EDENTREE INVESTMENT FUNDS

Short Report

31 December 2015

Contents

Management Contact Details

Authorised Corporate Director

The Authorised Corporate Director (ACD) is EdenTree Investment Management Limited (EIM). The investments of EdenTree Investment Funds (EIF) 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.

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Authorised and regulated by the Financial Conduct Authority

Constitution

EIF (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 00037. It is authorised and regulated by the Financial Conduct Authority as a UCITS scheme.

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

Directors of Eden Tree 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 GL11JZ

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

Significant Change

The ACD was formerly known as Ecclesiastical Investment Management Limited but changed its name to EdenTree Investment Management Limited with effect from 6 July 2015.

The individual sub-funds have retained the same names but going forward are available under the EdenTree Investment Funds umbrella company.

EIM remains part of the Ecclesiastical Group.

Change in Depositary Fees

With effect from 1 April 2016 Depositary fees will be increased to reflect the additional responsibilities imposed on the Depositary by the UCITS V regulations which came into force on18 March 2016.

The old and new rates are set out below.

Current Rates:

First £50 million – 0.03% per annum
Next £50-£100 million – 0.02% per annum
Balance – 0.015% per annum
(Subject to a minimum fee of £5,000 per annum)

New Rates:

First £50 million – 0.0345% per annum
Next £50-£100 million – 0.0230% per annum
Balance – 0.01725% per annum
(Subject to a minimum fee of £5,750 per annum)

Report of the Authorised Corporate Director – Investment Environment

Investment Environment

Global investment markets endured a volatile twelve months, with sentiment dominated by central bank monetary stimulus, concern over the impact of a Chinese economic slowdown on global growth, a debt crisis in Greece and continued commodity price weakness. As a result, the investment environment was one that proved broadly more favourable for global bonds, which outperformed risk assets such as equities over the period. The disconnect between equity market returns in developed and emerging economies also continued, with the former significantly outperforming the latter and amid a benign macroeconomic backdrop still clouded with uncertainty, investors favoured growth equities over value.

Regional asset class returns broadly followed the gradual divergence in monetary policies among the world's central banks and favoured those markets where stimulus measures were loosest. The year saw both the European Central Bank (ECB) and the Bank of Japan (BoJ) commit to additional monetary easing which boosted asset prices in their related markets, while the Federal Reserve began the much-anticipated process of normalising interest rates, weighing on US asset prices.

The UK

UK equities fell over the twelve month period, with the FTSE All-Share Index registering a loss of 2.5%. Once again, it was the market's high exposure to commodity-associated industries that primarily weighed on returns, as chronic oversupply, weak global demand and a strong dollar continued to squeeze natural resource prices lower. Given its much higher weighting to businesses operating in these pressured industries, the FTSE 100 Index declined by 4.9%, masking the strength of the more domestically focused FTSE 250 Mid-Cap Index and FTSE Small Cap Index, which rallied by 8.4% and 6.2% respectively.

The highlight of the year with the UK equity market was the continued underperformance, indeed in many ways the collapse, of the commodity complex. Sharp falls in a range of base metals and the oil price hit companies, many of which remained true believers in the commodity super cycle. As ever those companies that had let debt levels rise relearned the eternal lesson that cyclicality and high levels of debt are toxic and perfect destroyers of shareholder value. Commodities were not the only sector to suffer material price erosion, with the Food Retailers entering a perfect storm of weak trading, low inflation, high debt and the meteoric and continuing rise of the discounters, which have had a detrimental impact on profitability within the sector. Conversely, those sectors with greater focus towards domestic markets, such as Household Goods, Construction Materials and Leisure Goods delivered strong returns, reflecting the continued strength in the underlying economy.

Corporate investment activity was also a notable theme across the market throughout the year. Major developments included Pearson's sale of the Financial Times to the Japanese media company Nikkei, Shire making a hostile bid for US drug maker Baxalta, US brewing company Anheuser-Busch InBev's takeover of SAB Miller and a merger agreement between Betfair and Paddy Power that will create the world's largest online gambling company.

The UK economy continued to be pulled in two directions. Domestic economic performance remained strong, with the nation's gross domestic product expansion remaining one of the strongest among developed economies but the deterioration in external demand and continual low or non-existent inflation have combined to persuade the Monetary Policy Committee (MPC) to be cautious with monetary tightening. The Bank of England's (BoE) base rate subsequently remained at historic low levels throughout the period. Meanwhile the domestic labour market tightened further, with unemployment reaching 5.1%, the lowest level since 2006 and the working age participation rate hit 74.0%, the highest since 1971, capping another good year for UK consumers. Declining levels of inflation and the relative lack of tax increases at last resulted in an improvement in living standards with average real incomes rising at a steady rate, which supported strong household consumption growth.

Reflective of the risk-off environment, UK government bonds fared better than equities over the twelve month period, with the FTSE Government All-Stocks Index falling by 1.8% in capital terms and outperforming UK investment grade corporate bonds. The yield on the ten-year UK gilt ended 2015 at 1.96%, twenty basis points higher than where it stood at the beginning of the year, however, this limited move overshadowed an increased level of volatility over the period, in which the yield on the ten-year gilt touched an historic low of 1.4%.

Europe

The year saw the European Central Bank commit to approximately €1.5 trillion in asset purchases, delivered in separate announcements in January and December, as the central bank unveiled and deployed its long-awaited quantitative easing programme. This boosted the prices of European assets, with the FTSE World Europe (excluding the United Kingdom) Index delivering a return of 5.6% over the twelve months, although the depreciation of the euro decreased returns for sterling investors to 2.4%.

Economic activity within the single currency bloc moderated through the course of the year, from a quarterly rate of expansion of 0.5% in the opening quarter to 0.3% in the third quarter, largely due to the slowdown in global trade. Consumer spending remained the main driver of growth throughout the year as households spent the windfall gains received from lower energy prices. Having exited a state of deflation in the second quarter, inflation remains low but in positive territory while the employment market has shown gradual signs of improvement, with the regional unemployment rate falling from 11.5% to 10.5% over the course of the twelve months.

At a national level, the equity market in Greece was the standout laggard, falling by 23.6% in local currency terms as the country's debt crisis and uncertainty surrounding its long-term standing within the single currency bloc continued to weigh on domestic economic activity. The equity market in Spain also performed poorly, falling by 7.2% in local currency terms over the period, as economic momentum deteriorated and heightened political uncertainty caused by an inconclusive general election result weighed on investor sentiment. Conversely, the German equity market delivered the strongest returns within the Eurozone, as many of the country's exporters began to reap the benefits of the significant depreciation in the euro, which fell by 7.9% on a trade-weighted basis over the period.

The US

The Dow Jones Industrial Average Index fell by 2.2% over the twelve month period and the more broadly based S&P 500 Index ended 0.7% lower, although the strength of the dollar increased returns for UK investors to a gain of 3.4% and 5.0% for the respective indices. On a sector basis, the equity markets defensive havens provided the strongest returns, with Telecommunications, Utilities and Health Care all outperforming, the latter also boosted by heightened levels of corporate takeover activity. Meanwhile, the Energy, Material and Industrial sectors all registered double-digit declines over the twelve months, reflecting the pressures experienced within those industries globally.

Investors watched the Federal Reserve (Fed) closely throughout the year for indications about the likely timing and pace of US interest rate rises. The Fed sought to manage market nerves about the impact of policy change, stressing that the decision would be data dependent and that the path of rate rises would be gradual, but the lack of certainty prompted heightened levels of volatility within US investment markets, particularly in the final quarter of the year. Investors had initially priced in a September rate rise, but due to downward pressures on inflation and concerns over growth in China, the initial interest rate hike was not implemented until December. The central bank increased the target range for the federal funds rate for the first time since 2006, from 0.0%-0.25% to 0.25%-0.50%, following further tightening in the US labour market, with net jobs growth running consistently above 200,000 per month and the unemployment rate falling to a seven-year low of 5.0% (from 5.7% at the beginning of the year).

Following the disappointing start to the year, in which the US economy expanded by a mere 0.6% (in real terms) over the opening quarter largely due to the impact of severe winter weather, US economic activity resumed a steady but not stellar improvement, predominantly driven by the consumer. A strong rebound in the second half of 2015 lifted consumer spending to an annual rate of 3.1% for 2015, the highest level seen since 2005. Benign financial conditions, an increase in nominal wages and low energy prices helped boost the real incomes of consumers.

