

The Equity Income Trust for Charities

Q2 2017

For eligible charities only.
All data expressed as at 30th June 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.

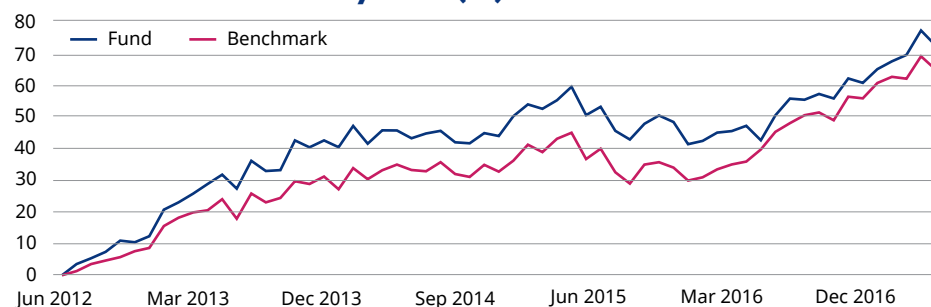
Subject to cash being reasonably held for redemptions and expenses, it is the intention of the Fund to remain fully invested except where market conditions necessitate the use of a defensive investment strategy which involves the holding of cash or near cash.

Performance analysis

Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	-2.7	3.0	6.5	6.5	21.0	20.5	72.9	87.7
Benchmark	-2.5	1.4	5.5	5.5	18.1	23.9	65.2	68.5

Discrete yearly performance (%)	1 Jul 2016 – 30 Jun 2017	1 Jul 2015 – 30 Jun 2016	1 Jul 2014 – 30 Jun 2015	1 Jul 2013 – 30 Jun 2014	1 Jul 2012 – 30 Jun 2013
Fund	21.0	-5.3	5.1	12.5	27.5
Benchmark	18.1	2.2	2.6	13.1	17.9

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. The since launch performance of the benchmark cannot be shown as it did not exist at the Fund's launch date.

Source: Schroders, 1 Inc bid-to-bid price with net income reinvested, net of the ongoing charges and portfolio costs and, where applicable, performance fees.

Income payments

2016/2017	Ex-distribution date	Payment date	Rate per unit
Interim	30 th April 2017	15 th June 2017	1.15p
Final	31 st January 2017	15 th March 2017	0.80p
Interim	31 st October 2016	15 th December 2016	1.53p
Interim	31 st July 2016	15 th September 2016	1.15p

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Matt Hudson

Fund manager



Technical information

Fund launch date	2 nd December 2002
Total fund size (£)	333.4 million
Total number of holdings	52
Unit price end of month (p)	96.76
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 (%)	12.9	13.6
Beta	0.9	-
Predicted Tracking Error (%)	3.2	-
P/E Ratio	20.2	20.0
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

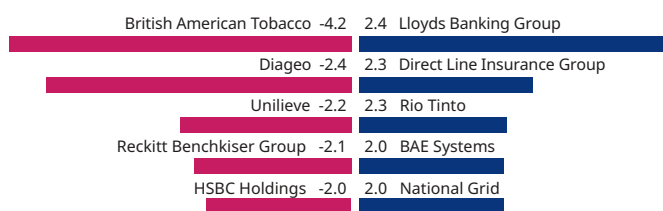
SEDOL	Acc: BF31D94 Inc: 3231164
Bloomberg	Inc: CAZEICI:LN
ISIN	Acc: GB00BF31D949 Inc: GB0032311648
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Annual management charge	0.5%
Minimum investment amount	£10,000 and £1,000 thereafter

Holdings analysis

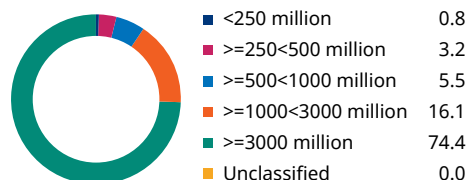
Top 10 holdings	Sector	% NAV
Royal Dutch Shell	Oil & Gas	5.5
GlaxoSmithKline	Health Care	5.2
BP	Oil & Gas	5.0
Lloyds Banking Group	Financials	4.4
Vodafone Group	Telecommunications	4.4
HSBC Holdings	Financials	4.2
Rio Tinto	Basic Materials	3.9
National Grid	Utilities	3.4
BAE Systems	Industrials	2.9
Prudential	Financials	2.7
Total		41.6

Underweights (%)

Overweights (%)

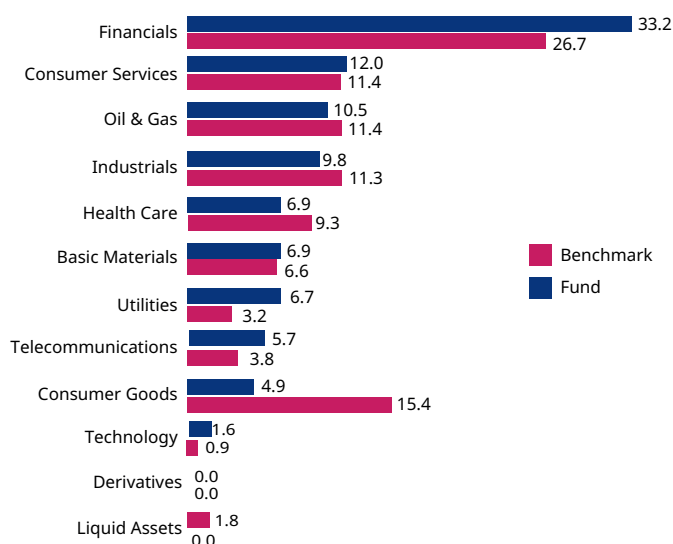


Market cap split (%)



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

The Fund delivered a total return of +3.0% over the quarter, ahead of the FTSE All Share return of +1.4%.

At the sector level, underweight holdings in the Mining sector and overweight holdings in the Non Life Insurance sector contributed positively to performance. By contrast, overweight holdings in the Financial Services sector held back relative performance.

At the stock level, positive drivers included portfolio positions in Hastings, Berendsen, IBStock and Electrocomponents. However, weak performances from Provident Financial, Headlam, DFS and ITV held back returns.

During the period, the Fund reduced its exposure to some of the more highly rated names that have performed well, such as Relx and JLT. When the manager originally bought JLT it traded on a low price earnings ratio, but after a strong run, it has re-rated to a premium to the market. The manager invested the proceeds into 'value' areas of the market, including a new holding in Computacenter and increasing the exposure to banks by participating in the Allied Irish Bank IPO, the first European stock within the portfolio.

The boost to the UK dividend base from the fall in sterling is now in the past, with market dividend growth currently relying primarily on underlying profit growth going forwards. On the positive side, the synchronised cyclical recovery that we see this year, has helped drive earnings improvements, though the UK slowdown expected in the second half of the year may hold back many UK companies. The Fund retains a balanced income profile and the manager remains confident of delivering a growing distribution for the year. During the quarter the Fund distributed 1.15p per unit, representing 5% year on year growth.

**For further information, please contact
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