



for the Church of England

The CBF Church of England Global Equity Income Fund

**Report and Accounts
Half Year ended 31 May 2011
(unaudited)**

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Trustee and Manager

(inside back cover)

Description of The CBF Church of England 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 Trustee for the half year ended 31 May 2011

On behalf of the Trustee, I have pleasure in presenting the half year Report and Accounts of The CBF Church of England Global Equity Income Fund (the Fund), which includes a separate report from CCLA Investment Management Limited (the Manager) as Manager of the Fund.

Structure and management

The Fund is a common fund established by the Church Funds Investment Measure 1958 (as amended from time to time), and the Trustee Act 2000 (together the Measure).

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having a share capital, is the Trustee and Operator of the Fund. CBFFT has an Audit Committee which meets twice each year to review the financial statements and monitor the control environment in which the Fund operates.

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Services Authority (FSA), the investment management, administration, registrar, secretarial and company secretarial functions of the Fund under Management Agreements dated 18 September 2007.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), CBFFT is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the FSA and the trustee directors of CBFFT are not required to be authorised by the FSA for this purpose.

Investments in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Charitable status of the Fund

The Fund is entitled to charitable status by virtue of section 24(9) of the Charities Act 1993. In the administration of the Fund, CBFFT is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective of the Fund

The Fund has wide powers, being permitted to invest in securities of any kind although investment is predominantly in UK and overseas equities. It is believed that over the longer term this approach should help to protect both capital and income from the effect of inflation. The investment objective of the Fund is to provide investors with an income return greater than that on the FTSE All-World Series World Index. This objective is reviewed annually.

Benchmark

The income on the Fund is targeted against the income available on the FTSE All-World Index. A comparison of returns is made against the FTSE All-Share Index as the domestic investment alternative.

Responsibilities of the Trustee

CBFFT receives a report on the published accounts from the Manager twice a year and is wholly responsible for the Fund. CBFFT monitors the investment, property and cash management, administration, registration, secretarial and company secretarial services provided by the Manager under respective Management Agreements. It meets quarterly

Report of the Trustee for the half year ended 31 May 2011

with the Manager to monitor investment strategy, dividend and interest rate policy, investment diversification and risk and to review the Fund's performance. In addition, CBFFT reviews the Report and Accounts of the Fund prepared on its behalf by the Manager.

CBFFT is responsible for appointing an Audit Committee, the Auditor and the Safe Custody Agent. It reviews annually the objectives of the Fund in the light of current circumstances.

RBS monitoring service

CBFFT has appointed The Royal Bank of Scotland plc to monitor the Manager in respect of its activities related to the management and administration of the Fund and to provide formal six-monthly reviews of its findings to the Audit Committee. The Royal Bank of Scotland plc has not raised any material issues.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, CBFFT is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the relevant Management Agreements.

Ethical & Responsible Investment

Throughout the reporting period, CBFFT was represented on the Church of England's Ethical Investment Advisory Group (EIAG) by Rev Edward Carter.

The EIAG advises the Church's three national investing bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG recommendations rests with the CBFFT. The

EIAG Secretariat at Church House also engages with investee companies on issues of particular concern to the Church. The EIAG produces its own Annual Review.

In 2008 the EIAG, in liaison with the three national investing bodies, initiated a review of all the ethical screening policies. A new defence policy was agreed in 2010, and the current focus is on alcohol, high interest rate lending and pornography. We welcome comments from clients as part of this process via ethics@ccla.co.uk

Two representatives of the Manager also attended the EIAG meetings: Michael Quicke, Chief Executive and Helen Wildsmith, Head of Ethical & Responsible Investment. Helen is also the elected representative for the CBF Funds on the Steering Group of the £12bn ecumenical Church Investors Group (CIG).

Stewardship & Corporate Governance

The new UK Stewardship Code for Institutional Investors aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at Annual General Meetings. Rev Edward Carter attended the CIG's trustee training day on the Stewardship Code in October 2010.

