EDENTREE INVESTMENT FUNDS FOR CHARITIES

Short Report

30 June 2016

Contents

Management Contact Details

Authorised Corporate Director

The Authorised Corporate Director (ACD) is EdenTree Investment Management Limited (EIM). The investments of EdenTree Investment Funds for Charities (EIFC) are managed by the ACD. The ACD has prepared financial statements that comply with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

The latest long report is available on request.

EdenTree Investment Management Limited
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Gloucester GL1 1JZ

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www.edentreeim.com

Authorised and regulated by the Financial Conduct Authority

Constitution

EIFC (referred to as the "Company") is an Open-Ended Investment Company (OEIC). It has variable capital and was incorporated with limited liability under the Open-Ended Investment Companies Regulations 2001 (OEIC Regulations) in Great Britain under registered number IC 000866. It is authorised and regulated by the Financial Conduct Authority as a non-UCITS retail scheme.

The Company is an 'umbrella' company and comprises two authorised investment securities sub-funds (individually referred to as the "Fund").

AIFMD Disclosures

The provisions of the Alternative Investment Fund Managers Directive ("AIFMD") took effect in full on
22 July 2014. That legislation requires the fund manager, EIM (the "AIFM"), to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management.

Directors of EdenTree Investment Management Limited

MCJ Hews, BSc, FIA (Chairman)
SJ Round
RW Hepworth
RDC Henderson
IG Campbell

Ultimate Parent Company of the ACD

Allchurches Trust Limited
Beaufort House, Brunswick Road,
Gloucester GL1 1JZ

Depositary

BNY Mellon Trust and Depositary (UK) Limited
The Bank of New York Mellon Centre,
160 Queen Victoria Street,
London EC4V 4LA

Authorised and regulated by the Financial Conduct Authority

Registrar

Northern Trust Global Services Limited
50 Bank Street, Canary Wharf,
London E14 5NT

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
110 Queen Street
Glasgow, G1 3BX

Report of the Authorised Corporate Director – Investment Environment

Investment Environment

The last twelve months have been overshadowed by macroeconomic and geopolitical events, from the drawn-out and surprising US presidential primary campaign, to the uncertainty surrounding the UK's European Union referendum. At the forefront of investors' concerns at the beginning of the period was the slowing Chinese economy and the potential impact that the removal of the Yuan's strict peg against the US dollar may have upon future international trade and Chinese economic progression. Focus then shifted towards a recovery in the oil price from a thirteen year low and accommodative actions from the World's major central banks, both of which provided a boost to sentiment and asset prices. At the end of the year, risk assets around the globe, notably equities, sold off sharply as investors digested the possible socio-economic and investment implications of the UK's surprise decision to sever its forty-three year membership in the EU.

Overall, the global equity market concluded the twelve month period in negative territory (in USD terms), with indices in emerging economies significantly underperforming their counterparts in developed economies. Both, however, underperformed global bond markets, with the yields on the ten-year government bonds of many developed nations falling to historic lows, most notably Japan and Germany, which ended the period in negative territory.

UK

The UK electorate's vote to leave the European Union on 23rd June had a major impact on domestic financial markets and was the key driver behind returns, particularly in the final six months of the period under review. In the run-up to the poll, increasing confidence that the majority of voters would choose to 'Remain' saw company shares and sterling rally, before the vote itself sent both tumbling. In the subsequent days, the British prime minister handed in his notice, the leader of the opposition battled against a political coup and the UK was stripped of its top government credit rating by leading agencies. The market did find some support in the closing days from the Bank of England's (BoE) governor, that central bank could provide additional monetary policy stimulus to counter the impact on the domestic economy.

While the full implications of the EU referendum will not be fully known for some time, the shockwaves and consequences surrounding "Brexit" will resonate for years. Sterling fell by 15.6% on a trade-weighted basis over the course of the twelve month period, positively impacting the prospects for UK exporters and many companies that derive a large proportion of their earnings overseas. Overall, the FTSE All-Share Index declined by 1.5%, somewhat masking the divergence in returns between the underlying size groupings. The more internationally exposed FTSE 100 Index fell by just 0.3% over the twelve months, while the more domestically focused FTSE 250 Mid Cap Index and the FTSE Small Cap Index fell by a more substantial 7.2% and 4.4% respectively. On a sector basis, the perceived safe havens of the equity market generated the strongest returns with the Health Care and the consumer focused sectors (all major overseas earners) amongst the best performers. The Oil and Gas companies were also supported by a recovery in the oil price in the later stages of the period, driven by a reduction in US production.

