QUARTERLY BULLETIN

30 June 2008

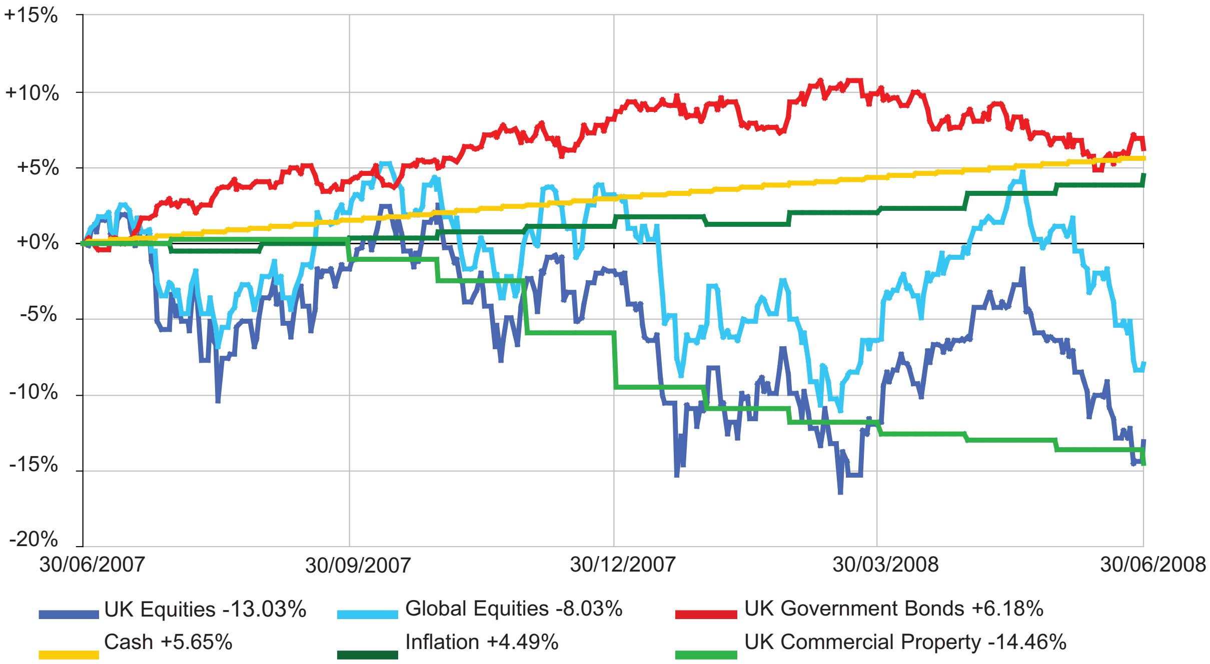
CCLA

for Charities

Market Review and Outlook

Markets at a Glance - 12 Months to 30 June 2008

Equities, bonds, cash and property - 1 year returns



Sources: Bloomberg, IPD: FTSE All-Share Total Return Index, FTSE All-World Total Return Index, FTSE UK Govt All-Stocks Total Return Index, IPD Monthly Total Return Index*, 7 Day LIBID, Retail Price Index* (*Latest monthly return estimated by CCLA).

