ECCLESIASTICAL
INVESTMENT FUND FOR CHARITIES

SHORT REPORT

Ecclesiastical

30 June 2014

Contents

Management contact details

Authorised Corporate Director

The Authorised Corporate Director (ACD) is Ecclesiastical Investment Management Limited (EIM). The investments of Ecclesiastical Investment Fund for Charities (EIFC) are managed by the ACD. The ACD has prepared financial statements that comply with the Statement of Recommended Practice for Open-Ended Investment Companies issued by the Investment Management Association in October 2010.

Constitution

EIFC is an Open-Ended Investment Company (OEIC), referred to as the "Company". 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.

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

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Directors of Ecclesiastical Investment Management Limited

MCJ Hews, BSc, FIA (Chairman)
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RW Hepworth

Ultimate Parent Company of the ACD

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Depositary

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160 Queen Victoria Street,
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Registrar

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London E14 5NT

Auditor

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This Short Report is for the year from 1 July 2013 to 30 June 2014. Included in the Report by the Authorised Corporate Director (ACD), you will find information on the performance of the sub-funds and the Funds' prospects, as well as information on the performance record and major holdings of each sub-fund.

The ACD will send a copy of the interim and annual Short Report to any shareholder whose name appears on the share register at the relevant accounting reference date or interim accounting reference date as permitted by the Financial Conduct Authority regulations.

Full copies of the interim and annual Long Reports will be available free of charge on request from the ACD and to download from www.ecclesiastical.com

Copies of all reports to shareholders will be available for inspection by the general public at the ACD's offices.

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Report of the Authorised Corporate Director – Investment Environment

It was a tale of two halves for global investment markets over the twelve month period, as the momentum gathered by both equity markets and economies across the developed world in the first six months of the financial year faded slightly in the latter half amid escalating geopolitical tensions and negative revisions to global growth estimates. Nevertheless, global equities delivered a robust set of returns over the period, with bourses across developed economies broadly outperforming both their counterparts in the emerging world and global bond indices.

Despite persistent growth and inflation undershoots, financial markets continue to exhibit strength, supported by the accommodative monetary stimulus measures deployed by the world's major central banks. The combination of strong asset returns, weak growth and extremely low price increases create a problematic scenario for policymakers seeking the right balance between financial froth and low inflation. As a result, the market remains susceptible to glimmers of guidance over the future path of monetary stimulus and the risk of policy error remains at the forefront of investors' concerns.

UK

Over the twelve month period, the FTSE All-Share Index rose by 9.4%, somewhat masking the disparity in the performance of the underlying size groupings, as the 8.5% rise in the FTSE 100 Index was significantly eclipsed by the 14.0% and 16.4% returns delivered by the FTSE 250 Mid-Cap Index and FTSE Small Cap Index respectively.

The momentum in the UK economic recovery that was built during the second half of 2013 was carried through into 2014 and the domestic economy appears to be achieving escape velocity. The recovery has for the most part been led by growth in household spending, with consumer confidence supported by a rallying housing market, stronger domestic currency, improving credit conditions and low interest rates. However, more recent growth data showed that the domestic recovery was looking better balanced and more sustainable as manufacturing, business investment and construction outpaced growth in the wider economy. The domestic labour market also improved at a rapid pace, with the UK unemployment rate now at a five and half year low of 6.6% (7.8% at the end of June 2013). This strong backdrop was sufficient to prompt policymakers at the Bank of England (BoE) to suggest that interest rates may rise sooner than the market had anticipated, provoking a sharp rise in market interest rates and the value of sterling. However, consensus expectations for the first interest rate hike by the Bank remain no sooner than in 2015, as a result of ongoing benign inflation.

The rally in the UK equity market was led by the Health Care and Pharmaceutical sectors, where the share prices of many of the incumbents within both sectors were boosted by heightened corporate takeover activity during the period. The Financial Services sector also delivered strong returns as an improvement in the economic backdrop translated into growing business volumes and revenues. Conversely over the period, the Banks lagged the overall market amid concerns surrounding the outlook for earnings and numerous legacy litigation issues.

The FTSE Government All-Stocks Index increased by 2.3% over the twelve month period in capital terms, as declining inflation across the developed world pushed out the timing and reduced the scale of any anticipated rise in base rates. A combination of a reduction in the yield premium of corporate bonds over government bonds and the inherent yield pick-up led the former to outperform the latter with credit spreads falling to their lowest level since the credit crisis.