Europe

The FTSE World Europe (excluding the UK) Index fell by 11.7% over the twelve months, however, the relative weakness of Sterling against the Euro increased returns for UK based investors to 2.5%. Most of Europe's equity markets declined over the period in local currency terms, with many different factors having an adverse effect on sentiment. These included the UK voting to leave the EU, potential downward pressure on the earnings of financial companies from negative interest rates, uncertainty over elections in Spain and debt negotiations in Greece. Economic growth in the eurozone remained modestly positive, at 1.5.% for the full year of 2015, although momentum has deteriorated since and inflation remained stubbornly low. The European Central Bank (ECB) continued to act to support the eurozone's economy. Although the ECB did not cut interest rates any further following the unexpectedly aggressive action taken in March, it has included certain corporate bonds among the assets it will buy in order to keep interest rates low.

US

Despite being relatively expensive on most measures, the US equity market has continued to provide some of the best returns for investors. This has been aided by a domestic economy with decent momentum, even though confidence has deteriorated in recent months and the lingering prospect that the Federal Reserve was considering another interest rate hike earlier than previously expected, with investors seeming to acknowledge that it was reflective of an improving economy. Eventually, no increase to interest rates was made, with concern about global economic and financial developments, including Brexit, being given as the reason. Overall, the Dow Jones Industrial Average Index increased by 1.8% over the twelve month period, while the more broader S&P 500 Index increased by 1.7%, however, the significant weakness in Sterling relative to the US dollar increased returns for UK based investors to 20.6% for both indices respectively.

Japan

Despite extremely loose monetary policy from the Bank of Japan (BOJ), the Japanese equity market has been undermined over the past twelve months by the surprising strength of the Yen, which has hampered prospects within its important exports sector. The domestic economic recovery has also been lacklustre and Prime Minister Shinzo Abe's target of 2% inflation continues to appear unachievable. However, Sterling investors were at least compensated by substantial currency gains, as the Nikkei 225 Index fell by 23.0% in local currency terms over the period, but the 20.4% appreciation in Yen on a trade weighted basis culminated in an 8.0% gain for UK-based investors.

Asia Pacific ex. Japan

Chinese economic growth continued to slow, with a full year rate of GDP growth for 2015 of 6.9%, the slowest in twenty-five years. Economic momentum has since deteriorated further, with the domestic economy expanding at an annualised rate of 6.7% in the first quarter of 2016. After years of tremendous growth, the Chinese government is attempting to shift from a manufacturing led economy to a consumer led economy with a strong services sector. Elsewhere, the recovery in the price of oil and many commodities had a positive effect on several equity markets within the region, particularly Australia and Malaysia, while the Taiwanese equity market was hit by concerns over the possible slowing demand for electronic components from major US technology companies.

Outlook

With the result of the EU referendum now apparent, the UK and Europe will be dealing with the fallout from a divisive campaign; the effect on the investment industry remains to be seen. The European Central Bank (ECB) continues to provide support for the European economic recovery and its bond purchase programme should help limit the financial contagion stemming from the "Brexit" vote. This is crucial as the European economic recovery is still in the relatively early stages, with unemployment levels falling but still high (the eurozone unemployment rate stood at 10.3% at the end of the first quarter), while credit demand and supply gradually improves. Political risk also remains apparent with Spain starting an eighteen month general election cycle which includes five of the largest Euro-area economies (Spain, France, Netherlands, Germany and Italy) not forgetting the United States in November. Add the crucial senate reform vote in Italy in October and there is significant scope for rebellion against the establishment, which could provoke further volatility within financial markets.

Investment Objectives and Policies

These Funds are marketable to all UK registered charitable organisations, that is any body, organisation or trust that has been established exclusively for charitable purposes.

These Funds will consist primarily of transferable securities but may also invest in units in collective investment schemes (both regulated and unregulated), money market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash or near cash as deemed economically appropriate to meet the Fund's objectives.

