

THE GROWTH TRUST FOR CHARITIES



Interim Report
30th April 2011

The Growth Trust for Charities

(charity number 1065734)

Interim report

(unaudited)

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* These collectively comprise the Manager's report.

Trust status

The Growth Trust for Charities ("the Trust") is a regulated Common Investment Fund established by an Order dated 2 December 2002, made by the Scheme of the Charity Commission for England and Wales ("the Scheme") pursuant to section 24 of the Charities Act 1993. It is not an authorised unit trust within the meaning of the Financial Services and Markets Act 2000.

Trust objective

The Trust aims to protect and enhance the capital value of its units by investing primarily in UK companies identified by the Manager as having above average growth prospects. In seeking to achieve this objective, the Trust will target a total return ahead of the FTSE All-Share Index over rolling five-year periods.

Trust policy

The Manager invests predominantly in sterling denominated securities, weighted towards UK equities. Within the investment guidelines set out below, an active asset allocation policy is adopted to enhance and protect the value of the portfolio whilst generating an income yield of around that of the FTSE All-Share Index.

The Manager will seek to increase the capital value of the Trust by investing in companies with attractive valuations.

The Trust will not invest in securities of companies in the FTSE All-Share Index that manufacture cigarettes and tobacco products as determined by the Manager using the Ethical Investment Research Service (EIRIS). The restriction does not extend to companies that sell tobacco products. In addition, research into the social, environmental and ethical stance of companies is integrated within our investment process because it is our belief that quality companies, operating at an environmentally and socially sustainable level, are more likely to deliver long-term shareholder value. However, the Trust should not be viewed as an ethical fund.

If the Manager believes that a defensive investment strategy is appropriate at a particular time in the business cycle, cash and near cash may comprise up to 20% of the value of the property of the Trust. This range may be exceeded in exceptional circumstances.

Significant events

On 29 November 2010 the Bank of New York Mellon (International) Limited ceased to be the registrar and transfer agent (the provider of unit dealing facilities) for the Trust and from this date these services are provided by J.P. Morgan Europe Limited. This change has been made in a new and revised Scheme Particulars, effective from 29 November 2010. This change was made with the knowledge of the Charity Commission and the Trustee.

Investment guidelines

Security types

	Minimum exposure %	Maximum exposure %
Equities	80	100
Convertible shares	0	20
Preference shares	0	5
Pooled funds	0	20
Warrants	0	5
Fixed interest	0	5

Risk measures

Tracking error*	2 - 4%
Stock range	+/- 3% relative to the stock weighting in the FTSE All-Share Index or
Sector range	+/- 4% relative to the sector weighting in the FTSE All-Share Index

* Tracking error aims to capture the amount of risk a fund takes in comparison to its benchmark. It is a measure of the degree to which a portfolio has deviated or is expected to deviate from a specific benchmark.

Investment guidelines (continued)

Risk measures (continued)

Except for when the weighting of a security equals or exceeds 5% of the FTSE All-Share Index, not more than 5% of the property of the Trust may be invested in securities issued by the same issuer. This can be increased to 10% provided that the total value of the securities exceeding 5% does not exceed 40% in value of the property of the Trust. If the weighting of a security equals or exceeds 5% of the FTSE All-Share Index, the maximum amount the Trust may invest in that security shall be its weighting in the FTSE All-Share Index plus 5%.

The Trust may write options against securities owned by the Trust (i.e. covered). The Trust may not write uncovered options. Options may only be written for the purpose of efficient portfolio management (EPM). The purpose of an EPM transaction must be to achieve one of the following aims: to reduce risk, reduce cost or generate additional capital or income for the Trust with no, or an acceptably low level of risk.

The Trust may enter into underwriting and placing contracts (when a manager agrees to buy an issue from a party that is issuing a security at a specified price). The underwriter will receive commission for this service, which will potentially produce additional revenues for the Trust.

