



Edentree investment funds assessment of value report

For the year ended 31 December 2019

Amity UK Fund

Amity European Fund

Amity International Fund

Higher Income Fund

UK Equity Growth Fund

Amity Sterling Bond Fund

Amity Short Dated Bond Fund





A message to investors from the Chairman EdenTree Investment Management

Mark Hews, EdenTree Chairman and Ecclesiastical CEO

Mark Hews was appointed to the EdenTree and Ecclesiastical Insurance Board in June 2009. He was appointed Ecclesiastical Group Chief Executive in May 2013 and was previously Group Chief Financial Officer. He also became a Trustee of The Windsor Leadership Trust in November 2017.

We are an award-winning, boutique, UK investment manager, specialising in responsible and sustainable investment – an approach we have led on for over 30 years. We are ultimately owned by a charity, which ensures all available profits are distributed to good causes and shapes our culture, placing value in contributing to community and the wider society in which we live.

We are led by a highly specialised, passionate and dedicated team, pioneers in the industry who, together with their colleagues, work on behalf of our clients to meet their investment objectives. We deliver this through our “Profit with Principles” approach to achieving good long-term performance in a responsible and sustainable way.

The Board is pleased to present this Assessment of Value report. This is the first Annual Value Assessment report produced by EdenTree and we welcome this regulatory change to increase transparency for investors around the value for money they are receiving and the quality of the service being delivered.

What is a value assessment and why are we publishing this report now?

Our regulator, the Financial Conduct Authority, has asked all managers of UK regulated funds to carry out an annual review of the funds they manage to assess the overall value delivered to clients. This is the first such report based on data as at 31 December 2019.

It is the responsibility of our Board to consider the outcomes of this assessment and communicate the findings to our investors. This report sets out the assessment criteria and summarises the outcomes for each of the seven funds we manage.

Our Assessment Criteria...

The FCA has introduced seven criteria for all UK fund managers to consider when determining if value has been delivered to investors. We have grouped them, added consideration of investment process and describe the criteria below:

Fund performance and investment process

- **Fund Performance** Are funds meeting their objectives and how do they measure up to their benchmark? Dates used reflected the firm's long term investment horizon.
- **Relative Performance** How are funds doing in relation to the chosen comparator group or Investment Association sector?
- **Investment Process** As a smaller active boutique investment manager specialising in responsible and sustainable investments, we aim to deliver enhanced value through our investment process and high standards of corporate governance and integrity. EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change.

Costs and charges

- **Comparable Market Rates** AMC or Annual Management Charge (the fee we receive as investment manager), OCF or Ongoing Charges Figure (the AMC plus custody, depositary and audit fees), and transaction charges were considered.
- **Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- **Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do – This element of the Assessment of Value applies across the fund range and we will therefore not assess this in greater depth on any of the individual fund assessments.
- **Classes of Share** Access to share classes is dependent on the amount invested and clients who have invested directly into the retail share class (Class A) give rise to higher costs. The administration costs of servicing these accounts and processing smaller individual deals have been, and still are, higher when compared to deals placed by IFAs and Wealth Managers using third party platforms to process bulk deals to invest in the Institutional share class (Class B). It is therefore appropriate to charge these share classes differently. We have looked at whether the differential is appropriate and this has caused price reductions in some funds and share classes.
- **Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed. The low differential between our AMC and OCF demonstrates that the AFM (Authorised Fund Manager ie EdenTree) does not look to pass on its costs in that way.

Services

- **Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met. This element of the Assessment of Value applies across the fund range and we will therefore not assess this in greater depth on any of the individual fund assessments.

For each criteria above we have made an assessment of **GOOD** or **POOR** value for money (indicated by the colour of the heading), the assessment was then given an overall **GOOD** or **POOR** taking account of the ratings given in each category.

How do we deliver value to our investors?

As a specialist investment manager with over 30 years of experience, responsible & sustainable investment is core to our investment philosophy and underpins our objective to deliver ‘Profit with Principles’ for our clients and be responsible stewards of those investments.

