



THE AMITY INVESTMENT FUNDS FOR CHARITIES

For charities who want a high level of investment income and long-term capital appreciation through award-winning socially responsible investment



PROFIT WITH PRINCIPLES

EDENTREE, A UNIQUE ORGANISATION

WHO WE ARE

EdenTree Investment Management (EdenTree) is a firm with a strong heritage of delivering profit with principles. We provide an award-winning fund range managed responsibly by some of the UK's most highly rated Fund Managers. Our investment team features some of the longest permanent track records of any in the City.

We believe that consistent, long-term returns are more likely to be achieved by investing responsibly in sustainable businesses. Which is why we adhere to our approach of Profit with Principles – firmly believing that the companies still returning results tomorrow will be the ones acting responsibly today, both internally and within their communities. We have been widely recognised for our pioneering approach to responsible investment, having been awarded the Moneyfacts Best Ethical Investment Provider of the Year Award for nine consecutive years from 2009 to 2017.

We offer two specialist funds for charities – both of which are positively and negatively screened, as well as a segregated portfolio service.

A UNIQUE CHARITY HERITAGE

We're owned by The Ecclesiastical Insurance Group (EIG) – an independent financial services company with a charitable purpose. Set up over 130 years ago to protect the assets of the Church of England, EIG now provides peace of mind to thousands of charities as well. EdenTree successfully invests our Group's reserves, and since 1988, has invested money for private individuals, institutional clients and charities, with over £2.7bn currently under management.*

Our distributable profits are returned to our charity parent, making us the UK's number one insurer for charity giving and the fourth largest corporate donor in the UK**. We also help charities through matched giving and by providing staff for professional advice, local fundraising and volunteering.

As a result, we believe our socially responsible approach to fund management, our ownership model and ethos all put us in a strong position to understand the needs of charities.

EXCELLENT INVESTMENT PERFORMANCE

We have an excellent record of consistent investment performance over the long term, with the result that a number of our funds have been awarded investment industry recognition awards.

STRONG INVESTMENT TEAM

We have a strong and experienced investment team. Our Amity Investment Funds for Charities are overseen by our Chief Investment Officer, Rob Hepworth, and are managed by a team of experienced fund managers. Each fund manager is a CFA Charterholder and has more than 10 years' fund management experience. Rob is a past winner of the coveted Investment Week Fund Manager of the Year award in the Global equity category and has been named as a FE Alpha Manager each year since the inception of the award.

* As at 31 December 2017

** 'The Guide to UK Company Giving 11th Edition'

WHAT WE OFFER

Many charity Trustees recognise that donors, beneficiaries and other stakeholders are increasingly concerned that a charity's mission should permeate all its activities – and that includes the way it invests its money.

Long-term corporate value is easily damaged by industrial unrest, environmental fines and undue exposure to reputational risk, so we believe it makes solid financial sense to invest only in companies that engage in best business practice, and avoid those that encourage addiction, undermine self-reliance or endanger lives.

We also examine a company's relationship with its suppliers, customers and employees, as these can impact on the relative wealth, and mental and physical health of the global community in which it operates. In addition, we look at its business activity, and how it makes, markets and produces its products, as this can have further implications for safety, social mobility, security and the environment.

For 30 years, we have managed a range of funds for clients that have followed this protocol, with the result that they have outperformed many funds that take a purely financial approach to investing.

We believe the Amity Charity Funds provide an opportunity for Trustees to achieve their fiduciary responsibility to maximise return, and to do so in a way that reinforces their charity's values.

“Ethical investment means investing in a way that reflects a charity's values and ethos and does not run counter to its aims.*

CHARITY COMMISSION



* Source, Charity Commission, Charities and Investment Matters, A Guide for Trustees Ref CC14

THE AMITY CHARITY FUNDS

The Amity Balanced and Global Equity Funds are based on the collective investment principle where investors' money is pooled and managed to a common investment objective. This helps reduce volatility, keep costs low, and allows the charges and investment returns to be shared equally.