Investment will be made in transferable securities issued by a company incorporated within a Member State of the European Economic Area (EEA).

The parameters noted above in the investment guidelines may be breached owing to market movements.

The asset allocation as at 30 April 2011 was as follows:

	%	%
UK equities	96.10	Net other assets
		3.90

Investment Manager's report

Performance

As at 30 April 2011, the bid price of the Trust was 132.40 pence per unit. Over the six months ending 30 April 2011 the Trust delivered a total return of 9.6% compared to the FTSE All-Share Index total return of 9.1%.

In sector terms the Trust benefited from its overweight positions in the outperforming Oil and Gas, Healthcare Equipment and Fixed Line Telecommunications sectors. Underweight positions in the Gas, Water and Multiutilities and Household Goods sectors also added value. Performance was hampered by the overweight position in the Mobile Telecommunications sector and underweights in Technology Hardware, Tobacco and Mining.

On a stock specific basis, the Trust benefited from its holding in Wood (John), which outperformed on the back of its gearing to the oil price, and a number of well-received strategic announcements over the period. Other positive influences included overweight positions in BG, Carphone Warehouse and Xstrata. The underweights in Standard Chartered and Reckitt Benckiser also made positive contributions. On the negative tack, overweight positions in Tesco, BAE Systems and Lloyds Banking were unhelpful, and underweights in outperforming BHP Billiton and ARM were also detrimental to performance.

Distributions

Distributions for the 6 months ending 30 April 2011 totalled 2.2 pence per unit. The Trust's current yield is 3.3% based on the last four distributions paid.

Investment Manager's report (continued)

Economic and market review

Over the last six months, the global economy has continued its subdued recovery from the 2008/09 recession and there are signs that some areas are possibly reaching a sustainable expansion phase. Employment data from the US has been encouraging and it is hoped that the economy is showing the beginnings of a sustainable upturn. Germany continues to show very strong growth led by increasing trade surpluses. Disappointingly, aside from the over-indebted peripheral Eurozone economies, growth in the UK has been the most disappointing. An unexpected contraction of -0.5% in Q4 2010, caused by interruptions from the adverse weather in December, has been followed by a meagre expansion of just +0.5% in Q1 2011, meaning that UK growth over the last six months has been broadly flat.

Commodity prices have experienced a rapid increase from the lows reached in early 2009, possibly as one of the side effects of vast expansions of western central banks' balance sheets in response to the financial crisis. Political unrest in the MENA region over Q1 2011 caused a further spike in prices, particularly for oil. Global inflation, which had been steadily increasing, has accelerated. This has led to a more rapid tightening of monetary policy in the majority of emerging markets over Q1 2011 than the more tentative interest rate increases seen in 2010. In developed markets, the ECB, traditionally the most inflation-averse of the major central banks, became the first to raise interest rates in April. The Federal Reserve remains on an expansionary policy path with quantitative easing (QE) set to continue until the end of June. The Bank of England remains in between, choosing to maintain the level of asset purchases at £200bn and the interest rate at 0.5% since March 2010, despite both core and headline inflation remaining consistently above the target rate. In the latest Inflation Report, the Bank of England forecast a significant chance that CPI inflation will reach 5% this year. Undoubtedly, the UK inflation rate will fall back in 2012 when effects from the 2011 VAT increase and most of the energy price increases feed through the numbers, but we remain concerned about the continuing squeeze on real household incomes caused by high inflation in a time of low wage growth.

Portfolio activity

Across the market we have continued to look for stocks whose growth prospects are, in our view, misunderstood and undervalued by the stock market. Examples include Carphone Warehouse where we have established a position in order to access the company's exciting joint venture with Best Buy Mobile in the US. Other new holdings introduced within the Growth style grouping include Regus, the work space provider, and Inmarsat, the satellite system operator.

