

FITCH AFFIRMS RATINGS OF TWO CCLA DEPOSIT FUNDS

Fitch Ratings-London/Paris-07 April 2010: Fitch Ratings has today affirmed the Fund Credit and Volatility Ratings of two CCLA deposit funds managed for the Church of England and UK charities. The affirmation of the funds' ratings reflects Fitch's implementation of the updated master criteria, 'Global Bond Fund Rating Criteria', and the 'Global Bond Fund Criteria - Short-Term Bond Fund Addendum'. The rating actions are as follows:

The CBF Church of England Deposit Fund: affirmed at 'AAA'/'V1'

The COIF Charities Deposit Fund: affirmed at 'AAA'/'V1'

The affirmation of both funds' 'AAA' Fund Credit Ratings reflects the portfolios' high average credit quality, as measured by their weighted-average rating factor, as well as distribution of asset ratings and investment guidelines consistent with Fitch's criteria at the 'AAA' rating level. Both portfolios' investments include bank and building society cash and non-negotiable term deposits placed with an approved list of counterparties. The maximum counterparty concentration for fund investments is limited to 10% of net assets for the highest rated exposures ('F1+') with exposures to 'F1'-rated institutions capped at 5% of net assets.

The affirmation of the 'V1' Fund Volatility Ratings reflects the funds' very low risk profile resulting from their marginal exposure to market risk factors. The weighted average maturity of the portfolio is kept below 60 days and all investments mature within one year. The investor base for both funds is extremely granular with no single investor accounting for more than 5% of net assets for either fund. Therefore the funds will typically have between 5% and 10% of net assets maturing within five working days.

The portfolios are jointly managed by two portfolio managers at CCLA Investment Management Limited, which was developed from a partnership between the Church of England, the UK's Charity Commission and Local Authority Associations. Fund assets are placed with counterparties who are regularly reviewed and approved annually by the Trustees. Oversight of fund operations is maintained by an independent operational risk, internal audit and compliance team. An additional layer of oversight is in place through banking and monitoring services provided by The Royal Bank of Scotland, which reports directly to the Boards of the respective funds.

Fund Credit Ratings are defined as an opinion as to the vulnerability to losses as a result of defaults in a bond fund portfolio and are based on Fitch's view of the actual and prospective average credit quality of the fund's invested portfolio.

Fund Volatility Ratings are defined as an opinion as to the relative sensitivity of a portfolio's total return (including income and market value) and/or net asset value to assumed changes in credit spreads and interest rates as well as certain other market risk parameters. Fund Volatility Ratings also take into account the effects of leverage, if any.

The applicable master criteria, 'Global Bond Fund Rating Criteria', dated 10 February, 2010, and 'Global Bond Fund Criteria - Short-Term Bond Fund Addendum', dated 22 March, 2010, are both available on Fitch's website at www.fitchratings.com.

100407 - Fitch Affirms DFs

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Additional information is available at www.fitchratings.com.

Related Research:

Global Bond Fund Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=499472

Global Bond Fund Rating Criteria - Short-Term Bond Fund Addendum

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=505657

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