

THE CBF CHURCH OF ENGLAND FIXED INTEREST
SECURITIES FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2022

CCLA

CONTENTS

Report of the Trustee	03
Report of the Investment Manager*	08
Statement of Ethical Investment Policy*	11
Independent Auditor's Report	14
Summary risk indicator	18
Comparative table	19
Operating charges analysis	21
Portfolio analysis	22
Portfolio statement*	23
Statement of total return**	30
Statement of change in net assets attributable to Shareholders**	30
Balance sheet**	31
Notes to the financial statements**	32
Distribution tables**	47
Statement of Trustee and Manager responsibilities	48
Directory*	50

*Collectively, these comprise the Manager's Report.

**Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE**for the year ended 31 December 2022**

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Financial Statements of The CBF Church of England Fixed Interest Securities Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

Structure and management of the Fund

The Fund is an investment fund, administered as a common fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) Measure 2010 (together the “Measure”) and the Trustee Act 2000. The Fund was formed in 1977. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time.

CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2008 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement. Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Measure.

Investment objective

The Fund aims to generate a total return (income plus capital growth) of cash (represented by SONIA) plus 1.75% per annum (net of fees and expenses) when measured over a rolling three year period.

There is no guarantee that the investment objective of the Fund will be achieved over any time period. Capital is at risk.

REPORT OF THE TRUSTEE

for the year ended 31 December 2022

Investment policy

The Fund will invest in a range of fixed and floating rate debt and/or debt related instruments issued by corporates and governments (government and public securities) including loans (which may be leveraged), inflation-linked securities, money market instruments and asset backed or other securitised products. Such instruments may be issued by issuers located in developed and emerging markets (as defined by MSCI for the purposes of its developed and emerging markets indices). Exposure to these assets may be via direct holdings or indirectly through investment in other funds (including those managed and operated by the Manager, the Sub-Investment Manager or their associates). Such funds may include exchange traded funds, closed-ended investment companies (including UK investment trusts) and open-ended funds. Investments made by the Fund may be either liquid or illiquid in nature.

The Fund is actively managed which means the Manager/Sub-Investment Manager uses their discretion to pick investments to seek to achieve the investment objective.

The Fund will invest in instruments issued in a range of currencies and will hedge the non-sterling denominated portion of the portfolio back to the Fund's Base Currency in a range of 95%–105% of the Net Asset Value of the Scheme Property, to reduce the risk of exposure to non-sterling currency fluctuations.

The Fund may invest in instruments that are either investment grade (credit rating of BBB- or above) or non-investment grade (credit rating less than BBB-) as rated by one of S&P Global Ratings or Fitch Rating Services, or instruments with a credit rating of Baa3 or above (investment grade) or a credit rating of less than Baa3 (non-investment grade), as determined by Moody's Investors Service. Where an instrument does not have an explicit rating from one of these agencies Unrated Securities the Manager or Sub-Investment Manager is permitted to calculate a deemed rating.

The constraints set out below will apply to the Fund. During periods of rapid credit rating downgrades and/or market illiquidity however these constraints may be temporarily exceeded. Where this occurs steps will be taken to bring the Fund into compliance with the constraints stated below within a reasonable period of time.

- The maximum exposure to non-investment grade securities is 20% of the Net Asset Value of the Scheme Property. Credit ratings used for measuring compliance with this rule are the highest of S&P Global Ratings', Fitch Ratings' and Moody's Investor Service long-term ratings.
- The maximum exposure to securities rated less than BB- is 5% of the Net Asset Value of the Scheme Property.

REPORT OF THE TRUSTEE

for the year ended 31 December 2022

- The maximum exposure to Unrated Securities (including securities that the Manager and/or SubInvestment Manager have given a deemed rating) is 5% of the Net Asset Value of the Scheme Property.
- The Fund will invest no more than 10% of its Net Asset Value in Collective Investment Schemes including In-House Funds.

The Fund may use derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management. Efficient portfolio management includes hedging (for example, reducing currency risk) and otherwise managing the Fund in a way that is designed to reduce risk or costs and/or to generate extra income or growth with a level of risk consistent with the risk profile of the Fund.

The Fund is managed in accordance with the policies of the Church of England National Investing Bodies: The CBF Church of England Funds, the Church Commissioners for England and the Church of England Pensions Board.

The Fund is also managed in accordance with our ethical investment exclusions policy which is set out in further detail on our website at www.ccla.co.uk.

Target benchmark

The target benchmark for the Fund is SONIA plus 1.75% per annum after fees and expenses. The target benchmark sets a standard against which the performance of the Fund can be assessed.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least three years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

Review of investment activities and policies of the Fund

The Trustee is ultimately responsible for The CBF Church of England Funds and receives reports on the published financial statements. The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided the Manager under the investment management

REPORT OF THE TRUSTEE

for the year ended 31 December 2022

agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund. The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, the Trustee is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the investment management agreement.

Ethical investment

The Fund is managed in accordance with an ethical investment policy based on the advice of the Church's Ethical Investment Advisory Group (EIAG). More information about the EIAG is available at www.churchofengland.org/eiag. The Trustee is represented on the EIAG by C Chan, a director of the Trustee.

The EIAG advises the Church's three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG recommendations rests with the Trustee.

CCLA collaborates with the other Church National Investing Bodies to engage with investee companies on issues of particular concern to the Church of England.

Responsible investment and stewardship

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term Shareholder returns. This includes policies to integrate Environmental, Social and Governance (ESG) factors into the investment decision making process and stewardship activities associated with the Fund's holdings. The Manager is a signatory to the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

Controls and risk management

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required. The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight provides an additional layer of comfort for Shareholders.

REPORT OF THE TRUSTEE**for the year ended 31 December 2022**

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

At its periodic audit committee meetings, the Trustee receives a report from the Chief Risk Officer of the Manager which covers the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines any operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

A Brookes, Chair
CBF Funds Trustee Limited
30 May 2023

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2022

Strategy

The Fund is invested in an actively managed portfolio of fixed and floating rate debt and debt-related instruments issued by corporates and governments including loans, inflation-linked securities, money market instruments and asset backed or other securitised products. The focus is in securities with a short average life and limited interest rate risk. The use of derivatives is focused on hedging and any non-sterling exposure is hedged back to sterling. As at 31 December 2022 approximately 80% of the portfolio was in corporate bonds, predominantly investment grade but with a smaller allocation to high yield bonds, while 11.9% was in overseas government bonds and 1.2% in UK government

bonds; the remainder was in cash and derivatives. The portfolio duration, a measure of exposure to interest rate risk, was 3 years.