During the period we continued to add to Growth and Value Defensives, where their valuations and reliable earnings prospects appear compelling. Within Growth Defensives we introduced the healthcare group, Smith & Nephew and added to Compass, while in Value Defensives we moved to an overweight position in Vodafone where we believe the market is undervaluing both its exposure to the growth in telecom data and its continuing focus on improved returns through portfolio restructuring.

Within the higher beta, cyclical areas of the market, we continued to pare back exposure to Industrial Cyclical with the reduction of Charter International and total sale of the auto components company, GKN. In Commodity Cyclical, we sold EnQuest and Wood (John) after useful outperformance and took profits in BG, Anglo American and Xstrata. Within Financials we sold out of the Life Insurance stocks, Aviva and Legal & General where valuations appeared full after a strong rally in the first quarter of 2011, and exited London Stock Exchange after news of its deal with the Toronto Stock Exchange. We did, however, use weakness in the Banking sector to add to existing positions in Barclays and Lloyds Banking.

Within Consumer Cyclical, however we have increased weightings with the purchase of WPP and additions to Aegis and Informa, media companies on compelling valuations, with good late cycle earnings prospects. We also established a new holding in Carnival and added to International Consolidated Airlines Group on the basis that both looked cheap and oversold on understandable market concerns about the oil price.

Outlook

Global leading indicators for Q2 2011 have shown a weakening in both consumer and business sentiment. Part of this decline is probably due to the demand destructive nature of the recent rise in commodity prices and it is anticipated that consumer expenditure will see some weakness over the next few quarters. This is particularly true in the UK where inflation is likely to continue to outstrip wage growth. We would not be surprised to see one or more quarters of contracting household expenditure. At the same time, government austerity measures mean that any shortfall from the consumer must be made up by investment and net trade. We expect that both will make a positive contribution to growth this year and that, overall, 2011 will see a continuation of the lacklustre recovery seen in 2010. The outlook for the US is rather better now that smaller companies have shown signs of improving sentiment and increased hiring. Increasing employment numbers should mean that household incomes continue to see real growth. This should, in turn, lead to increased consumer spending, which would then feed back into company profits creating a positive loop, which may be able to withstand the cessation of QE in June.

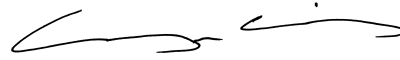
The economic outlook therefore looks finely balanced with Western politicians and policymakers hoping that economies can deliver self-sustaining growth after the withdrawal of recently unconventional policy measures. While such an outcome is possible, growth will be subdued and on this basis the continued material outperformance of higher beta and cyclical stocks looks unsustainable. Our preference therefore continues to be for those stocks in the Growth, Growth Defensive and Value Defensive style groupings which look very good value both relative to the market and against their own history.

Directors' statement

This report was approved for publication on 3 June 2011.



Robin Minter-Kemp
Directors of Cazenove Investment Fund Management Limited



Carolyn Sims

Trust facts

	Accounting date	Distribution payment date
Interim	n/a	15 March
Interim	30 April	15 June
Interim	n/a	15 September
Final	31 October	15 December

Performance record

	30.04.11 £	31.10.10 £	Capital return % change	Total return % change
FTSE All-Share Index*	3,155.03	2,936.15	7.45	9.09

	30.04.11 p	31.10.10 p	Capital return % change	Total return % change
The Growth Trust for Charities**	132.40	123.56	7.15	9.60

* Source: DATASTREAM. Total return includes net income reinvested; capital return excludes income.

** Source: Morningstar (bid price).

Price history

Calendar year	Lowest price p	Highest price p
2011*	127.65	137.01
2010	108.32	134.19
2009	76.18	117.60
2008	84.44	137.96
2007	126.89	144.74
2006	114.31	134.45

* To 30 April 2011.

Total expense ratio

A total expense ratio ("TER") is shown which takes into account the management fee and all other operating expenses over the period and is expressed as a percentage of average weekly assets over the same period (annualised).

