

Ecclesiastical Investment Funds

SHORT REPORT



31 December 2014

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Management contact details

Authorised Corporate Director

The Authorised Corporate Director (ACD) is Ecclesiastical Investment Management Limited (EIM). The investments of Ecclesiastical 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 Management Association in October 2010.

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").

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Authorised and regulated by the Financial
Conduct Authority

Directors of Ecclesiastical Investment Management Limited

M Hews, BSc, FIA (Chairman)
SJ Round
RW Hepworth
RDC Henderson

Ultimate Parent Company of the ACD

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

Depositary

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

Authorised and regulated by the Financial
Conduct Authority

Registrar

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

Auditor

Deloitte LLP
2 New Street Square,
London EC4A 3BZ

This Short Report is for the year from 1 January 2014 to 31 December 2014. Included in the Report by the Authorised Corporate Director (ACD), you will find information on the performance of the sub-funds and the Company's' 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/longreport.

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

Report of the Authorised Corporate Director – Investment Environment

Investment Environment

The global economy is in the midst of a balancing act. Many nations continue to grapple with legacies left in the wake of the global financial crisis, including unsustainable debt overhangs and high unemployment levels, while potential growth rates are trending lower. Consequently, these worsened prospects have created uncertainty, which has dented confidence, stalled investment and ultimately driven a global recovery that has consistently disappointed in recent years. 2014 was no exception, with the world economy set to record a real rate of expansion of 3.3%, unchanged from 2013 and below the expectations of 3.7% laid out at the beginning of the year. Additionally, continued economic slack created by weak end-market demand and a rising rate of supply through new capacity have placed downward pressures on commodity prices, most notably oil, where the price of crude halved over the course of the second half of the year. These factors have subsequently driven inflation rates across the world lower and in advanced economies, much below their respective central bank policy targets.

Despite these persistent headwinds and intensifying geopolitical risks surrounding Russia and the Middle East, global equity markets enjoyed a relatively benign environment in 2014 as ultra-accommodative monetary policy measures deployed by the world's major central banks provided a supportive backdrop for further asset price inflation. As a result, global equities delivered reasonable returns over the twelve month period and outperformed global bond markets for the third consecutive year.

UK

The UK economy delivered a healthy rate of expansion in 2014, however the growth remains unbalanced and heavily reliant on domestic consumer spending. Business investment contracted over the course of the year while the trade deficit remained stubbornly wide, with UK exporters adversely impacted by weak economic activity abroad and the appreciation in the value of sterling relative to other major currencies. The labour market remains robust with unemployment concluding the year at a six-year low of 5.8% and wages have finally begun to climb in real terms for the first time since 2009. Nevertheless, real incomes are likely to increase only at a gradual pace and in the absence of other economic drivers, a significant fall in the household savings rate is required to sustain the pace of the domestic recovery.

The UK equity market faced a challenging twelve months as returns were predominantly restrained by large exposures to the resources sectors and heightened political risks. With regards to the former, the performance of shares in both the oil and gas and mining sectors dragged the FTSE All-Share Index to a 2.1% deficit over the twelve month period, as commodity prices came under significant pressure in the face of increasing levels of supply and soft levels of demand globally. Concerning the latter, the uncertainty surrounding both the Scottish referendum vote and the approaching UK general election in 2015 unsettled investors and companies as the year progressed.

Unsurprisingly, due to its more substantial exposure to commodity-associated industries, the FTSE 100 Index was the worst performing size-grouping within the domestic market, falling by 2.7% over the course of the year and underperforming the FTSE 250 Mid-Cap Index and the FTSE Small Cap Index, which produced a 0.9% increase and a 1.5% decline respectively. On a sector basis, the equity market's defensive havens produced the strongest returns with Health Care Equipment, Pharmaceutical and Tobacco companies amongst the strongest performers. Real Estate Investment Trusts (REITs) also delivered strong returns over the course of the year, supported by an improving domestic economic backdrop and the demand amongst investors for higher yielding assets in a low interest rate environment. Conversely, the food retailers were the standout laggards on an absolute basis as the profitability of the established UK grocers continued to diminish in the face of substantial structural challenges facing the sector.

Despite the strength of the domestic economy, deteriorating conditions across the eurozone and disinflationary pressures have forced policymakers at the Bank of England (BoE) to sustain a very loose stance on monetary policy, with the prospect of an interest rate hike now kicked out to the end of 2015. These actions, paired with bouts of heightened risk aversion stemming from geopolitical concerns and the re-emergence of the sovereign debt crisis in the eurozone drove gilt yields across the curve lower over the second half of the year. Overall, the FTSE Government All-Stocks Index produced a 10.0% capital return over the twelve month period, the strongest annual return for the index since 2011 and the first year of outperformance over corporate bonds since that same year.

Europe

The FTSE World Europe (excluding UK) Index increased by 4.3% over the course of the year, however, weakness in the euro decreased the returns for sterling investors to a 2.9% decline. Downside surprises in growth and inflation throughout the year drove heightened volatility across European equity bourses with investors increasingly fretting over whether the European Central Bank (ECB) would undertake outright quantitative easing to combat deflationary pressures and revive the regional economy. Mounting concerns that elections in the New Year in Greece may spark a flare-up in the eurozone break-up risk, also negatively impacted investor sentiment in the single currency bloc and exacerbated the divergence in the performance of country-specific indices.

At a national level, the strongest equity market returns were recorded in Ireland and Switzerland. The former benefitting from the rapid pace of recovery in the domestic economy in 2014, as Ireland achieved the fastest growth rate across the eurozone over the course of the year and the latter buoyed by the defensive characteristics of its constituent members. By contrast, Portugal's PSI 20 Index was one of the worst performing bourses, falling 28.3% in sterling terms over the twelve month period, after news of accounting irregularities at the parent company of the Portuguese bank Espirito Santo spurred concerns about the stability of the country's financial system.

US

The US equity market defied concerns surrounding valuations and the eventual turn in the interest rate cycle to power to new record highs in 2014, boosted by strengthening domestic economic data and the liquidity provided by the Federal Reserve's unprecedented quantitative easing programme. The Dow Jones Industrial Average delivered a 7.5% return over the twelve months while the more broadly based S&P 500 Index increased by 11.4%, however, the strength of the dollar over the course of the year raised returns for sterling investors to 14.3% and 18.4% for the respective indices.

The world's largest economy exceeded expectations over the year and delivered the strongest run of output growth since 2003, after registering annualised growth rates of 4.6% in the second quarter proceeded by growth of 3.5% in the third quarter. As anticipated, the Federal Reserve brought its monthly bond-buying programme to an end in October, but policymakers remain committed to maintaining low interest rates, with inflation edging lower and significant under-utilisation remaining in the domestic labour market. Delaying the inevitable served as a key catalyst for high yielding areas of the US equity market and the rally was subsequently led by the traditionally defensive areas of Health Care and Utilities.

