



# Trojan Ethical Income Fund

All data as at 31 May 2020

www.taml.co.uk

The investment objective of the Trojan Ethical Income Fund is to seek to achieve income with the potential for capital growth in the medium term (3 to 5 years). Its investment policy is to invest at least 80% of its assets in UK and overseas equities, including investment trusts and real estate investment trusts and equity-related securities. At least 60% of its assets will be invested in UK equities and equity-related securities. A maximum of 30% of its assets may also be invested in overseas equities and equity-related securities.

**Prices**

**130.66p**

'O' accumulation shares

**115.83p**

'O' income shares

**Dividend Yield**

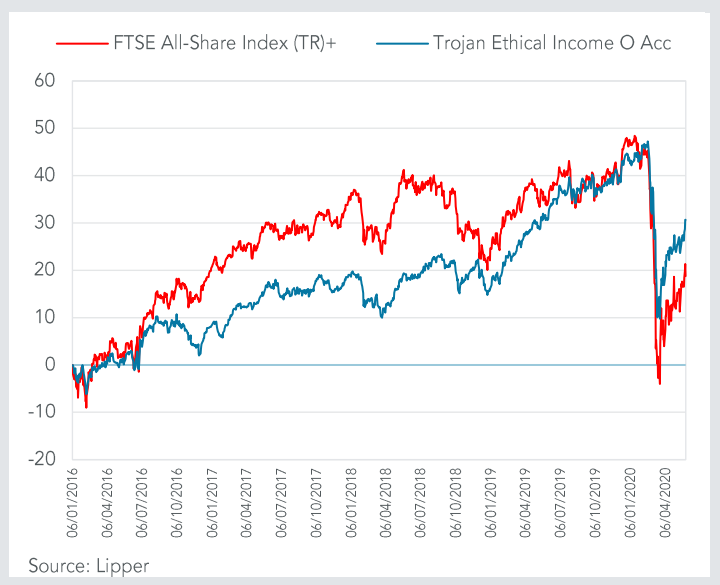
**2.98%**

'O' income shares

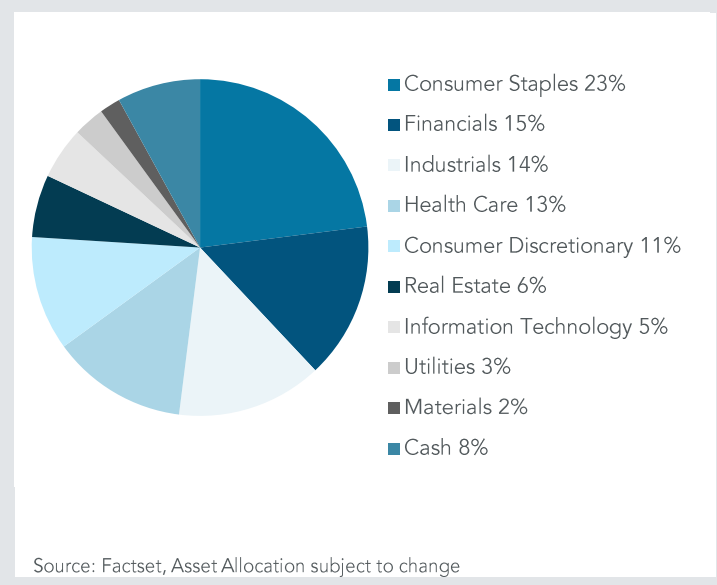
**Fund Size**

**£246m**

**Percentage Growth from 06/01/2016 to 31/05/2020**



**Asset Allocation**



Total Return to 31 May 2020	06/01/16 Since launch	31/05/17 3 years	31/05/19 1 year	30/11/19 6 months
Trojan Ethical Income Fund O Acc	+30.7%	+11.5%	-0.3%	-7.6%
FTSE All-Share Index (TR)*	+18.8%	-8.4%	-11.2%	-16.1%

Discrete Calendar Annual Returns	2016 <sup>#</sup>	2017	2018	2019	2020 YTD
Trojan Ethical Income Fund O Acc	+8.0%	+10.2%	-2.9%	+23.9%	-8.7%

Source: Lipper

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

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

**May Commentary**

Your Fund delivered a total return of +2.5% during the month compared to +3.4% the return of the FTSE-All Share Index (TR).

As governments around the globe started to ease lockdown measures, the equity market recovery gained new impetus. Shares of debt-laden businesses that had fallen precipitously in the crisis bounced particularly hard. For such companies, even a modest movement in enterprise value leads to a dramatic percentage change in the price of the equity. We tend to avoid highly indebted companies and so did not fully participate in the rally. It was this more prudent approach that also shielded investors from the worst of the first quarter's fall.

Having said that, many less indebted companies also gained during the month.