	30.04.11 %	31.10.10 %
The Growth Trust for Charities	0.63	0.64

Net asset value record

Date	Net asset value £	Number of units in issue	Net asset value per unit p
30 April 2011	298,372,470	226,812,351	131.55
31 October 2010	272,784,073	221,656,525	123.07
31 October 2009	258,276,727	233,387,729	110.66
31 October 2008	193,688,890	203,352,655	95.25

All units issued by the Trust are income units.

Gross revenue distributions

Calendar year	First interim 31.01 p	Second interim 30.04 p	Third interim 31.07 p	Final 31.10 p	Total p
2011*	1.1000	1.1000	-	-	2.2000
2010	1.1000	1.1000	1.1000	1.1000	4.4000
2009	1.0500	1.1000	1.0500	1.1000	4.3000
2008	1.0000	1.0500	1.0000	1.0500	4.1000
2007	0.9000	1.0000	0.9000	1.0000	3.8000
2006	0.6500	1.0000	0.6500	1.0000	3.3000

* To 30 April 2011.

Portfolio statement

as at 30 April 2011

Holding	Stock description	Market value £	Percentage of net assets %
	United Kingdom equities 96.10% (31 October 2010 95.41%)		
	Aerospace & defence 1.52% (31 October 2010 2.68%)		
1,387,000	BAE Systems	4,547,973	1.52
	Automobiles & parts 0.00% (31 October 2010 0.36%)		
	Banks 12.01% (31 October 2010 10.67%)		
3,051,000	Barclays	8,609,922	2.89
2,676,000	HSBC	17,535,828	5.88
10,352,866	Lloyds Banking	6,134,073	2.06
8,519,440	Royal Bank of Scotland	3,533,012	1.18
		35,812,835	12.01
	Beverages 0.47% (31 October 2010 0.49%)		
116,000	Diageo	1,410,560	0.47
	Chemicals 0.66% (31 October 2010 0.61%)		
698,660	AZ Electronic Materials	1,962,536	0.66
	Collective investment schemes 1.57% (31 October 2010 1.48%)		
2,561,020	Cazenove UK Smaller Companies Fund (X Accumulation)	4,689,228	1.57
	Electricity 0.98% (31 October 2010 1.52%)		
215,000	Scottish & Southern Energy	2,917,550	0.98
	Financial services 0.43% (31 October 2010 1.77%)		
419,411	Jupiter Fund Management	1,283,817	0.43
	Fixed line telecommunications 2.54% (31 October 2010 2.37%)		
2,361,000	BT	4,622,838	1.55
4,707,000	Cable & Wireless Communications	2,184,048	0.73
1,589,000	Cable & Wireless Worldwide	763,515	0.26
		7,570,401	2.54
	Food & drug retailers 1.20% (31 October 2010 3.59%)		
890,050	Tesco	3,591,797	1.20
	Food producers 2.71% (31 October 2010 2.54%)		
415,890	Unilever	8,072,425	2.71
	General Industrials 0.97% (31 October 2010 0.61%)		
218,000	Smiths	2,901,580	0.97
	Gas, water & multiutilities 0.34% (31 October 2010 0.61%)		
320,000	Centrica	1,026,880	0.34

Portfolio statement (continued)

