



for Charities

# **COIF Charities Investment Fund**

**Report and Accounts  
Half Year ended 30 June 2011  
(unaudited)**

## Contents

- 3** Report of the Board
  - 6** Report of the Investment Manager
  - 10** Report of the Corporate Trustee
  - 11** Net asset value, unit price range, net distribution, unit price and total expense ratio
  - 13** Portfolio statement
  - 18** Statement of total return
  - 19** Statement of change in net assets attributable to unitholders
  - 20** Balance sheet
  - 21** Notes to the accounts
  - 32** Distribution table
  - 33** Statement of Board, Corporate Trustee and Manager responsibilities
- Trustee 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 half year ended 30 June 2011

On behalf of the Board, we have pleasure in presenting our half year 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 Charities 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 be suitable for up to 100% of a charity's long-term capital, providing a return that is even-handed between present and future beneficiaries.

The long term objective for the Fund is to provide a long-term annual total return to investors of inflation plus 5% 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 be compared with those of a composite index, structured to reflect our customers' long term objectives. The composite index will have an 80% allocation to equities of which 60% will be invested in the domestic equity market and 20% in markets outside of the UK. Property will have a 10% weighting in the Index and there will be a 10% allocation to UK government bonds.

### **Investment policy**

The Fund may trade in eligible securities and investment markets on recognised and designated investment exchanges as approved

# Report of the Board

## for the half year ended 30 June 2011

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 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. The Fund also reflects unitholders concerns about environmental, social and governance issues.

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

# Report of the Board

## for the half year ended 30 June 2011

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 which 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 2011 to 30 June 2011, the Manager voted on 2,733 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](http://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  
28 July 2011

# Report of the Investment Manager

## for the half year ended 30 June 2011

### Performance

The Fund produced a positive return over the period. The total return, calculated before management expenses, was +4.22%. This compares with a return of +3.04% on the composite index comparator. The return after expenses is +3.96% for the Income units and +3.95% for the Accumulation units. The return on the Fund before expenses over the past year is +18.92%. The income payment for the period was 19.03p. The dividend yield at the 30th June was 4.32%. This compares with a yield of 2.99% on the FTSE All-Share Index.

as the high levels of indebtedness; some cyclical, such as the surge in commodity prices and some event-specific, such as the terrible earthquake in Japan. Many emerging markets in contrast have expanded rapidly and the authorities there, concerned by building inflationary pressures, have attempted to cool growth rates by measures including higher interest rates. In the UK, growth has lagged even the modest achievements of the developed 'west', with growth below average and inflation far above the levels experienced elsewhere.

### Economic and Market Review

Activity in the developed economies of the world has continued to expand but only at a modest pace. Growth has been held back by a number of factors, some structural, such

Over the period investment markets have been volatile on a day to day basis and although most have progressed, the gains have been modest. The factors supporting equities have included hopes of more rapid economic growth to come

### The COIF Charities Investment Fund

#### Annualised total capital and income return

To 30 June 2011	Six Months %	1 year %	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>				
<b>COIF Investment Fund</b>	+4.22	+18.92	+3.86	+4.24
Composite Index	+3.04	+20.94	+4.69	+4.98
FTSE All-Share Index	+2.96	+25.63	+4.49	+4.75
FTSE Work (ex UK) Index	+3.16	+22.11	+6.26	+3.24
FTSE UK Govt All Stocks Index	+1.66	+3.13	+5.56	+5.59
IPD Property Index	+4.43	+9.08	-0.76	+6.61
<u>Performance after expenses</u>				
<b>Income units*</b>	+3.96	+18.31	+3.37	+3.88
<b>Accumulation units*</b>	+3.95	+18.30	+3.35	+3.86

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

Source : The Manager

# Report of the Investment Manager

## for the half year ended 30 June 2011

and the strength of company profits, which have risen much faster than general economic output. Offsetting this has been the lingering effects of the debt crisis in the peripheral economies of Europe. Portugal received support midway through the period but as that process completed so it seemed almost immediately that fears surrounding Greece began again. The fundamental problem is that the level of Greek debt is so great that it is unlikely to be repaid in full. Whilst some progress has been made in providing short term assistance to stave off the most pressing concerns, the fundamental problem remains and has defeated the various attempts to find a solution. As investors became concerned about both the scale and difficulty of the Greek problem, so other indebted countries came into the spotlight with the result that bond prices fell, predictably in Ireland and Portugal but also in Italy and Spain.

Fixed interest markets have also made modest progress. Support has come predominantly from investors seeking safety against a backcloth of substantial uncertainty. Weak economic data has also served to support this segment of investment markets as it pushed back the date on which interest rates were expected to increase.

Property markets made slight progress but the main part of the return to investors came from income payments. There were some bright spots in the sector, in particular central London offices, but elsewhere and particularly for lower quality properties, conditions remained difficult.