COMPATIBLE

Diversification is a key requirement of the Trustee Act 2000. Both funds allow even the smallest charity to benefit from a wide range of investments, in terms of class, sector, size and geography. Suitability is another requirement, and both funds enjoy exemptions from capital gains tax, stamp duty on UK equity purchases, pay gross income quarterly, and adhere to a range of socially responsible policies likely to appeal to many charities.

COST-EFFICIENT AND TRANSPARENT

As well as helping Trustees discharge their responsibilities, the funds may provide a more cost-effective and transparent way for a charity to achieve its investment objectives compared to some of the alternatives.

These could include employing an investment manager to create a bespoke portfolio of directly held investments, or investing in a 'Fund of Funds'. Both of these routes can be more costly, as a result of higher management charges, additional charges applicable to the underlying funds and on-going buying and selling costs. Where multiple funds are held, a lack of detailed reporting may also make it difficult to establish how effectively a charity is adhering to its socially responsible criteria, an important consideration for Trustees, supporters and beneficiaries.

There are normally no charges for buying and selling shares in either fund*; all costs are identified and published in an Annual and Half Yearly Report which are published on our website www.edentreeim.com. The Annual Report lists all the underlying holdings.

ADMINISTRATIVE SIMPLICITY

Managing cash flow is straightforward, as dividends are paid gross at regular quarterly intervals, and rather than being billed to the investing charity, all associated charges applicable to both the respective funds are deducted from the capital value and are reflected in the daily share price. This allows for more straightforward administration and cash flow budgeting.

In addition to an automatic annual valuation for audit purposes, valuations may be requested at any time at no cost, or investors can review the value of their holdings on a daily basis by checking the share price on our website.

WHICH FUND IS BEST FOR OUR CHARITY?

This depends on your investment goals and attitude to risk. Both funds aim to achieve similar objectives, but in different ways. Each fund seeks to achieve long-term capital growth – however, the amount of growth, the period over which it is achieved, and the extent to which values may rise and fall along the way, are likely to be different. The dividend income paid by each fund will also be different, as will the extent to which this may increase or decrease. Pages 6-9 attempt to provide some guidance on these differences.

* For very large transactions, a discretionary dilution levy of <1% may be applicable.

HOW EASILY CAN WE ACCESS OUR MONEY?

Although both funds are intended for long-term investment, you can access your capital without restriction. Shares can be sold on any business day, simply by sending us a suitably authorised written instruction. The proceeds will be credited to your bank account, usually within 4 business days.

HOW DO WE MEASURE PERFORMANCE?

You can judge how well we are performing by measuring your chosen fund's performance against its benchmark over a reasonable period of time. Although there may be periods when the fund underperforms its benchmark, our expectation is that each fund will outperform its benchmark for periods in excess of five to seven years – which is consistent with a medium-term investment horizon. You can easily monitor performance by using our online interactive toolkit, which lets you view the fund over any period.

HOW DO WE INVEST?

We can post an application form to you, or you can download and print one from our website. Although we may need to subsequently seek some additional information on those completing the form, if we receive your application before midday we will invest your charity's money on the same day and issue you with a contract note detailing the number and value of shares purchased.

This could be very useful if you are funding the purchase through the sale of other investments, as the value of your capital will not be disadvantaged by market movement while we process your application.

Our charity funds are also available via the Charities Aid Foundation (CAF) website. Please visit www.cafonline.org/investments for more information.

CAF Charities Aid
Foundation



THE AMITY BALANCED FUND

LONG-TERM INVESTMENT OBJECTIVE

The fund aims to achieve a balance between capital growth and income. It seeks to achieve this by primarily investing in a diversified portfolio of UK and international equities and fixed interest securities issued by governments and companies which make a positive contribution to society and the environment through sustainable and socially responsible practises.

RISK AND RETURN

Bonds and equities both have the potential to rise and fall in value, but over the very long term, equities have almost always outperformed because of their stronger association with economic growth rather than the interest rate cycle.