Europe

The FTSE World Europe (excluding UK) Index rose by 20.7% in Euro terms over the period, but the strength of sterling relative to the Euro decreased returns for UK investors to 12.8%. Equities were supported by gradual improvements in the regional macroeconomic backdrop and a period of relative calm on the political front as well as further loosening of an already ultra-accommodative monetary policy stance by the European Central Bank (ECB). Over the twelve month period, in a bid to fend off the spectre of deflation and stimulate growth in what is a disjointed regional economic recovery, policymakers reduced the benchmark interest rate from 0.5% to 0.15%, introduced a negative deposit rate, and in recent months, announced a set of targeted long-term refinancing obligations (TLTROs), which are designed to provide affordable loans to non-financial corporates. The ECB also added that outright quantitative easing would be considered should inflation remain at ultra-low levels (0.5% at the end of June).

At a national level, the peripheral nations delivered the strongest returns over the period. Equities in Spain led the gains, boosted by a rate of economic recovery that has surpassed expectations. The Italian equity market also performed strongly, aided by a change of government that announced plans for a programme of tax cuts and labour market reforms in an attempt to boost the nation's economic growth. Conversely, the French equity market lagged its European peers as high levels of taxation, subdued levels of exports and tepid industrial production activity weighed on the performance of a number of domestic businesses.

US

The Dow Jones Industrial Average Index rose by 12.9% over the twelve month period and the more broadly based S&P 500 Index performed even better with a gain of 22.0%, although the strength of sterling reduced returns for UK investors to a gain of 0.2% and a gain of 8.4% for the respective indices.

With inflation low and economic activity well below its potential level, the Federal Reserve maintained its accommodative policy stance over the duration of the period but altered the mix of policy tools utilised. The US central bank's assertions surrounding the underlying strength of the domestic economy led to the initiation of a reduction in the pace of its quantitative easing programme by $10 billion per month from January. Simultaneously, policymakers used forward-guidance to emphasise that interest rates would be held at very low levels for an extended period of time. Although the market took the long-anticipated reduction in monetary stimulus in its stride, conflicting messages from policymakers over the future path of interest rates managed to generate a great deal of confusion amongst investors, prompting heightened volatility in the US Treasury market.

Asia (excluding Japan)

The restructuring of the Chinese economy regained investor attention and had a significant impact on the returns of regional assets over the course of the period. After a slew of disappointing data in the earlier months of 2014, signs of stabilisation are beginning to emerge in the Chinese economy, supported by a series of pro-growth stimulus measures and infrastructure investments aimed at anchoring industrial demand

and growth in regional activity. Investors had become somewhat unnerved by the country's first ever onshore corporate bond default as solar energy company Shanghai Chaori was unable to meet its interest payments, but the significance of the default was not that it indicated a lack of ability in the Chinese government to bail out over-indebted companies but rather a clear shift in policy, with officials attempting to reduce moral hazard in the economy and no longer supporting struggling companies in over-supplied industries.

Equity markets in China and Hong Kong outperformed at a regional level while Thailand lagged its peers over the course of the twelve month period, inhibited by mounting political unrest which subsequently led to a protracted political impasse, which supressed domestic economic activity for a number of months. In the later stages of the period, Thailand's military took control of the government, which was interpreted by investors as a sign of stability and clarity going forward.

Japan

The gains registered by the Japanese equity market over the first six months were tempered in the second half of the period as doubts grew about the potential success of Prime Minister Shinzo Abe's grand plan to reignite the economy. The Nikkei 225 Index delivered a return of 10.9% over the twelve month period but the weakness of the domestic currency left UK investors with an overall decline of 3.5%.

The vast stimulus measures deployed by policymakers to stimulate growth and stave off deflationary pressures appear to be gaining traction with inflation and labour market figures improving. Industrial production is also expanding at a rapid rate, aided by the devaluation of the yen since Prime Minister Shinzo Abe took office. However, the economic picture has become clouded in recent months by the distorting impact of a recent hike in the domestic consumption tax from 5% to 8%, which prompted a steep plunge in domestic activity. In addition, the government has yet to deliver supply-side reform that addresses the nation's declining labour supply and productivity, thus raising questions over the sustainability of recent economic growth.