This represents a change from the previous strategy which offered exposure to a more limited range of securities – UK government bonds and investment-grade, sterling denominated non-government bonds only – and carried significantly higher interest rate risk. The change of strategy, which was approved by the CBF Trustees, was effected on 27 July 2022. At the same time Federated Hermes was appointed as sub-manager of the Fund to implement the new investment strategy.

Annualised total capital and income return

To 31 December 2022	1 year %	5 years % p.a.	10 years % p.a.
Performance against market indices (after expenses)			
CBF Church of England Fixed Interest Securities Fund			
Income Shares*	-11.09	-0.77	1.87
Accumulation Shares*	-11.09	-0.76	1.88
Benchmark [#]	-10.70	0.00	2.49
SONIA	1.40	0.51	0.40
iBoxx £ Gilts	-25.02	-3.57	0.36
iBoxx £ Non Gilts	-17.73	-1.55	1.96
Consumer Price Index (CPI)	10.51	3.93	2.68

[#] Benchmark – From 27.07.22 SONIA + 1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50%. To 31.12.15 BarCap £ Gilt 50% & £ Agg 100mm Non Gilt 50%. To 31.12.12 BarCap £ Gilt 80% & £ Agg 100mm Non Gilt 20%

* Mid to mid plus income re-invested.

Source: CCLA.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

Market review

Fixed interest markets had one of the worst years in history with the UK government bond index, for example, giving negative returns of -25% over the course of 2022. The index for sterling denominated non-government bonds delivered -18%.

Across all categories, expectations that the direction of monetary policy could only be towards tightening meant that long dated bonds, which are more sensitive to interest rate changes, fared worse than corresponding shorter dated instruments. This partially accounts for the particularly weak performance of UK government bonds (gilts), this being a sector characterised by a long average remaining life. Sensitivity to interest rate movement is also greater among lower-coupon bonds such as government issues and corporate bonds of high credit quality. The lower-quality 'high yield' bond index declined by a relatively modest 10% over the year.

The gilts market was further unsettled by the so-called 'mini budget' in late September 2022, although the resulting sharp spike up in yields began to subside following efforts by the new political leadership to stabilise policy and calm markets.

Performance

Over the year the Fund achieved a return after expenses of -11.09% on the Income shares and -11.09% on the Accumulation shares. This

compares with a return of -10.70% on the benchmark. At year end the running yield on the portfolio was 4.15%, the distribution yield was 2.73% and the gross redemption yield (yield to maturity) was 5.52%.

Outlook

The outlook for economic growth remains uncertain. The risk of global recession is receding, for example with the world's dominant economy, the US, proving remarkably resilient and with China's relaxing of its draconian Covid restrictions promising a recovery in demand and activity levels. To the extent that individual economies may experience recession, this appears set to be relatively shallow and short lived.

Nevertheless economic growth is likely to remain subdued in the face of inflation, which although expected to fall significantly is likely to remain elevated by the standards of the pre-Covid decade, and the higher interest rates that are intended to bring inflation under control. This higher yield environment can be expected to present more opportunities in fixed interest markets than has been the case for a number of years and to increase the attractiveness of the bond market as a whole relative to competing asset classes.

J Ayre and C Ryland
Co Heads of Investment
CCLA Investment Management Limited
30 May 2023

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2022

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
US Treasury 0.25% 2024	2,596	UK Treasury 6% 2028	2,643
US Treasury 0.125% 2023	521	UK Treasury 5% 2025	1,733
Cisco Systems 2.5% 2026	442	UK Treasury 0.25% 2031	1,040
Apple 2.65% 2051	397	UK Treasury 4.25% 2040	995
SIG Combibloc PurchaseCo 2.125% 2025	382	Royal Bank of Scotland 5.125% 2024	888
TMobile USA 2.25% 2031	382	UK Treasury 4.5% 2042	825
VMware 0.6% 2023	351	UK Treasury 2.25% 2023	736
UK Treasury 0.125% 2024	337	UK Treasury 4.5% 2034	732
América Móvil 5% 2026	311	Affordable Housing Finance 3.8% 2044	726
AbbVie 4.55% 2035	305	UK Treasury 4.25% 2039	668

When a stock has both purchases and sales in the reporting period, these transactions have been netted and the net amount has been reflected as either a net purchase or net sale in the table above.

Portfolio asset allocation by credit rating

Rating category	% Fund
AAA	20.3
AA	3.2
A	19.6
BBB	53.7
Non investment grade	-0.2
Not rated (Debentures/Preference Shares)	3.4

Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund's Shares are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each weekly dealing day.

The gross redemption yield is an estimate of total return over the long-term. The Fund's gross dividend yield and gross redemption yield are not guaranteed and will change over time. When the Fund's distribution yield is higher than the gross redemption yield, some revenue is being paid at the expense of capital.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Fixed Interest Securities Fund

Ethical investment

The Fund is managed in accordance with ethical investment policies developed by the three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) based on the advice of the Church's Ethical Investment Advisory Group (EIAG). Responsibility for accepting National Investing Bodies (NIBs) policy and EIAG recommendations rests with the Trustee. The Trustee is represented on the EIAG by C Chan, a director of the Trustee. The Ethical Investment Policy embraces stewardship, engagement and investment exclusions.

Responsible investment and stewardship

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term Shareholder returns. This includes policies to integrate Environmental, Social and Governance (ESG) factors into the investment decision making process and stewardship activities associated with the Fund's holdings, more details can be found at <https://www.ccla.co.uk/sustainability/corporate-governance/approach-esg>.

The Manager is a signatory to both the UK Stewardship Code and the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

Engagement

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas. There are specific policies on Executive Remuneration and Business and Engagement. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Fixed Interest Securities Fund

Investment exclusions

The NIBs do not wish to directly profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained. The EIAG or the NIBs may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds – normally if, after sustained dialogue, the company does not respond positively to concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The EIAG and NIBs expect a recognition of responsibility and a resolve to improve, rather than perfection.

