

FITCH AFFIRMS TWO CCLA MANAGED DEPOSIT FUNDS AT 'AAA'/'V1'

Fitch Ratings-London-05 January 2012: Fitch Ratings has affirmed two deposit funds managed by CCLA Investment Management Limited (CCLA) - The CBF Church of England Deposit Fund and The COIF Charities Deposit Fund - Fund Credit and Fund Volatility Ratings at 'AAA'/'V1' respectively.

KEY RATING DRIVERS:

The affirmation of the funds' credit ratings reflects the distribution of ratings, the credit quality, and the short-term maturity of the funds' portfolio. The rating also recognises the investment advisor's capabilities and resources. The affirmation of the volatility ratings reflects the low sensitivity to market risk factors such as interest rate and spread risks.

ASSET CREDIT QUALITY:

Both funds' portfolios are concentrated in securities rated in the 'A' category. A sizeable proportion of assets held are short dated, with 42% and 39% of portfolio assets maturing within one month for the CBF Church of England Deposit Fund and the COIF Charities Deposit Fund respectively (as of 23 December 2011.) The credit quality of the funds' portfolio of assets, combined with the short maturity of assets, is consistent with a 'AAA' bond fund credit rating. The proportion of deposits subject to a Negative Outlook or Rating Watch Negative is low.

According to the funds' investment policies, the maximum investment in a minimum 'F1+'/'AA-' rated entity is limited to 10% of portfolio assets, and the maximum investment in a minimum 'F1'/'A' rated entity is capped at 5% of portfolio assets. There is an exception for UK banks, where a 10% limit is allowed if the entity meets minimum 'F1'/'A'/Support Rating '1' criteria. The maximum maturity of any investment must not exceed one year per the funds' investment policies.

The CBF Church of England Deposit Fund and the COIF Charities Deposit Fund currently invest in 24 and 23 obligors respectively, as of the 23 December 2011. The top five issuers comprise 43% of the CBF Church of England Deposit Fund and 41% of the COIF Charities Deposit Fund, consistent with Fitch's rating criteria for a 'AAA' credit rating.

PORTFOLIO SENSITIVITY TO MARKET RISKS:

The funds have low exposure to market risk factors such as interest rate and spread risks. Interest rate risk is managed via a maximum weighted average maturity of 60 days. The weighted average maturity (as at 23 December 2011) for the CBF Church of England Deposit Fund and the COIF Charities Deposit Fund is 58 days and 56 days respectively. Both funds invest solely in GBP instruments and neither fund is allowed to utilise leverage.

THE TRUSTEE AND ADVISOR:

The Trustee for the CBF Church of England Deposit Fund is CBF Funds Trustee Limited (CBFFT), and the Trustee for the COIF Charities Deposit Fund is the COIF Board. Both the CBFFT and the COIF Board have delegated to CCLA the investment management and administrative responsibilities for the respective funds.

CCLA is a UK-based fund management group offering a range of fund products, and is jointly owned by the CBF Church of England Investment Fund (60% of the share capital), the COIF Charities Investment Fund (25% of the share capital) and The Local Authorities' Mutual Investment Trust (15% of the share capital). An independent operational risk, internal audit and compliance team maintains oversight of funds' operations. CBFFT and the COIF Board have appointed The Royal Bank of Scotland Plc to oversee CCLA in respect to its activities related to the management and administration of the funds. At as 30 November 2011, CCLA managed GBP4.0bn of assets.

FUND PROFILES:

Both funds aim to pay competitive rates of interest which reflect the level of short-dated money market rates. The property of the funds will be invested in eligible securities of counterparties who are regularly reviewed and annually approved by the Board Members of COIF/CBFFT respectively. The funds currently invest solely in call accounts and term deposits.

The size of the CBF Church of England Deposit Fund was GBP703m and the COIF Charities Deposit Fund was GBP918m (as of 23 December 2011).

To maintain bond fund ratings, CCLA, the administrator of these funds, provides Fitch with weekly information, including details of the portfolios' holdings and credit quality. Fitch closely monitors the credit composition of the portfolios, the credit counterparties used by the manager and the investments' overall market risk profile.

RATING SENSITIVITY:

Funds in the 'AAA' rating category indicate the highest underlying credit quality (or lowest vulnerability to default). The fund's assets are expected to maintain a weighted average portfolio rating of 'AAA'. Funds rated 'V1' are considered to have low sensitivity to market risk. On a relative basis, total returns are expected to exhibit high stability, performing consistently across a broad range of market scenarios.

The rating assigned to the fund may be sensitive to material changes in the fund's credit quality or market risk profile. A material adverse deviation from Fitch's guidelines for any key rating driver could cause ratings to be downgraded by Fitch. For example, if credit deterioration occurs such that the weighted average risk factor (WARF) increases beyond criteria levels for a AAA credit rating, negative ratings action may occur to the credit rating. Potential downgrades to the volatility rating are limited in scope, given the low sensitivities of the funds to interest rate and spread risks.

For additional information about Fitch's rating criteria applicable to bond funds, please review the criteria referenced below, which can be found on Fitch's web site at 'www.fitchratings.com'.

Contact:

Primary Analyst
Richard Woodrow, CFA
Analyst
+ 44 203 530 1388
30 North Colonnade
London E14 5GN

Secondary Analyst
Alastair Sewell
Director
+ 44 203 530 1147

Committee Chairperson
Aymeric Poizot, CFA, CAIA
Managing Director
+ 33 1 44 29 92 76

Media Relations: Michelle James, London, Tel: +44 0203 530 1574, Email: Michelle.James@fitchratings.com.

Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

The sources of information used to assess this rating were the public domain and CCLA.

Applicable Criteria: Global Bond Fund Rating Criteria, dated 16 August 2011 at www.fitchratings.com

Applicable Criteria and Related Research:

Global Bond Fund Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=648577

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.