The Manager moved from domestic voting to global voting in 2010 in collaboration with the national investing bodies at Church House and other CIG members. During the first half of

Report of the Trustee

for the half year ended 31 May 2011

2011 the Manager voted on 2,733 resolutions across global markets with 15% abstentions or votes against the management (mainly remuneration related in line with the EIAG's long-standing policy in this area).

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.

The Church of England national investing bodies are joint signatories to the UN Principles of Responsible Investment (PRI) and the Manager is a member of the Carbon Disclosure Project (CDP) and UK Sustainable Investment and Finance (UKSIF).

Controls and risk management

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

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

CBFFT receives internal audit reports on the controls of the Manager. During the period CBFFT, assisted by the Manager, reviewed the Fund's systems of internal control. At each of its meetings, the Audit Committee receives and reviews, a formal risk management report from the Manager. This sets out the main risks facing the Fund, the controls in place to mitigate those risks and the assessment of each risk in terms of both gross and residual exposure after the application of mitigating controls

R Broadhurst
Chairman
CBF Funds Trustee Limited
12 July 2011

Report of the Investment Manager for the half year ended 31 May 2011

Strategy

Our objective with this Fund is to achieve a high income, growing over time and sourced from a portfolio of good quality companies in the UK and markets overseas. The companies held are selected on their individual merits and there is no predetermined allocation to any sector or any country. This fact and the high yield on the Fund, mean that the portfolio is likely to have a different shape to that of capitalisation based indices such as the FTSE All-World Index.

Performance

Over the six months the Fund produced a return before expenses of +9.21%. This compares with a return of +10.81% on the FTSE All-Share Index and +8.29% on the FTSE All-World Index. The income distribution for the period was unchanged at 2.70p per share. As at 31st May the yield on the Fund was 4.79%, this compares with a yield of 2.97% on the All-Share Index and 2.41% on the All-World Index.

The CBF Church of England Global Equity Income Fund Annualised total capital and income return

To 31 May 2011	Six Months %	1 year %	3 year %
<u>Performance against market indices (before expenses)</u>			
CBF Global Equity Income Fund	+9.21	+21.49	+3.90
FTSE All-World Index	+8.29	+13.68	+5.60
FTSE All-Share Index	+10.81	+20.36	+4.15
MSCI Value UK Index	+13.25	+19.94	+2.55
MSCI Value Europe ex UK Index	+15.96	+17.89	-2.01
MSCI Value US Index	+10.94	+10.31	+6.96
MSCI Value Asia Pacific ex Japan Index	+4.23	+13.63	+2.22
<u>Performance after expenses</u>			
Income shares*	+8.73	+20.42	+3.00
Accumulation shares*	+8.73	+20.43	+2.99

* Net asset value to net asset value plus income reinvested

Source : The Manager

Report of the Investment Manager for the half year ended 31 May 2011

Market review

Global equity markets began the period strongly, with optimism regarding the prospects for the world economy in the period ahead. This momentum faded quickly however as sovereign debt issues came to the fore and growth expectations faded to more modest levels. Despite this, most regional and individual markets made headway with Japan the only index lower over the half year. Sentiment in this market was severely damaged by the earthquake and the effect on the economic output.

Economic progress in the world economy has been a story of contrasts between the strength in emerging markets and the modest recovery achieved in more developed areas, this despite continued supportive conditions such as low interest rates and accommodative monetary policies. One result of the expansion has been a persistent upward pressure on prices. This has seen inflation moving higher in most areas but with the UK a particular sufferer as international problems have been aggravated by currency devaluation and domestic tax increases.

Another important factor has been the debt crises which have affected Ireland, Portugal and again, after a refinancing in 2010, Greece. Investors have been concerned about the scale of the problem, the threat to global bond markets from a default, full or partial, and perhaps most importantly whether the problem will spread further, potentially into economies of an altogether larger size. These factors together have meant that day to day volatility in securities markets has remained high.

