA	<u>727,770</u>	<u>13.47</u>
	TOTAL EQUITIES	<u>1,423,471</u>	<u>26.34</u>

**TROJAN FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	COMMODITIES – 11.52% (31.01.23 – 10.90%)		
1,810,705	Invesco Physical Gold ETC <sup>3</sup>	281,250	5.20
10,904,762	iShares Physical Gold ETC <sup>3</sup>	341,584	6.32
	TOTAL COMMODITIES	<u>622,834</u>	<u>11.52</u>
	FORWARD CURRENCY CONTRACTS – 0.65% (31.01.23 – 0.72%)		
US\$(88,859,000)	Vs £72,485,592 (expiry 15/2/2024) <sup>4</sup>	2,715	0.05
US\$(690,515,000)	Vs £563,957,335 (expiry 15/2/2024) <sup>5</sup>	21,776	0.40
US\$(872,924,000)	Vs £696,631,061 (expiry 15/3/2024) <sup>5</sup>	11,371	0.21
US\$(856,850,000)	Vs £672,296,534 (expiry 16/4/2024) <sup>5</sup>	(233)	–
£(83,336,293)	Vs US\$105,600,000 (expiry 15/3/2024) <sup>4</sup>	<u>(438)</u>	<u>(0.01)</u>
	TOTAL FORWARD CURRENCY CONTRACTS	<u>35,191</u>	<u>0.65</u>
	Portfolio of investments <sup>6</sup>	5,344,501	98.89
	Net other assets	<u>59,851</u>	<u>1.11</u>
	Net assets	<u>5,404,352</u>	<u>100.00</u>

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 2024

Total purchases for the year £'000 (note 16)	2,033,105	Total sales for the year £'000 (note 16)	2,743,501
<u>Major purchases</u>	<u>Cost £'000</u>	<u>Major sales</u>	<u>Proceeds £'000</u>
iShares Physical Gold ETC	344,350	Gold Bullion Securities	408,947
UK Treasury 1.25% 22/7/2027	310,490	US Treasury 2.5% 31/1/2024	376,102
UK Treasury 2.75% 7/9/2024	279,612	US Treasury 2.875% 30/11/2023	311,053
US Treasury 3% 30/6/2024	249,806	UK Treasury 0.125% 31/1/2024	290,483
US Treasury 4% 30/11/2024	192,685	UK Treasury 2.25% 7/9/2023	279,778
UK Treasury 0.125% index-linked 22/3/2026	180,288	UK Treasury 2.75% 7/9/2024	218,750
US Treasury 2.75% 15/2/2024	166,960	UK Treasury 0.75% 22/7/2023	197,106
US Treasury Inflation Protected Securities 0.125% 15/4/2026	149,853	US Treasury Inflation Protected Securities 0.625% 15/4/2023	167,209
Invesco Physical Gold ETC	64,810	US Treasury Inflation Protected Securities 0.625% 15/1/2024	147,239
Heineken	62,693	Franco-Nevada	79,959

In addition to the above, in-specie transfers totalling £74,807,000 were made from the Fund during the year. The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

**TROJAN FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**

for the year ended 31 January 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		36,734		(57,196)
Revenue	4	133,920		84,667	
Expenses	5	(54,257)		(57,179)	
Interest payable and similar charges	7	<u>-</u>		<u>(1)</u>	
Net revenue before taxation		79,663		27,487	
Taxation	6	<u>(7,577)</u>		<u>(3,492)</u>	
Net revenue after taxation			<u>72,086</u>		<u>23,995</u>
<b>Total return before distributions</b>			<u>108,820</u>		<u>(33,201)</u>
Distributions	8		<u>(72,115)</u>		<u>(24,197)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>36,705</u>		<u>(57,398)</u>



**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Note	£'000	31.01.24 £'000	£'000	31.01.23 £'000
<b>Opening net assets attributable to shareholders</b>			6,533,929		6,107,435
Amounts receivable on issue of shares		204,817		874,769	
Amounts payable on redemption of shares		(1,322,178)		(403,486)	
In-specie transfer	1(J)	<u>(85,419)</u>		<u>-</u>	
			(1,202,780)		471,283
Change in net assets attributable to shareholders from investment activities			36,705		(57,398)
Retained distributions on Accumulation shares			<u>36,498</u>		<u>12,609</u>
<b>Closing net assets attributable to shareholders</b>			<u>5,404,352</u>		<u>6,533,929</u>

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		5,345,172	6,133,573
<b>Current assets</b>			
Debtors	9	44,571	64,945
Cash and bank balances	10	121,677	395,640
<b>Total assets</b>		<u>5,511,420</u>	<u>6,594,158</u>
<b>LIABILITIES</b>			
<b>Investment liabilities</b>			
		(671)	(1)
<b>Creditors</b>			
Distribution payable	11	(26,658)	(11,830)
Other creditors	11	(79,739)	(48,398)
<b>Total liabilities</b>		<u>(107,068)</u>	<u>(60,229)</u>
<b>Net assets attributable to shareholders</b>		<u>5,404,352</u>	<u>6,533,929</u>

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

**1. Accounting Policies**

The accounting policies described on pages 21 to 23 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 24 have been applied to the financial statements of the Fund in the current and prior year.

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

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

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	(39,498)	99,052
Forward currency contracts	98,129	(152,430)
Transaction charges	(1)	(1)
AMC rebates from underlying investments	266	1,029
Currency losses	(22,162)	(4,846)
Net capital gains/(losses)	<u>36,734</u>	<u>(57,196)</u>

**4. Revenue**

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	28,257	32,559
Interest on debt securities	99,459	49,138
Bank interest	5,470	2,580
Collateral interest	734	390
Total revenue	<u>133,920</u>	<u>84,667</u>

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	53,500	56,516
Legal and professional fees	21	19
Typesetting costs	3	2
Registration fees	101	100
TCFD fees	3	-
	53,628	56,637
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	330	340
Safe custody and other bank charges	280	183
	610	523
Other expenses:		
Audit fees	12	10
Publication costs	5	6
Legal and professional fees	2	3
	19	19
Total expenses	<u>54,257</u>	<u>57,179</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	4,582	-
Overseas tax	2,995	3,492
Current tax charge	7,577	3,492
Deferred tax – origination and reversal of timing differences (note 6c)	-	-
Total taxation (note 6b)	7,577	3,492

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	79,663	27,487
Corporation tax at 20%	15,933	5,497
Effects of:		
Non-taxable dividends	(5,651)	(6,512)
Indexation allowance	(134)	-
Prior year adjustment	(18)	-
AMC rebates taken to capital	53	206
(Utilisation of)/unutilised excess management expenses	(5,600)	809
Prior year adjustment to tax losses	(1)	-
Corporation tax charge	4,582	-
Overseas tax	2,995	3,492
Total tax charge (note 6a)	7,577	3,492

### c) Deferred tax

At the year end there is a potential deferred tax asset of £41,017,000 (31.01.23: £46,617,000) 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 2024

## 7. Interest Payable and Similar Charges

	31.01.24 £'000	31.01.23 £'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:

	31.01.24 £'000	31.01.23 £'000
Interim	—	—
Final	63,154	24,438
	63,154	24,438
Add: Revenue deducted on redemption of shares	8,933	566
Add: In-specie transfer	879	—
Deduct: Revenue received on issue of shares	(851)	(807)
Net distributions for the year	72,115	24,197

Details of the distributions per share are set out in the table on pages 63 to 65.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	72,086	23,995
Allocations to capital:		
Expenses, net of tax relief	(81)	—
Revenue deficit – I Income	—	12
– I Accumulation	—	181
	(81)	193

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Equalisation on conversions <sup>1</sup>	110	9
Net distributions for the year	72,115	24,197

## 9. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	853	12,360
Sales awaiting settlement	–	32,813
Accrued revenue:		
Non-taxable dividends	845	893
Interest from debt securities	9,319	9,066
AMC rebates from underlying investments	–	359
Amounts due from brokers	33,526	9,450
	43,690	19,768
Prepaid expenses	4	4
Taxation recoverable:		
Overseas withholding tax	24	–
Total debtors	44,571	64,945

## 10. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	121,677	395,640
Total cash and bank balances	121,677	395,640

<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 2024

## 11. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	26,658	11,830
<b>Other Creditors</b>		
Amounts payable for redemption of shares	18,095	10,671
Purchases awaiting settlement	–	32,729
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,100	4,895
Legal and professional fees	2	2
Typesetting costs	3	1
Registration fees	8	9
TCFD fees	3	–
	4,116	4,907
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26	29
Safe custody and other bank charges	52	52
	78	81
Other expenses	11	10
Amounts due to brokers	56,169	–
Taxation payable:		
Corporation tax	1,270	–
Total other creditors	79,739	48,398



**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 12. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 46 and amounts due at the year end are disclosed in notes 9 and 11.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 11,157,698 (31.01.23: 11,758,626) of the Fund's shares at the balance sheet date.

## 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

## 14. Shares in Issue

	O Income	O Accumulation	I Income	I Accumulation
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	91,562,941	292,902,521	1,547,702	21,178,634
Issues	4,317,308	16,843,321	24,938	758,286
Redemptions	(22,743,245)	(33,626,870)	(157,350)	(2,189,974)
Conversions	(3,468,955)	(11,322,227)	(1,141,466)	(7,831,163)
Closing shares in issue	69,668,049	264,796,745	273,824	11,915,783

	S Income	S Accumulation	X Income	X Accumulation
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	79,441,825	29,940,922	1,943,789,468	1,763,160,485
Issues	527,413	13,421,114	11,819,012	42,141,773
Redemptions	(28,196,160)	(33,126,069)	(508,083,988)	(276,654,116)
Conversions	223,080	13,196	8,541,639	57,954,256
Closing shares in issue	51,996,158	10,249,163	1,456,066,131	1,586,602,398

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 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.

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.

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

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>31.01.24</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	2,277	–
UBS	32,914	–

<b>31.01.23</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	32,055	–
UBS	15,461	–

At 31 January 2024, cash collateral of £33,526,000 (31.01.23: £9,450,000) was held with UBS. These amounts are included in amounts due from broker in note 9.

As at 31 January 2024, cash collateral of £56,169,000 (31.03.23: nil) was pledged to UBS. These amounts are included in the amounts to brokers in note 11.

**(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 2024 a one basis point change in the yield would have an impact of £1,266,000 on the direct net asset of the Fund (31.01.23: £1,596,000).

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the interest rate risk profile:

	31.01.24 £'000	31.01.23 £'000
Floating rate investments	2,102,983	2,270,079
Fixed rate investments	1,160,022	1,648,106
Investments on which interest is not paid	2,082,167	2,215,388
Investment liabilities on which interest is not paid	(671)	(1)
Total investments	<u>5,344,501</u>	<u>6,133,572</u>

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:

	31.01.24 Gross £'000	31.01.24 Hedged £'000	31.01.24 Net £'000
Currency:			
Euros	167,594	–	167,594
Swiss francs	164,576	–	164,576
US dollars	<u>5,757,785</u>	<u>(1,886,844)</u>	<u>3,870,941</u>
	6,089,955	(1,886,844)	4,203,111
Pounds sterling	<u>(720,794)</u>	<u>1,922,035</u>	<u>1,201,241</u>
Net assets	<u>5,369,161</u>	<u>35,191</u>	<u>5,404,352</u>

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.23 Gross £'000	31.01.23 Hedged £'000	31.01.23 Net £'000
Currency:			
Euros	66,221	–	66,221
Swiss francs	185,533	–	185,533
US dollars	4,464,732	(2,292,321)	2,172,411
	<u>4,716,486</u>	<u>(2,292,321)</u>	<u>2,424,165</u>
Pounds sterling	1,769,927	2,339,837	4,109,764
Net assets	<u>6,486,413</u>	<u>47,516</u>	<u>6,533,929</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 £210,156,000 on the net assets of the Fund (31.01.23: £121,208,000).

**(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 85.66% of the portfolio can be liquidated within 5 days and 89.08% within 21 working days (31.01.23: 88.33% within 5 days and 90.88% within 21 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 FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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 £265,466,000 (31.01.23: £304,303,000). 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 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 FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**16. Portfolio Transaction Costs**

31.01.24	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	94,219	32	–	94,251
Collective investment schemes	409,128	32	–	409,160
Debt securities	1,529,694	–	–	1,529,694
Purchases total	<u>2,033,041</u>	<u>64</u>	<u>–</u>	<u>2,033,105</u>
Transaction cost % of purchases total		–	–	
Transaction cost % of average NAV		–	–	
Ordinary shares	223,332	(105)	(2)	223,225
Collective investment schemes	412,574	(33)	–	412,541
Debt securities	2,107,735	–	–	2,107,735
Sales total	<u>2,743,641</u>	<u>(138)</u>	<u>(2)</u>	<u>2,743,501</u>
Transaction cost % of sales total		0.01%	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.24 is 0.07% (31.01.23: 0.12%).

**TROJAN FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	116,691	49	143	116,883
Debt securities	2,401,460	-	-	2,401,460
Purchases total	<u>2,518,151</u>	<u>49</u>	<u>143</u>	<u>2,518,343</u>
Transaction cost % of purchases total		-	0.01%	
Transaction cost % of average NAV		-	-	
Ordinary shares	949,753	(358)	(21)	949,374
Collective investment schemes	3,230	(1)	-	3,229
Debt securities	489,868	-	-	489,868
Sales total	<u>1,442,851</u>	<u>(359)</u>	<u>(21)</u>	<u>1,442,471</u>
Transaction cost % of sales total		0.02%	-	
Transaction cost % of average NAV		0.01%	-	

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 2024

### 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>31.01.24</b>				
Investment assets	5,309,248	35,862	62	5,345,172
Investment liabilities	-	(671)	-	(671)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.01.23</b>				
Investment assets	5,991,391	142,102	80	6,133,573
Investment liabilities	-	(1)	-	(1)

## TROJAN FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23
To	31.01.24

#### O INCOME SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	3.3230	–	3.3230	0.7905
Group 2	2.0785	1.2445	3.3230	0.7905

#### O ACCUMULATION SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	4.1155	–	4.1155	0.9803
Group 2	2.3722	1.7433	4.1155	0.9803

#### I INCOME SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.7237	–	1.7237	–
Group 2	1.4347	0.2890	1.7237	–

## TROJAN FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE continued

#### I ACCUMULATION SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	2.0302	–	2.0302	–
Group 2	0.9806	1.0496	2.0302	–

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

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	4.1107	–	4.1107	1.5751
Group 2	2.5954	1.5153	4.1107	1.5751

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

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	5.2902	–	5.2902	2.0169
Group 2	5.2902	0.0000	5.2902	2.0169

#### X INCOME SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.5247	–	1.5247	0.5069
Group 2	0.9151	0.6096	1.5247	0.5069

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

**X ACCUMULATION SHARES**

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.5640	–	1.5640	0.5180
Group 2	0.8239	0.7401	1.5640	0.5180

## TROJAN ETHICAL FUND ACD'S REPORT for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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.

The Fund will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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.waystone.com](http://www.waystone.com). 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.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

#### Investment Objective and Policy continued

Exposure to asset classes will be varied and at times the Fund may have no exposure to a particular asset class. At times less than 50% of the Fund's portfolio may be invested in assets that are subject to the Investment Manager's Climate Change Mitigation Policy.

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.

## WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Ethical Fund

24 May 2024

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

## INVESTMENT MANAGER'S REPORT

### for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +4.7% in the period. For comparative purposes, the FTSE All-Share Index (Total Return) returned +1.9%, the UK Retail Prices Index return was +4.9% and the UK Official Bank Rate returned +5.0% over the same period.

After a very different sort of year in 2022, much of the market was caught off guard in 2023 by a showstopping performance from the share prices of a handful of technology companies. The surge of the Magnificent Seven<sup>1</sup> propelled markets higher but such gains were not widely shared. In fact, 72% of the remaining 493 constituents of the S&P 500 underperformed the index, as did many actively managed equity funds.

We were impressed by the extent of economic strength last year but not surprised that tighter monetary policy is taking time to be felt. The Fund's return for the period was grounded in a cautious portfolio allocation to risk. Equities drove around half of the return, whilst our government bonds (mostly short-duration and index-linked) and gold exposure contributed positively to performance.

Markets began the reporting period in a bullish mood with a reversal of the selling we witnessed throughout 2022. We felt investors' renewed optimism was unwarranted in the face of higher interest rates and the potential for an economic slowdown. This view was reinforced in March as the financial system creaked under the strain of higher interest rates. We witnessed the largest banking failure since the Financial Crisis, in the form of Silicon Valley Bank (SVB) in the US, and the swift demise of Credit Suisse in Europe. The Swiss bank was bought by UBS for CHF3.2bn, approximately 97% below where it traded 15 years ago.

These were not the first rumblings of trouble. The UK's LDI<sup>2</sup> chaos in the autumn of 2022 was a hint of what happens when you have the fastest rate hiking cycle in decades. After the events in the first quarter, banks followed the logical path to tighten lending standards, making life a lot harder for sectors of the economy reliant on bank lending, including small businesses and commercial real estate in the US.

For investors, there are two important factors that require consideration. These are the ongoing effects of tighter monetary policy and the fact that the market's performance is being driven by only a handful of stocks. The latter is not uncommon in a bear market. As we head into an economic downturn, investors coalesce around an ever-smaller number of successful growth stocks. In the UK in 1989, it was Glaxo and Guinness; fund managers not holding these two stocks underperformed. In 2000, after the dot-com bubble burst, investors huddled around the safety of Cisco, IBM, Lucent and Intel. In the US in 2023, it is large-cap tech stocks once more, with many shares reversing some of their 2022 losses. These are examples of stock market bubbles reigniting after periods of speculation and echoing what came before, rather than what might lie ahead. The narrower the stock market leadership, the less healthy the prospect for the wider market.

<sup>1</sup> Each stock in this group – Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla – delivered gains of +48% or more in 2023.

<sup>2</sup> Liability-Driven Investment.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

We often talk of the nature of bull markets and bear markets. Bull markets are characterised by “climbing the stairs and falling down the lift”. Big price falls occur in bull markets. Historic examples include the 1987 crash in the case of equities, or 1994 in the case of a material bond market correction. Bear markets tend to be marked by gradual falls in prices with sharp squeezes higher. These outsized jumps in share prices are usually the effect of investors who short the market (or individual equities) buying back stock when there is little liquidity. As a result, and somewhat paradoxically, this means that the largest upward price moves tend to occur during bear markets, not bull markets.

After a more than forty-year bull market in bonds, which peaked in the summer of 2020, the bond market started to exhibit signs true to the bear market playbook. Bond yields ground higher (prices fell) for most of 2023, with the US 10-year Treasury yield peaking at 5% in October – a yield not seen since 2007. Since then, we have experienced a countertrend move, as yields fell back to 4%. This has supported other asset classes toward the end of 2023, but it may be a bear market trap to suck in the unwary. The price action experienced in the fourth quarter of 2023 makes it more (not less) likely that the 1981-2020 bull market for bonds is over, with all the implications that this entails.

With this in mind, we believe nominal bond yields will continue to be volatile and that it is prudent to own bonds of relatively short duration in the portfolio. We continue to prefer index-linked bonds (36% of the Fund), given our view that inflation will remain structurally higher than has been the norm over the past couple of decades.

Our mandate of capital preservation requires that we alight the bull market train well before it derails. Longstanding investors will know that this primary objective is closely followed by a secondary objective to generate strong returns ahead of inflation over the long term. As a result, investors in this strategy should be prepared for our allocation to equities to shift substantially higher in the future from the c. 24% of the portfolio invested in stocks today. This will happen when we judge that investors are being adequately compensated for the risks that they face.

### Portfolio Review

The Fund entered the period with an equity weighting of 20% and ended it with a weighting of 24%.

Over the course of the year, holdings including Mastercard and Intuit were reduced. The most significant additions to existing holdings included Nestlé and Unilever given their defensive characteristics and attractive valuations.

The Fund entered the period with 34% in inflation-linked bonds, with a weighted-average duration of 6.3 years. At the end of January 2024, the Fund held 36% in US & UK Index-Linked Bonds with a weighted-average duration of 5.7 years.



## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

UK inflation was stickier than expected during the summer months of 2023. Core CPI, which strips out the more volatile components of energy, food, alcohol and tobacco, rose +7.1% versus a year previously. This is the fastest that it has risen since March of 1992. Bond markets priced in higher interest rates as the Bank of England responded by tightening monetary policy. As a result, the so-called 'terminal rate', the expected peak for the Bank of England base rate, rose above 6%, creating a very different environment to the one when rates were 0.25%.

We added 4-year gilts to the Fund in June, at a yield that was similar to the level on offer following the mini-budget fiasco.

During the third quarter of 2023, the narrative shifted from one where rates are necessarily marching upwards to combat inflation, to one where rates can stabilise at a higher level because economic growth is resilient. This dynamic was reflected in index-linked bond markets, where an expansion in real yields in both the UK and US highlighted investors' more sanguine stance on inflation. We took advantage of the more attractive real yields on offer in August by reinvesting some of our shortest-dated bonds into 3-year index-linked bonds, locking in a real yield of c. 2.6% on US Treasury Inflation Protected Securities (TIPS) and a real yield of c. 1.6% on UK index-linked bonds. If held to maturity, these will deliver a return of 2.6% (US) and 1.6% (UK) above the rate of inflation. At a time when equity markets are trading on valuation levels far above their long run averages and the inflationary outlook remains uncertain, these looked particularly attractive.

### Outlook

As we look to the year ahead, we do not attempt to make precise economic or market forecasts. We also believe it would be imprudent to make investment decisions on any such basis. Instead, we consider valuations, risk and prospective returns for every asset class we invest in. We believe that the scope for disappointment in the equity market today demands caution, but we must be ready to turn on a sixpence when prices come our way. We have the dry powder and the flexibility to be able to act dynamically, as we have in previous market cycles, and the course of action will be rooted in an understanding of the companies we favour, tempered by an awareness of the macroeconomic risks they face.

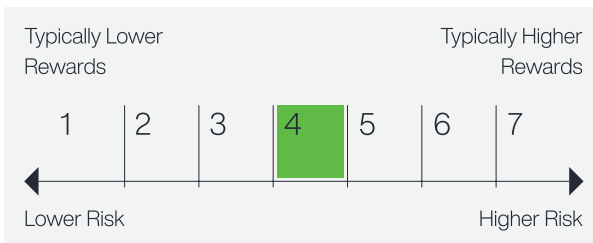
## TROY ASSET MANAGEMENT LIMITED

Investment Manager

23 February 2024

## 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 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.

**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.

**Alternative Investment Risk:** The Fund may invest in other investment vehicles to gain indirect exposure to alternative investments, such as precious metals and private equity. Exposure to such investments can involve a higher degree of risk that may increase the risk of investment loss. The performance of such vehicles can be volatile and there is a risk that investors may experience a delay in receiving redemption proceeds.

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

For more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## TROJAN ETHICAL 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.

#### O ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	126.72	128.46	117.71
Return before operating charges*	6.45	(0.45)	12.04
Operating charges	(1.31)	(1.29)	(1.29)
Return after operating charges	5.14	(1.74)	10.75
Distributions	(1.68)	(0.09)	-
Retained distributions on accumulation shares	1.68	0.09	-
Closing net asset value per share	131.86	126.72	128.46
* after direct transaction costs of:	0.01	0.01	0.03

#### PERFORMANCE

Return after charges	4.06%	(1.35)%	9.13%
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#### OTHER INFORMATION

Closing net asset value (£'000)	73,852	71,012	82,535
Closing number of shares	56,005,725	56,039,086	64,249,185
Operating charges <sup>1</sup>	1.02%	1.02%	1.03% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

#### PRICES

Highest share price	132.32	131.03	132.10
Lowest share price	124.97	122.84	116.42

<sup>1</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 1.02%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	126.36	128.21	117.48
Return before operating charges*	6.70	(0.46)	12.02
Operating charges	(1.30)	(1.29)	(1.29)
Return after operating charges	5.40	(1.75)	10.73
Distributions	(1.94)	(0.10)	–
Closing net asset value per share	129.82	126.36	128.21
* after direct transaction costs of:	0.01	0.01	0.03

##### PERFORMANCE

Return after charges	4.27%	(1.36)%	9.13%
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##### OTHER INFORMATION

Closing net asset value (£'000)	14,612	29,676	32,048
Closing number of shares	11,255,060	23,484,469	24,996,652
Operating charges <sup>1</sup>	1.02%	1.02%	1.03% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

##### PRICES

Highest share price	132.21	130.77	131.84
Lowest share price	124.62	122.59	116.20

<sup>1</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 1.02%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	127.93	129.37	118.25
Return before operating charges*	6.27	(0.46)	12.10
Operating charges	(1.00)	(0.98)	(0.98)
Return after operating charges	5.27	(1.44)	11.12
Distributions	(1.77)	(0.43)	-
Retained distributions on accumulation shares	1.77	0.43	-
Closing net asset value per share	133.20	127.93	129.37
* after direct transaction costs of:	0.01	0.01	0.03

**PERFORMANCE**

Return after charges	4.12%	(1.11)%	9.40%
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**OTHER INFORMATION**

Closing net asset value (£'000)	181,333	98,132	100,814
Closing number of shares	136,132,559	76,705,593	77,927,653
Operating charges <sup>1</sup>	0.77%	0.77%	0.78% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

**PRICES**

Highest share price	133.66	132.01	132.96
Lowest share price	126.19	123.82	116.98

<sup>1</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 0.77%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	126.85	128.70	117.64
Return before operating charges*	6.24	(0.45)	12.04
Operating charges	(0.99)	(0.98)	(0.98)
Return after operating charges	5.25	(1.43)	11.06
Distributions	(1.78)	(0.42)	–
Closing net asset value per share	130.32	126.85	128.70
* after direct transaction costs of:	0.01	0.01	0.03

#### PERFORMANCE

Return after charges	4.14%	(1.11)%	9.40%
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#### OTHER INFORMATION

Closing net asset value (£'000)	148,436	162,059	140,941
Closing number of shares	113,899,129	127,760,064	109,510,129
Operating charges <sup>1</sup>	0.77%	0.77%	0.78% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

#### PRICES

Highest share price	132.55	131.33	132.27
Lowest share price	125.12	123.18	116.38

<sup>1</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 0.77%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### X ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	118.25	119.69	109.50
Return before operating charges*	5.77	(0.41)	11.22
Operating charges	(1.04)	(1.03)	(1.03)
Return after operating charges	4.73	(1.44)	10.19
Distributions	(1.50)	(0.28)	(0.11)
Retained distributions on accumulation shares	1.50	0.28	0.11
Closing net asset value per share	122.98	118.25	119.69
* after direct transaction costs of:	0.01	0.01	0.03

##### PERFORMANCE

Return after charges	4.00%	(1.20)%	9.31%
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##### OTHER INFORMATION

Closing net asset value (£'000)	290,823	327,297	158,530
Closing number of shares	236,472,842	276,780,152	132,454,873
Operating charges <sup>1</sup>	0.87%	0.87%	0.88% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

##### PRICES

Highest share price	123.40	122.12	123.03
Lowest share price	116.63	114.52	108.32

<sup>1</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%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### X INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	117.80	119.51	109.35
Return before operating charges*	5.78	(0.39)	11.29
Operating charges	(1.04)	(1.03)	(1.02)
Return after operating charges	4.74	(1.42)	10.27
Distributions	(1.52)	(0.29)	(0.11)
Closing net asset value per share	121.02	117.80	119.51
* after direct transaction costs of:	0.01	0.01	0.03

##### PERFORMANCE

Return after charges	4.02%	(1.19)%	9.39%
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##### OTHER INFORMATION

Closing net asset value (£'000)	96,341	106,519	58,737
Closing number of shares	79,607,146	90,425,421	49,146,444
Operating charges <sup>1</sup>	0.87%	0.87%	0.88% <sup>2</sup>
Direct transaction costs	0.01%	0.01%	0.03%

##### PRICES

Highest share price	122.96	121.95	122.86
Lowest share price	116.19	114.36	108.17

<sup>1</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%.

