

THE INCOME TRUST FOR CHARITIES



Alex Smitten
Fund manager

INVESTMENT OBJECTIVE AND POLICY

The Income Trust for Charities aims to provide a high and secure level of income through predominantly investing in United Kingdom Government and other fixed interest securities, or derivatives thereof. The Trust may invest up to 20 per cent of its net asset value on a currency hedged basis in bonds denominated in currencies other than sterling. The target for the Trust is a total return ahead of the FTSE Government All Stocks Index over rolling five-year periods.

On 16/01/2015 Charity Fixed Interest Fund merged into The Income Trust for Charities.

TECHNICAL INFORMATION

Fund launch date	31 st October 1997
Total fund size (£)	54 million
Total number of holdings	38
Unit price end of month (p)	64.22
Benchmark	FTSE Government All Stocks Index
Managed fund since	1 st December 2000

PERFORMANCE ANALYSIS

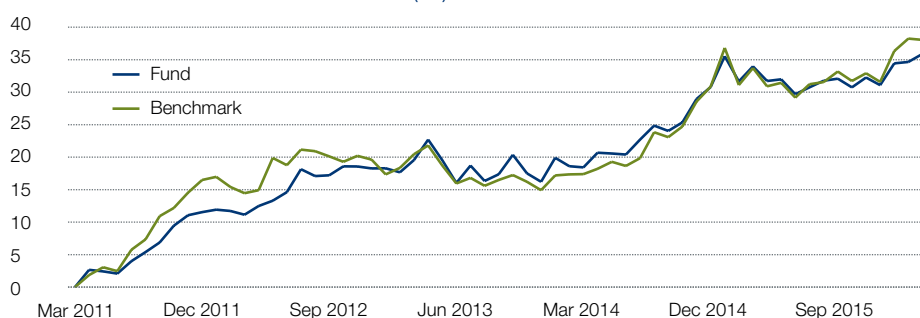
Performance (%)	1 month	3 months	6 months	YTD	1 year	3 years	5 years	10 years
Fund	0.9	3.7	2.9	3.7	1.4	13.7	35.9	68.1
Benchmark	-0.1	4.9	3.7	4.9	3.2	14.6	38.1	74.6

Discrete yearly performance (%)	1 st Apr 2015 – 31 st Mar 2016	1 st Apr 2014 – 31 st Mar 2015	1 st Apr 2013 – 31 st Mar 2014	1 st Apr 2012 – 31 st Mar 2013	1 st Apr 2011 – 31 st Mar 2012
Fund	1.4	13.1	-1.0	7.6	11.2
Benchmark	3.2	13.9	-2.6	5.3	14.5

FINANCIAL INFORMATION

	Fund
Effective duration of fund in years	9.52
Effective duration of index in years	10.43
Effective yield (%)	2.13
Distribution yield (%)	3.1
Average credit rating	AA-
Annual volatility over 3 years (%)	5.68

PERFORMANCE OVER 5 YEARS (%)



PURCHASE INFORMATION

SEDOL	Acc: BF31DF0 Inc: 0169332
Bloomberg	Inc: CAZIFCI:LN
ISIN	Acc: GB00BF31DF00 Inc: GB0001693323
Fund base currency	GBP
Dealing frequency	Daily (12:00 GMT)
Annual management charge	0.3%
Minimum investment amount	£10,000 and £1,000 thereafter

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, I Inc bid to bid price with net income reinvested, net of the ongoing charges and portfolio costs and, where applicable, performance fees.

INCOME PAYMENTS

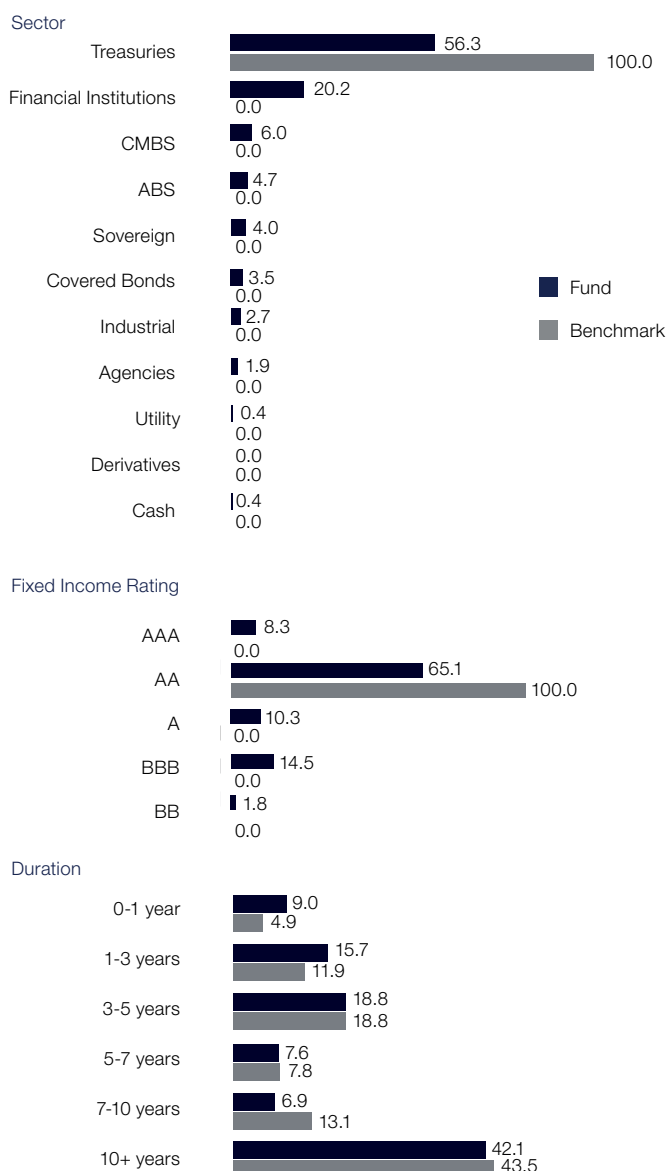
2015	Ex-distribution date	Payment date	Rate per unit
Final	31 st January 2016	15 th March 2016	0.50p
Interim	31 st October 2015	15 th December 2015	0.50p
Interim	31 st July 2015	15 th September 2015	0.50p
Interim	30 th April 2015	15 th June 2015	0.50p

