



for Charities

COIF Charities Global Equity Income Fund

**Annual Report and Accounts
Period from 6 December 2007
to 31 December 2008**

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Details of Board and Manager

(inside back cover)

Description of COIF Charity Funds

(outside back cover)

Disability Discrimination Act 1995

Extracts from the Report and Accounts are available in large print and audio formats.

Report of the Board

for the period from 6 December 2007 to 31 December 2008

On behalf of the Board, we have pleasure in presenting our annual report of COIF Charities Global Equity Income Fund (the Fund).

Structure and management of the Fund

The Fund was established as a Common Investment Fund by a Charity Commission Scheme dated 30 October 2007 under section 24 of the Charities Act 1993. The Fund was launched on 6 December 2007.

The Financial Services Authority (FSA) rules for the operation of Unregulated Collective Investment Schemes apply to CCLA Investment Management Limited's (the Manager) management of the Fund.

The investment management, administration, registrar and secretarial functions of the Fund have been delegated to the Manager. The Fund has a Board which meets at least four times per annum to receive reports and monitor the progress of the Fund. The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments, charities and the law. No Board member is required to be authorised by the FSA because no Board member carries out regulated activities in relation to the Fund.

The Board is responsible for setting and subsequently advising on the investment policy of the Fund, monitoring performance, obtaining Charity Commission orders for the appointment and discharge of the Manager and Corporate Trustee (the Trustee), appointing the Auditor to the Fund and

agreeing the fees charged by the Trustee, the Manager and the Auditor.

The Trustee, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars, and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and trustee functions provides an additional layer of protection for unitholders.

Objective and benchmark of the Fund

The Fund, consisting of a diversified range of investments, principally equities but including other asset classes, aims to be suitable for a charity's long-term capital, providing a return that is even-handed between present and future beneficiaries. It is believed that over the longer-term this approach should help to protect both capital and income from the effect of inflation. The Fund has a specific objective of providing an attractive and growing income yield.

The Fund aims to provide an income yield greater than that on the FTSE All World Series World Index.

Investment policy

The Fund may trade in Eligible Securities and Investment Markets on recognised and designated investment exchanges as approved by the Board from time to time. The Manager must have regard to the need for diversification and the suitability of investments.

Report of the Board

for the period from 6 December 2007 to 31 December 2008

Except with the prior approval of the Charity Commission the Manager shall not engage in the business of underwriting or sub-underwriting any new issue of units, stocks or other securities.

The Fund may borrow up to 10% of the value of the Fund temporarily for the purpose of meeting any payment to be made out of the Fund. Cash awaiting investment may be deposited with a bank or in a Common Deposit Fund established under section 25 of the Charities Act 1993, as amended or replaced from time to time.

The Fund may also borrow up to 25% of the net asset value of the Fund in connection with the acquisition or management of any land.

The Fund may invest up to 10% of the net asset value of the Fund in transferable securities issued by any one single body other than government and other public securities.

The Fund may invest up to 35% of the net asset value of the Fund in any one collective investment scheme.

Investment may only be made in other collective investment schemes or collective deposit schemes managed by the Manager or an associate of the Manager, if the trust deed or other instrument constituting the schemes

states that its investment will be restricted to a particular geographic area or economic sector, or type of security or direct property and provided that there is no double charging of the management fee.

Review of investment activities and policies of the Fund

The Board met quarterly during the period to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board monitored the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the company, which are included within these accounts in the Portfolio Statement for the Fund.

During the period the Board also met quarterly with the Manager to review investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

Responsible investment

The Fund is promoted as a responsible fund that considers the environmental, social and governance impacts of the companies in which

Report of the Board

for the period from 6 December 2007 to 31 December 2008

the Fund invests. The Board's main purpose is to obtain the best return for unitholders, consistent with commercial prudence and the need to ensure adequate spread and diversification of assets.

In addition, the Board has adopted a responsible investment policy. First, the Board's policy, within its fiduciary duty, is for the Fund to avoid direct investment in armaments, gambling and tobacco. Secondly, the Board has agreed a proactive engagement process, through which the Manager engages, on behalf of the Fund, with the companies in which it invests on environmental, social and governance issues that may have a material impact on business, such as supply chain management, environmental impacts, human rights and labour standards. The Board believes this to be a responsible and appropriate response to the concerns of unitholders and the guidelines issued by the Charity Commission.

