



Family Charities Ethical Trust

Interim Short Report 1st April 2016 to 30th September 2016

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Trust during the period it covers, and the results of those activities. For more information about the activities and performance of the Trust for this and previous periods, please contact OneFamily's Customer Service Team on 0344 8 920 920 (calls may be monitored or recorded for training purposes).

Trust performance

This report covers the period from 1st April 2016 to 30th September 2016. During this time, the Family Charities Ethical Trust (Income) returned 10.3% while, over the same period, the Family Charities Ethical Trust (Accumulation) returned 13.1% and the FTSE4Good UK 50 Total Return Share Index returned 14.0%. The difference in performance between the Family Charities Ethical Trust (Accumulation) and the benchmark is mainly due to the management charge being taken from the Trust. The difference between Family Charities Ethical Trust (Income) and Family Charities Ethical Trust (Accumulation) is due to the Income distribution being paid out at year-end.

* Trust performance is based on price movement calculated using a nominal price at close, which will include all charges & distributions payable. The benchmark is not affected by any charges.

Source: (Family Charities Ethical Trust Inc, Family Charities Ethical Trust Acc) OneFamily, basis bid to bid net of tax on dividend, (FTSE4Good UK 50 TR Share Index) State Street Global Advisors (SSGA).

Market background

The UK's referendum on EU membership (Brexit) was the defining event during the reporting period. Sterling strengthened in April as fears of a possible Brexit eased somewhat. UK equities rose, led by the large-cap resources sector, which benefited from a pick-up in commodity prices, a trend that started in the previous quarter.

In May, the results of a new poll appeared to slightly diminish the likelihood of imminent Fed tightening. The poll, released on the final day of May, showed a plurality of voters in favour of leaving the EU. Against high expectations in the market for a 'remain' vote, the poll resulted in a 1% one-day selloff of sterling against the US dollar and euro, and further increased currency volatility, which had been surging prior to the poll's release.

The referendum results announced on 24 June revealed that the UK had voted by a majority of 52% to 48% to leave the EU. The initial market reactions were pronounced: sterling fell dramatically, safe-haven assets like government bonds rallied and equity markets declined. Equities generally staged a recovery in the final days of the second quarter, supported by expectations that interest rates would stay lower for longer.

The Bank of England surprised markets by failing to take action in July, despite an 82% probability priced in markets for a 25-basis-point (bps) cut in the bank's policy rate just the day before. Market reaction was contained, however, as the central bank signalled strongly that new stimulus would be forthcoming at August's meeting of the Monetary Policy Committee (MPC). In August, the MPC announced several easing measures including reducing the policy rate by 25 bps and extending their quantitative easing (QE) programme by £60bn over six months. The QE included a private sector asset purchase programme (consisting of up to £10bn of corporate bonds over the next 18 months) and the introduction of a new Term Funding Scheme.

August's data included positive news in some areas despite the continued anticipated fallout from the Brexit referendum. The CBI's quarterly manufacturing and retail survey balances for August rallied from their July declines, suggesting there was no break in activity immediately following the Brexit vote, and that growth decelerated only moderately in the aftermath of the referendum. GDP growth estimates from the National Institute of Economic and Social Research (NIESR) moderated to 0.3% in the three months to August from 0.4% in the three months to July and 0.6% in the three months to June.

"Hard Brexit" fears resurfaced in September, drowning out UK data improvements from August and September. During the month, the sterling declined and UK equities outperformed.

Activity

During the period, there was generally a steady stream of small daily cash-flows into the portfolio, with a large contribution worth approximately 2.38% of the Fund's market value at the end of May. The contribution was invested in physical equities. Generally, the portfolio's daily flows are invested in FTSE 100 futures as this is the most efficient way to invest cash-flows quickly. If the FTSE futures level rises to a level where it could start to impact risk, the futures would be sold and physical equities would be bought because a significant higher futures level would increase the tracking error of the fund. The ex-ante risk of the portfolio at the end of the period was 0.02%. This low level is in keeping with a passive fund.

