



for Charities

COIF Charities Investment Fund

Report and Accounts

Year ended 31 December 2010

Contents

- 3** Report of the Board
- 6** Report of the Investment Manager
- 10** Report of the Corporate Trustee
- 11** Report of the Independent Auditor
- 13** Net asset value, unit price range, net distribution, unit price and total expense ratio
- 15** Portfolio statement
- 22** Statement of total return
- 23** Statement of change in net assets attributable to unitholders
- 24** Balance sheet
- 25** Notes to the accounts
- 36** Distribution table
- 37** Statement of Board, Corporate Trustee and Manager responsibilities

Details of Board and Manager

(inside back cover)

Description of The 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 year ended 31 December 2010

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

Structure and management of the Fund

The Fund was set up in 1962 as a common investment fund under the Charity's Act 1960.

The Scheme is dated 14 May 2008, which replaced the previous Charity Commission Schemes dated 29 November 2000 and 28 June 1995. The Scheme was made under section 24 of the Charities Act 1993.

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 Fund owns 25% of the share capital of the Manager, a proportion of which are non-voting shares.

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.

Investment objective of the Fund

The Fund aims to generate capital appreciation and rising income and a total return in excess of its benchmark, whilst adopting an appropriate ethical investment policy. It invests mainly in equities in the United Kingdom and overseas but may also invest in fixed interest securities and commercial property. In this way, it aims to be suitable for up to 100% of a charities long-term capital.

Total return objective

The long term objective for the Fund is to provide an average real total return to investors of 5% over the course of a business cycle, whilst maintaining the value of the income after inflation.

In order that investors can monitor the progress of their investment the returns on the Fund will

Report of the Board

for the year ended 31 December 2010

be compared with those of a Composite index, structured to reflect our customers' long term objectives.

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.

Except with the prior approval of the Charity Commission the Fund 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 scheme 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 Fund, which are included within these accounts in the Portfolio Statement.

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 risks associated with the companies in which 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.

Report of the Board

for the year ended 31 December 2010

The Board's current responsible investment policy has three elements. First, within its fiduciary duty, the Fund avoids investment in companies involved in the production of weapons banned by international treaties (e.g. landmines and cluster bombs), or with significant business activity in the following areas: online gambling, production of pornography or tobacco. About 3% of the FTSE All-World Developed index was excluded throughout the reporting period. Secondly, the Board has adopted a formal active voting policy, which was extended to non-UK companies in May 2010. Finally, the Board has agreed a proactive engagement programme, through which the Manager engages, on behalf of the Fund, with the companies in which it invests on environmental, social and governance issues that are important to clients.

The above approach reflects the client research undertaken by CCLA which resulted in the launch of the COIF Charities Ethical Investment Fund in January 2010. All COIF Charities Investment Fund unitholders were given notice of the changes and the new fund in the autumn of 2009.

Governance

The Board has adopted a formal corporate governance policy, and bespoke shareholder voting is applied across all UK holdings in the Fund. This approach has been extended to non-UK companies from May 2010. The policy adopted by the Board is to support management except where proposals are deemed not to reflect client concerns or reflect poor corporate governance practice.

During the period 1 January to 31 December 2010, the manager voted on 1,256 resolutions across global markets, with 15% abstentions or votes against management (mainly remuneration related).

The Manager's response to the new Stewardship Code and their annual voting record are available at www.ccla.co.uk. Highlights of their stewardship work will continue to appear in the Quarterly Bulletin and, from the end of 2011, the Manager will publish an annual Stewardship Report.

Controls and risk management

CCLA has established a risk management framework, which provides a methodology for the assessment, mitigation and reporting of risk, ensuring a high quality of risk management and control is maintained for all funds under the Manager's control. The effectiveness of risks and controls is assessed by the directors and senior management of the Manager, with the help of the Operational Risk Manager, on a continuing basis. On an annual basis, the Board receives and considers an operational risk report from the Operational Risk Manager.

During the period, the Board reviewed the annual operational risk report, which records any residual risks outside the risk appetite set by the Manager, and the actions being taken to mitigate those risks.

D Henderson
Chairman of the Board
14 April 2011

Report of the Investment Manager

for the year ended 31 December 2010

Performance

Over the year, the Fund produced a strong positive return of +12.12% before management expenses. The period was one of progress in international securities markets with equities, fixed interest securities and property all providing gains greater than the rate of inflation.

The return on the Income Units, which is calculated net of costs and charges, was +11.53%; the Accumulation Units achieved the same level of return. The overall income environment remained challenging with interest rates on cash deposits low and dividends cut by a number of companies. Despite this, the income distribution to

unitholders was increased for the year to 44.45p, 2.99% higher than the payment for 2009. At the end of the period, the income yield on the Fund was 4.41%, which compares to a yield of 2.89% on the FTSE All-Share Index.

The return on the comparator index was +14.41%. The main reason for the Fund failing to match this level of gain was stock selection; the good quality, high income paying stocks which dominate the Fund's portfolio produced returns below those of the stock market as a whole. Other factors included the low contribution from cash holdings and the effects of a programme in place to moderate the volatility of foreign currency exposures.

COIF Charities Investment Fund Annualised total capital and income return

To 31 December 2010	1 year %	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>			
COIF Charities Investment Fund	+12.12	+3.93	+3.25
Composite Index	+14.41	+4.90	+4.12
FTSE All-Share Index	+14.51	+5.12	+3.66
FTSE World (ex UK) Index	+16.20	+5.22	+2.44
FTSE UK Govt All Stocks Index	+7.20	+4.85	+5.29
IPD Monthly Property Index	+14.48	+0.23	+6.52
<u>Performance after expenses</u>			
Income units*	+11.53	+3.46	+2.92
Accumulation units*	+11.53	+3.44	+2.89

*Net asset value to net asset value plus income reinvested.