Controls and risk management

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. 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.

During the period, the Board, assisted by the Manager, reviewed the Fund's systems of internal control. Every six months the Board receives from the Manager, and reviews, a formal risk management report setting out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk in terms of both gross and residual exposure after application of mitigating controls.

New Chairman

Following the Board meeting held on 25 February 2009 (at which these Annual Report and Accounts were signed), Mr B Wrey retired as a Board Member and Chairman of the Fund after eleven years of service to the COIF Funds as Board Member, including, as Chairman since April 2005.

Mr D Henderson, a current Board Member of the Fund, was appointed Chairman of the Fund with effect from conclusion of the Board meeting held on 25 February 2009. He has been a Board Member since July 2006.

B Wrey
Chairman of the Board

25 February 2009

Report of the Investment Manager

for the period from 6 December 2007 to 31 December 2008

- Attractive income now
- Rising income in the future
- Strong growth opportunities from the global economy

Performance

Over the year the Fund returned -24.20% before management expenses. The period was one of substantial weakness in global equity markets as investor confidence was drained by weakening economic data and concerns over the crisis in the financial industry. A positive factor for the Fund was the weakness of sterling on international currency markets. Over 2008 the UK currency fell by 26.48% against the US dollar, 23.14% against the euro and 40.23% against the yen.

After expenses the Income Units fell by 24.88% and the Accumulation Units by 24.91%. The Fund achieved its initial goal

to declare an annual dividend of 6.00p per Income Unit. As at 31 December 2008 the dividend yield on the Fund was 5.67%. This compares with equivalent yields on the FTSE All-Share Index and the FTSE All-World Index of 4.49% and 3.92%, respectively.

Market Review

Two events dominated investment markets in 2008, the extraordinary and potentially disastrous crisis in the financial industry and the slide into recession of the developed economies which occurred in the second half of the year.

The financial crisis had its epicentre in the United States but the impact on the UK was nearly as great and international banks in Europe were also affected. The scale and depth of the problem was such that it required government intervention on a massive scale to re-establish stability in the banking sector

COIF Charities Global Equity Income Fund

Total capital and income return

To 31 December 2008	1 year % p.a.	Since Launch % p.a.
<u>Performance against market indices (before expenses)</u>		
COIF Charities Global Equity Income Fund	-24.20	-24.99
FTSE-All-World Index	-19.36	-19.00
FTSE All-Share Index	-29.93	-30.09
MSCI Value UK Index	-28.10	-28.36
MSCI Value Europe ex UK Index	-30.61	-30.23
MSCI Value US Index	-12.10	-11.46
MSCI Value Asia Pacific ex Japan Index	-39.24	-40.86
<u>Performance after expenses</u>		
Income units*	-24.88	-25.70
Accumulation units*	-24.91	-24.74

* Net asset value to net asset value plus income reinvested

Source: The Manager

Report of the Investment Manager

for the period from 6 December 2007 to 31 December 2008

and maintain public confidence. In the UK, Bradford & Bingley, Alliance and Leicester and HBOS were forced to seek support or rescue. Royal Bank of Scotland and Lloyds TSB received fresh capital from the government and Barclays raised new funds from external investors. In the United States, Fannie Mae and Freddie Mac, the companies at the heart of the mortgage industry, and AIG, once the largest insurance company in the world, required government aid whilst Merrill Lynch was taken over and both Wachovia Bank and Washington Mutual lost their independence.

The economic downturn was evident in the summer months but accelerated sharply in the autumn as the financial crisis, and in particular the dire shortages in credit markets, manifested themselves in the real economy. All measures of activity registered a severe slowdown with industrial production hit particularly hard and growing pressure on consumer expenditure.

A feature of the period was forced selling from investors who were squeezed by margin calls, reduced borrowing facilities and client withdrawals. These pressures, at their strongest in October and November, moderated in December allowing a sharp rally in prices to occur as the year ended.

Strategy

Investments for the Fund are chosen on their individual merits. The Manager tries to identify companies with a good yield which is well covered by earnings and where we expect rising dividends in the future. We look for strong companies wherever they might be and build the portfolio from a 'bottom up' perspective; there is therefore no predetermined allocation to any geographical area or to any industrial sector. This means that the disposition of assets will differ from that of the FTSE All-World Index. At the end of the period the Fund had relatively high weightings to the United Kingdom and underweight positions in North America and Japan.