Bonds are regarded as a lower-risk investment because unlike equities, there is at least a promise (albeit not guaranteed) that the face value will be returned to the investor at a given point in time.

The result is that equity values are often the subject of greater market uncertainty and will fluctuate over a wider range.

Bonds often rise in value when equities fall, and vice versa, with the gain in one offsetting the loss in the other. By investing in both, the Amity Balanced Fund seeks to achieve a moderated level of long-term capital growth by avoiding the extremes of market volatility. More information about the fund's historic exposure to risk, and the specific types of risk to which it is exposed, is available in the Key Investor Information Document (KIID) downloadable from our website.

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

INCOME

Bonds generally pay a higher level of income than equities, whose dividends may cease or reduce, as there is no obligation to maintain payment. While bond income is fixed, equity dividends tend to rise over time. By maintaining a balance between the two, the fund aims to pay a high, sustainable and growing dividend income whilst maintaining the capital value of the fund over the long term.

WE BELIEVE THE AMITY BALANCED FUND WILL SUIT CHARITIES THAT:

- Desire some long-term capital growth but place more emphasis on a high current income*
- Can tolerate some fluctuation in the value of their invested capital
- May need to realise some of the investment for expenditure
- Are prepared to re-invest some of the income to offset adverse movement in capital values
- Prefer to rely on our investment managers to flex the proportions invested in equities and bonds to optimise the returns.

* The Amity Balanced Fund Factsheet provides current information on yield selected, stockholdings, charges, Fund size, recent performance and market outlook. This may be downloaded using the interactive toolkit at www.edentreim.com

The following charts detail the performance of how the Amity Balanced Fund has performed since launch in April 2011.

Dividend income is assumed to be re-invested. Of course some charities may choose to withdraw dividends and this would have the effect of reducing the overall return.

CHART 1. AMITY BALANCED FUND

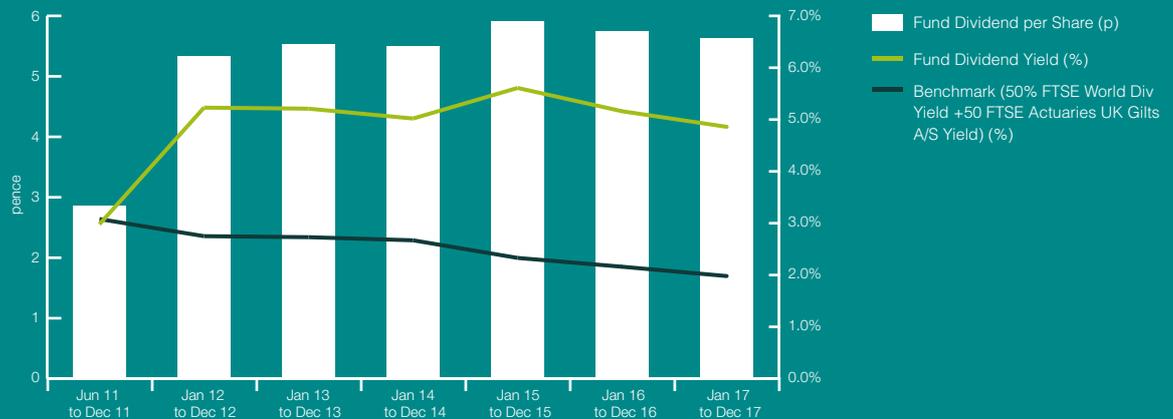
Capital & Total Return Since Inception vs. UK CPI



Source: Morningstar Direct

Chart 1 shows how the fund has, since launch, tracked CPI and over the long term protected the capital invested from inflation, however, market downturns can erode the capital invested at any given time. The total return is substantially in excess of inflation.

CHART 2. FUND DIVIDEND AND YIELD (Apr 11 to Dec 17)



Source: Morningstar Direct

Chart 2 shows the dividend history of the fund for each completed calendar year since the launch of the fund, displaying the fund's ability to pay a high, sustainable and growing dividend as well as a dividend yield superior to the dividend yield of the fund's benchmark.

Past performance is no guarantee of future returns.