Over the period sterling improved against the dollar and yen but fell against the euro.

### Strategy

The Fund has been substantially fully invested over the period. Within the portfolio there has been a strong weighting to those assets most likely to benefit from the gradual improvement in economic activity. These include equities, in the UK and overseas, property and infrastructure. In contrast, the exposure to fixed income markets is low, reflecting high inflation, which erodes the returns from the sector, and the poor yields available.

Recent changes to the portfolio have included an increased exposure to overseas equities relative to the UK, with greater allocations to Europe, the USA and to emerging economies including Brazil and South Africa. We have a low weighting to Japan. These changes however reflect our views on the attractions of the individual companies rather than any predetermined weightings to any particular region.

Of the other assets held we have modestly reduced our property holdings and increased slightly the exposure to high yielding international bonds.

### Outlook

We expect continued economic expansion but for the pace of growth to remain slow. UK inflation will move higher due to the effects of rising energy prices but is then expected to decline in the final months of the year. Despite this, interest rates will stay low - the market is expecting no change in base rates for over 12 months. Corporate profits are expected to increase further but with the gains less substantial than those achieved earlier in the

# Report of the Investment Manager

## for the half year ended 30 June 2011

cycle. Investment markets must be expected to remain volatile given the potential threats to financial markets from the debt crisis and also the struggles of Western economies to stimulate growth and of emerging markets to cool it.

We see fixed interest markets as overvalued on a long term view and anticipate price weakness over time. Property values are expected to remain steady for good quality locations. The sector will continue to provide an attractive income.

We are encouraged by the good value on offer in many equity markets which is providing an opportunity to buy excellent companies on attractive yields and at discounts to their intrinsic value. We expect higher values over time but realistically we must expect volatility to remain elevated whilst current uncertainties continue.

J Bevan  
Chief Investment Officer  
CCLA Investment Management Limited  
28 July 2011

# Report of the Investment Manager

## for the half year ended 30 June 2011

### Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
<b>Purchases:</b>		<b>Sales:</b>	
Exxon Mobil	9,209	BP	17,227
Credit Suisse 7.875% Stock 2041	9,013	AstraZeneca	16,626
Rabobank 6.875% Stock 2020	7,431	Edinburgh I.T.	9,457
NB Global	7,332	Royal Dutch Shell	9,376
Rio Tinto	6,296	RSA Insurance	7,070
Yum! Brands	6,163	GlaxoSmithKline	6,908
Tractebel	5,928	Zurich Financial Services	5,899
America Movil	5,919	BT Group	5,849
Chevron Corporation	5,689	WT Pacific Dividend	5,382
AES Tiete	5,592	WT Pacific Income	5,371

### 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 30 June 2011**

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

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

## Net asset value

At 31 December	Net asset value £'000	<i>Income units</i>		<i>Accumulation units</i>	
		Net asset value pence per units	Number of units in issue	Net asset value pence per unit	Number of units in issue
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
At 30 June 2011	923,334	1,039.45	78,269,472	8,246.32	1,449,317

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

Year to 31 December	<i>Income units</i>		<i>Accumulation units</i>	
	Highest offer pence per unit	Lowest bid pence per unit	Highest offer pence per unit	Lowest bid pence per unit
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
To 30 June 2011	1,044.71	974.57	8,291.67	7,665.36

## Net distribution

<i>Year to 31 December</i>	<i>Income units pence per unit</i>	<i>Accumulation units 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
To 30 June 2011	19.03	209.17

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

## Unit price at 30 June 2011

	<i>Bid price pence per unit</i>	<i>Offer price pence per unit</i>
Income units	1,023.56	1,034.88
Accumulation units	8,200.97	8,291.67

The unit prices are published in the Financial Times, and on the Manager's website at [www.ccla.co.uk](http://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

