

Final Short Report 1st April 2010 to 31st March 2011

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Trust during the year it covers, and the results of those activities. For more information about the activities and performance of the Trust, please contact Family Investments customer service team on **0808 100 7654** (calls may be monitored or recorded for training purposes).

Trust performance

This report covers the year 1st April 2010 to 31st March 2011. During the year the Family Charities Ethical Trust Fund* returned 3.3%, over the same year the Family Charities Ethical Trust Acc Fund* returned 4.8% and the FTSE 4 Good Index returned 6.3%.

Source: (Family Charities Ethical Trust, Family Charities Ethical Trust Acc) Lipper, basis bid to bid net of tax on dividend (FTSE 4 Good) Bloomberg.

*Trust returns are net of fees (currently 1.5% pa). Trust returns are as at the pricing point, whereas Benchmark figures are as at close of business.

Market background

The UK equity market saw an impressive rise over the year and even though economic data continued to be weak, the message from companies continued to defy bearish expectations. However, the market had to wait until September before it was finally able to break out of the trading range that had been in place over the summer.

In response to poor economic data, in 2010 the UK market was underpinned by hopes of further injections of liquidity into the banking system via quantitative easing in the US and UK. In addition, the strength of demand from emerging markets such as India and China spurred on export-orientated companies.

One bright spot for the economy was news that the UK economy grew 1.2% in the second quarter of 2010, boosted by a strong performance by the construction sector and marking the fastest rate of quarterly expansion recorded since the first three months of 2001.

Notable events in the final quarter of 2010 included the UK Government unveiling the details of their spending cuts.

The most positive aspect of 2010 was the fact that, in general, UK company earnings results were better than expected.

Although 2011 started quietly enough, two pieces of surprise news for the UK economy meant that it was not long before volatility began to increase: UK inflation continued to be above the Government's target level, raising expectations that the Bank of England would have to raise interest rates sooner rather than later, and economic growth data for the last quarter of 2010 showed a contraction of 0.5%.

In February events around the world affected global markets, as unrest spread from Egypt to Libya, concerns mounted that the contagion could pervade into larger oil producing nations in the Middle East and North Africa. This resulted in oil prices rising and risk assets being sold off as investors worried over the impact on global growth.

March saw the devastating earthquake and ensuing troubles at a nuclear power centre in Japan, which caused volatility in the UK equity market throughout the month. Deterioration in confidence data and worrying signs from UK retailers increased speculation that the Monetary Policy Committee would be forced to further delay a rise in interest rates. UK corporate data remains strong and valuations remain supportive over the medium-term.

Activity

The Trust's objective is to track the total return of the FTSE4Good UK 50 Index. Trades were carried out during the year to maintain the Trust's exposure to the benchmark index.

Over the year there were several changes to the composition of the FTSE 4 Good UK 50 Index. In September 2010, BP and Cable & Wireless Worldwide were replaced by ARM Holdings and Admiral Group within the Index. In December 2010 there were changes in the number of shares in issue (small adjustments), but no Index additions or deletions. Finally in March 2011 Johnson Matthey and Next were replaced by Anglo American and Wolseley. In all cases the changes were put in place at the relevant date.

Outlook

Looking ahead, economic momentum appears to have stabilised and forecast company earnings growth for the UK stock market now stands at an impressive level. Rising company profits are usually a good lead indicator of higher levels of capital expenditure and higher levels of private sector employment. With dividend growth expected to be strong in 2011, this should provide considerable support to the market in an environment of low interest rates.

