



COIF Charities Deposit Fund

Fund Profile – 31 December 2011

CCLA's Deposit Funds provide a range of very attractive benefits for charity investors. These include a strong focus on security of capital, competitive returns and strong customer service. This combination of benefits makes the COIF Charities Deposit Fund one of the most attractive homes for charity cash holdings in the market today.

Capital security is the prime objective

We seek capital security by spreading deposits across a large number of high quality borrowers – typically 25-30 on any one day. All of the borrowers are reviewed on a daily basis and if we have any doubts at all about their quality, we simply stop lending to them. The list of those currently approved to borrow from the Fund is as follows.

ANZ Banking Group	Danske Bank	Nordea Bank Finland
Bank of Montreal	DBS Bank	Op-Pohjola Group
Bank of New York Mellon	Deutsche Bank	Rabobank
Bank of Nova Scotia	HSBC	Royal Bank of Canada
Bank of Scotland	JP Morgan Chase Bank	Royal Bank of Scotland
Bank of Tokyo-Mitsubishi UFJ	Landesbank Baden-Wuerttemberg	Santander UK
Barclays	Landesbank Berlin	SEB
Bayerische Landesbank	Landesbank Hessen-Thuringen	Société Générale
BNP Paribas	Girozentrale	Standard Chartered Bank
Clydesdale Bank	Lloyds TSB Bank	Sumitomo Mitsui Banking Corp.
Commerzbank	National Australia Bank	Svenska Handelsbanken
Commonwealth Bank of Australia	National Bank of Canada	Toronto-Dominion
Credit Agricole CIB	National Westminster Bank	UBS
Credit Industriel et Commercial (CIC)	Nationwide	Westpac Banking Corporation

as at 3 October 2011

The portfolio has no exposure to peripheral Europe.

Careful control of lending limits

All our approved borrowers are subject to strict limits on how much each can borrow. These limits are based on the quality of each individual borrower in the following way.

Short term rating	Long term rating	Support	Sovereign	Lending limit
UK Institutions				
F1	A	1	n/a	10%
F1	A	4	n/a	5%
Overseas Institutions				
F1 +	AA-	1	AA-	10%
F1	A	1	AA-	5%

With country allocations as follows:

Country	Individual country limit (% of total Fund)
UK	100%
Other	30%

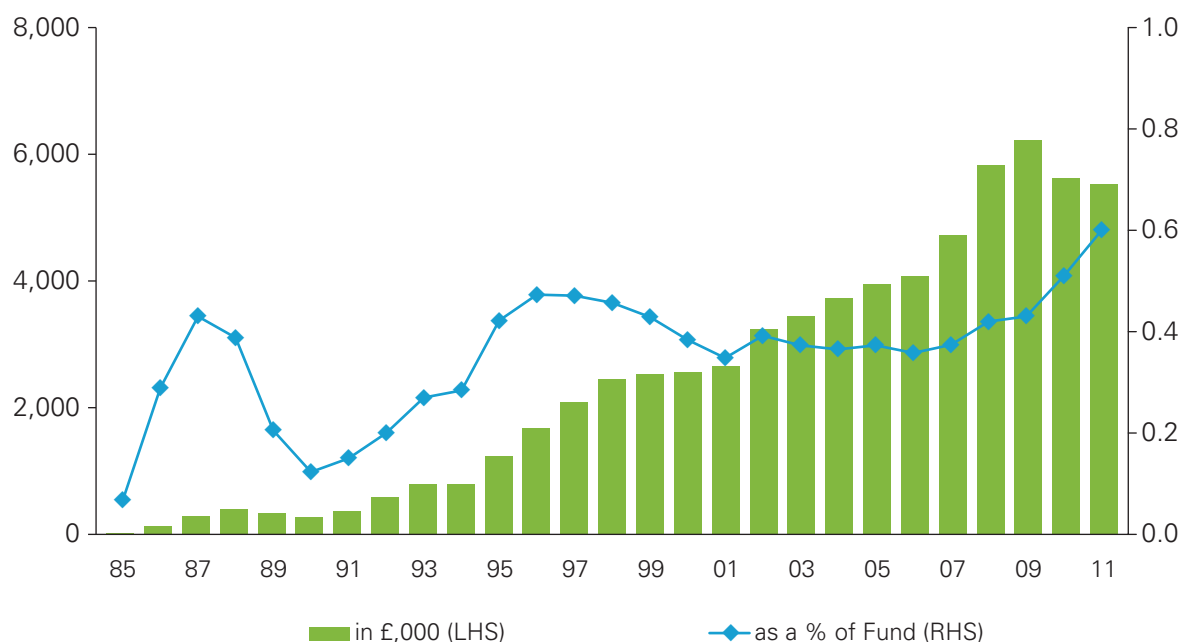
In addition we do not lend to anyone for more than one year, and any loan of more than three months is limited to the stronger borrowers.

