

The Equity Income Trust for Charities

Q1 2018

For eligible charities only.
All data expressed as at 29th March 2018

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.

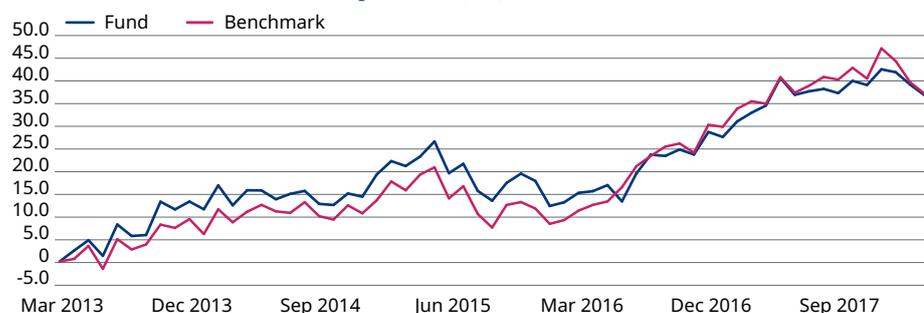
Subject to cash being reasonably held for redemptions and expenses, it is the intention of the Fund to remain fully invested except where market conditions necessitate the use of a defensive investment strategy which involves the holding of cash or near cash.

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	-1.7	-4.1	-0.4	-4.1	2.9	13.0	37.2	114.3
Benchmark	-1.8	-6.9	-2.3	-6.9	1.2	18.6	37.6	90.6

Discrete yearly performance (%)	Q1 2017 – Q1 2018	Q1 2016 – Q1 2017	Q1 2015 – Q1 2016	Q1 2014 – Q1 2015	Q1 2013 – Q1 2014
Fund	2.9	15.6	-4.9	7.8	12.6
Benchmark	1.2	22.0	-3.9	6.6	8.8

Performance over 5 years (%)



The return received may rise or fall as a result of currency fluctuations.

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

2018	Ex-distribution date	Payment date	Rate per unit
Final	31 st January 2018	15 th March 2018	0.82p
Interim	31 st October 2017	15 th December 2017	1.60p
Interim	31 st July 2017	15 th September 2017	1.15p
Interim	30 th April 2017	15 th June 2017	1.15p

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Matt Hudson
Fund Manager



Michael Zorko
Deputy Fund Manager



Technical information

Fund launch date	2 nd December 2002
Total fund size (£)	296.9 million
Total number of holdings	50
Unit price end of month (£)	93.19
Benchmark	FTSE All-Share Total Return
Managed fund since	2 nd December 2002
Investment manager	Schroders
Ethical restriction	No tobacco

Financial information

	Fund	Benchmark
Annual volatility (%)	12.0	12.9
Alpha (%)	-0.7	-
Beta	0.8	-
Information ratio	-0.3	-
Sharpe ratio	0.3	0.4
Predicted tracking error (%)	2.8	-
P/Book value	1.7	1.5
P/E ratio	15.5	13.9
Predicted P/E ratio	13.8	14.2
ROE (%)	12.6	14.9
Dividend yield (%)	4.4	3.8
3 year earnings growth (%)	13.5	9.3

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

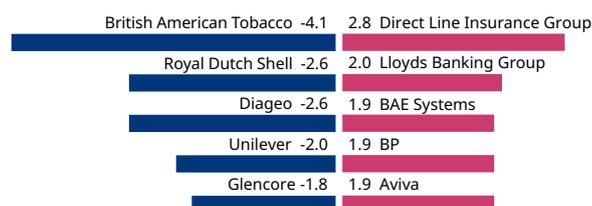
SEDOL	Acc: BF31D94 Inc: 3231164
Bloomberg	Acc: - Inc: CAZEICI:LN
ISIN	Acc: GB00BF31D949 Inc: GB0032311648
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Ongoing charges	0.61%
Minimum investment amount	£10,000

Holdings analysis

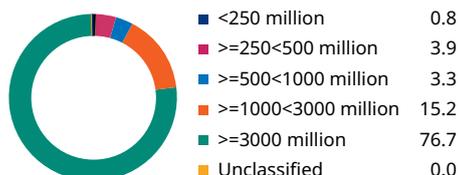
Top 10 holdings	Sector	% NAV
BP	Oil & gas	6.0
Royal Dutch Shell	Oil & gas	5.7
GlaxoSmithKline	Health care	4.4
Vodafone Group	Telecommunications	4.2
HSBC Holdings	Financials	4.1
Lloyds Banking Group	Financials	4.0
Rio Tinto	Basic materials	3.3
National Grid	Utilities	3.1
Direct Line Insurance Group	Financials	3.0
AstraZeneca	Health care	2.9
Total		40.6

Underweights (%)

Overweights (%)

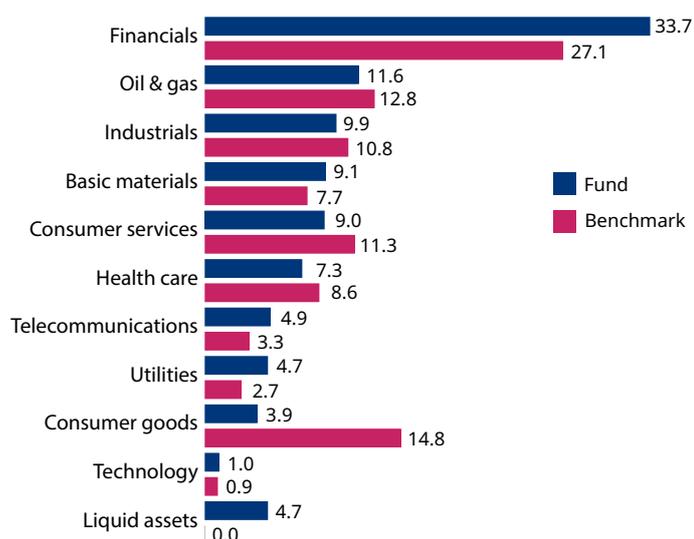


Market cap split (%)



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

Asset allocation (%)



Liquid Assets contain cash, deposits and money market instruments with maturities of up to 397 days, which are respectively not part of the core investment objective and policy. The commitment linked to the equity index futures contracts, if present, is deducted from cash. Source: Schroders

Performance and portfolio activity

The first quarter of 2018 marked the return of volatility to the markets. Growth optimism spurred a rally in January, which unwound in February and March as rising inflation in the US and fears of a trade war jolted the markets.

The Fund delivered a total return of -4.1% over the quarter, ahead of the FTSE All Share return of -6.9%. By comparison the average return from the Morningstar UK Equity Income universe was -6.1%, leaving the Fund in the first quartile of the relevant income peer group for the quarter.

Stock selection and the relative positioning both contributed positively to performance. The biggest contributors to performance were owning Fidessa (which rallied strongly following a bid approach) and not holding Tobacco (which performed poorly). Other positive contributors included Elementis, Go Ahead, IB Stock and Royal Mail. Negative contributors included Vodafone, Headlam, Hastings, TP ICAP and Man Group.

During the period the manager took profits in a number of companies including Prudential, Phoenix, IB Stock and TP ICAP (before the disappointing update) and Royal Mail. Proceeds were invested in several new holdings which included WM Morrison, Savills and LSE. The manager also topped up holdings where the share prices have lagged the market, such as Premier Asset Management and Aviva.

The Trust paid a dividend of 0.82p per unit in the quarter representing further positive growth year on year.

**For further information, please contact
Jeremy Barker, Portfolio Director, on 020 7658 1107
or jeremy.barker@cazenovecapital.com**

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