

# The Equity Income Trust for Charities

Q4 2017

For eligible charities only.  
All data expressed as at 29<sup>th</sup> December 2017

## Investment objective and policy

The Equity Income Trust for Charities aims to provide a portfolio yield in excess of the FTSE All-Share Index, targeting a premium of 30 per cent, through investing predominately in UK equities. The income provision will be the primary objective. The Trust's secondary target is to provide capital growth in order that its total return exceeds that of the FTSE All-Share Index over rolling five-year periods.

Subject to cash being reasonably held for redemptions and expenses, it is the intention of the Fund to remain fully invested except where market conditions necessitate the use of a defensive investment strategy which involves the holding of cash or near cash.

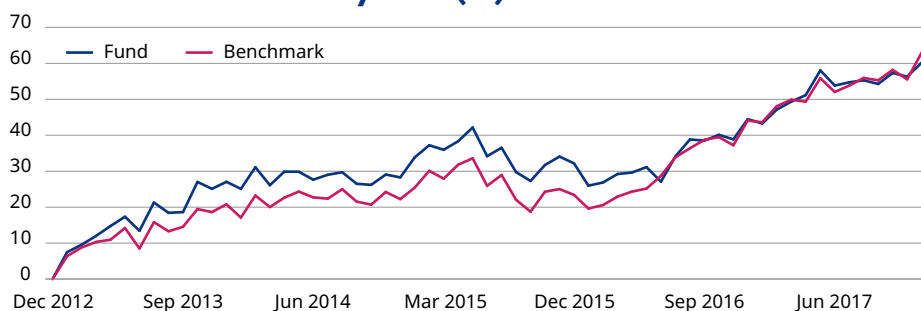
## Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	2.5	3.9	4.2	10.9	10.9	24.9	60.2	98.8
Benchmark	4.8	5.0	7.2	13.1	13.1	33.3	63.0	84.5

Discrete yearly performance (%)	Q4 2016 – Q4 2017	Q4 2015 – Q4 2016	Q4 2014 – Q4 2015	Q4 2013 – Q4 2014	Q4 2012 – Q4 2013
Fund	10.9	9.3	3.1	1.0	27.0
Benchmark	13.1	16.8	1.0	1.2	20.8

## Performance over 5 years (%)



**Past performance is not a reliable indicator of future results, prices of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested.**

Some performance differences between the fund and the benchmark may arise because the fund performance is calculated at a different valuation point from the benchmark.

Source: Schroders, bid to bid price with net income reinvested, net of the ongoing charges and portfolio costs and, where applicable, performance fees.

## Income payments

2017	Ex-distribution date	Payment date	Rate per unit
Interim	31 <sup>st</sup> October 2017	15 <sup>th</sup> December 2017	1.60p
Interim	31 <sup>st</sup> July 2017	15 <sup>th</sup> September 2017	1.15p
Interim	30 <sup>th</sup> April 2017	15 <sup>th</sup> June 2017	1.15p
Final	31 <sup>st</sup> January 2017	15 <sup>th</sup> March 2017	0.80p

**Matt Hudson**  
Fund Manager

**Michael Zorko**  
Deputy Fund Manager



## Technical information

Fund launch date	2 <sup>nd</sup> December 2002
Total fund size (£)	314.9 million
Total number of holdings	50
Unit price end of month (p)	97.97
Benchmark	FTSE All-Share Total Return
Managed fund since	2 <sup>nd</sup> December 2002
Investment manager	Schroders
Ethical restriction	No tobacco

## Financial information

	Fund	Benchmark
Annual volatility (%)	12.0	12.6
Beta	0.9	-
Predicted tracking error (%)	3.0	-
P/E ratio	19.0	17.7
Dividend yield (%)	4.3	3.5

The above ratios are based on bid-to-bid price based performance data. These financial ratios refer to the average of the equity holdings contained in the fund's portfolio and in the benchmark (if mentioned) respectively.