The Funds will invest in derivatives only for the purposes of hedging, with the aim of reducing the risk profile of the Funds in accordance with principles of efficient portfolio management. Derivatives can expose the Scheme Property to a higher degree of risk. The investment policy of the Funds can only be changed to include investment in derivatives in order to meet its investment objectives by giving 60 days' notice to shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund in future this may alter the risk profile of the Funds.

Amity Global Equity Income Fund for Charities

The Fund's primary objective is to provide an above average income yield with a secondary aim of achieving capital appreciation over the longer term.

The Fund seeks to primarily invest in a diversified portfolio of higher yielding equities of UK and international companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The Fund seeks to avoid investment in certain areas such as companies which have material involvement in alcohol, tobacco, weapon production, gambling and publication of violent or explicit materials and companies using animals to test cosmetic or household products. The ACD's socially responsible investment approach and research is made available to investors on request.

Amity Balanced Fund for Charities

The Fund is a Tax Elected Fund and aims to achieve a balance between capital growth and income.

The Fund seeks to primarily invest in a diversified portfolio of UK and international equities and fixed interest securities issued by governments and companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The Fund seeks to avoid investment in certain areas such as companies which have material involvement in alcohol, tobacco, weapon production, gambling and publication of violent or explicit materials and companies using animals to test cosmetic or household products. The ACD's socially responsible investment approach and research is made available to investors on request.

Risk Profile

Amity Global Equity Income Fund for Charities

The investment's value may be affected by changes in exchange rates.

The equity markets invested in might decline, thus affecting the prices and values of the assets.

All expenses are taken from capital not income so the capital value of the Fund could be reduced over time.

Some of the investments may be in emerging markets, which can be more volatile and carry risks associated with changes in their economies and political status. Also they may not offer the same level of investor protection as would apply in more developed jurisdictions.

Selecting stocks due to our ethical criteria means that the choice of stocks is limited to a sub-set of the stock market and this could lead to greater volatility.

Amity Balanced Fund for Charities

Most of the assets are invested in the UK and overseas equities so will be impacted by volatility in the equity markets.

The Fund holds Corporate and Government bonds of a spread of durations.

The various bonds have a spread of different security ratings as the investment managers do not set minimum security standards for such bonds.

All expenses are taken from capital not income so the capital value of the Fund could be reduced over time.

An issuer of fixed interest stock may default, so causing a reduction in the capital and income value of the Fund.

The investment's value may be affected by changes in exchange rates and interest rates.

Selecting stocks due to our ethical criteria means that the choice of stocks is limited to a sub-set of the stock market and this could lead to greater volatility.

Amity Global Equity Income Fund for Charities

Report of the Authorised Corporate Director

This review covers the year from 1 July 2015 to 30 June 2016.

Over the course of the year under review, the Amity Global Equity Income Fund returned 0.9%, underperforming the FTSE World Index return of 14.6%.

The Fund's underweight allocation to the US market negatively impacted performance as the S&P 500 Index recorded a total return in Sterling of 23.3%, helped by the strength of the Dollar which appreciated 18% against the Pound over the period.

The Fund's return was hampered by its overweight exposure to European (including UK) equities, which lagged behind the majority of major indices, especially post Brexit. Partially offsetting this was overweight exposure to Hong Kong and Singapore, both of which added value.

At sector level, the fund's overweight allocation to Telecoms and Healthcare, especially US companies, aided performance over the period. Underweight positions in Mining, Oil & Gas, Beverages and Tobacco – which the Fund cannot invest in – acted as a drag to performance.

At stock level, notable performers included Minth (strong rally following positive results and an improving margin outlook), and US large cap companies buoyed by the appreciation of the US dollar versus Sterling, post Brexit – Verizon Communications, Johnson & Johnson, AT&T, Intel and Cisco Systems. Detractors included Taylor Wimpey (UK housebuilders worst hit by Brexit) and Kinder Morgan.