Market Review & Outlook

- The quarter began with the investors focussing still on the credit crisis and its implications. Further announcements of losses in the financial industry were followed by fund raising by the banks to strengthen balance sheets battered by write - offs. In the UK, Royal Bank of Scotland raised £12 billion, the largest equity fund raising in European history. HBOS, Bradford and Bingley and Barclays also sought fresh capital but the list was not confined to the UK, with banks and insurance companies in the United States and Europe seeking additional funds.
- The problems were not limited just to companies, they increasingly affected consumers too. This in particular related to the availability and cost of credit as financial companies, no longer themselves able to achieve easy access to low cost funds, restricted customer access to loans and increased the costs of those that were on offer.
- Investment markets saw these developments as signs that the crisis was coming to its peak and took heart that, although certainly damaging to economic activity, it did not present a threat to the financial system as a whole. As a result, equities rallied and bonds, previously buoyed by safe haven buying from those anxious to find refuge from the volatility and weakness in equity markets, eased back in price.
- Midway through the quarter there was a significant change in sentiment as attention shifted away from credit concerns and instead focused on mounting inflationary pressures. The twin principal drivers were higher fuel and food prices which, in an environment where increased mortgage costs were already reducing disposable income, threatened to have a broad impact on consumer spending power. A robust response from the Central Banks, promising to act against the inflationary threat, caused expectations for interest rates to change. Where previously lower borrowing costs had been expected, to support slowing economic expansion, instead rates were thought at risk of rising to combat the pressure on prices.
- With economic growth restrained but prices driven higher by more buoyant demand elsewhere in the world economy, concerns rose that there was a risk of stagflationary conditions, in the UK and elsewhere in the world economy. As a result, in May, investment indices gave up the ground gained in the rally.
- In the fixed interest markets we have a defensive strategy in place against the impact of inflation on valuations.
- In the property sector our bias is to good quality investments with income growth potential.
- In equities we will maintain a high exposure to international markets and seek companies with attractive current dividend yields with the potential to grow them in the future.
- We are increasing the exposure to investments such as infrastructure which have strong long term growth characteristics and which are less exposed to the short term effects of investor sentiment.

Distributions for the Quarter

COIF Charities Fund	Distribution per Income Unit	Payment Date	
Investment Fund	10.23p	29/08/08	• This payment to investors represents a 21.8% increase on the payment for the comparable period of 2007. • The dividends for the past four quarters amount to 40.13p, compared with 35.75p for the year to end June 2007. This is a 12.25% increase. • We expect the payment for the whole year to show a substantial overall increase, one well above the rate of inflation.
Global Equity Income Fund	1.56p	29/08/08	• This is the first full year of the Fund and so there is no comparable payment from 2007. • Mid way through the period the Fund is comfortably on track to pay investors a yield of at least 4% based on the launch price of 150p per Income Unit. • The estimated annual distribution for the full year is at least 6.00p per Income Unit.
Fixed Interest Fund	1.80p	29/08/08	• The payment to investors is unchanged on the comparable period of 2007. • Our expectation is that the quarterly rate will be maintained over the balance of the year. • Based on an Income Unit price of 120.31p and a projected annual distribution of 7.20p, the income yield on the Fund is 5.98%. The corresponding gross redemption yield is 5.15%*.
Property Fund	1.80p	29/08/08	• The payment represents an increase of 9.1% on the payment for the comparable period of 2007. • The dividends for the past four quarters amount to 6.95p compared with 6.60p for the year to end June 2007. • We anticipate further growth in the dividend to unitholders over the balance of the year.

*The gross redemption yield indicates what the total return would be if the Fund's investments were held to maturity, in other words, the aggregate of gross interest received and the capital gain or loss at redemption, annualised. Please note that forecast annual income and income yields are not guaranteed and will change over time due to changes in interest rates and the securities held by a fund.