Independent review of the Funds

The quality of our approach is reflected in the AAA/V1 rating awarded to the Fund by Fitch Ratings, one of the leading credit rating agencies in the world. AAA ('Triple A') is the highest credit rating available and has been given in recognition of the investment policy, the quality of the approved lending list, the quality of the investment management and the strength of the internal controls.

The income reserve

The Fund has the huge advantage of an income reserve which has been built up over many years. This reserve can act as a buffer against losses in the very unlikely event of a counterparty default or to smooth income flows if there are unexpected market movements.



Data as at 31 December 2011

Working hard to earn attractive returns

The Fund achieves competitive rates by using its substantial size to offer potential borrowers access to large credit balances. This keeps the borrowers' costs down and is rewarded with higher rates. In addition we always seek to maximise income by looking for the best deals available from across our list of approved borrowers that are consistent with the security objectives of the Fund. These change frequently and it is important to have an active management style that allows the Fund to take advantage of opportunities as they arise.

A key component of our management is understanding how much day to day liquidity is required by investors. Short term deposits provide flexibility but can also reduce returns and so we need to manage carefully how much is invested on a short term basis. We monitor each day the flows of deposits and withdrawals to optimise the lending profile. Our preference is to structure the Fund so that liquidity is provided by a steady flow of maturing longer term deposits rather than holding large sums inefficiently in short-term deposits.

The asymmetry of risks on cash deposits

Why do we focus so much on capital security when by lowering standards we could pay a higher rate of interest? Its because the upside and downside of taking risks with cash are not evenly balanced. The potential gain is perhaps a percent on income. The downside is a risk of loss of all the income and possibly some capital too.

Efficient administration, easy access, fair charges

The investment process is supported by a service approach which is designed to make things easy and convenient for our customers.

For clients with deposits of less than £5m, there is no notice requirement for withdrawals. For clients with deposits in excess of £5m, the Fund reserves the right to withhold payments for up to 7 days, but this is a precautionary requirement designed to protect our depositors and we have never used this facility. Transfers direct to the client account via BACS are available free of charge and withdrawals can also be made by cheque or by CHAPS. There is no minimum balance requirement and no hidden charges – we take only our fee, at 0.2% per annum, which is deducted before we calculate the interest rate payable to investors.

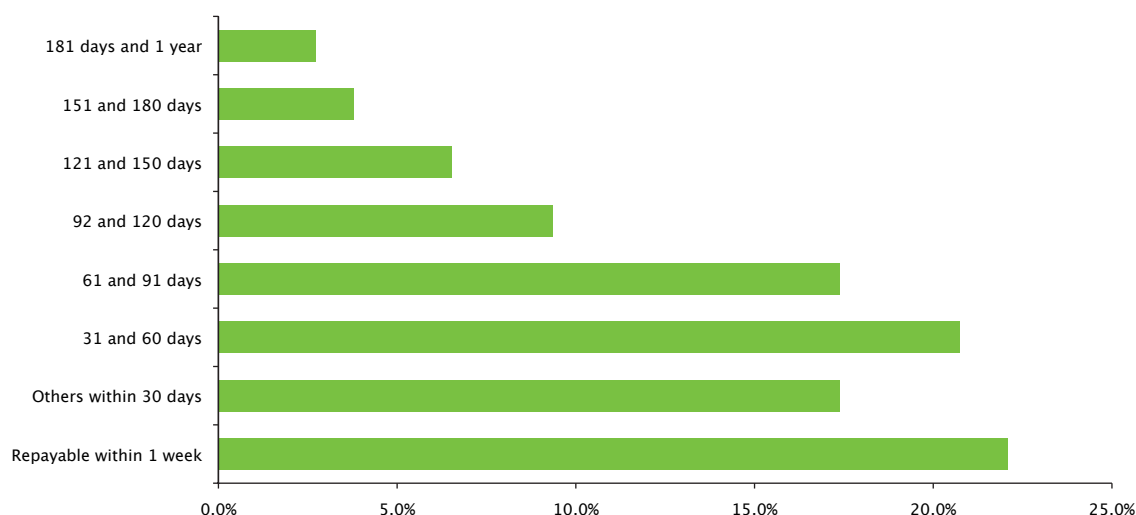
Interest earned by the Fund is declared daily and paid gross to depositors at the end of each quarter. We support the Fund with a Client Service team who are on hand to answer questions and help clients through any operational issues they might have.