Direct investments in equities and corporate debt: The NIBs do not invest in any company involved in indiscriminate weaponry. Moreover, they do not invest in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover. The NIBs do not invest in any company that derives more than 3% of revenues from the production or distribution of pornography or in any company, a major part of whose business activity or focus (defined as more than 10% of group revenues) is tobacco, gambling, non-military firearms, or high interest rate lending. The National Investing Bodies will exclude from their investments any

company deriving more than 25% of its turnover from the production or licensed sale of alcoholic drinks, except in the case of companies whose sole business is the provision of alcoholic drinks with food.

The climate change policy (2015) does not allow investments in companies that derive more than 10% of revenue from tar sands or thermal coal.

Individual policy documents are published separately – or are under development – setting out the criteria employed in each area to determine whether companies breach the Church's policy and to explain the theology, ethics and reasoning underlying the policies. More information can be found at <https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group/policies-and-reviews>.

Direct investments in property: The NIBs apply the same exclusions to direct property investments as are used for equities and corporate debt investments. To implement this policy, we seek to screen properties prior to investing in them. We do this by assessing the activities undertaken by the underlying tenants. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Fixed Interest Securities Fund

Indirect investments via pooled funds:

The NIBs are only able to invest in some assets, asset classes and investment strategies through pooled funds. Pooled funds are funds in which a number of different investors invest. Because the ethical investment policies of the EIAG and NIBs cannot be applied fully, or at all, in these investments, the Pooled Funds Policy gives detailed guidance on how the NIBs should ensure that their use of pooled funds is consistent with ethical investment. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently

Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at www.churchofengland.org/eiag.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Fixed Interest Securities Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The CBF Church of England Fixed Interest Securities Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2022 and of the net revenue and the net capital loss on the property of the Fund for the year ended 31 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure'), Trust Deed, and the Trustee Act 2000.

We have audited the financial statements which comprise for each fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgements and estimates applicable to all sub-funds and individual notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Church Funds Investment Measure 1958 ('the Measure') and the Trustee Act 2000.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Fixed Interest Securities Fund

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees and Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees and Manager

As explained more fully in the trustees' responsibilities statement and the Manager's responsibilities statement, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Fixed Interest Securities Fund

influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.

We discussed among the audit engagement team, including relevant internal specialists such as financial instruments specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-funds. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Fixed Interest Securities Fund

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

Use of our report

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the shareholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 May 2023

SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified The CBF Church of England Fixed Interest Securities Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the RHP of three years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. However, investors can request redemption at any time and the Fund deals on a weekly basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per Share

	Year to 31.12.2022 pence per Share	Income Shares Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	157.99	169.10	163.45
Return before operating charges*	(17.05)	(6.32)	11.46
Operating charges	(0.53)	(0.59)	(0.61)
Return after operating charges*	(17.58)	(6.91)	10.85
Distributions on Income Shares	(3.73)	(4.20)	(5.20)
Closing net asset value per Share	136.68	157.99	169.10
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(11.13%)	(4.09%)	6.64%
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Other information

Closing net asset value (£'000)	25,717	32,070	36,747
Closing number of Shares	18,816,312	20,298,701	21,730,616
Operating charges**	0.37%	0.36%	0.36%
Direct transaction costs	—	—	—

Prices (pence per Share)			
Highest Share price (offer)	157.65	170.31	171.57
Lowest Share price (bid)	132.51	156.28	157.71

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

COMPARATIVE TABLE

Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	602.32	628.00	588.51
Return before operating charges*	(65.21)	(23.45)	41.70
Operating charges	(2.02)	(2.23)	(2.21)
Return after operating charges*	(67.23)	(25.68)	39.49
Distributions on Accumulation Shares	(15.02)	(16.35)	(17.70)
Retained distributions on Accumulation Shares	15.02	16.35	17.70
Closing net asset value per Share	535.09	602.32	628.00
* after direct transaction costs of:	0.01	—	—

Performance

Return after charges	(11.16%)	(4.09%)	6.71%
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Other information

Closing net asset value (£'000)	1,556	1,500	1,661
Closing number of Shares	290,790	248,981	264,499
Operating charges**	0.37%	0.36%	0.36%
Direct transaction costs	—	—	—

Prices (pence per Share)

Highest Share price (offer)	601.02	632.51	631.87
Lowest Share price (bid)	515.64	591.86	567.83

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2022

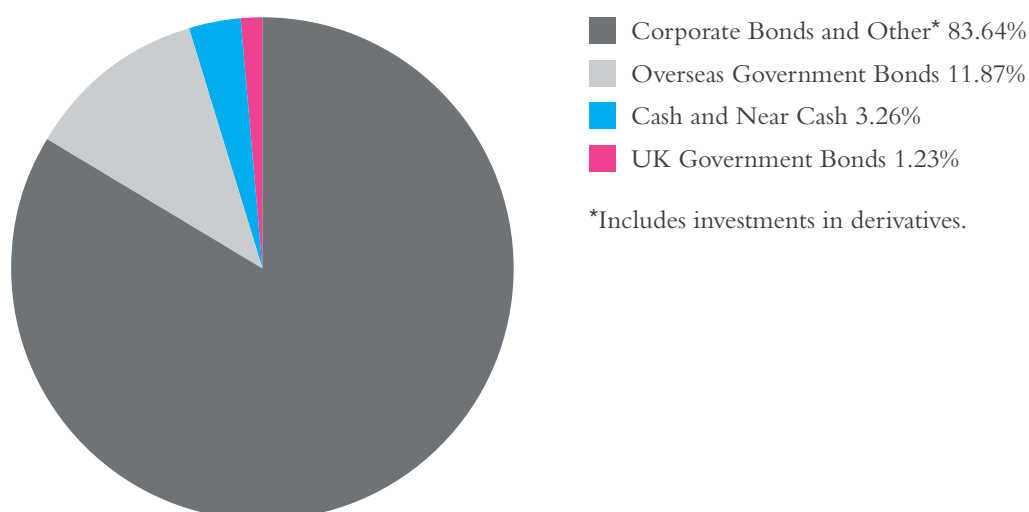
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2022 %	31.12.2021 %
Manager's annual management charge including VAT	0.27	0.26
Safe custody fees and depositary fee	0.02	0.02
Other expenses	0.08	0.08
Total operating charges	0.37	0.36

PORTFOLIO ANALYSIS

for the year ended 31 December 2022

Portfolio Allocation



*Includes investments in derivatives.