	<i>30.6.2011</i>	<i>30.6.2010</i>
Total expense ratio	0.55%	0.55%

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 30 June 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
<b>UNITED KINGDOM 35.97%</b>				<b>Food Producers 0.96%</b>			
<b>(31.12.2010, 45.41%)</b>				Tate & Lyle			
<b>Oil &amp; Gas Producers 2.56%</b>				Unilever			
BP PLC	2,543,440	11,665	1.26		713,913	4,394	0.47
Royal Dutch Shell B units	545,293	12,125	1.31		224,087	4,493	0.49
<b>Construction &amp; Materials 0.32%</b>				<b>Household Goods 0.46%</b>			
Balfour Beatty	976,061	3,010	0.33	Reckitt Benckiser	125,060	4,301	0.46
<b>Chemicals 0.47%</b>				<b>Pharmaceutical &amp; Biotechnology 2.97%</b>			
Elementis	672,344	1,159	0.13	AstraZeneca	270,885	8,418	0.91
Croda	167,834	3,165	0.34	GlaxoSmithKline	1,440,891	19,214	2.08
<b>Mining 1.63%</b>				<b>General Retailers 0.79%</b>			
BHP Billiton	333,312	8,171	0.88	Brown (N) Group	1,032,357	2,714	0.29
Rio Tinto	155,683	6,990	0.76	Halfords	958,867	3,558	0.38
<b>General Industrials 0.48%</b>				WH Smith			
Rotork	266,584	4,492	0.49		213,037	1,043	0.11
<b>Electronic &amp; Electrical Equipment 0.71%</b>				<b>Food &amp; Drug Retailer 1.32%</b>			
Halma	832,683	3,449	0.37	Sainsbury	2,341,496	7,711	0.83
Domino Printing	465,137	3,170	0.34	Tesco	1,128,765	4,537	0.49
<b>Industrial Engineering 1.05%</b>				<b>Media 1.19%</b>			
IMI	625,615	6,581	0.71	BSkyB	587,893	4,974	0.54
Spirax-Sarco	159,194	3,184	0.34	Pearson	516,814	6,073	0.66
<b>Support Services 1.51%</b>				<b>Travel &amp; Leisure 1.21%</b>			
Capita	634,209	4,535	0.49	Compass Group	1,078,892	6,479	0.70
Electrocomponents	1,543,285	4,205	0.45	Intercontinental Hotels	373,314	4,756	0.51
Hays	2,534,447	2,608	0.28	<b>Mobile Telecommunications 2.97%</b>			
Premier Farnell	892,680	2,222	0.24	Vodafone	16,721,645	27,633	2.99
Smiths News	531,959	467	0.05	<b>Electricity 0.63%</b>			
<b>Beverages 0.58%</b>				Scottish & Southern Energy			
Britvic	885,999	3,494	0.38		422,093	5,876	0.63
Diageo	151,871	1,932	0.21	<b>Gas Water &amp; Multiutilities 2.72%</b>			
				Centrica	2,328,573	7,526	0.81
				National Grid	2,897,372	17,732	1.92

# Portfolio statement

## at 30 June 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
<b>Banks 2.91%</b>					Standard Life Equity Income Trust	625,094	1,894 0.20
HSBC	3,354,286	20,740	2.24		Standard Life Equity Income Trust Sub Shares	51	0.01
Lloyds Banking	6,170,276	3,023	0.33				
Standard Chartered	199,294	3,263	0.35				
<b>Nonlife Insurance 0.46%</b>					<b>Non-equity Investments 1.09%</b>		
Admiral	98,011	1,627	0.18		Ecofin Water & Power Subscription Rights	230,941	3 0.00
Amlin	656,594	2,666	0.29		Ecofin Water & Power 6% Cnv 2016	184,804	1,922 0.21
<b>Life Insurance/Assurance 0.81%</b>					Ecofin Water & Power The Forest Company	4,053,177	4,996 0.54
Aviva	660,179	2,898	0.31			560,858	3,144 0.34
Prudential	649,354	4,672	0.50				
<b>Real Estate 0.77%</b>					<b>Software &amp; Computer 0.66%</b>		
Medicx Fund	9,295,811	7,169	0.77		Computacenter	629,422	3,021 0.33
					Sage Group	1,091,714	3,153 0.34
<b>General Financial 2.01%</b>					<b>EUROPE 13.46% (31.12.2010, 12.35%)</b>		
Aberdeen Asset Management	1,232,293	2,748	0.30		<b>Denmark 0.35%</b>		
Close Brothers	366,588	2,828	0.31		Novo Nordisk	41,316	3,226 0.35
Crystal Amber	231,005	2,235	0.24		<b>Finland 0.64%</b>		
Hargreaves					Kone B	78,315	3,061 0.33
Lansdown	730,609	4,435	0.48		Metso	81,516	2,883 0.31
Provident Financial	438,202	4,218	0.46		<b>France 1.40%</b>		
Triodos Microfinance	115,387	2,176	0.24		Axa	224,162	3,172 0.34
<b>Equity Investments 2.26%</b>					Eutelsat Communications	175,031	4,897 0.53
Aberforth Geared	22,174	2,436	0.26		Sanofi-Aventis	66,220	3,312 0.36
Altus Resource	231,005	4,736	0.51		Vallourec	21,318	1,617 0.17
Duet Real Estate	2,441,023	2,465	0.27		<b>Germany 1.68%</b>		
HarbourVest Senior Loans					Allianz	35,581	3,085 0.33
Europe Limited	4,921,849	4,934	0.53		BASF	50,503	3,062 0.33
JPMorgan Mid Cap Investment Trust	98,725	449	0.05		Hugo Boss	54,835	3,459 0.37
Keystone Investment Trust	25,814	322	0.03		Munich Re	29,622	2,817 0.30
Princess Private Equity Holding Ltd.	609,391	3,666	0.40				