THE AMITY GLOBAL EQUITY FUND

LONG-TERM INVESTMENT OBJECTIVE

The primary objective of the fund is to deliver longer term capital appreciation and an income from a portfolio of global equities.

RISK AND RETURN

The fund invests in a diversified portfolio of equities of global companies which make a positive contribution to society and the environment through sustainable and socially responsible practises which are expected to deliver strong total returns to shareholders over the long-term.

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

Over recent years the increasing pace of globalisation has led to more companies listing on the world's stock exchanges providing a deep and wide investment universe for investors looking for a source of diversified income and capital growth. Investing in overseas markets carries additional risks, notably political and currency, but also provides for investment opportunities for long-term investors who are focused on total shareholder returns.

More information about the fund's historic exposure to risk and the specific types of risk to which it is exposed is available in the Key Investor Information Document (KIID), downloadable from our website.

INCOME

Balance sheet strength coupled with sustainable earnings help companies to deliver dividends to shareholders, which over the long-term are a key driver to delivering long-term investment performance. The yield on the Amity Global Equity Fund is likely to be lower than the Amity Balanced Fund, but we would expect stronger growth in the level of dividends from the holdings of the Amity Global Equity Fund.

WE BELIEVE THAT THE AMITY GLOBAL EQUITY FUND WILL SUIT CHARITIES THAT:

- May have a permanent endowment or have a low probability of expenditure over the medium term, and can therefore accept some variations in value with the expectation that long-term value and spending power rise in excess of inflation*
- Already have a significant exposure to UK equities and seek additional diversification
- Are prepared to accept a lower starting level of income in return for the potential for it to rise in excess of inflation over the long term

* The Amity Global Equity Fund Factsheet provides current information on yield for new investors, stockholdings, charges, fund size, recent performance and market outlook. This may be downloaded using the interactive toolkit at www.edentreeim.com

The following charts detail the performance of how the Amity Global Equity Fund has performed since launch in April 2011.

Dividend income is assumed to be re-invested. Of course many charities choose to withdraw dividends and this would have the effect of reducing the overall return.

CHART 3. AMITY GLOBAL EQUITY FUND

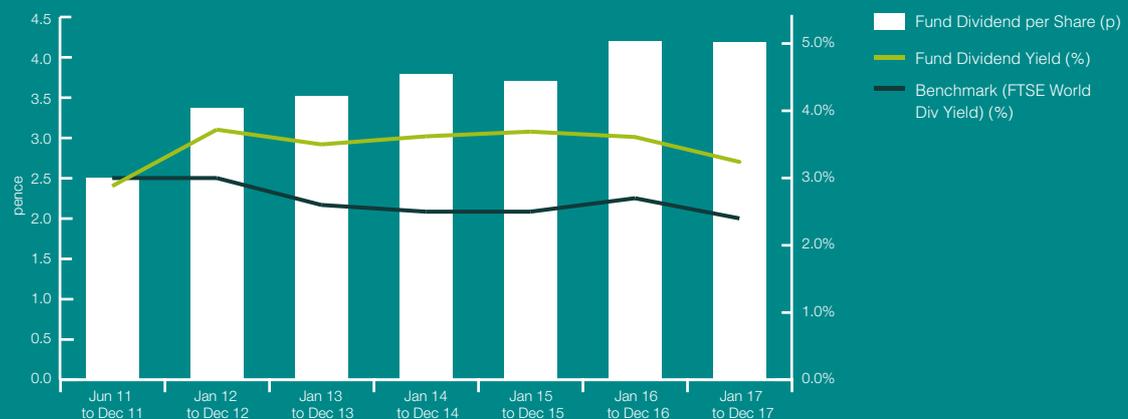
Capital & Total Return Since Inception vs. UK CPI



Source: Morningstar Direct

Chart 3 shows how the fund has, since launch, tracked CPI and over the long term protected the capital invested from inflation, however, market downturns can erode the capital invested at any given time. The total return is substantially in excess of inflation.