Japan

The strongest returns over the period across developed markets in local currency and in sterling terms came from Japanese equities, where monetary policy measures deployed by the Bank of Japan (BoJ) remained ultra-accommodative and where corporate profits grew, despite a rather feeble domestic economic recovery. The Nikkei 225 Index produced a gain of 9.0% over the twelve months, while strength in the Japanese yen, following several years of significant depreciation, yielded a return of 13.4% for sterling investors. There was no expansion in the BoJ's existing quantitative easing programme this year, with the pace of the asset purchase programme remaining at ¥80 trillion a year (from between ¥60-¥70 trillion a year in 2013), however, the central bank did make minor adjustments, which included lengthening the maturity of the bonds it was purchasing and adding an extra ¥300 billion per year to its existing scheme of buying exchange-traded funds (ETFs) that focus on domestic firms, in a bid to proactively invest in the country's physical and human capital.

Continued efforts to stimulate the domestic economy have gained little traction over the last twelve months, as the country has flirted with a technical recession while the BoJ's 2% inflation target remains out of reach. The domestic consumer price index closed the year just 0.2% higher over a twelve month period, as stagnant incomes, the slump in global energy prices and weaker levels of demand from China weighed on broad price measures and industrial activity. Subsequently, speculation has mounted that the Japanese central bank may opt to deploy further monetary stimulus in the near-term.

Asia Pacific (excluding Japan)

It was a tale of two halves for equity markets across the region over the year, as strong returns in the opening six months were more than offset by the weakness in the second half and ultimately left equity bourses broadly in negative territory. Further easing measures deployed by the People's Bank of China (PBoC) during the early part of the year were favourably received by the market, when the central bank cut interest rates and the reserve requirements imposed on the nation's banks. The launch of a new programme connecting the stock exchanges in the mainland of China and Hong Kong (allowing international investors to trade Shanghai-listed shares for the first time) also boosted returns. However, sentiment surrounding the region began to subside in the second half of the year as macroeconomic data in China deteriorated and a surprise devaluation of the yuan by the People's Bank of China subsequently raised wider concerns on the health of the economy and sparked uncertainty over future policy responses.

Ultimately, the Chinese economy expanded by 6.9% in 2015 overall (in real terms), its slowest pace in twenty-five years, thus compounding market instability. Despite heightened levels of volatility, the Shanghai Composite Index increased by 10.7% (in sterling terms) over the twelve months, while the equity market in Hong Kong fell by 1.8% (in sterling terms), following weaker levels of demand from mainland China, as well as the slowdown in its local economy.

Outlook

Macroeconomic and geopolitical factors look certain to play a key role in investors thinking over the twelve months ahead and the outlook appears as mixed as it was six months ago. 2016 is likely to be another year of divergent monetary policy, with the Federal Reserve continuing to normalise monetary policy and the Bank of England likely to follow suit, albeit at a modest pace given the subdued inflation expectations globally at present, while the European Central Bank, the Bank of Japan and the People's Bank of China remain firmly in easing mode. Low commodity prices should also support a global recovery and overall, the combined effect should be a supportive environment for global equities. China remains a source of volatility, however, we continue to believe that recent and continuing stimulus measures will be increasingly reflected in improving economic data going forward. Further potential sources of volatility within financial markets include the potential for a UK referendum on its membership in the European Union and the US presidential election. In reflection of the continued state of uncertainty, we retain a cautious outlook for markets as we look to the twelve months ahead.

Investment Objective and Policies

These Funds are marketable to retail investors.

These Funds are managed in line with the requirements for inclusion in an ISA. The portfolio will consist primarily of transferable securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Funds' objectives.

The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Funds, although it may, subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days notice to shareholders in the Funds, use derivatives in pursuit of their investment objectives in the future. If derivatives are used for the purpose of meeting the investment objectives of the Funds it is not intended that the use of derivatives would cause the Net Asset Value of the Funds to have higher volatility or otherwise cause the existing risk profiles of the Funds to change.

Amity UK

The Fund aims to achieve long-term capital appreciation and a reasonable level of income by investing principally in UK companies.

The Amity UK Fund seeks to invest in a portfolio of 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 a material involvement in alcohol, tobacco and weapon production, gambling and publication of violent or explicit materials.

Amity European

To achieve long-term capital growth with a reasonable level of income primarily through a diversified portfolio of European companies.

The Amity European Fund seeks to invest in a portfolio of 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 a material involvement in alcohol, tobacco and weapon production, gambling and publication of violent or explicit materials.

Amity International

To achieve long-term capital growth with a reasonable level of income primarily through a diversified portfolio of International companies.

The Amity International Fund seeks to invest in a portfolio of 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 a material involvement in alcohol, tobacco and weapon production, gambling and publication of violent or explicit materials.

Amity Sterling Bond

The Fund aims to provide an attractive level of income.

The Amity Sterling Bond Fund seeks to invest in a highly diversified portfolio of Government and good quality fixed interest securities issued by companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The Fund's investments will be principally denominated in sterling but the Fund may invest in other currency bonds and securities that the manager thinks appropriate to meet the investment objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement in alcohol, tobacco and weapon production, gambling and publication of violent or explicit materials.

Higher Income

To provide an above average and growing level of income together with capital growth over the longer term.

The Manager will seek to achieve the investment objective by investing in a mix of equities, fixed interest securities and such other investments that the Manager considers suitable.

UK Equity Growth

To achieve long-term capital growth with a reasonable level of income.

The UK Equity Growth Fund is designed to invest primarily in a range of UK incorporated and/or listed companies which the Manager believes offer good potential for long-term capital growth.

Risk Profile

Amity UK

Most of the assets will be invested in the UK stock market so could be affected by any change in this market.

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 European

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

The entire market of European stocks and shares might decline thus affecting the prices and values of the assets.

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 International

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.

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 Sterling Bond

The Fund holds a variety of different fixed interest securities including government and corporate bonds, preference shares and permanent interest bearing shares with a spread of durations. The Fund may invest in index or inflation linked bonds as well as conventional fixed interest instruments. Some of the bonds hold credit ratings however the Fund also invests in unrated bonds and other fixed interest instruments.

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

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

The annual management charge is taken from capital not income so the capital value of the Fund could be reduced over time.

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.

Higher Income

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

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.

The annual management charge is 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.

UK Equity Growth

Most of the assets will be invested in the UK stock market so could be affected by any change in this market.

Amity UK Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the course of the year under review the Amity UK Fund returned 7.6%*, outperforming the return on the FTSE All-Share Index of 1.0% and the IA All Companies sector average return of 4.8%, both measured on a similar basis.

The Manager's ethical screening process generally excludes mining and oil companies and weakness in these two large sectors to which the Fund has very little exposure helped its performance relative to the FTSE All Share Index. The Fund's above average exposure to small and medium sized companies also contributed to outperformance.

From a sector allocation perspective, the Fund benefited from being overweight in General Retailers, Electronic & Electrical Equipment and General Industrials which performed strongly and from being underweight in Mining, Banks and the Oil & Gas sectors which performed poorly. Underweight positions in Tobacco and Beverages and overweight positions in Food & Drug Retailers acted as a drag on performance.

In respect of Fund activity, notable new holdings included NCC Group (IT), Victrex (Chemicals), Close Brothers (Banks) and Trifast (Industrials). At a stock level Provident Financial, Dechra Pharmaceuticals, Halma and Scapa were amongst the top contributors, whilst top detractors included Oxford Instruments, Pearson, Johnston Press and DX Group.

The positions in several holdings were augmented – Porvair (Industrials), Alent (Chemicals), Fenner (Machinery), Morgan Sindall (Engineering & Construction), Smiths Group (Industrials), N Brown (General Retail), Hayward Tyler (Power Generation), John Laing Environmental Assets (Infrastructure) and Pinewood (Media) - businesses with resilient business models and solid cash flows which are on attractive ratings. The position in Provident Financial, a long-term held and very successful investment, was reduced as the valuation appeared to fully reflect medium-term prospects. Several holdings in the fund were subject to successful bids – Catlin (Insurance), Rexam (Packaging), Alent (Chemicals), Japan Residential (Real Estate), Cable & Wireless (Telecoms) and HellermannTyton (Electrical Components).