Source: The Manager.

Report of the Investment Manager

for the year ended 31 December 2010

Economic and Market Review

2010 was a year of recovery in the world economy, although the pace of improvement was not even. Emerging economies grew strongly but the legacy of recession, including factors such as extended levels of debt, high unemployment and a weakened financial system, all served to make the upturn in the developed economies a more pedestrian progress. To support growth, governments have maintained expansive financial policies and kept interest rates at extremely low levels. In most countries, inflation has been restrained; the UK has been the exception to this, with persistent pressures on prices caused by imported costs following a fall in the value of the pound.

Real assets such as international equities and property provided the strongest returns. The FTSE All-World Equity Index gave a return of +16.74% to a sterling based investor. The best of the regional markets was Asia (+23.88%), but Japan (+19.03%) and the USA (+18.76%) were also sources of high returns. Europe lagged the group (+5.66%), held back by the problems in Greece and Ireland. The UK market return was +14.51%. The property sector enjoyed good valuation growth in the early months of the year and, although the uptrend flattened in the second half, the gain on the IPD Index of standard investment returns was +15.2%.

Bond markets also strengthened but, as with property, the first half of the year was better than the second. Initial support to prices came from investors who sought the safe

haven characteristics of government bonds, in particular as a defence against the threat of a double dip in economic activity. New money flows were also important. Low cash interest rates prompted income seekers to move into bonds as a means of improving returns. In the second half of the year, a more stable economic outlook diminished the sector's safe haven attractions and increased the attractions of assets such as equities, which were more directly linked to economic activity levels. The FTSE Government All Stocks Index gave a return of +7.20% for the year but just +1.45% for the second six months. The pound had a mixed year, rising by +3.45% relative to the euro but falling by a similar amount against the dollar and by a more substantial -15.79% against the yen.

Strategy

Over the year, the Fund has maintained a high allocation to real assets and in particular to equities, at home and overseas. Our focus in equity markets is on good quality companies which have a strong cash flow able to finance growth in the future, both of the business as a whole and of the dividend payment to investors. The relatively high weighting to international markets gives the portfolio access to faster growing economies overseas and to sectors poorly represented in the domestic market.

The Fund has a low weighting to fixed interest investments because, in an environment of growth and sticky inflation, the prospects for the sector appear dull, both in absolute terms but, more particularly in relation to other asset

Report of the Investment Manager

for the year ended 31 December 2010

classes. Infrastructure holdings have been reduced as prices rose up to and beyond asset values. This is a sector we favour on a strategic basis but the strength of prices was such as to promote some profit taking on a tactical view.

Outlook

We expect the domestic economic upswing to continue but for the pace of growth to remain modest, held back by a number of headwinds including substantial cuts in government expenditure. Interest rates may move slightly higher but will remain at low levels, whilst inflation is likely to remain above the Bank of England's target level. In this environment, company profits should improve quite quickly, boosted by rising business volumes and lower

cost bases. After a difficult two years we are hopeful of a return to dividend growth. Although improving, the broad investment environment will still be exposed to a high level of risk at stock, sector and even country level. From time to time, these will erupt to challenge confidence and so day to day volatility is likely to remain at relatively elevated levels. Nevertheless, we expect further progress from equities and property in the year ahead.

M Humphreys
Fund Manager
CCLA Investment Management Limited
14 April 2011

Report of the Investment Manager

for the year ended 31 December 2010

Top ten changes in portfolio composition

	<i>Cost</i> £'000		<i>Proceeds</i> £'000
Purchases:		Sales:	
Scottish Mortgage Investment Trust	7,759	International Public Partnerships	15,996
Swisscom	7,455	3i Infrastructure	15,549
Sainsbury	7,433	HSBC Infrastructure	11,781
Zurich Financial Services	6,353	Nintendo	8,799
HSBC Holdings	5,941	Merck & Co	8,704
Roche Holdings	5,845	Wisdom Tree Emerging Markets	
El Paso Pipeline	5,066	Smallcap Dividend Fund	6,394
Novartis	5,047	Wisdom Tree Emerging Markets	
Standard Life	4,973	Equity Income Fund	6,039
HarbourVest Senior Loans		Pfizer	5,898
Europe Limited	4,922	Wisdom Tree Japan Small Capital	
		Dividend Fund	5,208
		Wisdom Tree Japan Dividend Fund	4,705

Risk warning

The Fund's units and the revenue 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.

This Fund may invest in emerging market countries which could be subject to political

and economic change. The Fund may invest in collective investment schemes and other assets which may, on occasions, be illiquid such as the COIF Charities Property Fund which invests directly in property and property related assets which are valued by an external property valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and/or income value of this Fund.

Report of the Corporate Trustee

for the year ended 31 December 2010

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.

HSBC Bank Plc

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

14 April 2011

Report of the Independent Auditor

to the unitholders of COIF Charities Investment Fund

We have audited the financial statements of COIF Charities Investment Fund (“the Fund”) for the year ended 31 December 2010 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders, Balance Sheet, the related notes 1 to 16 and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the unitholders of the Fund, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the Fund’s unitholders 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 unitholders of the Fund, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the manager and auditors

As explained more fully in the Statement of Manager’s Responsibilities set out on page ??, the manager is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to

audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the manager; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 December 2010 and of the net revenue and the net gains on the scheme property of the Fund for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

Report of the Independent Auditor to the unitholders of COIF Charities Investment Fund

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or we have not received all the information and explanations we require for our audit.