<sup>2</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.



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

**Fund Performance to 31 January 2024 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>Since launch<sup>1</sup></b>
Trojan Ethical Fund	4.67	11.51	32.32
UK Retail Prices Index <sup>2</sup>	4.91	28.31	32.63
FTSE All-Share Index (Total Return) <sup>2</sup>	1.90	27.46	25.38
UK Official Bank Rate <sup>2</sup>	5.02	7.02	7.91

<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 101 and 102.

**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 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	DEBT SECURITIES – 61.93% (31.01.23 – 60.99%)		
£17,584,000	UK Treasury 0.125% index-linked 22/3/2026	25,489	3.17
£16,208,000	UK Treasury 0.25% 31/1/2025	15,528	1.93
£45,720,000	UK Treasury 1.25% 22/7/2027	42,070	5.22
£20,057,000	UK Treasury 2.75% 7/9/2024	19,809	2.46
US\$48,756,000	US Treasury 0.25% 30/9/2025	35,796	4.44
US\$38,539,000	US Treasury 2.75% 15/2/2024	30,234	3.75
US\$38,750,000	US Treasury 3% 30/6/2024	30,157	3.74
US\$44,557,000	US Treasury 4.5% 30/11/2024	34,885	4.33
US\$23,153,000	US Treasury Inflation Protected Securities 0.125% 15/4/2026	20,374	2.53
US\$51,455,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	49,661	6.17
US\$42,967,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	35,804	4.45
US\$53,728,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	51,323	6.37
US\$65,352,500	US Treasury Inflation Protected Securities 0.75% 15/2/2042	56,515	7.02
US\$23,460,000	US Treasury Inflation Protected Securities 0.875% 15/1/2029	21,529	2.67
US\$23,227,000	US Treasury Inflation Protected Securities 2.375% 15/1/2025	29,610	3.68
	TOTAL DEBT SECURITIES	<u>498,784</u>	<u>61.93</u>
	EQUITIES – 23.63% (31.01.23 – 20.24%)		
	UNITED KINGDOM – 4.65% (31.01.23 – 3.75%)		
386,850	Experian	12,751	1.58
641,544	Unilever	24,680	3.07
	TOTAL UNITED KINGDOM	<u>37,431</u>	<u>4.65</u>

**TROJAN ETHICAL FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	CONTINENTAL EUROPE – 3.27% (31.01.23 – 1.92%)		
292,045	Nestlé	26,349	3.27
	NORTH AMERICA – 15.71% (31.01.23 – 14.57%)		
72,409	Agilent Technologies	7,397	0.92
169,948	Alphabet 'A'	18,684	2.32
65,401	American Express	10,309	1.28
74,222	Becton Dickinson	13,928	1.73
5,363	Intuit	2,658	0.33
23,153	Mastercard 'A'	8,161	1.01
81,392	Microsoft	25,395	3.15
15,048	Moody's	4,632	0.58
79,723	Procter & Gamble	9,834	1.22
119,093	Visa	25,548	3.17
	TOTAL NORTH AMERICA	126,546	15.71
	TOTAL EQUITIES	190,326	23.63
	COMMODITIES – 11.84% (31.01.23 – 11.71%)		
452,944	Invesco Physical Gold ETC <sup>1</sup>	70,354	8.74
1,565,810	The Royal Mint Responsibly Sourced Physical Gold ETC <sup>1</sup>	24,982	3.10
	TOTAL COMMODITIES	95,336	11.84
	FORWARD CURRENCY CONTRACTS – 0.83% (31.01.23 – 0.79%)		
US\$(9,970,000)	Vs £8,132,900 (expiry 15/2/2024) <sup>2</sup>	305	0.04
US\$(151,149,000)	Vs £123,446,395 (expiry 15/2/2024) <sup>3</sup>	4,766	0.59
US\$(145,750,000)	Vs £116,314,796 (expiry 15/3/2024) <sup>3</sup>	1,899	0.23
US\$(112,420,000)	Vs £88,206,310 (expiry 16/4/2024) <sup>3</sup>	(31)	-
£(21,976,365)	Vs US\$27,700,000 (expiry 15/2/2024) <sup>4</sup>	(227)	(0.03)
	TOTAL FORWARD CURRENCY CONTRACTS	6,712	0.83

**TROJAN ETHICAL FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	Portfolio of investments <sup>5</sup>	791,158	98.23
	Net other assets	<u>14,239</u>	<u>1.77</u>
	Net assets	<u>805,397</u>	<u>100.00</u>

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> Counterparty: Northern Trust.

<sup>5</sup> Includes investment liabilities.

## TROJAN ETHICAL FUND

### ACD'S REPORT continued

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 January 2024

Total purchases for the year £'000 (note 16)	361,706	Total sales for the year £'000 (note 16)	409,287
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
UK Treasury 1.25% 22/7/2027	41,222	US Treasury 2.5% 31/1/2024	52,244
US Treasury 0.25% 30/9/2025	36,713	US Treasury 2.875% 31/10/2023	39,437
US Treasury 4.5% 30/11/2024	35,789	US Treasury 2.875% 30/11/2023	39,299
US Treasury 3% 30/6/2024	30,293	UK Treasury 2.25% 7/9/2023	32,652
US Treasury 2.75% 15/2/2024	29,883	US Treasury 0.625% 15/4/2023	29,902
The Royal Mint Responsibly Sourced Physical Gold ETC	27,088	US Treasury 0.125% 15/7/2024	24,137
UK Treasury 0.125% index-linked 22/3/2026	25,615	WisdomTree Physical Gold	24,117
US Treasury Inflation Protected Securities 0.125% 15/4/2026	19,625	UK Treasury 0.75% 22/7/2023	23,093
UK Treasury 2.75% 7/9/2024	18,734	UK Treasury 2.75% 7/9/2024	21,529
US Treasury Inflation Protected Securities 0.375% 15/1/2027	17,179	UK Treasury 0.125% 31/1/2024	14,871

In addition to the above, in-specie transfers totalling £74,807,000 were made to the Fund 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 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		21,476		(10,175)
Revenue	4	18,530		8,221	
Expenses	5	(6,670)		(5,964)	
Interest payable and similar charges	7	(2)		(6)	
Net revenue before taxation		11,858		2,251	
Taxation	6	(1,406)		(320)	
<b>Net revenue after taxation</b>			10,452		1,931
Total return before distributions			31,928		(8,244)
Distributions	8		(10,427)		(1,942)
<b>Change in net assets attributable to shareholders from investment activities</b>			21,501		(10,186)

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders			794,695		573,605
Amounts receivable on issue of shares		145,723		300,813	
In-specie transfer	1(J)	85,415		-	
Amounts payable on redemption of shares		<u>(248,965)</u>		<u>(70,704)</u>	
			(17,827)		230,109
Dilution levy	1(H)		150		-
Stamp duty reserve tax			(10)		-
Change in net assets attributable to shareholders from investment activities			21,501		(10,186)
Retained distributions on Accumulation shares			<u>6,888</u>		<u>1,167</u>
Closing net assets attributable to shareholders			<u>805,397</u>		<u>794,695</u>

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		791,416	744,964
<b>Current assets</b>			
Debtors	9	2,610	15,148
Cash and bank balances	10	<u>22,685</u>	<u>41,064</u>
<b>Total assets</b>		<u>816,711</u>	<u>801,176</u>
<b>LIABILITIES</b>			
<b>Investment liabilities</b>			
		(258)	(83)
<b>Creditors</b>			
Distribution payable	11	(3,452)	(825)
Other creditors	11	<u>(7,604)</u>	<u>(5,573)</u>
<b>Total liabilities</b>		<u>(11,314)</u>	<u>(6,481)</u>
<b>Net assets attributable to shareholders</b>		<u>805,397</u>	<u>794,695</u>



**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

**1. Accounting Policies**

The accounting policies described on pages 21 to 23 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 24 have been applied to the financial statements of the Fund in the current and prior year.

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

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

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	10,753	4,917
Forward currency contracts	15,185	(14,322)
Transaction charges	(1)	(1)
AMC rebates from underlying investments	31	57
Currency losses	(4,492)	(826)
Net capital gains/(losses)	<u>21,476</u>	<u>(10,175)</u>

**4. Revenue**

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	2,413	2,736
Interest on debt securities	15,155	5,107
Bank interest	962	378
Total revenue	<u>18,530</u>	<u>8,221</u>

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	6,637	5,933
Legal and professional fees	16	14
Typesetting costs	3	2
Registration fees	100	100
TCFD fees	3	-
	6,759	6,049
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	124	114
Safe custody and other bank charges	48	35
	172	149
Other expenses:		
Audit fees	12	10
Publication costs	5	6
Legal and professional fees	2	3
Refund of expenses	(280)	(253)
	(261)	(234)
Total expenses	<u>6,670</u>	<u>5,964</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	1,107	-
Overseas tax	299	320
Current tax charge	1,406	320
Deferred tax – origination and reversal of timing differences (note 6c)	-	-
Total taxation (note 6b)	1,406	320

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	11,858	2,251
Corporation tax at 20%	2,372	450
Effects of:		
Non-taxable dividends	(483)	(547)
Indexation allowance	(31)	-
Prior year adjustment	-	1
AMC rebates taken to capital	6	11
(Utilisation of)/unutilised excess management expenses	(757)	85
Corporation tax charge	1,107	-
Overseas tax	299	320
Total tax charge (note 6a)	1,406	320

### c) Deferred tax

At the year end there is no potential deferred tax asset (31.01.23: £757,000) due to no tax losses. Accordingly, no tax assets have been recognised.

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 7. Interest Payable and Similar Charges

	31.01.24 £'000	31.01.23 £'000
Interest payable	2	6
Total interest payable and similar charges	2	6

## 8. Distributions

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

	31.01.24 £'000	31.01.23 £'000
Interim	–	–
Final	10,340	1,992
	10,340	1,992
Add: Revenue deducted on redemption of shares	1,855	17
Deduct: Revenue received on issue of shares	(885)	(67)
Deduct: In-specie transfer	(883)	–
Net distributions for the year	10,427	1,942

Details of the distributions per share are set out in the table on pages 101 and 102.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	10,452	1,931
Allocations to capital:		
Annual Management Charge, net of tax relief	(25)	11
Net distributions for the year	10,427	1,942

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 9. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	695	5,973
Sales awaiting settlement	–	3,988
Accrued revenue:		
Non-taxable dividends	141	136
Interest from debt securities	1,325	1,321
AMC rebates from underlying investments	–	6
	1,466	1,463
Prepaid expenses	4	4
Amounts due from the Investment Manager:		
Refund of expenses	175	152
Amounts due from brokers	270	3,568
Total debtors	<u>2,610</u>	<u>15,148</u>

## 10. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	22,685	41,064
Total cash and bank balances	<u>22,685</u>	<u>41,064</u>

## 11. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	<u>3,452</u>	<u>825</u>

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
<b>Other Creditors</b>		
Amounts payable for redemption of shares	1,034	994
Purchases awaiting settlement	–	3,981
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	565	556
Legal and professional fees	2	2
Typesetting costs	3	1
Registration fees	8	9
TCFD fees	3	–
	581	568
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	11	10
Safe custody and other bank charges	9	10
	20	20
Other expenses	11	10
Amounts due to brokers	4,851	–
Taxation payable:		
Corporation tax	1,107	–
Total other creditors	<u>7,604</u>	<u>5,573</u>

## 12. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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.

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
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for the year ended 31 January 2024

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 84 and amounts due at the year end are disclosed in notes 9 and 11.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 2,685,741 (31.01.23: 2,662,276) of the Fund's shares at the balance sheet date.

### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

### 14. Shares in Issue

	O Accumulation	O Income	S Accumulation
Annual Management Charge	1.00%	1.00%	0.75%
Opening shares in issue	56,039,086	23,484,469	76,705,593
Issues	8,775,388	2,802,457	75,850,239
Redemptions	(7,720,291)	(14,803,670)	(16,423,273)
Conversions	(1,088,458)	(228,196)	-
Closing shares in issue	56,005,725	11,255,060	136,132,559
	S Income	X Accumulation	X Income
Annual Management Charge	0.75%	0.85%	0.85%
Opening shares in issue	127,760,064	276,780,152	90,425,421
Issues	18,647,646	64,675,191	15,926,928
Redemptions	(32,508,581)	(106,155,369)	(26,984,111)
Conversions	-	1,172,868	238,908
Closing shares in issue	113,899,129	236,472,842	79,607,146

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
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for the year ended 31 January 2024

## 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.

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.



**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
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for the year ended 31 January 2024

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>31.01.24</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	305	–
UBS	6,634	–
Northern Trust	(227)	–

<b>31.01.23</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>	<b>Net cash collateral pledged £'000</b>
Bank of New York Mellon	4,528	–
UBS	1,817	–
Northern Trust	(83)	–

At 31 January 2024, cash collateral of £270,000 (31.01.23: £3,568,000) was held with UBS. These amounts are included in amounts due from brokers in note 9.

As at 31 January 2024, cash collateral of £4,851,000 (31.01.23: nil) was pledged to UBS. These amounts are included in the amounts to brokers in note 11.

**(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 2024 a one basis point change in the yield would have an impact of £191,000 on the direct net assets of the Fund (31.01.23: £189,000).

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
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The table below shows the interest rate risk profile:

	31.01.24 £'000	31.01.23 £'000
Floating rate investments	290,305	251,667
Fixed rate investments	208,479	233,011
Investments on which interest is not paid	292,632	260,286
Investment liabilities on which interest is not paid	(258)	(83)
Total investments	<u>791,158</u>	<u>744,881</u>

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 distribution.

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:

	31.01.24 Gross £'000	31.01.24 Hedged £'000	31.01.24 Net £'000
Currency:			
Euros	(5)	-	(5)
Swiss francs	26,349	-	26,349
US dollars	614,815	(307,412)	307,403
	<u>641,159</u>	<u>(307,412)</u>	<u>333,747</u>
Pounds sterling	157,526	314,124	471,650
Net assets	<u>798,685</u>	<u>6,712</u>	<u>805,397</u>

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.23 Gross £'000	31.01.23 Hedged £'000	31.01.23 Net £'000
Currency:			
Swiss francs	15,258	–	15,258
US dollars	604,555	(332,481)	272,074
	<u>619,813</u>	<u>(332,481)</u>	<u>287,332</u>
Pounds sterling	168,620	338,743	507,363
Net assets	<u>788,433</u>	<u>6,262</u>	<u>794,695</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 £16,687,000 on the net assets of the Fund (31.01.23: £14,367,000).

**(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 88.66% of the portfolio can be liquidated within 5 days and 89.86% within 21 working days (31.01.23: 89.08% within 5 days and 91.19% within 21 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 ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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 £39,222,000 (31.01.23: £36,931,000). 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, Northern Trust 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 2024

**16. Portfolio Transaction Costs**

31.01.24	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	33,364	11	40	33,415
Collective investment schemes	30,086	9	–	30,095
Debt securities	298,196	–	–	298,196
Purchases total	<u>361,646</u>	<u>20</u>	<u>40</u>	<u>361,706</u>
Transaction cost % of purchases total		0.01%	0.01%	
Transaction cost % of average NAV		–	0.01%	
Ordinary shares	40,034	(12)	–	40,022
Collective investment schemes	37,910	(11)	–	37,899
Debt securities	331,366	–	–	331,366
Sales total	<u>409,310</u>	<u>(23)</u>	<u>–</u>	<u>409,287</u>
Transaction cost % of sales total		0.01%	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 31.01.24 is 0.07% (31.01.23: 0.11%).

**TROJAN ETHICAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	51,864	18	11	51,893
Collective investment schemes	21,343	6	-	21,349
Debt securities	363,005	-	-	363,005
Purchases total	436,212	24	11	436,247
Transaction cost % of purchases total		0.01%	-	
Transaction cost % of average NAV		-	-	
Ordinary shares	95,703	(36)	(2)	95,665
Collective investment schemes	2,535	(1)	-	2,534
Debt securities	58,816	-	-	58,816
Sales total	157,054	(37)	(2)	157,015
Transaction cost % of sales total		0.02%	-	
Transaction cost % of average NAV		0.01%	-	

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 2024

### 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>31.01.24</b>				
Investment assets	784,446	6,970	–	791,416
Investment liabilities	–	(258)	–	(258)
<b>31.01.23</b>				
Investment assets	738,619	6,345	–	744,964
Investment liabilities	–	(83)	–	(83)

## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23
To	31.01.24

#### O ACCUMULATION SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.6806	–	1.6806	0.0932
Group 2	0.8001	0.8805	1.6806	0.0932

#### O INCOME SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.9395	–	1.9395	0.1045
Group 2	0.8832	1.0563	1.9395	0.1045

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

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.7657	–	1.7657	0.4255
Group 2	0.5058	1.2599	1.7657	0.4255



## TROJAN ETHICAL FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE continued

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

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.7778	–	1.7778	0.4242
Group 2	1.2452	0.5326	1.7778	0.4242

#### X ACCUMULATION SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.4982	–	1.4982	0.2849
Group 2	0.8288	0.6694	1.4982	0.2849

#### X INCOME SHARES

There was no interim distribution in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.5178	–	1.5178	0.2853
Group 2	0.6490	0.8688	1.5178	0.2853

## TROJAN ETHICAL GLOBAL INCOME FUND ACD'S REPORT

for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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.

The Fund will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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.waystone.com](http://www.waystone.com). 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.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

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

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.

#### **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.

### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Ethical Global Income Fund

24 May 2024

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +9.3% in the period under review which was ahead of the Investment Association Global Equity Income Sector (Net Return) return of +7.3% but behind the MSCI World Index (Net Return) which returned +13.1%.

Equity markets recovered strongly from the declines of the prior year, although 2023 was not without mishap. Higher interest rates led to the rapid failure of several US regional banks and China's recovery from the pandemic has underwhelmed. Despite this, the global economy looks in better shape than many had expected. A widely anticipated global recession was averted and inflation is moderating in most countries, allowing central banks to contemplate easing monetary policy. Excitement about the promise of generative Artificial Intelligence has emerged as a driving force for global equities, led by many of the large U.S. technology companies that performed so poorly in 2022.

At the same time, the emergence of demand curbing appetite suppressant drugs (GLP-1s) impacted investor confidence in the long-term volume growth outlook for the consumer staples sector. As these fears waned and given more attractive valuations, the sector performed more strongly in the last quarter of the year.

Global bond yields continued to rise before dropping back towards the end of the period under review.

#### Portfolio Review

The performance of the portfolio reflected the divergent fortunes of different sectors echoing the developments described above.

The top two performers were Microsoft and RELX. Both are long term holdings and are seen as beneficiaries of the emergence of AI. Nintendo also contributed well, benefitting from improving consumer sentiment surrounding the value of the company's Intellectual Property as well as the likely upcoming launch of a new gaming console, the 'Switch 2'. Novartis performed well over the period, an attractive valuation and consistent execution drove a rerating of the shares. Finally, InterContinental Hotels also did well as the persistent tailwind from post-COVID travel demand led to strong results.

Of the main detractors to performance, three were Real Estate companies which suffered as interest rates rose; LINK REIT, Vonovia and Boston Properties. LINK REIT is the largest and, in our opinion, best managed REIT in Asia, with a portfolio of mostly neighbourhood shopping centres and car parking facilities in Hong Kong as well as several other assets in mainland China and Australia. The company used its scale and reputation to conduct a rights issue to fortify the balance sheet to weather the change in the cost of capital. We participated in the issue and further added to the shares post-recapitalisation. This was partly funded by the sale of Boston Properties and Vonovia, which we believe are less well positioned and capitalised. LINK should now be well placed to benefit should interest rates begin to decline or as others become distressed sellers.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

Roche underperformed a rising market as both short term disappointments relating to clinical trials as well as a rotation into less defensive, but dependable, assets counted against this company. Finally, Texas Instruments underperformed as investors worried that weakness in end markets, notably industrial businesses, and autos, would impact profitability. The company has also ramped up capital expenditure to ensure they are well placed to meet demand in the coming decade, but which is detrimental to cash flow in the short term. We continue to think it is a high-quality asset that warrants a larger investment in the portfolio in time.

Some changes were made to the portfolio during this period. We established a new investment in Canadian National Railway. We view this company as a high-quality franchise with impossible to replicate assets, leading to limited competition. These entrenched competitive advantages are further enhanced by the railroads' costs advantage vs trucking over long distance journeys. Moving goods on railcars is also environmentally friendly compared to trucking, an important consideration as economies decarbonise. The result is a business that enjoys an attractive margin structure and decent, sustainable returns on invested capital. Debt levels are sensible.

The business has enjoyed organic volume growth over time driven by the growth in ecommerce, population and consumerism. The industry has also demonstrated pricing power, leading to high incremental margins.

Although railroads require high rates of reinvestment to maintain the network, the returns achieved justify the outlay. The industry has also seen significant improvements in productivity in part owing to sensible levels of investment as well as the application of "Precision Scheduled Railroading" pioneered by the legendary industry veteran Hunter Harrison.

Concerns of an economic slowdown as well as one-off problems such as floods in Nova Scotia, Canadian wildfires and strikes at the West Coast ports led to weakness in the share price. This allowed us to initiate a holding at the highest dividend yield in a decade.

We also started a new holding in Experian. This UK listed company is one of the world's largest credit bureaus, maintaining credit data on consumers and businesses worldwide. This enhances decision-making and risk management around extending credit at the point of lending and on an ongoing basis. The company is intimately linked to financial institutions such as banks as well as broader consumer and economic health. However, it is far more defensive than many realise, having grown organically every year since listing, including through the Global Financial Crisis and pandemic. Experian operates in exciting areas of structural growth. While the company's roots as a collator of credit data can be traced back as far as 1803, credit decisioning today is highly digital and analytically driven. Experian is now a world-leading software business, developing sophisticated tools to help consumers and businesses make smart credit decisions. The company also benefits as developing countries start using credit scoring more widely in their economies; its fastest growing division is in Brazil, where it holds a market-leading position. A strong and proven management team continues to reinvest heavily into enhancing the company's products, and we expect growing profits and dividends for many more years to come.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

Our position in Kenvue was enhanced. This is one of the largest consumer health companies in the world with leading brands such as Tylenol, Listerine and Band-Aid. The company was spun out of Johnson & Johnson which we think will likely sharpen the operational focus of the company to the benefit of shareholders. In the weeks following the spin out the shares were exceptionally weak as investors sold down this sub-scale holding without regard to valuation. This enabled us to add to the shares at an attractive valuation. The increase was funded by the sale of Coca-Cola.

We sold two of our property holdings, Boston Properties and Vonovia to fund the greater investment in LINK. This effectively consolidated our property investments into the most well-funded business in anticipation of a peak in interest rates but acknowledging the long-term cost of capital is now likely to be higher.

Colgate-Palmolive was also sold on valuation grounds within the context of a lacklustre growth outlook for the business. The proceeds were invested across the portfolio.

We took advantage of share-price weakness in Reckitt Benckiser, CME and Nintendo to add to existing holdings at valuations we considered to be attractive. Hershey, Domino's Pizza and Procter & Gamble were all reduced following strong share price performances.

Finally, the Fund's small holding of Sandoz shares, inherited in a spinoff from Novartis in October, was sold outright. Sandoz does not meet our criteria for business quality. Its spinoff completes a multi-year process to focus Novartis on innovative medicines.

The portfolio ended the period with 31 investments.

### Outlook

For the time-being at least, a widely anticipated economic hard landing has been avoided. Interest rates that only a few months ago were set to remain at elevated levels are now expected to be cut multiple times in 2024.

However, given higher interest rates take effect in the economy with a lag, it is too early to sound the all-clear. It remains the case that we have a combination of fully valued equity markets, (based on long term valuation measures) at a time of likely upcoming economic weakness (from lagged impact of higher rates). We therefore remain defensively positioned, and are poised to take advantage of high quality global income assets as opportunities arise.

## TROY ASSET MANAGEMENT LIMITED

Investment Manager

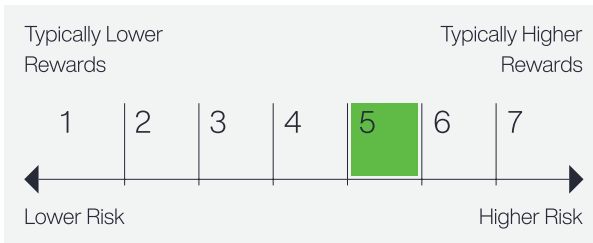
15 February 2024

## 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 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.

**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 more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables

##### F ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	101.11	100.28	100.00
Return before operating charges*	8.50	1.17	0.42
Operating charges	(0.72)	(0.34)	(0.14)
Return after operating charges	7.78	0.83	0.28
Distributions	(2.73)	(2.65)	(0.47)
Retained distributions on accumulation shares	2.73	2.65	0.47
Closing net asset value per share	108.89	101.11	100.28
* after direct transaction costs of:	0.02	0.09	0.05

##### PERFORMANCE

Return after charges	7.69%	0.83%	0.28%
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##### OTHER INFORMATION

Closing net asset value (£'000)	26,625	25,362	21,279
Closing number of shares	24,450,793	25,083,435	21,219,237
Operating charges	0.70% <sup>4,5</sup>	0.33% <sup>3</sup>	0.55% <sup>2,3</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

##### PRICES

Highest share price	109.62	108.53	106.19
Lowest share price	97.73	95.73	98.55

<sup>1</sup> From 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.

<sup>4</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 0.72%. Effective from 22 November 2023, this was reduced to 0.57%.

<sup>5</sup> The Annual Management Charge was reduced from 0.65% to 0.50% on 22 November 2023.



## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### F INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	98.06	99.82	100.00
Return before operating charges*	8.16	1.19	0.43
Operating charges	(0.70)	(0.33)	(0.13)
Return after operating charges	7.46	0.86	0.30
Distributions	(2.63)	(2.62)	(0.48)
Closing net asset value per share	102.89	98.06	99.82
* after direct transaction costs of:	0.02	0.09	0.05

##### PERFORMANCE

Return after charges	7.61%	0.86%	0.30%
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##### OTHER INFORMATION

Closing net asset value (£'000)	830	2,515	219
Closing number of shares	807,185	2,565,020	219,701
Operating charges	0.70% <sup>4,5</sup>	0.33% <sup>3</sup>	0.52% <sup>2,3</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

##### PRICES

Highest share price	104.16	106.57	106.21
Lowest share price	94.79	94.59	98.56

<sup>1</sup> From 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.