Outlook

Economic activity is weakening sharply and it is likely that the developed economies of the world will experience a recession in 2009. Within this overall picture the UK is likely to experience more difficult conditions than many other countries in terms of both the depth and duration of the downturn. Activity in emerging economies will be at higher levels but it is clear that they are not immune from the global slowdown so that, although growth will continue, it will not be at the pace enjoyed in recent years. That they will grow is important since this diverse group of countries now account for 50% of overall global

Report of the Investment Manager

for the period from 6 December 2007 to 31 December 2008

economic output. Inflation pressures will fall back everywhere and will be close to zero in the UK on a CPI basis, negative on the RPI measure. Against a backdrop of weak demand and low inflation, and with a clear need for action to stimulate activity once again, interest rates will decline from current levels and are likely to stay low for the year ahead.

Equities across the world have fallen back sharply over the past year to levels which discount gloomy expectations for the economy, for profits and for dividends. Valuation comparisons with bonds are attractive relative

to historic ranges. These factors should provide support for share prices and we are hopeful that a bottoming process for equity markets is underway. That does not mean however that we expect that recovery will come swiftly – or indeed that we have necessarily seen the low point in prices for the current cycle.

M Humphreys
Fund Manager
CCLA Investment Management Limited

25 February 2009

Risk warning

The Fund's units and the income from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

The Fund's units 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 Fund may invest in emerging market countries which could be subject to political and economic change. The Fund's unit value will reflect fluctuations in the unit prices and currency exchange rates.

Report of the Corporate Trustee

for the period from 6 December 2007 to 31 December 2008

We confirm that based upon the information available to us, we are of the opinion that the Manager of the Scheme has, in all material respects, managed the Scheme during the period covered by these accounts in accordance with the limitations imposed upon the investment and borrowing powers of the Manager and Trustee, and in accordance with the provisions of the Scheme.

This report is given on the basis that no breaches are subsequently advised to us by the Auditors before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London E14 5HQ

*HSBC Bank plc is authorised and regulated by
the Financial Services Authority*

25 February 2009

Report of the Independent Auditor

to the unitholders of COIF Charities Global Equity Income Fund

We have audited the financial statements of COIF Charities Global Equity Income Fund for the period from 6 December 2007 to 31 December 2008 which comprise the statement of total return, the statement of change in unitholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes, the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Scheme of the Charity Commissioners under the Charities Act 1993. Our audit work has been undertaken so that we might state to the unitholders 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 the Fund and the unitholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board, Manager and Auditor

The Manager is responsible for the preparation of the annual report and financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of the Board, Trustee and Manager responsibilities

in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom generally accepted accounting practice, the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993. We also report to you if, in our opinion, the Report of the Investment Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Investment Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Report of the Independent Auditor

to the unitholders of COIF Charities Global Equity Income Fund

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund as at 31 December 2008 and of the net income and the net losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, Regulation 4 of the Charities (Accounts and Reports) Regulations 1995 and the Scheme of the Charity Commissioners under the Charities Act 1993, dated 29 November 2000.

Ernst & Young LLP
Registered Auditor
London

25 February 2009

The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the directors of CCLA Investment Management Limited; the work carried out by the auditor of COIF Charities Global Equity Income Fund does not involve consideration of these matters and, accordingly,

the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Net asset value, unit price range, net distribution, unit prices and total expense ratio

Net asset value

	Net asset value	Income units		Accumulation units	
	£'000	Net asset value pence per unit	Number of units in issue	Net asset value pence per unit	Number of units in issue
At 31 December 2008	40,242	105.76	37,517,737	111.39	504,625

The net asset value is calculated on the mid-market value basis compared to the balance sheet where the assets are valued on a bid-market value basis in accordance with the Statement of Recommended Practice for Authorised Funds which was issued by the Investment Management Association (IMA) in December 2005.

Unit price range

Period from	Income units		Accumulation units	
	Highest offer pence per unit	Lowest bid pence per unit	Highest offer pence per unit	Lowest bid pence per unit
6 December 2007 to 31 December 2008	150.00	91.13	150.00	94.57

Net distribution

Period from 6 December 2007 to 31 December 2008	Annual distributions	
	Income units pence per unit	Accumulation units pence per unit
	6.26	7.42

Unit prices at 31 December 2008

	Bid price pence per unit	Offer price pence per unit
Income units	105.18	106.34
Accumulation units	110.78	112.00

The unit prices are published in the *Financial Times* and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 0.55% deduction or surcharge.