Prospects

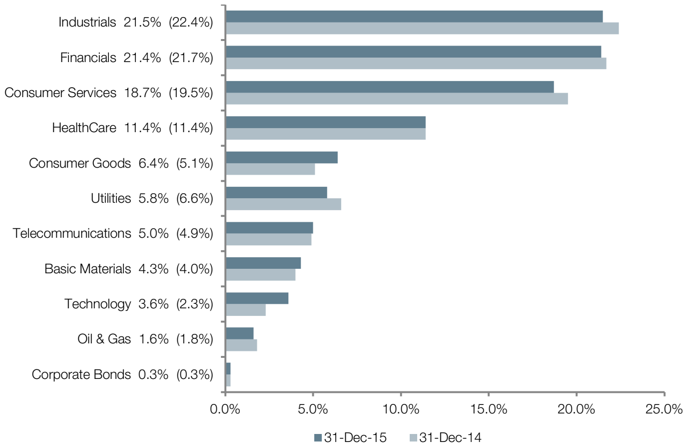
With economic data coming out of China still contradictory there will be continued volatility in world equity markets although we continue to believe that recent and continuing stimulus measures should increasingly be reflected in better data. Commodity prices continue to be under pressure and we expect a raft of further dividend cuts and capital raisings in the sector as companies attempt to shore up their balance sheets. Given this volatility the pace and quantum of US interest rate rises should be modest. In the UK given the potential EU referendum later in the year we expect the Bank of England to be in no rush to increase rates. Given the unprecedented levels of stimulus in Europe with QE, negative rates and low commodity prices it would be surprising if early signs of recovery were not sustained. The Fund continues to maintain healthy cash balances, patiently seeking to invest in companies at attractive valuations in line with its long-term strategy.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

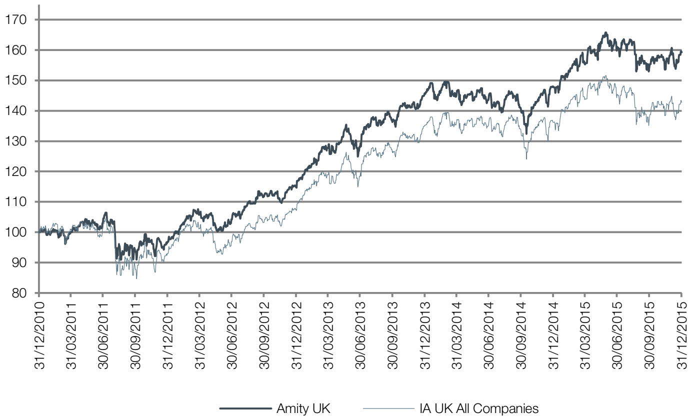
Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Figures exclude cash

Performance



Graph showing the return of the Amity UK Fund compared to IA UK All Companies Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity UK Fund		IA UK All Companies Sector Average	
	Total Return	Rank	Total Return	Number
01/01/15 – 31/12/15	7.6%	87	4.8%	277
01/01/14 – 31/12/14	1.5%	91	0.7%	272
01/01/13 – 31/12/13	27.2%	109	26.2%	261
01/01/12 – 31/12/12	18.4%	74	15.4%	279
01/01/11 – 31/12/11	(3.4)%	45	(6.9)%	295

Table showing % return and ranking of the Amity UK Fund against IA UK All Companies Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
Halma	2.58
Dechra Pharmaceuticals	2.45
BT	2.19
Dunelm Group	2.21
Next	2.16
Smith & Nephew	2.08
Prudential	1.99
Provident Financial	1.99
DS Smith	1.94
Legal & General	1.88

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	200.80	200.66	160.07
Return before operating charges*	18.71	6.01	46.36
Operating charges (calculated on average price)	(3.31)	(3.16)	(2.97)
Return after operating charges*	15.40	2.85	43.39
Distributions on income shares	(3.24)	(2.71)	(2.80)
Closing net asset value per share	212.96	200.80	200.66
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.06	0.04	0.11
Performance			
Return after charges	7.67%	1.42%	27.11%
Other Information			
Closing net asset value (£'000)	34,333	41,791	47,875
Closing number of shares	16,122,336	20,812,700	23,859,234
Operating charges	1.55%	1.59%	1.61%
Direct transaction costs	0.02%	0.02%	0.05%
Prices			
Highest share price	225.50	206.30	202.90
Lowest share price	198.40	181.70	163.40

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	199.84	199.66	159.14
Return before operating charges*	18.83	6.10	46.36
Operating charges (calculated on average price)	(1.71)	(1.66)	(1.60)
Return after operating charges*	17.12	4.44	44.76
Distributions on income shares	(4.97)	(4.26)	(4.24)
Closing net asset value per share	211.99	199.84	199.66
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.06	0.04	0.11
Performance			
Return after charges	8.57%	2.22%	28.13%
Other Information			
Closing net asset value (£'000)	63,069	45,392	31,341
Closing number of shares	29,751,339	22,713,969	15,697,212
Operating charges	0.80%	0.84%	0.86%
Direct transaction costs	0.02%	0.02%	0.05%
Prices			
Highest share price	225.10	205.50	203.10
Lowest share price	197.50	181.80	162.50

Class C

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	362.37	356.24	279.25
Return before operating charges*	34.06	10.87	81.38
Operating charges (calculated on average price)	(5.03)	(4.74)	(4.39)
Return after operating charges*	29.03	6.13	76.99
Distributions on income shares	N/A	N/A	N/A
Closing net asset value per share	391.40	362.37	356.24
Retained distributions on accumulation shares	7.08	5.83	5.85
* after direct transaction costs of:	0.06	0.04	0.11
Performance			
Return after charges	8.01%	1.72%	27.57%
Other Information			
Closing net asset value (£'000)	38,006	38,308	40,064
Closing number of shares	9,710,308	10,571,470	11,246,239
Operating charges	1.30%	1.34%	1.36%
Direct transaction costs	0.02%	0.02%	0.05%
Prices			
Highest share price	407.40	366.40	356.90
Lowest share price	358.00	325.00	285.00

Risk Reward Profile

Lower risk	Higher risk
Typically lower rewards	Typically higher rewards

1 2 3 4 **5** 6 7

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower risk category.

As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile.

Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

The Share Class is in risk category 5 as its price has experienced significant rises and falls historically.

Amity European Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the course of the year under review the return of the Amity European Fund rose by 7.1%* compared to the IA Europe excluding UK sector average return of 9.2% whilst the FT World Europe ex UK Index returned 5.4%.

The European economy disappointed investors over the course of the year as the anticipated recovery barely got going before global macroeconomic conditions deteriorated with China suffering slowdown in growth and commodity prices collapsing. The European equity markets still generated positive returns over the year though some of this was lost to UK based investors as the Euro weakened against sterling. In this environment, defensive sectors such as Consumer Staples and Healthcare performed strongly as well as Information Technology. Due to the sharp fall in the price of oil, the Oil sector turned out to be the worst performing sector, followed by Materials which suffered from falling commodity prices

Sector allocation had a negative impact on performance with the Fund theoretically suffering from an overweight position in Utilities, however, in practice the Fund generated a strong performance from this sector through holdings in A2A, Veolia,Terna and Suez Environnement. The Fund was underweight compared to the benchmark index in Consumer Staples which performed strongly over the period as investors favoured the defensive nature of this sector despite its high valuation. The Fund benefitted from the strong performance of the building materials company, Braas Monier, the Dutch chemicals company, Corbion, and German middlestadt industrial holding company, Indus. On the downside the worst performers included Telefonica and Banco Santander which suffered from their exposure to Latin American markets which were heavily exposed to falling commodity prices and the electrical engineering companies Rexel and Mersen.