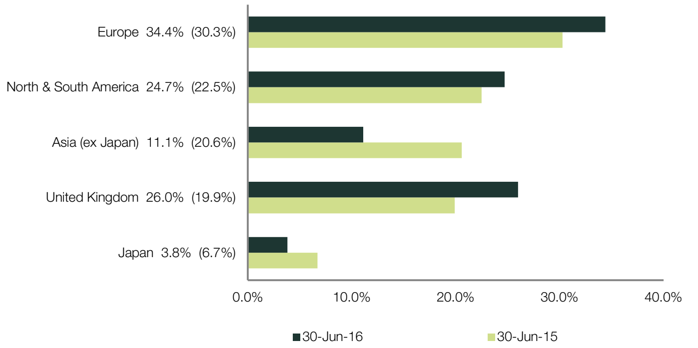
Trading activity has been centred on maintaining the Fund's income yield targets while at the same time seeking to preserve and grow the underlying capital. With this focus in mind, major purchases during the period have included John Laing Environmental Assets Group, AstraZeneca, Bayer, Pfizer, Merck, Vodafone, Mears Group, Close Brothers Group, ING Group, Sky, ASR Nederland, Yara International and Victrex. Major sales during the period have included Kiatnakin Bank, Public Bank, Man Group and Jardine Matheson.

Prospects

The fallout from the unexpected result of the UK referendum on EU membership will likely dominate the near-term agenda for markets as we head into the second half of 2016. Already the Pound has fallen sharply following the result, representing a tailwind for UK exporters but potential headache for importers and consumers facing higher inflation. Since the vote, the UK's GDP growth forecasts have been significantly downgraded with some economists even now predicting a recession, albeit a mild and short-lived one, in 2017. The UK is in for a period of greater uncertainty as it seeks to renegotiate a new relationship with its European trading partners. Further out, the US presidential election in November will soon start to grab attention, particularly given the materially different policy stances of the two candidates. Within this context we continue to adhere to our bottom-up, stock-picking investment process, taking a long-term view and seeking out attractively valued companies with sound balance sheets and strong growth outlooks who have temporarily fallen out of favour with markets and therefore represent enticing buying opportunities.

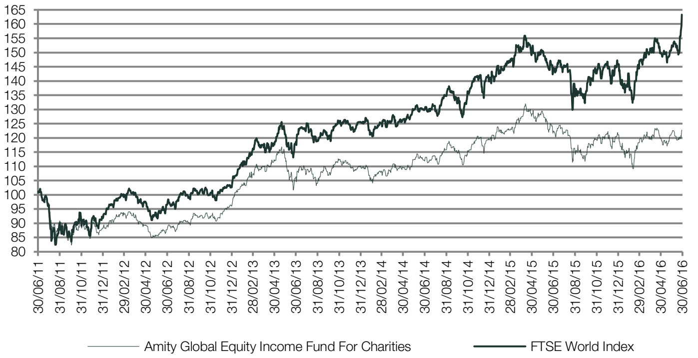
Asset allocation by sector at 30 June 2016

The figures in brackets show allocation at 30 June 2015



Figures exclude cash

Performance



Graph showing the return of the Amity Global Equity Income Fund for Charities compared to FTSE World Index from 30 June 2011 to 30 June 2016, mid-to-mid basis excluding initial charges with gross income reinvested. Prices re-based to 100. Source: Morningstar.

Performance

	Amity Global Equity Income Fund for Charities Total Return	FTSE World Index Total Return
01/07/15 – 30/06/16	0.9%	14.6%
01/07/14 – 30/06/15	8.5%	9.9%
01/07/13 - 30/06/14	6.1%	10.0%
01/07/12 - 30/06/13	20.6%	22.1%
01/07/11 - 30/06/12	-12.3%	-3.5%

Table showing % return of the Amity Global Equity Income Fund for Charities against FTSE World Index. Figures compared on a mid-to-mid basis excluding initial charges with gross income reinvested. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 30 June 2016
Bioventix	2.75%
Cisco Systems	2.67%
Verizon Communications	2.60%
Roche	2.45%
Victrex	2.45%
LyondellBasell Industries	2.41%
Wells Fargo	2.40%
Intel	2.39%
GlaxoSmithKline	2.26%
AbbVie	2.25%

Fund Information

The Comparative Table below gives the performance of the only active share class in the Fund.