FTSE International Limited ("FTSE"). "FTSE" is a trade mark of the London Stock Exchange Group of companies and is used by FTSE International Limited under licence. All rights in the FTSE indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

HOLDINGS ANALYSIS

Top 10 holdings	Sector	% NAV
United Kingdom Gilt Bond 4.75% 07/12/2038	Treasuries	9.7
United Kingdom Gilt Bond 4.25% 07/12/2055	Treasuries	8.7
United Kingdom Gilt Bond 8% 07/06/2021	Treasuries	8.4
United Kingdom Gilt Bond 4.25% 07/12/2040	Treasuries	7.9
United Kingdom Gilt Bond 4.25% 07/03/2036	Treasuries	7.5
United Kingdom Gilt Bond 5% 07/03/2018	Treasuries	4.5
Guernsey Government Bond 3.375% 12/12/2046	Sovereign	4.0
United Kingdom I/L Gilt Bond 0.125% 22/03/2024	Treasuries	3.9
United Kingdom Gilt Bond 8.75% 25/08/2017	Treasuries	3.1
United Kingdom Gilt Bond 4.25% 07/12/2046	Treasuries	2.7
Total		60.3

ASSET ALLOCATION (%)



Credit ratings are calculated using asset ratings from different rating agencies. Source: Schroders

PERFORMANCE AND PORTFOLIO ACTIVITY

The Fund aims to provide a high and secure level of income through investing in UK government and other fixed interest securities or derivatives thereof. The target is to outperform the FTSE All Stocks Index on a total return basis over 5 year rolling periods.

Bond markets had a very volatile start to 2016 as plunging oil prices and uncertainty over Chinese economic policy continued to dominate investors' behaviour. This backdrop saw 'haven' government bond yields (UK Gilts, US Treasuries, and German Bunds etc.) pushed sharply lower in the first few weeks of the year. Corporate bond spreads were driven sharply wider and banks came under the spotlight as investors feared negative interest rates could have a significant impact on their profitability.

The ten year gilt yield plunged from 1.97% at the end of 2015 to 1.23% in mid-February and then ended the period at 1.41%, despite risk markets (equities in particular) recovering most of their losses for the year. Investment grade bonds recovered some of their losses, but bank and insurance company spreads moved significantly wider over the quarter. Overall, corporate bonds underperformed gilts during this period.

The Fund's short duration position compared to the benchmark hurt relative performance as yields fell. Additionally, the significant holdings in corporate bonds detracted from returns as spreads widened and their relative underperformance against Gilts.

The Fund subscribed to one new issue in the quarter, BBB+ rated Santander UK Senior Bonds 2026 with a starting yield of 3.65% (1.87% above the 10 year gilt yield). The overall duration of the Trust increased modestly to 9.5 years while the benchmark's duration lengthened to 10.4 years by the end of the quarter.

Market volatility seems likely to remain high, particularly for the UK, as the referendum on EU membership in June draws closer. From an overall valuation perspective, little value is seen in a gilt market that expects no increase in bank base rates for at least three years. The manager continues to prefer corporate bonds over gilts and this is reflected in the high weighting of 43% in the Fund at the end of the quarter.

RISK CONSIDERATIONS

More than 35% of the property of the fund may be invested in Government securities. The fund uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund. As a result of the annual management charge being charged wholly to capital, the distributable income of the Fund may be higher, but the capital value of the Fund may be eroded, which may affect future performance.

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

www.cazenovecharities.com

Issued by Schroder & Co. Limited, trading as Cazenove Capital Management. Registered Office at 31 Gresham Street, London, EC2V 7QA. Registered 2280926 England. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This document may include forward-looking statements that are based upon our current opinions, expectations and projections. We undertake no obligation to update or revise any forward looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and an investor may not get back the amount originally invested and may be affected by fluctuations in exchange rates. The levels and bases of tax assumptions may change. You should obtain advice on taxation where appropriate before proceeding with any investment. Unless otherwise stated all data is sourced from Schroders and DataStream. Telephone calls may be recorded for training and monitoring purposes. D16033v2.