Japan

Following the surge in prices of Japanese equities in 2013, the market paused for breath in 2014 to assess whether "Abenomics" (the three-pronged stimulus package aimed at addressing twenty years of deflation via monetary easing, government spending and structural reforms) could reinvigorate the domestic economy. The Nikkei 225 Index delivered a capital return of 7.1% over the course of the year, however, the significant depreciation in the yen reduced the return for sterling investors to 0.0%. Thus far, the measures have failed to generate balance sheet expansion for the nation's commercial banks, while the consumption tax increase in April has damaged personal consumption expenditure significantly. This subsequently drove a slump in GDP in the second quarter of the year, which was followed by an unexpected fall in output in the third quarter. This has since raised investor hopes of an extension to the existing quantitative easing programme in place, boosting equities in the later stages of the year. Equities have also benefited from a weakening of the Japanese yen, which has depreciated by 12.0% against the US dollar over the course of the year, thus boosting the competitiveness and financial accounts of Japanese exporters.

Asia Pacific ex. Japan

Following a volatile start to the year, in which investors were concerned about the impact of tighter monetary policy in the US, thereby choking the flow of liquidity into certain parts of Asia, sentiment gradually improved as the year progressed and the region delivered strong returns overall. Changes in national leadership were a key driving force behind market performance with India producing one of the region's strongest returns over the year following the election of reformist Narendra Modi to the position of prime minister. Elections in Indonesia also boosted investor confidence in equity market returns, while in Thailand, a military coup provided clarity and stability amidst a political impasse that had threatened to derail the economy.

Outperforming them all over the twelve month period was the Chinese equity market, which delivered the strongest returns within the region largely thanks to a surging rally towards the end of the year as the Shanghai Stock Exchange opened its market to foreign investors for the first time ever.

Outlook

There is a great deal of uncertainty to contend with as we head into 2015 with central bank activity once again at the forefront of our concerns. The constant suppression of market volatility by central bankers and the continual inflation in asset prices in the absence of steady improvements in fundamentals elevates the potential for sharp, adverse reactions in the market, particularly if the prospects of rising interest rates were brought forward. Similarly, elevated levels of political uncertainty, most notably in Europe and the UK, carry the ability to trigger increased volatility in financial markets and recent trends in commodity and currency markets do not show any signs of abating in the near-term.

Investment Objective and Policies

Fund Name and Investment Objectives	Investment Policy
<p>Amity UK The Fund aims to achieve long-term capital appreciation and a reasonable level of income by investing principally in UK companies.</p>	<p>These Funds seek to invest in a portfolio of companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.</p> <p>These Funds seek 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.</p>
<p>Amity European To achieve long-term capital growth with a reasonable level of income primarily through a diversified portfolio of European companies.</p>	
<p>Amity International To achieve long-term capital growth with a reasonable level of income primarily through a diversified portfolio of International companies.</p>	
<p>Amity Sterling Bond The Fund aims to provide an attractive level of income.</p>	<p>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.</p> <p>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.</p>
<p>Higher Income To provide an above average and growing level of income together with capital growth over the longer term.</p>	<p>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.</p>
<p>UK Equity Growth To achieve long-term capital growth with a reasonable level of income.</p>	<p>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.</p>

	Risks
<p>These Funds are marketable to all retail investors.</p>	<ul style="list-style-type: none"> ■ 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.
<p>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.</p>	<ul style="list-style-type: none"> ■ 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.
<p>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.</p>	<ul style="list-style-type: none"> ■ 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.
	<ul style="list-style-type: none"> ■ 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 value 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.
	<ul style="list-style-type: none"> ■ 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. ■ 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.
	<ul style="list-style-type: none"> ■ 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 2014 to 31 December 2014.

- Over the course of the year under review the Amity UK Fund returned 1.5%*, outperforming the return on the FTSE All-Share Index of 1.2% and the IMA All Companies sector average return of 0.7%, 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 Healthcare, Life Insurance and Utilities which performed strongly and from being underweight in Mining, Banks and the Oil & Gas sectors which performed poorly. Underweight positions in Tobacco and Travel & Leisure and overweight positions in Food & Drug retailers, Construction & Materials and General Industrials acted as a drag on performance.
- In respect of Fund activity, notable new holdings included Hayward Tyler (Power Generation) and Atkins (Engineering Services). Additionally, DX Group (Logistics), Horizon Discovery (Life Sciences), Xeros (Industrial Distribution & Rental), Cambian (Healthcare), Patisserie Holdings (Restaurants), AO World (Consumer Electronics), Fevertree (Beverages) and John Laing Environmental (Infrastructure Assets) were added on their flotation.
- The positions in several holdings were augmented – GlaxoSmithKline (Pharmaceuticals), Picton Property (Real Estate), Pearson & Informa (Publishing & Broadcasting), Keller Group (Engineering), Crest Nicholson (Homebuilders), Marshall (Building Materials), Johnson Service (Commercial Services), Alent (Chemicals), Volex & HellermannTyton (Electrical Components), and Greencoat UK Wind (Infrastructure Assets) - businesses with resilient business models and solid cash flows which are on attractive ratings. The positions in Oxford Instruments and Dechra Pharmaceuticals, both long-term held and very successful investments, were reduced as valuations appeared to fully reflect medium-term prospects. Additionally, small positions in Aveva (Software), RBS (Banks), Plethora Solutions (pharmaceuticals), Trinity Mirror (Publishing & Broadcasting), ITM Power (Energy Equipment) and Connect Group (Wholesaler), were sold off as part of a portfolio tidying up exercise. The holdings in Invensys and Hyder were subject to successful bids by French (Schneider Electric) and Dutch (Arcadis) companies respectively.

Prospects

Further improvement in the health of the domestic economy may be tempered by a fractured political landscape which makes a judgement on the outcome of the General Election increasingly uncertain. With the notable exception of the US, global growth rates continue to moderate, although the dramatic fall in the price of oil towards the end of 2014 may provide a fillip for some in 2015 (although the prospects of those aligned with oil production may be adversely affected). With a significant number of unknowns on the horizon the portfolio is constructed with an emphasis on selecting companies whose fortunes lie more in their own hands without an over-reliance on general macroeconomic tailwinds.

