



## Trojan Ethical Income Fund

All data as at 31 July 2017

www.taml.co.uk

The investment objective of the Trojan Ethical Income Fund is to provide income with the potential for capital growth in the medium term. Its investment policy is to invest substantially in UK and overseas equities. Trojan Ethical Income Fund may also invest in fixed interest securities, indices, deposits, collective investment schemes and money market instruments. The Fund will invest in accordance with the parameters of its ethical investment criteria\*. Any comparisons against indices are for illustrative purposes only.

\*As at 28 July the ethical investment criteria were changed, further details are outlined under Ethical Investment Criteria below.

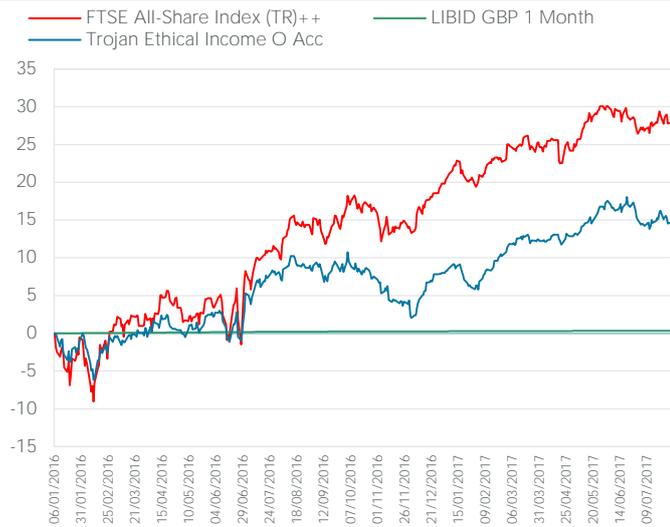
### Prices

114.65p	111.24p
'O' accumulation shares	'O' income shares

### Dividend Yield Fund Size

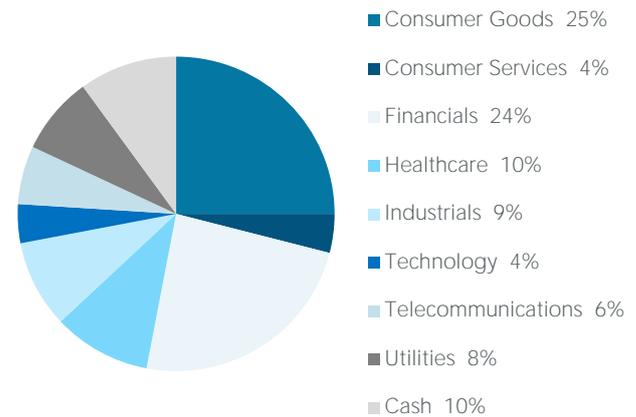
3.0%	£61m
'O' income shares	

### Percentage Growth from 06/01/2016 to 31/07/2017



Source: Lipper

### Asset Allocation



Asset allocation subject to change

\*\*The FTSE All Share (TR) is shown as a reference but the ethical restrictions placed on the portfolio mean that at all times the constitution of the portfolio will be markedly different from the index and therefore performance may vary significantly.

Total Return to 31 July 2017	06/01/2016 Since launch	31/07/16 1 year	31/01/17 6 months
Trojan Ethical Income Fund O Acc	+14.7%	+6.4%	+7.8%
LIBID GBP 1 Month*	+0.4%	+0.1%	+0.1%
FTSE All-Share Index (TR) <sup>†</sup>	+27.9%	+14.9%	+7.1%

Discrete Calendar Annual Returns	2016 <sup>#</sup>	2017 YTD
Trojan Ethical Income Fund O Acc	+8.0%	+6.2%

\*London Inter Bank Bid Rate

<sup>#</sup>from 6 January 2016

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Past performance is not a guide to future performance

Source: Lipper

### July Commentary

The Fund produced a return of -0.3% in June compared to +1.2% for the FTSE All-Share Index (TR). Although many of the Fund's investments performed well, the absolute return generated during the month was limited by weak performance from the Fund's UK pharmaceutical holdings.

The announcement of a failed lung cancer drug trial caused AstraZeneca to fall by more than 15%, effectively reversing the gains of the year to date and returning the share price to its January lows. This was a blow to Astra's important immuno-oncology franchise. The share price adjustment has reflected the future loss of revenue and we believe the valuation is now reasonable.

GlaxoSmithKline's quarterly report was received only slightly more positively. The strategy laid out by Emma Walmsley, the new CEO, was greeted with scepticism by a market weary of new initiatives to enhance R&D productivity. This combined badly with a modest downgrade to earnings guidance to precipitate a -4.1% intraday fall. We continue to hold both stocks on attractive yields, in excess of 4.8% and 5.2% respectively.