Outlook

Looking forward to the remainder of 2016, we continue to view equity markets with caution, in particular in international developed markets where there has been a perceived decline in the efficacy of monetary policy support in the Eurozone and Japan.

State Street Global Advisors

30th September 2016

Investment objective and policy

To achieve long-term capital growth by tracking the total return of the FTSE4Good UK 50 Share Index or such other similar Index as the Manager shall consider appropriate ("the Index"). In order to accurately track this Index, the Trust's investments will closely replicate the holdings in that Index.

Where appropriate, the Trust may use Transferable Securities, Approved Money Market Instruments, units in Collective Investment Schemes, deposits and cash or near cash. Derivatives and Forward Transactions may be used for Efficient Portfolio Management purposes (including hedging).

The Trust may not consist of the exact composition and weighting of the Index in circumstances where the Manager determined that this is expedient for reasons of poor liquidity or excessive cost to the Trust.

Trust facts

Sector:		IA UK All Companies
Trust size:	At 30th Sep 2016	£154
(millions)	At 31st Mar 2016	£131
Initial charge:		nil
Annual management charge:		1.5%
Accounting dates:		Interim 30th September
		Final 31st March
Distribution due dates:		Interim N/A
		Final 31st May

Risk profile

The main risks arising from the Trust's financial instruments are market price, liquidity and currency rate risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks. The value of investments and the income from them is not guaranteed and can go down as well as up.

Net asset value per unit and comparative table

Trust size

At period ended	Mid net asset value	No. of units in issue		Net asset value per unit (pence)	Net asset value per unit (pence)
		Income	Accumulation	Income	Accumulation
September 2014	119,974,535	936,155.4484	17,334,151.8100	495.21	665.08
September 2015	124,303,734	867,003.5440	19,293,602.4432	454.63	623.57
March 2016	131,092,205	838,858.8264	20,289,860.5662	452.35	627.40
September 2016	153,789,785	815,911.4262	21,105,022.8293	504.15	708.93

Unit price range and income history

Accounting period	Income unit prices		Accumulation unit prices		Annual income (net)	
	Highest buying (pence)	Lowest selling (pence)	Highest buying (pence)	Lowest selling (pence)	Income per unit (pence)	Accumulation per unit (pence)
2012	450.00	366.40	561.90	458.20	4.1543	5.2461
2013	492.50	387.60	628.00	494.30	9.6569	12.3158
2014	520.70	454.70	677.60	591.70	10.0138	13.0308
2015	537.80	470.80	714.20	625.10	9.7753	12.9800
2016	530.90	417.40	718.50	564.90	11.2061	15.1668
2017*	514.60	438.50	713.70	608.10	—	—