CHART 4. FUND DIVIDEND AND YIELD (Apr 11 to Dec 17)



Source: Morningstar Direct

Chart 4 shows the dividend history of the fund for each completed calendar year since the launch of the fund, displaying the fund's ability to pay a high, sustainable and growing dividend as well as a dividend yield superior to the dividend yield of the fund's benchmark.

Past performance is no guarantee of future returns.

An aerial photograph of a mountainous region featuring extensive terraced rice fields. The terraces are arranged in a series of curved, step-like patterns across the hillsides, filled with vibrant green rice. A small village with several buildings, some with red roofs, is situated in a valley between the terraces. The background shows dark, forested mountains under a clear sky.

We pride ourselves on our independent thinking and analysis. We have the confidence and the expertise to adopt positions which do not always conform to conventional thinking – with proven results.

OUR INVESTMENT PHILOSOPHY AND APPROACH

Our investment approach is value-based and we invest in a mix of assets, giving our investors the opportunity to benefit fully from our Fund Managers' expertise. We aim to outperform our benchmark, but we are not constrained by it. We focus on long-term results, taking a conservative approach. Our prime responsibility is to provide our investors with a reliable income, and to preserve their capital – with a view to growing the capital value over time.

OUR INVESTMENT PHILOSOPHY

Our socially responsible criteria form a core part of our investment approach and are integrated into our stock selection and management processes. Our dedicated team of analysts consider each of our investments on the basis of their ethical credentials and long-term return potential.

- We do not have model portfolios or preferred stock lists, preferring to give Fund Managers the flexibility and responsibility to implement investment strategies that best match the needs of our investors.
- We make investment decisions for the long term, strongly believing that frequent trading increases costs and lowers total returns.
- Our investment process places a strong emphasis on portfolio diversification at all levels, including geographical region, sector, size and theme.

SELECTING STOCKS

- We look for businesses that may not be fashionable but that are intrinsically sound, and where a change in circumstance or economic conditions will bring about both a recovery in company fundamentals and improved investor reaction – leading to superior returns.
- Our objective is to buy cheaply into businesses that can demonstrate an identifiable and sustainable competitive advantage. These are companies which tend to have a straightforward business model and generate positive, free cashflow from their operations. We avoid any form of creative accounting and overindebtedness.
- We take a long-term view and make investments on this basis. However, circumstances change and we keep all our investments under review, to ensure they continue to deliver against the fund's objectives.

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SOCIALLY RESPONSIBLE INVESTMENT (SRI) CRITERIA

EdenTree employs both negative and positive screening to its stock selection process and engages with companies before, during and after investing. This process is integrated into our overall investment management process and we use the following 'screens' when considering the suitability of an investment.

POSITIVE SCREENING

Our positive screening process helps to identify good-quality, long-term investment opportunities. We seek out companies that produce products and services that help provide some of the necessities of life such as water, health and education, or help impact positively on the environment. Those companies that trade using fair practices and sustainable business models are, in our opinion, more likely to survive and prosper in the future. We therefore specifically look for companies that demonstrate a responsible approach in some or all of the following areas.

Business Ethics

Follow ethical practices towards customers, including maintaining product quality, ethical sources of supply, opposing corruption and respecting indigenous peoples.

Community

Make charitable donations, employ local people, offer work placement schemes and support community liaison.

Corporate Governance

Commit to transparency, anti-bribery and corruption codes, adhering to International Labour Organisation regulations on labour and child labour.

Employment and Labour

Promote equal opportunity and diversity, health and safety, transparent pay structures, union participation, professional development, employee participation and protection.

Environmental Management

Supports management of climate change impact and carbon footprint, water conservation, air pollution, waste recycling and supports renewable energy and sustainable products.

Human Rights

Supports basic human rights by adopting the United Nations Universal Declaration of Human Rights and avoids child, bonded and forced labour as well as modern slavery.

In addition we apply three thematic screens:

Education

Provide training and development along with access to education and student housing.

Health and Wellbeing

Providing affordable healthcare and access to medicine as well as companies that have a positive influence on nutrition and wellness.

