

interim report and accounts

six months to
30 April 2016
(unaudited)

1	Report of the investment manager
3	Responsibilities
	Affirmative Equity Fund for Charities
5	Investment objectives and policy
	Risk profile
	Risk warning
	Net asset value/fund size
6	Statement of total return
	Statement of changes in net assets attributable to unitholders
	Balance sheet
7	Summary of investments and other assets
8	Portfolio statement
10	Summary of material portfolio changes
11	Distribution
	Price and income history
	Performance record
	Total expense ratios
12	Notes to the accounts
	Affirmative Fixed Interest Fund for Charities
14	Investment objectives and policy
	Risk profile
	Risk warning
15	Net asset value/fund size
	Statement of total return
	Statement of changes in net assets attributable to unitholders
16	Balance sheet
	Summary of investments and other assets
17	Portfolio statement
18	Summary of material portfolio changes
	Analysis of credit rating
19	Distribution
	Price and income history
	Performance record
	Total expense ratios
20	Notes to the accounts
	Affirmative Corporate Bond Fund for Charities
22	Investment objectives and policy
	Risk profile
	Risk warning
23	Net asset value/fund size
	Statement of total return
	Statement of changes in net assets attributable to unitholders
24	Balance sheet
	Summary of investments and other assets
25	Portfolio statement
27	Summary of material portfolio changes
	Analysis of credit rating
28	Distribution
	Price and income history
	Performance record
	Total expense ratios
29	Notes to the accounts
	Affirmative Deposit Fund for Charities
31	Investment objectives and policy
	Risk profile
	Risk warning
32	Statement of total return
	Balance sheet
	Total expense ratios
33	Income and net asset value history
	Distributions paid
	Summary of deposits
34	Summary of deposits by credit rating
	Summary of deposits by banking group
35	Notes to the accounts

Report of the investment manager

Market movements and performance

Cash

- The base rate has remained unchanged at 0.5% since March 2009.
- 3 month rates opened the half year at 0.58%, dipped to 0.57% and closed at 0.59%. 12 month rates opened at 1.04% traded between 1.07% and 0.98%, closing at 1.02%.
- Over the half-year under review, the Affirmative Deposit Fund provided a gross average AER distribution of 0.81% (0.54% after expenses of 0.27% pa, with 0.55% being the rate payable at the end of April). The AER of 1 week LIBID for the period was 0.36%.

Fixed interest

- The 10 year US Treasury yield began the half year under review at 2.16%, traded between 2.35% in November and 1.66% in February before closing at 1.83% at the end of April.
- UK gilt yields opened at 1.92%, rose to a high of 2.06% in November, fell to a low of 1.31% in February, before rising to 1.60% at the end of April.
- The yield curve flattened slightly, with 2 year gilt yields down 10bp at 0.53% whilst the 30 year gilt yield was down 22bp at 2.40%.
- The average spread of corporate bond yields over gilts opened the six months under review at +143bp, moved between +179bp and +134bp before closing at +139bp. The spread between AAA and BBB rated bonds opened at +165bp, traded between +155bp and +223bp, closing April at +168bp.
- For the half year the Affirmative Fixed Interest Fund total return (+3.4% after annualised expenses of 0.33%) lagged that of the Composite Index (+3.6%). The Affirmative Corporate Bond Fund produced a total return of +3.5% (after expenses of 0.45%) which lagged its Benchmark Index (+3.9%).

Equities

- The UK equity markets fell sharply between December and February with the Index down almost 14% at one stage. However, it then rallied strongly, rising and by the end of the half year under review the Index was less than 2% below where it had started for a total return of zero.
- Overseas equities did better with the Index up 1.8% for a total return of 5.2%, although this was mainly due to the weakness of sterling, which fell sharply against all the major currencies (¥ -16.4%, € -9.4% and \$ -5.3%).
- The main positive relative contributors were the Oil Producers, Mining and Tobacco sectors, whilst the main negative contributors were, Banks, Life Insurance and General Retailers.
- Larger UK stocks outperformed smaller companies with total returns of +0.1% and -0.6% respectively.
- Over the six months to 30 April the total return of the Affirmative Equity Fund was -0.4% after annualised expenses of 0.51%. This was behind the total return on the Composite Index (+0.5%) and the Index adjusted to exclude certain stocks on ethical grounds (-0.1%).

Economic overview

The first few months of 2016 have challenged the earlier expectations that world output would be substantially higher this year. The concerns expressed in January and February about China, financial stability, and US interest rate rises, have allayed to some extent, but the data does not reflect much optimism. The lukewarm recovery in global trade since the last recession has been a drag on growth. The World Trade Organization stated recently that by the end of this year world trade will have grown at roughly the same rate as world GDP for five years, rather than twice as fast as was previously the case.

The US economy grew at an annualised rate of 0.8% in the first quarter, significantly slower than the previous quarter. Whole economy corporate profits are falling, which is often proved to be a warning of a looming recession. However, the Conference Board's composite of leading economic indicators, a reliable predictor of recessions since the 1970s, remains far from recessionary territory. While slower GDP growth appears likely this year, a recession does not. If the Federal Reserve takes a similar view, it is likely to continue to raise interest rates towards more 'normal' levels.

The Eurozone economy is in somewhat of a holding pattern, with annual GDP growth stable at 1.5%. The unemployment rate has been falling steadily since 2013 but is still too high at 10.2%. Inflation is stuck at a level close to zero, but the full impact of the ECB's increased Quantitative Easing (QE) and bank funding measures has yet to be seen.

Growth in the Pacific region is being fuelled by the highest boom in private debt of any major region. Despite this, China's GDP growth rate has declined to 6.7%, not far above the low of 6.2% seen during the global financial crisis. The feared corporate debt crisis has not occurred, but creditworthiness is falling, with the ratio of credit rating downgrades to upgrades in the region was 26 to 1.

Japan's economic growth was surprisingly strong in the first quarter, with GDP rising an annualised 1.9% driven in part by public consumption and investment. This followed a fall of 1.8% in the fourth quarter, with growth flat over the past year. The IMF forecasts only 0.5% growth in 2016 and a small decline in 2017. Despite a cut in the Bank of Japan's growth and inflation forecasts in April, there was no interest rate cut or QE expansion. But, a new fiscal growth package is expected in June, the sales tax rise scheduled for April 2017 has already been postponed and it is likely that further monetary easing will occur if the yen continues to appreciate.

The small improvement in UK economic activity in March was not sustained with the PMI surveys pointing to slow growth across the economy, businesses reporting weaker demand and greater uncertainty linked to the EU referendum. In the first quarter, GDP grew 0.4% compared to 0.6% in the last quarter of 2015. Further hard data point to a slower pace of growth, with service sector output almost flat, industrial production growth weak and construction output down.

Households have continued to experience real income growth, with annual wage growth of 2.1%, excluding bonuses, compared to inflation of 0.3%. The unemployment rate remains at 5.1%, although the employment rate is at the highest level since records began in 1971. Overall, there is little in the data to make the Bank of England think the level of slack in the economy has changed substantially. However, it considers the level of economic uncertainty to be so significant that it devoted a special section to the subject in the latest Inflation Report. It noted that the EU referendum "*poses a number of risks for UK activity, inflation, and financial stability*" and that the impact on asset prices and spending "*are likely to make macroeconomic and financial market indicators less informative over the next few months.*" It believes a vote to leave the EU might well lead to renewed depreciation of sterling, lower growth and higher inflation, whilst the large current deficit may amplify any disruption caused by a leave vote.

Report of the investment manager

Economic overview cont.

The referendum aside, the Bank still hopes that productivity will rise, although the 1.2% fall in the fourth quarter challenges this view. Inflation expectations continue to drift lower and while the downward pressure from lower food and fuel prices should abate, service sector inflation is gently falling and core inflation remains subdued. Lower real interest rates, coupled with a boost to discretionary household incomes should be stimulatory. A vote to remain an EU member should boost confidence and drive up economic activity later in the year, although a return to pre crisis growth rates seems unlikely given the global economic backdrop.

Market outlook

The Bank of England has stressed the uncertainty associated with the EU referendum indicating that, if necessary, it could cut interest rates further. For now rates are on hold, and we will continue to seek attractive longer term deposits while maintaining credit quality.

Since the end of April core government bond yields have fallen, with ten year government bonds around 1.8% in the US, 1.4% in the UK and less than 0.2% in Germany. The potential for volatility in bond markets will increase as the UK's EU membership referendum date draws near as the outcome will affect the outlook for EU stability. The approaching US elections may also lead to risk aversion. Longer term, the depressed inflation outlook and central bank activity is likely to keep yields at otherwise unsustainable levels. Mildly short relative durations and underweight positions in bonds reflect the risk of higher yields in the medium to long term. The sterling corporate bond yield premium over gilts remains 40bp below the peak seen in February before the ECB announced plans to buy Eurozone corporate bonds. Corporate bonds continue to be our preferred fixed income asset class, given an extended credit cycle and short term demand.

First quarter company results in developed markets have seen overall revenues and earnings lower than a year ago, with the energy sector particularly weak. Consensus forecasts continue to be cut and it is worth noting that US figures are flattered by share buybacks. In the first quarter 30% of S&P 500 companies reduced shares in issue by more than 4%. Moreover, the gap between adjusted earnings and those conforming to generally accepted accounting practices has risen from 7% in 2014 to 30%, the widest gap since 2009. Europe and Japan both suffer from structurally low growth rates and whilst the Pacific is likely to grow faster, it continues to trade at a discount reflecting fears of a debt crisis in several of the region's economies including China. The pace of UK earnings downgrades has slowed a little, with the consensus expecting a fall of 6% this year and a rise of 18% in 2017 and it appears that investors are looking through the expected drop in earnings this year.