Outlook

Recent months have provided reaffirmation that the global economy still has a long way to go before it reaches a state of recovery and just how reliant financial markets are on monetary stimulus. Within Europe, the region as a whole is beginning to emerge from its economic woes, albeit at a tepid pace still with persistently high unemployment, falling wages and weak demand weighing on growth. There are pockets of attractive value within the region but it is important to be selective and look for companies with sound fundamentals and attractive growth prospects. We remain cautious on the US equity market as valuations have reached elevated levels and profit margins are unsustainably high. As interest rates start to rise and wage growth returns, we see US margins reverting to their historical average, which will in turn hurt US share prices. With regards to Asia, we are more positive on the long-term outlook, where we see a number of fundamentally strong economies more exposed to growing demand and catch-up potential. In addition, many Asian markets are currently trading on extremely attractive valuations.

Investment Objective and Policies

Fund Name and Investment Objectives	Investment Policy
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.

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.

Risks

- 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.

- Most of the assets will be invested in the UK stock market so could be affected by any change in this market.
- 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 2013 to 30 June 2014.

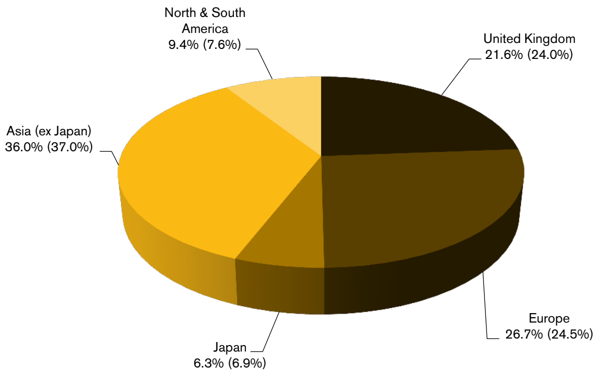
- Over the course of the year under review, the Amity Global Equity Income Fund returned 6.1%, underperforming the 10.0% return of the FTSE World index.
- Asset allocation was the largest contributor to the underperformance. The fund's overweight exposure to Asian markets, particularly Hong Kong and Singapore, has had a negative impact as the region underperformed. The underweight allocation to the US also detracted from performance as US equities continued to rally, the S&P500 bull market now entering its fifth year. This was partly offset by the fund's lower exposure to the US dollar, which weakened against Sterling during the period. The holding in cash acted as a small drag on performance. The fund's overweight exposure to Europe has been beneficial as the region has continued to re-rate.
- On a sector basis, underweight allocations to the Consumer Staples and Discretionary sectors added value as consumer stocks fell after a strong performance the previous year. The benefit of this allocation decision was offset by poor stock selection within Consumer Discretionary, where holdings in Samson, Trinity and Dah Chong all had negative impacts on the fund. The underweight exposure to Technology detracted from performance as the sector continued to make gains, with many Tech stocks now trading on very elevated multiples. The fund is overweight the Telecoms sector and stock selection within this sector added value during the period as names such as Orange and Vivendi posted strong returns.
- The fund's holdings in BYD Electronics, Intel, Dah Sing Banking Group, Enel and Smith & Nephew have all contributed positively during the period. However, their impact was offset by positions in Kiatnakin Bank, GlaxoSmithKline and also exposure to UK supermarkets through Tesco and WM Morrison, all of which underperformed.

Prospects

The fund remains underweight US equities on valuation grounds and due to concerns over unsustainably high profit margins. We are more positive on the outlook for Asia, selectively picking Asian markets with sound fundamentals and strong growth outlooks, combined with attractive valuations. The global economic recovery continues to gain traction but remains fragile. As a result, we favour companies with strong balance sheets, resilient earnings streams and stable cash flows.

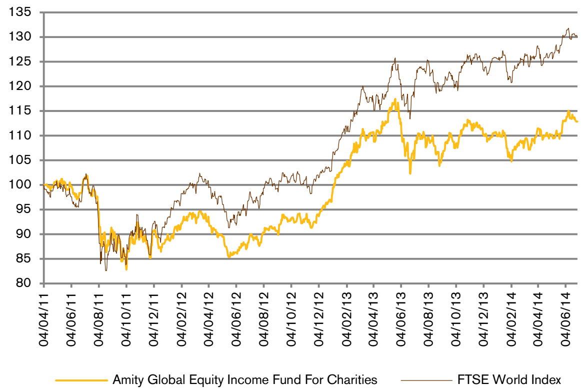
Asset allocation by sector at 30 June 2014