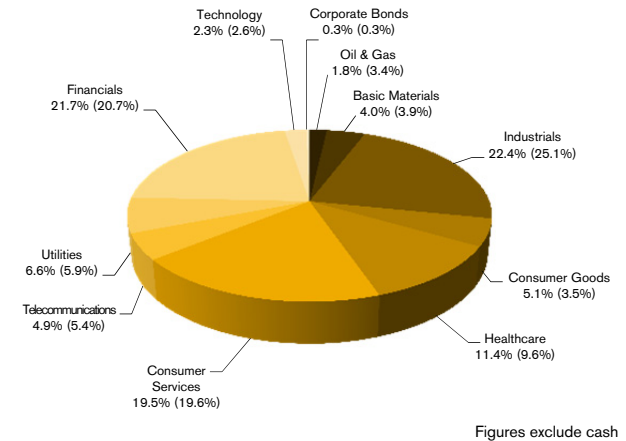
The portfolio is constructed by selecting stocks on the basis of their individual merits and prospects, and in this regard the prospects for the Fund's investments remain encouraging. The Fund continues to maintain healthy cash balances, patiently seeking to invest in companies at attractive valuations in line with its long-term strategy.

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

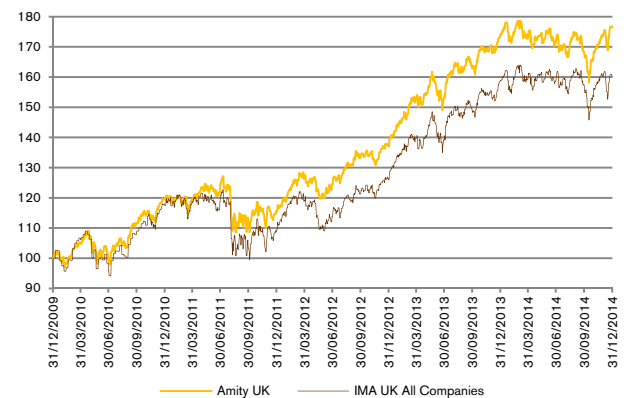
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the Amity UK Fund compared to IMA UK All Companies Sector Average from 31 December 2009 to 31 December 2014, 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		IMA UK All Companies Sector Average	
	Total Return	Rank	Total Return	Number
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
01/01/10 – 31/12/10	19.4%	81	17.5%	296

Table showing % return and ranking of the Amity UK Fund against IMA 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 2014
1 Dunelm Group	2.32%
2 Smith & Nephew	2.21%
3 Halma	2.20%
4 Next	2.16%
5 Prudential	2.08%
6 GlaxoSmithKline	2.03%
7 BT	2.01%
8 Dechra Pharmaceuticals	2.00%
9 Legal & General	1.88%
10 Provident Financial	1.86%

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C
31 December 2014	1.59%	0.84%	1.34%
31 December 2013	1.61%	0.86%	1.36%

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.

Risk Reward Profile

Lower risk ← Higher risk
Typically lower rewards ← Typically higher rewards



- 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.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	206.30	181.70	41,790,951	200.80	20,812,700	2.7171
Share Class B	205.50	181.80	45,391,688	199.84	22,713,969	4.2605
Share Class C	366.40	325.00	38,308,178	362.37	10,571,470	5.8315
31 December 2013						
Share Class A	202.90	163.40	47,875,131	200.66	23,859,234	2.8066
Share Class B	203.10	162.50	31,340,956	199.66	15,697,212	4.2446
Share Class C	356.90	285.00	40,063,850	356.24	11,246,239	5.8589
31 December 2012						
Share Class A	163.10	138.80	39,242,884	160.07	24,515,933	2.5629
Share Class B	163.10	138.00	13,567,100	159.14	8,525,363	3.7696
Share Class C	281.70	237.40	34,024,476	279.25	12,184,080	5.1940
31 December 2011						
Share Class A	152.70	130.40	29,014,204	137.43	21,111,361	2.1839
Share Class B	152.20	130.20	9,572,978	136.57	7,009,586	3.3629
Share Class C	258.60	221.00	31,002,129	235.14	13,184,580	4.4652
31 December 2010						
Share Class A	146.00	119.30	27,177,774	143.89	18,887,465	2.3329
Share Class B	146.00	118.60	6,471,046	143.02	4,524,589	3.4253
Share Class C	243.10	196.30	34,125,006	241.77	14,114,580	4.5978

Amity European Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2014 to 31 December 2014.

- Over the course of the year under review the Amity European Fund returned -3.0%* compared to the IMA Europe excluding UK sector average return of -1.0% whilst the FTSE World Europe ex UK index returned 0.2%.
- The European economy disappointed investors over the course of the year with hopes of recovery overtaken by fears of the Eurozone falling into recession and deflation. Despite this the European equity markets generated positive returns in Euro terms as the currency depreciated against the dollar and falling bond yields drove an intensified search for yield in the equity markets. In this environment, defensive sectors such as Consumer Staples, Healthcare and Telecoms tended to outperform with Consumer Cyclical sectors like Industrials and Materials suffering. Energy was the worst performing sector as the price of oil tumbled over the last few months of the year.
- The Fund benefited from overweight position in Telecoms and Utilities sectors but suffered from an underweight position to Consumer Staples which benefited from both the search for yield and a flight to quality from the depressed economic conditions in the Eurozone. Within this sector, Fund exposure to the food retail sector also had a negative impact on Fund performance. The underweight position in both Financials and Energy had a positive impact. The overweight position to the Industrials Sector also had a negative impact on performance as this cyclically sensitive sector underperformed though some companies in this sector generated strong performance including INDUS Holdings AG and Environnement SA. The Fund benefitted from exposure to the real estate sector with holdings in Beni Stabili and TLG Immobilien performing strongly.
- The Fund made investments in construction related equities including Braas Monier, Rexel, and Saint Gobain which were trading on low multiples of cyclically depressed earnings and positions the Fund to benefit from any upturn in the Continental European economy. The Fund also increased exposure to the banking sector which has been a long term underweight through purchases of ING, Deutsche Bank and Societe General. The banking sector is becoming more attractive as many of the issues arising from the credit crisis are largely resolved and strengthening capital positions should enable them to raise dividend payouts.

Prospects

Macroeconomic conditions in Europe are undeniably poor. Economic growth is stalling and inflation is falling fast and the whole region may slip into deflation as the falling oil price further depresses prices. The European Central Bank is still struggling to deliver an appropriate policy response with German policymakers vociferously denying the need for full scale quantitative easing. Even the German economy seems to be weakening as important export markets such as China and Russia slowdown. These adverse conditions have already been reflected in the equity markets with defensive sectors such as consumer staples and healthcare companies trading at high multiples.