# Portfolio statement

## at 30 June 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
Symrise	159,284	3,163	0.34	Ford Otosan	515,582	2,749	0.30
<b>Italy 0.59%</b>				JP Morgan			
Enel	620,731	2,517	0.27	Euro Investment			
Tods	35,680	2,964	0.32	Trust Income	1,181,432	1,114	0.12
<b>Netherlands 0.59%</b>				<b>UNITED STATES OF AMERICA 12.29%</b>			
Eurocommercial				<b>(31.12.2010, 11.04%)</b>			
CVA	178,060	5,514	0.60	Abbott			
<b>Norway 0.94%</b>				Laboratories	128,700	4,215	0.46
DnB NOR	664,882	5,791	0.63	Blackstone Group	536,700	5,526	0.60
Seadrill Ltd	134,303	2,958	0.32	Bristol-Myers			
<b>Spain 1.91%</b>				Squibb	163,800	2,952	0.32
Inditex	59,108	3,354	0.36	Chevron	149,335	9,558	1.03
Indra Sistemas	228,097	2,931	0.32	Chevron	149,335	9,558	1.03
Mediase Espana				Coca-Cola	73,100	3,063	0.33
Communications	522,018	2,824	0.31	Commerce			
Telefonica	381,347	5,806	0.63	Bancshares	116,950	3,132	0.34
Zardoya Otis	292,394	2,683	0.29	ConocoPhillips	68,825	3,221	0.35
Zardoya Otis Rights	292,394	131	0.01	Cullen/Frost Bankers	119,200	4,221	0.46
<b>Sweden 1.36%</b>				El Paso Pipeline	190,000	4,109	0.44
Assa Abloy	182,990	3,071	0.33	Emerson Electric	184,700	6,469	0.70
Axfood	178,492	3,911	0.42	Exxon Mobil Corp.	183,700	9,303	1.01
Hennes & Mauritz	138,497	2,980	0.32	Genuine Parts	137,700	4,663	0.50
TeliaSonera	586,244	2,685	0.29	HJ Heinz	92,700	3,076	0.33
<b>Switzerland 3.28%</b>				Johnson & Johnson	105,617	4,372	0.47
Belimo	2,292	3,069	0.33	Mattel	187,100	3,202	0.35
Nestle SA	151,284	5,841	0.63	McDonald's	116,964	6,140	0.66
Novartis	148,493	5,651	0.61	NY Community	266,200	2,485	0.27
Roche Holdings	40,884	4,249	0.46	Pepsico	198,100	8,684	0.94
Swisscom	20,962	5,973	0.65	Procter & Gamble	74,083	2,931	0.32
Zurich Financial				Travelers Companies	35,100	1,276	0.14
Services	36,414	5,724	0.62	Tupperware Brands	79,900	3,358	0.36
<b>General European 0.72%</b>				Verizon	242,415	5,618	0.61
Akbank	876,340	2,521	0.27	VF	76,900	5,201	0.56
European Assets Trust	44,585	302	0.03	Waste Management	37,400	868	0.09
				Yum! Brands	177,500	6,104	0.66
				<b>JAPAN 0.65% (31.12.2010, 0.71%)</b>			
				Oracle	101,800	2,740	0.30
				Santen			
				Pharmaceutical	132,000	3,298	0.36