John Bearman – Chief Investment Officer
Santander Asset Management UK Limited

17th May 2011

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

Lead Fund Manager:	John Bearman	
Sector:	IMA UK All Companies	
Fund size:	At 31st Mar 2011	£57
(millions)	At 31st Mar 2010	£43
Initial charge:	nil	
Annual management charge:	1.5%	
Accounting dates:	Interim 30th September	
	Final 31st March	
Distribution due dates:	Interim 30th November	
	Final 31st May	

Risk profile

The main risks arising from the Trust's financial instruments are market price, interest rate, 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 year end	Bid net asset value	No. of units in issue		Net asset value per unit (pence) income	Net asset value per unit (pence) accumulation
		Income	Accumulation		
March 2009	21,795,516	1,369,409.8702	4,839,915.0379	301.97	364.89
March 2010	43,048,307	1,329,516.3577	7,129,876.7028	426.51	524.24
March 2011	57,110,519	1,219,751.8142	9,475,427.1780	437.55	546.39

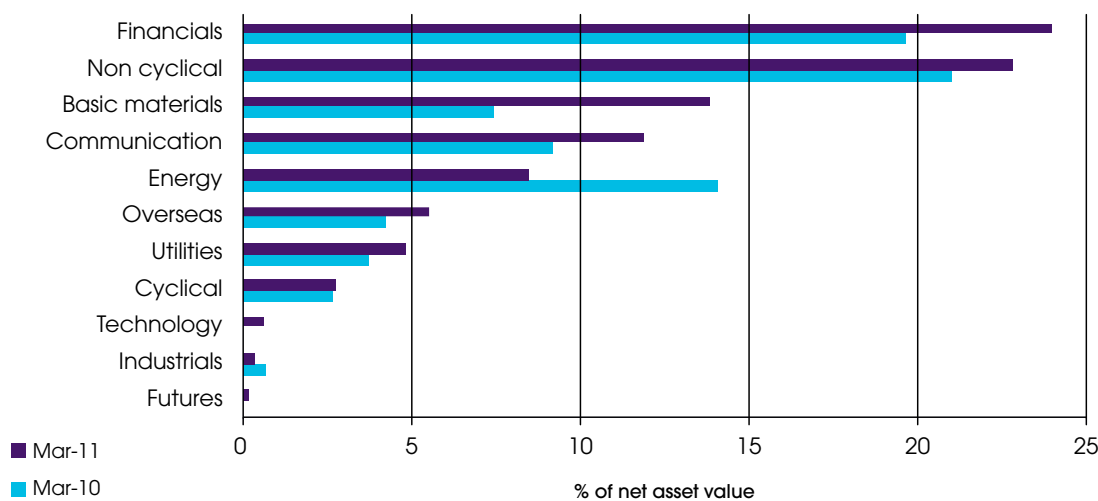
Unit price range and income history

Year	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)
2006	593.30	488.20	685.60	556.80	10.2635	11.6843
2007	634.90	535.40	736.40	628.50	9.3396	10.8229
2008	558.20	285.40	655.30	342.20	13.9067	9.8669
2009	411.80	275.40	502.70	330.10	6.4341	7.7524
2010	443.90	365.60	550.00	449.40	6.1961	7.5920
2011*	453.00	421.10	561.20	521.80	3.4930	4.2870

*to 31st March only

Portfolio information

Geographic sector allocation

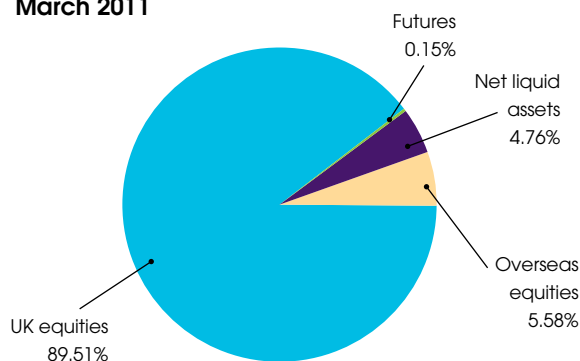


Major holdings

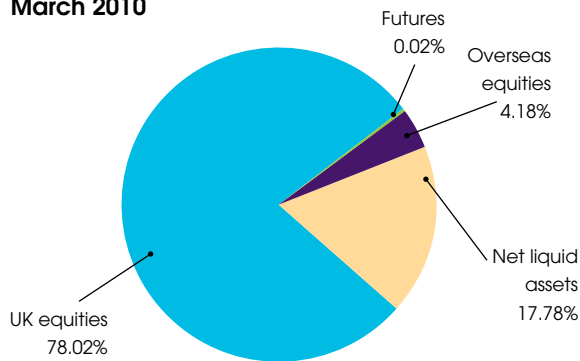
Holding	% of net asset value as at 31/03/11
HSBC Holdings	9.48
Vodafone Group	7.80
Rio Tinto	5.67
Royal Dutch Shell 'A'	5.58
GlaxoSmithKline	5.28