Total expense ratio

Total expense ratio	31.12.2008 0.95%
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The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the period.

Statement of total return

for the period from 6 December 2007 to 31 December 2008

	Notes	31.12.2008	
		£'000	£'000
Net losses on investments during the period	2		(15,572)
Other losses	3		(17)
Income	4	2,813	
Expenses	5	<u>(456)</u>	
Net income before taxation		2,357	
Taxation	6	<u>(175)</u>	
Net income after taxation for the period			<u>2,182</u>
Total return before distributions			(13,407)
Finance costs: distributions	7		(2,243)
Change in net assets attributable to unitholders			<u>(15,650)</u>

Statement of change in unitholders' net assets

for the period from 6 December 2007 to 31 December 2008

	31.12.2008	
	£'000	£'000
Net assets at start of the period		-
Movement due to creations and cancellations of units		
Amounts receivable on creation of units	55,787	
Less: amounts payable on cancellation of units	<u>(23)</u>	
		55,764
Change in net assets attributable to unitholders (see above)		(15,650)
Retained distribution on accumulation units		24
Net assets at end of the period		<u>40,138</u>

The notes on pages 18 to 25 form part of these accounts.

Portfolio Statement

at 31 December 2008

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
UNITED KINGDOM 26.52%				Financials 2.53%			
Oil & Gas Producers 5.50%				Aviva			
BP	192,780	1,013	2.52	HSBC	53,346	208	0.52
Royal Dutch Shell				KSK Emerging	62,333	413	1.03
B Shares	69,392	1,197	2.98	India	500,000	394	0.98
Basic Materials 1.12%				Preference shares 0.66%			
Anglo American	8,031	124	0.31	HBOS 9.25%			
BHP Billiton	15,690	203	0.51	Preference			
Rio Tinto (UK)	7,987	119	0.30	Shares	312,000	266	0.66
Industrials 1.41%				EUROPE 22.48%			
Rolls Royce	168,556	565	1.41	Belgium 0.21%			
Consumer Goods 4.17%				KBC Groep			
Associated					4,054	84	0.21
British Foods	73,888	539	1.34	France 7.79%			
Cadbury	91,853	556	1.38	Axa	21,231	325	0.81
SAB Miller	50,071	582	1.45	France Telecom	24,694	477	1.19
Health Care 3.01%				Gaz de France			
AstraZeneca	16,825	472	1.18	Societe Generale	8,022	274	0.68
GlaxoSmithKline	57,119	734	1.83	Total	26,302	916	2.28
Consumer Services 4.21%				Vivendi Universal			
Compass	136,581	469	1.17		21,784	820	2.04
Morrison (WM)					14,092	317	0.79
Supermarkets	191,874	537	1.34	Germany 2.65%			
Signet Jewellers	15,641	91	0.23	E.on	10,278	279	0.69
WPP	146,881	591	1.47	Munich Re	2,723	288	0.72
Telecommunications 2.07%				RWE AG			
Vodafone	597,107	830	2.07		8,119	497	1.24
Utilities 1.84%				Italy 6.18%			
British Energy	22,827	176	0.44	Enel	79,354	340	0.85
National Grid	48,459	331	0.82	ENI	98,148	1,560	3.89
United Utilities	37,012	232	0.58	Intesa Sanpaolo	104,485	249	0.62
Netherlands 2.43%				Terna			
Akzo Nobel					90,283	202	0.50
ING				Unicredito	78,347	129	0.32