# Portfolio statement

## at 30 June 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
<b>PACIFIC BASIN 6.12% (31.12.2010, 5.69%)</b>				<b>OTHER OVERSEAS 8.33% (31.12.2010, 5.54%)</b>			
<b>Australia 1.70%</b>							
ANZ Bank Group	110,237	1,617	0.17	Aberdeen Latam	2,406,782	2,641	0.29
Coca-Cola Amatil	559,914	4,260	0.46	Aberdeen Latam Subs	240,678	33	0.00
Orica	344,701	6,039	0.65	Aes Tiete	587,200	5,919	0.64
UGL	423,555	3,918	0.42	American Movil	7,524,200	6,283	0.68
<b>Hong Kong 1.86%</b>				Banco Bradesco Pref			
Anta Sports				255,066	3,205	0.35	
Products	2,739,000	3,043	0.33	Bank Leumi			
BOC	2,292,500	4,138	0.45	Le-Israel	993,147	2,909	0.31
Hutchison Telecom	2,790,000	536	0.06	Bank of Montreal	73,600	2,909	0.31
CLP Holdings	332,500	1,833	0.20	Bezeq Israel Telecom	1,800,332	2,825	0.31
Guangdong Investment	1,334,000	443	0.05	BlackRock Global Opportunities			
Jiangsu				Equity Trust	246,165	2,761	0.30
Expressway	4,128,000	2,353	0.25	BlackRock International Growth and Income Trust	654,904	4,108	0.44
LINK REIT	2,342,000	4,987	0.54	Clicks	842,237	3,270	0.35
<b>Indonesia 0.89%</b>				Fountainhead Property Trust			
Bank Rakyat Indonesia	5,402,000	2,550	0.28	5,014,571	2,967	0.32	
Perusahaan Gas	9,861,500	2,883	0.31	Grupo Aeroport B	628,800	2,305	0.25
Semen Gresik	4,008,500	2,795	0.30	Invesco AM IRL Em	44,259	1,187	0.13
<b>Singapore 0.48%</b>				Israel Chemicals			
United Overseas Bank	448,000	4,460	0.48	285,948	2,827	0.31	
<b>Taiwan 0.48%</b>				JPM Global EM Inc			
HTC	213,000	4,462	0.48	2,033,140	2,394	0.26	
<b>Thailand 0.68%</b>				Middlefield Canadian Income Trusts			
BEC World	3,565,295	2,495	0.27	2,532,013	2,728	0.29	
CP All (Foreign)	3,283,300	2,947	0.32	National Bank of Canada	60,000	3,025	0.33
Siam Makro (Alien)	222,600	883	0.10	Natura	180,200	2,798	0.30
<b>General Asia 0.02%</b>				Pretoria Port Cement			
Schroder Oriental Income	126,372	198	0.02	283,693	695	0.08	
				Shaw Communications			
				B314,400			
				4,460			
				0.48			
				Tiger Brands			
				178,263			
				3,229			
				0.35			
				Tractebel			
				570,900			
				6,237			
				0.67			
				World Trust Fund			
				2,964,146			
				5,736			
				0.62			
				<b>GLOBAL EQUITY INCOME UNITS 4.62% (31.12.2010, 4.75%)</b>			
				COIF Charities Global Equity Income			
				Fund Accumulation Units*1,000			
				2			
				-			
				COIF Charities Global Equity Income Fund			
				Income Units*			
				34,053,066			
				42,961			
				4.64			

# Portfolio statement

## at 30 June 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
<b>INFRASTRUCTURE 3.18% (31.12.2010, 2.82%)</b>				<b>DERIVATIVES -0.13% (31.12.2010, -0.14%)</b>			
RREEF Pan-Euro Infrastructure	26,658	29,590	3.20	<b>Forward currency contracts:</b>			
				US dollar vs UK sterling maturing on 13.7.2011	US\$	(1211)	(0.13)
<b>UNQUOTED STOCKS 0.73% (31.12.2010, 0.75%)</b>				US dollar vs UK sterling maturing on 13.7.2011	US\$	(194)	(0.02)
CCLA Investment Management Limited B Shares~	28,167	3,528	0.38	Euro vs UK sterling maturing on 8.7.2011	EUR	(331)	(0.04)
CCLA Investment Management Limited D Shares~	26,000	3,257	0.35	Australian dollar vs UK sterling maturing on 8.7.2011	AUD\$	(73)	(0.01)
<b>PROPERTY UNIT TRUSTS 7.90% (31.12.2010, 8.42%)</b>				Swiss Franc vs UK sterling maturing on 17.7.2011	CHF	77	(0.01)
COIF Charities Property Fund Income Units*	71,092,752	73,417	7.93	Swiss Franc vs UK sterling maturing on 17.7.2011	CHF	(130)	(0.01)
<b>FIXED INTEREST STOCKS 3.78% (31.12.2010, 0.23%)</b>				Japanese Yen vs UK sterling maturing on 8.7.2011	YEN	(68)	(0.01)
IFF For Immunisation							
3.375% Bond 2014	923,000	969	0.10	<b>NET INVESTMENT ASSETS</b>		<u>897,587</u>	<u>97.01</u>
Lloyds 7.625% Bond 2019	4,333,000	4,060	0.44	<b>NET OTHER ASSETS</b>		<u>27,738</u>	<u>2.99</u>
Lloyds 7.869% Bond 2020	2,441,000	2,282	0.25	<b>NET ASSETS</b>		<u><u>925,325</u></u>	<u><u>100.00</u></u>
Lloyds 7.8673% Bond 2019	2,438,000	2,224	0.24				
NB Global Income Fund	7,331,749	7,506	0.81				
Rabobank 6.875% Bond 2020	8,750,000	7,882	0.85				
Scottish % Southern Energy 5.75% Bond 2014	900,000	975	0.11				
Credit Suisse 7.875% Bond 2041	14,156,000	9,043	0.98				
<b>OTHER 0.29% (31.12.2010, 0.32%)</b>							
KKR Mezzanine	4,346	2,736	0.30				

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

# Statement of total return

## for the half year ended 30 June 2011 (unaudited)

	Notes	30.6.2011		30.6.2010	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		<b>14,738</b>		(35,432)
Revenue	3	<b>26,291</b>		21,301	
Expenses	4	<u><b>(2,056)</b></u>		<u>(1,890)</u>	
Net revenue before taxation		<b>24,235</b>		19,411	
Taxation	5	<u><b>(1,050)</b></u>		<u>(789)</u>	
Net revenue after taxation			<u><b>23,185</b></u>		<u>18,622</u>
<b>Total return before distributions</b>			<b>37,923</b>		(16,810)
Finance costs: distributions	6		<u><b>(17,870)</b></u>		<u>(17,584)</u>
<b>Change in net assets attributable to unitholders from investment activities</b>			<u><b>20,053</b></u>		<u>(34,394)</u>

The notes on pages 21 to 31 form part of these accounts.