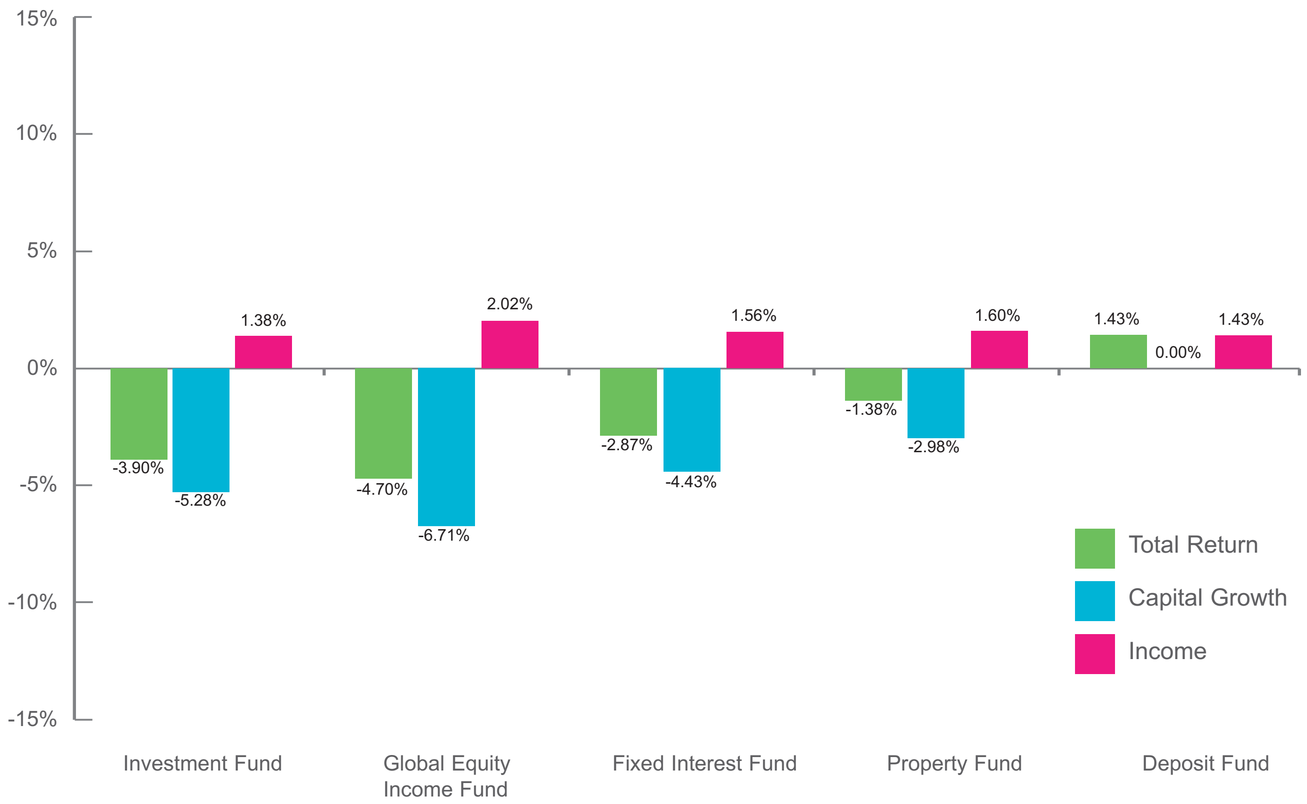
Interest for the Quarter

COIF Charities Deposit Fund

Average interest rate over the quarter	5.43% (5.54% A.E.R.)**	• The interest rate payable on the Fund is dependent on the rates available on the UK money markets. We expect that the Bank of England will maintain official interest rates at current levels in the near term. • The present high demand for credit has driven money markets rates to unusually high levels, which is benefiting the Fund and its depositors. • Over the period the Fund changed to rating agency Fitch Ratings. The rating achieved, AAA/V1 reflects the high credit quality of the portfolio and its low volatility characteristics.
Interest rate at the quarter end	5.50% (5.61% A.E.R.)**	

**A.E.R. = Annual Equivalent Rate, which illustrates what the annual interest rate would be if the quarterly interest payments were compounded.

Fund Performance
COIF Charity Funds over the Quarter (gross)



Source: CCLA. Gross returns before management fees and expenses. Please note that past performance is no guarantee of future returns. Investments in long term funds can go up and down in value and you may not get back the amount originally invested.

Performance Comment

COIF Charities Investment Fund

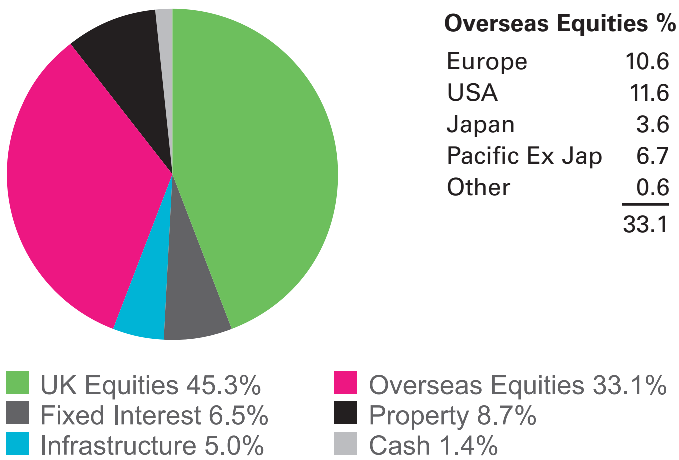
- The income payment to investors has been increased to 10.23p, a rise of 21.8% on the equivalent period in 2007, well above the rate of inflation.
- In a difficult investment environment the Fund has fallen in value. Comparisons with the WM Universe show relative weakness, reflecting the strategic bias to long term assets.
- Equity returns were generally weak, there were however positive relative contributions from cash, infrastructure and property.