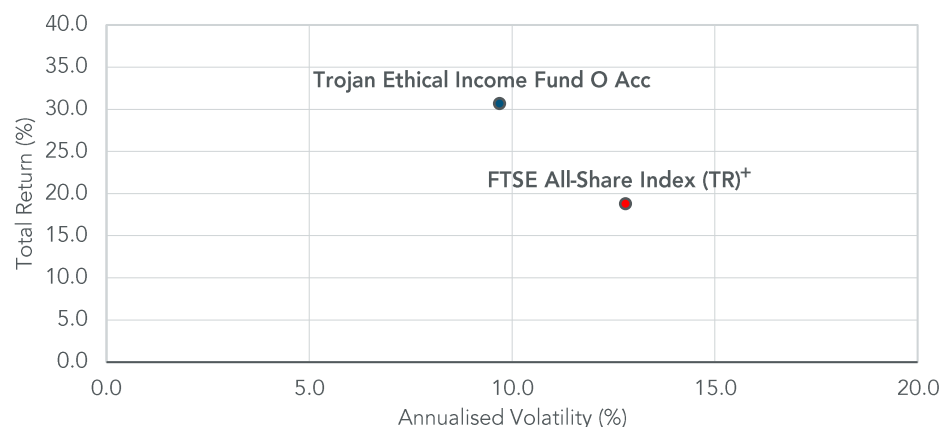
Intertek, a new addition to the portfolio in March, was amongst the best performing stocks in the portfolio. Troy has followed the progress of this testing, inspection, and certification (TIC) company since 2011. The company holds a strong market position as one of three diversified, global, publically listed TIC companies that dominate this otherwise fragmented industry. Intertek also boasts attractive financial metrics, with operating margins >17% and returns on invested capital >20%. Solid organic growth is supplemented with modest acquisitions whilst maintaining a conservative balance sheet. All this is underpinned by well-established trends in outsourcing, regulation and globalisation. New opportunities in 'assurance' services, sustainability and environmental impact assessments will provide avenues for future innovation and growth. Such trends are

likely to have a greater impact on the long-term value of the business than the current headwinds related to Covid-19.

We favour cash generative businesses which are able to support sustained dividend growth over more capital intensive dividend stocks which are often encumbered by a conflict between reinvestment and distribution. Our investment in Intertek, at a historic free cash flow yield\* above 6%, is a reflection of this preference. We believe it will further enhance the portfolio's ability to deliver future growth of both dividends and capital.

\*The free cash flow yield is the free cash flow generated by the company divided by its market value.

## Return vs volatility since launch (06/01/2016)



Source: Lipper

Risk analysis since launch (22/03/19)	Trojan Ethical Income Fund O Acc	FTSE All-Share Index (TR)
Total Return	+30.7%	+18.8%
Max Drawdown <sup>1</sup>	-25.4%	-35.3%
Best Month	+5.7%	+6.4%
Worst Month	-9.1%	-15.1%
Positive Months	+63.5%	+61.5%
Annualised Volatility <sup>2</sup>	+9.7%	+12.8%

Source: Lipper 1. Measures the worst investment period<sup>2</sup> Measured by standard deviation of annual returns

Top 10 holdings	% Fund
Unilever	5.2
RELX	4.9
Reckitt Benckiser	4.1
Colgate-Palmolive	3.8
Experian	3.7
National Grid	3.5
Nestlé	3.5
GlaxoSmithKline	3.0
AstraZeneca	2.8
Paychex	2.8
<b>Total Top 10</b>	<b>37.4</b>
35 other holdings	55.0
Cash & Equivalent	7.6
<b>Total</b>	<b>100.0</b>

Source: Factset. 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> Sub-fund of Trojan Investment Funds UCITS	<b>Ongoing Charges</b> 'O' (ordinary) shares: 1.02% 'S' (charity) shares: 0.77%	<b>Dealing</b> Daily at noon Tel: 0345 608 0950
<b>Investment Manager</b> Troy Asset Management Limited 33 Davies Street London W1K 4BP Tel: 020 7499 4030 Fax: 020 7491 2445 email: busdev@taml.co.uk	<b>Dividend Ex Dates</b> 1 August (interim), 1 February (final)	<b>Registrar</b> Link Fund Administrators Limited
<b>Fund Manager</b> Hugo Ure	<b>Dividend Pay Dates</b> 30 September (interim), 31 March (final)	<b>Auditor</b> Ernst & Young LLP
<b>Currency</b> £ Sterling	<b>Net Yield (historic 'O' Inc shares)</b> 2.98%	<b>Depository</b> The Bank of New York Mellon (International) Limited
<b>Launch Date</b> 06 January 2016	<b>Authorised Corporate Director</b> Link Fund Solutions Limited Tel: 0345 300 2110	<b>Bloomberg (O shares)</b> TEIFOAC_LN (O Acc), TEIFOIN_LN (O Inc)
<b>Benchmarks</b> For more information on the benchmarks used please refer to the 'use of benchmarks' section in the fund information sheet, available from our <a href="#">website</a>	<b>ISIN</b> GB00BYMLFL45 (O Inc), GB00BYMLFK38 (O Acc) GB00BYMLFR07 (S Inc), GB00BYMLFQ99 (S Acc)	<b>SEDOL (O shares)</b> BYMLFK3 (O Acc), BYMLFL4 (O Inc)
		<b>Pricing</b> "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. The historic yield reflects distributions declared over the past twelve months as a percentage of the fund's price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The yield is not guaranteed and will fluctuate. The fund may use currency forward derivatives for the purpose of efficient portfolio management. 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. Derivatives (whose value is linked to that of another investment, e.g. company shares, currencies) may be used to manage the risk profile of the fund. 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 of 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](http://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") 2020. 'FTSE' is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence.