



# Trojan Ethical Income Fund

All data as at 31 January 2018

[www.taml.co.uk](http://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.

### Prices

**117.62p**

'O' accumulations shares

**112.34p**

'O' income shares

### Dividend Yield

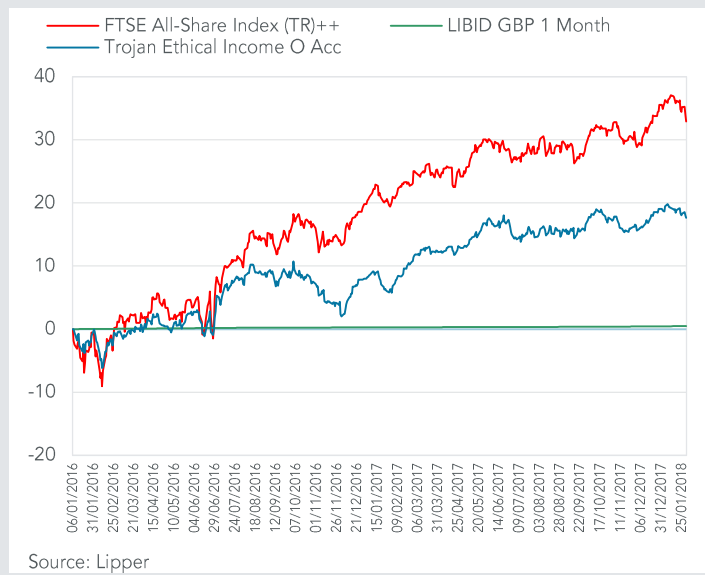
**3.0%**

'O' income shares

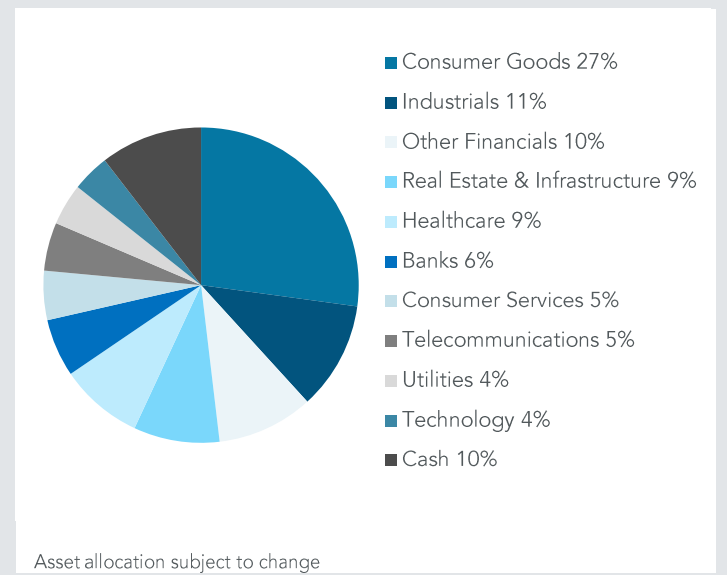
### Fund Size

**£70m**

### Percentage Growth from 06/01/2016 to 31/01/2018



### Asset Allocation



| Total Return to 31 January 2018  | 06/01/16<br>Since launch | 31/01/17<br>1 year | 31/07/17<br>6 months |
|----------------------------------|--------------------------|--------------------|----------------------|
| Trojan Ethical Income Fund O Acc | +17.6%                   | +10.6%             | +2.6%                |
| LIBID GBP 1 Month*               | +0.5%                    | +0.2%              | +0.1%                |
| FTSE All-Share Index (TR)+       | +32.9%                   | +11.3%             | +3.9%                |

| Discrete Calendar Annual Returns | 2016 <sup>#</sup> | 2017   | 2018 YTD |
|----------------------------------|-------------------|--------|----------|
| Trojan Ethical Income Fund O Acc | +8.0%             | +10.2% | -1.2%    |

\*London Inter Bank Bid Rate

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

© FTSE International Limited 2018.

**Past performance is not a guide to future performance**

Source: Lipper

### January Commentary

The Fund produced a return of -1.2% in January compared to -1.9% for the FTSE All-Share Index (TR).

An encouraging update from Next (+13.6%) came with the news that the company would use its prodigious cash flow to start a new share buyback programme. Next has been a superb example of how intelligent capital allocation can enhance shareholder returns in the long term. In fact, over one third of the company's share capital has been bought back over the past decade.

The performance of equities and the Fund was held back by the impact of

rising bond yields. Interest rates and bond yields have risen from low levels following firmer economic data, recently boosted by the Trump tax cuts. Market earnings growth has accelerated over the past year in response. However, this growth is from a return on equity base which is high by historic standards. Cost pressures and higher interest rates, not to mention ongoing technological change, may act as a brake on strong market earnings growth. We focus on companies where healthy returns and growth can be sustained in the long run and prefer shares where better economic conditions are helpful for the investment

case, rather than being essential. Ultimately, this is what drives the sustainable income and capital growth we seek to deliver in the Fund.

The total estimated Fund dividend for the January year end is 3.4p, an increase of 2.4% year-on-year. Rising cash levels within the Fund and a weaker US dollar both detracted from the total sterling income generated. However, we feel positive about the future income generating capacity of the Fund, especially with the number of opportunities to invest increasing.

## 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** – derives more than 10% of its total turnover from the sale or production of alcohol.

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

**High Interest Rate Lending** – 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          | 3.9    |
| Lloyds            | 3.5    |
| GlaxoSmithKline   | 3.3    |
| Compass Group     | 3.2    |
| Next              | 3.1    |
| Colgate-Palmolive | 3.0    |
| Procter & Gamble  | 2.9    |
| Experian          | 2.9    |
| Reckitt Benckiser | 2.6    |
| Vodafone          | 2.6    |
| Total Top 10      | 31.0   |
| 37 other holdings | 58.5   |
| Cash & Equivalent | 10.5   |
| 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 Link Fund Solutions Ltd, the Fund's Authorised Corporate Director and Link Fund Administrators Ltd (Authorised and Regulated by the Financial Conduct Authority) on 0345 608 0950.

|  |   |  |
|--|---|--|
| <b>Structure</b><br>Sub-fund of Trojan Investment Funds<br>UCITS   | <b>Ongoing Charges</b><br>'O' (ordinary) shares: 1.17%<br>'S' (charity) shares: 0.92%                   | <b>Dealing</b><br>Daily at noon<br>Tel: 0345 608 0950                    |
| <b>Investment Adviser</b><br>Troy Asset Management Limited<br>33 Davies Street<br>London W1K 4BP<br>Tel: 020 7499 4030<br>Fax: 020 7491 2445<br>email: busdev@taml.co.uk | <b>Dividend Ex Dates</b><br>1 August (interim), 1 February (final)                                      | <b>Registrar</b><br>Link Fund Administrators Limited                     |
| <b>Fund Manager</b> Hugo Ure   | <b>Dividend Pay Dates</b><br>30 September (interim), 31 March (final)                                   | <b>Auditor</b><br>Ernst & Young LLP                                      |
| <b>Currency</b> £ Sterling   | <b>Dividend Yield</b> 3.02%   | <b>Depository</b><br>The Bank of New York Mellon (International) Limited |
| <b>Launch Date</b> 06 January 2016   | <b>Authorised Corporate Director</b><br>Link Fund Solutions Limited<br>Tel: 0345 300 2110               | <b>Bloomberg (O shares)</b><br>TEIFOAC_LN (O Acc), TEIFOIN_LN (O Inc)    |
|  | <b>ISIN</b><br>GB00BYMLFL45 (O Inc), GB00BYMLFK38 (O Acc)<br>GB00BYMLFR07 (S Inc), GB00BYMLFQ99 (S Acc) | <b>SEDOL (O shares)</b><br>BYMLFK3 (O Acc), BYMLFL4 (O Inc)              |
|  |   | <b>Pricing</b><br>"O" share class prices published daily in the FT       |

## Important Information

Fund performance data provided is calculated net of fees unless stated otherwise. Past performance is not a guide to future performance. All references to benchmarks are for comparative purposes only. Overseas investments may be affected by movements in currency exchange rates. The value of an investment and any income from it may fall as well as rise and investors may get back less than they invested. Neither the views nor the information contained within this document constitute investment advice or an offer to invest or to provide discretionary investment management services and should not be used as the basis of any investment decision. Any decision to invest should be based on information contained in the prospectus, the relevant key investor information document and the latest report and accounts. The investment policy and process of the fund(s) may not be suitable for all investors. If you are in any doubt about whether the fund(s) is/are suitable for you, please contact a professional adviser. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities.

Although Troy Asset Management Limited considers the information included in this document to be reliable, no warranty is given as to its accuracy or completeness. The opinions expressed are expressed at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice. Third party data is provided without warranty or liability and may belong to a third party.

The fund(s) is/are registered for distribution to the public in the UK and Ireland but not in any other jurisdiction. The distribution of shares of sub-funds of Trojan Investment Fund ("Shares") in Switzerland is made exclusively to, and directed at, qualified investors ("Qualified Investors"), as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. Qualified Investors can obtain the prospectus, the key investor information document(s) (edition for Switzerland), the instrument of incorporation, the latest annual and semi-annual report, and further information free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva, Switzerland.

In Singapore, the offer or invitation to subscribe for or purchase Shares is an exempt offer made only: (i) to "institutional investors" pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "Act"), (ii) to "relevant persons" pursuant to Section 305(1) of the Act, (iii) to persons who meet the requirements of an offer made pursuant to Section 305(2) of the Act, or (iv) pursuant to, and in accordance with the conditions of, other applicable exemption provisions of the Act. This document may not be provided to any other person in Singapore.

Issued by Troy Asset Management Limited, 33 Davies Street, London W1K 4BP (registered in England & Wales No. 3930846). Registered office: Hill House, 1 Little New Street, London EC4A 3TR. Authorised and regulated by the Financial Conduct Authority (FRN: 195764). All reference to FTSE indices or data used in this presentation is © FTSE International Limited ("FTSE") 2018. 'FTSE' is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence.

Copyright Troy Asset Management Ltd 2018