Ernst & Young LLP
Statutory Auditor
London
14 April 2011

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 auditors of the COIF Charities Investment Fund does not involve consideration of these matters and, accordingly, the auditors

accept 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 price and total expense ratio

Net asset value

<i>At</i>	<i>Net asset value</i>	<i>Income units</i>		<i>Accumulation units</i>	
		<i>Net asset value</i>	<i>Number of</i>	<i>Net asset value</i>	<i>Number of</i>
<i>31 December</i>	<i>£'000</i>	<i>pence</i>	<i>units</i>	<i>pence</i>	<i>units</i>
		<i>per unit</i>	<i>in issue</i>	<i>per unit</i>	<i>in issue</i>
2008	814,858	869.59	81,921,075	6,222.12	1,647,079
2009	843,176	946.34	77,282,554	7,112.98	1,572,061
2010	903,267	1,023.74	77,115,601	7,933.29	1,498,490

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.

Unit price range

<i>Year to</i>	<i>Income units</i>		<i>Accumulation units</i>	
	<i>Highest offer</i>	<i>Lowest bid</i>	<i>Highest offer</i>	<i>Lowest bid</i>
<i>31 December</i>	<i>pence per unit</i>	<i>pence per unit</i>	<i>pence per unit</i>	<i>pence per unit</i>
2006	1,165.80	1,031.40	7,667.50	6,681.99
2007	1,223.93	1,109.56	8,288.54	7,469.09
2008	1,174.62	787.34	8,048.25	5,552.89
2009	971.50	735.07	7,193.71	5,259.22
2010	1,038.72	903.97	8,048.84	6,919.76

Net distribution

<i>Year to</i>	<i>Income units</i>	<i>Accumulation units</i>
<i>31 December</i>	<i>pence per unit</i>	<i>pence per unit</i>
2006	35.50	230.32
2007	37.50	267.03
2008	41.86	341.16
2009	43.16	329.14
2010	44.45	331.67

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

Unit prices at 31 December 2010

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	1,018.11	1,029.37
Accumulation units	7,889.66	7,976.92

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, respectively.

Total expense ratio

	31.12.2010	31.12.2009
Total expense ratio	0.59%	0.56%

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

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
UNITED KINGDOM 45.41%				Hays	2,145,701	2,764	0.31
(31.12.2009, 39.04%)				Premier Farnell	1,128,803	3,237	0.36
Oil & Gas Producers 5.52%				Regus	1,557,280	1,343	0.15
BP	6,324,623	29,441	3.30	Smiths News	489,756	578	0.06
Royal Dutch Shell B	937,274	19,818	2.22				
				Beverages 0.67%			
Construction & Materials 0.22%				Britvic	885,999	4,192	0.47
Kier	141,070	1,934	0.22	Diageo	151,401	1,793	0.20
				Food Producers 1.88%			
Chemicals 0.11%				Dairy Crest	267,442	1,132	0.13
Elementis	672,344	961	0.11	Robert Wiseman	300,976	1,031	0.12
				Tate & Lyle	998,313	5,166	0.58
Mining 0.94%				Unilever	479,324	9,405	1.05
BHP Billiton	330,662	8,433	0.94				
				Household Goods 0.87%			
General Industrials 0.15%				Reckitt Benckiser	221,508	7,806	0.87
British Polythene	312,188	752	0.08				
Rexam	193,558	644	0.07	Leisure Goods 0.15%			
				Vitec	232,219	1,357	0.15
Electronic & Electrical Equipment 0.20%							
Halma	403,816	1,449	0.16	Pharmaceutical & Biotechnology 5.32%			
Morgan Crucible	153,007	373	0.04	AstraZeneca	802,706	23,451	2.62
				GlaxoSmithKline	1,951,329	24,187	2.70
Industrial Engineering 0.81%							
IMI	492,942	4,656	0.52	General Retailers 0.95%			
Melrose	846,920	2,633	0.29	Brown (N) Group	1,032,357	3,077	0.34
				Halfords	958,867	4,381	0.49
Industrial Transport 0%				WH Smith	213,037	1,037	0.12
Braemar Shipping	1,620	9	-				
Clarkson	2,284	26	-	Food & Drug Retailer 1.92%			
				Sainsbury	2,341,496	8,809	0.99
Support Services 1.42%				Tesco	1,953,789	8,303	0.93
Carillion	198,531	763	0.09				
Electrocomponents	1,513,742	4,022	0.45				

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Media 0.39%				Catlin	382,789	1,416	0.16
Pearson	233,945	2,356	0.26	RSA Insurance	5,225,220	6,537	0.73
Reed Elsevier	214,958	1,163	0.13				
Travel & Leisure 0.59%				Life Insurance/Assurance 1.58%			
Compass Group	587,870	3,412	0.38	Aviva	1,675,414	6,583	0.74
FirstGroup	244,211	972	0.11	Legal & General	1,533,163	1,482	0.17
Go-Ahead Group	68,806	908	0.10	Prudential	122,690	819	0.09
				Standard Life	2,391,569	5,163	0.58
Fixed Line Telecommunications 0.64%				Real Estate 0.59%			
BT	3,150,000	5,692	0.64	Medicx Fund	6,436,261	4,650	0.52
				Segro	217,923	624	0.07
Mobile Telecommunications 3.09%				General Financial 1.71%			
Vodafone	16,636,477	27,575	3.09	Blackstone Group	507,000	4,581	0.51
Electricity 0.81%				Close Brothers	313,241	2,665	0.30
Scottish &				Crystal Amber	2,310,050	2,073	0.23
Southern Energy	589,261	7,213	0.81	Foreign & Colonial			
				Asset Management	672,938	565	0.06
Gas Water & Multiutilities 3.83%				Hargreaves Lansdown	373,973	2,190	0.24
Centrica	3,844,081	12,743	1.43	Provident Financial	98,501	860	0.10
National Grid	2,885,062	15,940	1.78	Triodos Microfinance	115,387	2,424	0.27
Northumbrian Water	651,381	2,155	0.24	Equity Investments 6.39%			
Pennon Group	359,888	2,301	0.26	Aberforth Geared	2,217,400	2,162	0.24
United Utilities	187,887	1,111	0.12	Altus Resource	2,310,050	4,793	0.54
				BlackRock World			
Banks 2.48%				Mining Trust	148,172	1,201	0.13
HSBC	2,975,596	19,371	2.17	Dunedin Income	2,031,552	4,464	0.50
Lloyds Banking	23	-	0.00	Edinburgh			
Standard Chartered	160,682	2,772	0.31	Investment Trust	2,162,282	9,817	1.10
				HarbourVest			
Nonlife Insurance 1.20%				Senior Loans			
Admiral	98,011	1,484	0.17	Europe Limited	4,921,849	4,762	0.53
Amlin	313,270	1,281	0.14				