<sup>4</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 0.72%. Effective from 22 November 2023, this was reduced to 0.57%.

<sup>5</sup> The Annual Management Charge was reduced from 0.65% to 0.50% on 22 November 2023.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	100.44	100.21	100.00
Return before operating charges*	8.43	1.16	0.45
Operating charges	(0.95)	(0.93)	(0.24)
Return after operating charges	7.48	0.23	0.21
Distributions	(2.71)	(2.65)	(0.48)
Retained distributions on accumulation shares	2.71	2.65	0.48
Closing net asset value per share	107.92	100.44	100.21
* after direct transaction costs of:	0.02	0.09	0.05

##### PERFORMANCE

Return after charges	7.45%	0.23%	0.21%
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##### OTHER INFORMATION

Closing net asset value (£'000)	2,753	2,194	35
Closing number of shares	2,550,437	2,184,306	34,853
Operating charges <sup>3</sup>	0.92%	0.92%	0.92% <sup>2</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

##### PRICES

Highest share price	108.65	108.05	106.15
Lowest share price	97.06	95.41	98.48

<sup>1</sup> From 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, 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 0.92%.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	97.42	99.72	100.00
Return before operating charges*	8.07	1.22	0.42
Operating charges	(0.91)	(0.92)	(0.24)
Return after operating charges	7.16	0.30	0.18
Distributions	(2.60)	(2.60)	(0.46)
Closing net asset value per share	101.98	97.42	99.72
* after direct transaction costs of:	0.02	0.09	0.05

##### PERFORMANCE

Return after charges	7.35%	0.30%	0.18%
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##### OTHER INFORMATION

Closing net asset value (£'000)	296	288	6
Closing number of shares	290,378	295,355	6,149
Operating charges <sup>3</sup>	0.92%	0.92%	0.92% <sup>2</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

##### PRICES

Highest share price	103.24	106.08	106.15
Lowest share price	94.14	94.26	98.46

<sup>1</sup> From 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, 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 0.92%.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	100.79	100.27	100.00
Return before operating charges*	8.69	1.35	0.48
Operating charges	(0.85)	(0.83)	(0.21)
Return after operating charges	7.84	0.52	0.27
Distributions	(2.74)	(2.67)	(0.48)
Retained distributions on accumulation shares	2.74	2.67	0.48
Closing net asset value per share	108.63	100.79	100.27
* after direct transaction costs of:	0.02	0.09	0.05

#### PERFORMANCE

Return after charges	7.78%	0.52%	0.27%
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#### OTHER INFORMATION

Closing net asset value (£'000)	-	-	-
Closing number of shares	250	250	250
Operating charges <sup>3</sup>	0.82%	0.82%	0.82% <sup>2</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

#### PRICES

Highest share price	109.37	108.30	106.20
Lowest share price	97.42	95.58	98.56

<sup>1</sup> From 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, 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 0.82%.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 <sup>1</sup> pence per share
Opening net asset value per share	97.75	99.80	100.00
Return before operating charges*	8.34	1.41	0.49
Operating charges	(0.81)	(0.82)	(0.21)
Return after operating charges	7.53	0.59	0.28
Distributions	(2.64)	(2.64)	(0.48)
Closing net asset value per share	102.64	97.75	99.80
* after direct transaction costs of:	0.02	0.09	0.05

#### PERFORMANCE

Return after charges	7.70%	0.59%	0.28%
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#### OTHER INFORMATION

Closing net asset value (£'000)	-	-	-
Closing number of shares	250	250	250
Operating charges <sup>3</sup>	0.82%	0.82%	0.82% <sup>2</sup>
Direct transaction costs	0.02%	0.09%	0.76% <sup>2</sup>

#### PRICES

Highest share price	103.92	106.34	106.20
Lowest share price	94.49	94.46	98.56

<sup>1</sup> From 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, 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 0.82%.

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Fund Performance to 31 January 2024 (%)

	1 year	Since launch <sup>1</sup>
Trojan Ethical Global Income Fund	9.26	8.65
MSCI World Index (Net Return) <sup>2</sup>	13.10	11.77
Investment Association Global Equity Income Sector (Net Return) <sup>2</sup>	7.33	13.10

<sup>1</sup> Launch date 1 November 2021.

<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 132 to 136.

#### 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 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
	UNITED KINGDOM – 25.86% (31.01.23 – 22.67%)		
43,045	Admiral	1,082	3.55
182,298	Domino's Pizza	641	2.10
11,649	Experian	384	1.26
13,146	InterContinental Hotels	986	3.23
30,603	Reckitt Benckiser	1,746	5.73
47,601	RELX	1,553	5.09
38,862	Unilever	1,495	4.90
	<b>TOTAL UNITED KINGDOM</b>	<b>7,887</b>	<b>25.86</b>
	CONTINENTAL EUROPE – 15.44% (31.01.23 – 17.20%)		
9,061	Coloplast 'B'	828	2.72
6,708	Nestlé	605	1.98
16,533	Novartis	1,353	4.44
4,397	Roche	995	3.26
39,739	Universal Music	928	3.04
	<b>TOTAL CONTINENTAL EUROPE</b>	<b>4,709</b>	<b>15.44</b>
	NORTH AMERICA – 50.22% (31.01.23 – 54.27%)		
2,295	Accenture	656	2.15
6,797	Automatic Data Processing	1,312	4.30
3,518	Canadian National Railway	344	1.13
22,942	Cisco Systems	904	2.96
2,786	Clorox	318	1.04
9,523	CME	1,539	5.05
16,629	Fastenal	890	2.92
2,926	Hershey	445	1.46
6,430	Johnson & Johnson	802	2.63
38,768	Kenvue	632	2.07
3,600	McDonald's	827	2.71
14,456	Medtronic	994	3.26

## TROJAN ETHICAL GLOBAL INCOME FUND

### ACD'S REPORT continued

### PORTFOLIO STATEMENT continued

as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
4,325	Microsoft	1,349	4.42
17,757	Paychex	1,696	5.56
9,781	PepsiCo	1,294	4.24
5,988	Procter & Gamble	739	2.42
4,605	Texas Instruments	579	1.90
	TOTAL NORTH AMERICA	15,320	50.22
	ASIA – 6.85% (31.01.23 – 5.11%)		
176,640	Link REIT	695	2.28
31,300	Nintendo	1,396	4.57
	TOTAL ASIA	2,091	6.85
	Portfolio of investments	30,007	98.37
	Net other assets	497	1.63
	Net assets	30,504	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 ETHICAL GLOBAL INCOME FUND**  
**ACD'S REPORT** continued  
**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
for the year ended 31 January 2024

Total purchases for the year £'000 (note 15)	2,820	Total sales for the year £'000 (note 15)	4,548
Major purchases	Cost £'000	Major sales	Proceeds £'000
Link REIT	455	Colgate-Palmolive	897
Reckitt Benckiser	420	Coca-Cola	398
Kenvue	383	Vonovia	370
Experian	355	Domino's Pizza	337
Canadian National Railway	310	Hershey	327
Nintendo	162	Microsoft	313
CME	162	Boston Properties	279
Roche	106	Procter & Gamble	198
Medtronic	105	PepsiCo	133
Paychex	30	Unilever	114

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

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		1,601		(434)
Revenue	4	895		835	
Expenses	5	(210)		(105)	
Net revenue before taxation		685		730	
Taxation	6	(103)		(88)	
Net revenue after taxation			582		642
<b>Total return before distributions</b>			2,183		208
Distributions	7		(779)		(739)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,404		(531)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Note	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders			30,359		21,539
Amounts receivable on issue of shares		3,220		15,829	
Amounts payable on redemption of shares		(5,229)		(7,197)	
			(2,009)		8,632
Dilution levy	1(H)		4		-
Change in net assets attributable to shareholders from investment activities			1,404		(531)
Retained distributions on Accumulation shares			746		719
<b>Closing net assets attributable to shareholders</b>			30,504		30,359

## TROJAN ETHICAL GLOBAL INCOME FUND

### FINANCIAL STATEMENTS continued

### BALANCE SHEET

as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		30,007	30,132
<b>Current assets</b>			
Debtors	8	70	92
Cash and bank balances	9	519	315
<b>Total assets</b>		<u>30,596</u>	<u>30,539</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(6)	(15)
Other creditors	10	(86)	(165)
<b>Total liabilities</b>		<u>(92)</u>	<u>(180)</u>
<b>Net assets attributable to shareholders</b>		<u>30,504</u>	<u>30,359</u>

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

### 1. Accounting Policies

The accounting policies described on pages 21 to 23 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 24 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.

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 Gains/(Losses)

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

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	1,603	(439)
Transaction charges	(1)	(3)
Currency (losses)/gains	(1)	8
Net capital gains/(losses)	<u>1,601</u>	<u>(434)</u>

### 4. Revenue

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	829	782
Taxable dividends	47	46
Bank interest	19	7
Total revenue	<u>895</u>	<u>835</u>

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	189	45
Legal and professional fees	21	21
Typesetting costs	3	3
Registration fees	10	9
TCFD fees	3	-
	226	78
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13	11
Safe custody and other bank charges	9	8
	22	19
Other expenses:		
Audit fees	13	8
Representation fees	1	1
Legal and professional fees	-	1
Refund of expenses	(52)	(2)
	(38)	8
Total expenses	210	105

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 year ended 31 January 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	-	-
Overseas tax	103	88
Current tax charge	103	88
Deferred tax – origination and reversal of timing differences (note 6c)	-	-
Total taxation (note 6b)	103	88

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	685	730
Corporation tax at 20%	137	146
Effects of:		
Non-taxable dividends	(166)	(156)
Foreign tax expensed	-	(1)
Unutilised excess management expenses	29	11
Corporation tax charge	-	-
Overseas tax	103	88
Total tax charge (note 6a)	103	88

### c) Deferred tax

At the year end there is a potential deferred tax asset of £43,000 (31.01.23: £14,000) 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 GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
First Interim	259	187
Second Interim	156	212
Third Interim	189	217
Final	<u>170</u>	<u>163</u>
	774	779
Add: Revenue deducted on redemption of shares	15	18
Deduct: Revenue received on issue of shares	<u>(10)</u>	<u>(58)</u>
Net distributions for the year	<u>779</u>	<u>739</u>

Details of the distributions per share are set out in the table on pages 132 to 136.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	582	642
Allocations to capital:		
Expenses, net of tax relief	<u>197</u>	<u>97</u>
Net distributions for the year	<u>779</u>	<u>739</u>

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	10	62
Accrued revenue:		
Non-taxable dividends	18	19
Prepaid expenses	3	3

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts due from the Investment Manager:		
Refund of expenses	29	2
Taxation recoverable:		
Overseas withholding tax	10	6
Total debtors	70	92

### 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	519	315
Total cash and bank balances	519	315

### 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	6	15
<b>Other Creditors</b>		
Amounts payable for redemption of shares	51	131
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	14	18
Legal and professional fees	1	1
Typesetting costs	3	1
Registration fees	1	1
TCFD fees	3	-
	22	21



**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	1	1
Safe custody and other bank charges	1	3
	2	4
Other expenses	11	9
Total other creditors	86	165

### 11. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 119 and amounts due at the year end are disclosed in notes 8 and 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 69.92% (31.01.23: 65.19%)

### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

### 13. Shares in Issue

	F Accumulation	F Income	O Accumulation
Annual Management Charge	0.50%	0.50%	0.85%
Opening shares in issue	25,083,435	2,565,020	2,184,306
Issues	1,999,808	164,182	838,587
Redemptions	(2,601,659)	(1,922,017)	(503,456)
Conversions	(30,791)	–	31,000
Closing shares in issue	<u>24,450,793</u>	<u>807,185</u>	<u>2,550,437</u>

	O Income	S Accumulation	S Income
Annual Management Charge	0.85%	0.75%	0.75%
Opening shares in issue	295,355	250	250
Issues	150,675	–	–
Redemptions	(155,652)	–	–
Conversions	–	–	–
Closing shares in issue	<u>290,378</u>	<u>250</u>	<u>250</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 ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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 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 ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 £'000	31.01.23 £'000
Currency:		
Canadian dollars	345	–
Danish krone	836	924
Euros	929	1,317
Hong Kong dollars	695	586
Japanese yen	1,396	965
Swiss francs	2,953	2,987
US dollars	14,998	16,500
	<u>22,152</u>	<u>23,279</u>
Pounds sterling	8,352	7,080
Net assets	<u>30,504</u>	<u>30,359</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 £1,108,000 on the net assets of the Fund (31.01.23 : £1,164,000).

**(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 100.00% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days (31.01.23: 100.00% within 5 days and 100.00% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

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 £1,500,000 (31.01.23: £1,507,000). 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>31.01.24</b>				
Ordinary shares	2,815	1	3	2,820
Purchases total	2,815	1	3	2,820
Transaction cost % of purchases total		0.04%	0.11%	
Transaction cost % of average NAV		–	0.01%	
Ordinary shares	4,550	(2)	–	4,548
Sales total	4,550	(2)	–	4,548
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.01%	–	

**TROJAN ETHICAL GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

Average portfolio dealing spread at 31.01.24 is 0.04% (31.01.23: 0.04%).

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	15,244	5	20	15,269
Purchases total	<u>15,244</u>	<u>5</u>	<u>20</u>	<u>15,269</u>
Transaction cost % of purchases total		0.03%	0.13%	
Transaction cost % of average NAV		0.02%	0.07%	
Ordinary shares	5,997	(2)	-	5,995
Sales total	<u>5,997</u>	<u>(2)</u>	<u>-</u>	<u>5,995</u>
Transaction cost % of sales total		0.03%	-	
Transaction cost % of average NAV		-	-	

## 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 year ended 31 January 2024 – 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	01.02.23	01.05.23	01.08.23	01.11.23
To	30.04.23	31.07.23	31.10.23	31.01.24

#### F ACCUMULATION SHARES

First Interim	Net Revenue	Equalisation	Allocated 30.06.23	Allocated 30.06.22
Group 1	0.8999	–	0.8999	0.7659
Group 2	0.6339	0.2660	0.8999	0.7659

Second Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	0.5485	–	0.5485	0.6466
Group 2	0.1616	0.3869	0.5485	0.6466

Third Interim	Net Revenue	Equalisation	Allocated 31.12.23	Allocated 31.12.22
Group 1	0.6748	–	0.6748	0.6977
Group 2	0.2661	0.4087	0.6748	0.6977

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	0.6072	–	0.6072	0.5433
Group 2	0.2468	0.3604	0.6072	0.5433

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

**F INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	0.8763	–	0.8763	0.7598
Group 2	0.4858	0.3905	0.8763	0.7598

<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.5271	–	0.5271	0.6395
Group 2	0.1153	0.4118	0.5271	0.6395

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	0.6449	–	0.6449	0.6854
Group 2	0.0336	0.6113	0.6449	0.6854

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.5769	–	0.5769	0.5338
Group 2	0.3700	0.2069	0.5769	0.5338

**O ACCUMULATION SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.23</b>	<b>Allocated 30.06.22</b>
Group 1	0.8938	–	0.8938	0.7661
Group 2	0.6003	0.2935	0.8938	0.7661

<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	0.5446	–	0.5446	0.6448
Group 2	0.2283	0.3163	0.5446	0.6448



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

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.23</b>	<b>Allocated 31.12.22</b>
Group 1	0.6695	–	0.6695	0.6952
Group 2	0.2619	0.4076	0.6695	0.6952

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	0.6022	–	0.6022	0.5444
Group 2	0.2360	0.3662	0.6022	0.5444

**O INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	0.8662	–	0.8662	0.7582
Group 2	0.3661	0.5001	0.8662	0.7582

<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.5237	–	0.5237	0.6346
Group 2	0.0933	0.4304	0.5237	0.6346

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	0.6406	–	0.6406	0.6822
Group 2	0.2669	0.3737	0.6406	0.6822

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.5721	–	0.5721	0.5289
Group 2	0.0544	0.5177	0.5721	0.5289

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

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

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.23</b>	<b>Allocated 30.06.22</b>
Group 1	0.9000	–	0.9000	0.7680
Group 2	0.9000	0.0000	0.9000	0.7680
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	0.5560	–	0.5560	0.6560
Group 2	0.5560	0.0000	0.5560	0.6560
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.23</b>	<b>Allocated 31.12.22</b>
Group 1	0.6680	–	0.6680	0.7040
Group 2	0.6680	0.0000	0.6680	0.7040
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	0.6120	–	0.6120	0.5400
Group 2	0.6120	0.0000	0.6120	0.5400

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

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	0.8720	–	0.8720	0.7680
Group 2	0.8720	0.0000	0.8720	0.7680
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.5440	–	0.5440	0.6400
Group 2	0.5440	0.0000	0.5440	0.6400

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

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	0.6440	–	0.6440	0.6960
Group 2	0.6440	0.0000	0.6440	0.6960
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.5800	–	0.5800	0.5320
Group 2	0.5800	0.0000	0.5800	0.5320

## TROJAN ETHICAL INCOME FUND ACD'S REPORT

for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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.

The Fund will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

A document setting out a summary of the Fund's ethical exclusion criteria is available on the ACD's website [www.waystone.com](http://www.waystone.com). 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.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

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

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.

#### **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.

## WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Ethical Income Fund

24 May 2024

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

## INVESTMENT MANAGER'S REPORT

### for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +7.4% over the year compared to the FTSE All-Share Index (Total Return)'s +1.9% return. The Fund delivered this robust outperformance whilst exhibiting lower volatility than the index. Notably, the Fund protected capital better in each of the FTSE All-Share Index (Total Return)'s down months in the period (March, May, August, October and January).

Equity markets were pleasingly resilient in what was another year of macroeconomic and geopolitical turbulence. Inflation as measured by UK CPI slowed materially from +10.4% in February of 2023 to +4.0% in December as supply chain disruptions unwound and the impact of tighter monetary policy fed into the economy. After 14 consecutive rate hikes, moderating inflation allowed the Bank of England to take a pause from raising the UK's base rate of interest in August. This was welcome news for markets. It seems very likely that rates have peaked for this cycle and the debate has now turned to when interest rates might begin to fall.

Despite tighter monetary conditions and destabilizing geopolitics, particularly in the Middle East, both the UK and US economies have so far managed to avoid recessions. The US economy in particular has defied gloomy predictions, recording healthy growth and increased productivity. Commodity prices have also been relatively stable, with the oil price (WTI crude) having fluctuated between \$70 and \$90 over the period. One notable weak spot globally has been China, where the property market and long-term demographic trends have given rise to continued bouts of deflationary concerns alongside slowing growth.

Despite delivering a modest positive return, the UK equity market significantly lagged that of the US. The S&P 500 rose 20.8% over the period, driven overwhelmingly by excitement around Artificial Intelligence ('AI'), in particular relating to the new 'generative AI' platforms. There were staggering gains from some of the largest Technology companies in the US market, for instance advanced chip manufacturer NVIDIA rose 215.1% while Meta's share price increased 161.9%. Whilst a number of excellent data-focused UK companies will certainly benefit from advancements in AI, the US remains the dominant market when it comes to such technology exposure.

#### Portfolio Review

Overall, the Fund benefited in the year from both sound stock-picking and a backdrop of more stable inflation and interest rate expectations that was supportive of the Fund's quality-orientated approach to ethical equity income.

The Fund's data and software holdings performed well in the period as they collectively benefited from accelerating growth trends. RELX (+38.7%) was the top contributor to returns, with accounting software company Sage (+52.8%) also being one of the top five contributors. The latter's performance was particularly pleasing given it was purchased in January of 2023. CME Group (+18.4%) benefitted from continued interest rate volatility that drove record volumes for its proprietary interest rate derivative contracts. Elsewhere, Swiss pharmaceutical giant Novartis (+23.3%) continued to perform well following the divestment of its generic pharmaceuticals business, Sandoz, and hotel brand owner InterContinental Hotels Group (+36.8%) delivered strong returns as customers continued to show an appetite for travel.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

St. James's Place (-43.7%) was the largest single stock detractor from returns. Its shares responded negatively to fee adjustments made by the company in response to regulatory changes. However, in lowering its prices, the company should be in a better competitive position going forward. Materials was the weakest sector as the Fund's two chemicals holdings, Victrex (-22.6%) and Croda (-29.0%), both detracted from returns. Both suffered from cyclical pressures that dampened demand for their respective products and services. Collectively, Consumer Staples holdings were also weak. Unilever (-2.9%) and Nestlé (-6.2%) both suffered disappointing volume growth through much of 2023 following a period of inflation related price increases. Consumer Staples shares were also weighed down by the hype around new GLP-1 diet drugs that may curtail demand for some categories. Encouragingly, the Consumer Staples sector was one of the strongest performing sectors in January 2024 and there are signs that sales volumes are turning more positive.

There was modest portfolio activity in the year following a slightly higher than usual number of sales and purchases in the previous reporting period. Only one entirely new company entered the Fund, UK kitchen supplier Howden Joinery.

Howden Joinery is the clear UK leader in supplying kitchens to the trade with a nationwide network of c.800 depots. Trade customers buy kitchens regularly on behalf of their clients, whereas retail customers might purchase a kitchen only once or twice in a lifetime. This makes trade business much more repetitive in nature and significantly increases the return on acquiring new customers. While the market for kitchens is currently subdued due to economic pressures, Howden continue to take meaningful share from competitors by both increasing their depot footprint and their product offering. The company has a net cash balance sheet and pays a dividend that is more than twice covered by profits. The shares traded with an attractive dividend yield in excess of 3% at the time of purchase and we used short periods of weakness to add to the holding during the year.

We also continued to build the portfolio's relatively newer holdings in London Stock Exchange Group and Bunzl, both stocks that we believe can be meaningful long-term holdings in the portfolio. We added to global testing, inspection, and certification company Intertek as we saw organic growth start to return following a difficult two years of restricted global trade due to the pandemic. We also took the opportunity to buy additional shares in specialty chemicals firm Croda and financial platform provider IntegraFin. Share price weakness meant that both stocks have traded at attractive valuations and on dividend yields in excess of 2.0% and 3.5% respectively. Lastly, we added to Big Yellow Group and 3i Infrastructure. Our conviction remains high in these two well-managed REIT/infrastructure holdings despite the recent impact of higher interest rates.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

In terms of sales, we exited the Fund's small holdings in GP surgery owners Primary Health Properties and Assura. In an environment of likely more persistent inflation and higher interest rates, we expect it to be challenging for these companies to achieve attractive earnings growth compared to other companies in the portfolio. Despite a promising simplification programme, PZ Cussons was also sold from the portfolio. A likely increase in acquisition activity and a material increase in currency volatility relating to its significant Nigerian business have created too much risk in our view.

We also took some profits in overseas holdings Paychex, CME Group and Procter & Gamble ('P&G'), all of which have performed strongly. P&G and Paychex in particular trade at notable premiums to UK-listed peers. More economically exposed consumer cyclical stocks including Next, Domino's and InterContinental Hotels Group, were also scaled back after periods of strong performance. Lastly, we continued to manage the portfolio's exposure to RELX. The stock has been a very strong driver of positive returns but we are reluctant to allow any single stock positions to become too large a part of the overall portfolio.

#### Dividend

The Fund will pay a final dividend of 1.9225p to holders of O Income shares on 31st March 2024. When combined with the interim dividend of 1.3350p, this gives a combined dividend of 3.2575p for the year and represents a healthy dividend growth of +7.9%. This increase compares favourably with RPI inflation of 4.1% over the 12-month period. The full year dividend equates to a yield of 2.7% on the year-end share price. Our aim is to grow the Fund's dividend consistently year after year by investing in high-quality, resilient businesses. We expect continued robust cash flow generation and growth from the portfolio, and thus anticipate solid dividend growth for the Fund over the coming year.

#### Outlook

While a turn in interest rates can be expected to be positive for equity returns, there are also many reasons for a cautious outlook in the year ahead. These include i) the lagged impact that the higher interest rates of 2022 and 2023 will have on economic and corporate growth; ii) material uncertainty around elections, notably in the US and UK; and iii) risks associated with escalating geopolitical tensions. It will also be a year in which central bankers will have to perform a difficult balancing act in order ensure inflation expectations remain anchored whilst avoiding a sharp economic downturn.

Whilst we are not anticipating materially stronger economic growth in the near term, we remain optimistic about the outlook for high-quality UK equities. As long-term investors, we always try to look through the noise, and we are reassured by the continued resilience and attractive opportunities offered by the companies in which we invest. We often remind investors that the UK equity market is not the same as the UK economy. Close to 80% of the FTSE All-Share's collective revenues come from outside of the UK, such is the uniquely global nature of the UK stock market. The Fund is exposed to high-quality businesses that are similarly international. Following an unprecedented rise in interest rates that caused a severe derating of equities, we also find valuations to be reasonable, particularly in the UK.



**TROJAN ETHICAL INCOME FUND**  
**ACD'S REPORT** continued  
**INVESTMENT MANAGER'S REPORT** continued

We approach the year ahead aware that market volatility may persist but confident in our approach. In our aim to deliver resilient total returns and dividend growth to the Fund's investors, we will continue to prioritise investments that not only meet the Fund's ethical criteria and ESG standards, but are also underpinned by cash-generative, resilient businesses, capable of year-in-year-out dividend growth.