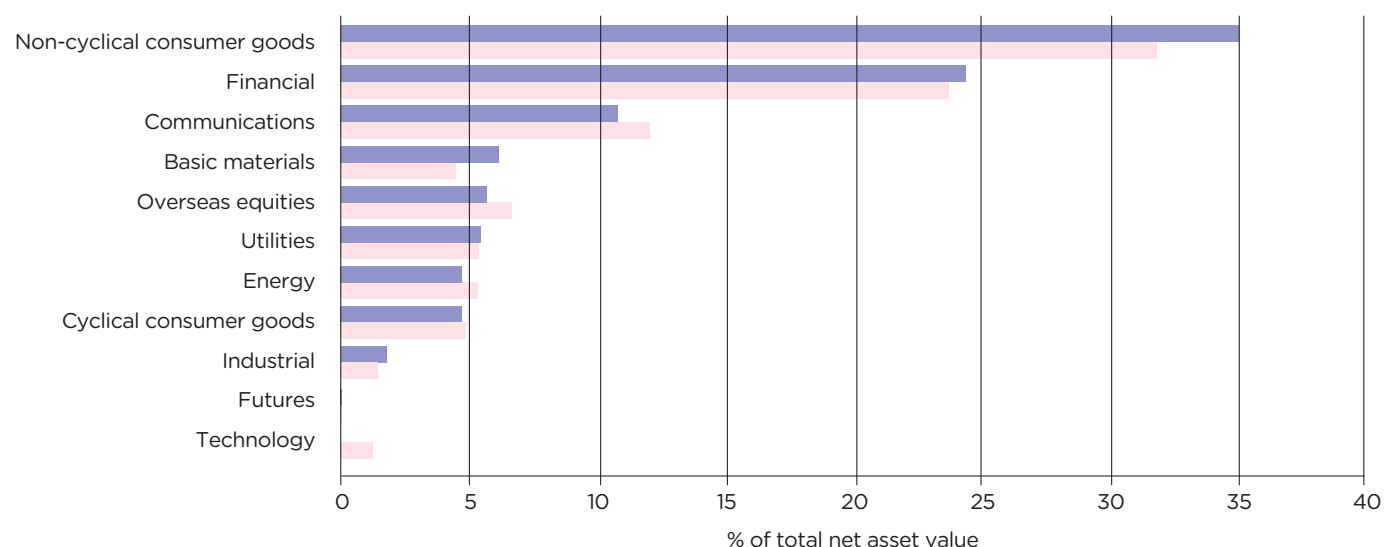
*to 30th September 2016 only

Portfolio information

■ September 2016

■ March 2016

Geographic sector allocation

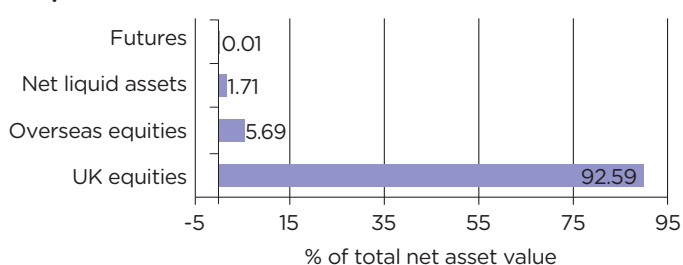


Major holdings

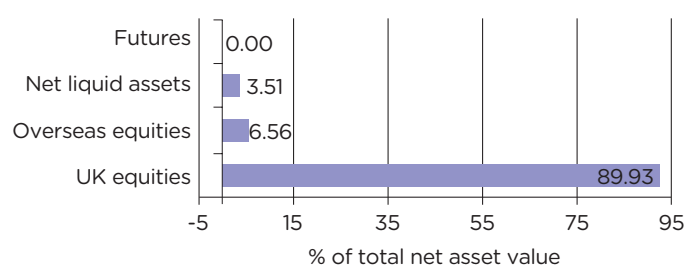
Holding	% of net asset value as at 30/09/16
HSBC Holdings	8.99
GlaxoSmithKline	6.26
Royal Dutch Shell 'A'	5.17
AstraZeneca	4.95
Royal Dutch Shell 'B'	4.68

Holding	% of net asset value as at 31/03/16
HSBC Holdings	7.09
GlaxoSmithKline	5.74
Royal Dutch Shell 'A'	5.71
Royal Dutch Shell 'B'	5.33
Vodafone Group	4.92