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Henderson Smaller Companies	935,916	2,679	0.30	Ecofin Water & Power			
ICAP	350,412	1,873	0.21	6% Cnv 2016	1,848,040	2,005	0.22
INVESCO Income				Ecofin Water & Power	1,625,421	2,190	0.24
Growth Trust	1,579,150	3,012	0.34				
JPMorgan Mid Cap				Software & Computer 0.52%			
Investment Trust	98,725	441	0.05	Computacenter	198,171	769	0.09
Jupiter Green				Sage Group	1,392,579	3,806	0.43
Investment Trust	872,603	809	0.09				
Keystone				EUROPE 12.35% (31.12.2009, 10.87%)			
Investment Trust	25,814	300	0.03	Belgium 0.08%			
Law Debenture	948,305	3,381	0.38	Belgacom	34,999	754	0.08
Mercantile							
Investment Trust	312,115	3,383	0.38	Finland 0.28%			
Merchants Trust	126,774	522	0.06	Metso	70,297	2,516	0.28
Perpetual Income and Growth							
Investment Trust	174,572	441	0.05	France 1.05%			
Princess Private				Axa	62,254	664	0.07
Equity Holdings	609,391	3,261	0.36	CNP Assurances	35,264	408	0.05
Schroder Income				Gaz de France	39,676	913	0.10
Growth Fund	48,650	96	0.01	Sanofi-Aventis	45,022	1,846	0.21
Scottish Mortgage				Vallourec	21,318	1,436	0.16
Investment Trust	611,729	4,328	0.48	Vivendi Universal	239,454	4,144	0.46
Standard Life Equity							
Income Trust	799,534	2,465	0.28	Germany 0.70%			
Temple Bar				Allianz	21,336	1,626	0.18
Investment Trust	79,997	708	0.08	BASF	66,188	3,395	0.38
Utilico Emerging				Deutsche Boerse	11,870	529	0.06
Investment Trust	1,384,909	2,271	0.25	Munich Re	7,355	718	0.08
Non-equity Investments 0.46%				Italy 0.32%			
Ecofin Water & Power				Enel	620,731	1,987	0.22
Subscription Rights	230,941	6	-	Terna	333,956	903	0.10

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Netherlands 1.47%				Turkcell Iletisim	117,930	514	0.06
Akzo Nobel	61,529	2,451	0.27				
Eurocommercial CVA	97,734	2,885	0.32	General European 0.32%			
KPN	167,326	1,566	0.18	European Assets Trust	180,184	1,132	0.13
Philips Electronic	143,564	2,820	0.32	JP Morgan Euro			
Unilever NV	149,050	2,976	0.33	Investment			
Wolters Kluwer	33,531	471	0.05	Trust Growth	345,537	613	0.07
				JP Morgan Euro			
Norway 0.76%				Investment Trust			
DnB NOR	204,180	1,837	0.21	Income	1,181,432	1,084	0.12
Statoil ASA	324,900	4,947	0.55				
				UNITED STATES OF AMERICA 11.04%			
Spain 1.59%				(31.12.2009, 10.11%)			
Banco Santander	255,762	1,738	0.19	3M Company	24,800	1,367	0.15
Iberdrola	167,958	830	0.09	Abbott Laboratories	128,700	3,938	0.44
Telecinco	598,438	4,217	0.47	Air Products			
Telefonica	515,280	7,491	0.84	& Chemicals	16,100	935	0.10
				Annaly Capital			
Sweden 0.82%				Management	103,200	1,180	0.13
Axfood	147,269	3,514	0.39	AT&T	288,300	5,409	0.60
Hennes & Mauritz	41,472	883	0.10	Bristol-Myers Squibb	323,100	5,463	0.61
Svenska Cellulosa B	146,684	1,480	0.17	Centerpoint Energy	71,600	718	0.08
TeliaSonera	282,108	1,429	0.16	Centurytel	169,991	5,012	0.56
				Chevron	57,535	3,353	0.37
Switzerland 4.13%				Chubb	36,700	1,398	0.16
Nestle SA	64,755	2,430	0.27	Coca-Cola	60,000	2,520	0.28
Novartis	173,998	6,553	0.73	Commerce Bancshares	61,000	1,548	0.17
Roche Holdings	78,257	7,349	0.82	ConocoPhillips	30,725	1,336	0.15
Swisscom	32,032	9,026	1.01	Cullen/Frost Bankers	119,200	4,651	0.52
Zurich Finl Serv	69,668	11,566	1.30	Dominion	22,400	611	0.07
				Duke Energy	102,400	1,165	0.13
Turkey 0.83%				El Paso Pipeline	243,800	5,206	0.58
Akbank	876,340	3,120	0.35	Emerson Electric	65,200	2,380	0.27
Ford Otosan	696,616	3,773	0.42	Genuine Parts	66,600	2,183	0.24