Over the period the Fund reduced exposure to the utility sector through sales of A2A, Terna and Veolia. The companies had all performed strongly over the last few years and were beginning to appear expensive on valuation grounds. The Fund bought Publicis which had fallen a long way in value after losing a few high profile accounts and was trading at a record discount to its closest peers. The company retains a strong position in the US advertising market and should benefit from cost synergies from its acquisition of the Sapient business. The Fund also invested in Aryzta, a speciality bakery business which had fallen sharply as it is in the middle of a restructuring and rationalisation program which has depressed margin but which should allow it to enhance margins moving forwards. We also added to a number of existing positions including Fonciere des Regions, a French property company, Mersen, a French engineering company, Michelin, Gas Natural and Centrotec Sustainable. The Fund disposed of a holding in Pirelli which was subject to a buyout by a Chinese investor and appears unlikely to benefit from a higher offer and may be delisted.

Prospects

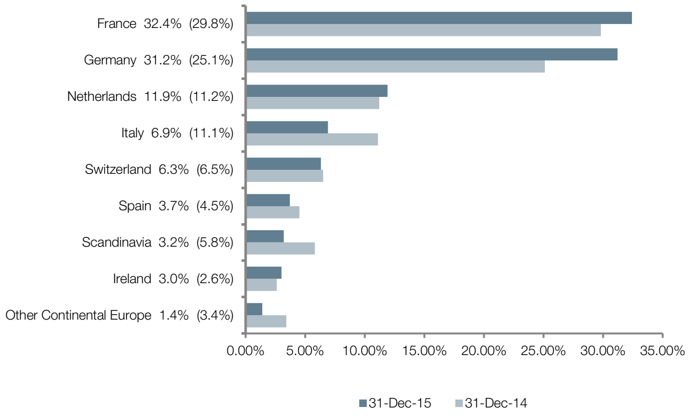
The global economic picture remains weak and it is inevitable that some European companies will suffer from their exposure to China and commodity related markets however the domestic European economy seems to be moving towards a sustainable recovery with consumer, business and investor confidence measures all showing signs of recovery and unemployment beginning to decline. European business should benefit from the boost to consumer incomes from lower commodity prices, increased competitiveness from the weakness of the Euro compared to the dollar and the accommodative monetary policy from the European Central bank. The valuation of European equity markets appears attractive given there is substantial room for a strong cyclical recovery with plenty of spare capacity in the European economy. In the current environment we favour companies with high exposures to the domestic European economy rather than those exposed to emerging markets and capital goods which may suffer from the fallout from collapsing commodity prices and the slowdown in the Chinese economy.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

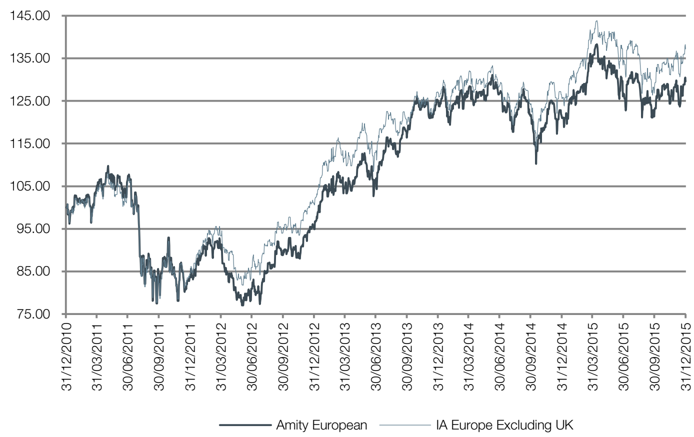
Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Figures exclude cash

Performance



Graph showing the return of the Amity European Fund compared to IA Europe (excluding UK) Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity European Fund		IA Europe (excluding UK) Sector Average	
	Total Return	Rank	Total Return	Number
01/01/15 – 31/12/15	7.1%	79	9.2%	112
01/01/14 – 31/12/14	(3.0)%	85	(1.0)%	109
01/01/13 – 31/12/13	31.5%	13	26.1%	99
01/01/12 – 31/12/12	13.4%	97	19.1%	105
01/01/11 – 31/12/11	(16.3)%	61	(15.9)%	108

Table showing % return and ranking of the Amity European Fund against IA Europe (excluding UK) Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
Wolters Kluwer	2.93
Smurfit Kappa	2.90
Cie Generale des Etablissements Michelin 'B'	2.86
Merk KGaA	2.84
Novartis	2.63
Sanofi-Aventis	2.59
Allianz	2.31
Telefonica Deutschland	2.30
Roche	2.25
Elringklinger	2.19

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	190.86	198.94	153.71
Return before operating charges*	16.61	(2.58)	51.15
Operating charges (calculated on average price)	(3.16)	(3.27)	(3.00)
Return after operating charges*	13.45	(5.85)	48.15
Distributions on income shares	(2.95)	(2.23)	(2.92)
Closing net asset value per share	201.36	190.86	198.94
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.11	0.11	0.14
Performance			
Return after charges	7.05%	(2.94)%	31.33%
Other Information			
Closing net asset value (£'000)	6,246	10,076	12,301
Closing number of shares	3,101,803	5,279,177	6,182,976
Operating charges	1.57%	1.66%	1.66%
Direct transaction costs	0.06%	0.06%	0.07%
Prices			
Highest share price	218.30	209.30	203.10
Lowest share price	187.60	174.20	156.60

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	192.34	200.51	154.85
Return before operating charges*	16.91	(2.52)	51.70
Operating charges (calculated on average price)	(1.67)	(1.81)	(1.67)
Return after operating charges*	15.24	(4.33)	50.03
Distributions on income shares	(4.64)	(3.84)	(4.37)
Closing net asset value per share	202.94	192.34	200.51
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.11	0.11	0.14
Performance			
Return after charges	7.92%	(2.16)%	32.31%
Other Information			
Closing net asset value (£'000)	55,911	50,028	44,607
Closing number of shares	27,550,982	26,010,550	22,246,675
Operating charges	0.82%	0.91%	0.91%
Direct transaction costs	0.06%	0.06%	0.07%
Prices			
Highest share price	220.50	211.70	205.40
Lowest share price	189.10	176.30	157.80

Class C

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	218.02	223.99	169.91
Return before operating charges*	19.25	(2.83)	55.90
Operating charges (calculated on average price)	(3.06)	(3.14)	(2.82)
Return after operating charges*	16.19	(5.97)	54.08
Distributions on income shares	N/A	N/A	N/A
Closing net asset value per share	234.21	218.02	223.99
Retained distributions on accumulation shares	4.11	3.25	3.78
* after direct transaction costs of:	0.11	0.11	0.14
Performance			
Return after charges	7.43%	(2.67)%	31.83%
Other Information			
Closing net asset value (£'000)	706	661	753
Closing number of shares	301,696	303,296	336,352
Operating charges	1.32%	1.41%	1.41%
Direct transaction costs	0.06%	0.06%	0.07%
Prices			
Highest share price	249.60	236.00	226.70
Lowest share price	214.40	198.60	173.10

Risk Reward Profile

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1 2 3 4 5 **6** 7

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower risk category.

As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile.

Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

The Share Class is in risk category 6 as its price has experienced very significant rises and falls historically.

Amity International Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the course of the year the Amity International Fund returned -3.4%*, underperforming the 2.8% return posted by the IA Global sector and falling short of the 4.3% return of the FTSE World Index, both measured on a similar basis.

Geographical allocation negatively impacted performance in 2015; the Fund's underweight exposure to US equities proved detrimental as the US market outperformed. The strength of the US dollar also contributed to underperformance as the currency appreciated against most major currencies on the back of expectations of interest rate hikes, the first of which finally materialised in December.

The overweight allocation to Asian equities hampered performance during the period as Asian markets de-rated, in part due to concerns around China's slowing economic growth. Within the region, the largest negative impact came from the overweight position in Singapore equities, where the country's Straits Times Index fell 12.2% in Sterling terms over the year. The Fund's other main overweight position to Hong Kong equities, also detracted from performance but to a lesser extent as the Hang Seng index posted a positive GBP return of 1.5% for the year. The Fund's bias towards small-caps within Asia acted as a headwind as smaller companies underperformed their peers.

The Fund's overweight allocation to Eurozone equities had a positive impact as the region posted competitive returns during the period. Conversely, the Fund's overweight allocation to UK equities had a negative impact as the UK market lagged behind international peers. However, within the UK there was a substantial performance differential between the large-cap FTSE 100, which fell 1.3% during 2015, and the mid and small-cap indices which both posted healthy returns. The Fund's bias towards smaller companies therefore acted as a tailwind to performance within the UK. The FTSE 100's performance was weighed down by its exposure to the Oil and Mining sectors as commodity prices continued to fall.