The 'Return after charges' disclosed in the Comparative Table is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a Fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by a fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Class A Gross Income

Change in Net Asset Value per Share	2016 (p)	2015 (p)	2014 (p)
Opening net asset value per share	103.88	99.10	97.02
Return before operating charges*	3.05	9.48	6.85
Operating charges	(0.91)	(1.00)	(0.98)
Return after operating charges*	2.14	8.48	5.87
Distributions on income shares	(4.19)	(3.70)	(3.79)
Closing net asset value per share	101.83	103.88	99.10
* after direct transaction costs of:	0.08	0.27	0.05
Performance			
Return after charges	2.06%	8.56%	6.10%
Other Information			
Closing net asset value (£'000)	9,242	8,579	8,137
Closing number of shares	9,076,191	8,258,419	8,210,954
Operating charges†	0.91%	0.95%	0.98%
Direct transaction costs	0.08%	0.26%	0.05%
Prices			
Highest share price	106.40	114.60	103.10
Lowest share price	92.14	97.14	94.63

† Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

Amity Balanced Fund for Charities

Report of the Authorised Corporate Director

This review covers the year from 1 July 2015 to 30 June 2016.

Over the course of the year under review, the Amity Balanced Fund returned 3.4%, underperforming the 14.3% return of the composite benchmark. The FTSE World Index returned 14.6% over the period while the FTSE Gilts All Stocks Index posted a 13.5% return.

The Fund's overweight allocation to equities, in comparison to the benchmark's 50:50 split between fixed income and equities, was a small positive as the FTSE World Index narrowly outperformed the FTSE Gilts All Stocks Index. Within equities, the Fund's large overweight exposure to the high-yielding UK market proved detrimental to performance; the FTSE All Share offered a return of 2.2% over the period, lagging well behind its international peers.

The Fund's underweight allocation to the US market negatively impacted performance as the S&P 500 Index recorded a total return in Sterling terms of 20.6%, helped by the strength of the Dollar which appreciated 18% against the Pound over the period.

Within fixed income, the Fund's exposure to corporates was marginally negative as corporates underperformed gilts, albeit whilst still offering attractive returns. The Fund's short duration position on its corporate bond portfolio acted as a headwind as the long end of the curve outperformed.

At stock level, holdings in Premier Farnell, GlaxoSmithKline and National Grid were amongst the positions that added most value during the period. Premier Farnell's shares jumped after Daetwyler Holding AG bid to buy the company at a 51% premium to its current price. GlaxoSmithKline was a strong performer following some good results that potentially mark a turnaround in its recent fortunes; the company's shares also rallied more than 12% following the result of the UK referendum which led to a sharp fall in Sterling. A large proportion of GlaxoSmithKline's earnings are generated outside of the UK and are therefore set to benefit from a weaker Pound. Similarly National Grid, which generates half of its sales in the US, rallied as Sterling fell against the Dollar after the referendum vote.

Trading activity has been centred on maintaining the Fund's income yield targets while at the same time seeking to preserve and grow the underlying capital. With this focus in mind, major purchases during the period have included Yara International, Ericsson, Telefonica Deutschland and John Laing Environmental Assets Group. Major sales during the period have included Krung Thai Bank, Veolia Environnement SA and Phoenix Group.

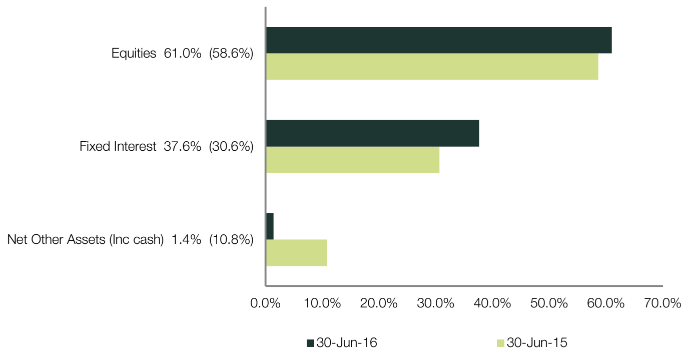
Prospects

The fallout from the unexpected result of the UK referendum on EU membership will likely dominate the near-term agenda for markets as we head into the second half of 2016. Already the Pound has fallen sharply following the result, representing a tailwind for UK exporters but potential headache for importers and consumers facing higher inflation. Since the vote, the UK's GDP growth forecasts have been significantly downgraded with some economists even now predicting a recession, albeit a mild and short-lived one, in 2017. The UK is in for a period of greater uncertainty as it seeks to renegotiate a new relationship with its European trading partners. Further out, the US presidential election in November will soon start to grab attention, particularly given the materially different policy stances of the two candidates.