Outlook

We expect the world economy to continue to grow in the period ahead but with a maintained differential between emerging and developed countries. As the recovery matures so increasingly we will see actions to moderate expansion rates and control inflation. There are already clearly underway in China, India and Brazil and a number of smaller economies and have begun in Europe, where the European Central Bank has raised interest rates. This process will continue, but slowly, with some of the weaker economic performers, such as the UK, not raising interest rates for some time to come.

We expect corporate profits to rise and for this to provide good support to investment markets which are on modest ratings. It would be unreasonable not to expect volatility to remain elevated given the challenges ahead but overall we expect higher prices over time.

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

Report of the Investment Manager

for the half year ended 31 May 2011

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
BHP Billiton	1,052	Banco Santander	1,271
AES Tiete	912	Pfizer	1,263
Blackstone Group	858	Vodafone Group	1,194
CDL Hospitality	770	Natl Australia Bank	1,145
Zurich Finl Serv	746	Tate&Lyle	976
Sainsbury (J)	621	Genuine Parts	943
Vtech Holdings	606	TSMC	862
Orica	606	Royal Dutch Shell B	815
Tods	605	Singapore Press	774
BASF	603	AT&T	770

Risk warning

The Fund's shares and the revenue from the shares 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 shares are intended for long-term investment only and are not suitable for money liable to be needed in the near future. The shares are realisable on each weekly dealing day.

The Fund may invest in emerging market countries which could be subject to political and economic change. The Fund may also invest in collective investment schemes and other assets. The Fund's share value will reflect fluctuations in the securities prices and currency exchange rates.

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England

Global Equity Income Fund

The EIAG makes recommendations on ethical investment policy. The legal responsibility for managing the Church's investments rests with the national investing bodies. These bodies all have a moral and legal responsibility (known as 'fiduciary duty') to further the interests of their beneficiaries. While mindful at all times of beneficiaries' need for financial returns, the investing bodies seek to align their investment policies with the ethics of the Church by acting on the recommendations of the EIAG.

The EIAG positively recommends investment in companies with responsible employment practices, best corporate governance practice, conscientiousness with regard to human rights, sustainable environmental practice and sensitivity towards the communities in which the business operates. The EIAG recommends against investment in any company that produces pornography or is involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

The EIAG recommends against investment in any company, a major part of whose business activity or focus (defined as more than 25% of group turnover) is tobacco, gambling, alcoholic drinks, doorstep lending or human embryonic cloning.

The Church of England Ethical Investment Advisory Group was established in 1994 and includes representation from the Church Commissioners for England, the CBF Church of England Funds, the Church of England Pensions Board, the General Synod,

the Archbishops' Council, and the Mission & Public Affairs Council. Website: www.churchofengland.org/about-us/structure/eiag.aspx E-mail: eiag@churchofengland.org

Net asset value, share price range, net distribution, share price and expense ratio

Net asset value

At 30 November	Net asset value £'000	<i>Income shares</i>		<i>Accumulation shares</i>	
		Net asset value pence per shares	Number of shares in issue	Net asset value pence per share	Number of shares in issue
2008	35,893	99.87	35,869,339	104.70	20,193
2009	45,746	118.98	38,420,719	132.00	25,544
2010	54,327	124.93	43,318,168	144.35	146,512
At 31 May 2011	63,743	133.11	47,483,194	156.00	171,872

The net asset value is calculated on the mid-market value basis compared to the balance sheet where the assets are valued on a bid-market value basis in accordance with the Statement of Recommended Practice for Authorised Funds which was issued by the Investment Management Association (IMA) in November 2008.

Share price range

Year to 30 November	<i>Income shares</i>		<i>Accumulation shares</i>	
	Highest offer pence per share	Lowest bid pence per share	Highest offer pence per share	Lowest bid pence per share
2008	156.27	92.94	156.27	95.99
2009	122.53	85.23	133.92	90.33
2010	131.90	111.87	151.84	126.97
To 31 May 2011	136.89	127.94	161.27	149.60

Net distribution

<i>Year to 30 November</i>	<i>Income shares pence per share</i>	<i>Accumulation shares pence per share</i>
2008	6.00	7.25
2009	6.19	6.17
2010	6.37	8.31
To 31 May 2011	2.70	4.18

Net asset value, share price range, net distribution, share price and expense ratio

Share price at 31 May 2011

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	132.38	133.84
Accumulation shares	157.95	159.69

The share 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.