We embed our core values approach which fully integrates Environmental, Social & Governance factors into the investment process. Our aim is to select those investments that meet our core values tests, and help to make a positive impact on the challenges faced by society through delivering and supporting sustainable solutions.

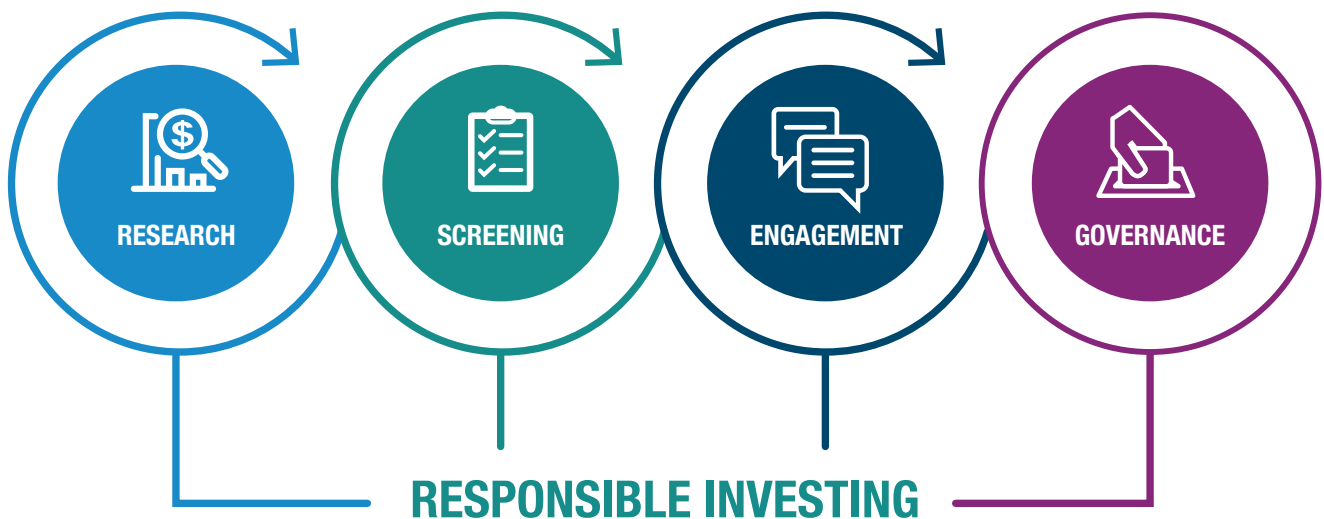
We are fundamental active managers, we seek to invest with a long-term investment horizon in a diversified mix of responsible and sustainably managed companies. A key pillar of our investment philosophy is our strong value discipline – identifying intrinsically sound companies with strong balance sheets and superior cash flow generation driven by proven business models at an attractive valuation.

We are benchmark ‘aware’ but not benchmark constrained. Utilising our independent thought and analysis, we aim to identify contrarian opportunities, which often focuses our attention away from large-cap companies.

As stewards of your investment, we seek to invest in companies for the long-term, minimising portfolio turnover and trading costs, whilst ensuring we actively vote and engage with management.

We have been continuously recognised for the strength of our approach, being awarded the title of ‘Best Ethical Investment Provider’ at the Moneyfacts Life & Pensions Awards for the twelfth consecutive year and ‘Best ESG Fund Management Group (specialist)’ at the Investment Week Sustainable & ESG Investment Awards 2018.

Responsible investing is central to our approach...



Research

EdenTree’s thought-leadership research draws on an unrivalled depth of expertise that has built up over 30 years as pioneers in responsible and sustainable investing. Our team regularly publish expert opinion pieces, which help to inform our clients. Three times a year we produce our flagship EdenTree Insight publications, which provide an expert perspective on some of the biggest challenges facing our world today and how we, as responsible and sustainable investors can be a part of the solution.