**TROY ASSET MANAGEMENT LIMITED**

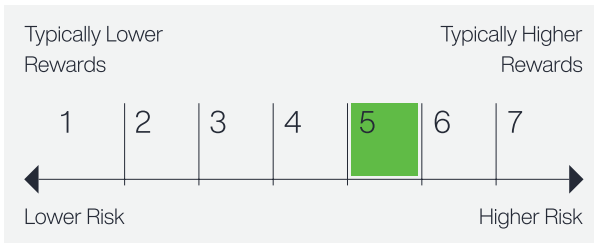
Investment Manager  
15 February 2024

## 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 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.

**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 more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables

##### ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	137.08	142.19	132.24
Return before operating charges*	10.28	(3.73)	11.40
Operating charges	(1.42)	(1.38)	(1.45)
Return after operating charges	8.86	(5.11)	9.95
Distributions	(3.97)	(3.58)	(3.38)
Retained distributions on accumulation shares	3.97	3.58	3.38
Closing net asset value per share	145.94	137.08	142.19
* after direct transaction costs of:	0.07	0.18	0.17

##### PERFORMANCE

Return after charges	6.46%	(3.59)%	7.52%
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##### OTHER INFORMATION

Closing net asset value (£'000)	24,078	31,308	28,007
Closing number of shares	16,498,364	22,838,957	19,696,910
Operating charges <sup>1</sup>	1.02%	1.02%	1.02%
Direct transaction costs	0.05%	0.13%	0.12%

##### PRICES

Highest share price	146.49	144.28	151.84
Lowest share price	132.71	124.02	130.11

<sup>1</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 1.02%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	113.13	120.45	114.71
Return before operating charges*	8.42	(3.13)	9.91
Operating charges	(1.16)	(1.17)	(1.25)
Return after operating charges	7.26	(4.30)	8.66
Distributions	(3.26)	(3.02)	(2.92)
Closing net asset value per share	117.13	113.13	120.45
* after direct transaction costs of:	0.06	0.15	0.15

##### PERFORMANCE

Return after charges	6.42%	(3.57)%	7.55%
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##### OTHER INFORMATION

Closing net asset value (£'000)	13,187	13,783	15,574
Closing number of shares	11,258,275	12,183,414	12,930,179
Operating charges <sup>1</sup>	1.02%	1.02%	1.02%
Direct transaction costs	0.05%	0.13%	0.12%

##### PRICES

Highest share price	119.50	122.23	130.41
Lowest share price	108.47	103.93	112.87

<sup>1</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 1.02%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### I ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	132.35	137.97	128.96
Return before operating charges*	9.88	(3.62)	11.11
Operating charges	(2.03)	(2.00)	(2.10)
Return after operating charges	7.85	(5.62)	9.01
Distributions	(3.82)	(3.47)	(3.29)
Retained distributions on accumulation shares	3.82	3.47	3.29
Closing net asset value per share	140.20	132.35	137.97
* after direct transaction costs of:	(0.06)	0.18	0.17

##### PERFORMANCE

Return after charges	5.93%	(4.07)%	6.99%
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##### OTHER INFORMATION

Closing net asset value (£'000)	206	251	134
Closing number of shares	147,006	189,602	97,036
Operating charges <sup>1</sup>	1.52%	1.52%	1.52%
Direct transaction costs	0.05%	0.13%	0.12%

##### PRICES

Highest share price	140.72	139.87	147.39
Lowest share price	127.90	119.92	126.83

<sup>1</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 1.52%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	109.99	117.69	112.64
Return before operating charges*	8.16	(3.07)	9.75
Operating charges	(1.68)	(1.69)	(1.83)
Return after operating charges	6.48	(4.76)	7.92
Distributions	(3.16)	(2.94)	(2.87)
Closing net asset value per share	113.31	109.99	117.69
* after direct transaction costs of:	0.05	0.15	0.15

##### PERFORMANCE

Return after charges	5.89%	(4.04)%	7.03%
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##### OTHER INFORMATION

Closing net asset value (£'000)	65	80	33
Closing number of shares	57,611	72,974	28,096
Operating charges <sup>1</sup>	1.52%	1.52%	1.52%
Direct transaction costs	0.05%	0.13%	0.12%

##### PRICES

Highest share price	115.60	119.32	127.47
Lowest share price	105.07	101.20	110.79

<sup>1</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 1.52%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	139.40	144.23	133.81
Return before operating charges*	10.47	(3.77)	11.53
Operating charges	(1.09)	(1.06)	(1.11)
Return after operating charges	9.38	(4.83)	10.42
Distributions	(4.04)	(3.64)	(3.43)
Retained distributions on accumulation shares	4.04	3.64	3.43
Closing net asset value per share	148.78	139.40	144.23
* after direct transaction costs of:	0.07	0.19	0.17

#### PERFORMANCE

Return after charges	6.73%	(3.35)%	7.79%
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#### OTHER INFORMATION

Closing net asset value (£'000)	413	387	538
Closing number of shares	277,334	277,584	373,184
Operating charges <sup>1</sup>	0.77%	0.77%	0.77%
Direct transaction costs	0.05%	0.13%	0.12%

#### PRICES

Highest share price	149.34	146.42	153.99
Lowest share price	134.99	126.02	131.68

<sup>1</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 0.77%.

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	115.10	122.23	116.12
Return before operating charges*	8.58	(3.17)	10.03
Operating charges	(0.89)	(0.89)	(0.96)
Return after operating charges	7.69	(4.06)	9.07
Distributions	(3.32)	(3.07)	(2.96)
Closing net asset value per share	119.47	115.10	122.23
* after direct transaction costs of:	0.06	0.16	0.15

#### PERFORMANCE

Return after charges	6.68%	(3.32)%	7.81%
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#### OTHER INFORMATION

Closing net asset value (£'000)	84,113	93,346	88,489
Closing number of shares	70,403,089	81,098,222	72,392,798
Operating charges <sup>1</sup>	0.77%	0.77%	0.77%
Direct transaction costs	0.05%	0.13%	0.12%

#### PRICES

Highest share price	121.88	124.10	132.32
Lowest share price	110.57	105.66	114.28

<sup>1</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 0.77%.



## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

#### X ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	103.80	107.51	99.84
Return before operating charges*	7.80	(2.82)	8.60
Operating charges	(0.92)	(0.89)	(0.93)
Return after operating charges	6.88	(3.71)	7.67
Distributions	(3.01)	(2.71)	(2.56)
Retained distributions on accumulation shares	3.01	2.71	2.56
Closing net asset value per share	110.68	103.80	107.51
* after direct transaction costs of:	0.05	0.14	0.13

#### PERFORMANCE

Return after charges	6.63%	(3.45)%	7.68%
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#### OTHER INFORMATION

Closing net asset value (£'000)	47,135	49,118	81,542
Closing number of shares	42,587,417	47,318,748	75,847,718
Operating charges <sup>1</sup>	0.87%	0.87%	0.87%
Direct transaction costs	0.05%	0.13%	0.12%

#### PRICES

Highest share price	111.09	109.12	114.79
Lowest share price	100.51	93.87	98.24

<sup>1</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 INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	96.65	102.74	97.69
Return before operating charges*	7.20	(2.66)	8.45
Operating charges	(0.85)	(0.85)	(0.91)
Return after operating charges	6.35	(3.51)	7.54
Distributions	(2.79)	(2.58)	(2.49)
Closing net asset value per share	100.21	96.65	102.74
* after direct transaction costs of:	0.05	0.13	0.13

##### PERFORMANCE

Return after charges	6.57%	(3.42)%	7.72%
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##### OTHER INFORMATION

Closing net asset value (£'000)	49,468	111,850	124,549
Closing number of shares	49,362,109	115,732,458	121,230,878
Operating charges <sup>1</sup>	0.87%	0.87%	0.87%
Direct transaction costs	0.05%	0.13%	0.12%

##### PRICES

Highest share price	102.24	104.29	111.22
Lowest share price	92.77	88.74	96.14

<sup>1</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 2024 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Trojan Ethical Income Fund	7.44	10.04	23.27
FTSE All-Share Index (Total Return) <sup>1</sup>	1.90	27.46	30.42

<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 172 to 174.

**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 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
	UNITED KINGDOM – 75.90% (31.01.23 – 76.08%)		
	TECHNOLOGY – 1.59% (31.01.23 – 1.30%)		
	SOFTWARE AND COMPUTER SERVICES – 1.59% (31.01.23 – 1.30%)		
294,477	Sage	3,466	1.59
	TOTAL TECHNOLOGY	3,466	1.59
	HEALTH CARE – 6.29% (31.01.23 – 6.12%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 6.29% (31.01.23 – 6.12%)		
20,904	AstraZeneca	2,195	1.00
530,369	GSK	8,316	3.80
1,012,249	Haleon	3,254	1.49
	TOTAL HEALTH CARE	13,765	6.29
	FINANCIALS – 14.17% (31.01.23 – 14.06%)		
	FINANCE AND CREDIT SERVICES – 5.82% (31.01.23 – 5.81%)		
295,479	Experian	9,739	4.45
738,239	Schroders	2,999	1.37
		12,738	5.82
	INVESTMENT BANKING AND BROKERAGE SERVICES – 2.85% (31.01.23 – 2.39%)		
930,984	AJ Bell	2,944	1.35
1,110,754	IntegraFin	3,281	1.50
		6,225	2.85

**TROJAN ETHICAL INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	CLOSED END INVESTMENTS – 2.46% (31.01.23 – 2.41%)		
888,383	3i Infrastructure <sup>1</sup>	2,936	1.34
1,892,796	International Public Partnership <sup>1</sup>	2,453	1.12
		<u>5,389</u>	<u>2.46</u>
	LIFE INSURANCE – 1.30% (31.01.23 – 2.30%)		
434,008	St. James's Place	<u>2,838</u>	<u>1.30</u>
	NON-LIFE INSURANCE – 1.74% (31.01.23 – 1.15%)		
151,188	Admiral	<u>3802</u>	<u>1.74</u>
	TOTAL FINANCIALS	<u>30,992</u>	<u>14.17</u>
	REAL ESTATE – 2.84% (31.01.23 – 4.50%)		
	REAL ESTATE INVESTMENT TRUSTS – 2.84% (31.01.23 – 4.50%)		
251,914	Big Yellow	2,890	1.32
1,713,686	LondonMetric Property	<u>3,319</u>	<u>1.52</u>
	TOTAL REAL ESTATE	<u>6,209</u>	<u>2.84</u>
	CONSUMER DISCRETIONARY – 29.85% (31.01.23 – 30.70%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.82% (31.01.23 – 6.26%)		
223,050	Reckitt Benckiser	<u>12,727</u>	<u>5.82</u>
	PERSONAL GOODS – 6.62% (31.01.23 – 6.76%)		
376,481	Unilever	<u>14,483</u>	<u>6.62</u>
	MEDIA – 6.98% (31.01.23 – 6.96%)		
467,884	RELX	<u>15,262</u>	<u>6.98</u>

**TROJAN ETHICAL INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	RETAILERS – 3.51% (31.01.23 – 1.98%)		
509,619	Howden Joinery	4,090	1.87
42,220	Next	3,575	1.64
		<u>7,665</u>	<u>3.51</u>
	TRAVEL AND LEISURE – 6.92% (31.01.23 – 8.74%)		
279,210	Compass	6,081	2.78
882,915	Domino's Pizza	3,103	1.42
79,413	InterContinental Hotels	5,955	2.72
		<u>15,139</u>	<u>6.92</u>
	TOTAL CONSUMER DISCRETIONARY	<u>65,276</u>	<u>29.85</u>
	CONSUMER STAPLES – 1.11% (31.01.23 – 1.01%)		
	BEVERAGES – 1.11% (31.01.23 – 1.01%)		
239,757	Fever-Tree Drinks	2,422	1.11
	TOTAL CONSUMER STAPLES	<u>2,422</u>	<u>1.11</u>
	INDUSTRIALS – 13.45% (31.01.23 – 11.03%)		
	INDUSTRIAL ENGINEERING – 2.52% (31.01.23 – 2.24%)		
1,755,580	Rotork	5,502	2.52
	INDUSTRIAL SUPPORT SERVICES – 10.93% (31.01.23 – 8.79%)		
280,515	Bunzl	9,019	4.12
114,432	Diploma	3,728	1.70
116,460	Intertek	5,233	2.39
66,497	London Stock Exchange	5,946	2.72
		<u>23,926</u>	<u>10.93</u>
	TOTAL INDUSTRIALS	<u>29,428</u>	<u>13.45</u>

**TROJAN ETHICAL INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	BASIC MATERIALS – 3.36% (31.01.23 – 4.15%)		
	CHEMICALS – 3.36% (31.01.23 – 4.15%)		
103,276	Croda International	4,962	2.27
174,662	Victrex	2,379	1.09
	TOTAL BASIC MATERIALS	<u>7,341</u>	<u>3.36</u>
	UTILITIES – 3.24% (31.01.23 – 3.21%)		
	GAS, WATER AND MULTI-UTILITIES – 3.24% (31.01.23 – 3.21%)		
670,773	National Grid	7,077	3.24
	TOTAL UTILITIES	<u>7,077</u>	<u>3.24</u>
	TOTAL UNITED KINGDOM	<u>165,976</u>	<u>75.90</u>
	CONTINENTAL EUROPE – 9.08% (31.01.23 – 8.87%)		
84,066	Nestlé	7,585	3.47
85,071	Novartis	6,962	3.18
23,453	Roche	5,305	2.43
	TOTAL CONTINENTAL EUROPE	<u>19,852</u>	<u>9.08</u>
	NORTH AMERICA – 11.26% (31.01.23 – 12.96%)		
29,762	CME	4,810	2.20
60,740	Medtronic	4,175	1.91
66,285	Paychex	6,333	2.90
37,780	Procter & Gamble	4,660	2.13
21,587	Visa	4,631	2.12
	TOTAL NORTH AMERICA	<u>24,609</u>	<u>11.26</u>

## TROJAN ETHICAL INCOME FUND

### ACD'S REPORT continued

### PORTFOLIO STATEMENT continued

as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	Portfolio of investments	210,437	96.24
	Net other assets	<u>8,228</u>	<u>3.76</u>
	Net assets	<u>218,665</u>	<u>100.00</u>

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.



**TROJAN ETHICAL INCOME FUND**  
**ACD'S REPORT** continued  
**SUMMARY OF MATERIAL PORTFOLIO CHANGES**  
for the year ended 31 January 2024

Total purchases for the year £'000 (note 15)	20,927	Total sales for the year £'000 (note 15)	113,206
<u>Major purchases</u>	<u>Cost £'000</u>	<u>Major sales</u>	<u>Proceeds £'000</u>
Howden Joinery	4,136	RELX	10,799
London Stock Exchange	1,954	Compass	7,783
IntegraFin	1,598	CME	6,385
Roche	1,438	Unilever	4,735
Intertek	1,415	Novartis	4,652
Admiral	1,324	Experian	4,554
Novartis	911	Diploma	4,462
Reckitt Benckiser	847	InterContinental Hotels	3,993
Croda International	825	Reckitt Benckiser	3,955
Nestlé	814	Paychex	3,759

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 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		8,850		(18,566)
Revenue	4	8,518		9,221	
Expenses	5	(2,260)		(2,733)	
Net revenue before taxation		6,258		6,488	
Taxation	6	(406)		(434)	
Net revenue after taxation			5,852		6,054
<b>Total return before distributions</b>			14,702		(12,512)
Distributions	7		(7,782)		(8,475)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,920		(20,987)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Note	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders			300,123		338,866
Amounts receivable on issue of shares		26,251		71,937	
Amounts payable on redemption of shares		(116,858)		(91,837)	
			(90,607)		(19,900)
Dilution levy	1(H)		134		-
Change in net assets attributable to shareholders from investment activities			6,920		(20,987)
Retained distributions on Accumulation shares			2,095		2,144
<b>Closing net assets attributable to shareholders</b>			218,665		300,123

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		210,437	293,856
<b>Current assets</b>			
Debtors	8	552	6,688
Cash and bank balances	9	10,651	3,942
<b>Total assets</b>		<u>221,640</u>	<u>304,486</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(2,408)	(3,374)
Other creditors	10	(567)	(989)
<b>Total liabilities</b>		<u>(2,975)</u>	<u>(4,363)</u>
<b>Net assets attributable to shareholders</b>		<u>218,665</u>	<u>300,123</u>

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

### 1. Accounting Policies

The accounting policies described on pages 21 to 23 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 24 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:

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	8,860	(18,527)
Transaction charges	(3)	(6)
Currency losses	(7)	(33)
Net capital gains/(losses)	<u>8,850</u>	<u>(18,566)</u>

### 4. Revenue

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	7,676	8,550
UK property income distributions	524	580
Bank interest	318	91
Total revenue	<u>8,518</u>	<u>9,221</u>

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**5. Expenses**

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,209	2,674
Legal and professional fees	21	20
Typesetting costs	3	2
Registration fees	80	94
	2,313	2,790
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	60	67
Safe custody and other bank charges	19	20
	79	87
Other expenses:		
Audit fees	12	10
Publication costs	5	6
Legal and professional fees	2	3
Refund of expenses	(151)	(163)
	(132)	(144)
Total expenses	<u>2,260</u>	<u>2,733</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	406	434
Current tax charge	406	434
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	406	434

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	6,258	6,488
Corporation tax at 20%	1,252	1,298
Effects of:		
Non-taxable dividends	(1,535)	(1,710)
Prior year adjustment	(1)	–
Unutilised excess management expenses	284	412
Corporation tax charge	–	–
Overseas tax	406	434
Total tax charge (note 6a)	406	434

### c) Deferred tax

At the year end there is a potential deferred tax asset of £1,978,000 (31.01.23: £1,694,000) 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 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
Interim	3,318	3,424
Final	<u>3,563</u>	<u>4,602</u>
	6,881	8,026
Add: Revenue deducted on redemption of shares	1,147	784
Deduct: Revenue received on issue of shares	<u>(246)</u>	<u>(335)</u>
Net distributions for the year	<u>7,782</u>	<u>8,475</u>

Details of the distributions per share are set out in the table on pages 172 to 174.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	5,852	6,054
Allocations to capital:		
Expenses, net of tax relief	<u>1,930</u>	<u>2,421</u>
Net distributions for the year	<u>7,782</u>	<u>8,475</u>

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	89	105
Sales awaiting settlement	–	5,847
Accrued revenue:		
Non-taxable dividends	375	638

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Prepaid expenses	4	4
Amounts due from the Investment Manager:		
Refund of expenses	84	94
Total debtors	552	6,688

### 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	10,651	3,942
Total cash and bank balances	10,651	3,942

### 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	2,408	3,374
<b>Other Creditors</b>		
Amounts payable for redemption of shares	381	579
Purchases awaiting settlement	–	160
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	156	217
Legal and professional fees	2	1
Typesetting costs	3	1
Registration fees	5	8
	166	227



**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	5	5
Transaction charges	1	1
Safe custody and other bank charges	3	5
	9	11
Other expenses	11	12
Total other creditors	<u>567</u>	<u>989</u>

### 11. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 159 and amounts due at the year end are disclosed in notes 8 and 10.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 105,833 (31.01.23: 91,177) of the Fund's shares at the balance sheet date.

### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

### 13. Shares in Issue

	O Accumulation	O Income	I Accumulation	I Income
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	22,838,957	12,183,414	189,602	72,974
Issues	2,827,731	3,508,611	514	1,947
Redemptions	(8,431,236)	(4,005,668)	(43,110)	(17,310)
Conversions	(737,088)	(428,082)	-	-
Closing shares in issue	<u>16,498,364</u>	<u>11,258,275</u>	<u>147,006</u>	<u>57,611</u>

	S Accumulation	S Income	X Accumulation	X Income
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	277,584	81,098,222	47,318,748	115,732,458
Issues	-	7,980,428	5,782,242	3,409,004
Redemptions	(250)	(18,675,561)	(11,483,871)	(70,282,928)
Conversions	-	-	970,298	503,575
Closing shares in issue	<u>277,334</u>	<u>70,403,089</u>	<u>42,587,417</u>	<u>49,362,109</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 ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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. 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.

**(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 INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 £'000	31.01.23 £'000
Currency:		
Swiss francs	19,852	26,622
US dollars	<u>24,675</u>	<u>39,018</u>
	44,527	65,640
Pounds sterling	<u>174,138</u>	<u>234,483</u>
Net assets	<u>218,665</u>	<u>300,123</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 £2,226,000 on the net assets of the Fund (31.01.23: £3,282,000).

**(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 96.56% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days (31.01.23: 94.50% within 5 days and 100.00% within 21 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 ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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 £10,522,000 (31.01.23: £14,693,000). 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>31.01.24</b>				
Ordinary shares	20,507	7	78	20,592
Collective investment schemes	335	–	–	335
Purchases total	<u>20,842</u>	<u>7</u>	<u>78</u>	<u>20,927</u>
Transaction cost % of purchases total		0.03%	0.37%	
Transaction cost % of average NAV		–	0.03%	
Ordinary shares	111,765	(40)	(1)	111,724
Collective investment schemes	1,483	(1)	–	1,482
Sales total	<u>113,248</u>	<u>(41)</u>	<u>(1)</u>	<u>113,206</u>
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.02%	–	

**TROJAN ETHICAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

Average portfolio dealing spread at 31.01.24 is 0.05% (31.01.23: 0.04%).

<b>31.01.23</b>	<b>Purchases/ sales before transaction costs £'000</b>	<b>Commissions £'000</b>	<b>Taxes £'000</b>	<b>Gross purchases/ net sales £'000</b>
Ordinary shares	91,114	30	356	91,500
Collective investment schemes	1,528	1	–	1,529
Purchases total	<u>92,642</u>	<u>31</u>	<u>356</u>	<u>93,029</u>
Transaction cost % of purchases total		0.03%	0.38%	
Transaction cost % of average NAV		0.01%	0.11%	
Ordinary shares	106,185	(38)	(1)	106,146
Collective investment schemes	2,789	(2)	–	2,787
Sales total	<u>108,974</u>	<u>(40)</u>	<u>(1)</u>	<u>108,933</u>
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.01%	–	

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 and collective investment schemes categorised as Level 1.

## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23	01.08.23
To	31.07.23	31.01.24

#### O ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	1.6180	–	1.6180	1.5050
Group 2	0.7018	0.9162	1.6180	1.5050

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	2.3486	–	2.3486	2.0781
Group 2	0.7362	1.6124	2.3486	2.0781

#### O INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.3350	–	1.3350	1.2750
Group 2	0.1273	1.2077	1.3350	1.2750

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.9225	–	1.9225	1.7439
Group 2	0.6216	1.3009	1.9225	1.7439

## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE continued

#### I ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	1.5600	–	1.5600	1.4590
Group 2	0.1554	1.4046	1.5600	1.4590

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	2.2608	–	2.2608	2.0082
Group 2	0.8998	1.3610	2.2608	2.0082

#### I INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.2970	–	1.2970	1.2420
Group 2	0.7313	0.5657	1.2970	1.2420

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.8634	–	1.8634	1.6976
Group 2	0.6865	1.1769	1.8634	1.6976

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

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	1.6460	–	1.6460	1.5270
Group 2	1.6460	0.0000	1.6460	1.5270

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	2.3915	–	2.3915	2.1080
Group 2	2.3915	0.0000	2.3915	2.1080



## TROJAN ETHICAL INCOME FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE continued

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

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.3590	–	1.3590	1.2950
Group 2	0.6498	0.7092	1.3590	1.2950
Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.9584	–	1.9584	1.7725
Group 2	0.6128	1.3456	1.9584	1.7725

#### X ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	1.2250	–	1.2250	1.1380
Group 2	0.3304	0.8946	1.2250	1.1380
Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.7800	–	1.7800	1.5714
Group 2	0.5556	1.2244	1.7800	1.5714

#### X INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.1410	–	1.1410	1.0880
Group 2	0.4221	0.7189	1.1410	1.0880
Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.6445	–	1.6445	1.4887
Group 2	0.5730	1.0715	1.6445	1.4887

## TROJAN GLOBAL INCOME FUND ACD'S REPORT

for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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 will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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.

## TROJAN 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'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.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Global Income Fund  
24 May 2024

# TROJAN GLOBAL INCOME FUND

## ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +5.7% in the period under review which was behind the MSCI World Index (Net Return) (+13.1%) and the Investment Association Global Equity Income Sector return of +7.3%.

Equity markets recovered strongly from the declines of the prior year, although 2023 was not without mishap. Higher interest rates led to the rapid failure of several US regional banks and China's recovery from the pandemic has underwhelmed. Despite this, the global economy looks in better shape than many had expected. A widely anticipated global recession was averted and inflation is moderating in most countries, allowing central banks to contemplate easing monetary policy. Excitement about the promise of generative Artificial Intelligence has emerged as a driving force for global equities, led by many of the large U.S. technology companies that performed so poorly in 2022.

At the same time the emergence of demand curbing appetite suppressant drugs, or 'GLP-1s', impacted investor confidence in the long-term volume growth outlook for the consumer staples sector. As these fears waned and given more attractive valuations, the sector performed more strongly in the last quarter of the year.

#### Portfolio Review

The portfolio underperformed the benchmark and peer group owing to two key factors. The first was the concentrated nature of the market's advance; most gains derived from the very large, non-yielding technology companies (somewhat ominously, from a contrarian perspective, known as the Magnificent 7). The second was the impact from the Fund's exposure to the consumer staples sector which performed poorly given concerns over the emergence of GLP-1 weight loss drugs.

The divergent fortunes of these different sectors in the market were reflected in the individual contributors and detractors to performance in the portfolio.

The top two performers were Microsoft and RELX. Both are long-term holdings and are seen as beneficiaries of the emergence of AI. Nintendo also contributed well, benefiting from improving consumer sentiment surrounding the value of the company's IP as well as the likely upcoming launch of a new gaming console, the 'Switch 2'. InterContinental Hotels Group contributed positively as the tailwind continued from post-COVID travel demand recovery, leading to strong results. The last of the top 5 contributors over the year was Novartis, where an attractive valuation and consistent execution drove a rerating of the shares.

Three of the top five detractors were consumer staples companies; British American Tobacco ('BAT'), Diageo and Philip Morris. Each was weak for idiosyncratic reasons within the overall weakness of the sector. BAT has ceded market share in its important US combustibles business as well as suffering from investor scepticism with regard to its next generation products portfolio. We think these problems have been worsened by a sub-optimal level of gearing hampering investment. We consider these issues to be reflected in the valuation at which these shares are trading. Further, the company has a valuable stake in ITC, an Indian fast moving

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

consumer goods company, which could be monetised to address both the balance sheet and the level of investment in the business. This would likely help unlock what we believe to be considerable value in the shares. BAT's peer Philip Morris demonstrated robust results as the roll out of their global premium heat not burn product, IQOS, continued. Performance of the shares however was driven predominantly by a derating over the period under review. Diageo suffered from notable weakness in Latin America as well as uneven demand for its products following the demand surge in COVID. We are confident the business remains an attractive long-term investment for the Fund.

As regards GLP-1s, we acknowledge that they may be an important way in which people can address obesity, however we are sceptical as to the extent to which they can change long-term consumer behaviour. Further we think the concerns are adequately reflected in the sector valuation. This is especially the case when considering the durability and resilience of these businesses at a time of economic uncertainty.

The final two detractors over the year were LINK REIT and Boston Properties. Both companies declined in response to the rapid rise in global interest rates. LINK REIT is the largest and, in our opinion, the best managed REIT in Asia, with a portfolio of predominantly small shopping centres and car parking facilities in Hong Kong as well as a number of other assets in mainland China and Australia. The company used its scale and reputation to conduct a rights issue to fortify the balance sheet to weather the change in the cost of capital. We participated in the issue and further added to the shares post-recapitalisation. This was partly funded by the sale of Boston Properties which we believe is less well positioned and capitalised. LINK should now be well placed to benefit should interest rates begin to decline or as others become distressed sellers.

Some changes were made to the portfolio during this period. We established a new investment in Canadian National Railway. We view this company as a high-quality franchise with impossible to replicate assets, leading to limited competition. These entrenched competitive advantages are further enhanced by the railroads' costs advantage vs trucking over long distance journeys. Moving goods on railcars is also environmentally friendly compared to trucking, an important consideration as economies decarbonise. The result is a business that enjoys an attractive margin structure and decent, sustainable returns on invested capital. Debt levels are sensible.

The business has enjoyed organic volume growth over time driven by the growth in ecommerce, population and consumerism. The industry has also demonstrated pricing power, leading to high incremental margins.