The Fund's value bias acted as a headwind as value lagged behind other styles such as growth and momentum in 2015. At sector level, an underweight allocation to the Energy sector added value but underweight exposure to Technology, Consumer Staples and Consumer Discretionary detracted from performance.

Positions in TechnoPro, General Electric and Japan Residential Investment Company were amongst the largest positive contributors to performance during the period. Conversely, holdings in Ezion, Luk Fook and Boustead Singapore featured amongst the largest detractors.

No major changes to Fund strategy were implemented during the year. The Fund remains underweight in US equities and overweight in Asian equities, as well as overweight in UK and the Eurozone. In respect of Fund activity, major transactions during the year included purchases of TechnoPro Holdings, NCC Group and Cisco Systems and sales of Ansaldo STS SpA, Fidelity Japanese Values PLC and BYD Electronic International Co. Ltd.

Prospects

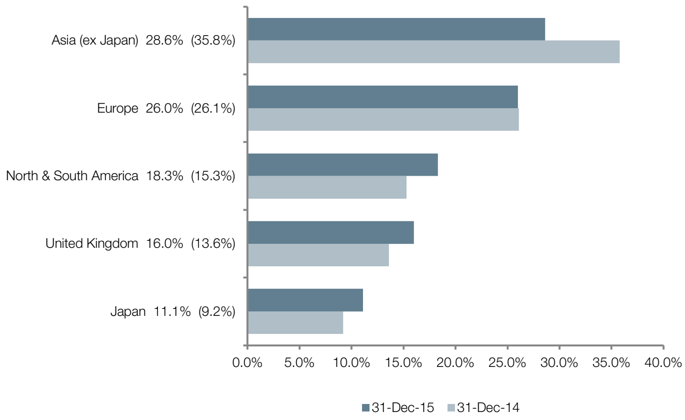
The Fund retains its overweight allocation to Asian equities, where valuations have reached very attractive levels and the region's long-term growth prospects are bright. The underweight allocation to US equities is retained due to concerns around elevated valuations and unsustainably high profit margins. The Fund's overweight exposure to European equities positions it to benefit from the tentative signs of a recovery that is beginning to be seen within the Eurozone.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

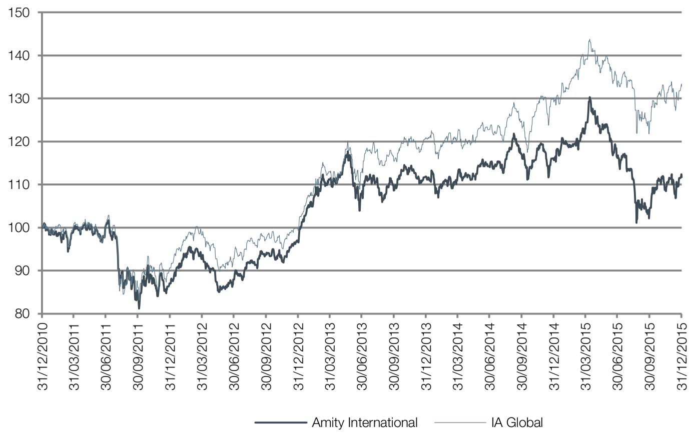
Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Figures exclude cash

Performance



Graph showing the return of the Amity International Fund compared to IA Global Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity International Fund		IA Global Sector Average	
	Total Return	Rank	Total Return	Number
01/01/15 – 31/12/15	(3.4)%	240	2.8%	278
01/01/14 – 31/12/14	3.5%	205	7.1%	277
01/01/13 – 31/12/13	15.8%	199	21.7%	239
01/01/12 – 31/12/12	10.9%	105	9.6%	234
01/01/11 – 31/12/11	(13.0)%	166	(10.2)%	218

Table showing % return and ranking of the Amity International Fund against IA Global Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
General Electric Class 'C'	3.16
GlaxoSmithKline	2.88
Intel	2.79
Minth	2.14
Aviva	2.01
TechnoPro Holdings	2.01
JPMorgan Japanese Investment Trust	1.95
Sumitomo Mitsui Financial	1.95
Vietnam Holdings	1.87
Johnson & Johnson	1.76

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	212.29	207.69	181.90
Return before operating charges*	(3.73)	10.47	31.94
Operating charges (calculated on average price)	(3.32)	(3.33)	(3.29)
Return after operating charges*	(7.05)	7.14	28.65
Distributions on income shares	(2.98)	(2.54)	(2.85)
Closing net asset value per share	202.26	212.29	207.69
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.09	0.14	0.11
Performance			
Return after charges	(3.32)%	3.44%	15.75%
Other Information			
Closing net asset value (£'000)	35,795	101,741	138,682
Closing number of shares	17,697,722	47,926,263	66,773,865
Operating charges	1.56%	1.58%	1.59%
Direct transaction costs	0.04%	0.06%	0.05%
Prices			
Highest share price	239.60	225.00	222.20
Lowest share price	184.40	199.10	184.40

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	213.61	208.94	182.97
Return before operating charges*	(3.69)	10.62	32.18
Operating charges (calculated on average price)	(1.72)	(1.77)	(1.76)
Return after operating charges*	(5.41)	8.85	30.42
Distributions on income shares	(4.65)	(4.18)	(4.45)
Closing net asset value per share	203.55	213.61	208.94
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.09	0.14	0.11
Performance			
Return after charges	(2.53)%	4.24%	16.63%
Other Information			
Closing net asset value (£'000)	161,933	127,035	91,018
Closing number of shares	79,555,248	59,470,777	43,560,872
Operating charges	0.81%	0.83%	0.84%
Direct transaction costs	0.04%	0.06%	0.05%
Prices			
Highest share price	241.70	226.90	224.10
Lowest share price	186.00	200.40	185.50

Class C

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	227.39	219.26	188.91
Return before operating charges*	(4.00)	11.11	33.24
Operating charges (calculated on average price)	(2.98)	(2.98)	(2.89)
Return after operating charges*	(6.98)	8.13	30.35
Distributions on income shares	N/A	N/A	N/A
Closing net asset value per share	220.41	227.39	219.26
Retained distributions on accumulation shares	3.82	3.27	3.51
* after direct transaction costs of:	0.09	0.14	0.11
Performance			
Return after charges	(3.07)%	3.71%	16.07%
Other Information			
Closing net asset value (£'000)	823	850	1,000
Closing number of shares	373,410	373,943	455,890
Operating charges	1.31%	1.33%	1.34%
Direct transaction costs	0.04%	0.06%	0.05%
Prices			
Highest share price	256.80	239.80	231.00
Lowest share price	199.50	210.20	191.50

Risk Reward Profile

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1 2 3 4 **5** 6 7

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower risk category.

As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile.

Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

The Share Class is in risk category 5 as its price has experienced significant rises and falls historically.

Amity Sterling Bond Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the course of the year under review the return of the Amity Sterling Bond Fund was unchanged at 0.0%* compared with the IA £ Strategic Bond sector average return of -0.3%. The FTSE Government All Stock Index had a return of 0.6% for 2015.

The 10-year UK gilt yield ended the year at 1.96%, up 20bps since the start of 2015 albeit masking an increased level of volatility during the year. Quantitative easing from the Eurozone and Japan, combined with the resurgence of the Greek crisis, saw it fall to a low of 1.4% in January. Following a brief bounce in the oil price and receding fears of market contagion from the situation in Greece, a rise in yields to a high of 2.2% by late June ensued. The global growth shock emanating from China in the third quarter, triggered by the devaluation of the yuan, reversed this temporary yield uptrend however, with expectations of a UK base rate rise diminishing. Concerns about the adverse global impacts of a slowdown in the Chinese and emerging market economies subsequently reverberated through markets, serving to delay an initial interest rate hike by the Federal Reserve. At the same time, declining inflation expectations on the back of falling oil prices resulted in the 10-year gilt yield touching 1.7% in the third quarter. In December, the ECB cut its Deposit Facility rate further into negative territory and extended the duration of its asset purchase programme, in a bid to stimulate price inflation. These policy actions underwhelmed bond market participants though, with yields rising sharply thereafter as a direct consequence.