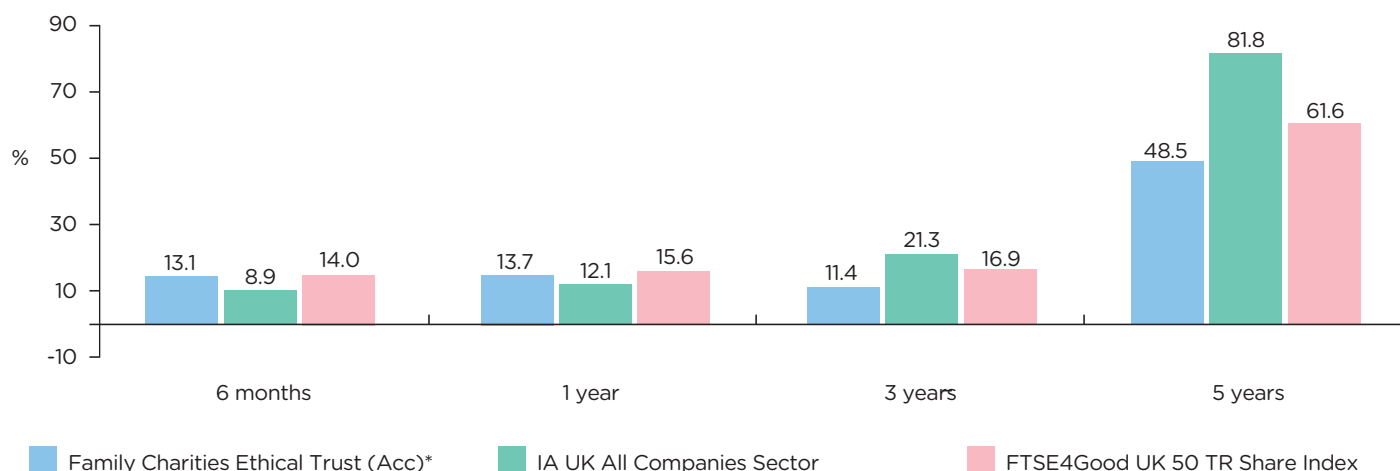
September 2016



March 2016



Cumulative trust performance at 30th September 2016



Source: (Family Charities Ethical Trust Acc) OneFamily, basis bid to bid net of tax on dividend (IA UK All Companies Sector, FTSE4Good UK 50 TR Share Index) Lipper.

Discrete annual performance

	30/09/11 to 28/09/12	28/09/12 to 30/09/13	30/09/13 to 30/09/14	30/09/14 to 30/09/15	30/09/15 to 30/09/16
Family Charities Ethical Trust Income*	11.3%	14.9%	2.4%	(8.0)%	10.9%
Family Charities Ethical Trust Accumulation*	13.7%	17.3%	4.5%	(6.2)%	13.7%

* Trust returns from the two tables above are net of fees (currently 1.5% pa) calculated using a nominal price at close.

Source: OneFamily, bid to bid price

Past performance should not be seen as an indication of future performance.

Investors are reminded that the price of units and the income from them is not guaranteed and may go down as well as up.

Risk and reward profile



1	2	3	4	5	6	7
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The risk and reward profile is designed to give you a guide to the Trust's level of risk and potential for growth. The higher the number, the greater the potential for growth but the greater the risk.

The Trust has a category of five; this is due to the fact that the risk and reward profile is based on volatility of price movement over a five-year period. Therefore the more the price moves during that period the higher the risk and reward profile will be.

The risk and reward profile is a measure of the Trust's past volatility in returns, and is therefore not an indicator of future performance.

Ongoing charges figure (OCF)

At period ended	OCF %
September 2016*	1.48

*Annualised

The OCF is a measure of the Trust's ongoing charges. Apart from the initial charge, all other expenses are included in the OCF. The OCF is an accepted standard for the comparison of cost for authorised trusts, recognised throughout Europe.

Significant Changes

The obligation to produce and publish short reports will cease to apply from 22 November 2016, this will be the last short report distributed for Family Charities Ethical Trust. The annual and half yearly full report and accounts for Family Charities Ethical Trust will still be published and can be found on our website at www.onefamily.com website or by calling us on the number detailed at the front of this report.

Report and Accounts

Copies of the annual and half yearly full Report and Accounts of the Family Charities Ethical Trust are available free of charge on request to the Manager. They are also available in the "Our Story" section of our website www.onefamily.com

Manager and Registrar

Family Investment Management Limited
16 West Street
Brighton BN1 2RE
Tel: 01273 724570
Fax: 01273 736958

Registered in England No. 1915516
The Manager is authorised and regulated by the Financial Conduct Authority.

The Manager is a member of the Investment Association

This report is issued and approved by the Manager.

Investment Advisor

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Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
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