Although railroads require high rates of reinvestment to maintain the network, the returns achieved justify the outlay. The industry has also seen significant improvements in productivity in part owing to sensible levels of investment as well as the application of "Precision Scheduled Railroading" pioneered by the legendary industry veteran Hunter Harrison.

Concerns of an economic slowdown as well as one-off problems such as floods in Nova Scotia, Canadian wildfires and strikes at the West Coast ports led to weakness in the share price. This allowed us to initiate a holding at the highest dividend yield in a decade.

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

We also added to Kenvue. This is one of the largest consumer health companies in the world with leading brands such as Tylenol, Listerine and Band-Aid. The company was spun out of Johnson & Johnson which we think will likely sharpen the operational focus of the company to the benefit of shareholders. In the weeks following the spin out the shares were exceptionally weak as investors sold down this sub-scale holding without regard to valuation. This enabled us to add to the shares at an attractive valuation. The increase was funded by the sale of Coca-Cola.

We sold two of our property holdings, Boston Properties and Vonovia to fund the greater investment in LINK. We effectively consolidated our property investments into the most well-funded business in anticipation of a peak in interest rates but acknowledging the long term cost of capital is now likely to be higher.

We took advantage of share-price weakness in Reckitt Benckiser, CME and Nintendo to add to existing holdings at valuations we considered to be attractive. Hershey, Domino's Pizza and Procter & Gamble were all reduced following strong share price performances.

Finally, the Fund's small holding of Sandoz shares, inherited in a spinoff from Novartis in October, was sold outright. Sandoz does not meet our criteria for business quality. Its spinoff completes a multi-year process to focus Novartis on innovative medicines.

The portfolio ended the period with 32 investments.

### Outlook

For the time-being at least, a widely anticipated economic hard landing has been avoided. Interest rates that only a few months ago were set to remain at elevated levels are now expected to be cut multiple times in 2024.

However, given higher interest rates take effect in the economy with a lag, it is too early to sound the all-clear. It remains the case that we have a combination of fully valued equity markets (based on long term valuation measures) at a time of likely upcoming economic weakness (from the lagged impact of higher rates). We therefore remain defensively positioned, and are poised to take advantage of high quality global income assets as opportunities arise.

## TROY ASSET MANAGEMENT LIMITED

Investment Manager

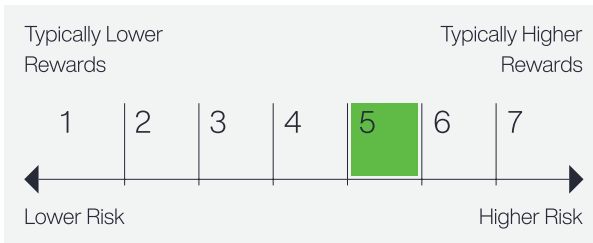
15 February 2024

## 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 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.

**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 more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables

##### ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	152.90	151.80	129.32
Return before operating charges*	7.46	2.48	23.76
Operating charges	(1.37)	(1.38)	(1.28)
Return after operating charges	6.09	1.10	22.48
Distributions	(4.83)	(4.74)	(4.01)
Retained distributions on accumulation shares	4.83	4.74	4.01
Closing net asset value per share	158.99	152.90	151.80
* after direct transaction costs of:	0.04	0.16	0.08

##### PERFORMANCE

Return after charges	3.98%	0.72%	17.38%
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##### OTHER INFORMATION

Closing net asset value (£'000)	346,698	312,956	172,781
Closing number of shares	218,063,148	204,678,270	113,820,428
Operating charges	0.89%	0.89%	0.90%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	160.14	165.14	157.03
Lowest share price	148.09	146.44	125.94



## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	126.93	129.94	113.81
Return before operating charges*	6.10	2.17	20.74
Operating charges	(1.12)	(1.17)	(1.12)
Return after operating charges	4.98	1.00	19.62
Distributions	(3.97)	(4.01)	(3.49)
Closing net asset value per share	127.94	126.93	129.94
* after direct transaction costs of:	0.03	0.14	0.07

##### PERFORMANCE

Return after charges	3.92%	0.77%	17.24%
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##### OTHER INFORMATION

Closing net asset value (£'000)	380,862	559,031	354,363
Closing number of shares	297,694,480	440,419,436	272,722,021
Operating charges	0.89%	0.89%	0.90%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	130.29	139.08	135.16
Lowest share price	121.93	124.92	110.83

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### I ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	148.17	147.86	126.59
Return before operating charges*	7.20	2.40	23.22
Operating charges	(2.07)	(2.09)	(1.95)
Return after operating charges	5.13	0.31	21.27
Distributions	(4.67)	(4.61)	(3.91)
Retained distributions on accumulation shares	4.67	4.61	3.91
Closing net asset value per share	153.30	148.17	147.86
* after direct transaction costs of:	0.04	0.16	0.08

##### PERFORMANCE

Return after charges	3.46%	0.21%	16.80%
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##### OTHER INFORMATION

Closing net asset value (£'000)	2,534	2,950	2,651
Closing number of shares	1,652,636	1,990,581	1,792,794
Operating charges	1.39%	1.39%	1.40%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	154.41	160.41	153.02
Lowest share price	143.42	142.56	123.24

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	123.18	126.73	111.44
Return before operating charges*	5.89	2.12	20.41
Operating charges	(1.70)	(1.77)	(1.69)
Return after operating charges	4.19	0.35	18.72
Distributions	(3.84)	(3.90)	(3.43)
Closing net asset value per share	123.53	123.18	126.73
* after direct transaction costs of:	0.03	0.13	0.07

##### PERFORMANCE

Return after charges	3.40%	0.28%	16.80%
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##### OTHER INFORMATION

Closing net asset value (£'000)	101	66	9
Closing number of shares	81,348	53,515	7,309
Operating charges	1.39%	1.39%	1.39%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	126.29	135.27	131.88
Lowest share price	118.06	121.61	108.50

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	152.90	151.66	129.07
Return before operating charges*	7.47	2.46	23.72
Operating charges	(1.22)	(1.22)	(1.13)
Return after operating charges	6.25	1.24	22.59
Distributions	(4.84)	(4.74)	(4.00)
Retained distributions on accumulation shares	4.84	4.74	4.00
Closing net asset value per share	159.15	152.90	151.66
* after direct transaction costs of:	0.04	0.16	0.08

#### PERFORMANCE

Return after charges	4.09%	0.82%	17.50%
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#### OTHER INFORMATION

Closing net asset value (£'000)	28	27	27
Closing number of shares	17,650	17,900	17,900
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.02%	0.10%	0.06%

#### PRICES

Highest share price	160.30	165.08	156.87
Lowest share price	148.10	146.32	125.71

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	127.71	130.60	114.28
Return before operating charges*	6.13	2.19	20.83
Operating charges	(1.00)	(1.04)	(1.00)
Return after operating charges	5.13	1.15	19.83
Distributions	(3.99)	(4.04)	(3.51)
Closing net asset value per share	128.85	127.71	130.60
* after direct transaction costs of:	0.03	0.14	0.07

#### PERFORMANCE

Return after charges	4.02%	0.88%	17.35%
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#### OTHER INFORMATION

Closing net asset value (£'000)	14,134	13,019	12,280
Closing number of shares	10,969,285	10,194,018	9,402,804
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	0.02%	0.10%	0.06%

#### PRICES

Highest share price	131.13	139.87	135.84
Lowest share price	122.73	125.61	111.30

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### F ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	153.80	152.56	129.84
Return before operating charges*	7.52	2.47	23.87
Operating charges	(1.23)	(1.23)	(1.15)
Return after operating charges	6.29	1.24	22.72
Distributions	(4.86)	(4.77)	(4.03)
Retained distributions on accumulation shares	4.86	4.77	4.03
Closing net asset value per share	160.09	153.80	152.56
* after direct transaction costs of:	0.04	0.16	0.08

##### PERFORMANCE

Return after charges	4.09%	0.81%	17.50%
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##### OTHER INFORMATION

Closing net asset value (£'000)	4,096	2,445	2,425
Closing number of shares	2,558,863	1,589,937	1,589,937
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	161.24	166.05	157.80
Lowest share price	148.98	147.18	126.45

## TROJAN GLOBAL INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### F INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	127.72	130.61	114.29
Return before operating charges*	6.13	2.19	20.83
Operating charges	(1.00)	(1.04)	(1.00)
Return after operating charges	5.13	1.15	19.83
Distributions	(3.99)	(4.04)	(3.51)
Closing net asset value per share	128.86	127.72	130.61
* after direct transaction costs of:	0.03	0.14	0.07

##### PERFORMANCE

Return after charges	4.02%	0.88%	17.35%
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##### OTHER INFORMATION

Closing net asset value (£'000)	117,829	81,586	75,129
Closing number of shares	91,438,224	63,879,269	57,521,897
Operating charges	0.79%	0.79%	0.80%
Direct transaction costs	0.02%	0.10%	0.06%

##### PRICES

Highest share price	131.13	139.87	135.84
Lowest share price	122.74	125.62	111.31

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

**Fund Performance to 31 January 2024 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Trojan Global Income Fund	5.66	22.10	44.71
MSCI World Index (Net Return) <sup>1</sup>	13.10	36.06	77.16
Investment Association Global Equity Income Sector (Net Return) <sup>1</sup>	7.33	29.87	53.25

<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 206 to 211.

**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 2024

<b> Holding </b>	<b> Portfolio of Investments </b>	<b> Value  £'000 </b>	<b> 31.01.24  % </b>
	UNITED KINGDOM – 31.24% (31.01.23 – 31.44%)		
1,074,489	Admiral	27,023	3.12
1,621,477	British American Tobacco	37,918	4.38
986,259	Diageo	28,207	3.26
4,546,244	Domino's Pizza	15,975	1.84
447,656	Imperial Brands	8,497	0.98
350,001	InterContinental Hotels	26,243	3.03
821,711	Reckitt Benckiser	46,887	5.41
1,179,145	RELX	38,464	4.44
1,075,725	Unilever	41,383	4.78
	TOTAL UNITED KINGDOM	<u>270,597</u>	<u>31.24</u>
	CONTINENTAL EUROPE – 9.07% (31.01.23 – 10.57%)		
180,608	Nestlé	16,295	1.88
424,510	Novartis	34,741	4.01
121,583	Roche	27,502	3.18
	TOTAL CONTINENTAL EUROPE	<u>78,538</u>	<u>9.07</u>
	NORTH AMERICA – 52.47% (31.01.23 – 52.22%)		
63,569	Accenture	18,162	2.10
192,405	Automatic Data Processing	37,136	4.29
97,586	Canadian National Railway	9,556	1.10
581,344	Cisco Systems	22,903	2.64
78,336	Clorox	8,938	1.03
251,085	CME	40,577	4.69
448,725	Fastenal	24,024	2.77
75,929	Hershey	11,540	1.33
175,455	Johnson & Johnson	21,883	2.53
1,075,129	Kenvue	17,527	2.02
99,767	McDonald's	22,922	2.65
379,688	Medtronic	26,101	3.01

**TROJAN GLOBAL INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
117,168	Microsoft	36,557	4.22
483,514	Paychex	46,197	5.33
288,070	PepsiCo	38,108	4.40
485,524	Philip Morris International	34,627	4.00
165,112	Procter & Gamble	20,366	2.35
138,616	Texas Instruments	17,422	2.01
	<b>TOTAL NORTH AMERICA</b>	<b>454,546</b>	<b>52.47</b>
	ASIA – 6.60% (31.01.23 – 4.56%)		
4,820,980	Link REIT	18,960	2.19
857,500	Nintendo	38,258	4.41
	<b>TOTAL ASIA</b>	<b>57,218</b>	<b>6.60</b>
	Portfolio of investments	860,899	99.38
	Net other assets	5,383	0.62
	<b>Net assets</b>	<b>866,282</b>	<b>100.00</b>

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 2024

Total purchases for the year £'000 (note 15)	81,801	Total sales for the year £'000 (note 15)	194,836
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Link REIT	14,765	Microsoft	13,007
Reckitt Benckiser	12,797	Domino's Pizza	12,360
Kenvue	11,066	Coca-Cola	11,754
Canadian National Railway	9,181	Vonovia	11,711
Nintendo	6,009	Hershey	10,708
CME	5,302	Procter & Gamble	9,563
Roche	3,103	Boston Properties	7,831
Medtronic	3,018	British American Tobacco	7,796
Unilever	1,517	PepsiCo	7,790
Paychex	1,439	CME	6,822

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 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		13,508		(14,919)
Revenue	4	33,472		27,935	
Expenses	5	<u>(8,307)</u>		<u>(7,436)</u>	
Net revenue before taxation		25,165		20,499	
Taxation	6	<u>(2,932)</u>		<u>(2,147)</u>	
Net revenue after taxation			<u>22,233</u>		<u>18,352</u>
<b>Total return before distributions</b>			<u>35,741</u>		<u>3,433</u>
Distributions	7		<u>(29,869)</u>		<u>(25,340)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>5,872</u>		<u>(21,907)</u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders		972,080		619,665
Amounts receivable on issue of shares	81,874		447,344	
Amounts payable on redemption of shares	<u>(204,177)</u>		<u>(81,683)</u>	
		(122,303)		365,661
Change in net assets attributable to shareholders from investment activities		5,872		(21,907)
Retained distributions on Accumulation shares		<u>10,633</u>		<u>8,661</u>
<b>Closing net assets attributable to shareholders</b>		<u>866,282</u>		<u>972,080</u>

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		860,899	960,296
<b>Current assets</b>			
Debtors	8	1,773	5,694
Cash and bank balances	9	8,488	13,895
<b>Total assets</b>		<u>871,160</u>	<u>979,885</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(3,476)	(3,935)
Other creditors	10	(1,402)	(3,870)
<b>Total liabilities</b>		<u>(4,878)</u>	<u>(7,805)</u>
<b>Net assets attributable to shareholders</b>		<u>866,282</u>	<u>972,080</u>

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

### 1. Accounting Policies

The accounting policies described on pages 21 to 23 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 24 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:

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	13,671	(15,130)
Forward currency contracts	-	6
Transaction charges	(2)	(4)
Currency (losses)/gains	(161)	209
Net capital gains/(losses)	<u>13,508</u>	<u>(14,919)</u>

### 4. Revenue

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	31,454	26,564
Taxable dividends	1,440	1,180
Bank interest	578	191
Total revenue	<u>33,472</u>	<u>27,935</u>

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	7,947	7,127
Legal and professional fees	21	19
Typesetting costs	3	3
Registration fees	101	100
TCFD fees	3	-
	8,075	7,249
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	142	130
Safe custody and other bank charges	45	37
	187	167
Other expenses:		
Audit fees	12	10
Publication costs	5	4
Legal and professional fees	28	6
	45	20
Total expenses	<u>8,307</u>	<u>7,436</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	2,932	2,147
Current tax charge	2,932	2,147
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	2,932	2,147

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	25,165	20,499
Corporation tax at 20%	5,033	4,100
Effects of:		
Non-taxable dividends	(6,291)	(5,313)
Capitalised income subject to tax	6	9
Unutilised excess management expenses	1,256	1,219
Foreign tax expensed	–	(15)
Corporation tax charge	–	–
Overseas tax	2,932	2,147
Total tax charge (note 6a)	2,932	2,147

### c) Deferred tax

At the year end there is a potential deferred tax asset of £4,552,000 (31.01.23: £3,296,000) 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 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
First Interim	9,991	6,487
Second Interim	5,937	6,917
Third Interim	7,423	7,936
Final	5,854	5,841
	<u>29,205</u>	<u>27,181</u>
Add: Revenue deducted on redemption of shares	982	268
Deduct: Revenue received on issue of shares	(318)	(2,109)
Net distributions for the year	<u>29,869</u>	<u>25,340</u>

Details of the distributions per share are set out in the table on pages 206 to 211.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	22,233	18,352
Allocations to capital:		
Annual Management Charge, net of tax relief	7,637	6,988
Equalisation on conversions <sup>1</sup>	(1)	-
Net distributions for the year	<u>29,869</u>	<u>25,340</u>

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	284	4,274

<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 GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Accrued revenue:		
Non-taxable dividends	1,485	1,401
Prepaid expenses	4	4
Taxation recoverable:		
Overseas withholding tax	-	15
Total debtors	<u>1,773</u>	<u>5,694</u>

## 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	<u>8,488</u>	<u>13,895</u>
Total cash and bank balances	<u>8,488</u>	<u>13,895</u>

## 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	<u>3,476</u>	<u>3,935</u>
<b>Other Creditors</b>		
Amounts payable for redemption of shares	725	3,126
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	629	699
Legal and professional fees	2	3
Typesetting costs	3	1
Registration fees	8	9
TCFD fees	3	-
	<u>645</u>	<u>712</u>

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	11	12
Safe custody and other bank charges	7	10
	18	22
Other expenses	14	10
Total other creditors	<u>1,402</u>	<u>3,870</u>

## 11. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 193 and amounts due at the year end are disclosed in notes 8 and 10.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 428,197 (31.01.23: 450,092) 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.

## 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

### 13. Shares in Issue

	O Accumulation	O Income	I Accumulation	I Income
Annual Management Charge	0.85%	0.85%	1.35%	1.35%
Opening shares in issue	204,678,270	440,419,436	1,990,581	53,515
Issues	38,891,786	15,298,594	107,474	57,611
Redemptions	(23,879,166)	(129,844,377)	(445,419)	(29,778)
Conversions	(1,627,742)	(28,179,173)	-	-
Closing shares in issue	218,063,148	297,694,480	1,652,636	81,348

	S Accumulation	S Income	F Accumulation	F Income
Annual Management Charge	0.75%	0.75%	0.75%	0.75%
Opening shares in issue	17,900	10,194,018	1,589,937	63,879,269
Issues	-	1,444,698	38,764	980,861
Redemptions	(250)	(669,431)	(553,005)	(1,579,825)
Conversions	-	-	1,483,167	28,157,919
Closing shares in issue	17,650	10,969,285	2,558,863	91,438,224

### 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 INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk.

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 £'000	31.01.23 £'000
Currency:		
Canadian dollars	9,556	–
Euros	(3)	14,929
Hong Kong dollars	18,960	16,896
Japanese yen	38,258	27,470
Swiss francs	78,538	87,852
US dollars	445,469	508,025
	<u>590,778</u>	<u>655,172</u>
Pounds sterling	<u>275,504</u>	<u>316,908</u>
Net assets	<u>866,282</u>	<u>972,080</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 £29,539,000 on the net assets of the Fund (31.01.23: £32,759,000).

**(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 96.62% of the portfolio can be liquidated within 5 days and 98.97% within 21 working days (31.01.23: 95.91% within 5 days and 98.44% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

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 £43,045,000 (31.01.23: £48,015,000). 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.

**15. Portfolio Transaction Costs**

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
<b>31.01.24</b>				
Ordinary shares	81,656	35	110	81,801
Purchases total	81,656	35	110	81,801
Transaction cost % of purchases total		0.04%	0.13%	
Transaction cost % of average NAV		–	0.01%	
Ordinary shares	194,916	(75)	(5)	194,836
Sales total	194,916	(75)	(5)	194,836
Transaction cost % of sales total		0.04%	–	
Transaction cost % of average NAV		0.01%	–	

**TROJAN GLOBAL INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

Average portfolio dealing spread at 31.01.24 is 0.03% (31.01.23: 0.02%).

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	423,032	148	717	423,897
Purchases total	<u>423,032</u>	<u>148</u>	<u>717</u>	<u>423,897</u>
Transaction cost % of purchases total		0.03%	0.17%	
Transaction cost % of average NAV		0.02%	0.08%	
Ordinary shares	62,318	(22)	(1)	62,295
Sales total	<u>62,318</u>	<u>(22)</u>	<u>(1)</u>	<u>62,295</u>
Transaction cost % of sales total		0.04%	-	
Transaction cost % of average NAV		-	-	

## 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 INCOME FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23	01.05.23	01.08.23	01.11.23
To	30.04.23	31.07.23	31.10.23	31.01.24

#### O ACCUMULATION SHARES

First Interim	Net Revenue	Equalisation	Allocated 30.06.23	Allocated 30.06.22
Group 1	1.5635	–	1.5635	1.4035
Group 2	0.9510	0.6125	1.5635	1.4035

Second Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	0.9565	–	0.9565	1.1384
Group 2	0.4371	0.5194	0.9565	1.1384

Third Interim	Net Revenue	Equalisation	Allocated 31.12.23	Allocated 31.12.22
Group 1	1.2431	–	1.2431	1.2849
Group 2	0.4761	0.7670	1.2431	1.2849

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.0702	–	1.0702	0.9151
Group 2	0.5134	0.5568	1.0702	0.9151

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

**O INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	1.2981	–	1.2981	1.2016
Group 2	0.7143	0.5838	1.2981	1.2016
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.7858	–	0.7858	0.9671
Group 2	0.3528	0.4330	0.7858	0.9671
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	1.0161	–	1.0161	1.0816
Group 2	0.4218	0.5943	1.0161	1.0816
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.8669	–	0.8669	0.7642
Group 2	0.4063	0.4606	0.8669	0.7642

**I ACCUMULATION SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.23</b>	<b>Allocated 30.06.22</b>
Group 1	1.5142	–	1.5142	1.3662
Group 2	0.6329	0.8813	1.5142	1.3662
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	0.9250	–	0.9250	1.1076
Group 2	0.2174	0.7076	0.9250	1.1076

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

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.23</b>	<b>Allocated 31.12.22</b>
Group 1	1.2016	–	1.2016	1.2468
Group 2	0.6604	0.5412	1.2016	1.2468

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	1.0326	–	1.0326	0.8868
Group 2	0.6952	0.3374	1.0326	0.8868

**I INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	1.2587	–	1.2587	1.1701
Group 2	1.1024	0.1563	1.2587	1.1701

<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.7643	–	0.7643	0.9402
Group 2	0.1555	0.6088	0.7643	0.9402

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	0.9806	–	0.9806	1.0514
Group 2	0.0799	0.9007	0.9806	1.0514

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.8402	–	0.8402	0.7424
Group 2	0.2270	0.6132	0.8402	0.7424

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

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

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.23</b>	<b>Allocated 30.06.22</b>
Group 1	1.5652	–	1.5652	1.4026
Group 2	1.5652	0.0000	1.5652	1.4026
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	0.9573	–	0.9573	1.1379
Group 2	0.9573	0.0000	0.9573	1.1379
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.23</b>	<b>Allocated 31.12.22</b>
Group 1	1.2428	–	1.2428	1.2829
Group 2	1.2428	0.0000	1.2428	1.2829
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	1.0711	–	1.0711	0.9145
Group 2	1.0711	0.0000	1.0711	0.9145

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

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	1.3060	–	1.3060	1.2073
Group 2	1.2799	0.0261	1.3060	1.2073
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.7911	–	0.7911	0.9730
Group 2	0.0612	0.7299	0.7911	0.9730

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

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	1.0226	–	1.0226	1.0869
Group 2	1.0226	0.0000	1.0226	1.0869

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.8730	–	0.8730	0.7687
Group 2	0.0154	0.8576	0.8730	0.7687

**F ACCUMULATION SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.06.23</b>	<b>Allocated 30.06.22</b>
Group 1	1.5730	–	1.5730	1.4107
Group 2	1.5730	0.0000	1.5730	1.4107

<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	0.9628	–	0.9628	1.1450
Group 2	0.3527	0.6101	0.9628	1.1450

<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.12.23</b>	<b>Allocated 31.12.22</b>
Group 1	1.2497	–	1.2497	1.2910
Group 2	0.3927	0.8570	1.2497	1.2910

<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	1.0774	–	1.0774	0.9200
Group 2	0.7013	0.3761	1.0774	0.9200

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

**F INCOME SHARES**

<b>First Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.06.23</b>	<b>Paid 30.06.22</b>
Group 1	1.3063	–	1.3063	1.2077
Group 2	1.3063	0.0000	1.3063	1.2077
<b>Second Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	0.7906	–	0.7906	0.9722
Group 2	0.2287	0.5619	0.7906	0.9722
<b>Third Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.12.23</b>	<b>Paid 31.12.22</b>
Group 1	1.0225	–	1.0225	1.0875
Group 2	0.3779	0.6446	1.0225	1.0875
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	0.8732	–	0.8732	0.7686
Group 2	0.4700	0.4032	0.8732	0.7686

## TROJAN GLOBAL EQUITY FUND ACD'S REPORT

for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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 will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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.

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

#### 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.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Global Equity Fund

24 May 2024



# TROJAN GLOBAL EQUITY FUND

## ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

#### for the year ended 31 January 2024

#### Market Review

The Fund's O Accumulation shares returned +22.9% in the period under review which was well ahead of the MSCI World Index (Net Return) which returned +13.1%.

Equity markets recovered strongly from the declines of the prior year, although 2023 was not without mishap. Higher interest rates led to the rapid failure of several US regional banks and China's recovery from the pandemic has underwhelmed. Despite this, the global economy looks in better shape than many had expected. A widely anticipated global recession was averted and inflation is moderating in most countries, allowing central banks to contemplate easing monetary policy. Excitement about the promise of generative AI has emerged as a driving force for global equities, led by many of the large U.S. technology companies that performed so poorly in 2022.

#### Portfolio Review

The portfolio performed well in 2023 because it retained large investments in technology and internet companies that were costly to returns in the prior year. The drag from the Fund's significant investments in traditionally defensive sectors (including consumer staples and healthcare) was more than offset by broad gains made elsewhere – from significant investments in software, communication services, data services, and payments.

The top five contributors to returns were Meta Platforms, Microsoft, Alphabet, Adobe and Intuit. All five participate in various ways in the growth of the digital economy which, despite a volatile few years, continues to outpace global GDP. They also stand to benefit from the latest advances in data science and AI. Recent cost savings fund their investments in these areas resulting in improved rates of profitability in 2023.

The Fund does not invest in highly capital-intensive companies, commodity businesses or those that require lots of debt to operate. It therefore avoided declines in the energy, materials, utilities and real estate sectors. The Fund's bottom five contributors were PayPal Holdings, Diageo, Roche, Agilent Technologies ('Agilent') and Becton Dickinson ('Becton'). PayPal continues to face uncertainties due to competitive pressures and a change in management. Diageo, Roche and Becton are all inherently defensive businesses that naturally fell out of favour in more buoyant markets. Together with Agilent, they also experienced headwinds to their reported growth during the year as the post-pandemic boost to their operating performance wore off.

Portfolio turnover remained above the Fund's historical average as we sought to use the volatility to improve the profile of the Fund.

The Fund acquired a new holding in information services provider RELX (formerly Reed Elsevier) at an attractive free-cash-flow ('FCF') yield. RELX is the leading provider of data, software and research services to lawyers, corporates, and academics. It also has a world-leading trade show business. We are attracted to RELX's exceptional financial productivity, the quality and diversity of its data assets, and the improving growth profile of its online professional publishing businesses.