Corporate bond credit spreads widened over the year, driven by poor risk sentiment on Greece, China and global growth concerns. The falls in oil and commodity prices also contributed to higher spreads in related sectors, notably mining. Over the year as a whole therefore, corporate bond returns were marginally lower than those registered on gilts.

The Fund underperformed its FTSE Government All Stock Index benchmark. The exposure to corporate bonds contributed positively to performance, particularly during the final quarter, when credit spreads tightened alongside rising gilt yields. With the longer-dated maturities weakening in the run up to the year-end, the Fund clawed back some intra-year underperformance but not enough to mitigate the adverse impact of its short relative duration position during the strong gilt rally which occurred in the third quarter.

The Fund continued to invest on an opportunistic basis and tactically switched out of gilts into corporate bonds following the sharp rise in credit spreads in the third quarter. It also maintained a shorter than average duration position relative to its benchmark.

Prospects

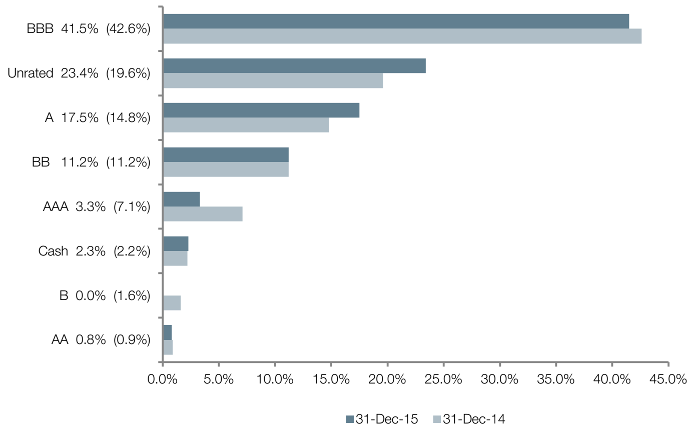
Global economic growth and inflation are likely to remain subdued, not least because of uncertainty emanating from China and other emerging market economies. With the decline in commodity and oil prices continuing to provide a boost to real wages and consumption, the US and UK economies should continue to expand in 2016. Similarly, these economic conditions are likely to see the Eurozone recovery strengthen. This should lead bond yields higher, with a short duration position relative to benchmark appropriate. The benign inflationary environment as well as prospects for further European quantitative easing may keep yields low and warrant some caution. A modest economic growth environment would lend some support to credit and as such, purchasing good corporate credits at attractive yields remains preferable.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

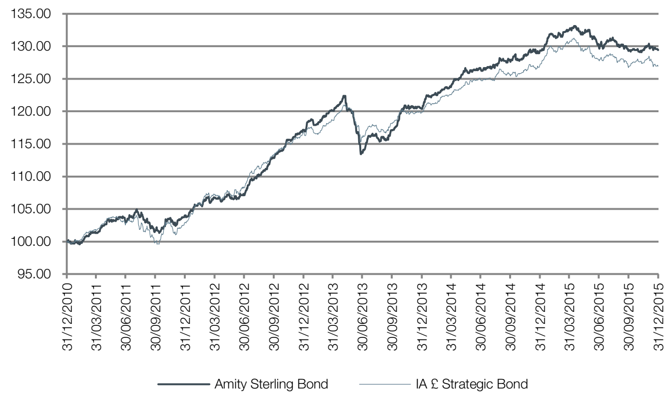
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Performance



Graph showing the return of the Amity Sterling Bond Fund compared to IA £ Strategic Bond Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity Sterling Bond Fund		IA £ Strategic Bond Sector Average	
	Total Return	Rank	Total Return	Number
01/01/15 – 31/12/15	0.0%	49	(0.3)%	103
01/01/14 – 31/12/14	7.5%	32	6.1%	89
01/01/13 – 31/12/13	2.7%	44	2.7%	72
01/01/12 – 31/12/12	12.6%	46	13.4%	77
01/01/11 – 31/12/11	4.2%	25	2.1%	70

Table showing % return and ranking of the Amity Sterling Bond Fund against IA £ Strategic Bond Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
Places For People 5% 27/12/2016	2.64
Nottingham Building Society 7.875% PIBS	2.54
F&C Asset Management 6.75% 20/12/2026	2.19
London Stock Exchange 4.75% 02/11/2021	2.07
Premier Farnell 8.920%	2.00
Beazley Group 7.25% 17/10/2026	1.95
Coventry Building Society 12.125% PIBS	1.94
UK Treasury 2.5% 26/07/2016 (Indexed Linked)	1.92
A2D Funding 4.75% 18/10/2022	1.91
Society of Lloyds 7.421% Perp	1.88

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	107.59	104.21	105.90
Return before operating charges*	1.43	9.43	4.46
Operating charges (calculated on average price)	(1.40)	(1.48)	(1.48)
Return after operating charges*	0.03	7.95	2.98
Distributions on income shares	(4.33)	(4.57)	(4.67)
Closing net asset value per share	103.29	107.59	104.21
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.00	0.00	0.01
Performance			
Return after charges	0.03%	7.63%	2.81%
Other Information			
Closing net asset value (£'000)	21,410	29,577	37,258
Closing number of shares	20,728,440	27,490,680	35,751,715
Operating charges	1.30%	1.37%	1.39%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	110.90	109.60	110.60
Lowest share price	104.80	105.20	101.50

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	115.61	111.26	112.35
Return before operating charges*	1.57	10.15	4.76
Operating charges (calculated on average price)	(0.81)	(0.89)	(0.89)
Return after operating charges*	0.76	9.26	3.87
Distributions on income shares	(4.69)	(4.91)	(4.96)
Closing net asset value per share	111.68	115.61	111.26
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.00	0.00	0.01
Performance			
Return after charges	0.66%	8.32%	3.44%
Other Information			
Closing net asset value (£'000)	62,313	51,432	26,221
Closing number of shares	55,794,163	44,486,860	23,566,934
Operating charges	0.70%	0.77%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	119.40	117.70	117.60
Lowest share price	113.20	112.30	108.00

Risk Reward Profile

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1 2 **3** 4 5 6 7

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower risk category.

As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile.

Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

The Share Class is in risk category 3 as its price has experienced moderate rises and falls historically.

Higher Income Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the course of the year the Higher Income Fund returned -1.6%*, underperforming the 2.7% return of the IA Mixed Investments (40-85%) sector average. Over the same period the FTSE All-Share Index registered a return of 1.0% and the FTSE Government All Stocks Index returned 0.6%, both measured on a similar basis.

The Fund's asset allocation between equities and bonds only had a limited impact during the year as both asset classes suffered fairly muted returns. The Fund's value bias proved detrimental to performance as value stocks generally underperformed other styles such as growth and momentum.

Geographical allocation within the Fund's equity portfolio had a mixed impact. The UK market lagged behind global peers during the year, although this was largely due to its exposure to commodities. The Fund's allocation to US and European equity markets, as well as its exposure to Japan, enhanced performance as those markets posted robust returns in 2015. Japan in particular was one of the strongest international markets during the year. The Fund's exposure to Asian (excluding Japan) equities, primarily through Hong Kong and Singapore, was detrimental to performance as both markets underperformed on concerns around China's economic slowdown.

The Fund's limited exposure in relative terms to the Consumer Staples and Consumer Discretionary sectors had a detrimental impact on performance as both sectors performed well during the period. The Fund's overweight allocation to the Telecoms sector added value as the sector posted healthy returns, but the overweight exposure to Utilities detracted from performance.

At stock-level, positions in UK specialty polymer manufacturer Synthomer and Japanese staffing agency TechnoPro added most value during the year. Other notable positive contributors included Patisserie Holdings and Japan Residential Investment Company. Positions in Shell, DX Group and Luk Fook were the largest stock-level detractors from performance over the period.

Within the Fund's fixed income portfolio, its allocation towards corporate bonds over gilts had a marginal negative effect as gilts outperformed corporates during the year due to a widening of credit spreads. The exposure to PIBS and preference shares had a mixed impact; holdings in Aviva preference shares performed strongly but a position in REA Holdings PLC underperformed.