Portfolio Statement

at 31 December 2008

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
KPN	36,597	368	0.92	Dow Chemical	53,972	565	1.41
Unilever NV	18,778	315	0.78	Du Pont De Nemours	32,252	566	1.41
Norway 0.81%				Entergy	6,725	388	0.97
DnB NOR	44,800	119	0.30	FPL	11,869	415	1.03
Prosafte	78,800	204	0.51	Freeport 6.75% Convertible Preference Shares	1,400	46	0.11
Spain 1.31%				Frontier Communications	79,811	484	1.21
Repsol	15,519	227	0.57	J P Morgan Chase	13,500	295	0.73
Telefonica	19,275	296	0.74	Johnson & Johnson	15,090	626	1.56
Switzerland 0.53%				Kraft Foods	19,663	366	0.91
Credit Suisse	11,525	215	0.53	Leggett & Platt	24,800	262	0.65
General European 0.57%				Masco	46,870	362	0.90
EFG Eurobank Erg	20,500	113	0.28	Merck & Co	11,200	236	0.59
Ford Otosan	59,445	116	0.29	Pfizer	171,365	2,107	5.25
UNITED STATES OF AMERICA 30.94%				Verizon Communications	41,286	972	2.42
Anadarko Petroleum	11,700	313	0.78	Wyeth	22,581	588	1.46
AT&T	20,836	412	1.02	JAPAN 1.68%			
Bank of America 7.25% Convertible Preference Shares	1,400	633	1.58	Ichiyoshi	24,200	132	0.33
Bristol-Myers Squibb	21,200	342	0.85	Nippon Oil	158,000	542	1.35
Chevron	8,400	430	1.07	PACIFIC BASIN 8.49%			
Chubb	13,700	485	1.21	Australia 1.54%			
Citigroup	34,542	161	0.40	Macquarie Infrastructure	770,780	620	1.54
ConocoPhillips	20,299	730	1.82	Hong Kong 1.05%			
Diamond OS Drilling	8,700	356	0.89	BOC Hong Kong	233,500	182	0.45
Dominion	11,399	283	0.71	Swire Pacific A	50,500	242	0.60

Portfolio Statement

at 31 December 2008

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
New Zealand 1.43%			
Telecom Corp of NZ	615,310	572	1.43
Singapore 1.78%			
Singapore Press	195,000	293	0.73
Singapore Tele- communications	230,000	283	0.70
Suntec REIT	412,000	141	0.35
Taiwan 2.69%			
TSM	196,775	1,079	2.69
OTHER OVERSEAS 4.24%			
Kimberley-Clark			
MXC	214,906	453	1.13
Mobinil	28,831	532	1.33
Petro-Canada	9,400	143	0.36
Redecard	47,900	366	0.91
Telus Non Canadian	9,700	203	0.51
PORTFOLIO OF INVESTMENTS		37,869	94.35
NET OTHER ASSETS		2,269	5.65
NET ASSETS		<u>40,138</u>	<u>100.00</u>

Balance sheet

at 31 December 2008

		<i>31.12.2008</i>	
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
ASSETS			
Portfolio of investments			37,869
Debtors	8	150	
Cash and bank balances	9	<u>2,744</u>	
Total other assets			2,894
Total assets			<u>40,763</u>
LIABILITIES			
Creditors	10	32	
Distribution payable on income units		<u>593</u>	
Total liabilities			625
Net assets attributable to unitholders			<u>40,138</u>
Approved on behalf of the Board			
25 February 2009		<i>B Wrey, Chairman</i>	

The notes on pages 18 to 25 form part of these accounts.

Summary of material portfolio changes

for the period from 6 December 2007 to 31 December 2008

	<i>Cost £'000</i>
Total purchases for the period (note 16)	100,335
Major purchases:	
ENI	2,349
Royal Dutch Shell B Shares	2,049
Pfizer	1,969
Bank of America	1,765
TSM	1,720
Total	1,386
Vodafone	1,346
Verizon Communications	1,317
Dow Chemical	1,216
Old Mutual	1,142
Macquarie Infrastructure	1,131
Telecom Corp of NZ	1,116
Telstra	1,093
Societe Generale	1,093
GlaxoSmithKline	1,092
Du Pont De Nemours	1,073
Intesa Sanpaolo	1,072
RWE AG	1,035
Lloyds Banking	1,031
Citigroup	1,015

The above represents the 20 largest purchases aggregated per investment during the period.

Summary of material portfolio changes

for the period from 6 December 2007 to 31 December 2008

	<i>Proceeds</i> <i>£'000</i>
Total sales for the period (note 16)	47,821
Major sales:	
Telstra	1,546
Bank of America	1,011
TSM	859
ENI	793
Statoilhydro	700
Royal Dutch Shell B Shares	672
Bank Hapoalim	649
Gaz de France	647
Old Mutual	572
Total	538
Barclays	537
Amlin	526
RWE AG	523
Intesa Sanpaolo	513
Lloyds Banking	504
Vodafone	493
Progress Energy	483
Hang Seng Bank	469
BT	468
Sanofi-Aventis	444

The above represents the 20 largest sales aggregated per investment during the period.