The figures in brackets show allocation at 30 June 2013



Figures exclude cash

Performance



Graph showing the growth of the Amity Global Equity Income Fund for Charities compared to Benchmark from launch date 4 April 2011 to 30 June 2014, mid-to-mid basis excluding initial charges with gross income reinvested. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity Global Equity Income Fund for Charities	FTSE World Index
	Total Return	Total Return
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%
04/04/11 - 30/06/11	0.6%	-0.2%

Table showing % growth of the Amity Global Equity Income Fund for Charities compared to the 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 2014
1	Ezion	3.23%
2	BYD Electronic (International)	3.08%
3	Jardine Matheson	2.57%
4	GlaxoSmithKline	2.50%
5	Intel	2.45%
6	Minth	2.43%
7	Suntec Reit	2.42%
8	JPMorgan Japanese Investment Trust	2.38%
9	Dah Sing Banking	2.37%
10	SSE	2.31%

Ongoing Charges Figure

As at	Share Class A
30 June 2014	0.98%
30 June 2013	1.07%

The ongoing charges figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

Net income distribution since launch

Net income distribution	Pence per share
Share Class A	
30 June 2014	3.7906
30 June 2013	3.3701
30 June 2012	3.6752
30 June 2011*	1.1540

* Fund launched on 4 April 2011.

Share prices and Fund size

	Share price range		Fund Size		
Financial Year	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue
Share Class A					
30 June 2014	103.10	94.63	8,137,178	99.10	8,210,954
30 June 2013	109.30	82.93	7,884,872	97.02	8,127,224
30 June 2012	100.70	81.11	6,672,308	83.46	7,994,962
30 June 2011*	101.20	97.08	6,206,498	99.35	6,247,148

* Fund launched on 4 April 2011.

The Fund currently issues Class A shares which are income distributing shares. The Fund also has the ability to issue Class B income accumulating shares, although at present, does not do so.

Amity Balanced Fund for Charities

Report of the Authorised Corporate Director

This review covers the year from 1 July 2013 to 30 June 2014.

- Over the course of the year under review, the Amity Balanced Fund returned 12.9%, outperforming the benchmark, which posted a 6.2% return over the same period.
- The Fund's equity and fixed interest portfolios both positively contributed to absolute return, yet it was the latter which stood as the primary contributor to outperformance over the period. The Fund's fixed interest portfolio, which holds a preference for corporate bonds and preferred shares over Gilts, delivered strong returns, benefitting from the narrowing in corporate credit spreads over the course of the twelve month period. The portfolio's holdings within the financial sector were notable contributors to absolute and relative returns, led by the Fund's holdings in permanent interest bearing shares (PIBS), where valuations were boosted by investors' appetite for their comparatively high coupons amid a low interest rate environment.
- With regards to the equity portfolio, returns were driven by the positive impact of stock selection, the core of our investment approach. More specifically, the positive impact of stock selection in continental Europe was enhanced by the Fund's overweight positioning in the region. Leading contributors over the twelve month period included the Fund's holdings within the Italian equity market, as the share prices of Acea S.p.A, Pirelli and Atlantia S.p.A were all boosted by improvements in their domestic economy and the decline in Italian government bond yields. Stock selection in France also boosted returns as the share prices of Alstom and holdings in the Telecommunications sector (Orange and Vivendi) were buoyed by heightened levels of corporate takeover activity. Conversely, returns were held back by a negative stock selection effect in Asian equities, where the Fund's size bias towards medium and small-sized companies lagged behind their larger peers.
- Notable investment activity over the course of the period included the Fund's participation in the initial public offering of DX Group, a UK listed logistics and parcel-distribution company that debuted at an attractive rating. The Fund also established new positions in Subsea 7, a Norwegian-listed oilfield services provider and the German-listed insurance firm Allianz. In contrast, the Fund realised profit from the sale of its positions in Pirelli and Acea S.p.A following a sustained period of strong share price performance for both firms. An existing position in the equity of pharmaceutical firm Sanofi was augmented, and the Fund added to the fixed income portfolio through the purchase of a Brit Insurance 6.25% 2030 corporate credit, which should benefit from higher visibility as the company re-lists on the equity market, and the purchase of waste management company Veolia Environnement 4.85% perpetual bond.