A number of clients have asked why the interest rate on the Fund is not as high as some rates on offer

Official interest rates have been stable at 0.5% since March 2009 and gradually the market rates for top quality borrowers have declined to this level. Of course, not all borrowers are top quality and there are many weaker institutions that do not meet our standards which are willing to pay more. In addition some banks are using interest rates to regain business lost in the credit crunch. Typically the demand is for term deposits, where cash is tied up for several months or more, denying access if conditions change or the quality of the borrower deteriorates. We work hard to achieve an attractive rate which is available to all depositors, but will not compromise on security.

In recent months more banks have failed our quality tests and have been removed from our approved list.

The Fund's maturity profile



Data as at 31 December 2011

Importantly the Fund has maintained its excellent performance record.

Long term performance

The record reflects the focus on consistent long term returns.

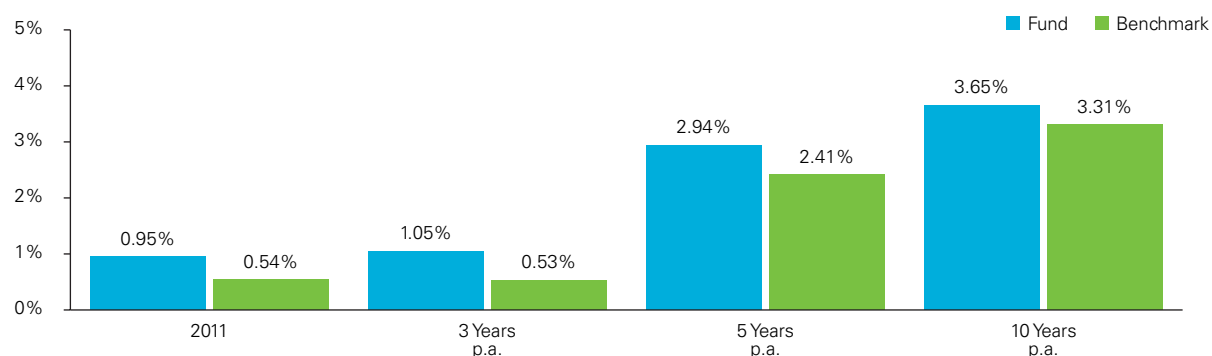
Total return performance (gross) 12 months to end of December

	2011	2010	2009	2008	2007
COIF Charities Deposit Fund	+0.9%	+0.7%	+1.5%	+5.8%	+5.9%
Benchmark*	+0.5%	+0.5%	+0.6%	+4.8%	+5.8%

* The benchmark is the 7 Day LIBID

Source: CCLA – Gross performance shown before management fees and expenses with gross income reinvested: net returns will differ after the deduction of fees and charges. Past performance is no guarantee of future returns.

Consistent performance over time



Key facts

Fund Size	£920m
Credit fund and volatility rating by Fitch	AAA/V1
Weighted average maturity	52 days
Launch date	March 1985
Minimum initial investment	Nil
Minimum subsequent investment	Nil
Dealing day	Daily*
Withdrawals	On demand**
Interest payment dates	End March, June, September & December
Annual management charge	0.20% (taken 100% from income)

* Dealing instructions must be received by 9.30 am.

** For withdrawals over £5 million we reserve the right to be given seven days' notice.

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

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The Fund is a common deposit fund established by the Charity Commission under the Charities Act 1993 section 25 and deposits in the Fund are only available to charities within the meaning of section 96 of the Charities Act.

CCLA Investment Management Limited (registered in England No. 2183088 at the office below) is authorised and regulated by the Financial Services Authority and is the manager of the COIF Charity Funds (registered charity Nos. 218873, 803610, 1046249, 1093084, 1121433 and 1132054).

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