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
HJ Heinz	99,100	3,130	0.35	PACIFIC BASIN 5.69% (31.12.2009, 7.5%)			
Johnson & Johnson	105,617	4,171	0.47	Australia 2.21%			
Kraft Foods	110,441	2,222	0.25	AGL Energy	133,000	1,325	0.15
Marathon Oil	20,900	494	0.06	ANZ Bank Group	110,237	1,686	0.19
Mattel Inc	121,700	1,976	0.22	Coca-Cola Amatil	625,245	4,443	0.50
McDonald's	36,864	1,807	0.20	DuluxGroup	89,432	160	0.02
Microsoft	103,063	1,836	0.21	Metcash	966,415	2,595	0.29
NiSource	82,500	928	0.10	Orica	215,325	3,510	0.39
Pepsico	74,500	3,108	0.35	Tatts Group	1,959,426	3,298	0.37
Procter & Gamble	27,483	1,129	0.13	Westpac Banking	96,773	1,407	0.16
Scottish American				Woolworths	69,824	1,232	0.14
Investment Trust	26,510	65	0.01				
Sysco	46,100	866	0.10	Hong Kong 0.83%			
The Forest Company	560,858	3,038	0.34	China Mobile	74,100	469	0.06
Travelers Companies	35,100	1,249	0.14	CLP Holdings	332,500	1,722	0.19
Verizon				Guangdong			
Communications	274,415	6,268	0.70	Investment	1,334,000	438	0.05
VF	37,100	2,041	0.23	Hang Seng Bank	53,300	560	0.06
Waste Management	37,400	881	0.10	Jiangsu Expressway	1,290,000	933	0.10
Willis	108,300	2,395	0.27	Petrochina	4,014,000	3,331	0.37
Wisdom Tree Pacific ex-Japan High				Indonesia 0.22%			
Yielding Equity	126,583	5,357	0.60	Bank Rakyat Indonesia	2,701,000	1,991	0.22
Wisdom Tree Pacific ex-Japan							
Total Dividend	139,570	5,380	0.60	Philippines 0.13%			
JAPAN 0.71% (31.12.2009, 4.31%)				Philippine Long Distance Telephone Company	30,590	1,137	0.13
Canon	87,000	2,881	0.32				
Nippon Tel & Tel	48,200	1,395	0.16	Singapore 1.21%			
NTT DoCoMo	1,234	1,378	0.15	Comfortdelgro	1,617,000	1,250	0.14
Sumitomo Corp	77,800	703	0.08	Jardine Cycle	116,000	2,117	0.24
				Singapore Post	2,026,000	1,192	0.13
				Singapore Telecomm	1,436,000	2,184	0.24

Portfolio statement

at 31 December 2010

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
United Overseas Bank	448,000	4,065	0.46	Grupo Aeroport B	561,200	2,014	0.23
				Invesco AM IRL Em	44,259	1,258	0.14
				Israel Chemicals	125,664	1,377	0.15
Taiwan 0.78%				JPM Global EM Inc	2,233,901	2,697	0.30
Chunghwa Telecom	1,723,818	2,798	0.31	Kimberley-Clark			
HTC	212,000	4,175	0.47	MXC	373,900	1,452	0.16
				National Bank of Canada	123,000	5,406	0.60
Thailand 0.24%				Pretoria Port Cement	283,693	948	0.11
BEC World	4,683,795	2,187	0.24	Shaw			
				Communications B	314,400	4,304	0.48
General Asia 0.07%				Tiger Brands	18,416	344	0.04
Aberdeen Asian Income	188,558	321	0.04	World Trust Fund	2,964,146	5,876	0.66
Schroder Orient Income	186,601	304	0.03				
OTHER OVERSEAS 5.54%				GLOBAL EQUITY INCOME UNITS 4.75%			
(31.12.2009, 1.89%)				(31.12.2009, 4.32%)			
Aberdeen Latam	2,406,782	2,678	0.30	COIF Charities Global Equity Income Fund			
Aberdeen				Accumulation Units*	1,000	1	0.00
Latam Subs	240,678	45	0.01	COIF Charities Global Equity Income Fund			
Avi	141,441	411	0.05	Income Units*	34,053,066	42,495	4.75
Banco							
Bradesco Pref	191,100	2,401	0.27	INFRASTRUCTURE 2.82%			
Bank Leumi Le-Israel	573,750	1,879	0.21	(31.12.2009, 7.63%)			
Bank of Montreal	109,400	4,042	0.45	RREEF Pan-Euro Infrastructure	25,320	25,234	2.82
Bank of Nova Scotia	44,000	1,613	0.18				
Bezeq							
Israel Telecom	1,820,400	3,551	0.40	UNQUOTED STOCKS 0.75%			
BlackRock Global Opportunities				(31.12.2009, 0.82%)			
Equity Trust	246,165	2,880	0.32	CCLA Investment Management Limited			
BlackRock International Growth and Income Trust	654,904	4,249	0.48	B Shares~	28,167	3,528	0.39

Portfolio statement

at 31 December 2010

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
CCLA Investment Management Limited				Euro vs UK sterling maturing on			
D Shares~	26,000	3,257	0.36	20/01/2011	€64,602,000	179	0.02
				Euro vs UK sterling maturing on			
				20/01/2011	€8,944,700	(7)	-
PROPERTY UNIT TRUSTS 8.42%				Euro vs UK sterling maturing on			
(31.12.2009, 8.54%)				20/01/2011	€12,753,678	(47)	(0.01)
COIF Charities Property Fund Income Units*	74,007,282	75,310	8.42	Australian dollar vs UK sterling maturing on			
				on 20/01/2011	A\$13,660,800	(663)	(0.07)
FIXED INTEREST STOCKS 0.23%				Australian dollar vs UK sterling maturing on			
(31.12.2009, 0.55%)				on 20/01/2011	A\$16,193,296	(365)	(0.04)
Edinburgh Investment Trust 7.75%				UK sterling vs US dollar maturing on			
Bond 2022	50,000	58	0.01	on 20/01/2011	£1,160,483	(2)	-
IFF For Immunisation				UK sterling vs US dollar maturing on			
3.375% Bond 2014	923,000	962	0.11	on 20/01/2011	£4,564,038	(16)	-
Scottish & Southern Energy 5.75%							
Bond 2014	900,000	973	0.11				
OTHER 0.32% (31.12.2009, 0%)							
KKR Mezzanine	4,536	2,897	0.32				
				NET INVESTMENT ASSETS		<u>875,328</u>	<u>97.89</u>
DERIVATIVES -0.14% (31.12.2009, 0.13%)				NET OTHER ASSETS		18,866	2.11
Forward currency contracts:				NET ASSETS		<u>894,194</u>	<u>100.00</u>
US dollar vs UK sterling maturing on							
20/01/2011	US\$98,421,000	(315)	(0.04)				