Major transactions during the period included purchases of shares in BHP Billiton, John Laing Environmental Assets Group Ltd, John Laing Group, Smiths Group and BP, as well as a Sainsbury perpetual bond yielding 6.5% (callable 2020). Notable sales included shares in Terna SpA and National Grid and an NIE Finance 6.375% 2026 bond.

Prospects

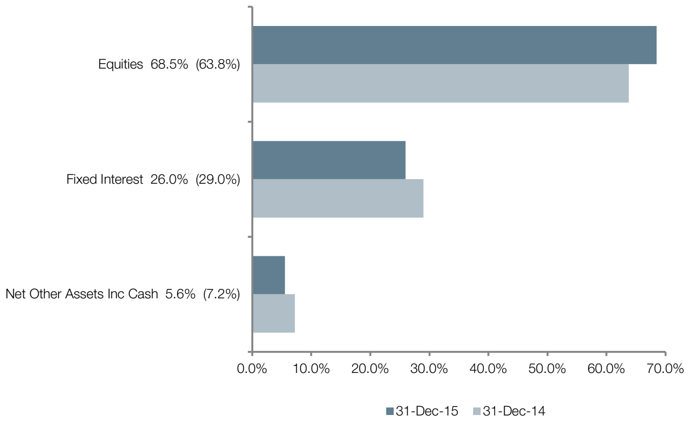
Concerns around ongoing falls in commodity prices, the impact of rate rises in the US and China's slowing growth are likely to remain on the agenda as we enter 2016. Within the UK, the likelihood of a first interest rate rise since 2007 continues to recede as inflation remains subdued and trends in wage growth have softened in recent weeks. The Eurozone has begun to show signs of a tentative economic recovery, supported by ongoing stimulus by the ECB, but political risks remain present, as highlighted by recent general election results in Portugal and Spain. Within this context, we continue to stick to our bottom-up, stock-picking process and long-term value approach, seeking out attractively valued investments offering appealing income streams supported by strong cash-flow generation and sound balance sheets.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

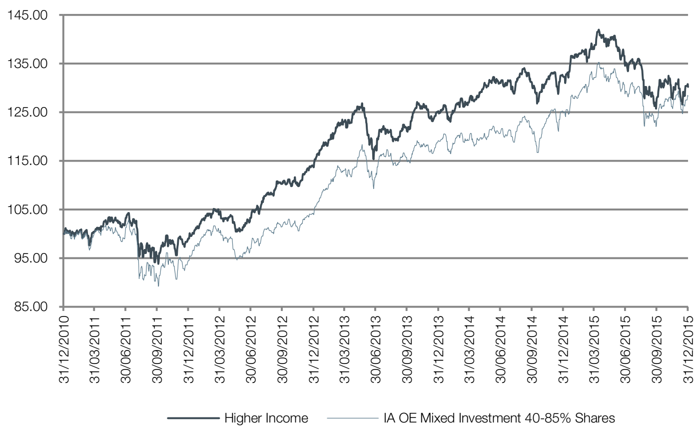
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Performance



Graph showing the return of the Higher Income Fund compared to IA Mixed Investment 40-85% Shares Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Higher Income Fund Total Return	Higher Income Fund Rank	IA Mixed Investment 40-85% Shares Sector Average Total Return	IA Mixed Investment 40-85% Shares Sector Average Number
01/01/15 – 31/12/15	(1.6)%	130	2.7%	140
01/01/14 – 31/12/14	5.7%	48	4.9%	136
01/01/13 – 31/12/13	10.1%	127	14.6%	140
	Higher Income Fund Total Return	**Higher Income Fund Rank**	**IA UK Equity & Bond Income Sector Average Total Return**	**IA UK Equity & Bond Income Sector Average Number**
01/01/12 – 31/12/12	14.8%	6	12.3%	17
01/01/11 – 31/12/11	(1.1)%	11	(1.2)%	22

Table showing % return and ranking of the Higher Income Fund against IA Mixed Investment 40-85% Shares Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

On 1 January 2013, the Higher Income Fund transferred from the IA UK Equity & Bond Income Sector to the IA Mixed Investment 40-85% Shares Sector.

The Fund was managed in accordance with the new Sector requirements over the past 5 years, hence the performance graph compares the Fund to the new sector over that year.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
Royal Dutch Shell 'B'	2.62
GlaxoSmithKline	2.47
BP	2.03
TechnoPro Holdings	1.87
General Accident 8.875%	1.65
Aviva	1.63
RSA Insurance 7.375%	1.57
Centrica	1.54
Picton Property Income	1.53
Orange	1.53

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	125.62	124.19	117.50
Return before operating charges*	(0.16)	8.66	13.78
Operating charges (calculated on average price)	(1.66)	(1.70)	(1.69)
Return after operating charges*	(1.82)	6.96	12.09
Distributions on income shares	(5.70)	(5.53)	(5.40)
Closing net asset value per share	118.10	125.62	124.19
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.15	0.10	0.09
Performance			
Return after charges	(1.45)%	5.60%	10.29%
Other Information			
Closing net asset value (£'000)	81,817	133,777	161,590
Closing number of shares	69,278,204	106,492,357	130,117,147
Operating charges	1.30%	1.33%	1.34%
Direct transaction costs	0.11%	0.07%	0.07%
Prices			
Highest share price	135.50	132.00	132.00
Lowest share price	118.50	122.60	119.20

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	128.87	126.74	119.39
Return before operating charges*	(0.25)	8.81	13.93
Operating charges (calculated on average price)	(1.04)	(1.09)	(1.08)
Return after operating charges*	(1.29)	7.72	12.85
Distributions on income shares	(5.84)	(5.59)	(5.50)
Closing net asset value per share	121.74	128.87	126.74
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.15	0.10	0.09
Performance			
Return after charges	(1.00)%	6.09%	10.76%
Other Information			
Closing net asset value (£'000)	193,933	128,481	54,366
Closing number of shares	159,302,241	99,701,470	42,894,909
Operating charges	0.80%	0.83%	0.84%
Direct transaction costs	0.11%	0.07%	0.07%
Prices			
Highest share price	139.10	135.10	134.40
Lowest share price	122.00	125.20	121.10

Class C

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	297.27	280.88	253.98
Return before operating charges*	(0.57)	19.55	29.89
Operating charges (calculated on average price)	(3.18)	(3.16)	(2.99)
Return after operating charges*	(3.75)	16.39	26.90
Distributions on income shares	N/A	N/A	N/A
Closing net asset value per share	293.52	297.27	280.88
Retained distributions on accumulation shares	13.56	12.37	11.77
* after direct transaction costs of:	0.15	0.10	0.09
Performance			
Return after charges	(1.26)%	5.84%	10.59%
Other Information			
Closing net asset value (£'000)	21,858	19,487	16,470
Closing number of shares	7,447,138	6,555,177	5,863,841
Operating charges	1.05%	1.08%	1.09%
Direct transaction costs	0.11%	0.07%	0.07%
Prices			
Highest share price	320.70	302.50	286.40
Lowest share price	284.40	277.00	258.20

Risk Reward Profile

Lower risk	Higher risk
Typically lower rewards	Typically higher rewards

1	2	3	4	5	6	7

The risk category above is not a measure of capital loss or gains, but of how significant the rises and falls in the Share Class price have been historically.

For example a share class whose price has experienced significant rises and falls will be in a higher risk category, whereas, a share class whose price has experienced less significant rises and falls will be in a lower risk category.

As the Share Class risk category has been calculated using historical data, it may not be a reliable indication of the Share Class future risk profile.

Please note that the Share Class risk category may change in the future and is not guaranteed. The lowest risk category does not mean a risk free investment.

The Share Class is in risk category 4 as its price has experienced average rises and falls historically.

UK Equity Growth Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2015 to 31 December 2015.

Over the year the return of the UK Equity Growth fund rose by 11.0%, outperforming both the rise in the FTSE All-Share Index of 1.0% and the rise in the IA All Companies sector average of 4.8%, both measured on a similar basis.

As at 31 December 2015, 40.7% of the Fund was invested in FTSE 100 companies, 24% was invested in companies in the FTSE 250 Mid Cap Index, and 29% in other companies. Cash holdings were 6.3%.