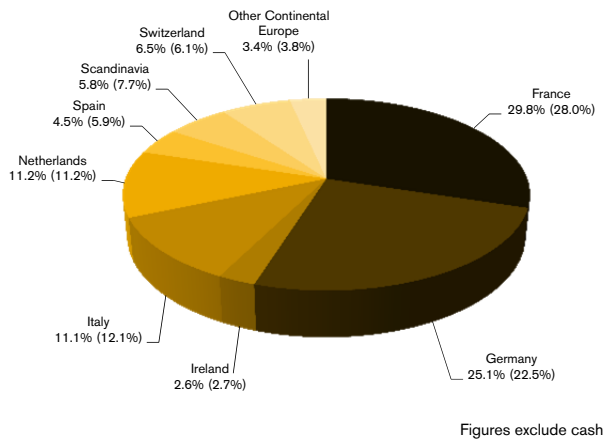
The years of austerity have improved European competitiveness and the periphery economies like Spain and Italy have shown dramatic improvements in their current accounts and budget deficits. The low oil price should provide a good platform for economic recovery provided that the European Central Bank can prevent deflationary expectations becoming embedded into the Eurozone economy and provide a platform for growth. Whilst a recovery in the European economy still appears a distant prospect we feel that there is better value in more cyclical companies which are trading on much lower multiples of already depressed earnings.

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

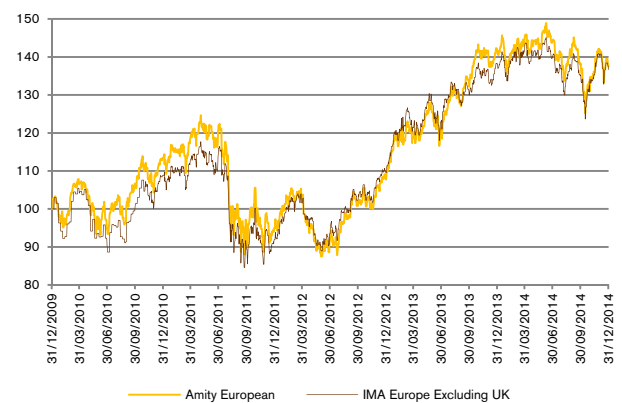
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the Amity European Fund compared to IMA Europe (excluding UK) Sector Average from 31 December 2009 to 31 December 2014, 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		IMA Europe (excluding UK) Sector Average	
	Total Return	Rank	Total Return	Number
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
01/01/10 – 31/12/10	13.6%	23	8.8%	111

Table showing % return and ranking of the Amity European Fund against IMA 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 2014
1 Merck KGaA	3.02%
2 Wolters Kluwer	2.92%
3 Novartis	2.76%
4 Sanofi-Aventis	2.71%
5 Smurfit Kappa	2.52%
6 Ansaldo	2.44%
7 Cie Generale des Etablissements Michelin 'B'	2.42%
8 Telefonica Deutschland	2.26%
9 Orange	2.18%
10 Roche	2.16%

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C
31 December 2014	1.66%	0.91%	1.41%
31 December 2013	1.66%	0.91%	1.41%

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.

Risk Reward Profile

Lower risk ← Higher risk
Typically lower rewards ← Typically higher rewards



- 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.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	209.30	174.20	10,075,765	190.86	5,279,177	2.2396
Share Class B	211.70	176.30	50,028,273	192.34	26,010,550	3.8409
Share Class C	236.00	198.60	661,258	218.02	303,296	3.2535
31 December 2013						
Share Class A	203.10	156.60	12,300,539	198.94	6,182,976	2.9232
Share Class B	205.40	157.80	44,606,848	200.51	22,246,675	4.3700
Share Class C	226.70	173.10	753,398	223.99	336,352	3.7859
31 December 2012						
Share Class A	157.70	126.90	10,296,530	153.71	6,698,684	2.9180
Share Class B	159.60	128.00	30,854,302	154.85	19,925,129	4.0964
Share Class C	172.20	137.80	670,134	169.91	394,400	3.6114
31 December 2011						
Share Class A	185.50	130.20	9,974,925	138.17	7,219,324	3.3561
Share Class B	187.40	131.60	27,791,540	139.14	19,973,491	4.6308
Share Class C	195.60	138.30	621,069	149.26	416,100	3.9748
31 December 2010						
Share Class A	170.60	139.90	6,946,462	168.71	4,117,343	2.0948
Share Class B	172.60	141.10	32,921,071	169.99	19,366,186	3.3853
Share Class C	178.60	146.00	695,298	177.78	391,100	2.6968

Amity International Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2014 to 31 December 2014.

- Over the course of the year the Amity International Fund returned 3.5%*, underperforming the 7.1% return posted by the IMA Global sector and falling short of the 11.3% return of the FTSE World Index, both measured on a similar basis.
- Both asset allocation and stock selection negatively impacted performance in 2014. Currency allocation also acted as a headwind to the portfolio's return.
- The largest negative impact came from the underweight position in US equities. The US market continued to outperform most other equity indices, driven by strong economic data as the US recovery gained strength. The US fiscal deficit, above 10% at the peak of the Financial Crisis, dipped below 3% by the end of the year and unemployment finished at 5.6%, its lowest level since 2008.
- The underweight allocation to the US was also detrimental from a currency perspective. The dollar gained strength against all major currencies, driven by the recovering economy and expectations of interest rate rises. The dollar appreciated 14.6% against the Euro, 6.3% against Sterling and 5.0% against the Singapore dollar during the year.
- The fund's overweight allocation to Asian equities had a mixed impact on performance. Exposure to the markets of Hong Kong, Singapore and Thailand added value as each narrowly outperformed the World index. However, exposure to the Malaysian equity market had a negative impact as Malaysian equities underperformed. Elsewhere, both UK and continental Europe equity markets underperformed the World index in 2014; overweight allocations to these markets and their currencies detracted from fund performance.
- At sector level, the underweight allocation to Oil & Gas proved beneficial as the oil price declined sharply in the second half of the year. However, this was more than offset by stock selection within the sector where overweight positions in Oil Services companies Ezion, Fugro and Vard, as well as the holding in Petrobras, significantly weighed on performance. The overweight allocation to the high-yielding Utilities sector added value during the year, as did the overweight exposure to Healthcare. Stock selection in Healthcare suffered from the position in GlaxoSmithKline, which significantly underperformed during the year following a profit warning and corruption investigations in China. The underweight allocation to the Technology Sector detracted from fund performance but this was offset by strong stock selection within the sector, primarily through holdings in BYD Electronic and Intel.
- In respect of fund activity, major transactions during the year included purchases of UK supermarkets Sainsbury and Tesco, Singapore bank DBS and also Vard Holdings, a global shipbuilder of offshore vessels for the Oil & Gas industry. The fund closed positions in Indus Holdings, Vivendi, Singapore Telecom and United Overseas Bank. The fund also sold its holding in Metro due to the company's exposure to Russia.