# Statement of change in net assets attributable to unitholders

## for the half year ended 30 June 2011 (unaudited)

	30.6.2011		30.6.2010	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>894,194</b>		842,832
Amounts receivable on issue of units	<b>31,142</b>		24,210	
Amounts payable on cancellation of units	<b>(22,096)</b>		<b>(16,630)</b>	
		<b>8,046</b>		7,580
Change in net assets attributable to unitholders from investment activities		<b>20,053</b>		(34,394)
Retained distribution on accumulation units		<b>3,032</b>		<u>2,800</u>
<b>Closing net assets attributable to unitholders</b>		<b><u>925,325</u></b>		<b><u>818,818</u></b>

The above statement shows the comparative closing net assets at 30 June 2010 whereas the opening net assets for the current period were £894,194 on 1 January 2011.

The notes on pages 21 to 31 form part of these accounts.

# Balance sheet

at 30 June 2011 (unaudited)

	Notes	30.6.2011		31.12.2010	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investment assets			<b>899,594</b>		876,743
Debtors	7	<b>6,995</b>		4,911	
Cash and bank balances	8	<b>28,805</b>		<u>26,616</u>	
Total other assets			<b>35,800</b>		<u>31,527</u>
<b>Total assets</b>			<b>935,394</b>		908,270
<b>LIABILITIES</b>					
Investment liabilities			<b>2,007</b>		1,415
Creditors	9	<b>47</b>		939	
Distribution payable on income units			<b>8,015</b>	<u>11,722</u>	
Total other liabilities			<b>8,062</b>		<u>12,661</u>
<b>Total liabilities</b>			<b>10,069</b>		14,076
<b>Net assets attributable to unitholders</b>					
			<b>925,325</b>		<u>894,194</u>

The notes on pages 21 to 31 form part of these accounts.

# Notes to the accounts

## (unaudited)

### 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 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.

# Notes to the accounts

## (unaudited)

### (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.

## 2. Net capital gains

	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
The net capital gains during the year comprise:		
Non-derivative securities	<b>22,178</b>	(31,719)
Forward currency contracts	<b>(1,930)</b>	1,698
Other capital revenue	<b>(275)</b>	15
Currency gains/(losses)	<b>(5,235)</b>	(5,426)
	<b><u>14,738</u></b>	<u>(35,432)</u>

# Notes to the accounts

## (unaudited)

<b>3. Revenue</b>	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
UK dividends	<b>14,742</b>	14,011
Overseas dividends	<b>9,929</b>	7,020
Dividends on unquoted stocks	<b>823</b>	114
Interest on debt securities	<b>755</b>	85
Interest on COIF Charities Deposit Fund	<b>26</b>	60
Bank Interest	<b>16</b>	11
	<b><u>26,291</u></b>	<u>21,301</u>
<b>4. Expenses</b>	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	<b>2,350</b>	2,108
Manager's periodic charge rebate – see note 1(e)*	<b>(421)</b>	(662)
Manager's fee for ethical and stewardship	<b>40</b>	27
	<b><u>1,969</u></b>	<u>1,473</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	<b>58</b>	74
Trustee Fee	<b>12</b>	10
	<b><u>70</u></b>	<u>84</u>
Other expenses:		
Insurance	<b>8</b>	7
Audit fee	<b>6</b>	6
Legal	<b>-</b>	2
Other	<b>3</b>	4
	<b><u>17</u></b>	<u>19</u>
Total expenses	<b><u>2,056</u></b>	<u>1,890</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

# Notes to the accounts

## (unaudited)

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.