Actions taken by central banks since the financial crisis continue to distort markets. As the era of low growth, low inflation, and low interest rates continues, it has been acknowledged that the role of central banks has changed. Before the crisis, they were viewed as exogenous actors, able to influence economies. A cut in interest rates would be generally expected to result in more activity and a combination of higher growth and higher inflation. Now, central banks find they are part of the system they are trying to influence. No one fully understands the feedback loops when they change monetary policy and their actions may be fuelling the very problems they are trying to solve. The US and UK central banks have expressed a desire to 'normalise' interest rates, but to do so without clear evidence of higher growth and inflation, would carry higher than usual risks of market turbulence.

In the absence of a new direction in fiscal policy from governments, central banks will keep administering higher doses of the same medicine when economic or monetary conditions deteriorate. In the short term, there may well be increased volatility while longer term returns are likely to be muted compared with the pre crisis period. However, it should be noted that while GDP growth forecasts may have been revised downwards recently, growth is still expected. Therefore, UK equities remain relatively attractive, even in the short term, given a yield 2.4 times that of ten year gilts, but better opportunities to add to positions may well emerge.

Overseas equities offer a higher return on equity and lower trailing earnings multiple than UK equities, which reflect the UK's greater exposure to the collapse in the energy and mining sectors. Sterling will continue to bear the brunt of uncertainty surrounding the UK's referendum, having rallied over 5% on a trade weighted basis since early April. Post referendum, attention will turn to the relative health of the UK economy, with its fiscal and current account deficits, and to the US Presidential election. For now a neutral position between UK and overseas markets remains appropriate.

Epworth Investment Management Ltd
Investment Manager
30 June 2016

Responsibilities

The Schemes of the Charity Commissioners, made under Sections 96-99 of the Charities Act 2011, dated 6 June 2001, 14 August 2006 and 22 September 2009 define the responsibilities, duties and powers of the Trustee and Manager.

Responsibilities of the Corporate Trustee

The Corporate Trustee is required by the Schemes to:

- (a) ensure the Manager's compliance with the Schemes and the Scheme Particulars;
- (b) appoint and supervise the Registrar;
- (c) safeguard the assets of the Fund and collect all income due to the Fund;
- (d) create and cancel units in accordance with the instructions of the Manager;
- (e) make distributions to Participating Charities;
- (f) prepare an annual report and inform the Charity Commission if it is not satisfied with the Manager's compliance with the Schemes or Scheme Particulars;
- (g) be responsible for any winding up of the Funds.

Responsibilities of the Manager

The Manager is required by the Schemes to:

- (a) instruct the Trustee of creation and cancellation of units;
- (b) manage the investments of the Fund;
- (c) carry out regular valuations of the unitised Funds and ensure units are correctly priced;
- (d) make and revise the written statement of the investment policy of the Funds;
- (e) make and revise the Scheme Particulars;
- (f) keep a record of units purchased or sold on behalf of the Trustee, or in the case of the Affirmative Deposit Fund keep a daily record the receipt and repayment of deposits;
- (g) make all records of the Funds available for inspection by the Trustee;
- (h) prepare a report and accounts of the Fund for each accounting period;
- (i) appoint the auditor of the Fund;

The Manager is required in accordance with UK Generally Accepted Accounting Principles to:

- select suitable accounting policies that are appropriate for the Funds and apply them on a consistent basis;
- comply with the disclosure requirements of the Charities (Accounts and Reports) Regulations 2008;
- follow law and UK accounting standards (UK Generally Accepted Accounting Practice);
- keep proper accounting records which enable them to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates which are reasonable and prudent;
- prepare the accounts on the basis that the Funds will continue in operation unless it is inappropriate to do presume this.

The Manager is required to manage and administer the Funds in accordance with the Schemes, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee has appointed the Manager as Registrar to the Funds.

Approval of the financial statements

The financial statements of the Affirmative Equity Fund for Charities, the Affirmative Fixed Interest Fund for Charities, the Affirmative Corporate Bond Fund for Charities and the Affirmative Deposit Fund for Charities were approved by the Manager on 30 June 2016 and are signed on behalf of the Manager

by:

William T Seddon

Director, Epworth Investment Management Limited

Marina Phillips

Secretary, Epworth Investment Management Limited

5 July 2016

Affirmative Equity Fund for Charities

Investment objectives and policy

The Fund will seek to maximise long term total returns consistent with commercial prudence, diversification and risk management through a portfolio investing in UK Equities (80%-100%), Overseas Equities (0%-20%), Property (0%-5%) and Cash and near cash (0%-5%). This may be achieved through direct holdings or pooled investment vehicles.

Investment will be made in well run companies which seek to enhance shareholder value and are thereby likely to provide above average returns. Such companies are characterised by financial strength, above average management teams and will normally (but not exclusively) pursue long term sustainable growth strategies in the wider interests of all parties, including owners, lenders, employees, suppliers, customers/clients and the local and wider community. The Fund will avoid investments in companies where business is wholly or mainly involved in alcohol, armaments, gaming, pornography, tar sands, thermal coal or tobacco. In the view of the Fund Manager there will be no adverse impact on long term investment returns due to any exclusions on these grounds.

No sector of the market will be automatically included or excluded but the portfolio will be widely diversified to capture exposure to all significant sectors of the market.

The Fund Manager will engage with those companies where exclusion from the portfolio is not appropriate but where either there is minor exposure to the avoided sectors or other ethical issues such as environmental performance, corporate governance and social justice are raised.

The Fund Manager will vote direct shareholdings in line with the Fund's overall ethical policy wherever practicable.

The benchmark against which the Fund's return will be monitored is a composite index comprising the Epworth proprietary UK ethical index (90%) and overseas equities (10%).

The Fund will have a yield which reflects the prevailing yield of a composite of UK equities (90%) and overseas equities (10%).

The Fund may invest in the Affirmative Deposit Fund for Charities of which the Manager is the fund manager. Any management charges incurred in this respect are refunded to the Fund by the Manager.

Risk profile

The fund has little exposure to credit or cash flow risk, and there are no borrowings or unlisted securities of a material nature and therefore liquidity risk is low. The main risks to its financial instruments are

market price and currency risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

Risk warning

The Affirmative Equity Fund for Charities is designed for long-term investors. The value of and the income from units in the funds can and

do fall, as well as rise, and as a result you may not get back the amount originally invested. Past performance is no guarantee of future returns.

Net asset value/fund size

	Net asset £	Units in issue	Net asset value pence per unit
31 October 2011	50,889,010	48,546,088.56	104.80
31 October 2012	51,098,712	46,424,192.99	110.10
31 October 2013	70,075,358	52,927,941.96	132.40
31 October 2014	74,827,547	57,085,060.07	131.10
31 October 2015	78,233,987	59,387,322.50	131.70
30 April 2016	80,087,083	62,092,638.19	129.00

Affirmative Equity Fund for Charities

Statement of total return

For the six months ended 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	30/04/2015 £'000s
Net capital (losses)/gains on investments	2	(1,535)	6,040
Revenue	3	1,518	1,336
Expenses	4	(201)	(178)
Net revenue after taxation		1,317	1,158
Total return before distributions		(218)	7,198
Distributions	7	(1,328)	(1,155)
Change in net assets attributable to unitholders from investment activities		(1,546)	6,043

Statement of changes in net assets attributable to unitholders

For the six months ended 30 April 2016 (unaudited)

	30/04/2016 £'000s	30/04/2015 £'000s
Opening net assets attributable to unitholders	78,234	74,828
Amounts receivable on issue of units	5,406	2,630
Amounts payable on cancellation of units	(2,025)	(1,786)
	3,381	844
Dilution levy adjustment	18	11
Change in net assets attributable to unitholders	(1,546)	6,043
Closing net assets attributable to unitholders	80,087	81,726

Balance sheet

as at 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	31/10/2015 £'000s
Assets			
Investments		79,291	77,157
Current assets			
Debtors	8	452	169
Cash and bank balances	9	1,431	1,686
Total assets		81,174	79,012
Liabilities			
Creditors	10	(150)	(77)
Distribution payable		(937)	(701)
Total liabilities		(1,087)	(778)
Net assets attributable to unitholders		(80,087)	78,234

Affirmative Equity Fund for Charities

Summary of investments and other assets

As at 30 April 2016 (unaudited)

	Market value £'000s	Fund %	31/10/2015 Market value £'000s	31/10/2015 Fund %
Oil & Gas Producers	8,458	10.7	8,223	10.7
Oil Equipment & Services	225	0.3	216	0.3
Chemicals	863	1.1	557	0.7
Mining	2,558	3.2	2,401	3.1
Construction & Materials	966	1.2	541	0.7
General Industrials	634	0.8	715	0.9
Electronic & Electrical Equipment	315	0.4	200	0.3
Industrial Engineering	724	0.9	647	0.9
Industrial Transportation	255	0.3	173	0.2
Support Services	3,977	5.0	3,845	5.0
Beverages	353	0.5	365	0.5
Food Producers	907	1.1	901	1.2
Household Goods & Home Construction	3,654	4.6	3,560	4.6
Personal Goods	2,365	3.0	2,216	2.8
Healthcare Equipment & Services	948	1.2	870	1.1
Pharmaceuticals & Biotechnology	7,806	9.8	7,598	9.8
Food & Drug Retailers	909	1.1	891	1.2
General Retailers	1,691	2.1	1,815	2.4
Media	3,549	4.5	3,452	4.5
Travel & Leisure	2,736	3.4	2,891	3.7
Fixed Line Telecommunications	2,120	2.7	2,115	2.7
Mobile Telecommunications	3,047	3.8	2,767	3.6
Electricity	789	1.0	712	0.9
Gas Water & Multiutilities	3,298	4.2	2,955	3.8
Banks	6,739	8.5	7,251	9.4
Non-life Insurance	612	0.8	542	0.7
Life Insurance	3,653	4.6	4,048	5.3
Real Estate Investment Trusts	1,702	2.1	1,544	2.0
Real Estate Investment Services	218	0.3	545	0.7
Financial Services	1,731	2.2	1,496	1.9
Equity Investment Instruments	2,220	2.8	2,226	2.9
Software & Computer Services	843	1.1	694	0.9
Technology Hardware & Equipment	596	0.8	601	0.8
Overseas	7,830	9.9	7,584	9.8
	79,291	100.0	77,157	100.0
Net cash	796		1,077	
Total value of fund	80,087		78,234	