Prospects

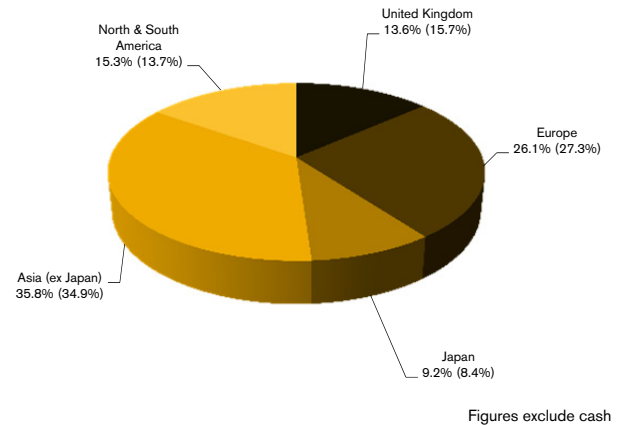
The fund is positioned to benefit from a recovery in the Eurozone, where recent Quantitative Easing announcements by the European Central Bank have exceeded market expectations. The fund is also overweight Asian markets which are attractively valued with a strong, long-term outlook. The underweight allocation to the US is retained on the grounds of concerns over unsustainably high profit margins and the impact of the end of Quantitative Easing and rising interest rates on the US earnings outlook.

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

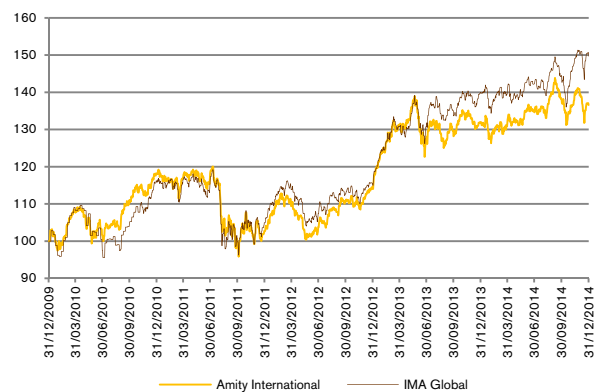
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the Amity International Fund compared to IMA Global Sector Average from 31 December 2009 to 31 December 2014, 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		IMA Global Sector Average	
	Total Return	Rank	Total Return	Number
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
01/01/10 – 31/12/10	18.1%	61	15.9%	212

Table showing % return and ranking of the Amity International Fund against IMA 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

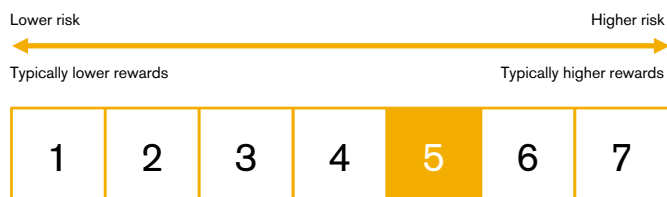
Top ten holdings		Percentage of total net assets at 31 December 2014
1	Sound Global	2.93
2	GlaxoSmithKline	2.48
3	Intel	2.41
4	General Electric Class 'C'	2.14
5	DBS Group	1.89
6	BYD Electronic International	1.88
7	Mint	1.85
8	Luk Fook	1.78
9	Ezion Holdings	1.76
10	Baker Hughes	1.57

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C
31 December 2014	1.58%	0.83%	1.33%
31 December 2013	1.59%	0.84%	1.34%

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.

Risk Reward Profile



- 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.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	225.00	119.10	101,741,380	212.29	47,926,263	2.5410
Share Class B	226.90	200.40	127,034,754	213.61	59,470,777	3.7662
Share Class C	239.80	210.20	850,327	227.39	373,943	3.6784
31 December 2013						
Share Class A	222.20	184.40	138,681,552	207.69	66,773,865	2.8560
Share Class B	224.10	185.50	91,017,938	208.94	43,560,872	4.4464
Share Class C	231.00	191.50	999,575	219.26	455,890	3.5124
31 December 2012						
Share Class A	184.70	162.90	136,564,428	181.90	75,078,729	2.6610
Share Class B	186.60	164.30	60,885,669	182.97	33,276,326	4.0060
Share Class C	190.10	166.30	1,163,116	188.91	615,700	3.1863
31 December 2011						
Share Class A	197.30	157.50	123,610,812	166.27	74,345,378	3.2238
Share Class B	198.70	158.80	50,311,329	167.22	30,086,840	4.6012
Share Class C	198.40	158.50	954,703	169.66	562,700	3.6437
31 December 2010						
Share Class A	196.80	163.60	86,093,059	194.35	44,298,557	2.8530
Share Class B	198.80	164.70	49,321,678	196.01	25,162,885	4.1003
Share Class C	195.20	160.80	1,013,884	194.79	520,506	3.1479

Amity Sterling Bond Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2014 to 31 December 2014.

- Over the course of the year under review of the Amity Sterling Bond Fund returned 7.5%* compared with the IMA Sterling Strategic Bond sector average return of 6.1% whilst the FTSE All Stocks index returned 13.9%.
- The 10 year UK gilt yield hit 3.0% at the end of 2013 with most investors expecting gilt yields to continue to creep up as economic growth in the UK and globally strengthened. However this proved to be the highest gilt yields would reach. In January 2014 yields fell back by 20bps to 2.8% and they traded at around this level for the first half of the year. In July gilt yields began to decline again as expectations for base rate rises began to be pushed out further and further into the future. Initially this was driven by increased risk aversion as the geopolitical environment worsened, particularly surrounding Ukraine and concerns over a slowdown in global economic activity in the Eurozone and Asia. The prospect of large scale quantitative easing type policies in both Japan and the Eurozone also tended to push yields down on a global basis. The decline in gilt yields intensified as the collapse in oil prices and deflationary conditions in Europe led to a sharp decline in inflationary expectations. Thus by the end of December, 10 year gilt yields hovered at around 1.8%, close to a low for the year.
- Corporate bond credit spreads widened over the year as the decline in corporate bond yields failed to keep pace with the sharp decline in gilt yields. Slowing global economic growth and increased geopolitical tensions tended to increase investor risk aversion favouring gilts. Thus whilst corporate bonds delivered strong returns they tended to be lower than for gilts.
- The Fund suffered compared to the FTSE All Stocks gilt index due to the relatively short duration of the portfolio compared to the gilt market. The exposure to corporate bonds had a positive impact on performance. This was due to the pick up in yields achieved through investing in corporate bonds compared to gilts though this was partially counter balanced by capital losses incurred due to the widening in corporate bond credit spreads over gilts.
- The exposure of the Fund to high yielding and long dated paper such as preference shares and building society Permanent Interest Bearing Shares had a positive impact on performance and helped support the income yield of the Fund.
- The Fund continued to invest on an opportunistic basis, though over the second half of the year, increasingly looked to invest at the shorter end of the market and in gilts as we sought to reduce the duration of the Fund and increase liquidity as bond yields continued to decline.