Screening

To be considered suitable for inclusion within our Amity range of responsibly managed funds, an investment idea must meet the criteria laid out by our responsible and sustainable screening model. There are three parts to this: Ethics/Values, Responsibility/ ESG and Sustainability and Thematic.

Ethics/Values

The eight negative screens which make up the ethics and values portion aim to avoid harmful activities that are a detriment to society. Companies that derive more than 10% of their profits or turnover from these activities are excluded from our universe of investible stocks.

-  **Alcohol production**
-  **Tobacco production**
-  **Gambling operations**
-  **Weapon production**
-  **Pornographic and violent material**
-  **Animal testing**
-  **Intensive farming**
-  **Oppressive regimes**

Responsibility/ESG

We then have a responsibility criteria, incorporating six different considerations which reflect ESG risk and our commitment to responsible investment. These are core to the way in which we consider stocks as being suitable for inclusion in our Amity funds.

-  **Business ethics**
-  **Corporate governance**
-  **Community**
-  **Employment & labour**
-  **Environmental management**
-  **Human rights**

Sustainability/Thematic

Finally, as we screen stock ideas, we will consider the positive sustainability case in terms of products and solutions, and how companies are referencing the Sustainable Development Goals as part of their business case.

-  **Education**
-  **Health & wellbeing**
-  **Social infrastructure**
-  **Sustainable solutions**

Engagement

We engage with businesses on a wide range of environmental, social and governance issues, both when we are considering investing and then as shareholders.

We believe that this is the best way to make sound, responsible investment decisions and act as a catalyst for change.

160	Total engagements on ESG issues in 2019
55	Engagements with a specific environmental focus
26	Engagements with a specific social focus
20	Engagements with a specific governance focus
54	Engagements with an overlapping (ESG) theme
5	Ethnics / Values (negative) screens-related engagements

Governance

We believe that shareholders have a vital role to play in encouraging high standards of corporate governance from the perspective of being long-term investors. We therefore seek to vote at all UK meetings in which we have a shareholding, and have appointed Glass Lewis as our proxy advisory service for overseas governance and voting.

We have adopted a policy of voting in support of company management except where proposals are considered to be in breach of UK corporate governance best practice, or are viewed as not being in the economic interests of shareholders. We will seek to engage pro-actively with companies where either existing corporate governance arrangements or management proposals cause concern.

At EdenTree, we also hold ourselves to the same exacting standards as we do the companies that we invest in. That is why we are signatories of the Principles of Responsible Investment (PRI) and the European SRI Transparency Code, and why we publish full guidelines around our governance and voting procedures, see our website for more information on our voting activity and the rationale for resolutions opposed, abstained and in favour.

Things we have already improved...

EdenTree has carried out a detailed review of its fund objectives and charging structure in order to provide investors with more clarity and transparency. Fund objectives and policies for achieving these were updated as at 1 July 2020 to make it easier for investors to understand how their money is being invested and the outcomes we look to achieve over a given timeframe. We have used these new objectives in these documents as in all cases they are a clarification and not a change to the underlying objectives of the funds.

We also looked at our costs and overheads as part of our review of charges. We are pleased to announce that with effect from 1 August 2020 our initial charge was reduced from 5% to zero for Class A (retail) shares and from 2% to zero for class B (Institutional) shares. We will also be reducing the annual management fee for class A shares in four of our funds from 1.5% to 1.25% with effect from 1 October 2020.

Areas we may look to improve in future...

We are committed to ESG and believe our rigorous screening process provides additional value to investors. We will therefore be consulting with stakeholders in our existing unscreened funds (The Higher Income Fund and UK Equity Growth Fund) to explore whether a transition to a screened approach would be appropriate.

We have rated all of our funds as providing good value for money – why?

We have carefully considered our rating of the funds and believe that...