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

We took advantage of share-price weakness in Diageo, Agilent, Roche and Heineken to add to existing holdings at valuations we consider attractive. Meta, Microsoft, Alphabet, Adobe, Moody's, and Intuit were all reduced following strong share price performances. Reductions to Alphabet and Meta aimed at managing exposures to the various risks these businesses face. The reductions to the software and data providers were because their valuations had grown more expensive.

The Fund's small holding of Sandoz shares, inherited in a spinoff from Novartis in October, was sold outright. Sandoz does not meet our criteria for business quality. Its spinoff completes a multi-year process to focus Novartis on innovative medicines.

The portfolio ended the period with 28 investments.

### Outlook

The year highlighted several themes that are instructive for the future. A sell-off in the autumn and the subsequent rally shows how macro-economics and the outlook for monetary policy can define short-term periods of performance. This is especially true when the consensus of opinion is wrong-footed by reality. For the time-being at least, a widely anticipated economic hard landing has been avoided. Interest rates that only a few months ago were set to remain at elevated levels are now expected to be cut multiple times in 2024. Investors cannot know exactly what the future will bring, but we can be sure that there will be further unexpected twists and turns. The Fund's strategy avoids investment decisions based on economic forecasts by emphasising the long-term ownership of companies that can be held with confidence throughout the economic cycle.

Our confidence partly stems from accessing powerful structural trends that are driving sustainable growth in certain parts of the economy – including cloud computing, data services and AI, social media, and digital payments. Many of the leaders of these industries drove the Fund's return in the period. We expect continued growth from these companies even if the economy takes a turn for the worse.

Finally, divergent performance within the Fund creates opportunities to reallocate capital towards those areas that offer the best prospective returns. The dramatic events of the last few years – marked by pandemic, supply-chain shortages, inflation, rate hikes and war – continue to send confusing signals to business leaders and investors. We carefully manage valuations by maintaining our longer-term perspective and by taking advantage of mispricing opportunities as they arise.

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

Although stock prices have generally rebounded from depressed levels over the last 12 months, this pattern is not uniform. In some places valuations appear stretched and in others they are near historic lows. On balance, the Fund's FCF yield is at a similar level as popular global indices, despite the Fund's far superior operating metrics and growth potential. We also estimate the portfolio's underlying FCF grew in the mid-teens in 2023, suggesting operating momentum is driving most of the Fund's return. Future returns are likely to remain lumpy in the near term as investor sentiment responds to the changing macro-economic outlook. The quality and growth of the Fund's companies gives us confidence that returns will ultimately be determined by the strong operating performance of its underlying businesses.

### TROY ASSET MANAGEMENT LIMITED

Investment Manager

15 February 2024

## 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 6 because its volatility has been measured as above average to high.

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

The risk and reward profile shown is not guaranteed to remain the same and may 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 more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

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

**Comparative Tables**

**ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	471.79	502.38	421.55
Return before operating charges*	96.42	(26.37)	85.29
Operating charges	(4.65)	(4.22)	(4.46)
Return after operating charges	91.77	(30.59)	80.83
Distributions	(1.28)	-	-
Retained distributions on accumulation shares	1.28	-	-
Closing net asset value per share	563.56	471.79	502.38
* after direct transaction costs of:	0.21	0.11	0.04

**PERFORMANCE**

Return after charges	19.45%	(6.09)%	19.17%
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**OTHER INFORMATION**

Closing net asset value (£'000)	319,303	254,741	279,598
Closing number of shares	56,658,755	53,995,145	55,654,355
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.04%	0.02%	0.01%

**PRICES**

Highest share price	573.13	505.77	533.59
Lowest share price	455.62	422.66	423.31

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	389.26	414.51	347.83
Return before operating charges*	79.57	(21.77)	70.36
Operating charges	(3.84)	(3.48)	(3.68)
Return after operating charges	75.73	(25.25)	66.68
Distributions	(1.06)	-	-
Closing net asset value per share	463.93	389.26	414.51
* after direct transaction costs of:	0.18	0.09	0.03

##### PERFORMANCE

Return after charges	19.45%	(6.09)%	19.17%
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##### OTHER INFORMATION

Closing net asset value (£'000)	153,978	133,325	120,192
Closing number of shares	33,190,251	34,250,434	28,996,213
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.04%	0.02%	0.01%

##### PRICES

Highest share price	472.88	417.30	440.28
Lowest share price	375.93	348.73	349.28

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### I ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	427.69	457.70	385.99
Return before operating charges*	87.16	(24.07)	78.02
Operating charges	(6.51)	(5.94)	(6.31)
Return after operating charges	80.65	(30.01)	71.71
Distributions	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	508.34	427.69	457.70
* after direct transaction costs of:	0.19	0.10	0.03

##### PERFORMANCE

Return after charges	18.86%	(6.56)%	18.58%
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##### OTHER INFORMATION

Closing net asset value (£'000)	2,234	8,160	8,901
Closing number of shares	439,457	1,908,040	1,944,755
Operating charges	1.41%	1.41%	1.41%
Direct transaction costs	0.04%	0.02%	0.01%

##### PRICES

Highest share price	516.99	459.53	486.49
Lowest share price	412.80	384.35	387.59

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

##### INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	385.88	412.96	348.26
Return before operating charges*	78.66	(21.72)	70.40
Operating charges	(5.88)	(5.36)	(5.70)
Return after operating charges	72.78	(27.08)	64.70
Distributions	-	-	-
Closing net asset value per share	458.66	385.88	412.96
* after direct transaction costs of:	0.17	0.09	0.03

##### PERFORMANCE

Return after charges	18.86%	(6.56)%	18.58%
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##### OTHER INFORMATION

Closing net asset value (£'000)	38	740	1,180
Closing number of shares	8,260	191,644	285,717
Operating charges	1.41%	1.41%	1.41%
Direct transaction costs	0.04%	0.02%	0.01%

##### PRICES

Highest share price	466.46	414.61	438.94
Lowest share price	372.44	346.78	349.70



## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	477.90	508.39	426.17
Return before operating charges*	97.72	(26.69)	86.24
Operating charges	(4.19)	(3.80)	(4.02)
Return after operating charges	93.53	(30.49)	82.22
Distributions	(1.81)	(0.25)	-
Retained distributions on accumulation shares	1.81	0.25	-
Closing net asset value per share	571.43	477.90	508.39
* after direct transaction costs of:	0.22	0.11	0.04

#### PERFORMANCE

Return after charges	19.57%	(6.00)%	19.29%
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#### OTHER INFORMATION

Closing net asset value (£'000)	110	137	146
Closing number of shares	19,249	28,675	28,675
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.04%	0.02%	0.01%

#### PRICES

Highest share price	581.14	512.10	539.90
Lowest share price	461.59	427.88	427.94

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Comparative Tables continued

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

CHANGE IN NET ASSETS PER SHARE	31.01.24 pence per share	31.01.23 pence per share	31.01.22 pence per share
Opening net asset value per share	390.15	415.25	348.10
Return before operating charges*	79.78	(21.80)	70.43
Operating charges	(3.42)	(3.10)	(3.28)
Return after operating charges	76.36	(24.90)	67.15
Distributions	(1.48)	(0.20)	–
Closing net asset value per share	465.03	390.15	415.25
* after direct transaction costs of:	0.18	0.09	0.03

#### PERFORMANCE

Return after charges	19.57%	(6.00)%	19.29%
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#### OTHER INFORMATION

Closing net asset value (£'000)	15,704	13,080	15,360
Closing number of shares	3,376,888	3,352,623	3,698,918
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.04%	0.02%	0.01%

#### PRICES

Highest share price	474.44	418.28	440.99
Lowest share price	376.83	349.49	349.55

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Fund Performance to 31 January 2024 (%)

	1 year	3 years	5 years
Trojan Global Equity Fund	22.95	33.49	80.80
MSCI World Index (Net Return) <sup>1</sup>	13.10	36.06	77.16
Investment Association Global Sector (Total Return) <sup>1</sup>	8.29	18.16	57.82

<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 241 and 242.

#### 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 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
	UNITED KINGDOM – 14.74% (31.01.23 – 9.54%)		
554,732	Diageo	15,865	3.23
666,315	Experian	21,962	4.47
123,629	London Stock Exchange	11,055	2.25
374,686	RELX	12,222	2.48
294,740	Unilever	11,339	2.31
	<b>TOTAL UNITED KINGDOM</b>	<b>72,443</b>	<b>14.74</b>
	CONTINENTAL EUROPE – 21.19% (31.01.23 – 22.27%)		
233,498	Alcon	13,988	2.85
407,536	Heineken	27,029	5.50
25,656	L'Oréal	9,732	1.98
19,296	LVMH Moët Hennessy Louis Vuitton	12,727	2.59
179,284	Novartis	14,672	2.98
114,848	Roche	25,979	5.29
	<b>TOTAL CONTINENTAL EUROPE</b>	<b>104,127</b>	<b>21.19</b>
	NORTH AMERICA – 61.56% (31.01.23 – 64.78%)		
26,518	Adobe Systems	12,856	2.62
175,358	Agilent Technologies	17,914	3.64
292,763	Alphabet 'A'	32,186	6.55
92,217	American Express	14,536	2.96
30,129	Becton Dickinson	5,654	1.15
6,227	Booking	17,134	3.49
218,159	Fiserv	24,303	4.95
28,973	Intuit	14,359	2.92
74,979	Mastercard 'A'	26,428	5.38
182,088	Medtronic	12,517	2.55
74,755	Meta Platforms	22,892	4.66
86,256	Microsoft	26,912	5.48
30,246	Moody's	9,310	1.89

## TROJAN GLOBAL EQUITY FUND

### ACD'S REPORT continued

### PORTFOLIO STATEMENT continued

as at 31 January 2024

		Value £'000	31.01.24 %
241,012	PayPal	11,605	2.36
33,351	S&P Global	11,739	2.39
79,351	Take-Two Interactive Software	10,277	2.09
148,505	Visa	31,857	6.48
	TOTAL NORTH AMERICA	<u>302,479</u>	<u>61.56</u>
	Portfolio of investments	479,049	97.49
	Net other assets	<u>12,318</u>	<u>2.51</u>
	Net assets	<u>491,367</u>	<u>100.00</u>

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 2024

Total purchases for the year £'000 (note 15)	62,255	Total sales for the year £'000 (note 15)	58,370
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Diageo	11,152	Adobe Systems	11,972
RELX	9,557	Meta Platforms	11,564
Agilent Technologies	8,988	Microsoft	7,084
Roche	7,740	Alphabet 'A'	6,454
London Stock Exchange	5,483	Moody's	5,244
Heineken	4,850	Intuit	5,196
Experian	4,443	Novartis	2,226
LVMH Moët Hennessy Louis Vuitton	4,119	Booking	2,211
Adobe Systems	3,271	L'Oréal	1,702
PayPal	1,716	S&P Global	1,594

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

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		79,022		(23,609)
Revenue	4	5,694		4,031	
Expenses	5	(4,060)		(3,702)	
Net revenue before taxation		1,634		329	
Taxation	6	(537)		(593)	
Net revenue after taxation			1,097		(264)
<b>Total return before distributions</b>			80,119		(23,873)
Distributions	7		(1,117)		32
<b>Change in net assets attributable to shareholders from investment activities</b>			79,002		(23,841)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Note	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders			410,183		425,377
Amounts receivable on issue of shares		32,849		12,131	
In-specie in transfer	1(J)	-		49,962	
Amounts payable on redemption of shares		(31,392)		(53,446)	
			1,457		8,647
Change in net assets attributable to shareholders from investment activities			79,002		(23,841)
Retained distributions on Accumulation shares			725		-
<b>Closing net assets attributable to shareholders</b>			491,367		410,183

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		479,049	396,202
<b>Current assets</b>			
Debtors	8	913	280
Cash and bank balances	9	13,327	14,328
<b>Total assets</b>		<u>493,289</u>	<u>410,810</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(400)	(7)
Other creditors	10	(1,522)	(620)
<b>Total liabilities</b>		<u>(1,922)</u>	<u>(627)</u>
<b>Net assets attributable to shareholders</b>		<u>491,367</u>	<u>410,183</u>



**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

**1. Accounting Policies**

The accounting policies described on pages 21 to 23 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 24 have been applied to the financial statements of the Fund in the current and prior year.

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

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

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	78,965	(23,510)
Transaction charges	(1)	(1)
Currency gains/(losses)	58	(98)
Net capital gains/(losses)	<u>79,022</u>	<u>(23,609)</u>

**4. Revenue**

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	5,141	3,948
Bank interest	553	83
Total revenue	<u>5,694</u>	<u>4,031</u>

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**5. Expenses**

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	3,811	3,468
Legal and professional fees	16	14
Typesetting costs	3	3
Registration fees	101	100
TCFD fees	3	-
	3,934	3,585
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	82	77
Safe custody and other bank charges	24	21
	106	98
Other expenses:		
Audit fee	12	10
Publication costs	5	4
Legal and professional fees	3	5
	20	19
Total expenses	<u>4,060</u>	<u>3,702</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	-	-
Overseas tax	537	593
Current tax charge	537	593
Deferred tax – origination and reversal of timing differences (note 6c)	-	-
Total taxation (note 6b)	537	593

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	1,634	329
Corporation tax at 20%	327	66
Effects of:		
Non-taxable dividends	(1,028)	(790)
Unutilised excess management expenses	701	724
Corporation tax charge	-	-
Overseas tax	537	593
Total tax charge (note 6a)	537	593

### c) Deferred tax

At the year end there is a potential deferred tax asset of £5,526,000 (31.01.23: £4,825,000) 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 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
Interim	-	-
Final	1,126	7
	<u>1,126</u>	<u>7</u>
Add: Revenue deducted on redemption of shares	88	41
Deduct: Revenue received on issue of shares	(97)	(80)
Net distributions for the year	<u>1,117</u>	<u>(32)</u>

Details of the distributions per share are set out in the table on pages 241 and 242.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	1,097	(264)
Allocations to capital:		
Revenue deficit – O Income	-	63
– O Accumulation	-	121
– I Income	-	4
– I Accumulation	7	44
	<u>7</u>	<u>232</u>
Equalisation on conversions <sup>1</sup>	13	-
Net distributions for the year	<u>1,117</u>	<u>(32)</u>

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	716	141

<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 GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Accrued revenue:		
Non-taxable dividends	164	135
Prepaid expenses	4	4
Taxation recoverable:		
Overseas withholding tax	29	-
Total debtors	<u>913</u>	<u>280</u>

## 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	<u>13,327</u>	<u>14,328</u>
Total cash and bank balances	<u>13,327</u>	<u>14,328</u>

## 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	<u>400</u>	<u>7</u>
<b>Other Creditors</b>		
Amounts payable for redemption of shares	1,134	296
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	350	290
Legal and professional fees	2	1
Typesetting costs	3	1
Registration fees	8	9
TCFD fees	3	-
	<u>366</u>	<u>301</u>

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	7
Safe custody and other bank charges	4	5
	11	12
Other expenses	11	11
Total other creditors	<u>1,522</u>	<u>620</u>

### 11. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 228 and amounts due at the year end are disclosed in notes 8 and 10.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 643,459 (31.01.23: 626,332) 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	39.04% (31.01.23: 39.43%)
---------------------------	---------------------------

### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

### 13. Shares in Issue

	O Accumulation	O Income	I Accumulation
Annual Management Charge	0.85%	0.85%	1.35%
Opening shares in issue	53,995,145	34,250,434	1,908,040
Issues	5,953,465	401,523	114,711
Redemptions	(4,570,721)	(1,646,561)	(147,779)
Conversions	1,280,866	184,855	(1,435,515)
Closing shares in issue	<u>56,658,755</u>	<u>33,190,251</u>	<u>439,457</u>

	I Income	S Accumulation	S Income
Annual Management Charge	1.35%	0.75%	0.75%
Opening shares in issue	191,644	28,675	3,352,623
Issues	4,670	944	24,515
Redemptions	(22,702)	(10,370)	(250)
Conversions	(165,352)	–	–
Closing shares in issue	<u>8,260</u>	<u>19,249</u>	<u>3,376,888</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 2024

**(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 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 £'000	31.01.23 £'000
Currency:		
Euros	49,517	41,272
Swiss francs	54,639	50,088
US dollars	302,657	265,868
	<u>406,813</u>	<u>357,228</u>
Pounds sterling	84,554	52,955
Net assets	<u>491,367</u>	<u>410,183</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 £20,341,000 on the net assets of the Fund (31.01.23: £17,861,000).

**(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 96.08% of the portfolio can be liquidated within 5 days and 100.00% within 21 working days (31.01.23: 96.13% within 5 days and 100.00% within 21 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 2024

**(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 £23,952,000 (31.01.23: £19,810,000). 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>31.01.24</b>				
Ordinary shares	62,091	21	143	62,255
Purchases total	62,091	21	143	62,255
Transaction cost % of purchases total		0.03%	0.23%	
Transaction cost % of average NAV		0.01%	0.03%	
Ordinary shares	58,394	(23)	(1)	58,370
Sales total	58,394	(23)	(1)	58,370
Transaction cost % of sales total		0.04%	-	
Transaction cost % of average NAV		0.01%	-	

Average portfolio dealing spread at 31.01.24 is 0.03% (31.01.23: 0.02%).

**TROJAN GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	49,658	21	38	49,717
Purchases total	<u>49,658</u>	<u>21</u>	<u>38</u>	<u>49,717</u>
Transaction cost % of purchases total		0.04%	0.08%	
Transaction cost % of average NAV		-	0.01%	
Ordinary shares	101,930	(33)	(1)	101,896
Sales total	<u>101,930</u>	<u>(33)</u>	<u>(1)</u>	<u>101,896</u>
Transaction cost % of sales total		0.03%	-	
Transaction cost % of average NAV		0.01%	-	

## 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

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23
To	31.01.24

#### O ACCUMULATION SHARES

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

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.2797	–	1.2797	–
Group 2	–	1.2797	1.2797	–

#### O INCOME SHARES

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

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.0556	–	1.0556	–
Group 2	–	1.0556	1.0556	–

#### I ACCUMULATION SHARES

There were no distributions in the current or prior year.

#### I INCOME SHARES

There were no distributions in the current or prior year.

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

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

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

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	1.8129	-	1.8129	0.2461
Group 2	-	1.8129	1.8129	0.2461

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

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

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	1.4805	-	1.4805	0.1998
Group 2	-	1.4805	1.4805	0.1998

## TROJAN INCOME FUND ACD'S REPORT for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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 will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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

## TROJAN INCOME FUND

### ACD'S REPORT continued

#### Benchmarks

The Fund's comparator benchmarks are the FTSE All-Share Index (Total Return) and the Investment Association UK All Companies 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 All Companies 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.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Trojan Income Fund  
24 May 2024

## TROJAN INCOME FUND

### ACD'S REPORT continued

## INVESTMENT MANAGER'S REPORT

### for the year ended 31 January 2024

#### Market Review

The Fund returned +5.1% over the year compared to the FTSE All-Share's +1.9% return. The Fund delivered this outperformance whilst exhibiting lower volatility than the index. Notably, the Fund protected capital better in each of the FTSE All-Share's down months in the period (March, May, August, October and January).

Equity markets were pleasingly resilient in what was another year of macroeconomic and geopolitical turbulence. Inflation, as measured by UK CPI, slowed materially from +10.4% in February of 2023 to +4.0% in December as supply chain disruptions unwound and the impact of tighter monetary policy fed into the economy. After 14 consecutive rate hikes, moderating inflation allowed the Bank of England to take a pause from raising the UK's base rate of interest in August. This was welcome news for markets. It seems very likely that rates have peaked for this cycle and the debate has now turned to when interest rates might begin to fall.

Despite tighter monetary conditions and destabilizing geopolitics, particularly in the Middle East, both the UK and US economies have so far managed to avoid recessions. The US economy in particular has defied gloomy predictions, recording healthy growth and increased productivity. Commodity prices have also been relatively stable, with the oil price (WTI crude) having fluctuated between \$70 and \$90 over the period. One notable weak spot globally has been China, where growth has been slowing and, in contrast to most markets, the economy is experiencing deflation. This has been fueled by a struggling property market and concerns over long-term demographic trends (in particular, projected population decline).

Despite delivering a modest positive return, the UK equity market significantly lagged that of the US. The S&P 500 rose 20.8% over the period, driven overwhelmingly by excitement around Artificial Intelligence ('AI'), in particular relating to the new 'generative AI' platforms. There were staggering gains from some of the largest Technology companies in the US market, for instance advanced chip manufacturer NVIDIA rose 215.1% while Meta's share price increased 161.9%. Whilst a number of excellent data-focused UK companies will certainly benefit from advancements in AI, the US remains the dominant market when it comes to such technology exposure.

#### Portfolio Review

Overall, the Fund benefited in the year from both sound stock-picking and a backdrop of more stable inflation and interest rate expectations that was supportive of the Fund's quality-orientated approach to equity income.

The Fund's data and software holdings performed well in the period as they collectively benefited from accelerating growth trends. RELX (+38.7%) was the top contributor to returns followed by accounting software company Sage (+52.8%). The latter's performance was particularly pleasing given it was purchased in January of 2023. Credit bureau and data analytics company Experian (+13.3%) also performed well. Elsewhere, world-leading contract catering company Compass Group (+15.0%) and hotel brand owner InterContinental Hotels Group (+36.8%) delivered strong returns and were also among the top contributors. Both companies continue to take share within their respective markets.



## TROJAN INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

Collectively, Consumer Staples holdings detracted most significantly from returns. Diageo (-16.8%) was the most negative contributor as its share price fell in response to slower than expected sales growth in the Americas. We view this moderation of Diageo's growth to be a temporary factor, coming as it does after a period of super-charged growth post the pandemic. British American Tobacco (-17.4%) was also weak following strong share price performance in the prior year. Encouragingly, the Consumer Staples sector was one of the strongest performing sectors in January 2024 and there are signs that sales volumes are turning more positive. Elsewhere, St. James's Place (-43.7%) performed poorly as its shares responded negatively to fee adjustments made by the company in reaction to regulatory changes. However, in lowering its prices, the company should be in a better competitive position going forward. Finally, the Fund's two chemicals holdings, Victrex (-22.6%) and Croda (-29.0%), both detracted from returns as they suffered from cyclical pressures that dampened demand for their respective products and services.

There was modest portfolio activity in the year, with three new companies entering the Fund: Swiss pharmaceutical company Roche, UK kitchen supplier Howden Joinery and diversified engineering company Smiths Group.

Roche is one of the world's leading pharmaceutical and medical diagnostics companies. It has an enviable track record of new drug innovation and owns a highly prized, growing, diagnostics business. The company earns high margins and returns on invested capital with minimal economic sensitivity, comfortably funding a dividend that has been grown consistently for 36 years. Roche shares have been weak over the past year and trade with an earnings yield of over 7% and dividend yield of c.4% - levels we deem attractive given the quality of the business.

Howden Joinery is the clear UK leader in supplying kitchens to the trade with a nationwide network of c.800 depots. Trade customers buy kitchens regularly, whereas retail customers might purchase a kitchen only once or twice in a lifetime, making trade business much more repetitive in nature. While the market for kitchens is currently subdued due to economic pressures, Howden continue to take meaningful share from competitors. The company has a net cash balance sheet and pays a dividend that is twice covered by profits. The shares traded with an attractive dividend yield in excess of 3% at the time of purchase and we used short periods of weakness to add to the holding during the year.

Lastly, Smiths Group became the most recent addition to Fund in the year. Smiths is a longstanding UK engineering company with leading market shares, and robust margins and returns on invested capital. Smiths has four distinct segments, with its largest and best business being John Crane, the global leader in mechanical seals. Smiths Group provides diverse industrial exposure across many sectors including energy, aerospace, and construction. Products and services are skewed to operational expenditure as opposed to capital projects meaning the company is much less cyclical and more predictable than some of its end markets. This reliability has supported 70 years of dividends that are comfortably covered by earnings and free cash flow. With signs of positive change from a refreshed management team, we see potential for strong growth, combined with an attractive valuation of c.16x price/earnings and c.3% dividend yield.

## TROJAN INCOME FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

Elsewhere, we continued to build the relatively newer holdings in London Stock Exchange Group and Bunzl. We also added to global testing, inspection, and certification company Intertek as we saw organic growth start to return following a difficult two years of restricted global trade due to the pandemic. We also added to Croda and Diageo on share price weakness at what we deem to be attractive valuations and on dividend yields in excess of 2% and 3% respectively.

In terms of sales, we exited the Fund's small holdings in GP surgery owners Primary Health Properties and Assura. In an environment of likely more persistent inflation and higher interest rates, we see challenges for these companies to achieve attractive earnings growth compared to other companies in the portfolio. We also took some profits in overseas holdings Paychex and Procter & Gamble, both of which have performed strongly and currently trade at notable premiums to UK-listed peers. Lastly, we scaled back some of our top performers including RELX, Domino's Pizza and InterContinental Hotels Group, all of which had performed very strongly and were trading at incrementally less attractive valuations.

#### Dividends

The Fund will pay a final dividend of 3.2156p to holders of O Income shares on 31st March 2024. When combined with the interim dividend of 1.8920p, this gives a combined dividend of 5.1076p for the year and represents healthy dividend growth of +4.4%. Our aim is to grow the Fund's dividend consistently year after year by investing in high-quality, resilient businesses. We expect continued robust cash flow generation and growth from the portfolio, and thus anticipate solid dividend growth for the Fund over the coming year.

#### Outlook

There are many reasons for a cautious outlook in the year ahead, including i) the lagged impact that higher interest rates will have on economic and corporate growth; ii) material uncertainty around elections, notably in the US and UK; and iii) risks associated with escalating geopolitical tensions. It will also be a year in which central bankers will have to perform a difficult balancing act in order ensure inflation expectations remain anchored whilst avoiding a sharp economic downturn.

Whilst we are not anticipating a materially stronger economic backdrop in the near term, we remain optimistic about the outlook for high-quality UK equities. As long-term investors, we always try to look through the noise, and we are reassured by the continued resilience and attractive growth opportunities offered by the companies in which we invest. We often remind investors that the UK equity market is not the same as the UK economy. Close to 80% of the FTSE All-Share's collective revenues come from outside of the UK, such is the uniquely global nature of the UK stock market. The Fund is exposed to high-quality businesses that are similarly international. Following an unprecedented rise in interest rates that caused a severe derating of equities, we also find valuations to be reasonable, particularly in the UK.

## TROJAN INCOME FUND

ACD'S REPORT continued

INVESTMENT MANAGER'S REPORT continued

We approach the year ahead aware that market volatility may persist but confident in our approach. We will continue to prioritise cash-generative, resilient businesses, capable of year-in-year-out dividend growth, in our aim to deliver resilient total returns and dividend growth to the Fund's investors.