Affirmative Equity Fund for Charities

Portfolio statement

as at 30 April 2016 (unaudited)

	Holding	Market value £'000s	Fund %		Holding	Market value £'000s	Fund %
Oil & Gas Producers				Beverages			
BP	753,300	2,815	3.6	Britvic	30,800	217	0.3
iShares S&P Global Energy	21,900	483	0.6	Coca-Cola Hbc	9,710	136	0.2
Royal Dutch Shell B	288,919	5,160	6.5			353	0.5
		8,458	10.7	Food Producers			
Oil Equipment & Services				Associated British Foods	18,000	551	0.7
Wood Group	36,130	225	0.3	Hilton Food Group	41,000	231	0.3
		225	0.3	Tate & Lyle	21,200	125	0.1
Chemicals						907	1.1
Croda International	11,330	341	0.4	Household Goods and Home Construction			
Johnson Matthey	8,372	242	0.3	Berkeley Group	17,000	509	0.6
Victrex	20,000	280	0.4	Gleeson	53,000	297	0.4
		863	1.1	Persimmon	33,000	656	0.8
Mining				Reckitt Benckiser	32,960	2,192	2.8
Anglo American	38,700	295	0.4			3,654	4.6
BHP Billiton	85,500	798	1.0	Personal Goods			
Randgold Resources	3,800	257	0.3	Burberry Group	20,029	238	0.3
Rio Tinto	52,500	1,208	1.5	Ted Baker	8,863	212	0.3
		2,558	3.2	Unilever (UK)	62,700	1,915	2.4
Construction & Materials						2,365	3.0
CRH	33,900	673	0.8	Healthcare Equipment and Services			
Watkin Jones	275,000	293	0.4	Dignity	16,889	411	0.5
		966	1.2	Smith & Nephew	46,500	537	0.7
General Industrials						948	1.2
Rexam	28,290	177	0.2	Parmaceuticals and Biotechnology			
Smith (DS)	120,000	457	0.6	Astrazeneca	67,350	2,646	3.3
		634	0.8	Glaxosmithkline	253,900	3,703	4.7
Electronic and Electrical Equipment				Shire	28,950	1,233	1.5
Spectris	17,300	315	0.4	The Biotech Growth Trust	38,000	224	0.3
		315	0.4			7,806	9.8
Industrial Engineering				Food and Drug Retailers			
IMI	14,800	138	0.2	Sainsbury (J)	104,100	301	0.3
Rotork	107,000	200	0.2	Tesco	353,500	608	0.8
Spirax-Sarco	11,300	386	0.5			909	1.1
		724	0.9	General Retailers			
Industrial Transportation				Dunelm	24,000	212	0.3
Fisher(James) & Sons	18,000	255	0.3	Kingfisher	77,700	283	0.4
		255	0.3	Marks & Spencer Group	60,100	254	0.3
Support Services				Next	11,450	582	0.7
Ashtead Group	50,200	455	0.6	WH Smith	21,500	360	0.4
Bunzl	14,010	286	0.4			1,691	2.1
Capita	20,500	205	0.3	Media			
Diploma	45,000	329	0.4	ITV	278,249	626	0.8
Experian	41,800	523	0.6	M&C Saatchi	43,750	152	0.2
Hays	205,000	262	0.3	Next Fifteen Communications	100,000	286	0.4
Howden Joinery	92,000	455	0.6	Pearson	28,150	226	0.3
Intertek Group	6,500	212	0.3	Relyx	68,300	826	1.0
Regus	110,000	321	0.4	Sky	43,300	406	0.5
RWS Holdings	117,500	275	0.3	WPP	64,400	1,027	1.3
Sthree	72,000	238	0.3			3,549	4.5
Wolseley	10,900	416	0.5				
		3,977	5.0				

Affirmative Equity Fund for Charities

Portfolio statement continued

as at 30 April 2016 (unaudited)

	Holding	Market value £'000s	Fund %		Holding	Market value £'000s	Fund %
Travel and Leisure				Real Estate Investment Services			
Carnival	7,450	253	0.3	Property Income Trust For Charities	265,343	218	0.3
Compass	68,500	834	1.1			218	0.3
Easyjet	28,150	415	0.5	Financial Services			
Intercontinental Hotels Group	10,169	278	0.3	Aberdeen Asset Management	95,500	285	0.4
International Consolidated Airlines	75,600	397	0.5	Hargreaves Lansdown	26,200	337	0.4
Restaurant Group	45,000	124	0.2	Harwood Wealth	246,914	272	0.3
Whitbread	11,250	435	0.5	Jupiter Fund Management	68,000	286	0.4
		2,736	3.4	Rathbone Brothers	15,000	305	0.4
Fixed Line Telecommunications				Schroders	6,700	168	0.2
BT	478,300	2,120	2.7	Schroders Nv	4,000	78	0.1
		2,120	2.7			1,731	2.2
Mobile Telecommunications				Equity Investment Instruments			
Vodafone	1,390,100	3,047	3.8	Electra Private Equity	4,197	148	0.2
		3,047	3.8	Herald Investment Trust	32,000	220	0.3
Electricity				HG Capital Trust	17,040	199	0.2
SSE	52,300	789	1.0	Impax Environmental Markets	100,000	170	0.2
		789	1.0	North Atlantic Smaller Companies	38,000	887	1.1
Gas Water and Multiutilities				Oryx International Growth Fund	103,645	596	0.8
Centrica	261,000	622	0.8			2,220	2.8
National Grid	194,670	1,897	2.4	Software & Computer Services			
Pennon Group	31,000	252	0.3	Keywords Studios	85,092	213	0.3
Severn Trent	14,510	323	0.4	Micro Focus	23,212	355	0.5
United Utilities Group	21,730	204	0.3	Sage Group	46,524	275	0.3
		3,298	4.2			843	1.1
Banks				Technology Hardware & Equipment			
Barclays	619,100	1,061	1.3	Arm Holdings	63,600	596	0.8
HSBC	714,200	3,232	4.1			596	0.8
Lloyds Banking Group	2,609,000	1,750	2.2	Overseas			
Royal Bank Of Scotland	65,900	152	0.2	Baring Emerging Europe	6,500	34	0.0
Standard Chartered	98,557	544	0.7	Consumer Discretionary Sector SPDR	2,800	152	0.2
		6,739	8.5	Consumer Staples Sector SPDR	4,010	144	0.2
Non life Insurance				Energy Sector SPDR	1,770	82	0.1
Direct Line	125,000	453	0.6	Financial Sector SPDR	7,900	126	0.2
Lancashire Holdings	29,000	159	0.2	First State Inv Japan	220,913	261	0.3
		612	0.8	Stewart Inv Asia Pacific Sustainability B	65,958	260	0.3
Life Insurance				Stewart Inv Asia Pacific B	73,609	830	1.0
Aviva	152,600	660	0.8	Stewart Inv Latin America B	51,477	102	0.1
Legal & General	303,100	676	0.9	Healthcare Sector SPDR	4,250	203	0.3
Old Mutual	132,500	246	0.3	Industrial Sector SPDR	3,150	121	0.2
Prudential	107,560	1,449	1.8	iShares Core S&P 500	1,255	178	0.2
St.James's Place	45,800	397	0.5	iShares MSCI KLD 400	42,110	2,200	2.8
Standard Life	69,026	225	0.3	iShares Russell Midcap	7,010	790	1.0
		3,653	4.6	iShares S&P/Tsx 60 Index Fund	21,800	244	0.3
Real Estate Investment Trusts				Technology Sector SPDR	10,280	296	0.4
British Land	40,100	288	0.4	Utilities Sector SPDR	1,200	40	0.1
Custodian Reit	150,000	160	0.2	Vanguard FTSE Europe	61,170	1,218	1.5
Great Portland Estates	63,800	484	0.6	Vanguard FTSE Japan	31,400	514	0.7
Land Securities Group	30,200	342	0.4	Vanguard FTSE Emerging Mkt	1,460	35	0.0
Primary Health Properties	186,000	198	0.2			7,830	9.9
St Mowden Properties	75,000	230	0.3			79,291	100.0
		1,702	2.1	Net cash		796	
				Total value of Fund		80,087	

Affirmative Equity Fund for Charities

Summary of material portfolio changes

as at 30 April 2016 (unaudited)

	Cost £'000s		Proceeds £'000s
Total purchases for the period	8,959	Total sales for the period	5,290
Largest purchases	4,795	Largest Sales	4,576
Vanguard FTSE Japan	594	iShares FTSE 100	934
iShares FTSE 100	515	iShares MSCI Japan	634
Victrex	306	BG Group	557
BP	285	Royal Dutch Shell B	349
Oryx International	278	Galliford Try	296
Watkin Jones	275	iShares KLD 400	226
First State Investment Japan	240	Wolseley	221
Vodafone	215	Vanguard FTSE Europe	162
HSBC	205	Smiths Group	146
iShares S&P Global	201	iShares Core S&P 500	139
Harwood Wealth	200	Vanguard FTSE Japan	98
Glaxosmithkline	194	Compass Group	123
Royal Dutch Shell B	193	Cineworld Group	118
Lloyds Banking Group	188	Great Portland Estates	100
iShares Russell Midcap	165	Financial Sector SPDR	92
Astrazeneca	163	Morrision Supermarkets	92
Direct Line Insurance	152	Aggreko	81
Reckitt Benckiser	145	Weir Group	74
Whitbread	143	Berkeley Group	71
National Grid	138	BHP Billiton	63
Other purchases	4,164	Other sales	714
Total purchases	8,959	Total sales	5,290