## Purchase information

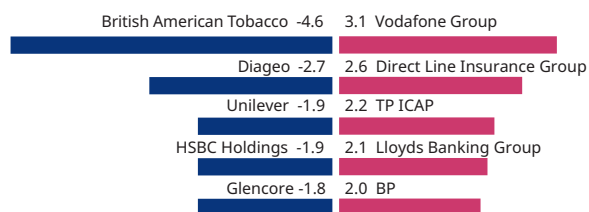
SEDOL	Acc: BF31D94 Inc: 3231164
Bloomberg	Inc: CAZEICI:LN
ISIN	Acc: GB00BF31D949 Inc: GB0032311648
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Annual management charge	0.5%
Minimum investment amount	£10,000 and £1,000 thereafter

## Holdings analysis

Top 10 holdings	Sector	% NAV
Royal Dutch Shell	Oil & Gas	7.7
BP	Oil & Gas	6.1
Vodafone Group	Telecommunications	5.8
HSBC Holdings	Financials	4.3
Lloyds Banking Group	Financials	4.1
GlaxoSmithKline	Health Care	3.9
Prudential	Financials	3.6
Rio Tinto	Basic Materials	3.3
National Grid	Utilities	3.2
Direct Line Insurance Group	Financials	2.8
<b>Total</b>		<b>44.6</b>

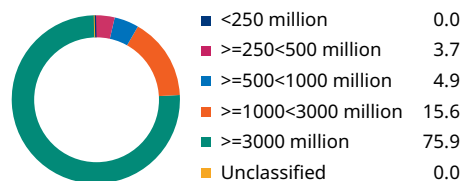
### Underweights (%)

### Overweights (%)



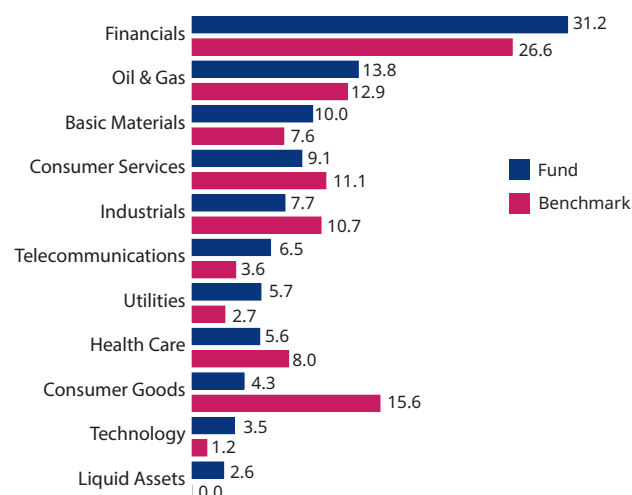
Compared to the benchmark.

### Market cap split (%)



Overweights and underweights data are based on fund's exposure to holdings grouped by name.

## Asset allocation (%)



The commitment linked to any equity index futures contracts, if present, is deducted from cash. Source: Schroders.

## Performance and portfolio activity

While the Fund was behind the FTSE All Share Index over the quarter, it still achieved its primary income target objective and was able to grow the dividend over the year.

Commodities were the best performing sector, alongside Industrial Metals, Oils and Mining. The weakest sectors included Tobacco, Pharmaceuticals, Media and Telcoms.

Overall sector position was a positive in the quarter, in part due to the zero weighting (the Fund is unable to own) in the Tobacco sector which underperformed. However, stock contribution was disappointing as weak trading updates from Greene King, Provident Financial and Ashmore in particular impacted returns and outweighed the positive contributions from portfolio holdings in companies such as TP Icap, Computacenter and Rio Tinto.

Purchases during the period included additions to holdings in dividend growth stocks such as Croda and BHP Billiton and new holdings in Computacenter and Fidessa in the software sector and more recently Go-Ahead in Transport. These transactions were funded by reducing existing positions in Aviva, National Express and BAe Systems and complete disposals of New River Retail and British Land. The Fund remains overweight in Value Defensives and Financials and underweight in Growth Defensives.

The Fund declared a third interim dividend of 1.15 pence per share in the period, an increase of 4.5% per cent on the comparative period of 2016. While we expect further volatility in the rate of dividend growth in the UK, partly due to the changes in the sterling vs USD rate, the manager believes that underlying dividend growth will remain positive and will continue to manage the underlying portfolio to maintain the substantial premium to the market and grow the dividend in real terms.

**For further information, please contact  
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