Longer term total return performance (gross)
12 months to end June:

	2008	2007	2006	2005	2004
Fund	-11.8%	+15.6%	+16.9%	+16.4%	+11.8%
Benchmark	-8.1%	+15.1%	+16.0%	+16.6%	+13.0%

Benchmark - WM Co. CFS Universe, Total Assets (Current Quarter Estimated)

Asset Allocation as at 30 June 2008



Overseas Equities %	
Europe	10.6
USA	11.6
Japan	3.6
Pacific Ex Jap	6.7
Other	0.6
	33.1

Source: CCLA. Performance shown before management fees and expenses: net returns will differ after the deduction of fees and charges. Please note that past performance is no guarantee of future returns. Investments in long term funds can go up and down in value and you may not get back the amount originally invested.

Performance Comment (cont)

COIF Charities Global Equity Income Fund

- The Fund is on track to at least meet the yield target of 4% on the offer price of 150p.
- The background of weak investment markets means that the Fund has fallen in value over the period.
- The 'value' bias to stock selection, favouring stocks of good quality but which are currently out of favour with investors, has meant that the unit price has fallen more than a representative group of stock market indices.

Past performance data will be shown once the Fund has existed for 12 months.

COIF Charities Fixed Interest Fund

- Fixed income markets enjoyed support from investors seeking safe havens from the increased volatility of equity markets.
- The Fund produced returns better than the benchmark reflecting the defensive position in government securities and the contribution from higher income corporate bonds.
- Income for the period has been maintained at 1.8p.

Longer term total return performance (gross)
12 months to end June:

	2008	2007	2006	2005	2004
Fund	+6.0%	-0.4%	+1.7%	+10.9%	+0.6%
Benchmark	+3.1%	+0.3%	+1.6%	+10.9%	+0.3%

Benchmark – WM Co. CFS Universe, UK Bonds (Current Quarter Estimated)

COIF Charities Property Fund

- Commercial property prices have continued to ease back, trading volumes in the sector have been low.
- Against a dull background the Fund performed below its benchmark.
- Income payments for the quarter increased to 1.8p per unit, an increase of 9.1% over the period.

Longer term total return performance (gross)
12 months to end June:

	2008	2007	2006	2005	2004
Fund	-14.2%	+15.9%	+19.7%	+14.3%	+14.0%
Benchmark	-13.0%	+13.1%	+21.3%	+16.8%	+15.0%

Benchmark - IPD Monthly & Quarterly Valued Funds Excluding the Smallest & Largest 5% (Current Quarter Estimated)

COIF Charities Deposit Fund

- Although official interest rates have declined over the period, the effects of the credit crisis have meant that market rates have actually moved higher.
- The Fund maintained a strong focus on quality and outperformed its benchmark.
- At the end of the period the rate paid to investors was 5.50% (5.61% AER*). This compares with 5.35% (5.46% AER*) at the end of March.

Longer term total return performance (gross)
12 months to end June:

	2008	2007	2006	2005	2004
Fund	+6.1%	+5.3%	+4.7%	+4.9%	+3.9%
Benchmark	+5.7%	+5.2%	+4.6%	+4.8%	+3.8%

Benchmark – 7 Day LIBID

*A.E.R. = Annual Equivalent Rate, which illustrates what the annual interest rate would be if the quarterly interest payments were compounded.
Source: CCLA. Performance shown before management fees and expenses: net returns will differ after the deduction of fees and charges. Please note that past performance is no guarantee of future returns. Investments in long term funds can go up and down in value and you may not get back the amount originally invested.

Strategy and Outlook

COIF Charities Investment Fund

- The Fund has maintained a high exposure to assets such as equities and property which we expect will provide the strongest long term returns.
- The weighting to international equities has been substantially increased to give greater exposure to faster growing economies overseas and to reduce the risks associated with a high weighting to a single geographical area.
- Infrastructure investments have been increased and now represent 5.0% of the total assets.
- The emphasis within the equity portfolio is on companies with a high dividend yield and the capacity to increase the income payment in future years.
- In the fixed interest sector the focus is on quality with a bias towards shorter dated securities which are less exposed to the negative effects of inflation.
- An important part of our strategy is to provide investors with a high and growing income and we expect to generate further increases in payments in the months ahead.