By term to maturity

Period	Fund
0-5 years	51.30%
5-10 years	30.90%
10-15 years	2.80%
Over 15 years	15.00%
Duration (modified)	3 yrs
Ave term to maturity	10.9 yrs

The portfolio analysis above differs from the following portfolio statement because prices used here are mid-market rather than bid.

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Government Bonds 13.13% (31.12.2021 – 35.28%)			
New Zealand Government Bond 0.5% 2024	NZD 280,000	138	0.51
UK Treasury 0.125% 2024	£350,000	337	1.24
US Treasury 0.125% 2023	\$650,000	524	1.92
US Treasury 0.25% 2024	\$3,275,100	2,581	9.46
Non-Government Bonds 81.72% (31.12.2021 – 62.51%)			
AbbVie 4.55% 2035	\$360,000	280	1.03
ABN Amro Bank 2.875% 2028	€200,000	177	0.65
Altice Financing 2.25% 2025	€100,000	81	0.30
Altice France Holding 4% 2028	€100,000	57	0.21
América Móvil 5% 2026	£290,000	286	1.05
Apple 2.65% 2051	\$620,000	342	1.25
Arcelik 3% 2026	€100,000	80	0.29
Ardagh Metal Packaging Finance 3% 2029	€100,000	65	0.24
Ardagh Packaging Finance 4.75% 2027	£100,000	69	0.25
Argentum Netherlands 4.625% VRN Perpetual	\$330,000	230	0.84
Ashland Services 2% 2028	€100,000	75	0.27
AstraZeneca 2.125% 2050	\$180,000	88	0.32
Atlas Funding 2021-1 FRN 2058	£160,000	156	0.57
Ball Corporation 0.875% 2024	€170,000	145	0.53
Banco 1.625% 2025	€250,000	206	0.76
Banco BTG Pactual SACayman Islan 2.75% 2026	\$200,000	150	0.55
Banco Mercantil del Norte 6.625% VRN Perpetual	\$200,000	138	0.51
Banco Santander 1.722% VRN 2027	\$200,000	143	0.52
Bank of Ireland Group 1% VRN 2025	€125,000	104	0.38
Barclays Bank 3.75% VRN 2030	£180,000	164	0.60
Barclays 4.375% VRN Perpetual	\$200,000	127	0.47
Berry Global 1% 2025	€260,000	216	0.79
Bharti Airtel 4.375% 2025	\$200,000	161	0.59
BNP Paribas 4.5% Perpetual	\$200,000	128	0.47
BNP Paribas 2% VRN 2031	£100,000	85	0.31
Caisse Nationale de Reassurance 0.75% 2028	€200,000	143	0.52
CaixaBank 3.625% VRN Perpetual	€200,000	125	0.46
Caixa Geral de Depositos 0.375% VRN 2027	€200,000	148	0.54
Catalent Pharma Solutions 2.375% 2028	€220,000	158	0.58
CCO Holdings 4.25% 2031	\$40,000	27	0.10

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Cellnex Telecom 0.75% 2031	€200,000	128	0.47
Cemex 3.125% 2026	€100,000	85	0.31
Centene 2.5% 01/03/2031	\$360,000	234	0.86
Charter Communications 4.5% 2024	\$125,000	103	0.38
Cigna Corp 2.375% 2031	\$360,000	245	0.90
Cisco Systems 2.5% 2026	\$550,000	426	1.56
Citigroup 4.125% 2028	\$110,000	85	0.31
Citigroup 5.15% 2026	£500,000	500	1.83
Commerzbank 1.375%VRN 2031	€100,000	72	0.26
Commerzbank 1.75% 2025	£100,000	91	0.33
Cooperatieve Rabobank 3.25%VRN Perpetual	€200,000	151	0.55
Credit Suisse Group 4.5%VRN Perpetual	\$200,000	93	0.34
Crown European Holdings 2.875% 2026	€260,000	219	0.80
Deutsche Bank 4.5%VRN Perpetual	€200,000	138	0.51
Deutsche Postbank Funding Trust FRN Perpetual	€70,000	44	0.16
DNB Bank 4.875%VRN Perpetual	\$200,000	156	0.57
Dowson 2021-2 FRN 2028	£135,000	126	0.46
Electricite de France 3.625% 2025	\$100,000	80	0.29
Électricité de France 6%VRN Perpetual	£100,000	89	0.33
Elis 1.625% 2028	€100,000	75	0.28
Elis 2.25% 2029	€100,000	95	0.35
Eurofins Scientific 2.125% 2024	€180,000	156	0.57
Falabella 3.375% 2032	\$200,000	133	0.49
Faurecia 2.375% 2027	€100,000	74	0.27
First Citizens BancShares 5.8009%VRN Perpetual	\$150,000	125	0.46
Fresenius 0% 31/01/2024	€200,000	170	0.62
Fresenius Medical Care 3.875% 2027	€25,000	21	0.08
Gemgarto 2021-1 FRN 2067	£310,000	290	1.06
General Accident 7.875% Preference Shares	£185,000	209	0.77
GlaxoSmithKline Capital 1.625% 2035	£110,000	77	0.28
Goldman Sachs 3.102%VRN 2033	\$180,000	122	0.45
Goodyear Europe 2.75% 2028	€100,000	71	0.26
Graphic Packaging International 2.625% 01/02/2029	€140,000	109	0.40
Greenko Power II 4.3% 2028	\$200,000	133	0.49
Grifols Escrow Issuer 3.875% 2028	€120,000	89	0.33
Hanesbrands 4.875% 2026	\$110,000	82	0.30
HCA 3.5% 2051	\$150,000	80	0.29
Hops Hill No 1 FRN 2054	£250,000	241	0.88
HSBC Bank FRN Perpetual	\$180,000	103	0.38