Affirmative Equity Fund for Charities

Distribution

for the six months ended 30 April 2016

Distribution period	2016 p per unit	Date paid	2015 p per unit
1 November 2015 to 31 January 2016	0.63	13 March 2016	0.60
1 February 2016 to 30 April 2016	1.51	15 June 2016	1.40

Price and income history

Calendar year	Highest buying price p	Lowest selling price p	Net income per unit p
2011	116.60	96.30	3.01
2012	113.60	100.50	3.53
2013	132.90	109.27	3.64
2014	137.80	125.80	3.72
2015	146.20	126.40	4.02
Six months to 30 April 2016	134.10	118.20	2.14

Performance record

Total return performance to 30 April 2016	1 year %	3 years % p.a.	5 years % p.a.
Affirmative Equity Fund for Charities	-5.9	4.3	5.4
Composite benchmark (with exclusions)	-6.2	4.7	5.9
Composite benchmark (without exclusions)	-5.1	4.3	5.6

The performance of the Fund is based on the net asset value per share

Total expense ratios

Expense type	30/04/2016 %	31/10/2015 %
Manager's periodic charge (inc VAT)	0.41	0.36
Corporate Trustee's charge (inc VAT)	0.07	0.05
Other expenses	0.03	0.04
Total expense ratio	0.51	0.45

Affirmative Equity Fund for Charities

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts of the fund have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Investment Management Association in 2014 and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(b) Recognition of income

Dividends on ordinary stocks are credited to income when the securities are quoted ex-dividend. Interest on fixed interest stocks is accrued on a day to day basis.

(c) Management expenses

The Manager's periodic charge paid to Epworth Investment Management Ltd is charged to the income of the Fund before distribution at a rate of 0.35%, plus VAT, of the value of the Fund. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit, legal, safe custody fees and transaction charges, are charged separately to the income of the Fund before distribution.

(d) Distribution policy

All income of the Fund, after deduction of management and other expenses is distributed to unitholders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units. A reconciliation of the net distribution to the net income of the Fund is shown in note 7.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years or if the Manager does not expect any returns for the Fund.

(f) Foreign exchange

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

2. Net (losses)/gains on investments

Net (losses)/gains on investments during the period comprise:

	30/04/2016 £'000s	30/04/2015 £'000s
Proceeds from sales of investments	5,289	4,846
Original cost of investments sold	(4,727)	(4,159)
Gains realised on investments sold	562	687
Net unrealised (losses)/gains	(2,097)	5,353
Net (losses)/gains on investments	(1,535)	6,040

3. Gross income

	30/04/2016 £'000s	30/04/2015 £'000s
UK dividends	1,330	1,287
Overseas dividends	183	45
Bank interest	5	4
Total Income	1,518	1,336

4. Expenses

	30/04/2016 £'000s	30/04/2015 £'000s
Payable to the Manager or associates	162	142
	162	142
Payable to the Corporate Trustee or associates		
Corporate Trustee's fee	27	24
Safe custody fees and transaction charges	8	7
	35	31
Auditor's fees	3	3
Other expenses	1	2
	4	5
Total expenses	201	178

5. Portfolio transaction costs

	30/04/2016 £'000s	30/04/2015 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	8,947	5,659
Commissions	8	4
Custodian transaction costs	4	3
Total purchase costs	12	7
Gross purchases total	8,959	5,666
Analysis of total sale costs		
Gross sales before transaction costs	5,295	4,702
Commissions	(5)	(5)
Custodian transaction costs	(1)	(1)
Total sale costs	(6)	(6)
Total sales net of transaction costs	5,289	4,696

6. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 478 and 479 of the Corporation Tax Act 2010. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Withholding tax is credited to income when it is recovered.

Affirmative Equity Fund for Charities

Notes to the accounts

7. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	30/04/2016 £'000s	30/04/2015 £'000s
31 January 2016	390	347
30 April 2016	938	808
	1,328	1,155
Income deducted on cancellation of units	4	8
Income received on creation of units	(14)	(9)
Net distribution for the period	1,318	1,154

8. Debtors

	30/04/2016 £'000s	31/10/2015 £'000s
Sales awaiting settlement	66	-
Accrued income	386	169
Total debtors	452	169

9. Cash and bank balances

	30/04/2016 £'000s	31/10/2015 £'000s
Affirmative Deposit Fund for Charities	1,427	1,681
Cash at bank	4	5
Total cash and bank balances	1,431	1,686

10. Creditors

	30/04/2016 £'000s	31/10/2015 £'000s
Purchases awaiting settlement	109	37
Accrued expenses	41	40
Total Creditors	150	77

11. Portfolio turnover calculation

	30/04/2016 %	31/10/2015 %
Portfolio turnover calculation	8.6	14.5

12. Risk management policies

Securities held by the Fund are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value. The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

This is an actively managed fund, which invests in UK and overseas equities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

The Fund is exposed to currency risks as some of its assets are denominated in currencies other than sterling. The Manager does not seek to avoid this exposure since it believes in the long term, hedging is detrimental to total return.

At 30 April 2016 the Fund's foreign currency exposure is:

	30/04/2016 £'000s	31/10/2015 £'000s
Canadian Dollar	244	216
United States Dollar	4,851	4,558
	5,095	4,774

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the Manager's policy is that the Fund liquidity should be 5% or less.

13. Future calls

There were no calls on partly paid stocks due for payment after the period end.

14. Related party transactions

The Manager's periodic charge is paid to Epworth Investment Management Limited, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 4. The amount outstanding as at 30 April 2016 was £27,669 (30 April 2015: £24,188).

In addition, the fund placed deposits during the period with the Affirmative Deposit Fund for Charities, a fund managed by Epworth Investment Management Limited. All charges levied for the management of these deposits have been refunded to the fund by Epworth. There were no other related party transactions during the period.

15. Contingent assets and liabilities

As at 30 April 2016, there are no commitments, contingent assets or liabilities of which we are aware (31 October 2015 - nil).

Affirmative Fixed Interest Fund for Charities

Investment objectives and policy

The Fund will seek to maximise long term total returns consistent with commercial prudence, diversification and risk management through a portfolio investing in UK Government Securities (70%-90%), Corporate Debt Securities (10%-30%) and Cash and near cash (0%-10%);

It is hoped to provide a yield in excess of that which can be achieved through UK Government securities alone. This will be done through corporate debt securities, which whether through direct holdings or indirectly through the Affirmative Corporate Bond Fund for Charities will be widely diversified and invested in well run companies characterised by financial strength and above average management teams and will normally (but not exclusively) pursue long term sustainable growth strategies in the wider interests of all parties including owners, lenders, employees, suppliers, customers/clients and the local and wider community. This policy is likely to result in a portfolio that excludes investments in bonds issued by companies where business is wholly or mainly involved in alcohol, armaments, gaming, pornography, or tobacco. In the view of the Fund Manager there will be no adverse impact on long term investment returns due to any exclusions on these grounds. Other matters such as environmental performance, corporate governance and social justice issues will be reviewed when making investment decisions.

No sector of the market will be automatically included or excluded but the portfolio will be widely diversified to capture exposure to all significant sectors of the market;

The Fund will have an average life of between five and fifteen years and a yield reflecting the prevailing yield on UK Government Securities. The benchmark against which the performance of the Fund is measured is a composite comprising of UK Government securities (80%); Non Gilts AAA (6%); Non Gilts AA (8%); Non Gilts A (5%) and Non Gilts BBB (1%).

The Fund may invest in the Affirmative Deposit Fund for Charities and the Affirmative Corporate Bond Fund for Charities, for both of which the Manager is the fund manager. Any management charges incurred in this respect are refunded to the Fund by the Manager.

Risk profile

The main risks to the Fund's financial instruments are market price and interest risks. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price. However, generally you should expect a

close correlation in the movement of the unit price and the underlying markets. Movements in interest rates may result in the manager being unable to secure similar income returns following the disposal or redemption of securities. There is little credit and no currency risk..

Risk warning

The Affirmative Fixed Interest Fund for Charities is designed for long-term investors. The value of and the income from units in the fund can and do fall, as well as rise, and as a result you may not get back the

amount originally invested. Past performance is no guarantee of future returns.