The Fund's above average exposure to small and medium size companies contributed to outperformance. From a sector allocation perspective the fund benefited from overweight positions in General Retailers and Electricals and Electronics which both performed well and also from being significantly underweight to both Oil and Gas and Mining where material falls in commodity prices saw substantial falls in the related sectors. The fund also benefitted from an underweight positon in Banks as regulatory concerns continued to impact while underweights in both Tobacco and Beverages negatively impacted performance.

At a stock level the largest positive contributions were made by Fevertree (due to strong trading and material earnings upgrades), Dart (falling oil price positive impact on earnings), Datalex (strong earnings growth) and Dotdigital (growing earnings and rerating). Detractors included Bonmarche (poor trading and CEO leaving), Hunting (falling oil price), and Aberdeen Asset Management (emerging markets exposure).

Notable new holdings were added in Sky (Media), Victex (Speciality Plastics), NCC (Cyber Security) and Close Brother (Financials). Existing holdings were increased in ITV (Media), Prudential (Insurance), Lloyds (Bank), Quantum Pharmaceuticals (Healthcare), Dotdigital (Software) and Hayward Tyler (Engineering) amongst others. We sold a number of small holdings including Entertainment One (Media), 1Spatial (Software), WANdisco (IT) Harworth Estates (Real Estate), HSS (Equipment Hire) and DX Group (Transport). Holdings in Ashtead (Industrial Services), Inland Homes and Vernalis were all top sliced following strong performance. We also saw a successful bid for HellermannTyton from US company Delphi.

Prospects

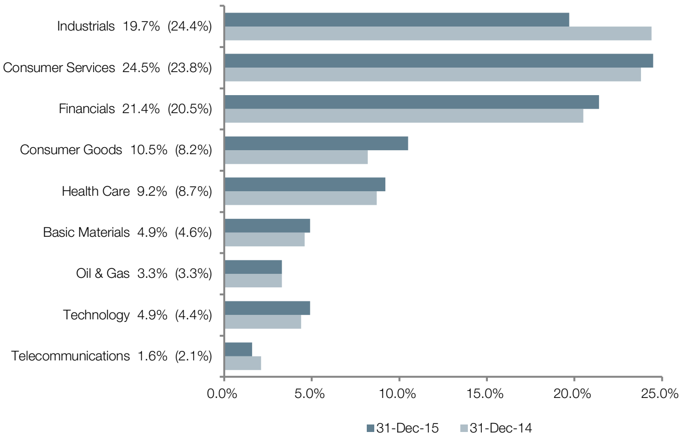
With economic data coming out of China still contradictory there will be continued volatility in world equity markets although we continue to believe that recent and continuing stimulus measures there should increasingly be reflected in better data. Commodity prices continue to be under pressure and we expect a raft of further dividend cuts and capital raisings in the sector as companies attempt to shore up their balance sheets. Given this volatility the pace and quantum of US interest rate rises should be modest. In the UK given the potential EU referendum later in the year we expect the Bank of England to be in no rush to increase rates. Given the unprecedented levels of stimulus in Europe with QE, negative rates and low commodity prices it would be surprising if early signs of recovery were not sustained.

* mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer.

Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

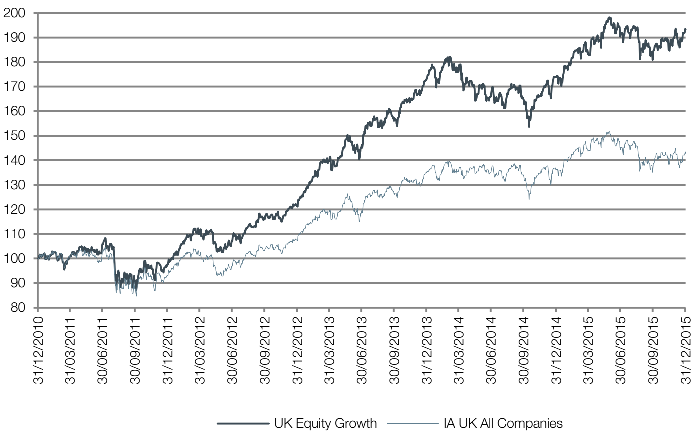
Asset allocation at 31 December 2015

The figures in brackets show allocation at 31 December 2014



Figures exclude cash

Performance



Graph showing the return of the UK Equity Growth Fund compared to IA UK All Companies Sector Average from 31 December 2010 to 31 December 2015, mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	UK Equity Growth Fund Total Return	Rank	IA UK All Companies Sector Average Total Return	Number
01/01/15 – 31/12/15	11.0%	48	4.8%	277
01/01/14 – 31/12/14	0.4%	137	0.7%	272
01/01/13 – 31/12/13	43.0%	9	26.2%	261
01/01/12 – 31/12/12	24.2%	34	15.4%	279
01/01/11 – 31/12/11	(2.7)%	34	(6.9)%	295

Table showing % return and ranking of the UK Equity Growth Fund against IA UK All Companies Sector Average and total number of funds. Figures compared on a mid-to-mid basis excluding initial charges with net income reinvested for a basic rate UK taxpayer. Source: Morningstar.

Major holdings

Top ten holdings	Percentage of total net assets at 31 December 2015
ITV	3.12
Bellway	3.07
AA	2.18
RELX	2.14
Next	2.13
Prudential	2.10
Dart Group	1.90
International Consolidated Airline	1.89
Lloyds Banking Group	1.87
Shire	1.81

Fund Information

Class A

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	220.57	221.05	155.46
Return before operating charges*	28.44	3.92	70.03
Operating charges (calculated on average price)	(3.66)	(3.41)	(3.10)
Return after operating charges*	24.78	0.51	66.93
Distributions on income shares	(1.86)	(0.99)	(1.34)
Closing net asset value per share	243.49	220.57	221.05
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.30	0.70	0.77
Performance			
Return after charges	11.24%	0.23%	43.05%
Other Information			
Closing net asset value (£'000)	21,938	36,750	38.601
Closing number of shares	9,009,810	16,661,594	17.463.020
Operating charges	1.54%	1.57%	1.59%
Direct transaction costs	0.12%	0.31%	0.38%
Prices			
Highest share price	252.40	233.00	222.30
Lowest share price	216.80	196.00	159.10

Class B

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	224.64	225.07	158.11
Return before operating charges*	29.18	4.06	71.54
Operating charges (calculated on average price)	(1.93)	(1.81)	(1.64)
Return after operating charges*	27.25	2.25	69.90
Distributions on income shares	(3.81)	(2.68)	(2.94)
Closing net asset value per share	248.08	224.64	225.07
Retained distributions on accumulation shares	N/A	N/A	N/A
* after direct transaction costs of:	0.30	0.70	0.77
Performance			
Return after charges	12.13%	1.00%	44.21%
Other Information			
Closing net asset value (£'000)	150,250	127,480	99,327
Closing number of shares	60,564,151	56,747,985	44,131,486
Operating charges	0.79%	0.82%	0.84%
Direct transaction costs	0.12%	0.31%	0.38%
Prices			
Highest share price	257.90	237.60	227.60
Lowest share price	220.90	200.40	161.80

Class C

Change in Net Asset Value per Share	2015 (p)	2014 (p)	2013 (p)
Opening net asset value per share	298.26	296.78	206.71
Return before operating charges*	38.70	5.34	93.49
Operating charges (calculated on average price)	(4.17)	(3.86)	(3.42)
Return after operating charges*	34.53	1.48	90.07
Distributions on income shares	N/A	N/A	N/A
Closing net asset value per share	332.79	298.26	296.78
Retained distributions on accumulation shares	3.45	2.04	2.54
* after direct transaction costs of:	0.30	0.70	0.77
Performance			
Return after charges	11.58%	0.50%	43.57%
Other Information			
Closing net asset value (£'000)	16,007	15,805	17,131
Closing number of shares	4,810,002	5,299,129	5,772,419
Operating charges	1.29%	1.32%	1.34%
Direct transaction costs	0.12%	0.31%	0.38%
Prices			
Highest share price	341.70	313.00	297.60
Lowest share price	293.20	264.40	211.50

Risk Reward Profile

Lower risk	Higher risk
Typically lower rewards	Typically higher rewards

1 2 3 4 **5** 6 7

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The Share Class is in risk category 5 as its price has experienced significant rises and falls historically.

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

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