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Huntsman International 4.25% 2025	€150,000	128	0.47
Ibercaja Banco 2.75% VRN 2030	€100,000	77	0.28
Iliad 1.875% 2028	€200,000	146	0.54
Infrastrutture Wireless Italian 1.625% 2028	€240,000	181	0.66
ING Groep 2% 2028	€100,000	79	0.29
ING Groep 4.25% VRN Perpetual	\$200,000	114	0.42
International Consolidated 1.125% 2028	€100,000	65	0.24
Intesa Sanpaolo 5.017% 26/06/2024	\$200,000	160	0.59
IQVIA 2.25% 2029	€180,000	135	0.50
Itau Unibanco Holding 4.5% VRN 2029	\$200,000	159	0.58
JPMorgan Chase 4.625% VRN Perpetual	\$110,000	90	0.33
La Banque Postale 3% VRN Perpetual	€200,000	127	0.47
Lagardere 1.75% 2027	€300,000	245	0.90
Lanebrook Mortgage Transaction FRN 2058	£125,000	112	0.41
Level 3 Financing Inc 3.4% 2027	\$70,000	49	0.18
Levi Strauss 3.5% 2031	\$220,000	145	0.53
Liberty Mutual Group 4.3% 2061	\$180,000	91	0.33
LKQ Italia Bondco 3.875% 2024	€100,000	88	0.32
Lloyds Bank 5.125% 2025	£622,000	625	2.29
Logicor Financing 1.5% 2026	€100,000	75	0.28
Lorca Telecom Bondco 4% 2027	€100,000	79	0.29
Klabn Austria 3.2% 2031	\$200,000	133	0.49
Macquarie Bank 3.052% VRN 2036	\$200,000	120	0.44
Marks Spencer 3.25% 2027	£180,000	154	0.56
Millicom International Cellular 4.5% 2031	\$200,000	140	0.51
Mondi Finance 1.625% 2026	€100,000	82	0.30
Mozart Debt Merger 3.875% 2029	\$110,000	74	0.27
Netflix 3.625% 2030	€270,000	218	0.80
Nexans 2.75% 2024	€100,000	87	0.32
Nexi SpA 0% 2028	€200,000	127	0.47
Novelis Corporation 3.875% 2031	\$40,000	27	0.10
Nutrien 2.95% 2030	\$270,000	193	0.71
NXP Funding 2.7% 2025	\$360,000	280	1.03
Ocado Group 0.75% 2027	£100,000	66	0.24
OI European Group 3.125% 2024	€100,000	86	0.32
OneMain Finance Corporation 3.875% 2028	\$70,000	46	0.17
Orbia Advance Corporation 2.875% 2031	\$200,000	130	0.48
Orsted 1.5% VRN 3021	€250,000	165	0.61
Orsted 2.125% 2027	£250,000	224	0.82

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Pension Insurance 3.625% 2032	£150,000	112	0.41
Phoenix Group Holdings 5.75% VRN Perpetual	£200,000	167	0.61
Post Holdings 4.5% 2031	\$40,000	28	0.10
Prudential 2.95% VRN 2033	\$200,000	136	0.50
PVH Corporation 3.625% 2024	€150,000	132	0.48
Stora Enso 7.25% 2036	\$100,000	87	0.32
Telecom Italia Capital 6% 2034	\$70,000	45	0.17
Trivium Packaging Finance 3.75% 2026	€100,000	81	0.30
QBE Insurance Group 2.5% VRN 2038	£100,000	76	0.28
Rexel 2.125% 2028	€110,000	84	0.31
Rothsay Life 3.375% 2026	£110,000	99	0.36
Royal Bank of Scotland 2.359% VRN 2024	\$200,000	164	0.60
Santander UK 5.75% 2026	£690,000	713	2.61
Seagate HDD Cayman 9.625% 2032	\$137,700	126	0.46
Sealed Air Corporation 4% 2027	\$280,000	211	0.77
SIG Combibloc PurchaseCo 2.125% 2025	€470,000	400	1.47
Smurfit Kappa Treasury 1% 2033	€310,000	192	0.70
Solvay 2.5% VRN Perpetual	€200,000	156	0.57
SPCM 3.375% 2030	\$200,000	134	0.49
SSE 4% VRN Perpetual	€180,000	145	0.53
Steel Dynamics 2.4% 2025	\$110,000	86	0.32
Summit Digital Infrastructure 2.875% 2031	\$200,000	128	0.47
Suzano Austria 3.125% 2032	\$150,000	97	0.36
Taylor Morrison Communities 5.125% 2030	\$75,000	54	0.20
TDC Net 5.056% 2028	€100,000	87	0.32
Telefonica Europe 2.376% VRN Perpetual	€100,000	66	0.24
Telia 2.75% VRN 2083	€100,000	78	0.29
Terna Rete Elettrica Nazionale 2.375% VRN Perpetual	€150,000	111	0.41
TerraForm Power Operating 4.75% 2030	\$180,000	130	0.48
Thames Water Utilities Finance 2.625% 2032	£250,000	197	0.72
Together Asset Backed Securitised FRN 2063	£150,000	138	0.51
Toll Brothers Finance Corporation 3.8% 2029	\$150,000	106	0.39
TMobile USA 2.25% 2031	\$550,000	360	1.32
Turk Telekomunikasyon 4.875% 2024	\$200,000	156	0.57
Twin Bridges 2021-2 FRN 2055	£160,000	143	0.52
Unilever 1.5% 2026	£210,000	190	0.70
Universal Health Services 2.65% 2030	\$180,000	120	0.44
United Utilities Water Finance 0.875% 2029	£250,000	191	0.70
UnipolSai Assicurazioni SpA 6.375% VRN Perpetual	€200,000	159	0.58