Affirmative Fixed Interest Fund for Charities

Net asset value/fund size

	Net asset £	Units in issue	Net asset value pence per unit
31 October 2011	22,558,557	19,686,874.15	114.60
31 October 2012	23,650,548	19,765,058.89	119.70
31 October 2013	22,409,727	19,507,603.31	114.88
31 October 2014	19,736,569	16,667,708.48	118.40
31 October 2015	19,994,992	16,517,908.01	121.10
Six months to April 2016	18,611,783	15,019,870.00	123.90

Statement of total return

For the six months to 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	30/04/2015 £'000s
Net capital gains	2	450	652
Revenue	3	241	266
Expenses	4	(31)	(36)
Net revenue after taxation		210	230
Total return before distributions		660	882
Distributions	7	(202)	(230)
Change in net assets attributable to unitholders from investment activities		458	652

Statement of changes in net assets attributable to unitholders

For the six months ended 30 April 2016 (unaudited)

	30/04/2016 £'000s	30/04/2015 £'000s
Opening net assets attributable to unitholders	19,995	19,737
Amounts receivable on issue of units	1,588	1,165
Amounts payable on cancellation of units	(3,436)	(1,170)
	(1,848)	(5)
Dilution levy adjustment	7	2
Change in net assets attributable to unitholders	458	652
Closing net assets attributable to unitholders	18,612	20,386

Affirmative Fixed Interest Fund for Charities

Balance sheet

As at 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	31/10/2015 £'000s
Assets			
Investments		18,348	19,815
Current assets			
Debtors	8	137	154
Cash and bank balances	9	234	156
Total assets		18,719	20,125
Liabilities			
Creditors	10	(11)	(12)
Distribution payable		(96)	(118)
Total liabilities		(107)	(130)
Net assets attributable to unitholders		18,612	19,995

Summary of investments and other assets

As at 30 April 2016 (unaudited)

	Market value £'000s	Fund %	31/10/2015 Market value £'000s	31/10/2015 Fund %
British Government	14,294	77.9	15,672	79.1
Corporate Bonds and Supranational	4,054	22.1	4,143	20.9
Total Securities	18,348	100.0	19,815	100.0
Net current assets	264		180	
Total value of fund	18,612		19,995	

Affirmative Fixed Interest Fund for Charities

Portfolio statement

as at 30 April 2016 (unaudited)

	Holding	Market Value £'000s	Fund %
British Government			
Treasury 4% 2016	250,000	253	1.4
Treasury 1¾% 2017	300,000	303	1.7
Treasury 1¼% 2018	750,000	762	4.2
Treasury 4½% 2019	850,000	945	5.2
Treasury 1¾% 2019	100,000	103	0.6
Treasury 4¾% 2020	500,000	576	3.1
Treasury 3¾% 2020	625,000	704	3.8
Treasury 3¾% 2021	800,000	914	5.0
Treasury 4% 2022	875,000	1,023	5.5
Treasury 1¾% 2022	300,000	311	1.7
Treasury 2¼% 2023	425,000	452	2.5
Treasury 2% 2025	625,000	646	3.5
Treasury 4¼% 2027	625,000	788	4.3
Treasury 4¾% 2030	225,000	303	1.7
Treasury 4¼% 2032	600,000	775	4.2
Treasury 4½% 2034	600,000	806	4.4
Treasury 4¼% 2036	325,000	427	2.3
Treasury 4¾% 2038	550,000	785	4.3
Treasury 4¼% 2039	150,000	201	1.1
Treasury 4¼% 2040	450,000	609	3.3
Treasury 4½% 2042	325,000	461	2.5
Treasury 3¼% 2044	150,000	176	1.0
Treasury 3½% 2045	425,000	522	2.8
Treasury 4¼% 2046	305,000	430	2.3
Treasury 4¼% 2049	75,000	109	0.6
Treasury 4¼% 2055	350,000	536	2.9
Treasury 4% 2060	250,000	374	2.0
		14,294	77.9
Corporate Bonds and Supranational			
Affirmative Corporate Bond Fund Units*	3,510,128	4,054	22.1
		4,054	22.1
		18,348	100.0
Net current assets		264	
Total value of fund		18,612	

All investments are listed on a recognised stock exchange with the exception of those marked*

Affirmative Fixed Interest Fund for Charities

Summary of material portfolio changes

as at 30 April 2016 (unaudited)

	Cost £'000s		Proceeds £'000s
Total purchases for the period	2,698	Total sales for the period	4,553
Largest purchases		Largest sales	
Treasury 1¼% 2018	766	Treasury 5% 2018	1,125
Affirmative Corporate Bond Fund Units	455	Affirmative Corporate Bond Fund Units	632
Treasury 4¾% 2030	435	Treasury 4% 2016	410
Treasury 1¾% 2022	304	Treasury 2% 2016	375
Treasury 2% 2025	176	Treasury 4½% 2034	263
Treasury 3¼% 2044	175	Treasury 4¼% 2039	261
Treasury 3½% 2045	118	Treasury 4¼% 2036	225
Treasury 4¼% 2049	102	Treasury 4½% 2042	207
Treasury 1¾% 2019	102	Treasury 4¼% 2027	161
Treasury 4¼% 2040	65	Treasury 5% 2025	160
Other purchases	-	Treasury 1¾% 2017	152
Total purchases	2,698	Treasury 4¾% 2030	135
		Treasury 4¼% 2032	127
		Treasury 4¾% 2020	115
		Treasury 4¼% 2046	104
		Treasury 2% 2025	101
		Other sales	-
		Total sales	4,553

Analysis of credit rating

Rating band	30/04/2016 £'000s	31/10/2015 £'000s
AAA	1,389	1,182
AA	15,794	17,422
A	818	826
BBB	124	175
Not rated	223	210
Total portfolio of investments	18,348	19,815

Affirmative Fixed Interest Fund for Charities

Distribution

Distribution period	2016 p per unit	Date paid	2015 p per unit
1 November 2015 to 31 January 2016	0.70	13 March 2016	0.72
1 February 2016 to 30 April 2016	0.64	15 June 2016	0.67

Price and income history

Calendar year	Highest buying price p	Lowest selling price p	Net income per unit p
2011	115.40	103.30	3.53
2012	112.50	114.60	3.39
2013	121.98	112.03	3.20
2014	120.18	112.33	2.94
2015	128.60	119.00	2.80
Six months to 30 April 2016	126.70	120.10	1.34

Performance record

Total return performance to 30 April 2016	1 year %	3 years % p.a.	5 years % p.a.
Affirmative Fixed Interest Fund for Charities	3.4	3.2	5.6
Composite Index	3.9	3.9	6.1

The performance of the fund is based on the net asset value per share

Total expense ratios

Expense type	30/04/2016 %	31/10/2015 %
Manager's periodic charge (inc VAT)	0.24	0.24
Corporate Trustee's charge (inc VAT)	0.07	0.05
Other expenses	0.02	0.05
Total expense ratio	0.33	0.34

Affirmative Fixed Interest Fund for Charities

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts of the fund have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Investment Management Association in 2014 and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(b) Recognition of income

Interest on Government stocks, debentures, eurobonds and other fixed interest stocks is accrued on a day-to-day basis.

(c) Management expenses

The Manager's periodic charge paid to Epworth Investment Management Ltd is charged to the income of the Fund before distribution at a rate of 0.20%, plus VAT, of the value of the Fund. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit, legal, safe custody fees and transaction charges, are charged separately to the income of the Fund before distribution.

(d) Distribution policy

All income of the Fund, after deduction of management and other expenses is distributed to unitholders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units. A reconciliation of the net distribution to the net income of the Fund is shown in note 7.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years or if the Manager does not expect any returns for the Fund.

2. Net gains on investments

Net gains on investments during the period comprise:

	30/04/2016 £'000s	30/04/2015 £'000s
Proceeds from sales of investments	4,553	1,482
Original cost of investments sold	(4,194)	(1,829)
Gains realised on investments sold	359	(347)
Net unrealised gains	91	999
Net gains on investments	450	652

3. Gross income

	30/04/2016 £'000s	30/04/2015 £'000s
Interest on debt securities	234	260
Bank interest	1	1
Other income	6	5
Total income	241	266

4. Expenses

	30/04/2016 £'000s	30/04/2015 £'000s
Payable to the Manager or associates	23	25
	23	25
Payable to the Corporate Trustee or associates		
Corporate Trustee's fee	6	6
Safe custody fees and transaction charges	1	1
	7	7
Auditor's fees	1	2
Audit and other expenses written back	-	2
Total expenses	31	36

5. Portfolio transaction costs

	30/04/2016 £'000s	30/04/2015 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	2,698	1,477
Custodian transaction costs	-	-
Total purchase costs	-	-
Gross purchases total	2,698	1,477
Analysis of total sale costs		
Gross sales before transaction costs	4,553	1,482
Custodian transaction costs	-	-
Total sale costs	-	-
Total sales net of transaction costs	4,553	1,482

6. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 478 and 479 of the Corporation Tax Act 2010. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Withholding tax is credited to income when it is recovered.

7. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	30/04/2016 £'000s	30/04/2015 £'000s
31 January 2016	106	118
30 April 2016	96	112
	202	230
Income deducted on cancellation of units	3	3
Income received on creation of units	(10)	(3)
Net distribution for the period	195	230

Affirmative Fixed Interest Fund for Charities

Notes to the accounts

8. Debtors

	30/04/2016 £'000s	31/10/2015 £'000s
Accrued income	137	154
Other income	-	-
Total debtors	137	154

9. Cash and bank balances

	30/04/2016 £'000s	31/10/2015 £'000s
Affirmative Deposit Fund for Charities	231	154
Cash at bank	3	2
Total cash and bank balances	234	156

10. Creditors

	30/04/2016 £'000s	31/10/2015 £'000s
Accrued expenses	11	12
Total creditors	11	12

11. Portfolio turnover calculation

	30/04/2016 %	31/10/2015 %
Portfolio turnover calculation	11.7	9.9

12. Risk management policies

Fair value

Securities held by the Fund are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

There is no exposure to foreign currency fluctuations as all investments, income and short-term debtors and creditors are denominated in sterling.

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimize this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

The Fund's assets comprise securities that can readily be realised to meet obligations that may arise on the redemption of units. In addition the Manager's policy is that the Fund liquidity should be 5% or less.

Interest rate risk

The fund invests in fixed interest securities. The income may be affected by the Manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 30 April 2016 was:

	30/04/2016 £'000s	31/10/2015 £'000s
£ floating rate financial assets	234	156
£ fixed rate financial assets	18,348	19,815
£ financial assets not carrying interest	137	154
£ financial liabilities not carrying interest	(107)	(130)
Total net assets	18,612	19,995

Related party transactions

The Manager's periodic charge is paid to Epworth Investment Management Limited, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 4. The amount outstanding as at 30 April 2016 was £3,675 (30 April 2015: £4,025).

In addition, the fund placed deposits during the period with the Affirmative Deposit Fund for Charities, and made investments in the Affirmative Corporate Bond Fund, both of which are managed by Epworth Investment Management Limited. All charges levied for the management of these deposits and investments have been refunded to the fund by Epworth. There were no other related party transactions during the period.