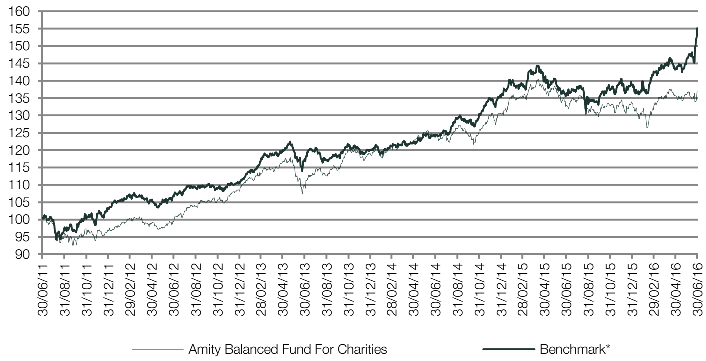
Within this context we continue to adhere to our bottom-up, stock-picking investment process, taking a long-term view and seeking out attractively valued companies with sound balance sheets and strong growth outlooks who have temporarily fallen out of favour with markets and therefore represent enticing buying opportunities.

Asset allocation by sector at 30 June 2016

The figures in brackets show allocation at 30 June 2014



Performance



* Benchmark: 50% FTSE Actuaries Government Securities UK Gilts All Stock Index and 50% FTSE World Index

Graph showing the return of the Amity Balanced Fund for Charities compared to Benchmark from 30 June 2011 to 30 June 2016, mid-to-mid basis excluding initial charges with gross income reinvested. Prices re-based to 100. Source: Morningstar.

Performance

	Amity Balanced Fund for Charities Total Return	Benchmark Total Return
01/07/15 – 30/06/16	3.4%	14.3%
01/07/14 – 30/06/15	7.0%	9.4%
01/07/13 – 30/06/14	12.9%	6.2%
01/07/12 – 30/06/13	10.4%	9.5%
01/07/11 – 30/06/12	-0.6%	6.8%

Table showing % return of the Amity Balanced Fund for Charities against Benchmark. Figures compared on a mid-to-mid basis excluding initial charges with gross income reinvested. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 30 June 2016
GlaxoSmithKline	2.98%
Vodafone	2.51%
AT&T	2.15%
Target Healthcare	1.93%
Greencoat UK Wind	1.91%
Premier Farnell	1.90%
J Sainsbury 6.5% Perpetual	1.81%
AstraZeneca	1.78%
Verizon Communications	1.71%
National Grid	1.70%

Fund Information

The Comparative Table below gives the performance of the only active share class in the Fund.

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Class A Gross Income

Change in Net Asset Value per Share	2016 (p)	2015 (p)	2014 (p)
Opening net asset value per share	107.31	105.82	98.44
Return before operating charges*	5.34	8.37	13.72
Operating charges	(0.88)	(0.97)	(0.94)
Return after operating charges*	4.46	7.40	12.78
Distributions on income shares	(5.64)	(5.91)	(5.40)
Closing net asset value per share	106.13	107.31	105.82
* after direct transaction costs of:	0.03	0.22	0.10
Performance			
Return after charges	4.16%	6.99%	12.98%
Other Information			
Closing net asset value (£'000)	22,565	20,390	16,326
Closing number of shares	21,261,458	19,001,065	15,428,034
Operating charges†	0.83%	0.88%	0.89%
Direct transaction costs	0.03	0.20	0.10
Prices			
Highest share price	110.30	116.90	110.10
Lowest share price	100.80	103.30	98.42

†Operating charges, otherwise known as the OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion.

For further information call us on

0800 358 3010

Monday to Friday 8am to 5pm. We may monitor or record calls to improve our service

You may email us at

charityinvestments@edentreeim.com

Or visit us at

www.edentreeim.com/charityinvestments

edentree
investment management