Urban Regeneration

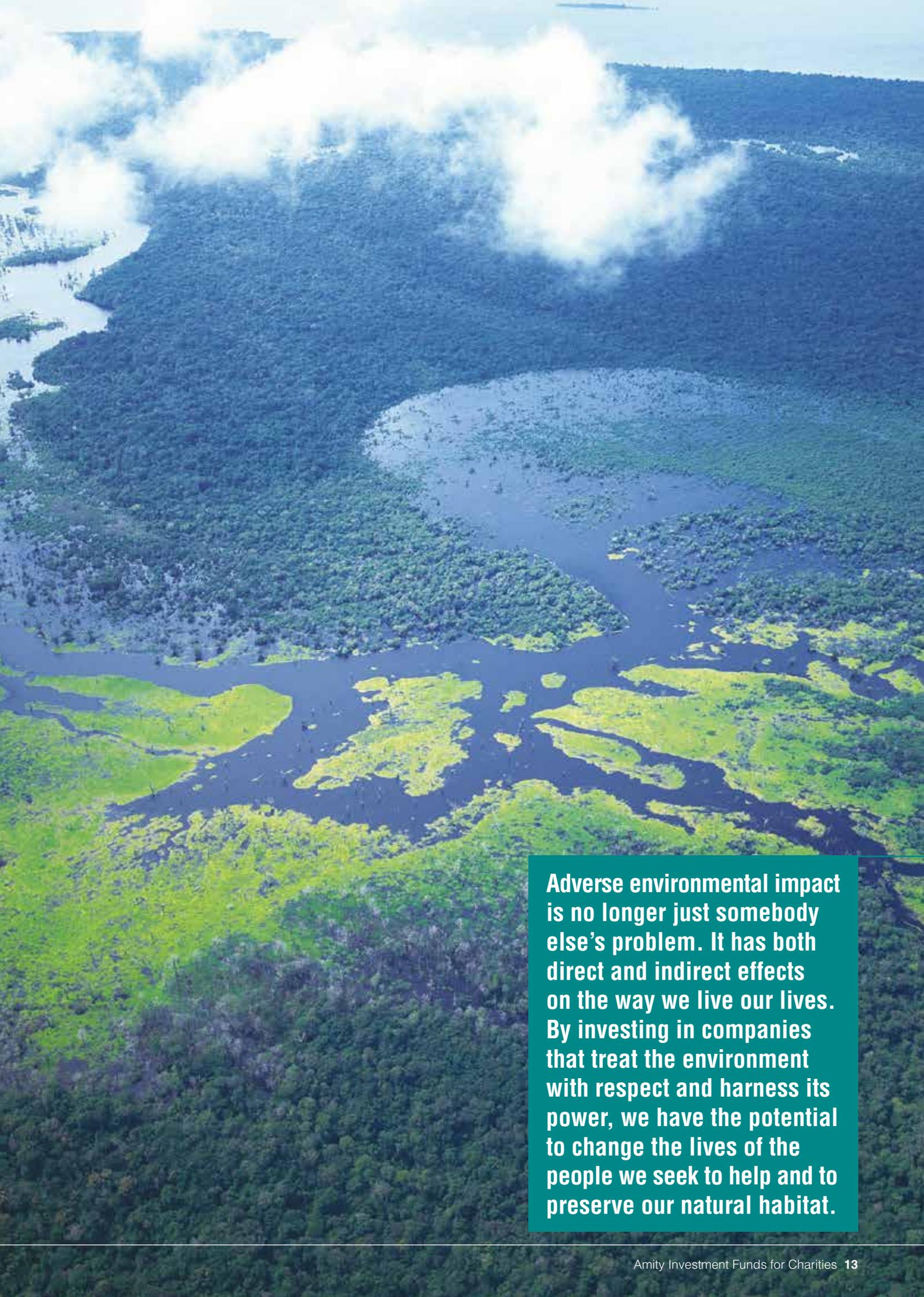
Support affordable/social housing and have a positive impact on natural capital.