Notes to the accounts

1. Accounting policies

- (a) Basis of accounting
The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with policies set out below, the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission in March 2005 and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005.
- (b) Income recognition
Dividends on ordinary stocks, including special dividends where appropriate and preference shares, and unit trusts are accrued to income on the dates when the investments are first quoted ex-dividend. Interest on bank and COIF Charities Deposit Fund balances is accrued on a daily basis.
- (c) Expenses
The Manager's periodic charge, paid to the Manager, is charged to the capital of the Fund. During the period, the fee was based on a fixed percentage of the value of the Fund, 0.75% plus VAT. The Fund received a management fee rebate credited to the income of the Fund for its deposits in COIF Charities Deposit Fund where during the period management fees were charged to income. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. The Trustee fee, audit, legal, safe custody fees and transaction charges and insurance fees are charged separately to the income of the Fund before distribution.
- (d) Stock dividends
The ordinary element of stocks received in lieu of cash dividends is recognised as income of the Fund. Any enhancement above the cash dividend is treated as capital.
- (e) Special dividends, share buy-back or additional share issue
Whether a special dividend, share buy-back or additional share issue is income or capital by nature depends upon the facts of each individual case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend is regarded as capital by nature. Otherwise, the special dividends are regarded as income.

Notes to the accounts

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in income which arise over the period (see note 11).

(g) Basis of valuation

Listed investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any unquoted, unlisted, delisted or suspended investments are stated at cost or valuation by the Manager and reviewed by the Board.

Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

(h) Foreign exchange

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

The Fund may enter into forward foreign 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 foreign 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.

(i) Reporting period and comparative information

The Fund began trading on 6 December 2007. The figures for the period ended 31 December 2008 reported in these financial statements covers the period from the date of commencement in trading. There are no comparative figures to report.

2. Net losses on investments

31.12.2008
£'000

The net losses on investments during the period comprise:

Non-derivative securities

(15,120)

Forward currency contracts

(452)

(15,572)

3. Other losses

31.12.2008
£'000

Other losses comprise:

Currency losses

(17)

Notes to the accounts

4. Income	31.12.2008
	£'000
UK dividends	489
Overseas dividends	2,280
Bank interest	(7)
Interest on COIF Charities Deposit Fund	50
Other	1
	<u>2,813</u>

5. Expenses	31.12.2008
	£'000
Payable to the Manager, associates of the Manager and agents of either of them:	
Manager's periodic charge – see note 1(c)	395
Manager's periodic charge rebate – see note 1(c)*	(2)
	<u>393</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:	
Safe custody fees and transaction charges	44
	<u>44</u>
Other expenses:	
Audit fee	11
Professional fees	8
	<u>19</u>
Total expenses	<u>456</u>

* This amount represents the rebate of management fees credited to the Fund's income for its deposits in COIF Charities Deposit Fund where the management fees are charged to income.

The above expenses include VAT where applicable.

6. Taxation

The Fund is exempt from UK income tax and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid and reinvested income credited gross to unitholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Withholding tax is credited to income when it is recovered.

	31.12.2008
	£'000
Overseas taxation suffered in the period	186
Overseas taxation recovered in the period	(11)
Total taxation	<u>175</u>

Notes to the accounts

7. Finance costs

Distributions

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

	31.12.2008
	£'000
31 December 2007 – interim distribution	89
31 March 2008 – interim distribution	459
30 June 2008 – interim distribution	570
30 September 2008 – interim distribution	569
31 December 2008 – final distribution	599
	<u>2,286</u>
Add: income deducted on cancellation of units	-
Deduct: income received on creation of units	(43)
Net distribution for the period	<u>2,243</u>
Net income after taxation for the period	2,182
Manager's periodic charge – see note 1(c)	395
Transfer to income reserve – see note 11	(334)
Net distribution for the period	<u>2,243</u>

Details of the distribution per unit are set out in the distribution table on page 26.