Prospects

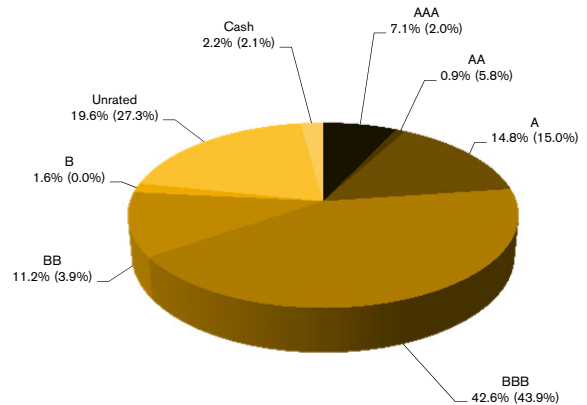
Low gilt yields do not appear wholly unwarranted given the depressed global macroeconomic environment with the Eurozone tottering on the edge of deflation and recession, Chinese growth slowing after a fall in the property market, geopolitical tensions between Russia and the West over Ukraine and the deflationary impact of a falling oil price. Still the extra pick up in yield achieved by moving the duration of a fixed interest portfolio longer is much reduced and whilst inflation is weak, UK GDP growth has strengthened and the housing market remains stronger than policymakers would like. Certainly in the longer term if the Bank of England is successful at keeping inflation close to the target rate of 2% long term bond yields of around 2.5% seem unsustainably low. We would therefore recommend shortening the duration of our portfolios as the extra yield that can be achieved by moving longer does not seem to adequately compensate for the risk that gilt yields may move up should the global economy and the Eurozone show more signs of growth

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

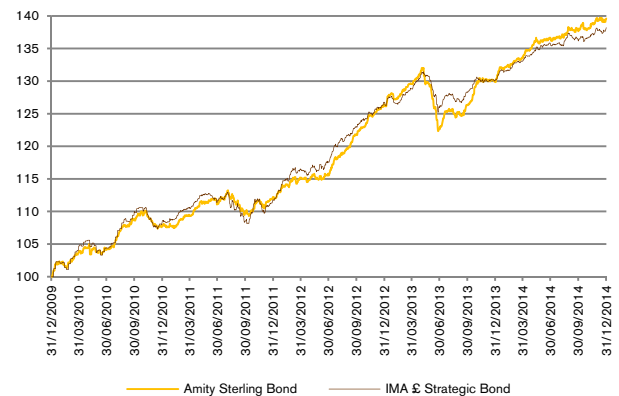
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the Amity Sterling Bond Fund compared to IMA £ Strategic Bond Sector Average from 31 December 2009 to 31 December 2014, 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		IMA £ Strategic Bond Sector Average	
	Total Return	Rank	Total Return	Number
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
01/01/10 – 31/12/10	7.9%	38	8.6%	64

Table showing % return and ranking of the Amity Sterling Bond Fund against IMA £ 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

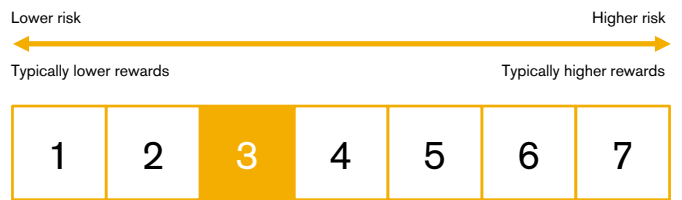
Top ten holdings		Percentage of total net assets at 31 December 2014
1	UK Treasury 2% 22/01/2016	3.14%
2	Nottingham Building Society 7.875% PIBS	2.48%
3	London Stock Exchange 4.75% 02/11/2021	2.17%
4	F&C Asset Management 6.75% 20/12/2026	2.15%
5	Society Of Lloyds 7.421% Perp	2.00%
6	Liverpool Victoria 6.5% 22/05/2043	1.91%
7	Premier Farnell 8.920%	1.91%
8	Direct Line Insurance 9.25% FRN 27/04/2042	1.90%
9	Coventry Building Society 12.125% PIBS	1.89%
10	Fidelity International 7.125% 13/02/2024	1.84%

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C*
31 December 2014	1.37%	0.77%	N/A
31 December 2013	1.39%	0.79%	N/A

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.

Risk Reward Profile



- 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.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	109.60	105.20	29,577,436	107.59	27,490,680	4.5799
Share Class B	117.70	112.30	51,431,696	115.61	44,486,860	4.9123
Share Class C*	N/A	N/A	N/A	N/A	N/A	N/A
31 December 2013						
Share Class A	110.60	101.50	37,257,841	104.21	35,751,715	4.6794
Share Class B	117.60	108.00	26,220,604	111.26	23,566,934	4.9681
Share Class C*	N/A	N/A	N/A	N/A	N/A	N/A
31 December 2012						
Share Class A	108.20	99.19	40,605,688	105.90	38,343,135	4.8509
Share Class B	114.80	104.70	12,683,736	112.35	11,289,840	5.1192
Share Class C*	N/A	N/A	N/A	N/A	N/A	N/A
31 December 2011						
Share Class A	103.10	98.17	26,967,350	98.03	27,508,413	4.9778
Share Class B	108.40	103.50	11,491,861	103.41	11,113,202	5.0266
Share Class C*	N/A	N/A	N/A	N/A	N/A	N/A
31 December 2010						
Share Class A	103.90	97.95	14,074,490	99.30	14,174,265	4.8393
Share Class B	108.90	102.30	11,498,677	104.53	11,000,000	4.8702
Share Class C*	N/A	N/A	N/A	N/A	N/A	N/A

* Share Class C is currently inactive.

Higher Income Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2014 to 31 December 2014.

- Over the course of the year the Higher Income Fund returned 5.7%*, outperforming the 4.9% return of the IMA Mixed Investments (40-85%) sector average. Over the same period the FTSE All-Share Index registered a return of 1.2% and the FTSE Government All Stocks Index returned 13.9%, both measured on a similar basis.
- A primary contributor to the outperformance of the Fund relative to the peer group was its more balanced allocation between equities and fixed interest. Funds within the sector that were more biased towards equities were hampered by the strength of fixed interest securities relative to equities during the year.
- Within the Fund's equity portfolio, the overweight allocation to the Utility sector significantly added value as the sector strongly outperformed the UK equity market. Underweight exposure to the Energy and Materials sectors was also beneficial as commodity prices, and in particular the oil price, fell sharply in the second half of the year. At stock level, holdings in Orange, Intel and Scud Group were the largest positive contributors to performance. An overweight position in Brazilian oil company Petrobras was the largest detractor from performance, following disappointing operating performance and allegations of corruption surrounding its capital expenditure projects and acquisitions.
- The fund's allocation to corporate bonds and preferred shares over government bonds had a fairly neutral impact on performance as corporates performed slightly weaker than gilts and still posted strong returns for the year. Many fund managers within the peer group were caught off guard by the strength of gilts during the year. Weaker than expected global growth and inflation data trending downwards led to expectations of interest rate rises being pushed further out, causing the yield on the 10 Year Gilt to fall from 3.0% at the start of the year to 1.8% by the end. The popularity of gilts was also a function of their safe haven status as geopolitical risks in both Europe and the Middle East increased during the year.
- In respect of fund activity, major transactions included purchases of shares in Royal Mail, Picton Property Income Trust and US healthcare company Pfizer, all sound businesses offering attractive yields. Major sales included Vivendi, Severn Trent and DS Smith. Within the Fixed Income portfolio, the fund closed positions in bonds issued by housing association Places for People Homes Ltd, healthcare company Roche and Leeds Building Society. The largest purchases within the Fixed Income portfolio were an A2D housing association bond yielding 4.5% and maturing in 2026, a Coventry Building Society PIBS and a 2049 Deutsche Bank with a 7.125% coupon.