Holding	% of net asset value as at 31/03/10
BP	8.04
HSBC Holdings	6.70
Vodafone Group	5.88
GlaxoSmithKline	4.84
Royal Dutch Shell 'A'	4.18

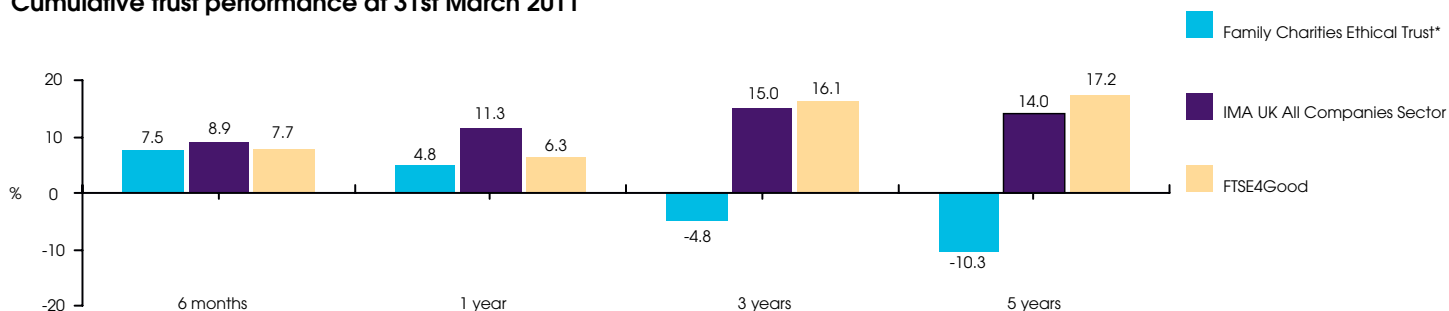
March 2011



March 2010



Cumulative trust performance at 31st March 2011



*Trust returns are net of fees (currently 1.5% pa).

From 1st April 2009 there was a change in the Trust's investment objective and policy to following the FTSE4Good UK 50 share index.

Source: Lipper, basis bid to bid net of tax on dividends.

Discrete annual performance

	31/03/06 to 30/03/07	30/03/07 to 31/03/08	31/03/08 to 31/03/09	31/03/09 to 31/03/10	31/03/10 to 31/03/11
Family Charities Ethical Trust Income	11.3%	(18.2)%	(39.3)%	43.9%	3.3%
Family Charities Ethical Trust Accumulation	13.4%	(16.9)%	(38.0)%	46.5%	4.8%

Source: Family Investments, 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.

Distribution table

For the year ended 31st March 2011

Income units

Distribution in pence per unit

	Net income	Current year	Prior year
30th September Group 1	3.3031	3.3031	4.0511
31st March Group 1	3.4930	3.4930	2.8930

Accumulation units

Distribution in pence per unit

	Net income	Current year	Prior year
30th September Group 1	4.0600	4.0600	4.8953
31st March Group 1	4.2870	4.2870	3.5320

Total Expense Ratio (TER)

At year ended	TER %
March 2010	1.44
March 2011	1.46

TER is a measure of the total costs associated with managing the Trust. Apart from the initial charge and transaction costs, all other expenses are included in the TER. The TER is an internationally accepted standard for the comparison of costs for authorised trusts.

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 Managers. Alternatively they are also available on the Family Investments website www.family.co.uk.

Short Reports

This document is available in large print or Braille on request by calling **0800 100 7654** (telephone calls may be monitored or recorded).

Manager and Registrar

Family Investment Management Limited
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Telephone **01273 724570**
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Registered in England No. 1915516
The Manager is authorised and regulated by the Financial Services Authority.

The Manager is a member of the IMA (Investment Management Association).

This report is issued and approved by the Manager.

Investment Advisor

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Trustee

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