NEGATIVE SCREENING

We avoid companies whose activities derive 10% or more of pre-tax profit or turnover from alcohol production, gambling operations, pornographic and violent material, tobacco production, strategic armaments, animal testing (cosmetic and household products) and intensive farming.

Sharing SRI research

In addition we seek to develop industry thinking on ethical investment matters through the publication of our detailed research reports that include our Amity Insights which look at issues such as climate change, healthcare, natural capital, corporate misconduct and sectors such as aviation and shipping. The Amity Insight range can be found on our website at www.edentreeim.com.



Adverse environmental impact is no longer just somebody else's problem. It has both direct and indirect effects on the way we live our lives. By investing in companies that treat the environment with respect and harness its power, we have the potential to change the lives of the people we seek to help and to preserve our natural habitat.

THE AMITY CHARITY INVESTMENT TEAM

Our team has many years of experience and has delivered impressive long-term performance. They work closely with our team of financial and SRI analysts, who are in turn supported by other expert Fund Managers, including Sue Round, who founded one of the UK's first SRI funds in 1988.

LEAD FUND MANAGERS



Chris Hiorns CFA – Senior Fund Manager

Chris has worked at EdenTree since 1996 having gained an MSc in Economics from University College London. He started as a graduate trainee and worked as an investment analyst before being appointed as a Fund Manager in 2007. He has managed the Amity Balanced Fund since launch in 2011 and has been a CFA Charterholder since 2004.



Ketan Patel, CFA – Fund Manager

Ketan joined EdenTree in 2003 as a research analyst. He began his career on the equity derivatives trading desk at JP Morgan, before moving to Insight Investment as a Global Healthcare Analyst. Ketan is a co-manager on the Amity UK Fund and the Amity Global Equity Fund for Charities. He has been a CFA Charterholder since 2009, holds an undergraduate degree in History & Geography and post-graduate degrees in both Geography and Economics from the University of London.



David Katimbo-Mugwanya CFA – Fund Manager

David joined EdenTree in 2015 bringing a decade of Fixed Income investment experience to the Amity Balanced Fund for Charities. David is a CFA Charterholder and holds the IMC as well as a BSc in Economics from the University of Essex. His previous experience at Epworth Investment Management saw him managing Institutional client and charity portfolios where he excelled in being flexible within mandates and operating controlled risk parameters.



David Osfield CFA – Fund Manager

David joined EdenTree in July 2016, managing the Amity International Fund and co-managing the Amity Global Equity Fund for Charities. Beginning his career at sustainable investment specialist Alliance Trust in 2002, David largely focused on Asian equities, although has also covered pan-European and Global equities. David has a 1st class BA (Hons) in Business Finance from Durham University and is a CFA Charterholder.

SUPPORTED BY A WEALTH OF EXPERTISE...



Sue Round – Director of Group Investments

Sue is the UK's longest serving retail SRI Fund Manager. She launched the Amity UK Fund 30 years ago – pioneering our Profit with Principles investment approach.



Robin Hepworth – Chief Investment Officer

Robin joined EdenTree as an Investment Analyst in 1988, became a Fund Manager in 1990 and CIO in 2011. Robin is responsible for forming the investment team's long-term strategy. He was nominated for Fund Manager of the Year in 2013 (Balanced Category) and won the Fund Manager of the Year award for the Global Category in 2010. He has also been named as a FE Alpha Manager every year since the inception of the award.



Neville White – Head of SRI Policy & Research

Neville is responsible for SRI policy and research and leads on global corporate governance proxy voting and engagement with business around environmental, social and governance issues. He previously managed socially responsible investment for a number of church and charity investment managers and joined EdenTree in 2010.



Philip Baker – Head of Institutional Business Development

Philip leads EdenTree's institutional business, providing investment solutions and services to charities and other institutions. Philip joined EdenTree in 2009 from Fidelity International, where he worked within sales, marketing and operations, both with investment platform FundsNetwork and Fidelity's Investment Solutions Group.



Enquiries and further information

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