13. Contingent assets and liabilities

As at 30 April 2016, there are no commitments, contingent assets or liabilities of which we are aware (31 October 2015 - nil).

Affirmative Corporate Bond Fund for Charities

Investment objectives and policy

The fund will seek to maximise long term total returns consistent with commercial prudence, diversification and risk management through a portfolio investing in sterling denominated corporate, supranational and other non-gilt sterling denominated fixed interest securities, as follows: AAA/AA (50-90%); other issues (15-45%); cash and bonds under 1 year to maturity (0-5%).

It is hoped to provide a yield consistent with that obtained from investment grade non-government sterling bonds. Investment will be in corporate debt securities issued by a widely diversified range of well-run companies characterised by their financial strength and above average management teams and will normally (but not exclusively) pursue long term sustainable growth strategies in the wider interests of all parties, including owners, lenders, employees, suppliers, customers/

clients and the local and wider community. This policy will result in a portfolio that excludes investments in bonds issued by companies where business is wholly or mainly involved in alcohol, armaments, gaming, pornography or tobacco. In the view of the Fund Manager there will be no adverse impact on investment returns due to any exclusions on these grounds. Other matters such as environmental performance, corporate governance and social justice issues will be reviewed when making investment decisions.

The fund's benchmark consists of a composite index comprising Non Gilts AAA 30%; Non Gilts AA 40%; Non Gilts A 25%; Non Gilts BBB 5%.

Risk profile

The main risks to the Fund's financial instruments are market price and interest risks. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price. However, generally you should expect a

close correlation in the movement of the unit price and the underlying markets. Movements in interest rates may result in the manager being unable to secure similar income returns following the disposal or redemption of securities. There is little credit and no currency risk.

Risk warning

The Affirmative Corporate Bond Fund for Charities is designed for long-term investors. The value of and the income from units in the funds can and do fall, as well as rise, and as a result you may not get back the

amount originally invested. Past performance is no guarantee of future returns.

Affirmative Corporate Bond Fund for Charities

Net asset value/fund size

	Net asset value £	Units in issue	Net asset value pence per unit
31 October 2011	99,201,310	95,102,716.09	104.3
31 October 2012	109,728,443	98,275,976.76	111.7
31 October 2013	104,301,887	94,658,613.73	110.2
31 October 2014	105,597,542	93,564,262.41	112.9
31 October 2015	109,019,779	96,395,654.15	113.1
30 April 2016	114,819,170	99,351,694.01	115.6

Statement of total return

for the six months ended 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	30/04/2015 £'000s
Net capital gains on investments	2	2,373	3,038
Revenue	3	1,867	1,905
Expenses	4	(250)	(216)
Net revenue after taxation		1,617	1,689
Total return before distributions		3,990	4,727
Distributions	7	(1,599)	(1,696)
Change in net assets attributable to unitholders from investment activities		2,391	3,031

Statement of changes in net assets attributable to unitholders

for the six months ended 30 April 2016 (unaudited)

	30/04/2016 £'000s	30/04/2015 £'000s
Opening net assets attributable to unitholders	109,020	105,598
Amounts received on issue of units	8,880	4,644
Amounts payable on cancellation of units	(5,532)	(1,370)
	3,348	3,274
Dilution levy adjustment	60	27
Change in net assets attributable to unitholders	2,391	3,031
Closing net assets attributable to unitholders	114,819	111,930

Affirmative Corporate Bond Fund for Charities

Balance sheet

as at 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	31/10/2015 £'000s
Assets			
Investments		112,689	106,456
Current assets			
Debtors	8	1,946	2,414
Cash and bank balances	9	1,132	1,058
Total assets		115,767	109,928
Liabilities			
Creditors	10	(153)	(50)
Distributions payable		(795)	(858)
Total liabilities		(948)	(908)
Net assets attributable to unitholders		114,819	109,020

Summary of investments and other assets

as at 30 April 2016 (unaudited)

	Market value	Fund %	31/10/2015 Market value £'000s	31/10/2015 Fund %
Collateralised	10,869	9.7	12,640	11.9
Debentures	6,022	5.3	5,980	5.6
Supranational	32,693	29.0	32,008	30.1
Corporate unsecured financial	30,376	27.0	27,998	26.3
Corporate unsecured non-financial	32,729	29.0	27,830	26.1
	112,689	100.0	106,456	100.0
Net current assets	2,130		2,564	
Total value of fund	114,819		109,020	

Affirmative Corporate Bond Fund for Charities

Portfolio statement

as at 30 April 2016 (unaudited)

	Holding	Market value £000s	Fund
Collateralised			
Abbey National 5½% 2021	2,150,000	2,482	2.2
Barclays 4¼% 2022	1,500,000	1,686	1.5
Nationwide 5½% 2026	2,000,000	2,553	2.3
Abbey National 5¾% 2026	400,000	511	0.5
Commonwealth Bank of Australia 3% 2026	2,000,000	2,083	1.8
Lloyds TSB Bank 4⅞% 2027	1,300,000	1,554	1.4
		10,869	9.7
Debentures			
Witan Investment Trust 8½% 2016	300,000	307	0.3
Co-Operative Group 7¾% 2018	300,000	330	0.3
JP Morgan Fleming Claverhouse 7% 2020	250,000	285	0.2
Scottish American 8% 2022	550,000	706	0.6
Edinburgh Investment Trust 7¼% 2022	1,000,000	1,275	1.1
Monks Investment Trust 6¾% 2023	550,000	622	0.5
Witan Investment Trust 6⅞% 2025	250,000	305	0.3
Great Portland Estates 5½% 2029	500,000	596	0.5
Merchants Trust 5¾% 2029	250,000	291	0.3
Scottish Investment Trust 5¼% 2030	500,000	620	0.6
Peel Holdings 8¾% 2040	500,000	685	0.6
		6,022	5.3
Supranational			
Network Rail 1% 2017	750,000	753	0.7
KFW 4¾% 2018	1,000,000	1,071	1.0
CADES 3¾% 2018	850,000	906	0.8
KFW 2% 2018	1,500,000	1,541	1.4
Bank Nederlandse 1¾% 2018	1,800,000	1,836	1.6
European Investment Bank 1½% 2019	1,800,000	1,825	1.6
KFW 1½% 2019	1,000,000	1,002	0.9
IBRD 5.4% 2021	900,000	1,084	1.0
European Investment Bank 5¾% 2021	1,250,000	1,489	1.3
Bank Nederlandse 5¾% 2021	400,000	476	0.4
Deutsche Bahn 2¾% 20/06/22	1,700,000	1,801	1.6
Temasek 4¾% 2022	2,055,000	2,404	2.1
Transport for London 2½% 2025	1,500,000	1,485	1.3
SNCF 5¾% 2027	3,150,000	3,947	3.5
European Investment Bank 3¼% 2027	1,200,000	1,384	1.2
Reseau Ferre 5¼% 2028	1,600,000	2,041	1.8
Bank Nederlandse 5.2% 2028	1,000,000	1,292	1.2
Belgium 5.7% 2032	1,000,000	1,357	1.2
Ned Waterschapsbank 5¾% 2032	2,500,000	3,372	3.0
Temasek 5½% 2040	1,200,000	1,627	1.4
		32,693	29.0

Affirmative Corporate Bond Fund for Charities

Portfolio statement continued

as at 30 April 2016 (unaudited)

	Holding	Market value £000s	Fund
Corporate Unsecured Financial			
National Australia Bank 3½% 2017	1,300,000	1,345	1.2
RBOS PLC 2008 6½% 2018	1,050,000	1,167	1.0
Commonwealth Bank of Australia 2¼% 2018	750,000	769	0.7
Lloyds Bank 2¾% 2018	700,000	719	0.6
Svenska Handelsbanken 4% 2019	1,450,000	1,546	1.4
Nationwide 5½% 2019	700,000	789	0.7
Bank of America 5½% 2019	990,000	1,106	1.0
National Australia Bank 5½% 2021	1,245,000	1,422	1.3
Svenska Handelsbanken 2¾% 2022	500,000	510	0.5
Svenska Handelsbanken 2¼% 2022	1,200,000	1,244	1.1
Wespac Banking Corp 2½% 2022	2,150,000	2,187	1.9
GE Capital UK Funding 5½% 2023	1,250,000	1,507	1.3
Lloyds Bank 5½% 2025	2,400,000	2,898	2.6
Nationwide 3% 2026	100,000	100	0.1
JP Morgan Chase 3½% 2026	1,350,000	1,399	1.2
HSBC Holdings 5¾% 2027	885,000	968	0.9
Cooperatieve 4.55% 2029	1,300,000	1,503	1.3
Aegon 6½% 2031	530,000	712	0.6
GE Capital UK Funding 5½% 2033	1,400,000	1,898	1.7
Legal & General 5½% 2033	530,000	669	0.6
HSBC Bank Plc 5½% 2033	815,000	908	0.8
Aegon 6½% 2039	633,000	885	0.8
HSBC Holdings 6% 2040	1,410,000	1,566	1.4
Cooperatieve 5¼% 2041	1,850,000	2,286	2.0
Cooperatieve 5½% 2060	200,000	273	0.3
		30,376	27.0
Corporate Unsecured Non-Financial			
Toyota Motor Corporation 4% 2017	2,500,000	2,611	2.3
Telefonica Emisiones 5½% 2018	900,000	956	0.8
Unilever 2% 2018	400,000	411	0.4
Nestlé 1¾% 2020	1,500,000	1,529	1.4
IBM Corp 2½% 2022	2,500,000	2,581	2.3
Johnson & Johnson 5½% 2024	2,600,000	3,282	2.9
National Grid 4% 2027	1,800,000	2,011	1.8
Electricite France 6¼% 2028	1,200,000	1,515	1.3
Apple Inc 3.05% 2029	1,700,000	1,727	1.5
Statoil 6¾% 2031	2,400,000	3,385	3.0
Astrazeneca 5¾% 2031	1,350,000	1,766	1.6
East Japan Railway 4¾% 2031	1,050,000	1,282	1.1
East Japan Railway 5¼% 2033	550,000	708	0.6
Electricite France 6½% 2034	1,050,000	1,305	1.2
Pfizer 6½% 2038	2,600,000	3,817	3.4
Centrica 4¼% 2044	1,300,000	1,337	1.2
University of Cambridge 3¾% 2052	1,000,000	1,222	1.1
University of Manchester 4¼% 2053	1,000,000	1,284	1.1
		32,729	29.0
		112,689	100.0
Net current assets		2,130	
Total value of Fund		114,819	