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
UPC Broadband Finco 4.875% 2031	\$200,000	138	0.51
Veolia Environnement 2.5%VRN Perpetual	€100,000	70	0.26
Vmed O2 UK Financing 4.5% 2031	£150,000	114	0.42
VMware 0.6% 2023	\$440,000	356	1.31
Volvo Car 2.125% 2024	€150,000	129	0.47
VZ Secured Financing 3.5% 2032	€110,000	76	0.28
Western Digital Corporation 2.85% 2029	\$200,000	129	0.47
Zurich Finance Ireland Designat 3%VRN 2051	\$300,000	191	0.70
Derivatives 0.11% (31.12.2021 – 0.00%)			
Credit Default Swaps 0.77% (31.12.2021 – 0.00%)			
BNP Paribas 5% 20/12/2025	130,000	14	0.05
Goldman Sachs 1% 20/12/2025	580,000	1	0.00
Goldman Sachs 1% 20/12/2025	360,000	3	0.01
Goldman Sachs 1% 20/12/2025	360,000	6	0.02
Goldman Sachs 5% 20/06/2027	70,000	0	0.00
JP Morgan 1% 20/06/2025	40,000	(2)	(0.01)
JP Morgan 1% 20/12/2025	450,000	0	0.00
JP Morgan 1% 20/12/2025	290,000	2	0.01
Morgan Stanley 1% 20/12/2025	160,000	0	0.00
Morgan Stanley 1% 20/12/2027	100,000	(17)	(0.06)
Morgan Stanley 1% 20/12/2027	2,520,000	72	0.26
Morgan Stanley 1% 20/12/2027	1,145,000	56	0.20
Morgan Stanley 1% 20/12/2027	150,000	(6)	(0.02)
Morgan Stanley 1% 20/12/2027	70,000	(9)	(0.03)
Morgan Stanley 1% 20/12/2027	50,000	(3)	(0.01)
Morgan Stanley 1% 20/12/2027	290,000	2	0.01
Morgan Stanley 1% 20/12/2027	70,000	(2)	(0.01)
Morgan Stanley 1% 20/12/2027	440,000	(8)	(0.03)
Morgan Stanley 1% 20/12/2027	250,000	(4)	(0.01)
Morgan Stanley 5% 20/12/2027	180,000	22	0.08
Morgan Stanley 5% 20/12/2027	70,000	9	0.03
Morgan Stanley 5% 20/12/2027	190,000	27	0.10
Morgan Stanley 5% 20/12/2027	70,000	4	0.01
Morgan Stanley 5% 20/12/2027	50,000	5	0.02
Morgan Stanley 5% 20/12/2027	2,400,000	(21)	(0.08)
Morgan Stanley 5% 20/12/2027	150,000	15	0.05
Morgan Stanley 5% 20/12/2027	150,000	15	0.06
Morgan Stanley 5% 20/12/2027	180,000	23	0.08

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Morgan Stanley 5% 20/12/2027	220,000	30	0.11
Morgan Stanley 5% 20/12/2027	100,000	(18)	(0.07)
Morgan Stanley 5% 20/12/2027	22,000	0	0.00
Morgan Stanley 5% 20/12/2027	130,000	5	0.02
Morgan Stanley 5% 20/12/2027	1,150,000	(6)	(0.02)
Futures 0.16% (31.12.2021 – 0.00%)			
CBT US 10 Years Note (CBT) March 2023	(24)	12	0.04
CBT US Ultra Bond CBT March 2023	(4)	5	0.02
EUX EUR Future March 2023	(4)	28	0.10
Options 0.04% (31.12.2021 – 0.00%)			
CDX.NA.HY.39 (4y) Default-20/12/2027- JCPLUK 92.50	1,900,000	1	0.00
CDX.NA.HY.39 (4y) Default-20/12/2027- MLILUK 96	1,700,000	1	0.00
ITRAXX EUROPE Crossover 38(4y) 20/12/2027 MSLNUK_6.75	(860,000)	–	0.00
ITRAXX EUROPE Crossover 38(4y) 20/12/2027 MSLNUK_5.75	1,350,000	2	0.01
ITRAXX EUROPE Crossover 38(4y) 20/12/2027- JCPLUK_7	(2,700,000)	(4)	(0.01)
ITRAXX EUROPE Crossover 38(4y) 20/12/2027- JCPLUK_6	2,700,000	10	0.04
Forward Foreign Exchange Contracts (1.09%) (31.12.2021 0.00%)			
GBP Forward Currency Contract 15/03/2023	GBP 12,291,092	(156)	(0.57)
USD Forward Currency Contract 15/03/2023	(USD 15,000,000)		
GBP Forward Currency Contract 15/03/2023	(GBP 7,781,484)	(141)	(0.52)
EUR Forward Currency Contract 15/03/2023	(EUR 8,900,000)		
GBP Forward Currency Contract 15/03/2023	GBP 156,868	(1)	0.00
NZD Forward Currency Contract 15/03/2023	(NZD 300,000)		
GBP Forward Currency Contract 15/03/2023	GBP 247,499	(1)	0.00
USD Forward Currency Contract 15/03/2023	(USD 300,000)		

PORTFOLIO STATEMENT

at 31 December 2022

	Fair value £'000	% of total net assets
INVESTMENT ASSETS	25,835	94.73
NET OTHER ASSETS	1,438	5.27
TOTAL NET ASSETS	27,273	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

The counterparty for the Futures Contracts is Morgan Stanley

The counterparties for the Forward Foreign Exchange Contracts are JPM Chase London, Lloyds and RBC London.

The counterparties for the Credit Default Swaps are JP Morgan, Goldman Sachs, BNP Paribas and Morgan Stanley.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2022

	<i>Note</i>	Year ended 31.12.2022		Year ended 31.12.2021	
		£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(4,417)		(2,157)
Revenue	3	881		753	
Expenses	4	(107)		(131)	
Net revenue before taxation		774		622	
Taxation	5	–		–	
Net revenue after taxation			774		622
Total deficit before distributions			(3,643)		(1,535)
Distributions	6		(766)		(932)
Change in net assets attributable to Shareholders from investment activities			(4,409)		(2,467)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2022

	Year ended 31.12.2022		Year ended 31.12.2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		33,570		38,408
Amounts receivable on issue of Shares	629		1,320	
Amounts payable on cancellation of Shares	(2,557)		(3,733)	
		(1,928)		(2,413)
Change in net assets attributable to Shareholders from investment activities		(4,409)		(2,467)
Retained distributions on Accumulation Shares		40		42
Closing net assets attributable to Shareholders		27,273		33,570

The notes on pages 32 to 46 and the distribution tables on page 47 form part of these financial statements.

BALANCE SHEET

at 31 December 2022

	<i>Note</i>	31.12.2022		31.12.2021	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets					
Investments			26,234		32,828
Current assets:					
Debtors	7	276		396	
Cash equivalents	8	–		117	
Cash and bank balances	8	1,893		470	
Total current assets			2,169		983
Total assets			28,403		33,811
LIABILITIES					
Investment liabilities			399		–
Creditors:					
Other creditors	10	24		28	
Bank overdraft	9	549		–	
Distribution payable on Income Shares		158		213	
Total creditors			731		241
Total liabilities			1,130		241
Net assets attributable to Shareholders			27,273		33,570

The financial statements on pages 30 to 47 have been approved and authorised for issue by the Trustee.