- For the Amity range of funds (ie our screened range) a primary source of value is the quality and robustness of the screening process over these funds, our process has won us “best ethical investment manager” twelve years running in the Moneyfacts awards (eleven years as at 31 December 2019), this has therefore been given a higher weighting for these particular funds. The rigour of the screening process provides investors with a greater degree of assurance that our funds are run in a way that is in line with their values and principles as expected when investing into a responsible and sustainable product.
- Other funds have a different source of value; for example, the Higher Income Fund’s value is in the consistent and reliable stream of income it has generated for investors and we have therefore taken this into consideration when rating this fund. Where funds in our range are not screened EdenTree does engage with companies where investments are held by the fund to ensure they are aware of key issues important to us as a Responsible and Sustainable specialist fund manager and to raise the standard of their corporate governance processes.

AMITY UK FUND

Fund manager: Sue Round and Ketan Patel

Share classes: A (1.5% AMC reducing to 1.25 from 1 October 2020), B (0.75% AMC)

Fund objective: To achieve long-term capital appreciation over five years or more and an income, through a diversified portfolio of UK companies.

Overall rating: GOOD

Fund performance and investment process

- Absolute Performance** The fund is meeting its objective of achieving capital appreciation over five years or more, with income. Fund outperformed comparator benchmarks over 3 and 10 years, but not 5 as targeted by the objective.
- Relative Performance** When compared against those chosen as comparator funds over 3, 5, and 10 years performance was towards the lower end of the group. 12 month yields are the highest in the comparator set. *EdenTree comment: The performance over 1 year is much stronger against peers, over the short term it has top quartile performance.*
- Investment Process** EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

Costs and charges

- Comparable Market Rates and Classes of Share** For the A share class, available to retail investors, in the selected comparator group for the period to 31 December 2019 the Amity UK Fund AMC was the same as four out of the five comparators. The OCF was one of the highest due to the lack of economies of scale (ie the comparator funds are larger) which is discussed below. *EdenTree comment: The pricing of the "A" share class has been reduced to 1.25% AMC to make charging clearer and fairer for direct investors, this will further ensure the comparative positioning of the fund relative to peers remains good.* For the B share class both the AMC and OCF was in line with the chosen comparators. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

AMITY EUROPEAN FUND

Fund manager: Chris Hiorns and David Osfield

Share classes: A (1.5% AMC reducing to 1.25% from 1 October 2020), B (0.75% AMC)

Fund objective: To achieve long-term capital growth over five years or more with an income through a diversified portfolio of European (ex-UK) companies.

Overall rating: **GOOD**

Fund performance and investment process

- Absolute Performance** The fund is meeting its objective of achieving capital growth over five years or more, with income. Over 3, 5 and 10 years the fund has not met its benchmark.
- Relative Performance** When compared against those chosen as comparator funds over 3, 5, and 10 years performance was towards the lower end of the group. 12 month yields are the highest in the comparator set. *EdenTree comment: The underperformance of the fund was primarily due to the 'value orientated' strategy over a period in which 'value' stocks have underperformed 'growth' for an extended period. This outperformance by the 'growth' style has been primarily driven by an upward re-rating of this area of the market which has created an unwarranted divergence in valuation between 'growth' and 'value' market segments. We believe this is unsustainable and anticipate this will correct in the fullness of time.*
- Investment Process** EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

Costs and charges

- Comparable Market Rates and Classes of Share** For both A and B share classes in the selected comparator group for the period to 31 December 2019 the European Fund charges were the lowest. *EdenTree comment: The pricing of the "A" share class has been reduced to 1.25% AMC to make charging clearer and fairer for direct investors, across all of EdenTree's range, in this instance this will ensure we remain competitive and pricing is clear.* Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that the AFM does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

AMITY INTERNATIONAL FUND

Fund manager: David Osfield and Thomas Fitzgerald

Share classes: A (1.5% AMC reducing to 1.25% from 1 October 2020), B (0.75% AMC)

Fund objective: To achieve long-term capital growth over five years or more with an income through a diversified portfolio of international (including the UK) companies.