### TROY ASSET MANAGEMENT LIMITED

Investment Manager

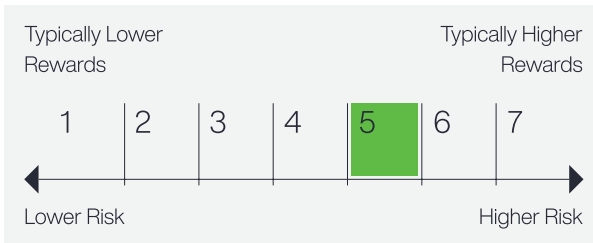
15 February 2024

## 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 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:** 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 more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

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

**Comparative Tables**

**ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	339.88	356.17	322.83
Return before operating charges*	17.29	(12.83)	36.93
Operating charges	(3.52)	(3.46)	(3.59)
Return after operating charges	13.77	(16.29)	33.34
Distributions	(10.56)	(9.82)	(9.15)
Retained distributions on accumulation shares	10.56	9.82	9.15
Closing net asset value per share	353.65	339.88	356.17
* after direct transaction costs of:	0.24	0.44	0.25

**PERFORMANCE**

Return after charges	4.05%	(4.57)%	10.33%
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**OTHER INFORMATION**

Closing net asset value (£'000)	110,205	194,529	282,268
Closing number of shares	31,162,040	57,234,840	79,251,685
Operating charges	1.03%	1.02%	1.02%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	355.46	361.03	385.21
Lowest share price	326.07	311.65	315.80

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

**Comparative Tables** continued

**INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	165.21	178.17	165.69
Return before operating charges*	8.35	(6.35)	18.98
Operating charges	(1.70)	(1.72)	(1.83)
Return after operating charges	6.65	(8.07)	17.15
Distributions	(5.11)	(4.89)	(4.67)
Closing net asset value per share	166.75	165.21	178.17
* after direct transaction costs of:	0.12	0.22	0.13

**PERFORMANCE**

Return after charges	4.03%	(4.53)%	10.35%
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**OTHER INFORMATION**

Closing net asset value (£'000)	96,976	132,836	187,689
Closing number of shares	58,157,816	80,406,011	105,343,633
Operating charges	1.03%	1.02%	1.02%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	172.79	180.62	195.81
Lowest share price	156.71	154.28	162.10

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	318.93	335.88	305.97
Return before operating charges*	16.14	(12.10)	34.97
Operating charges	(4.89)	(4.85)	(5.06)
Return after operating charges	11.25	(16.95)	29.91
Distributions	(9.89)	(9.24)	(8.65)
Retained distributions on accumulation shares	9.89	9.24	8.65
Closing net asset value per share	330.18	318.93	335.88
* after direct transaction costs of:	0.22	0.41	0.24

**PERFORMANCE**

Return after charges	3.53%	(5.05)%	9.78%
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**OTHER INFORMATION**

Closing net asset value (£'000)	7,522	25,153	29,178
Closing number of shares	2,278,245	7,886,910	8,686,961
Operating charges	1.53%	1.52%	1.52%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	333.16	340.16	363.44
Lowest share price	304.84	292.87	299.19

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	151.72	164.46	153.72
Return before operating charges*	7.63	(5.88)	17.60
Operating charges	(2.31)	(2.36)	(2.53)
Return after operating charges	5.32	(8.24)	15.07
Distributions	(4.67)	(4.50)	(4.33)
Closing net asset value per share	152.37	151.72	164.46
* after direct transaction costs of:	0.11	0.20	0.12

**PERFORMANCE**

Return after charges	3.51%	(5.01)%	9.80%
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**OTHER INFORMATION**

Closing net asset value (£'000)	1,334	11,412	14,069
Closing number of shares	875,256	7,521,154	8,554,634
Operating charges	1.53%	1.52%	1.52%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	158.51	166.57	180.82
Lowest share price	143.38	141.91	150.33



**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	348.49	364.28	329.36
Return before operating charges*	17.77	(13.12)	37.69
Operating charges	(2.74)	(2.67)	(2.77)
Return after operating charges	15.03	(15.79)	34.92
Distributions	(10.84)	(10.06)	(9.34)
Retained distributions on accumulation shares	10.84	10.06	9.34
Closing net asset value per share	363.52	348.49	364.28
* after direct transaction costs of:	0.25	0.45	0.26

**PERFORMANCE**

Return after charges	4.31%	(4.33)%	10.60%
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**OTHER INFORMATION**

Closing net asset value (£'000)	3,923	8,266	8,874
Closing number of shares	1,079,236	2,371,847	2,435,945
Operating charges	0.78%	0.77%	0.77%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	365.07	369.42	393.90
Lowest share price	334.95	319.31	322.25

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	172.98	186.09	172.62
Return before operating charges*	8.76	(6.64)	19.78
Operating charges	(1.35)	(1.36)	(1.44)
Return after operating charges	7.41	(8.00)	18.34
Distributions	(5.35)	(5.11)	(4.87)
Closing net asset value per share	175.04	172.98	186.09
* after direct transaction costs of:	0.12	0.23	0.13

**PERFORMANCE**

Return after charges	4.28%	(4.30)%	10.62%
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**OTHER INFORMATION**

Closing net asset value (£'000)	38,384	99,471	151,235
Closing number of shares	21,928,865	57,503,790	81,271,888
Operating charges	0.78%	0.77%	0.77%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	181.03	188.73	204.46
Lowest share price	164.39	161.42	168.92

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	108.27	113.28	102.53
Return before operating charges*	5.51	(4.07)	11.72
Operating charges	(0.96)	(0.94)	(0.97)
Return after operating charges	4.55	(5.01)	10.75
Distributions	(3.37)	(3.12)	(2.91)
Retained distributions on accumulation shares	3.37	3.12	2.91
Closing net asset value per share	112.82	108.27	113.28
* after direct transaction costs of:	0.08	0.14	0.08

**PERFORMANCE**

Return after charges	4.20%	(4.42)%	10.48%
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**OTHER INFORMATION**

Closing net asset value (£'000)	196,816	315,136	678,397
Closing number of shares	174,449,786	291,074,546	598,841,817
Operating charges	0.88%	0.87%	0.87%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	113.30	114.86	122.51
Lowest share price	103.98	99.23	100.31

**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>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	91.60	98.64	91.59
Return before operating charges*	4.64	(3.52)	10.50
Operating charges	(0.81)	(0.81)	(0.87)
Return after operating charges	3.83	(4.33)	9.63
Distributions	(2.83)	(2.71)	(2.58)
Closing net asset value per share	92.60	91.60	98.64
* after direct transaction costs of:	0.06	0.12	0.07

**PERFORMANCE**

Return after charges	4.18%	(4.39)%	10.51%
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**OTHER INFORMATION**

Closing net asset value (£'000)	324,339	776,719	1,099,729
Closing number of shares	350,265,790	847,953,204	1,114,929,238
Operating charges	0.88%	0.87%	0.87%
Direct transaction costs	0.07%	0.13%	0.07%

**PRICES**

Highest share price	95.84	100.02	108.39
Lowest share price	86.99	85.50	89.62

## TROJAN INCOME FUND

### ACD'S REPORT continued

### FUND INFORMATION continued

#### Fund Performance to 31 January 2024 (%)

	1 year	3 years	5 years
Trojan Income Fund	5.06	9.28	13.31
FTSE All-Share Index (Total Return) <sup>1</sup>	1.90	27.46	30.42
Investment Association UK All Companies Sector (Total Return) <sup>1</sup>	1.83	14.18	23.27

<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 278 to 280.

#### 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 2024

		Value £'000	31.01.24 %
	UNITED KINGDOM – 84.26% (31.01.23 – 83.12%)		
	TECHNOLOGY – 2.26% (31.01.23 – 1.04%)		
	SOFTWARE AND COMPUTER SERVICES – 2.26% (31.01.23 – 1.04%)		
1,497,118	Sage	17,621	2.26
	TOTAL TECHNOLOGY	<u>17,621</u>	<u>2.26</u>
	HEALTH CARE – 5.82% (31.01.23 – 7.38%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 5.82% (31.01.23 – 7.38%)		
129,786	AstraZeneca	13,628	1.75
1,580,523	GSK	24,783	3.18
2,165,222	Haleon	6,961	0.89
	TOTAL HEALTH CARE	<u>45,372</u>	<u>5.82</u>
	FINANCIALS – 13.19% (31.01.23 – 13.34%)		
	FINANCE AND CREDIT SERVICES – 4.61% (31.01.23 – 3.99%)		
1,090,776	Experian	35,952	4.61
	INVESTMENT BANKING AND BROKERAGE SERVICES – 4.36% (31.01.23 – 4.36%)		
3,982,647	AJ Bell	12,593	1.62
4,473,803	IntegraFin	13,216	1.69
2,015,131	Schroders	8,185	1.05
		<u>33,994</u>	<u>4.36</u>

**TROJAN INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	CLOSED END INVESTMENTS – 1.09% (31.01.23 – 0.64%)		
2,576,646	3i Infrastructure <sup>1</sup>	8,516	1.09
	LIFE INSURANCE – 1.37% (31.01.23 – 2.43%)		
1,633,567	St. James's Place	10,684	1.37
	NON-LIFE INSURANCE – 1.76% (31.01.23 – 1.92%)		
544,462	Admiral	13,693	1.76
	TOTAL FINANCIALS	102,839	13.19
	REAL ESTATE – 2.93% (31.01.23 – 3.87%)		
	REAL ESTATE INVESTMENT TRUSTS – 2.93% (31.01.23 – 3.87%)		
509,385	Big Yellow	5,843	0.75
5,626,400	LondonMetric Property	10,898	1.40
732,139	Safestore	6,062	0.78
	TOTAL REAL ESTATE	22,803	2.93
	CONSUMER DISCRETIONARY – 31.02% (31.01.23 – 30.79%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.80% (31.01.23 – 5.73%)		
792,196	Reckitt Benckiser	45,203	5.80
	PERSONAL GOODS – 6.90% (31.01.23 – 7.35%)		
1,397,396	Unilever	53,758	6.90
	MEDIA – 7.00% (31.01.23 – 6.77%)		
1,672,345	RELX	54,552	7.00

**TROJAN INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
	RETAILERS – 3.36% (31.01.23 – 1.92%)		
1,781,580	Howden Joinery	14,299	1.83
140,808	Next	11,924	1.53
		<u>26,223</u>	<u>3.36</u>
	TRAVEL AND LEISURE – 7.96% (31.01.23 – 9.02%)		
1,440,498	Compass	31,374	4.02
2,966,589	Domino's Pizza	10,425	1.34
270,323	InterContinental Hotels	20,269	2.60
		<u>62,068</u>	<u>7.96</u>
	TOTAL CONSUMER DISCRETIONARY	<u>241,804</u>	<u>31.02</u>
	CONSUMER STAPLES – 9.61% (31.01.23 – 11.71%)		
	BEVERAGES – 7.51% (31.01.23 – 7.95%)		
1,765,769	Diageo	50,501	6.48
798,002	Fever-Tree Drinks	8,060	1.03
		<u>58,561</u>	<u>7.51</u>
	TOBACCO – 2.10% (31.01.23 – 3.76%)		
698,642	British American Tobacco	16,338	2.10
	TOTAL CONSUMER STAPLES	<u>74,899</u>	<u>9.61</u>
	INDUSTRIALS – 14.20% (31.01.23 – 8.57%)		
	GENERAL INDUSTRIALS – 2.42% (31.01.23 – 0.00%)		
1,162,778	Smiths	18,860	2.42



**TROJAN INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	INDUSTRIAL SUPPORT SERVICES – 14.20% (31.01.23 – 8.57%)		
967,067	Bunzl	31,091	3.99
484,652	Diploma	15,790	2.02
417,636	Intertek	18,764	2.41
293,204	London Stock Exchange	26,218	3.36
		<u>91,863</u>	<u>11.78</u>
	TOTAL INDUSTRIALS	<u>110,723</u>	<u>14.20</u>
	 BASIC MATERIALS – 3.26% (31.01.23 – 4.24%)		
	CHEMICALS – 3.26% (31.01.23 – 4.24%)		
388,069	Croda International	18,647	2.39
497,120	Victrex	6,771	0.87
	TOTAL BASIC MATERIALS	<u>25,418</u>	<u>3.26</u>
	 UTILITIES – 1.97% (31.01.23 – 2.18%)		
	GAS, WATER AND MULTI-UTILITIES – 1.97% (31.01.23 – 2.18%)		
1,454,835	National Grid	15,348	1.97
	TOTAL UTILITIES	<u>15,348</u>	<u>1.97</u>
	TOTAL UNITED KINGDOM	<u>656,827</u>	<u>84.26</u>
	 CONTINENTAL EUROPE – 3.71% (31.01.23 – 2.63%)		
177,264	Nestlé	15,993	2.05
57,078	Roche	12,911	1.66
	TOTAL CONTINENTAL EUROPE	<u>28,904</u>	<u>3.71</u>

**TROJAN INCOME FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

<b> Holding</b>	<b> Portfolio of Investments</b>	<b> Value  £'000</b>	<b> 31.01.24  %</b>
	NORTH AMERICA – 10.90% (31.01.23 – 11.95%)		
122,987	CME	19,876	2.55
216,814	Medtronic	14,904	1.91
214,533	Paychex	20,497	2.63
135,884	Procter & Gamble	16,761	2.15
60,308	Visa	12,937	1.66
	<b>TOTAL NORTH AMERICA</b>	<b>84,975</b>	<b>10.90</b>
	Portfolio of investments	770,706	98.87
	Net other assets	8,793	1.13
	<b>Net assets</b>	<b>779,499</b>	<b>100.00</b>

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.

## TROJAN INCOME FUND

### ACD'S REPORT continued

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 January 2024

Total purchases for the year £'000 (note 15)	110,678	Total sales for the year £'000 (note 15)	882,017
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Roche	22,547	RELX	73,377
Smiths	21,040	Unilever	57,323
Howden Joinery	14,876	Diageo	49,063
London Stock Exchange	7,262	Reckitt Benckiser	43,645
Bunzl	5,473	Compass	43,050
Intertek	5,200	GSK	42,348
Safestore	4,804	British American Tobacco	33,227
Sage	4,647	Experian	32,725
Diageo	4,170	CME	29,814
Nestlé	3,556	Paychex	28,933

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 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		14,636		(138,624)
Revenue	4	34,270		57,371	
Expenses	5	(9,551)		(17,124)	
Net revenue before taxation		24,719		40,247	
Taxation	6	(1,003)		(1,318)	
Net revenue after taxation			23,716		38,929
<b>Total return before distributions</b>			38,352		(99,695)
Distributions	7		(32,467)		(54,966)
<b>Change in net assets attributable to shareholders from investment activities</b>			5,885		(154,661)

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 January 2024

	Note	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Opening net assets attributable to shareholders			1,563,522		2,451,439
Amounts receivable on issue of shares		6,945		28,297	
Amounts payable on redemption of shares		(808,372)		(778,262)	
			(801,427)		(749,965)
Dilution levy	1 (H)		367		-
Change in net assets attributable to shareholders from investment activities			5,885		(154,661)
Retained distributions on Accumulation shares			11,152		16,709
<b>Closing net assets attributable to shareholders</b>			779,499		1,563,522

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		770,706	1,527,523
<b>Current assets</b>			
Debtors	8	2,063	35,637
Cash and bank balances	9	19,789	30,097
<b>Total assets</b>		<u>792,558</u>	<u>1,593,257</u>
<b>LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable	10	(8,885)	(18,859)
Other creditors	10	(4,174)	(10,876)
<b>Total liabilities</b>		<u>(13,059)</u>	<u>(29,735)</u>
<b>Net assets attributable to shareholders</b>		<u>779,499</u>	<u>1,563,522</u>

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

### 1. Accounting Policies

The accounting policies described on pages 21 to 23 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 24 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:

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	14,523	(138,760)
Transaction charges	(9)	(11)
Currency gains	122	147
Net capital gains/(losses)	<u>14,636</u>	<u>(138,624)</u>

### 4. Revenue

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	31,601	53,515
UK property income distributions	1,561	3,546
Bank interest	1,108	310
Total revenue	<u>34,270</u>	<u>57,371</u>

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	9,220	16,729
Legal and professional fees	20	19
Typesetting costs	3	2
Registration fees	101	101
TCFD fees	3	-
	9,347	16,851
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	147	200
Safe custody and other bank charges	38	54
	185	254
Other expenses:		
Audit fees	12	10
Publication costs	5	6
Representation fees	2	3
	19	19
Total expenses	<u>9,551</u>	<u>17,124</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,009	1,318
Corporation tax – prior year adjustment	(6)	–
Current tax charge	1,003	1,318
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	<u>1,003</u>	<u>1,318</u>

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	<u>24,719</u>	<u>40,247</u>
Corporation tax at 20%	4,944	8,049
Effects of:		
Non-taxable dividends	(6,320)	(10,703)
Unutilised excess management expenses	1,376	2,654
Prior year adjustment	(6)	–
Corporation tax charge	(6)	–
Overseas tax	<u>1,009</u>	<u>1,318</u>
Total tax charge (note 6a)	<u>1,003</u>	<u>1,318</u>

### c) Deferred tax

At the year end there is a potential deferred tax asset of £41,231,000 (31.01.23: £39,855,000) 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 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
Interim	11,473	19,901
Final	14,888	28,666
	<u>26,361</u>	<u>48,567</u>
Add: Revenue deducted on redemption of shares	6,198	6,646
Deduct: Revenue received on issue of shares	(92)	(247)
Net distributions for the year	<u>32,467</u>	<u>54,966</u>

Details of the distributions per share are set out in the table on pages 278 to 280.

	31.01.24 £'000	31.01.23 £'000
Distributions represented by:		
Net revenue after taxation	23,716	38,929
Allocations to capital:		
Annual Management Charge, net of tax relief	8,752	16,037
Equalisation on conversions <sup>1</sup>	(1)	-
Net distributions for the year	<u>32,467</u>	<u>54,966</u>

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Amounts receivable for issue of shares	-	360
Sales awaiting settlement	-	31,049

<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 INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Accrued revenue:		
Non-taxable dividends	2,059	4,224
Prepaid expenses	4	4
Total debtors	<u>2,063</u>	<u>35,637</u>

### 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	<u>19,789</u>	<u>30,097</u>
Total cash and bank balances	<u>19,789</u>	<u>30,097</u>

### 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	<u>8,885</u>	<u>18,859</u>
<b>Other Creditors</b>		
Amounts payable for redemption of shares	3,530	8,092
Purchases awaiting settlement	–	1,519
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	599	1,213
Legal and professional fees	2	1
Typesetting costs	3	1
Registration fees	8	8
TCFD fees	3	–
	<u>615</u>	<u>1,223</u>

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

	31.01.24 £'000	31.01.23 £'000
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	10	16
Transaction charges	2	2
Safe custody and other bank charges	6	12
	18	30
Other expenses	11	12
Total other creditors	4,174	10,876

### 11. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management UK Limited ('WMUK') ('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 265 and amounts due at the year end are disclosed in note 10.

WMUK and its associates (including other authorised investment funds managed by WMUK or its associates) held 2,730,565 (31.01.23: 5,265,857) 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:

Hargreaves Lansdown Nominees Limited	22.45% (31.01.23: 10.35%)
--------------------------------------	---------------------------

### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

### 13. Shares in Issue

	O Accumulation	O Income	I Accumulation	I Income
Annual Management Charge	1.00%	1.00%	1.50%	1.50%
Opening shares in issue	57,234,840	80,406,011	7,886,910	7,521,154
Issues	158,341	861,605	182,224	31,514
Redemptions	(22,907,654)	(18,322,046)	(1,326,700)	(759,651)
Conversions	<u>(3,323,487)</u>	<u>(4,787,754)</u>	<u>(4,464,189)</u>	<u>(5,917,761)</u>
Closing shares in issue	<u>31,162,040</u>	<u>58,157,816</u>	<u>2,278,245</u>	<u>875,256</u>

	S Accumulation	S Income	X Accumulation	X Income
Annual Management Charge	0.75%	0.75%	0.85%	0.85%
Opening shares in issue	2,371,847	57,503,790	291,074,546	847,953,204
Issues	1	2,259	3,640,276	574,898
Redemptions	(1,306,438)	(35,549,330)	(143,633,825)	(516,874,886)
Conversions	<u>13,826</u>	<u>(27,854)</u>	<u>23,368,789</u>	<u>18,612,574</u>
Closing shares in issue	<u>1,079,236</u>	<u>21,928,865</u>	<u>174,449,786</u>	<u>350,265,790</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 INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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. 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.

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 £'000	31.01.23 £'000
Currency:		
Swiss francs	28,904	41,114
US dollars	85,218	187,487
	<u>114,122</u>	<u>228,601</u>
Pounds sterling	665,377	1,334,921
Net assets	<u>779,499</u>	<u>1,563,522</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 £5,706,000 on the net assets of the Fund (31.01.23: £11,430,000).

**(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 86.77% of the portfolio can be liquidated within 5 days and 97.94% within 21 working days (31.01.23: 71.82% within 5 days and 95.11% within 21 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 INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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 £38,535,000 (31.01.23: £76,376,000). 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>31.01.24</b>				
Ordinary shares	107,201	40	386	107,627
Collective investment schemes	3,049	2	–	3,051
Purchases total	<u>110,250</u>	<u>42</u>	<u>386</u>	<u>110,678</u>
Transaction cost % of purchases total		0.04%	0.35%	
Transaction cost % of average NAV		–	0.04%	
Ordinary shares	878,035	(288)	(3)	877,744
Collective investment schemes	4,275	(2)	–	4,273
Sales total	<u>882,310</u>	<u>(290)</u>	<u>(3)</u>	<u>882,017</u>
Transaction cost % of sales total		0.03%	–	
Transaction cost % of average NAV		0.03%	–	

**TROJAN INCOME FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

Average portfolio dealing spread at 31.01.24 is 0.04% (31.01.23: 0.04%).

<b>31.01.23</b>	<b>Purchases/ sales before transaction costs £'000</b>	<b>Commissions £'000</b>	<b>Taxes £'000</b>	<b>Gross purchases/ net sales £'000</b>
Ordinary shares	423,501	139	1,862	425,502
Collective investment schemes	1,193	-	-	1,193
Purchases total	<u>424,694</u>	<u>139</u>	<u>1,862</u>	<u>426,695</u>
Transaction cost % of purchases total		0.03%	0.44%	
Transaction cost % of average NAV		0.01%	0.10%	
Ordinary shares	1,152,334	(405)	(4)	1,151,925
Collective investment schemes	21,757	(14)	-	21,743
Sales total	<u>1,174,091</u>	<u>(419)</u>	<u>(4)</u>	<u>1,173,668</u>
Transaction cost % of sales total		0.04%	-	
Transaction cost % of average NAV		0.02%	-	

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 or collective investment schemes categorised as Level 1.



## TROJAN INCOME FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23	01.08.23
To	31.07.23	31.01.24

#### O ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	3.8920	–	3.8920	3.6700
Group 2	0.6924	3.1996	3.8920	3.6700

Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	6.6684	–	6.6684	6.1498
Group 2	1.7051	4.9633	6.6684	6.1498

#### O INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.8920	–	1.8920	1.8360
Group 2	0.4151	1.4769	1.8920	1.8360

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	3.2156	–	3.2156	3.0551
Group 2	1.2264	1.9892	3.2156	3.0551

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

**I ACCUMULATION SHARES**

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	3.6460	–	3.6460	3.4570
Group 2	2.0335	1.6125	3.6460	3.4570
Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	6.2390	–	6.2390	5.7868
Group 2	4.2248	2.0142	6.2390	5.7868

**I INCOME SHARES**

Interim	Net Revenue	Equalisation	Paid 30.09.23	Paid 30.09.22
Group 1	1.7330	–	1.7330	1.6930
Group 2	1.7330	0.0000	1.7330	1.6930
Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	2.9410	–	2.9410	2.8113
Group 2	1.0083	1.9327	2.9410	2.8113

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

Interim	Net Revenue	Equalisation	Allocated 30.09.23	Allocated 30.09.22
Group 1	3.9930	–	3.9930	3.7560
Group 2	3.9930	0.0000	3.9930	3.7560
Final	Net Revenue	Equalisation	Allocation 31.03.24	Allocated 31.03.23
Group 1	6.8455	–	6.8455	6.3047
Group 2	2.2291	4.6164	6.8455	6.3047

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

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

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	1.9820	–	1.9820	1.9190
Group 2	–	1.9820	1.9820	1.9190
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	3.3719	–	3.3719	3.1957
Group 2	1.5082	1.8637	3.3719	3.1957

**X ACCUMULATION SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 30.09.23</b>	<b>Allocated 30.09.22</b>
Group 1	1.2400	–	1.2400	1.1680
Group 2	0.0278	1.2122	1.2400	1.1680
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocation 31.03.24</b>	<b>Allocated 31.03.23</b>
Group 1	2.1261	–	2.1261	1.9520
Group 2	0.7376	1.3885	2.1261	1.9520

**X INCOME SHARES**

<b>Interim</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.09.23</b>	<b>Paid 30.09.22</b>
Group 1	1.0490	–	1.0490	1.0170
Group 2	0.3833	0.6657	1.0490	1.0170
<b>Final</b>	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Payable 31.03.24</b>	<b>Paid 31.03.23</b>
Group 1	1.7842	–	1.7842	1.6926
Group 2	0.5932	1.1910	1.7842	1.6926

## CRYSTAL FUND ACD'S REPORT

for the year ended 31 January 2024

### Important Information

Refer to the 'Important Information' section of the Company on pages 10 and 11.

### 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 will invest in line with the requirements of the Investment Manager's Climate Change Mitigation Policy. The asset classes to which the Investment Manager's Climate Change Mitigation Policy applies are set out in the policy on the Investment Manager's website at [www.taml.co.uk](http://www.taml.co.uk).

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. At times less than 50% of the Fund's portfolio may be invested in assets that are subject to the Investment Manager's Climate Change Mitigation Policy.

## 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.

#### WAYSTONE MANAGEMENT (UK) LIMITED

ACD of Crystal Fund

24 May 2024

# CRYSTAL FUND

## ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT

#### for the year ended 31 January 2024

#### Market Review

The Fund returned +2.8% in the period. For comparative purposes, the FTSE All-Share Index Total Return returned +1.9%, the UK Retail Prices Index return was +4.9% and the UK Official Bank Rate returned +5.0% over the same period.

After a very different sort of year in 2022, much of the market was caught off guard in 2023 by a showstopping performance from the share prices of a handful of technology companies. The surge of the Magnificent Seven<sup>1</sup> propelled markets higher but such gains were not widely shared. In fact, 72% of the remaining 493 constituents of the S&P 500 underperformed the index, as did many actively managed equity funds.

We were impressed by the extent of economic strength last year but not surprised that tighter monetary policy is taking time to be felt. The Fund's return for the period was grounded in a cautious portfolio allocation to risk. Equities drove around half of the return, whilst our government bonds (mostly short-duration and index-linked) and gold exposure contributed positively to performance.

Markets began the reporting period in a bullish mood with a reversal of the selling we witnessed throughout 2022. We felt investors' renewed optimism was unwarranted in the face of higher interest rates and the potential for an economic slowdown. This view was reinforced in March as the financial system creaked under the strain of higher interest rates. We witnessed the largest banking failure since the Financial Crisis, in the form of Silicon Valley Bank (SVB) in the US, and the swift demise of Credit Suisse in Europe. The Swiss bank was bought by UBS for CHF3.2bn, approximately 97% below where it traded 15 years ago.