Approved on behalf of the Trustee
30 May 2023

A Brookes, Chair
CBF Funds Trustee Limited

The notes on pages 32 to 46 and the distribution tables on page 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 the Trust Deed, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and investment liabilities.

The Fund is exempt from preparing a statement of cash flows under FRS 102 and the Church Funds Investment Measures Act 1958 substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

(b) Revenue recognition

Interest on government stocks, sterling eurobonds and other fixed interest stocks are accrued on a daily basis. Interest on bank deposits are accrued on a daily basis and interest on deposits in the CBF Church of England Deposit Fund are credited to revenue on receipt of cash.

Dividends on preference shares are accrued to revenue on the dates when the Shares are first quoted ex-dividend or otherwise, on receipt of cash.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Revenue is stated net of irrecoverable tax credits.

(c) Expenses

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund and was 0.22% p.a. plus VAT during the year.

The Fund also received AMC rebates credited to revenue of the Fund for its deposits in the CBF Church of England Deposit Fund, where the AMC is charged to revenue.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies (*continued*)

(c) Expenses (*continued*)

On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments.

From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before distribution.

(d) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10). Movements in the income reserve are therefore adjustments made to net revenue in determining the distributions.

It is the Fund's policy to calculate the distribution based on the revenue on debt securities which is computed as the higher amount determined on an accrual of coupon basis and effective yield basis. The Fund has therefore adopted a distribution policy that follows the coupon basis for recognising revenue. A reconciliation of the net distribution to the net revenue of the Fund as reported in the statement of total return is shown in note 6.

(e) Basis of valuation

Quoted investments including investments with market observable prices, are valued at bid-market values at the close of business on the last business day of the accounting period.

Derivatives are valued as at close of business on the last business day of the accounting period.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers.

(f) Foreign exchange

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business on 30 December 2022, the last valuation point in the accounting period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies (continued)*(f) Foreign exchange (continued)*

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

(g) Cash equivalents

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital losses

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
The net capital losses during the year comprise:		
Realised (losses)/gains on non-derivative securities*	(898)	201
Unrealised losses on non-derivative securities*	(2,996)	(2,358)
Currency gains	205	—
Gains on derivative contracts	185	—
Realised losses on forward currency contracts*	(614)	—
Unrealised losses on forward currency contracts*	(299)	—
	(4,417)	(2,157)

* Where net realised gains include gains/(losses) arising in previous reporting periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

3. Revenue

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
UK dividends	15	25
Interest on debt securities	884	727
Interest on The CBF Church of England Deposit Fund	1	—
Bank interest	3	—
Income on derivative contracts	(22)	—
Manager's annual management charge rebate*	—	1
	881	753

* This amount represents the annual management charge rebates credited to the Fund's revenue for the Fund's deposit in The CBF Church of England Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(e)	77	95
	77	95
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	3	3
Safe custody fees	4	2
	7	5

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

4. Expenses (*continued*)

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Other expenses:		
Audit fee	18	15
Insurance fee	—	1
Other fees	5	15
	23	31
Total expenses	107	131

Audit fee net of VAT is £12,480 (31.12.2021, £14,400)

The above expenses include VAT where applicable.

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue credited gross to Shareholders on the basis that all recoverable UK taxation has been reclaimed.

Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

6. Distributions

Distributions take account of revenue received on the issue of Shares and revenue deducted on the cancellation of Shares, and comprise:

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
31 March – interim distribution	216	240
30 June – interim distribution	211	240
30 September – interim distribution	161	226
31 December – final distribution	168	223
	756	929
Add: revenue deducted on cancellation of Shares	10	9
Deduct: revenue received on issue of Shares	–	(6)
Net distribution for the year	766	932
Net revenue after taxation for the year	774	622
Transfer (to)/from income reserve – see note 11	(33)	(36)
Amortisation under coupon accounting	25	346
Net distribution for the year	766	932

Details of the distribution per Share are set out in the distribution tables on page 47.

There were unclaimed distributions as at 31 December 2022 of £3,441 (31.12.2021, £2,094).

7. Debtors

	31.12.2022 £'000	31.12.2021 £'000
Accrued revenue	276	396
	276	396

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

8. Cash equivalents, cash and bank balances

	31.12.2022 £'000	31.12.2021 £'000
Cash equivalents – cash in The CBF Church of England Deposit Fund	–	117
Cash and bank balances	684	470
Amounts held at futures clearing houses	302	–
Swaps collateral	907	–
Cash and bank balances – cash at bank	1,893	470

9. Bank Overdraft

	31.12.2022 £'000	31.12.2021 £'000
Cash and bank balances	–	–
Amounts held at futures clearing houses	252	–
Swaps collateral	297	–
Bank Overdraft	549	–

10. Other creditors

	31.12.2022 £'000	31.12.2021 £'000
Accrued expenses	24	28
	24	28

11. Income reserve

The income reserve is accumulated out of undistributed revenue and is used to smooth fluctuations paid out by the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Shareholders. The income reserve is distributable and is included within Cash and bank balances in the Balance Sheet.

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Income reserve at the start of the year	172	136
Transfer to income reserve	33	36
Income reserve at the end of the year	205	172

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(e)). Bid-market value is considered to be a fair representation of the amount repayable to Shareholders should they wish to sell their Shares. 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 the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

Market price risk

This is an actively managed Fund which invests mainly in sterling fixed interest securities. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the Share price from time to time, although there will generally be a positive correlation in the movement of the Share price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

At 31 December 2022, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £1,292,000 (31 December 2021, £1,641,000).

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. The corporate bond holdings in the Fund are also exposed to the risk of issuer default; however, we mitigate this risk by purchasing investment grade bonds.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (*continued*)

Portfolio asset allocation by credit rating

Rating category	31.12.2022 % Fund	31.12.2021 % Fund
AAA	20.3	9.59
AA	3.2	45.93
A	19.6	30.28
BBB	53.7	13.49
Non investment grade	(0.2)	—
Not rated (Debentures/Preference Shares)	3.4	0.71

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of sterling fixed interest securities and sterling cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of Shares that Shareholders may wish to make.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2022, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would decrease or increase respectively by approximately £204,000 (31 December 2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (continued)

The total foreign currency exposure at 31 December 2022 and 31 December 2021 was:

Currency	31.12.2022			31.12.2021		
	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000
Euro	7	7,629	7,636	—	—	—
New Zealand dollar	27	138	165	—	—	—
US dollar	527	12,027	12,554	—	—	—
Total	561	19,794	20,355	—	—	—

Derivatives

Derivative transactions may be used by the Fund for the purposes of meeting its investment objectives and also for hedging. In doing so the Manager may make use of a variety of derivative instruments. The use of derivatives for investment purposes means that the net asset value of the Fund may at times have high volatility, although derivatives will not be used with the intention of raising the risk profile of the Fund. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used exchange traded futures to hedge the value of those assets denominated in foreign currency.