Overall rating: **GOOD**

Fund performance and investment process

- Absolute Performance** The fund is meeting its objective of achieving capital growth over five years or more, with income. Over 3, 5 and 10 years the fund has consistently underperformed its benchmark.
- Relative Performance** When compared against those chosen as comparator funds over 3, 5, and 10 years performance was towards the lower end of the group. 12 month yields are the highest in the comparator set. *EdenTree comment: This Fund has maintained a consistent value style tilt since launch. In terms of style, value has underperformed growth for an extended period, over 10 years, with the upward re-rating of growth stocks driven by ultra-low interest rate policy being the primary driver of the disparity. While we anticipate this will correct in the fullness of time, the strategy's underlying holdings, and geographical allocation, provides a degree of diversification relative to the comparative set. Additionally, the Fund's long-term underweight to the US has given rise to underperformance.*
- Investment Process** EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

Costs and charges

- Comparable Market Rates and Classes of Share** For both A and B share classes in the selected comparator group for the period to 31 December 2019 the International Fund charges were among the lowest. *EdenTree comment: The pricing of the "A" share class has been reduced to 1.25% AMC to make charging clearer and fairer for direct investors, across all of EdenTree's range, in this instance this will ensure we remain competitive and pricing is clear.* Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that the AFM does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

HIGHER INCOME FUND

Fund manager: Rob Hepworth, Thomas Fitzgerald and David Katimbo-Mugwanya

Share classes: A (1.25% AMC), B (0.75% AMC)

Fund objective: To achieve long-term capital appreciation over five years or more and an income, through a diversified portfolio of UK companies.

Overall rating: **GOOD**

Fund performance and investment process

- Absolute Performance** The fund is meeting its objective of prioritising income and exceeding the yield of the FTSE 250, and combining this with capital growth. Over 3, 5 and 10 years the fund has not achieved its benchmark. *EdenTree comment: This fund pursues a value strategy, value has underperformed growth for an extended period, over 10 years, the upward revaluation of growth stocks further contributing to this, we anticipate this will correct in the fullness of time. Additionally the fund has been underweight to the US (overweight Asia) which in recent times has given rise to underperformance.*
- Relative Performance** When compared to the Investment Association sector, performance has been 3rd or 4th quartile over all time periods. However on deeper assessment this is a particularly diverse sector, and using the comparator funds which have similar objectives is more appropriate. Against these comparator funds HIF has the highest 12 month yield and in terms of performance is neither the highest, nor the lowest.
- Investment Process** The Higher Income Fund is not a screened fund. Despite this EdenTree does engage in companies held by the fund to ensure they are aware of key issues important to us as a Responsible and Sustainable specialist fund manager and to raise the standard of their corporate governance processes.

Costs and charges

- Comparable Market Rates and Classes of Share** For both A and B share classes in the selected comparator group for the period to 31 December 2019 the Higher Income Fund charges were neither the highest, nor the lowest. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that EdenTree does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

UK EQUITY GROWTH FUND

Fund manager: Phil Harris and Ketan Patel

Share classes: A (1.5% AMC reducing to 1.25% from 1 October 2020), B (0.75% AMC)

Fund objective: To achieve long-term capital growth over five years or more with an income.

Overall rating: **GOOD**

Fund performance and investment process

- **Absolute Performance** The fund is meeting its objective of achieving long-term capital growth over five years or more with an income. The fund has consistently outperformed its benchmark.
- **Relative Performance** When compared to the IA sector, performance has been 1st or 2nd quartile across 3,5 and 10 year periods. 12 month yields are the highest in the comparator set.
- **Investment Process** The UK Equity Growth Fund is not a screened fund. Despite this EdenTree does engage in companies held by the fund to ensure they are aware of key issues important to us as a Responsible and Sustainable specialist fund manager and to raise the standard of their corporate governance processes.