8. Debtors

	31.12.2008
	£'000
Accrued income	149
Prepayments	<u>1</u>
	<u>150</u>

9. Cash and bank balances

	31.12.2008
	£'000
Cash in COIF Charities Deposit Fund	2,706
Cash at bank	38
	<u>2,744</u>

10. Creditors

	31.12.2008
	£'000
Accrued expenses	17
VAT payable	15
	<u>32</u>

Notes to the accounts

11. Income reserve

The income reserve, accumulated out of income, is used to smooth fluctuations in the distributable income of the Fund. The income reserve is included in the total capital value of the Fund attributable to income unitholders.

	31.12.2008
	£'000
Income reserve at the start of the period	-
Transfer to income reserve	334
Income reserve at the end of the period	<u>334</u>

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

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

Market price risk

This is an actively-managed Fund, which invests mainly in UK and overseas equities, and fixed interest investments. 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 unit price from time to time, although there will generally be a close correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a 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.

Notes to the accounts

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and income are denominated in currencies other than sterling, the base currency of the Fund. However, it does not seek to avoid this exchange rate movement risk on investments and income accrued but not yet received. In respect of income, receipts are converted to sterling shortly after receipt.

At 31 December 2008, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement. The total exposure at 31 December 2008 was:

<i>Currency</i>	31.12.2008 £'000
Australian Dollar	650
Brazilian Real	367
Canadian Dollar	208
Egyptian Pound	532
Euro	8,367
Hong Kong Dollar	419
Japanese Yen	674
Mexican Peso	453
New Turkish Lira	116
New Zealand Dollar	572
Norwegian Krone	323
Singapore Dollar	724
Swiss Franc	215
US Dollar	<u>13,731</u>
	<u>27,351</u>

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.

Notes to the accounts

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest stocks, unit trusts and Sterling and overseas cash deposits. These assets are generally liquid, except for the unit trusts which are realisable only on their weekly or monthly dealing dates and the holdings in the unquoted investments which are not readily realisable, and enable the Fund to meet the payment of any redemption of units that unitholders may wish to make.

Interest rate risk

The majority of the Fund's financial assets are equities which do not receive interest nor have maturity dates. The Fund also invests in fixed interest securities, the income of which 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 on the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities are set out below:

31 December 2008

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	2,729	-	10,683	13,412
Euro	-	-	8,367	8,367
US Dollar	14	-	13,717	13,731
Other	1	-	5,252	5,253
Total	2,744	-	38,019	40,763

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	625	625
Total	-	-	625	625

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

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

There were no derivatives held by the Fund at 31 December 2008.

Notes to the accounts

13. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 31 December 2008.

14. Board remuneration

The Board members receive no remuneration from COIF Charity Funds. Mr R Fitzalan Howard is a Director of the Manager and receives remuneration from the Manager, which is disclosed in that Company's accounts.

15. Related party transactions

The Manager's periodic charge is paid to the Manager and the Trustee fee, safe custody and transaction charges are paid to HSBC Bank plc, both related parties to the Fund. The amounts paid in respect of these charges are disclosed in note 5.

At 31 December 2008 the balance, due to the Manager and HSBC Bank plc were as set out below:

	31.12.2008
	£'000
The Manager	-
HSBC Bank plc - Trustee fee	6

There were no other transactions entered into with the Manager or HSBC Bank plc during the period.

At 31 December 2008 a cash balance of £2,706,239 was held in the COIF Charities Deposit Fund.

During the period the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund where the management fees were charged to income as disclosed in note 5.

16. Portfolio transaction costs

	31.12.2008
	£'000
Analysis of total purchase costs:	
Purchases in period before transaction costs	100,308
Commissions	27
Total gross purchases	<u>100,335</u>
Analysis of total sale costs:	
Gross sales in period before transaction costs	47,846
Commissions	(25)
Total net sales	<u>47,821</u>

Distribution table

for the period from 6 December 2007 to 31 December 2008

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per unit</i>
		2008
Income units		
31 December 2007	29 February 2008	0.26
31 March 2008	30 May 2008	1.30
30 June 2008	29 August 2008	1.56
30 September 2008	28 November 2008	1.56
31 December 2008	27 February 2009	1.58
		<u>6.26</u>
		<i>Income accumulated pence per unit</i>
Accumulation units		
31 December 2007		0.35
31 March 2008		1.42
30 June 2008		2.77
30 September 2008		1.62
31 December 2008		1.26
		<u>7.42</u>

Statement of Board, Corporate Trustee and Manager responsibilities

Responsibilities of the Board

The Board shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993, dated 30 October 2007, for the Fund 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 Particulars;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- make an annual report on the discharge of the Board's responsibilities;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- apply to the Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme: provided that any Board member who has any interests in the Trustee or the new Trustee shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and