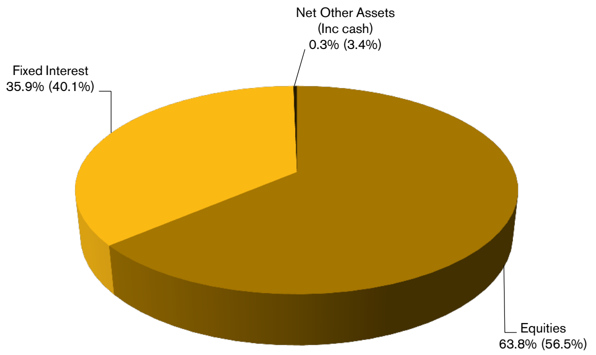
Prospects

Over the longer term, domestic inflation and hence interest rates and bond yields are likely to be impacted by the already high levels of indebtedness, the consolidation in public finances, greater capital and regulatory burdens of the banks and the unwinding of quantitative easing. Consequently, we take a more neutral outlook on duration and would look for exposure across the yield curve.

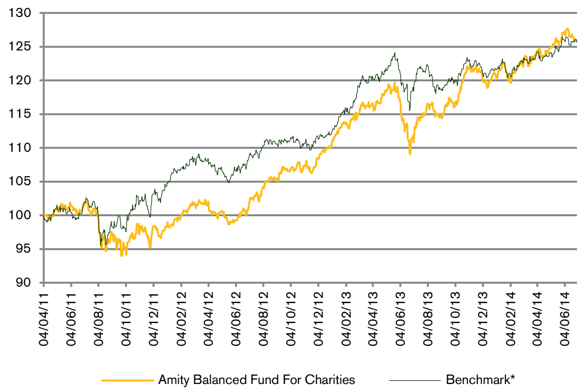
In the context of global equities, US profit margins fell from record highs in the opening quarter of 2014, due not just to the adverse weather but also a rise in wages. Real wage growth in the US reached a thirty year low in 2013, but with a tightening labour force and interest rate rises on the horizon, there are pressures on that trend to now start to reverse. We see the developed world as facing structurally lower growth due to ongoing deleveraging and normalising interest rates. Deflation remains a worry, particularly in the Eurozone where the latest inflation figure of 0.5% is dangerously low. We see better value in Asian economies with strong fundamentals and attractive valuations.

Asset allocation by sector at 30 June 2014

The figures in brackets show allocation at 30 June 2013



Performance



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

Graph showing the growth of the Amity Balanced Fund for Charities compared to Benchmark from launch date 4 April 2011 to 30 June 2014, mid-to-mid basis excluding initial charges with gross income reinvested. Prices re-based to 100. Source: Morningstar.

Performance and ranking

	Amity Balanced Fund for Charities	Benchmark
	Total Return	Total Return
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%
04/04/11 - 30/06/11	1.5%	1.2%

Table showing % growth of the Amity Balanced Fund for Charities compared to the 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 2014
1	GlaxoSmithKline	2.20%
2	HSBC	1.93%
3	Bristol Water 8.75% Pref	1.89%
4	Vodafone	1.81%
5	Sanofi	1.72%
6	SSE	1.68%
7	RSA Insurance	1.60%
8	Coventry Building Society 12.125% Perpetual	1.58%
9	Liverpool Victoria 6.5% 22/05/2043	1.55%
10	Tesco 5.5% 13/12/2019	1.54%

Ongoing Charges Figure

As at	Share Class A
30 June 2014	0.89%
30 June 2013	0.94%

The ongoing charges figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund.

Net income distribution since launch

Net income distribution	Pence per share
Share Class A	
30 June 2014	5.4044
30 June 2013	5.5400
30 June 2012	5.2307
30 June 2011*	0.9697

* Fund launched on 4 April 2011.

Share prices and Fund size

	Share price range		Fund Size		
Financial Year	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue
Share Class A					
30 June 2014	110.10	98.42	16,325,958	105.82	15,428,034
30 June 2013	108.80	95.16	11,175,248	98.44	11,352,678
30 June 2012	101.10	92.22	8,799,211	94.02	9,358,765
30 June 2011*	101.90	99.16	7,639,060	100.11	7,630,445

* Fund launched on 4 April 2011.

The Fund currently issues Class A shares which are income distributing shares. The Fund also has the ability to issue Class B income accumulating shares, although at present, does not do so.

For further information call us on

0845 604 4056

Monday to Friday 8am to 5pm.

We may monitor or record calls to improve our service

You may email us at

charityinvestments@ecclesiastical.com

Or visit us at

www.ecclesiastical.com/charityinvestments

If you would like this booklet in large print, Braille, on audio tape or computer disc please call us on 0845 604 4056 . You can also tell us if you would like to always receive literature in another format.

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