Prospects

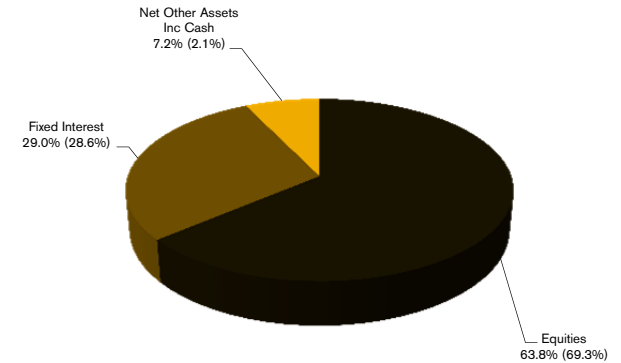
The baton of Quantitative Easing has passed from the US and UK to Japan and the Eurozone as monetary policy in different regions continues to diverge. The likely raising of interest rates in the US this year may well lead to increased volatility on financial markets, as could the general election in May in the UK. The fund continues to take a long-term approach, looking through short-term market noise to invest in companies that boast resilient earnings streams, consistent cash flows and that are supported by strong balance sheets. The fund's overseas equity exposure is positioned to benefit from a recovery in the Eurozone, where the European Central Bank has recently announced a substantial Quantitative Easing programme that beat market expectations in terms of its size and open-ended nature. The fund also retains its overweight allocation to attractively valued Asian markets which are exposed to a number of positive structural trends.

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

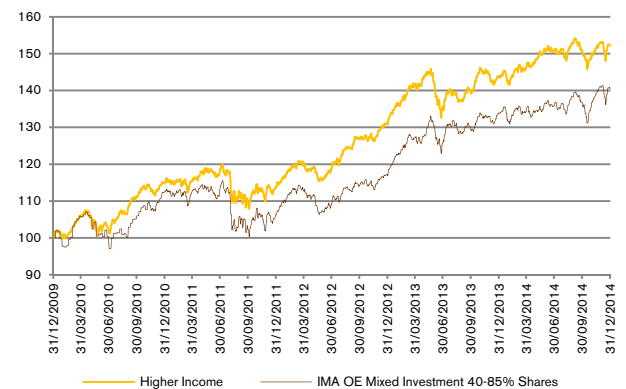
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the Higher Income Fund compared to IMA Mixed Investment 40-85% Shares Sector Average from 31 December 2009 to 31 December 2014, 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		IMA Mixed Investment 40-85% Shares Sector Average	
	Total Return	Rank	Total Return	Number
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		IMA UK Equity & Bond Income Sector Average	
	Total Return	Rank	Total Return	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
01/01/10 – 31/12/10	15.0%	3	12.2%	19

Table showing % return and ranking of the Higher Income Fund against IMA 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 IMA UK Equity & Bond Income Sector to the IMA 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 2014
1 GlaxoSmithKline	2.12
2 General Accident 8.875%	1.65
3 Royal Dutch Shell 'B'	1.58
4 Intel	1.58
5 Orange	1.56
6 Greencoat UK Wind	1.48
7 National Grid	1.46
8 Picton Property	1.45
9 Luk Fook	1.45
10 Scottish Southern Energy	1.44

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C
31 December 2014	1.33%	0.83%	1.08%
31 December 2013	1.34%	0.84%	1.09%

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.

Risk Reward Profile

Lower risk ← Higher risk
Typically lower rewards ← Typically higher rewards



- 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 moderate rises and falls historically.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	132.00	122.60	133,776,820	125.62	106,492,357	5.5320
Share Class B	135.10	125.20	128,480,538	128.87	99,701,470	5.5996
Share Class C	302.50	277.00	19,486,647	297.27	6,555,177	12.3798
31 December 2013						
Share Class A	132.00	119.20	161,590,039	124.19	130,117,147	5.4074
Share Class B	134.40	121.10	54,366,143	126.74	42,894,909	5.5041
Share Class C	286.40	258.20	16,470,090	280.88	5,863,841	11.7765
31 December 2012						
Share Class A	122.50	108.40	140,487,388	117.50	119,564,944	5.3874
Share Class B	124.40	109.70	22,690,034	119.39	19,005,296	5.4748
Share Class C	256.30	223.20	13,133,469	253.98	5,171,094	11.2199
31 December 2011						
Share Class A	118.00	105.60	108,604,602	107.26	101,256,254	5.2274
Share Class B	119.10	106.70	17,435,716	108.55	16,062,816	5.2950
Share Class C	233.70	210.20	10,392,814	221.00	4,702,594	10.3731
31 December 2010						
Share Class A	117.30	103.10	77,960,478	113.46	68,711,500	4.5364
Share Class B	118.20	103.60	17,612,187	114.52	15,378,794	4.6045
Share Class C	224.00	193.90	9,010,776	222.90	4,042,594	8.6809

UK Equity Growth Fund

Report of the Authorised Corporate Director

This review covers the year from 1 January 2014 to 31 December 2014.