as at 30 April 2011

Holding	Stock description	Market value £	Percentage of net assets %
United Kingdom equities (continued)			
General retailers 1.51% (31 October 2010 1.99%)			
820,040	Carphone Warehouse	3,259,659	1.09
320,920	Halfords	1,266,992	0.42
		4,526,651	1.51
Healthcare equipment & services 1.27% (31 October 2010 1.49%)			
371,520	Smith & Nephew	2,440,886	0.82
159,960	Synergy Health	1,352,462	0.45
		3,793,348	1.27
Industrial engineering 0.73% (31 October 2010 1.27%)			
267,008	Charter International	2,186,796	0.73
Life assurance 2.36% (31 October 2010 4.13%)			
586,100	Prudential	4,530,553	1.52
828,680	Resolution	2,507,586	0.84
		7,038,139	2.36
Media 4.77% (31 October 2010 2.11%)			
2,521,000	Aegis	3,529,400	1.18
664,000	Daily Mail	3,313,360	1.11
652,080	Informa	2,717,217	0.91
600,000	WPP	4,686,000	1.57
		14,245,977	4.77
Mining 9.34% (31 October 2010 8.90%)			
350,000	Anglo American	10,909,500	3.66
187,630	Rio Tinto	8,180,668	2.74
577,500	Xstrata	8,783,775	2.94
		27,873,943	9.34
Mobile telecommunications 7.54% (31 October 2010 4.42%)			
484,950	Inmarsat	2,953,345	0.99
11,385,000	Vodafone	19,530,968	6.55
		22,484,313	7.54
Nonlife insurance 0.70% (31 October 2010 0.63%)			
1,518,000	RSA Insurance	2,088,768	0.70
Oil & gas producers 19.70% (31 October 2010 18.53%)			
761,060	BG	11,667,050	3.91
4,145,480	BP	19,172,845	6.43
552,810	Enquest	768,959	0.26
356,000	JKX Oil & Gas	1,096,480	0.37
1,040,100	Royal Dutch Shell	24,203,127	8.11
12,737	Royal Dutch Shell 'A'	295,817	0.10
292,430	Valiant Petroleum	1,560,114	0.52
		58,764,392	19.70
Oil equipment, services & distribution 0.70% (31 October 2010 1.53%)			
152,550	Hunting	1,231,079	0.41
57,000	Petrofac	860,700	0.29
		2,091,779	0.70

Portfolio statement (continued)

as at 30 April 2011

Holding	Stock description	Market value £	Percentage of net assets %
United Kingdom equities (continued)			
Personal goods 0.00% (31 October 2010 0.74%)			
Pharmaceuticals & biotechnology 9.75% (31 October 2010 9.52%)			
356,250	AstraZeneca	10,651,875	3.57
1,413,000	GlaxoSmithKline	18,439,650	6.18
		29,091,525	9.75
Real estate 0.59% (31 October 2010 0.86%)			
6,072,490	Workspace	1,745,841	0.59
Software & computer services 2.41% (31 October 2010 2.20%)			
923,000	Invensys	3,143,738	1.05
362,360	Micro Focus International	1,346,167	0.45
948,330	Sage	2,702,740	0.91
		7,192,645	2.41
Support services 4.98% (31 October 2010 4.75%)			
983,913	Babcock International	6,282,284	2.11
434,000	Experian	3,493,700	1.17
1,490,730	G4S	4,117,396	1.38
844,380	Regus	944,861	0.32
		14,838,241	4.98
Travel & leisure 4.35% (31 October 2010 3.65%)			
121,500	Carnival	2,934,225	0.98
788,000	Compass	4,601,920	1.54
179,610	Go-Ahead	2,539,685	0.85
1,228,000	International Consolidated Airlines	2,921,412	0.98
		12,997,242	4.35
Net investment assets		286,747,182	96.10
Net other assets		11,625,288	3.90
Net assets attributable to unitholders		298,372,470	100.00

† Listed on Alternative Investment Market (AIM).

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The total purchases for the period, including transaction charges amounted to £62,341,325 (31 October 2010: £98,067,726) and the total sales, net of transaction charges amounted to £56,394,618 (31 October 2010: £115,115,451).