* The COIF Charities Global Equity Income Fund and the COIF Charities Property Fund are managed by the Manager.

~ CCLA Investment Management Limited represents an investment in the issued share capital of the Manager.

Statement of total return

for the year ended 31 December 2010

		31.12.2010		31.12.2009	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		56,076		72,163
Revenue	3	40,181		46,232	
Expenses	4	(3,798)		<u>(3,608)</u>	
Net revenue before taxation		36,383		42,624	
Taxation	5	(1,076)		<u>(1,113)</u>	
Net revenue after taxation for the year			<u>35,307</u>		<u>41,511</u>
Total return before distributions			91,383		113,674
Finance costs: distributions	6		(39,387)		(41,100)
Change in net assets attributable to unitholders from investment activities			<u>51,996</u>		<u>72,574</u>

The notes on pages 25 to 36 form part of these accounts.

Statement of change in net assets attributable to unitholders

for the year ended 31 December 2010

	31.12.2010		31.12.2009	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		842,832		814,740
Amounts receivable on issue of units	49,875		39,946	
Amounts payable on cancellation of units	(55,559)		(26,491)	
Amounts payable on transfer of units to COIF Ethical Investment Fund	-		<u>(63,371)</u>	
		(5,684)		(49,916)
Change in net assets attributable to unitholders from investment activities		51,996		72,574
Retained distribution on accumulation units		5,050		5,434
Closing net assets attributable to unitholders		<u>894,194</u>		<u>842,832</u>

The notes on pages 25 to 36 form part of these accounts.

Balance sheet

at 31 December 2010

		31.12.2010		31.12.2009	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Investment assets			876,743		806,719
Debtors	7	4,911		6,034	
Cash and bank balances	8	26,616		<u>43,859</u>	
Total other assets			31,527		49,893
Total assets			<u>908,270</u>		<u>856,612</u>
LIABILITIES					
Investment liabilities			1,415		9
Creditors	9	939		2,108	
Distribution payable on income units		11,722		<u>11,663</u>	
Total other liabilities			12,661		13,771
Total liabilities			14,076		13,780
Net assets attributable to unitholders			<u>894,194</u>		<u>842,832</u>
Approved on behalf of the Board 14 April 2011				D Henderson Chairman	

The notes on pages 25 to 36 form part of these accounts.

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 October 2010.

(b) Revenue recognition

Dividends on ordinary stocks, including special dividends where appropriate, preference shares, and unit trusts are accrued to revenue on the dates when the investments are first quoted ex-dividend. Interest on Government and other fixed interest stocks, bank and COIF Charities Deposit Fund balances is accrued on a daily basis.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

(c) Stock dividends

The ordinary element of stock received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

(d) Special dividends, share buy-back or additional share issue

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue form part of the distribution.

(e) Expenses

During the year, the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund. During the year this was 0.45% p.a. plus VAT. The Fund received a management fee rebate credited to the capital of the Fund for its holdings in the COIF Charities Property Fund and the COIF Charities Global Equity Income Fund where during the year, in both Funds, management fees were charged to capital. The Fund also

Notes to the accounts

received a management fee rebate credited to the revenue of the Fund for its deposits in COIF Charities Deposit Fund where during the year management fees were charged to revenue. 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. A fee for ethical services is also charged by the Manager. The Trustee fee, audit, legal, safe custody fees and transaction charges and insurance fees are charged separately to the revenue of the Fund before distribution.

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10).

The Fund has adopted a distribution policy that follows the coupon basis. A reconciliation of the net distribution to the net revenue of the Fund as reported in the statement of total return is shown in note 6.

(g) Basis of valuation

All 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 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 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.

Notes to the accounts

2. Net capital gains	31.12.2010	31.12.2009
	£'000	£'000
The net capital gains during the year comprise:		
Non-derivative securities	56,408	66,369
Forward currency contracts	(944)	5,700
Other capital revenue	61	223
Currency gains/(losses)	551	(129)
	<u>56,076</u>	<u>72,163</u>
3. Revenue	31.12.2010	31.12.2009
	£'000	£'000
UK dividends	25,858	27,142
Overseas dividends	13,772	12,297
Dividends on unquoted stocks	114	114
Interest on debt securities	288	6,369
Interest on The COIF Charities Deposit Fund	138	367
Bank interest	11	(71)
Other revenue	-	14
	<u>40,181</u>	<u>46,232</u>
4. Expenses	31.12.2010	31.12.2009
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	4,483	4,160
Manager's periodic charge rebate – see note 1(e)*	(967)	(800)
Manager's fees for ethical and stewardship services	77	62
	<u>3,593</u>	<u>3,422</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	148	133
Trustee Fee	22	25
	<u>170</u>	<u>158</u>

Notes to the accounts

	31.12.2010	31.12.2009
	£'000	£'000
Other expenses:		
Insurance	15	16
Audit fee	12	12
Other expenses	8	-
	<u>35</u>	<u>28</u>
Total expenses	<u>3,798</u>	<u>3,608</u>

The above expenses include VAT where applicable.