- Over the year the UK Equity Growth Fund returned 0.4%*, narrowly underperforming both the rise in the FTSE All-Share Index of 1.2% and the rise in the IMA All Companies sector average of 0.7%, both measured on a similar basis.
- As at 31 December 2014, 44.7% of the Fund was invested in FTSE 100 companies, 25.9% was invested in companies in the FTSE 250 Mid Cap Index, and 26.8% in other companies. Cash holdings were 2.6%.
- The performance of the Fund in the earlier months of the year was negatively impacted by its substantial overweighting to Mid Cap companies which came under strong selling pressure as investors sought to bank profits after several months of outperformance. The Fund enjoyed better fortunes in the second half of the year as the Mid Cap sector stabilised, with its relative performance further aided by its substantial underweight position with regard to the Oil & Gas, Mining and Food Retailing sectors which were weak. The commodities sectors were severely undermined by the price weakness in their underlying products, whilst the quoted UK food retailing market found itself under increasing pressure from discount stores.
- At a stock level the largest positive contributions were made by Ashted (due to strong trading), Shire (strong trading and an ultimately unsuccessful bid approach from AbbVie), Next (strong trading and cash returns), and International Consolidated Airlines (a prime beneficiary of lower oil prices). As well as disappointing contributions from commodity related investments such as BP and Rio Tinto, two previously positive contributors acted as significant drags on performance; Xaar delivered a series of disappointing trading updates which caused the shares to fall sharply, whilst WANdisco suffered a hiatus in news flow around its Big Data software, which was disappointing for a company which had previously delivered much good news. The shares in Xaar were sold whilst those in WANdisco were retained in the expectation of improving fortunes.
- New holdings of note were established in AA (roadside assistance), Capita (support services), and IMI (engineering), all of whom are expected to deliver significant shareholder value over the medium term. New issues added to the Fund included Fevertree Drinks (premium mixers), Horizon Discovery (biotech research services), Patisserie Holdings (café operator), and Quantum Pharmaceutical (drug wholesaling) all of whom offered attractively priced entry into companies with good long term growth prospects. Disposals were made in Thomas Cook, after disappointing trading updates, also Xaar (as noted above), and Stock Spirits, after a profits warning.

Prospects

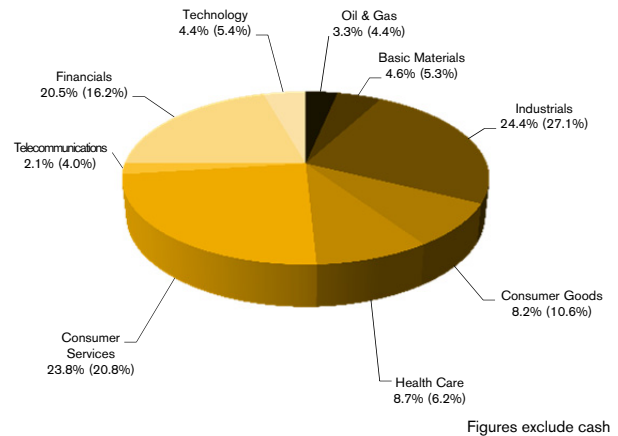
Further improvement in the health of the domestic economy may be tempered by a fractured political landscape which makes a judgement on the outcome of the General Election increasingly uncertain. With the notable exception of the US, global growth rates continue to moderate, although the dramatic fall in the price of oil towards the end of 2014 may provide a fillip for some in 2015 (although the prospects of those aligned with oil production may be adversely affected). With a significant number of unknowns on the horizon the portfolio is constructed with an emphasis on selecting companies whose fortunes lie more in their own hands without an over-reliance on general macroeconomic tailwinds.

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

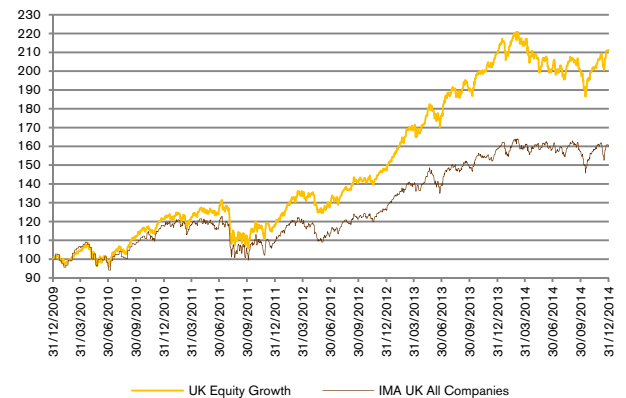
Please note: Stocks and shares should be viewed as a medium to long-term investment, usually for a period of five years or more. The value of investments can fall as well as rise. Past performance should not be seen as an indication of future performance.

Asset allocation by sector at 31 December 2014

The figures in brackets show allocation at 31 December 2013



Performance



Graph showing the return of the UK Equity Growth Fund compared to IMA UK All Companies Sector Average from 31 December 2009 to 31 December 2014, 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		IMA UK All Companies Sector Average	
	Total Return	Rank	Total Return	Number
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
01/01/10 – 31/12/10	21.4%	57	17.5%	296

Table showing % return and ranking of the UK Equity Growth Fund against IMA 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 2014
1 Ashtead	2.57
2 AA	2.52
3 Bellway	2.43
4 Next	2.30
5 International Consolidated Airline	2.24
6 Prudential	2.15
7 Reed Elsevier	1.97
8 British Land	1.94
9 GKN	1.81
10 Shire	1.81

Ongoing Charges Figures

As at	Share Class A	Share Class B	Share Class C
31 December 2014	1.57%	0.82%	1.32%
31 December 2013	1.59%	0.84%	1.34%

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.

Risk Reward Profile

Lower risk Higher risk

←—————→

Typically lower rewards Typically higher rewards



- 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.

Share prices, Fund size and Net income

Calendar year	Share price range		Fund size			Net income distributions/ accumulations
	Highest for the year (pence)	Lowest for the year (pence)	Net asset value (£)	Net asset value (pence per share)	Number of shares in issue	Pence per share
31 December 2014						
Share Class A	233.00	196.00	36,749,670	220.57	16,661,594	0.9894
Share Class B	237.60	200.40	127,479,878	224.64	56,747,985	2.6815
Share Class C	313.00	264.40	15,805,410	298.26	5,299,129	2.0431
31 December 2013						
Share Class A	222.30	159.10	38,601,369	221.05	17,463,020	1.3395
Share Class B	227.60	161.80	99,327,152	225.07	44,131,486	2.9366
Share Class C	297.60	211.50	17,131,237	296.78	5,772,419	2.5414
31 December 2012						
Share Class A	158.60	128.70	11,899,867	155.46	7,654,375	2.0255
Share Class B	162.20	130.80	63,989,902	158.11	40,471,284	3.2722
Share Class C	209.20	168.30	13,133,419	206.71	6,353,415	3.2393
31 December 2011						
Share Class A	142.20	114.40	7,827,060	126.94	6,165,820	1.5501
Share Class B	145.00	116.80	52,215,539	129.04	40,464,728	2.7552
Share Class C	184.60	148.60	11,195,672	166.01	6,743,915	2.6173
31 December 2010						
Share Class A	133.40	105.20	7,914,136	131.66	6,011,227	1.6321
Share Class B	136.40	107.20	54,150,383	133.82	40,464,728	2.7463
Share Class C	170.60	134.40	12,248,504	169.55	7,223,915	2.6746

For further information call us on

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

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