- inform the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act 1993. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of the Scheme and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the provisions of this Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with the Scheme;

Statement of Board, Corporate Trustee and Manager responsibilities

- the creation and cancellation of units in accordance with the instructions of the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions to Participating Charities holding income units and making allocations to Participating Charities holding accumulation units in proportion to their respective units in the property of the Fund;
- preparing an annual report on the discharge of its responsibilities for the management of the Fund; and
- the authorisation of payment out of the property of the Fund of any reasonable costs or expenses of the Board members incurred by them in the execution of their duties in accordance with the Scheme.
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enables the Manager to demonstrate that the accounts as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

Responsibilities of the Manager

The Manager of the Fund is required by the Scheme to prepare accounts for the Fund in accordance with the Statement of Recommended Practice 2005 (Accounting and Reporting by Charities). The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;

The Manager is required to manage and administer the Fund in accordance with the Scheme, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities. The Trustee has appointed the Manager to act as Registrar to the Fund.

CCLA INVESTMENT MANAGEMENT LIMITED

COIF Charities Global Equity

Income Fund

(Charity Registration No. 1121433)

Board

B Wrey, MA, Chairman of the Board, *former Chairman, Henderson Global Investors*
T Bell, FRICS (appointed 28.10.08) *former Head of Property Investment, F&C Asset Management plc*
P Cawdron, FCA, *Company Director*
T Clark (appointed 26.2.08), *Solicitor, a former Partner, Slaughter and May*
A Daws (appointed 26.2.08), *Solicitor, Trustee of The Stroke Association, Non Executive Director of West Middlesex University*
R Fitzalan Howard, *Chief Executive, Fleming Family & Partners Asset Management Limited*
D Henderson, FCA, *Company Director, Chairman of Kleinwort Benson Private Banking*
A Huntley, FRICS (resigned 29.4.08)
G Newson, MRICS (appointed 28.10.08) *former Head of Property, Aberdeen Asset Management*
Mrs F Quint, *Barrister, specialising in charity law, former Deputy Commissioner Charity Commission*
N Wilson, *Solicitor (retired 26.2.08)*

Secretary

Mrs J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by
the Financial Services Authority*

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London EC2V 6DZ

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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

M Humphreys

Company Secretary

Mrs J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially Responsible Investment

Ms H Wildsmith

Corporate Trustee and Custodian

HSBC Bank plc

8 Canada Square, London E14 5HQ

Banker

The Royal Bank of Scotland plc

62/63 Threadneedle Street

London EC2R 8LA

Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street

London EC4M 6YH

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Independent Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED **COIF Charity Funds**

The COIF Charity Funds provide a ready and practical means for charities to obtain, at reasonable cost, constant professional investment and cash management for their long-term capital and short-term cash. They also provide protection through diversification combined with simplified administration.

COIF Charities Investment Fund

- A suitable 'all-in-one' long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income

COIF Charities Global Equity Income Fund

- Attractive income now
- Rising income in the future
- Strong growth opportunities from the global economy

COIF Charities Fixed Interest Fund

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

* The Deposit Fund is rated AAA/V1 by Fitch Ratings. This reflects the high credit quality of the portfolio and its low volatility.

COIF Charities Property Fund

- High quality, well-diversified commercial and industrial property portfolio
- Focus on delivering attractive income
- Actively managed to add value
- Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives

COIF Charities Deposit Fund

- A competitive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAA/V1 credit rating*

The COIF Charity Funds are common investment funds established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. The Deposit Fund was established under Section 25 of the Charities Act 1993. Any charity in the United Kingdom within the meaning of the Charities Act 1993 (as amended or replaced) may invest in the Deposit, Investment and Global Equity Funds. Any charity in England and Wales may invest in the Fixed Interest and Property Funds. CCLA Investment Management Limited operates as the Investment Manager and Administrator of the Funds.

The value of the investments may fall as well as rise and an investor may not get back the full amount originally invested. Deposits in the Deposit Fund are not covered by the Financial Services Compensation Scheme.

CCLA Investment Management Limited (registered in England No. 2183088 - registered office 80 Cheapside, London EC2V 6DZ) is authorised and regulated by the Financial Services Authority.

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