On a more positive note the Fund's ethical investment criteria mean that the portfolio is not exposed to the tobacco sector which, following the US regulator's announced intention to place further restrictions on the industry, was the largest detractor from the

FTSE All Share Index's return. We rarely speak about what we do not own but it is important to highlight how the ethical criteria have the potential to enhance returns by excluding sectors where the activities of an industry expose it to higher regulatory or legislative scrutiny.

At the end of the period the Fund declared a provisional interim dividend of 1.735p which equates to a 1.6% yield on the ex-dividend share price. The relatively modest 2% uplift is a reflection of a desire to rebalance the total annual distribution in favour of the final dividend. The income account remains robust and the prospects for the full year are encouraging.

## Ethical Investment Criteria

Trojan Ethical Income Fund will invest based on specific ethical investment criteria as well as adhering to Troy's fundamental stock selection process. For inclusion in the Fund's investible universe, potential investments will be screened against ethical investment criteria using a combination of third party data and the Investment Manager's primary research. The present ethical investment criteria mean that the Fund will not invest in any organisation which:

Tobacco – makes more than 10% of its total turnover from tobacco products.

Pornography – derives more than 3% of its total turnover from pornography or adult entertainment.

Fossil Fuels – (a) derives more than 33% of its total turnover from the refining or extraction of, or generation of power from, fossil fuels and/ or (b) derives more than 10% of its turnover from coal mining activities. Companies whose listing falls within Oil & Gas sector are also excluded.

Armaments – (a) generates more than 10% of its total turnover from strategic military supplies relating to conventional weapons and/ or (b) produces key parts of, or provides services for, cluster munitions systems, and/ or (c) is alleged to have contravened the convention on anti-personnel mines in the last ten years and which has not addressed the allegations, and/ or (d) manufactures products, or provides services, which are all or part of a nuclear weapons system.

Alcohol (New Restriction) – derives more than 10% of its total turnover from the sale or production of alcohol.

Gambling (New Restriction) – derives more than 10% of its total turnover from gambling (including spread betting).

High Interest Rate Lending (New Restriction) – derives more than 25% of its total turnover from high interest rate lending (high interest being defined as lending at an annual percentage rate (APR) of over 100%).

Source: Troy Asset Management Limited

Top 10 holdings	% Fund
Unilever	4.5
GlaxoSmithKline	3.3
Lloyds	3.3
National Grid	3.0
Novartis	2.9
Royal Mail	2.7
Vodafone	2.7
American Express	2.6
Nestlé	2.6
Compass Group	2.5
Total Top 10	30.1
36 other holdings	59.8
Cash & Equivalent	10.1
Total	100.0

Holdings subject to change

## Fund information

A copy of the latest Prospectus and the KIID for each class (in English) upon which you should base your investment decision is available from Capita Financial Managers Ltd, the Fund's Authorised Corporate Director and Capita Financial Administrators Ltd (Authorised and Regulated by the Financial Conduct Authority) on 0345 608 0950.

Structure	Ongoing Charges	Dealing
Sub-fund of Trojan Investment Funds	'O' (ordinary) shares: 1.18%	Daily at noon
UCITS	'S' (charity) shares: 0.93%	Tel: 0345 608 0950
Investment Adviser	'I' (intermediary) shares: 1.68%	Registrar
Troy Asset Management Ltd	Dividend Ex Dates	Capita Financial Administrators Ltd
33 Davies Street	1 August (interim), 1 February (final)	Auditor
London W1K 4BP	Dividend Pay Dates	Ernst & Young LLP
Tel: 020 7499 4030	30 September (interim), 31 March (final)	Depository
Fax: 020 7491 2445	Dividend Yield	BNY Mellon Trust & Depository (UK) Ltd
email: busdev@taml.co.uk	3.02%	Bloomberg (O shares)
Fund Manager	Authorised Corporate Director	TEIFOAC_LN (O Acc), TEIFOIN_LN (O Inc)
Hugo Ure	Capita Financial Managers Ltd	SEDOL (O shares)
Currency	Tel: 0345 300 2110	BYMLFK3 (O Acc), BYMLFL4 (O Inc)
£ Sterling	ISIN	Pricing
Launch Date	GB00BYMLFL45 (O Inc), GB00BYMLFK38 (O Acc)	"O" share class prices published daily in the FT
06 January 2016	GB00BYMLFN68 (I Inc), GB00BYMLFM51 (I Acc)	
	GB00BYMLFR07 (S Inc), GB00BYMLFO99 (S Acc)	

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