All investments are listed on a recognised stock exchange

Affirmative Corporate Bond Fund for Charities

Summary of material portfolio changes

as at 30 April 2016

	Cost £'000s		Proceeds £'000s
Total purchases for the period	17,780	Total sales for the period	13,595
Largest purchases		Largest sales	
IBM Corp 2½% 2022	2,526	Westpac Banking Corp 5% 2019	2,156
Westpac Banking Corp 2½% 2022	2,142	Pepsico 2½% 2022	1,927
European Investment Bank 1½% 2019	1,811	Orange 7¼% 2022	1,847
Apple Inc 3.05% 2029	1,764	Network Rail 4¾% 2035	1,353
Nestle Holdings 1¾% 2020	1,505	European Investment Bank 4¾% 2018	1,097
Temasek 5½% 2040	1,193	Nationa Australia Bank 3½% 2017	1,089
Temasek 4½% 2022	1,063	KFW 4⅞% 2018	973
SNCF 5¾% 2027	951	IBRD 5.4% 2021	841
Belgium 5.7% 2032	886	European Investment Bank 5¾% 2021	835
Centrica 4¼% 2044	757	Aegon 6¾% 2039	597
Astrazenca 5¾% 2031	661	KFW 1⅞% 2019	497
East Japan Railway 4¾% 2031	601	Societe Generale 5% 2018	383
Abbey National 5¾% 2026	519	Other sales	-
Svenska Handelsbank 2¾% 2022	501	Total sales	13,595
Abbey National 5⅞% 2021	457		
Cooperatieve 4.55% 2029	343		
Nationwide 3% 2026	100		
Other purchases	-		
Total purchases	17,780		

Analysis of credit rating

Rating band	30/04/2016 £000's	31/10/2015 £000's
AAA	38,637	30,383
AA	41,695	44,967
A	22,720	21,227
BBB	3,441	4,492
Not rated	6,196	5,387
Total portfolio of investments	112,689	106,456

Affirmative Corporate Bond Fund for Charities

Distribution

six months ended 30 April 2016

Distribution period	2016 per unit	Date paid	2015 per unit
1 November 2015 to 31 January 2016	0.85	13 March 2016	0.92
1 February 2016 to 30 April 2016	0.80	15 June 2016	0.86

Price and income history

Calendar year	Highest buying price p	Lowest selling price p	Net income per unit p
2011	105.70	98.35	4.51
2012	113.40	102.10	4.21
2013	116.20	106.92	3.94
2014	115.40	107.70	3.74
2015	122.10	113.00	3.55
Six months to 30 April 2016	118.20	112.50	1.65

Performance record

Total return performance to 30 April 2016	1 year %	3 years % p.a.	5 years % p.a.
Affirmative Corporate Bond Fund for Charities	2.3	3.3	6.1
Composite Benchmark	2.8	3.9	6.2

*The performance of the fund is based on the net asset value per share

Total expense ratios

Expense Type	30/04/2016 %	31/10/2015 %
Manager's periodic charge (inc VAT)	0.35	0.30
Corporate Trustee's charge (inc VAT)	0.07	0.05
Other expenses	0.03	0.03
Total expense ratio	0.45	0.38

Affirmative Corporate Bond Fund for Charities

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts of the fund have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Investment Management Association in 2014 and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(b) Recognition of income

Interest on Government stocks, debentures, eurobonds and other fixed interest stocks is accrued on a day-to-day basis.

(c) Management expenses

The Manager's periodic charge paid to Epworth Investment Management Ltd is charged to the income of the Fund before distribution at a rate of 0.30%, plus VAT, of the value of the Fund. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit, legal, safe custody fees and transaction charges, are charged separately to the income of the Fund before distribution.

(d) Distribution policy

All income of the Fund, after deduction of management and other expenses is distributed to unitholders. Distributions take into account income received on the creation of units and income deducted on the cancellation of units. A reconciliation of the net distribution to the net income of the Fund is shown in note 7.

(e) Basis of valuation

Listed investments are valued at bid-market values at the close of business on an accounting date less, in the case of fixed interest securities, interest accrued. Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years or if the Manager does not expect any returns for the Fund.

2. Net gains on investments

Net gains on investments during the period comprise:

	30/04/2016 £000's	30/04/2015 £000's
Proceeds from sales of investments	13,595	6,155
Original cost of investments sold	(12,745)	(5,852)
Surplus realized on investments sold	850	303
Net unrealized gains	1,523	2,735
Net gains on investments	2,373	3,038

3. Gross income

	30/04/2016 £000s	30/04/2015 £000s
Interest on debt securities	1,863	1,900
Bank interest	4	5
	1,867	1,905

4. Expenses

	30/04/2016 £'000s	30/04/2015 £'000s
Payable to the Manager or associates	197	167
	197	167
Payable to the Corporate Trustee or associates		
Corporate Trustee's fee	38	33
Safe custody fees and transaction charges	10	9
	48	42
Auditor's fees	5	4
Other expenses (written back)	-	3
	5	7
Total expenses	250	216

5. Portfolio transaction costs

	30/04/2016 £000's	30/04/2015 £'000s
Analysis of total purchase costs		
Purchases in period before transaction costs	17,780	10,084
Commissions	-	-
Custodian transaction costs	-	-
Total purchase costs		
Gross purchases total	17,780	10,084
Analysis of total sale costs		
Gross sales before transaction costs	13,595	6,155
Commissions	-	-
Custodian transaction costs	-	-
Total sale costs	-	-
Total sales net of transaction costs	13,595	6,155

6. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 478 and 479 of the Corporation Tax Act 2010. Distributions are paid on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Withholding tax is credited to income when it is recovered.

7. Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	30/04/2016 £000's	30/04/2015 £'000s
31 January 2016	804	867
30 April 2016	795	829
	1,599	1,696
Income deducted on cancellation of units	32	4
Income received on creation of units	(23)	(14)
Net distribution for the period	1,608	1,686

Affirmative Corporate Bond Fund for Charities

Notes to the accounts

8. Debtors

	30/04/2016 £'000's	31/10/2015 £'000's
Sales awaiting settlement	-	-
Accrued income	1,946	2,414
	1,946	2,414

9. Cash and bank balances

	30/04/2016 £'000's	31/10/2015 £'000's
Affirmative Deposit Fund for Charities	1,130	1,055
Cash at bank	2	3
	1,132	1,058

10. Creditors

	30/04/2016 £'000's	31/10/2015 £'000's
Purchases awaiting settlement	100	-
Accrued expenses	53	50
	153	50

11. Portfolio turnover calculation

	30/04/2016 %	31/10/2015 %
Portfolio turnover calculation	15.1	8.6

12. Risk management policies

Fair value

Securities held by the Fund are valued at bid-market value. Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and Manager's policies for managing these risks are summarized below. These policies have been applied throughout the period.

Market price risk

This is an actively managed fund, which invests in sterling fixed interest securities. The fund is therefore exposed to market price risk, which can be defined as the uncertainty about future price movements of the underlying investments of the Fund. Market price risk arises mainly from economic factors, including investor confidence, and may result in substantial fluctuations in the unit price from time to time. Generally, however, there will be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a widely diversified portfolio of investments in line with the Fund's investment objectives.

Currency risk

There is no exposure to foreign currency fluctuations as all investments, income and short-term debtors and creditors are denominated in sterling.

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimize this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

The Fund's assets comprise securities that can readily be realized to meet obligations that may arise on the redemption of units. In addition the managers' policy is that the Fund liquidity should be 5% or less.

Interest rate risk

The fund invests in fixed interest securities. The income may be affected by the manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 30 April 2016 was:

	30/04/2016 £'000's	31/10/2015 £'000's
£ floating rate financial assets	1,132	1,058
£ fixed rate financial assets	112,689	106,456
£ financial assets not carrying interest	1,946	2,414
£ financial liabilities not carrying interest	(948)	(908)
Total net assets	114,819	109,020

Related party transactions

The Manager's periodic charge is paid to Epworth Investment Management Limited, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 4. The amount outstanding as at 30 April 2016 was £4,789 (30 April 2015 £3,584). In addition, the fund placed deposits during the period with the Affirmative Deposit Fund for Charities, a fund managed by Epworth Investment Management Limited. All charges levied for the management of these deposits have been refunded to the fund by Epworth. There were no other related party transactions during the period.

13. Contingent assets and liabilities

As at 30 April 2016, there are no commitments, contingent assets or liabilities of which we are aware (31 October 2015 - nil).

Affirmative Deposit Fund for Charities

Investment objectives and policy

The Fund will seek to achieve, mainly through a portfolio of bank deposits and with minimal risk of capital loss, the higher rates of interest usually available in the London Money Markets, whilst maintaining the ability for depositing charities to make withdrawals at short notice.

Investments will be made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size, with a maximum average maturity date for the investments of no more than 150 days. Risk is further minimised by limiting the proportion of the

Fund deposited with any single bank or other institution.

The Fund may invest in sterling denominated deposits, Treasury Bills and other UK Government guaranteed securities and floating rate bonds and will maintain a minimum of 10% of its assets in investments realisable within 5 working days.