Statement of total return

for the period ended 30 April 2011

	Period ended 30.04.11		Period ended 30.04.10	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		20,522		21,264
Revenue	4,261		4,466	
Expenses	(930)		(868)	
Net revenue		3,331		3,598
Total return before distributions		23,853		24,862
Finance costs: Distributions		(4,757)		(5,075)
Change in net assets attributable to unitholders from investment activities		19,096		19,787

Statement of change in net assets attributable to unitholders

for the period ended 30 April 2011

	Period ended 30.04.11		Period ended 30.04.10	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		272,784		258,277
Amounts receivable on issue of units	6,421		17,407	
In-specie transfer*	4,466		-	
Less: Amounts payable on cancellation of units	(4,396)		(15,338)	
		6,491		2,069
Change in net assets attributable to unitholders from investment activities (see above)		19,096		19,787
Unclaimed distributions		1		1
Closing net assets attributable to unitholders		298,372		280,134

The IMA SORP requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the last period will not agree to the net asset value at the start of this period. The published net asset value as at 31 October 2010 was £272,784,073.

* The investments transferred as part of the in-specie were valued in accordance with the accounting policy on the valuation of investments and the Scheme Particulars, on the date of the transfer.

Balance sheet

as at 30 April 2011

	30.04.11	31.10.10
	£'000	£'000
ASSETS		
Investment assets	286,747	260,275
Debtors	1,815	2,222
Cash and bank balances	13,914	15,654
Total other assets	15,729	17,876
Total assets	302,476	278,151
LIABILITIES		
Creditors	1,609	2,929
Distribution payable on income units	2,495	2,438
Total other liabilities	4,104	5,367
Total liabilities	4,104	5,367
Net assets attributable to unitholders	298,372	272,784

Notes to the financial statements

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the IMA in October 2010 ("IMA SORP") which supersedes the SORP issued by the IMA in November 2008.

As a result of the change in the SORP, there is no longer a requirement to disclose the Portfolio turnover rate ("PTR"). This has been removed accordingly.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 October 2010 and are described in those annual financial statements.

Regulatory information and risk warnings

The contents of the Investment Manager's report are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to its accuracy or completeness and, Cazenove Investment Fund Management Limited, its directors, officers and employees do not accept any liability or responsibility in respect of the information or any recommendations expressed herein which, moreover, are subject to change without notice.

Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice in any way. Past performance is not a guide to future performance. Values may fall as well as rise and you may not get back the amount you invested. Revenue from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or revenue of investments. The levels and bases of, and reliefs from, taxation may change. You should obtain professional advice on taxation where appropriate before proceeding with any investment. You should be aware that investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on revenue and capital value. Revenue may be achieved by foregoing future capital growth. You should be aware of the additional risks associated with investment in emerging and developing markets.

The Manager and any other company in the Cazenove Capital Holdings Group Plc may have acted upon or used research recommendations before they have been published. This document may include forward-looking statements which 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.

Cazenove Investment Fund Management Limited can only promote its own products and services.

Other information

Scheme Particulars

The Scheme Particulars for The Growth Trust for Charities is available from the Manager on request.

Manager

Cazenove Investment Fund Management Limited

Registered office: 12 Moorgate, London EC2R 6DA

The Manager is authorised and regulated by the Financial Services Authority.

Directors of Cazenove Investment Fund Management Limited

A J S Ross (*Chairman*)

R Jeffrey

R Minter-Kemp

C Sims

J W J Turnbull

Trustee

JPMorgan Trustee and Depositary Company Limited

Chaseside, Bournemouth BH7 7DA

The Trustee is authorised and regulated by the Financial Services Authority.

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside, London, SE1 2RT

Registrar

J.P. Morgan Europe Limited

Finsbury Dials, 20 Finsbury Street

London EC2Y 9AQ.

The Trustee is authorised and regulated by the Financial Services Authority.

Prior to 29 November 2010, the registrar was

The Bank of New York Mellon (International) Limited

12 Blenheim Place, Edinburgh EH7 5JH.

Administrator

JPMorgan Europe Limited

3 Lochside View, Edinburgh Park, Edinburgh EH12 9DH

The Administrator is authorised and regulated by the Financial Services Authority.

For more information

Telephone Edward Harley or John Gordon at Cazenove Investment Fund Management Limited (CIFM) on 020 3479 0109, or access the website at www.cazenovecapital.com.