	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
Overseas taxation suffered in the period	<b>1,137</b>	880
Overseas taxation recovered in the period	<b>(87)</b>	(91)
Total taxation	<b><u>1,050</u></b>	<u>789</u>

### 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:

	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
31 March – interim distribution	<b>8,153</b>	8,069
30 June – interim distribution	<b>9,749</b>	9,551
	<b>17,902</b>	17,620
Add: revenue deducted on cancellation of units	<b>124</b>	72
Deduct: revenue received on issue of units	<b>(156)</b>	(108)
Net distribution for the period	<b><u>17,870</u></b>	<u>17,584</u>
Net revenue after taxation for the period	<b>23,184</b>	18,622
Amortisation under effective yield (FRS 26)	-	84
Transfer to income reserve – see note 10	<b>(7,302)</b>	1,825
Manager's periodic charge – see note 1(e)	<b>1,988</b>	(2,947)
Net distribution for the period	<b><u>17,870</u></b>	<u>17,584</u>

Details of the distribution per unit are set out in the distribution table on page 32

# Notes to the accounts (unaudited)

<b>7. Debtors</b>	<b>30.6.2011</b>	31.12.2010
	<b>£'000</b>	£'000
Sales awaiting settlement	<b>3,218</b>	-
Accrued income	<b>3,741</b>	4,909
Prepayments	<b>36</b>	2
	<b><u>6,995</u></b>	<b><u>4,911</u></b>

<b>8. Cash and bank balances</b>	<b>30.6.2011</b>	31.12.2010
	<b>£'000</b>	£'000
Cash in the COIF Charities Deposit Fund	<b>12,875</b>	18,954
Cash in the Public Sector Deposit Fund	<b>18,000</b>	-
Cash at bank	<b>(2,070)</b>	7,662
	<b><u>28,805</u></b>	<b><u>26,616</u></b>

<b>9. Creditors</b>	<b>30.6.2011</b>	31.12.2010
	<b>£'000</b>	£'000
Purchases awaiting settlement	<b>1</b>	833
Accrued expenses	<b>11</b>	75
Sundry creditors	<b>35</b>	31
	<b><u>47</u></b>	<b><u>939</u></b>

## 10. Income Reserve

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

	<b>30.6.2011</b>	31.12.2010
	<b>£'000</b>	£'000
Income reserve at the start of the period	<b>11,496</b>	11,913
Transfer (from)/to income reserve	<b>7,302</b>	(417)
Income reserve at the end of the period	<b><u>18,798</u></b>	<b><u>11,496</u></b>

# Notes to the accounts

## (unaudited)

### 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.

#### **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

## (unaudited)

At 30 June 2011, 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 30 June was:

	30.6.2011			31.12.2010		
	Monetary Exposures	Non-Monetary Exposures	Total	Monetary Exposures	Non-Monetary Exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Currency						
Australian Dollar	-	15,947	15,947	1	19,715	19,716
Brazilian Real	-	18,178	18,178	-	2,442	2,442
Canadian Dollar	13.00	10,418	10,431	13	15,423	15,436
Danish Krona	-	3,226	3,226	-	-	-
Dutch Gilder	-	154	154	-	-	-
Euro	7.00	93,177	93,184	21	74,515	74,536
Hong Kong Dollar	63.00	17,452	17,515	892	7,453	8,345
Indonesian Rupiah	-	8,229	8,229	-	1,991	1,991
Israeli Shekel	125.00	8,561	8,686	-	6,816	6,816
Japanese Yen	-	6,107	6,107	-	6,398	6,398
Mexican Peso	-	8,588	8,588	-	3,466	3,466
Norwegian Krone	-	8,750	8,750	-	6,784	6,784
Philippine Peso	-	-	-	-	1,137	1,137
Singapore Dollar	-	4,460	4,460	-	10,857	10,857
South African Rand	8	10,236	10,244	-	1,703	1,703
Swedish Krona	-	12,647	12,647	-	7,306	7,306
Swiss Franc	-	30,752	30,752	-	36,925	36,925
Taiwanese Dollar	-	4,462	4,462	-	6,973	6,973
Thailand Baht	-	6,325	6,325	-	2,187	2,187
Turkish Lira	-	5,270	5,270	107	7,407	7,514
US Dollar	222	127,814	128,036	614	110,274	110,888
	<b>438</b>	<b>400,753</b>	<b>401,191</b>	<b>1,646</b>	<b>329,772</b>	<b>331,418</b>

# Notes to the accounts

(unaudited)

## 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:

<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>
<b>Sterling</b>	<b>28,365</b>	<b>18,578</b>	<b>475,188</b>	<b>522,131</b>
<b>Euro</b>	<b>7</b>	<b>7882</b>	<b>93,177</b>	<b>101,066</b>
<b>US Dollar</b>	<b>222</b>	<b>-</b>	<b>127,814</b>	<b>128,036</b>
<b>Yen</b>	<b>-</b>	<b>-</b>	<b>6,107</b>	<b>6,107</b>
<b>Hong Kong Dollar</b>	<b>-</b>	<b>-</b>	<b>3,217</b>	<b>3,217</b>
<b>Total</b>	<b>28,805</b>	<b>27,434</b>	<b>879,155</b>	<b>935,394</b>

<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>
<b>Sterling</b>	<b>-</b>	<b>-</b>	<b>10,069</b>	<b>10,069</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>10,069</b>	<b>10,069</b>

# Notes to the accounts

(unaudited)

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	1012	-	144,982	145,994
<u>Total</u>	<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 liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	13,242	13,242
Hong Kong Dollar	-	-	834	834
<u>Total</u>	<u>-</u>	<u>-</u>	<u>14,076</u>	<u>14,076</u>

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

The fixed rate element of the portfolio, as at 30 June 2011, is further analysed in the following table.