These were not the first rumblings of trouble. The UK's LDI<sup>2</sup> chaos in the autumn of 2022 was a hint of what happens when you have the fastest rate hiking cycle in decades. After the events in the first quarter, banks followed the logical path to tighten lending standards, making life a lot harder for sectors of the economy reliant on bank lending, including small businesses and commercial real estate in the US.

For investors, there are two important factors that require consideration. These are the ongoing effects of tighter monetary policy and the fact that the market's performance is being driven by only a handful of stocks. The latter is not uncommon in a bear market. As we head into an economic downturn, investors coalesce around an ever-smaller number of successful growth stocks. In the UK in 1989, it was Glaxo and Guinness; fund managers not holding these two stocks underperformed. In 2000, after the dot-com bubble burst, investors huddled around the safety of Cisco, IBM, Lucent and Intel. In the US in 2023, it is large-cap tech stocks once more, with many shares reversing some of their 2022 losses. These are examples of stock market bubbles reigniting after periods of speculation and echoing what came before, rather than what might lie ahead. The narrower the stock market leadership, the less healthy the prospect for the wider market.

<sup>1</sup> Each stock in this group - Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla - delivered gains of +48% or more in 2023.

<sup>2</sup> Liability-Driven Investment.

## CRYSTAL FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

We often talk of the nature of bull markets and bear markets. Bull markets are characterised by “climbing the stairs and falling down the lift”. Big price falls occur in bull markets. Historic examples include the 1987 crash in the case of equities, or 1994 in the case of a material bond market correction. Bear markets tend to be marked by gradual falls in prices with sharp squeezes higher. These outsized jumps in share prices are usually the effect of investors who short the market (or individual equities) buying back stock when there is little liquidity. As a result, and somewhat paradoxically, this means that the largest upward price moves tend to occur during bear markets, not bull markets.

After a more than forty-year bull market in bonds, which peaked in the summer of 2020, the bond market started to exhibit signs true to the bear market playbook. Bond yields ground higher (prices fell) for most of 2023, with the US 10-year Treasury yield peaking at 5% in October – a yield not seen since 2007. Since then, we have experienced a countertrend move, as yields fell back to 4%. This has supported other asset classes toward the end of 2023, but it may be a bear market trap to suck in the unwary. The price action experienced in the fourth quarter of 2023 makes it more (not less) likely that the 1981–2020 bull market for bonds is over, with all the implications that this entails.

With this in mind, we believe nominal bond yields will continue to be volatile and that it is prudent to own bonds of relatively short duration in the portfolio. We continue to prefer index-linked bonds (37% of the Fund), given our view that inflation will remain structurally higher than has been the norm over the past couple of decades.

Our mandate of capital preservation requires that we alight the bull market train well before it derails. Longstanding investors will know that this primary objective is closely followed by a secondary objective to generate strong returns ahead of inflation over the long term. As a result, investors in this strategy should be prepared for our allocation to equities to shift substantially higher in the future from the c. 26% of the portfolio invested in stocks today. This will happen when we judge that investors are being adequately compensated for the risks that they face.

### Portfolio Review

The Fund entered the period with an equity weighting of 26.2% and ended with 25.9%.

Over the course of the year, several equity holdings including Microsoft, Alphabet, American Express, and Visa were reduced. A new holding in Heineken was added whilst Franco-Nevada was sold from the portfolio.

Heineken's shares were weak in 2023, with the valuation falling to the same level as its 2020 low. This followed difficult macroeconomic conditions in some of the company's emerging markets, in particular Vietnam. We have followed the business for several years and met with Heineken's CEO and CFO in March last year. This confirmed our enthusiasm for the business, which operates in the growing premium segment of the attractive beer category, with a strong portfolio of brands distributed across many countries. Around

## CRYSTAL FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

70% of its profits come from fast-growing emerging markets. Current management are still early in their tenure and are bringing renewed dynamism to the company's productivity, pricing and digitisation efforts. This combines with the company's long-term approach to capital allocation, supported by an ongoing history of family ownership, and should lead to attractive value creation over the long run. We started a holding during the summer of 2023.

The majority of the Fund's gold exposure is via physically backed exchange-traded commodities but, since 2017, the Fund has also been invested in royalty and streaming company Franco-Nevada ('Franco'). Franco, focused on gold, has an excellent track record in allocating capital to mining projects where the royalty/streaming structure of its investments provides geared exposure to the price of the commodity, whilst avoiding the capital intensity and operational complexity of running a mine. This model worked exceptionally well when Franco was smaller and able to invest behind a broad range of opportunities.

The company arguably became a victim of its own success, and its size has made it more challenging to do deals that 'move the needle'. This has resulted in increased concentration across a handful of larger investments, most notably in the Cobre Panama gold and copper mine, which comprises just under 20% of Franco-Nevada's assets. Via Cobre Panama, Franco became exposed to political uncertainty in Panama, where social unrest, over the past year, led the government to question the constitutionality of the mine's concession agreement and to suspend its operations. We reduced our holding in December 2022, from 3.2% to 2%, when these pressures first emerged. After an apparent resolution earlier in the year, the issue resurfaced, and we sold the remainder of our shares. We sold the shares at an average price of \$130, versus an average entry price of \$65 in 2017.

The Fund entered the period with 37.5% in inflation-linked bonds, with a weighted-average duration of 6.9 years. At the end of January 2024, the Fund held 37.1% in US & UK Index-Linked Bonds with a weighted-average duration of 5.6 years.

UK inflation was stickier than expected during the summer months of 2023. Core CPI, which strips out the more volatile components of energy, food, alcohol and tobacco, rose +7.1% versus a year previously. This is the fastest that it has risen since March of 1992. Bond markets priced in higher interest rates as the Bank of England responded by tightening monetary policy. As a result, the so-called 'terminal rate', the expected peak for the Bank of England base rate, rose above 6%, creating a very different environment to the one when rates were 0.25%.

We added 4-year gilts to the Fund in June, at a yield that was similar to the level on offer following the mini-budget fiasco.

During the third quarter of 2023, the narrative shifted from one where rates are necessarily marching upwards to combat inflation, to one where rates can stabilise at a higher level because economic growth is resilient. This dynamic was reflected in index-linked bond markets, where an expansion in real yields in both the UK and US highlighted investors' more sanguine stance on inflation. We took advantage of the more attractive real yields on offer in August by reinvesting some of our shortest-dated bonds into 3-year index-linked bonds,



## CRYSTAL FUND

### ACD'S REPORT continued

### INVESTMENT MANAGER'S REPORT continued

locking in a real yield of c. 2.6% on US Treasury Inflation Protected Securities (TIPS) and a real yield of c. 1.6% on UK index-linked bonds. If held to maturity, these will deliver a return of 2.6% (US) and 1.6% (UK) above the rate of inflation. At a time when equity markets are trading on valuation levels far above their long run averages and the inflationary outlook remains uncertain, these looked particularly attractive.

#### Outlook

As we look to the year ahead, we do not attempt to make precise economic or market forecasts. We also believe it would be imprudent to make investment decisions on any such basis. Instead, we consider valuations, risk and prospective returns for every asset class we invest in. We believe that the scope for disappointment in the equity market today demands caution, but we must be ready to turn on a sixpence when prices come our way. We have the dry powder and the flexibility to be able to act dynamically, as we have in previous market cycles, and the course of action will be rooted in an understanding of the companies we favour, tempered by an awareness of the macroeconomic risks they face.

We also remain alive to opportunities as they present themselves. One such example is Heineken, discussed above. Our approach to buying shares in Heineken, ably supported by the rest of the team at Troy, provides a microcosm of how we work. Our collective knowledge of a group of exceptional companies offers valuable clarity when it comes to managing our equity exposure. Opportunities may stand alone, as in the case of Heineken, or become more pervasive across the market. The ability to anchor market expectations in an understanding of individual businesses lends substantial conviction to our decision-making. This will remain vital as we enter into what we believe will be a more challenging period for equities.

## TROY ASSET MANAGEMENT LIMITED

Investment Manager

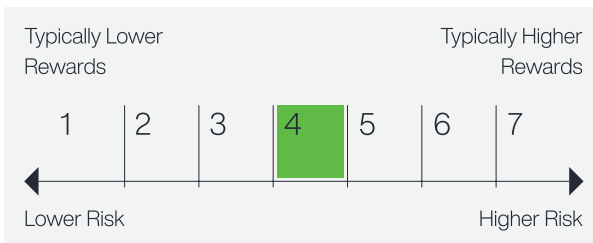
23 February 2024

## 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.

**Alternative Investment Risk:** The Fund may invest in other investment vehicles to gain indirect exposure to alternative investments, such as precious metals and private equity. Exposure to such investments can involve a higher degree of risk that may increase the risk of investment loss. The performance of such vehicles can be volatile and there is a risk that investors may experience a delay in receiving redemption proceeds.

For more information about the Fund's risks please see the Risk Factors section of the Prospectus which is available at [www.waystone.com](http://www.waystone.com).

**CRYSTAL FUND****ACD'S REPORT** continued**FUND INFORMATION** continued**Comparative Table**

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.

**INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>31.01.24</b> pence per share	<b>31.01.23</b> pence per share	<b>31.01.22</b> pence per share
Opening net asset value per share	312.55	315.15	282.65
Return before operating charges*	10.61	1.11	36.00
Operating charges	(3.62)	(3.57)	(3.40)
Return after operating charges	6.99	(2.46)	32.60
Distributions	(2.37)	(0.14)	(0.10)
Closing net asset value per share	317.17	312.55	315.15
* after direct transaction costs of:	0.01	0.03	0.03

**PERFORMANCE**

Return after charges	2.24%	(0.78)%	11.53%
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**OTHER INFORMATION**

Closing net asset value (£'000)	46,047	45,880	48,673
Closing number of shares	14,518,179	14,679,085	15,444,130
Operating charges	1.15%	1.14%	1.11% <sup>1</sup>
Direct transaction costs	–	0.01%	0.01%

**PRICES**

Highest share price	320.51	325.13	325.31
Lowest share price	309.01	304.44	279.29

<sup>1</sup> The operating charges do not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes.

**CRYSTAL FUND****ACD'S REPORT** continued**FUND INFORMATION** continued**Fund Performance to 31 January 2024 (%)**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Crystal Fund	2.83	12.52	32.74
UK Retail Prices Index <sup>1</sup>	4.91	28.31	33.57
FTSE All-Share Index (Total Return) <sup>1</sup>	1.90	27.46	30.42
UK Official Bank Rate <sup>1</sup>	5.02	7.02	8.02

<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 309.

**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 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	DEBT SECURITIES – 58.99% (31.01.23 – 51.25%)		
£1,020,000	UK Treasury 0.25% 31/1/2025	977	2.12
£2,594,000	UK Treasury 1.25% 22/7/2027	2,387	5.18
£2,390,000	UK Treasury 2.75% 7/9/2024	2,360	5.13
£966,000	UK Treasury 0.125% Index Linked Gilts 22/3/2026	1,400	3.04
US\$2,850,000	US Treasury 3% 30/6/2024	2,218	4.82
US\$2,745,000	US Treasury 4.5% 30/11/2024	2,149	4.67
US\$1,593,000	US Treasury Inflation Protected Securities 0.125% 15/7/2024	1,604	3.48
US\$1,312,000	US Treasury Inflation Protected Securities 0.125% 15/4/2026	1,155	2.51
US\$2,108,000	US Treasury Inflation Protected Securities 0.125% 15/7/2026	2,034	4.42
US\$3,985,000	US Treasury Inflation Protected Securities 0.125% 15/1/2031	3,321	7.21
US\$1,150,000	US Treasury Inflation Protected Securities 0.375% 15/1/2027	1,099	2.39
US\$3,543,100	US Treasury Inflation Protected Securities 0.75% 15/2/2042	3,064	6.65
US\$1,460,000	US Treasury Inflation Protected Securities 0.875% 15/1/2029	1,340	2.91
US\$1,612,000	US Treasury Inflation Protected Securities 2.375% 15/1/2025	2,055	4.46
	TOTAL DEBT SECURITIES	<u>27,163</u>	<u>58.99</u>
	EQUITIES – 25.91% (31.01.23 – 26.21%)		
	UNITED KINGDOM – 6.35% (31.01.23 – 7.00%)		
35,116	Diageo	1,004	2.18
13,650	Experian	450	0.98
38,267	Unilever	1,472	3.19
	TOTAL UNITED KINGDOM	<u>2,926</u>	<u>6.35</u>

**CRYSTAL FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

Holding	Portfolio of Investments	Value £'000	31.01.24 %
	CONTINENTAL EUROPE – 5.43% (31.01.23 – 4.50%)		
9,205	Heineken	686	1.49
15,360	Nestlé	1,386	3.01
3,291	Pernod Ricard	428	0.93
	TOTAL CONTINENTAL EUROPE	<u>2,500</u>	<u>5.43</u>
	NORTH AMERICA – 14.13% (31.01.23 – 14.71%)		
3,728	Agilent Technologies	381	0.83
9,052	Alphabet 'A'	995	2.16
3,256	American Express	513	1.11
5,400	Becton Dickinson	1,013	2.20
4,486	Microsoft	1,400	3.04
898	Moody's	276	0.60
5,800	Procter & Gamble	716	1.56
5,652	Visa	1,213	2.63
	TOTAL NORTH AMERICA	<u>6,507</u>	<u>14.13</u>
	TOTAL EQUITIES	<u>11,933</u>	<u>25.91</u>
	COMMODITIES – 12.62% (31.01.23 – 13.73%)		
12,823	Invesco Physical Gold ETC <sup>1</sup>	1,992	4.33
52,400	iShares Physical Gold ETC <sup>1</sup>	1,641	3.56
14,100	WisdomTree Physical Swiss Gold <sup>1</sup>	2,176	4.73
	TOTAL COMMODITIES	<u>5,809</u>	<u>12.62</u>
	FORWARD CURRENCY CONTRACTS – 0.45% (31.01.23 – 0.40%)		
US\$(2,807,000)	Vs £2,292,533 (expiry 15/2/2024) <sup>2</sup>	89	0.19
US\$(165,000)	Vs £2,134,597 (expiry 15/2/2024) <sup>3</sup>	5	0.01
US\$(8,772,000)	Vs £7,000,435 (expiry 15/3/2024) <sup>2</sup>	114	0.25
US\$(4,159,000)	Vs £3,263,210 (expiry 16/4/2024) <sup>2</sup>	(1)	–
	TOTAL FORWARD CURRENCY CONTRACTS	<u>207</u>	<u>0.45</u>

**CRYSTAL FUND**  
**ACD'S REPORT** continued  
**PORTFOLIO STATEMENT** continued  
as at 31 January 2024

<b>Holding</b>	<b>Portfolio of Investments</b>	<b>Value £'000</b>	<b>31.01.24 %</b>
	Portfolio of investments <sup>4</sup>	45,112	97.97
	Net other assets	935	2.03
	Net assets	<u>46,047</u>	<u>100.00</u>

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: UBS.

<sup>3</sup> Counterparty: BNY Mellon.

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

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

for the year ended 31 January 2024

Total purchases for the year £'000 (note 15)	15,031	Total sales for the year £'000 (note 15)	12,248
<u>Major purchases</u>	<u>Cost £'000</u>	<u>Major sales</u>	<u>Proceeds £'000</u>
US Treasury 4.5% 30/11/2024	2,266	Gold Bullion Securities	2,101
UK Treasury 1.25% 22/7/2027	2,263	UK Treasury 0.125% 31/1/2024	2,100
US Treasury 3% 30/6/2024	2,228	UK Treasury 2.25% 7/9/2023	1,973
iShares Physical Gold ETC	1,637	UK Treasury 0.75% 22/7/2023	1,390
UK Treasury 2.75% 7/9/2024	1,373	US Treasury Inflation Protected Securities 2.875% 30/11/2023	1,190
UK Treasury 0.125% Index Linked Gilts 22/3/2026	1,358	US Treasury Inflation Protected Securities 0.125% 15/7/2024	1,130
US Treasury Inflation Protected Securities 0.125% 15/4/2026	1,128	Visa	688
UK Treasury 0.25% 31/1/2025	950	US Treasury Inflation Protected Securities 2.5% 31/1/2024	665
US Treasury Inflation Protected Securities 0.125% 15/7/2026	498	Franco-Nevada	556
Invesco Physical Gold ETC	462	American Express	229

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



**CRYSTAL FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**  
for the year ended 31 January 2024

	Notes	£'000	31.01.24 £'000	£'000	31.01.23 £'000
Income:					
Net capital gains/(losses)	3		493		(399)
Revenue	4	879		565	
Expenses	5	(517)		(521)	
Net revenue before taxation		362		44	
Taxation	6	(18)		(23)	
Net revenue after taxation			344		21
<b>Total return before distributions</b>			837		(378)
Distributions	7		(344)		(21)
<b>Change in net assets attributable to shareholders from investment activities</b>			493		(399)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 January 2024

	Note	31.01.24 £'000	31.01.23 £'000
Opening net assets attributable to shareholders		45,880	48,673
Amounts payable on redemption of shares		(500)	(2,394)
Change in net assets attributable to shareholders from investment activities		493	(399)
Unclaimed distributions	2	174	-
<b>Closing net assets attributable to shareholders</b>		46,047	45,880

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**BALANCE SHEET**  
as at 31 January 2024

	Notes	31.01.24 £'000	31.01.23 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		45,113	42,023
<b>Current assets</b>			
Debtors	8	75	562
Cash and bank balances	9	1,263	3,600
<b>Total assets</b>		<u>46,451</u>	<u>46,185</u>
<b>LIABILITIES</b>			
<b>Investment liabilities</b>			
		(1)	-
<b>Creditors</b>			
Distribution payable	10	(344)	(21)
Other creditors	10	(59)	(284)
<b>Total liabilities</b>		<u>(404)</u>	<u>(305)</u>
<b>Net assets attributable to shareholders</b>		<u>46,047</u>	<u>45,880</u>

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 January 2024

**1. Accounting Policies**

The accounting policies described on pages 21 to 23 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 24 have been applied to the financial statements of the Fund in the current and prior year.

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

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

	31.01.24 £'000	31.01.23 £'000
Non-derivative securities	(9)	1,429
Forward currency contracts	680	(1,862)
Transaction charges	–	(1)
AMC rebates from underlying investments	1	5
Currency (losses)/gains	(179)	30
Net capital gains/(losses)	<u>493</u>	<u>(399)</u>

**4. Revenue**

	31.01.24 £'000	31.01.23 £'000
Non-taxable dividends	219	279
Interest on debt securities	606	264
Bank interest	49	18
Collateral interest	5	4
Total revenue	<u>879</u>	<u>565</u>

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

5. Expenses

	31.01.24 £'000	31.01.23 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	457	466
Legal and professional fees	5	4
Typesetting costs	3	3
Registration fees	14	14
TCFD fees	3	-
	482	487
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	17	17
Safe custody and other bank charges	4	5
	21	22
Other expenses:		
Audit fees	12	10
Representation fees	2	2
	14	12
Total expenses	<u>517</u>	<u>521</u>

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 2024

## 6. Taxation

	31.01.24 £'000	31.01.23 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	18	23
Current tax charge	18	23
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	18	23

### 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%) (31.01.23: 20%). The difference is explained below:

	31.01.24 £'000	31.01.23 £'000
Net revenue before taxation	362	44
Corporation tax at 20%	72	9
Effects of:		
Non-taxable dividends	(44)	(56)
Indexation allowance	(2)	–
Prior year adjustment	1	–
AMC rebates taken to capital	–	1
(Utilisation of)/unutilised excess management expenses	(27)	46
Corporation tax charge	–	–
Overseas tax	18	23
Total tax charge (note 6a)	18	23

### c) Deferred tax

At the year end there is a potential deferred tax asset of £890,000 (31.01.23: £917,000) 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 2024

## 7. Distributions

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

	31.01.24 £'000	31.01.23 £'000
Interim	–	–
Final	344	21
Net distributions for the year	344	21

Details of the distributions per share are set out in the table on page 309.

## 8. Debtors

	31.01.24 £'000	31.01.23 £'000
Sales awaiting settlement	–	230
Accrued revenue:		
Non-taxable dividends	7	7
Interest from debt securities	67	51
AMC rebates from underlying investments	–	2
	74	60
Prepaid expenses	1	1
Amounts due from brokers	–	271
Total debtors	75	562

## 9. Cash and Bank Balances

	31.01.24 £'000	31.01.23 £'000
Bank balances	1,263	3,600
Total cash and bank balances	1,263	3,600

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

## 10. Creditors

	31.01.24 £'000	31.01.23 £'000
Distribution payable	344	21
<b>Other Creditors</b>		
Purchases awaiting settlement	–	229
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	39	39
Legal and professional fees	1	1
Typesetting costs	3	2
Registration fees	1	1
TCFD fees	2	–
	46	43
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	1
Safe custody and other bank charges	1	1
	2	2
Other expenses	11	10
Total other creditors	59	284

## 11. Related Party Transactions

The Annual Management Charge, TCFD fees and legal and professional fees payable to Waystone Management (UK) Limited ('WMUK') ('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 294. There were no amounts due at the year end.

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

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	28.51% (31.01.23: 28.20%)
FundSettle Nominees Limited	71.01% (31.01.23: 71.32%)

## 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.01.23: none).

## 13. Shares in Issue

	<b>Income</b>
Annual Management Charge	1.00%
Opening shares in issue	14,679,085
Issues	–
Redemptions	<u>(160,906)</u>
Closing shares in issue	<u>14,518,179</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.



**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

**(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. Bonds in which the Fund invests are government securities 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>31.01.24</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>
Bank of New York Mellon	5
UBS	202

At 31 January 2024, cash collateral of £nil (31.01.23: £271,000) was held with UBS. These amounts are included in amounts due from brokers in note 8.

<b>31.01.23</b> <b>Counterparty</b>	<b>Forward currency contracts £'000</b>
Bank of New York Mellon	84
UBS	98

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

for the year ended 31 January 2024

**(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 2024 a one basis point change in the yield would have an impact of £11,000 on the direct net assets of the Fund (31.01.23: £11,000).

The table below shows the direct interest rate risk profile:

	31.01.24 £'000	31.01.23 £'000
Floating rate investments	17,072	17,182
Fixed rate investments	10,091	6,330
Investments on which interest is not paid	17,950	18,511
Investment liabilities on which interest is not paid	(1)	-
Total investments	<u>45,112</u>	<u>42,023</u>

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.

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

The table below shows the direct foreign currency risk profile:

	31.01.24 Gross £'000	31.01.24 Hedged £'000	31.01.24 Net £'000
Currency:			
Euros	1,114	–	1,114
Swiss francs	1,386	–	1,386
US dollars	28,238	(12,484)	15,754
	<u>30,738</u>	<u>(12,484)</u>	<u>18,254</u>
Pounds sterling	15,102	12,691	27,793
Net assets	<u>45,840</u>	<u>207</u>	<u>46,047</u>
	31.01.23 Gross £'000	31.01.23 Hedged £'000	31.01.23 Net £'000
Currency:			
Euros	551	–	551
Swiss francs	1,514	–	1,514
US dollars	30,263	(13,764)	16,499
	<u>32,328</u>	<u>(13,764)</u>	<u>18,564</u>
Pounds sterling	13,370	13,946	27,316
Net assets	<u>45,698</u>	<u>182</u>	<u>45,880</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 £913,000 on the net assets of the Fund (31.01.23: £928,000).

**(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.

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
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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 95.57% of the portfolio can be liquidated within 5 days and 96.34% within 21 working days (31.01.23: 93.15% within 5 days and 97.17% within 21 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 £2,245,000 (31.01.23: £2,092,000). 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 2024

15. Portfolio Transaction Costs

31.01.24	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	691	-	-	691
Collective investment schemes	2,099	-	-	2,099
Debt securities	12,241	-	-	12,241
Purchases total	<u>15,031</u>	<u>-</u>	<u>-</u>	<u>15,031</u>
Transaction cost % of purchases total		-	-	
Transaction cost % of average NAV		-	-	
Ordinary shares	1,700	(1)	-	1,699
Collective investment schemes	2,101	-	-	2,101
Debt securities	8,448	-	-	8,448
Sales total	<u>12,249</u>	<u>(1)</u>	<u>-</u>	<u>12,248</u>
Transaction cost % of sales total		0.01%	-	
Transaction cost % of average NAV		-	-	

Average portfolio dealing spread at 31.01.24 is 0.08% (31.01.23: 0.21%).

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
**NOTES TO THE FINANCIAL STATEMENTS** continued  
for the year ended 31 January 2024

31.01.23	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	592	-	1	593
Debt securities	13,670	-	-	13,670
Purchases total	<u>14,262</u>	<u>-</u>	<u>1</u>	<u>14,263</u>
Transaction cost % of purchases total		-	0.01%	
Transaction cost % of average NAV		-	-	
Ordinary shares	8,549	(3)	-	8,546
Debt securities	7,919	-	-	7,919
Sales total	<u>16,468</u>	<u>(3)</u>	<u>-</u>	<u>16,465</u>
Transaction cost % of sales total		0.02%	-	
Transaction cost % of average NAV		0.01%	-	

The collective investment schemes include exchange traded commodities.

**CRYSTAL FUND**  
**FINANCIAL STATEMENTS** continued  
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**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>31.01.24</b>				
Investment assets	44,905	208	–	45,113
Investment liabilities	–	(1)	–	(1)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>31.01.23</b>				
Investment assets	41,841	182	–	42,023

## CRYSTAL FUND

### FINANCIAL STATEMENTS continued

### DISTRIBUTION TABLE

for the year ended 31 January 2024 – 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	01.02.23
To	31.01.24

#### INCOME SHARES

There were no interim distributions allocated in the current or prior year.

Final	Net Revenue	Equalisation	Payable 31.03.24	Paid 31.03.23
Group 1	2.3651	–	2.3651	0.1420
Group 2	2.3651	0.0000	2.3651	0.1420



## 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

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 Crystal Fund is on each Thursday which is a business day and the last business day of every month in London at 12:00 noon. 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 and Trojan Ethical Global Income Fund are published in the *Financial Times*. The prices of shares in the Crystal Fund are not currently published in the *Financial Times*. The prices of all shares are published on every dealing day on the ACD's website: [www.waystone.com](http://www.waystone.com) 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.waystone.com](http://www.waystone.com).

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. Information about the Financial Ombudsman can be found on its website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

### 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 Qualified Investors in Switzerland

The Company may only be offered in Switzerland to qualified investors within the meaning of Art. 10 para. 3 and 3ter CISA.

In Switzerland, the representative and the paying agent is REYL & Cie Ltd, Rue du Rhône 4, CH-1204 Geneva.

The relevant documents of the Company as well as the annual report may be obtained free of charge from the representative.

## GENERAL INFORMATION continued

In respect of the shares offered in Switzerland, the place of performance is the registered office of the representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor.



**Waystone**

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