COIF Charities Global Equity Income Fund

- The Fund is very diversified at country, sector and stock levels to give a broadly based portfolio with over 140 different securities.
- The strategy of the Fund is to invest in good quality companies that provide a high current yield and the ability to grow the income to investors in the future.
- Stock selection is at the heart of the investment process and it is stock selection, together with the application of prudent risk controls, which mainly determine the weightings to sectors and the exposure to countries.
- The Fund has a target to produce a yield of 4% based on the price at launch and is comfortably on track to meet it.

COIF Charities Fixed Interest Fund

- Fixed income markets face a difficult economic background with overall growth rates slowing but with inflationary pressures threatening to increase.
- Our strategy has been to remain underweight towards bonds with long maturities as it is these which are most at risk from growing inflation.
- We have added to the weighting to bonds issued by companies (corporate bonds) because they had fallen back to levels where yields were attractive.
- With growing inflationary pressures the outlook for interest rates is that they are unlikely to decline from current levels in the near term, despite the moderating trend in economic activity.

COIF Charities Property Fund

- The commercial property sector has experienced another period of falling values. The level of transactions is low as buyers prefer to stand back in uncertain conditions and sellers are reluctant to accept lower prices.
- Our strategy in this environment is to favour properties where there are opportunities to add value by positive management – such as by refurbishment, lease restructuring etc.
- A priority is to increase the income flow to investors.

COIF Charities Deposit Fund

- Our strategy for the Fund has been to maintain exposure to a diversified list of top quality borrowers.
- The Fund is rated AAA/VI by Fitch Ratings, a leading independent ratings company.
- The bulk of the investments are for very short periods but the current environment of liquidity shortages in the financial sector has provided opportunities to lend for slightly longer periods at very attractive rates.
- The threat of inflation has changed the outlook for interest rates; despite a falling rate of economic growth, reduced borrowing costs in the near term are not expected.

Responsible Investment Report

Our work has three strands -

1 Engagement on issues of corporate social responsibility with a view to optimising long term economic returns.
2 Engagement on corporate governance to protect and enhance shareholder value.
3 Setting appropriate constraints on investment and exposure to activities considered unacceptable by the independent Board.

1. Corporate Social Responsibility (CSR)

Key issues that we have covered over the last three months include

- Alcohol. We met with SAB Miller to discuss their approach to responsible drinking. As part of these discussions we also covered the company's 10 key sustainability issues.
- Health & Safety in mining. We met with Anglo American, Xstrata, Lonmin and South African company Kumba Iron Ore to discuss the systems in place for managing fatality and injury risks, particularly in South Africa. During these discussions we were also able to cover worker housing, HIV/AIDS and migrant labour issues in South Africa.
- Microfinance. We spoke to Standard Chartered about its commitment to reach 4 million customers in the provision of microfinance to SMEs and individuals in the developing world.
- Palm Oil. CCLA hosted a palm oil event that allowed investors to discuss the Roundtable on Sustainable Palm Oil (RSPO), NGO views on how palm oil demand is impacting the rainforests, as well as corporate approach to sustainable palm oil supplies.

2. Corporate Governance

- This is the busiest quarter in the proxy voting calendar. The Funds voted at 86 UK company meetings during the three months under review.
- Proxy voting statistics can be found at www.ccla.co.uk
- During the quarter the manager engaged with 31 companies on corporate governance issues.
- CCLA voted to support the shareholder resolution at Tesco's AGM on poultry welfare as we viewed it to be non-detrimental to shareholders and asked no more of Tesco than to adhere to its own reported standards. 20% of shareholders either supported or abstained the resolution.

3. Ethical constraints

- We confirm that the funds are managed in accordance with the principles set by the Board.

for Charities

80 Cheapside
London EC2V 6DZ

Client Service
Freephone: 0800 022 3505
Fax: 0844 561 5126
www.ccla.co.uk

A17/July 2008