* This amount represents the rebates of management fees credited to the Fund's capital for its holding in COIF Charities Property Fund and COIF Charities Global Equity Income Fund where, in both funds, the management fees are charged to capital. This amount also includes the rebate credited to the revenue of the Fund for its deposits in COIF Charities Deposit Fund where the management fees are charged to revenue.

5. 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 revenue credited gross to unitholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue on receipt. Withholding tax is credited to revenue when it is recovered.

	31.12.2010	31.12.2009
	£'000	£'000
Overseas taxation suffered in the year	1,301	1,182
Overseas taxation recovered in the year	(225)	(69)
Total taxation	<u>1,076</u>	<u>1,113</u>

Notes to the accounts

6. Finance Costs

Distributions

Distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	31.12.2010	<i>31.12.2009</i>
	£'000	<i>£'000</i>
31 March – interim distribution	8,074	8,296
30 June – interim distribution	9,550	10,210
30 September – interim distribution	8,949	9,757
31 December – final distribution	12,853	12,918
	39,426	41,181
Add: revenue deducted on cancellation of units	142	128
Deduct: revenue received on issue of units	(181)	(209)
Net distribution for the period	<u>39,387</u>	<u>41,100</u>
Net revenue for the taxation for the year	35,308	41,511
Amortisation under effective yield (FRS 26)	11	(1,986)
Transfer from/(to) income reserve – see note 10	417	(1,812)
Mnager’s period charge – see note 1(e)	3,651	3,387
Net distribution for the period	<u>39,387</u>	<u>41,100</u>

Details of the distribution per unit are set out in the distribution table on page 36

7. Debtors

	31.12.2010	<i>31.12.2009</i>
	£'000	<i>£'000</i>
Sales awaiting settlement	-	1,983
Accrued revenue	4,909	4,051
Prepayments	2	-
	<u>4,911</u>	<u>6,034</u>

8. Cash and bank balances

	31.12.2010	<i>31.12.2009</i>
	£'000	<i>£'000</i>
Cash in the COIF Charities Deposit Fund	18,954	40,349
Cash at bank	7,662	3,510
	<u>26,616</u>	<u>43,859</u>

Notes to the accounts

9. Creditors	31.12.2010	<i>31.12.2009</i>
	£'000	<i>£'000</i>
Purchases awaiting settlement	833	-
Accrued expenses	75	63
Amounts payable on cancellation of units	-	2,045
Sundry creditors	31	-
	<u>939</u>	<i><u>2,108</u></i>

10. Income Reserve	31.12.2010	<i>31.12.2009</i>
	£'000	<i>£'000</i>
Income reserve at the start of the year	11,913	11,024
Transfer (from)/to income reserve	(417)	1,812
Transfer to COIF Charities Ethical Investment Fund	-	(923)
Income reserve at the end of the year	<u>11,496</u>	<i><u>11,913</u></i>

11. 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 year and the comparative year.

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

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.

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.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

Notes to the accounts

At 31 December 2010, 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 was:

Currency	31.12.2010			31.12.2009		
	Monetary exposures £'000	Non-monetary exposures	Total	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian Dollar	1	19,715	19,714	-	18,178	18,178
Brazilian Real	-	2,442	2,442	-	1,356	1,356
Canadian Dollar	13	15,423	15,436	7	3,263	3,270
Euro	21	74,515	74,536	19	96,705	96,724
Hong Kong Dollar	892	7,453	8,345	-	12,032	12,032
Indonesian Rupiah	-	1,991	1,991	-	-	-
Israeli Shekel	-	6,816	6,816	-	1,027	1,027
Japanese Yen	-	6,398	6,398	-	26,222	26,222
Malaysian Ringgit	-	-	-	-	-	-
Mexican Peso	-	3,466	3,466	-	1,034	1,034
Norwegian Krone	-	6,784	6,784	-	5,044	5,044
Philippine Peso	-	1,137	1,137	-	1,155	1,155
Singapore Dollar	-	10,857	10,857	-	7,192	7,192
South African Rand	-	1,703	1,703	-	826	826
South Korean Won	-	-	-	-	-	-
Swedish Krona	-	7,306	7,306	-	3,678	3,678
Swiss Franc	-	36,925	36,925	-	10,207	10,207
Taiwanese Dollar	-	6,973	6,973	-	1,037	1,037
Thailand Baht	-	2,187	2,187	-	-	-
Turkish Lira	107	7,407	7,514	-	-	-
US Dollar	614	110,274	110,888	3,449	126,609	130,058
	<u>1,646</u>	<u>329,772</u>	<u>331,418</u>	<u>3,475</u>	<u>315,565</u>	<u>319,040</u>

Notes to the accounts

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 revenue 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 risk profile of the Fund's financial assets and liabilities are set out below:

31 December 2010

<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	24,969	1,993	549,890	576,852
Euro	21	-	74,515	74,536
US Dollar	614	-	110,274	110,888
Other	1,012	-	144,982	145,994
Total	<u>26,616</u>	<u>1,993</u>	<u>879,661</u>	<u>908,270</u>

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	13,242	13,242
Hong Kong dollar	-	-	834	834
Total	<u>-</u>	<u>-</u>	<u>14,076</u>	<u>14,076</u>

Notes to the accounts

31 December 2009

<i>Currency</i>	<i>Floating rate financial assets*</i> £'000	<i>Fixed rate financial assets</i> £'000	<i>Financial assets not carrying interest</i> £'000	<i>Total</i> £'000
Sterling	40,384	4,568	492,620	537,572
Euro	19	-	96,705	96,724
US Dollar	3449	-	126,609	130,058
Other	7	-	92,251	92,258
Total	43,859	4,568	808,185	856,612

<i>Currency</i>	<i>Floating rate financial liabilities</i> £'000	<i>Fixed rate financial liabilities</i> £'000	<i>Financial liabilities not carrying interest</i> £'000	<i>Total</i> £'000
Sterling	-	-	13,780	13,780
Total	-	-	13,780	13,780

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

The Fund held derivatives relating to forward currency contracts valued at -£1,218,453 as at 31 December 2010 (31.12.2009, £1,139,546).