Costs and charges

- **Comparable Market Rates and Classes of Share** For both A and B share classes in the selected comparator group for the period to 31 December 2019 the UK Equity Growth Fund charges compared well against peers with similar objectives. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- **Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that the AFM does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- **Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- **Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- **Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

AMITY STERLING BOND FUND

Fund manager: Chris Hiorns and David Katimbo-Mugwany

Share classes: A (1.15% AMC), B (0.55% AMC)

Fund objective: To achieve long-term capital growth over five years or more with an income.

Overall rating: GOOD

Fund performance and investment process

- Absolute Performance** The fund objective to generate a regular level of income payable quarterly has been met. The A share class has underperformed the benchmark over 5 and 10 years but outperformed over 3 years. The B share class has outperformed both sector and benchmark over 3, 5 and 10 years.
- Relative Performance** When compared to the sector the A share class has been disadvantaged due to the AMC charged on the fund. This was reduced in October 2019 as a result. Sector performance was 1st quartile over 3 years and 2nd over 5 and 10 years for the B share class. 12 month yields are the highest in the comparator set.
- Investment Process** EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

Costs and charges

- Comparable Market Rates and Classes of Share** For both A and B share classes in the selected comparator group for the period to 31 December 2019 the Sterling Bond Fund charges were aligned with peers with similar objectives. Investment horizons are long term and we have long holding periods for stocks, this has the added benefit of keeping transactional costs in the fund low.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that the AFM does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

- Quality of Service** As a firm we measure ourselves against a set of customer conduct metrics which are reviewed quarterly by the Board. The metrics take into account customer feedback and the number / nature of errors and complaints. For 2019 all of the key metrics were met. Key performance indicators provided by our outsourcer confirm that key service levels were met.

AMITY SHORT DATED BOND FUND

Fund manager: Chris Hiorns and David Katimbo-Mugwany

Share classes: B (0.35% AMC)

Fund objective: The fund aims to preserve capital and generate a regular income payable quarterly.

Overall rating: GOOD

Fund performance and investment process

- Absolute Performance** The fund objective to preserve capital and generate a regular level of income payable quarterly has been met. The fund had outperformed the benchmark over 1 year but as the fund launched September 2018 no further information was available.
- Relative Performance** The Short Dated Bond fund does not have many appropriate comparators and the IA sector (corporate bond more generally) is largely inappropriate to draw comparison. The short history of the fund also makes it difficult to give conclusive judgement and comparison. 12 month yields were noted as highest in the limited comparator set.
- Investment Process** EdenTree is extremely proud of its Amity Screening process, Responsible and Sustainable investing is at our core, using investment capital as a force to drive positive change, believing that in the long term this will generate better returns.

Costs and charges

- Comparable Market Rates and Classes of Share** For the B share class in the selected comparator group for the period to 31 December 2019 the Short Dated Bond Fund charges were aligned with peers with similar objectives, though it is noted there are not many comparable funds.
- Fund Manager Costs** We concluded that the costs incurred for running the fund are reasonable and are being appropriately managed, depositary fees for example are incurred on a tiered basis to ensure the fund receives the best possible price. The low differential between our AMC and OCF demonstrates that the AFM does not look to pass on its costs in that way, the difference between AMC and OCF is generated by Audit, Registrar, Custody and Depositary fees.
- Comparable Services** Both our institutional mandates and our pooled funds leverage the same investment process. Due to our specialism around responsible investment, mandates are likely to have a customer centric view on the types of investment permitted in their particular strategy so it is often difficult to use a direct comparison.
- Economies of Scale** As a boutique asset manager we are not looking to gain the scale of operation larger asset managers can leverage. Where we can take advantage of industry scale, such as using industry platforms and use of outsourcers we do.

Services

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How to contact us

If you have any questions, or would like to know more about our responsible investment and in-house research and analysis, please get in touch.

Call: 0800 011 3821

Fax: 020 7528 7365

Email: information@edentreeim.com

Go to: www.edentreeim.com

Write to us or visit: 24 Monument Street, London, EC3R 8AJ



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