The Fund's benchmark, before expenses, is the 7-day London Interbank bid rate (LIBID) as measured by the British Bankers Association.

Risk profile

The main risks to the Fund's financial instruments are the interest rate risk, where changes in interest rates may result in income either increasing or decreasing; credit risk of a counterparty failing to repay

a deposit at its maturity date, and the liquidity risk of the Fund being unable to meet its obligations. These risks are minimised by the Manager as identified in the investment objectives and policy above.

Risk warning

The Trustee and the Fund Manager undertake to use due skill, care and diligence in carrying out their duties under the Affirmative Deposit Fund for Charities Scheme, but whilst complying with this undertaking in relation to the investment of the Fund, they cannot give guarantees regarding the repayment of deposits.

The Affirmative Deposit Fund is exempt from the Financial Services

and Markets Act 2000 and depositing charities are not eligible for the Statutory Investors Compensation Scheme or the services of the Financial Services Ombudsman. The Fund Manager is however authorised and regulated by the Financial Conduct Authority.

The current interest distribution is no guarantee of future returns.

Affirmative Deposit Fund for Charities

Statement of total return

For the six months to 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	30/04/2015 £'000s
Gross income		2,041	1,944
Expenses	2	(205)	(194)
Net income and total return for the period		1,836	1,750
Finance costs: Distributions		(1,745)	(1,731)
Net increase in income reserve		91	19

Balance sheet

as at 30 April 2016 (unaudited)

	Note	30/04/2016 £'000s	31/10/2015 £'000s
Assets			
Deposits with authorised banks		444,668	458,192
Debtors	5	1,391	1,372
Bank balances		54	76
Total assets		446,113	459,640
Liabilities			
Current deposits	6	(389,375)	(400,983)
Term deposits	6	(54,000)	(56,025)
Creditors	8	(85)	(70)
Income reserve	9	(2,653)	(2,562)
		(446,113)	(459,640)

Total expense ratios

Expense type	30/04/2016 %	31/10/2015 %
Manager's periodic charge (inc VAT)	0.24	0.24
Corporate Trustee's charge (inc VAT)	0.02	0.02
Other expenses	0.01	0.01
Total expense ratio	0.27	0.27

Affirmative Deposit Fund for Charities

Income and net asset value history

Year to 31 October	Net asset value £'000s	Average distribution %	Average distribution AER %	LIBID (net of expenses) %
2011	427,799	1.17	1.18	0.19
2012	424,134	1.29	1.30	0.18
2013	442,293	0.95	0.96	0.09
2014	453,713	0.62	0.62	0.09
2015	457,008	0.52	0.52	0.09
Six months to 30 April 2016	443,375	0.54	0.54	0.09

Distributions paid

For the six months to 30 April 2016

	Distribution rate %	AER rate %	£'000s
30 November 2015	0.50	0.50	279
31 December 2015	0.55	0.55	303
31 January 2016	0.55	0.55	304
29 February 2016	0.55	0.55	280
31 March 2016	0.55	0.55	297
30 April 2016	0.55	0.55	282
Average rate and total paid for year	0.54	0.54	1,745

Summary of deposits

as at 30 April 2016 (unaudited)

By maturity Repayable	30/04/2016 £'000s	30/04/2016 %	31/10/2015 £'000s	31/10/2015 %
On call	45,160	10.2	52,680	11.5
Within 5 business days	20,000	4.5	15,000	3.3
1 month	67,004	15.1	45,000	9.8
2 months	65,000	14.6	60,000	13.1
3 months	92,504	20.8	110,512	24.1
6 months	75,000	16.9	100,000	21.8
1 year	50,000	11.2	60,000	13.1
2 years	30,000	6.7	15,000	3.3
Total	444,668	100.0	458,192	100.0

Affirmative Deposit Fund for Charities

Summary of deposits by credit rating

Rating band	30/04/2016 £000's	30/04/2016 %	31/10/2015 £000's	31/10/2015 %
Aa1	6,002	1.3	6,002	1.3
Aa2	22,003	5.0	22,005	4.8
Aa3	59,003	13.3	54,004	11.8
A1	197,650	44.4	201,171	43.9
A2	160,000	36.0	175,000	38.2
BAA1	10	0.0	10	0.0
Total	444,668	100.0	458,192	100.0

Summary of deposits by banking group

	30/04/2016 %	31/10/2015 %
Mitsubishi UFJ Trust and Banking Corporation	15.8	15.3
Santander UK	13.5	13.1
Sumitomo Mitsui Banking Corporation	13.5	13.1
Lloyds	13.2	13.3
Nationwide	12.4	12.0
CIC	10.1	8.7
Société Générale	9.0	8.7
Commonwealth Bank of Australia	2.9	2.8
Royal Bank of Canada	2.0	2.0
Toronto Dominion	1.4	1.3
Crédit Agricole	1.1	2.2
National Australia Bank	1.1	1.1
BNP Paribas	1.1	1.1
Bank of Montreal	0.9	0.9
Westpac	0.9	0.9
SE Banken	0.9	-
HSBC	0.2	0.2
Barclays	-	2.2
DZ Bank	-	1.1
Total	100.0	100.0

Affirmative Deposit Fund for Charities

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts of the fund have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice issued by the Investment Management Association in 2014 and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(b) Income recognition

Interest on bank and building society deposits is accrued on a daily basis. Premiums and discounts arising on the purchase of short dated investments held by the Fund are taken to a Redemption Equalisation account and amortised on a straight line basis from the date of purchase to maturity. This amortisation is taken to Income account.

(c) Management expenses

The Manager's periodic charge paid to Epworth Investment Management is charged to the income of the Fund before distribution at a rate of 0.20%, plus VAT, of the value of the Fund. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. The Corporate Trustee fee, audit and legal fee, and bank charges are charged separately to the income of the Fund before distribution.

(d) Distributions

All income of the Fund, after deduction of management and other expenses, and transfers to/from income reserve, is distributed to depositors.

(e) Basis of valuation

The Money Market Deposits, all of which are with banks, have been valued at cost.

2. Expenses

	30/04/2016 £'000s	30/04/2015 £'000s
Payable to the Manager or associates		
Manager's periodic charge – see Note 1(c)	107	122
	107	122
Payable to the Corporate Trustees or associates and agents of either of them:	98	64
Other expenses:		
Audit fee	-	8
Other expenses	-	8
Total expenses	205	194

3. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 478 and 479 of the Corporation Tax Act 2010. Distributions are credited gross to depositors.

4. Deposits with authorised banks

Deposits are with financial institutions who have permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits.

5. Debtors

	30/04/2016 £'000s	31/10/2015 £'000s
Interest receivable	1,391	1,372
Total debtors	1,391	1,372

6. Current & term deposits

	30/04/2016 £'000s	31/10/2015 £'000s
Central Finance Board		
of the Methodist Church Deposit Fund	353,955	361,964
Affirmative Equity Fund	1,427	1,681
Affirmative Fixed Interest Fund	231	154
Affirmative Corporate Bond Fund	1,130	1,055
Other Charities	86,632	92,154
Total deposits	443,375	457,008

7. Maturity analysis

Repayable:	30/04/2016 £'000s	31/10/2015 £'000s
On demand	389,875	410,983
Within 3 months	28,500	16,525
Within 1 year	18,500	25,500
Within 2 years	6,500	4,000
Total deposits	443,375	457,008

8. Creditors

	30/04/2016 £'000s	31/10/2015 £'000s
Accrued expenses	85	70
Total creditors	85	70

9. Income reserve

The fund operates an income reserve which is accumulated out of income and held on trust for depositors for the time being. The income reserve is maintained to ensure payment of interest to depositors each month even though a proportion of the income earned by the Fund will not be received until maturity date of individual deposits. The reserve is also available to augment the Fund's deposit rate and to provide against potential default of counterparties.

	30/04/2016 £'000s	31/10/2015 £'000s
Balance at start of period	2,562	2,397
Transfer to reserve	91	165
Income reserve at 30 April 2016	2,653	2,562

Affirmative Deposit Fund for Charities

Notes to the accounts

10. Risk management policies

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the period.

Interest rate risk

The Fund invests in fixed rate and floating rate deposits with an approved list of institutions maintained by the Manager. Changes in the interest rates may result in income either increasing or decreasing. The interest rate profile of the Fund's financial assets and liabilities at 30 April 2016 is set out below:

	30/04/2016 £000's	31/10/2015 £000's
£ floating rate financial assets	45,008	41,012
£ fixed rate financial assets	399,660	417,180
£ financial assets not carrying interest	1,445	1,448
£ financial liabilities not carrying interest	(2,738)	(2,632)
Total net assets	443,375	457,008

Credit risk

The Fund's transactions expose it to the risk that a counterparty may not repay a deposit at its maturity date. To minimise this risk, investments are made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size, with a maximum average maturity date for the investments of no more than 150 days. Risk is further minimised by limiting the proportion of the Fund deposited with any single bank or other institution.

Liquidity risk

To ensure that the Fund can meet obligations that may arise from depositors wishing to make withdrawals, the Manager must maintain at all times a minimum of 10% of the Fund's assets in investments realisable within 5 working days.

11. Related party transactions

The Manager's periodic charge is paid to Epworth Investment Management, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in Note 2. At 30 April 2016, outstanding balances due to Epworth Investment Management amounted to £16,331.98 (2015: £19,292.84). There were no other transactions entered into with Epworth Investment Management during the period.

12. Contingent assets and liabilities

As at 30 April 2016, there are no commitments, contingent assets or liabilities which we are aware of (31 October 2015 - nil).

The Affirmative Equity Fund for Charities

Charity Number 1087228

The Affirmative Fixed Interest Fund for Charities

Charity Number 1087227

The Affirmative Corporate Bond fund for Charities

Charity Number 1131752

The Affirmative Deposit Fund for Charities

Charity Number 1115887

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