The fixed rate element of the portfolio is further analysed in the following table:

31 December 2010

<i>Currency</i>	<i>Fixed rate financial assets</i> £'000	<i>Weighted average interest rate</i> %	<i>Weighted average period for which the rate is fixed</i> Years
Sterling	1,993	2.61	3.5

31 December 2009

<i>Currency</i>	<i>Fixed rate financial assets</i> £'000	<i>Weighted average interest rate</i> %	<i>Weighted average period for which the rate is fixed</i> Years
Sterling	4,568	3.3	8.2

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

Notes to the accounts

12. Commitments and contingent liabilities

There was a commitment of £7,588,791 at 31 December 2010 (31.12.2009, £9,749,990) in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund.

There were no other commitments or contingent liabilities as at 31 December 2010 (31.12.2009, £nil).

13. Unquoted and other investments

Unquoted investments include the Fund's holding of 25% of the issued share capital of the Manager, which provides investment management and administrative services to the COIF Charity Funds. The valuation of the holding is based on a discounted market value calculation, prepared yearly and reviewed quarterly.

Not more than 20% in value of the Fund may be invested in units in authorised unit trust schemes and collective investment and deposit schemes as provided in the Fund's Scheme.

At 31 December 2010, 8.42% (31.12.2009, 8.54%) of the value of the Fund was held in units in the COIF Charities Property Fund, 4.75% (31.12.2009, 4.32%) of the value of the Fund was held in units in the COIF Charities Global Equity Income Fund and 2.12% (31.12.2009, 4.79%) of the value of the Fund was held in the COIF Charities Deposit Fund.

At 31 December 2010 the Fund held 67.93% (31.12.2009, 72.59%) of the COIF Charities Global Equity Income Fund and 57.28% (31.12.2009, 63.03%) of the COIF Charities Property Fund. The COIF Charities Property Fund may not be readily realisable as the Manager may impose a period of notice or delay not exceeding six months before carrying out a redemption of units in that Fund if it is deemed to be necessary to protect the interests of unitholders of the Fund or to permit properties to be sold to meet a redemption.

The net assets of the COIF Charities Global Equity Income Fund and the COIF Charities Property Fund have not been consolidated as, due to Trustee Governance constraints, the Fund is unable to exercise any control over these funds.

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.

Notes to the accounts

15. Related party transactions

The Manager's periodic charge and fee for ethical services is paid to the Manager. The Trustee fee, safe custody and transaction charges are paid to HSBC Bank plc. Both are related parties to the Fund. The amounts paid in respect of these charges are disclosed in note 4.

At 31 December 2010 the balance, due to the Manager and HSBC Bank plc were as set out below:

	31.12.2010	31.12.2009
	£'000	£'000
The Manager	-	-
HSBC Bank plc – trustee fee	10	6
HSBC Bank plc – safe custody and transaction charges	52	31

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

At 31 December 2010 a cash balance of £18,954,324. (31.12.2009, £40,348,711) was held in the COIF Charities Deposit Fund.

Further details of the Fund's holdings in other COIF Charity Funds are disclosed in note 13.

During the year the Fund received rebates of management fees for its holdings in the COIF Charities Property Fund, COIF Charities Global Equity Income Fund and deposits in the COIF Charities Deposit Fund as disclosed in note 1(e).

16. Portfolio transaction costs

	31.12.2010	31.12.2009
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	230,872	441,176
Commissions	154	263
Total gross purchases	<u>231,026</u>	<u>441,439</u>
Analysis of total sales costs:		
Sales in year before transaction costs	218,203	497,897
Commissions	(184)	(244)
Total sales net of transaction costs	<u>218,019</u>	<u>497,653</u>

Distribution table

for the year ended 31 December 2010

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable</i> <i>pence per unit</i>	
		2010	2009
Income units			
31 March 2010	28 May 2010	8.80	8.80
30 June 2010	31 August 2010	10.23	10.23
30 September 2010	30 November 2010	10.23	10.23
31 December 2010	28 February 2011	15.19	13.90
		<u>44.45</u>	<u>43.16</u>
		<i>Revenue accumulated</i> <i>pence per unit</i>	
		2010	2009
Accumulation units			
31 March 2010		82.03	64.08
30 June 2010		100.47	110.15
30 September 2010		73.15	77.45
31 December 2010		76.02	77.46
		<u>331.67</u>	<u>329.14</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 14 May 2008, 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 whom 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 revenue due to the Fund in accordance with the Scheme;
- the issue and cancellation of units in accordance with the instructions of the

Statement of Board, Corporate Trustee and Manager responsibilities

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.

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;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;

- 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.

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 Investment Fund
(Charity Registration No. 218879)

Board

D Henderson, Chairman of the Board (appointed 25.2.09), FCA, Company Director
T Bell, FRICS
T Clark, Solicitor
A Daws, Solicitor
R Fitzalan Howard, Chairman, FF&P Asset Management Limited
G Newson, MRICS

Secretary

J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, 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

J Fox

**Head of Operational Risk,
Internal Audit and Compliance**

A Kemp

**Head of Ethical and Responsible
Investment**

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

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 Ethical Investment Fund

- An actively managed fund with a diversified portfolio suitable from a wide range of charities
- Managed with a strong regard for ethical and socially responsible investment principles
- A focus on long term returns and a rising income stream for investors

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

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

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, Ethical 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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