The Manager has used forward foreign currency contracts to hedge the currencies which are physically owned during the year. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a movement in the value of exchange rates.

At 31 December 2022, the value of the portfolio hedged back to base currency was 100.21% of the Net Asset Value of the Scheme Property.

Credit default swaps have been used to hedge the default risk of holding bonds during the period.

The derivative counterparties are shown at the bottom of the Portfolio of investments on page 29.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (*continued*)

Counterparty exposure

At 31 December 2022, the Fund had nil counterparty exposure on open Forward Foreign Exchange Contracts.

At 31 December 2022, the Fund had the following counterparty exposure on Credit default swaps:

BNP Paribas	£13,733
Goldman Sachs	£10,433
JP Morgan	£1,825
Morgan Stanley	£285,128

The economic exposure of future derivative contracts is equal to the market value.

The value of exposure and the related counterparty are disclosed in the Portfolio of investments.

Interest rate risk

The Fund invests in fixed interest securities and cash deposits. The revenue may be affected by changes to interest rates relevant to particular securities or as a result of 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.

As at 31 December 2022, it is estimated that a 1% movement in interest rates would result in an opposite movement of £775,000 (31.12.2021, £2,577,000) in net assets attributable to Shareholders and profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

12. Financial instruments (continued)

Interest rate risk (continued)

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	3,136	3,892	325	7,353
Euro	2,064	5,745	259	8,068
US dollar	2,733	9,816	267	12,816
Other	27	139	–	166
Total	7,960	19,592	851	28,403

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	292	–	182	474
Euro	186	–	206	392
US dollar	71	–	192	263
Other	–	–	1	1
Total	549	–	581	1,130

The total exposure at 31 December 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	825	32,590	396	33,811

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	241	241

* The floating rate financial assets of the Fund earn interest at rates based on either SONIA or base rate.

All financial liabilities are due to be settled within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

13. Commitments and contingent liabilities

There were no other commitments or contingent liabilities as at 31 December 2022 (31.12.2021, £nil).

14. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this inclusive of annual management charge rebates are disclosed in note 4. Please see note 1(c) for further information. An amount of £6,225 was due to the Manager at 31 December 2022 (31.12.2021, £7,677). There were no other transactions entered into with the Manager during the year (31.12.2021, £nil)

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2022 (31.12.2021, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2021, £nil)

At 31 December 2022, a cash balance of £nil (31.12.2021, £116,976) was held in The CBF Church of England Deposit Fund. During the year the Fund received interest of £230 (31.12.2021: £324) from the The CBF Church of Engalnd Deposit Fund.

There is no individual investor holding more than 20% of the Fund.

15. Portfolio transaction costs

For the year ended 31 December 2022:

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2022 was 0.65%.

Unlike shares, the majority of other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

Dealing spreads vary considerably depending on the transaction value and market sentiment.

For the year ended 31 December 2021:

The purchases and sales of securities incurred no direct transaction costs during the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

15. Portfolio transaction costs (continued)

The average portfolio dealing spread as at 31 December 2021 was 0.46%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

16. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2022	
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	20,298,701	248,981
Shares issued in year	235,225	55,899
Shares cancelled in year	(1,717,614)	(14,090)
Closing number of Shares at end of year	18,816,312	290,790

All Shares carry the same rights.

17. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments (including investment liabilities), there is no material difference between their value, as shown on the balance sheet, and their fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

17. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	268	25,966	–	26,234
Investment liabilities	(4)	(395)	–	(399)
	264	25,571	–	25,835

For the year ended 31 December 2021

Category	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Investment assets	239	32,589	–	32,828
	239	32,589	–	32,828

For financial instruments which have quoted prices for identical instruments in active markets, or for which there are prices of recent transactions for identical instruments, those prices are taken to be fair value.

For financial instruments for which the Manager uses valuation techniques using observable market data, the inputs include: prices of recent transactions for identical instruments in inactive markets; broker quotes; evaluated pricing data from data providers; or prices quoted for closely similar (but not identical) instruments.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

DISTRIBUTION TABLES

for the year ended 31 December 2022

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2022	2021	2022	2021
Income Shares				
31 March	31 May	28 May	1.05	1.05
30 June	31 August	31 August	1.05	1.05
30 September	30 November	30 November	0.79	1.05
31 December	28 February	28 February	0.84	1.05
			3.73	4.20

Period ended	Revenue accumulated pence per Share	
	2022	2021
Accumulation Shares		
31 March	4.05	4.46
30 June	3.93	4.13
30 September	3.70	3.93
31 December	3.34	3.83
	15.02	16.35

The distributions for Income Shares were paid in the same year, apart from the distribution declared on 31 December which is payable on 28 February in the subsequent year.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Measure (as amended from time to time) and the Trustee Act 2000 to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the measure and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Measure;
- make distributions to investors holding Income Shares and make allocations to investors holding Accumulation Shares in proportion to their respective Shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

Preparation of financial statements

The Trustee of the Fund is required, by the Measure, to prepare Financial Statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per Share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the Financial Statements, as prepared, comply with the above requirements;

- make judgements and estimates that are prudent and reasonable; and
- prepares the Financial Statements on the going concern basis, unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure.

Manager responsibilities

The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

(Charity Registration No. 803610)

DIRECTORY

Trustee Directors

A Brookes (Chair)

C Chan*

P Chandler

G Dixon*

C Johnson

N Lewis*

D Rees*

** Members of the Audit Committee*

Secretary

J Fox

Manager and Registrar

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(appointed on 1 April 2022 and investment policy effective from 27 July 2022)

Administrator

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HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)

E Sheldon (Chief Operating Officer)

A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)

J Jesty

C Johnson

A Roughead

C West

J Hobart

Fund Managers

J Ayre

C Ryland

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

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Custodian

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Glasgow

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ABOUT CCLA

Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to our clients, irrespective of their size.



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