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed Years</i>
<b>Sterling</b>	<b>27,434</b>	<b>7.34</b>	<b>15.3</b>

# Notes to the accounts

## (unaudited)

31 December 2010

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

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 -£1,929,928 as at 30 June 2011 (31.12.2010, -£1,218,453).

### 12. Commitments and contingent liabilities

There was a commitment of £7,678,886 at 30 June 2011 (31.12.2010, £7,588,791) in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund.

There were no other commitments or contingent liabilities as at 30 June 2011 (31.12.2010, £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 30 June 2011, 7.90% (31.12.2010, 8.42%) of the value of the Fund was held in units in the COIF Charities Property Fund, 4.63% (31.12.2010, 4.75%) of the value of the Fund was held in units in the COIF Charities Global Equity Income Fund, 1.39% (31.12.2010, 2.12%) of the value of the Fund was held in the COIF Charities Deposit Fund and 1.95% (31.12.2010, Nil) of the value of the Fund was held in the Public Sector Deposit Fund.

At 30 June 2011 the Fund held 64.73% (31.12.2010, 67.93%) of the COIF Charities Global Equity Income Fund and 52.98% (31.12.2010, 57.28%) 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.

# Notes to the accounts

## (unaudited)

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.

### 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 30 June 2011 the balance, due to the Manager and HSBC Bank plc were as set out below:

	<b>30.6.2011</b>	30.06.2010
	<b>£'000</b>	£'000
HSBC Bank plc - trustee fee	<b>10</b>	10
HSBC Bank plc - safe custody and transaction charges	-	52
	<u><b>10</b></u>	<u>62</u>

### 16. Portfolio transaction costs

	<b>30.6.2011</b>	30.6.2010
	<b>£'000</b>	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	<b>303,629</b>	59,331
Commissions	<b>230</b>	49
Total gross purchases	<u><b>303,859</b></u>	<u>59,380</u>
Analysis of total sale costs:		
Sales in year before transaction costs	<b>300,477</b>	31,517
Commissions	<b>(302)</b>	(26)
Total net sales	<u><b>300,175</b></u>	<u>31,491</u>

# Distribution table

## for the half year ended 30 June 2011 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per unit</i>	
		<b>2011</b>	2010
<b>Income units</b>			
31 March 2011	28 May 2011	<b>8.80</b>	8.80
30 June 2011	31 August 2011	<b>10.23</b>	10.23
		<b><u>19.03</u></b>	<u>19.03</u>
		<i>Revenue accumulated pence per unit</i>	
		<b>2011</b>	2010
<b>Accumulation units</b>			
31 March 2011		<b>88.89</b>	82.03
30 June 2011		<b>120.28</b>	100.47
		<b><u>209.17</u></b>	<u>182.50</u>

# Statement of Board, Corporate Trustee and Manager responsibilities

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 12 July 2002, 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 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);

# Statement of Board, Corporate Trustee and Manager responsibilities

- 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;
- the making of 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.
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable 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;
- 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;

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 Investment Fund**  
**(Charity Registration No. 218873)**

**Board**

D Henderson, Chairman of the Board, 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

**Manager, Administrator and Registrar**

**CCLA Investment Management Limited**

*Authorised and regulated by  
the Financial Services Authority*

80 Cheapside  
London EC2V 6DZ  
Telephone: 020 7489 6000  
Client Service:  
Freephone: 0800 022 3505  
Facsimile: 0844 561 5126  
Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)

**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**

J Bevan

**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.

#### **A CHOICE OF SIX FUNDS**

The six COIF Charity Funds aim to meet most of the investment and deposit needs of 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

#### **Ethical Investment Fund**

- An actively managed fund with a diversified portfolio suitable for 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

#### **Global Equity Income Fund**

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

#### **Fixed Interest Fund**

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities

The Deposit Fund is rated AAA by Fitch Ratings. This reflects the high credit quality of the portfolio.

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.

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.

#### **CCLA INVESTMENT MANAGEMENT LTD**

80 Cheapside  
London EC2V 6DZ

Client Service:

Freephone: 0800 022 3505

Facismile: 0844 561 5126

Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

[www.ccla.co.uk](http://www.ccla.co.uk)

Printed on 100% post consumer waste and is certified by the Forest Stewardship Council (FSC).

and cash to give a broad spread of assets and achieve combined income and growth objectives

#### **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

#### **Deposit Fund**

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