The Fund's income shares and accumulation shares were both issued on 3 December 2007, the date of the launch of the Fund, at a price of 150.00p.

Total expense ratio

	<i>31.5.2011</i>	<i>31.5.2010</i>
Total expense ratio	0.93%	0.96%

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 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
UNITED KINGDOM 35.04%				Media 0.93%			
(30.11.10, 35.91%)				Pearson			
Oil & Gas Producers 4.73%				51,490			
BP	316,452	1,482	2.34	Mobile Telecommunications 1.79%			
Royal Dutch Shell B	68,987	1,517	2.39	Vodafone			
Mining 1.58%				670,738			
BHP Billiton PLC	41,663	1,001	1.58	Electricity 1.51%			
Construction & Materials 0.93%				Scottish & Southern Energy			
UGL	59,719	592	0.93	69,427			
Support Services 2.20%				956			
Electrocomponents	41,145	303	0.48	Gas Water & Multiutilities 2.43%			
Smiths News	110,922	326	0.51	Centrica			
Hays	392,424	428	0.67	186,548			
Capita Group	347,000	339	0.53	National Grid			
Beverages 0.54%				151,594			
Britvic	78,369	342	0.54	Banks 1.79%			
Food Producers 1.24%				HSBC			
Tate & Lyle	51,182	317	0.50	178,823			
Unilever	23,772	468	0.74	1,135			
Household Goods 0.92%				Nonlife Insurance 2.28%			
Reckitt Benckiser Group PLC	17,008	584	0.92	Admiral			
Pharmaceutical & Biotechnology 4.80%				Amlin			
AstraZeneca	40,810	1,297	2.04	114,099			
GlaxoSmithKline	132,436	1747	2.76	78,410			
Food & Drug Retailers 0.97%				Life Insurance/Assurance 1.16%			
J Sainsbury PLC	177,187	612	0.97	Aviva			
General Retailers 1.52%				Standard Life			
Brown (N) Group	112,713	328	0.52	102,220			
Halfords	75,866	304	0.48	138,961			
WH Smith PLC	68,171	331	0.52	General Financial 3.72%			
EUROPE 23.67% (30.11.2010, 17.59%)				Close Brothers			
Finland 1.20%				Intermediate Capital Group			
General Industrials				135,981			
Industrial Transportation				77,400			
12,772				809			
447				72,790			
0.70				460			
8,254				329			
316				0.52			
0.50							

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
France 2.04%				Zurich Financial			
Axa	35,123	455	0.72	Services AG	4,526	735	1.16
CNP Assurances	21,851	269	0.42	Nestle S.A.	12,669	494	0.78
Vivendi Universal	33,481	567	0.89				
Germany 2.81%				General European 0.64%			
BASF SE NPV	10,883	614	0.97	Ford Otosan	80,442	407	0.64
Symrise AG	16,381	309	0.49	UNITED STATES OF AMERICA 9.86%			
Allianz SE	3,586	301	0.48	(30.11.2010, 15.82%)			
Muenchener Rueckversicherungs- -Gesellschaft AG	5,940	554	0.87	Abbott Laboratories	9,700	308	0.49
Italy 2.22%				Annaly Capital Management	42,000	463	0.73
Enel	187,482	781	1.23	Bank of America 7.25% Convertible Preference Shares	1,400	889	1.40
Tods Spa	8,000	626	0.99	Bristol-Myers Squibb Easton Vance Tax Advantage Global Dividend Income Fund	18,000	314	0.50
Netherlands 2.34%				Eaton Vance Tax Advantage Dividend Income Fund	27,200	253	0.40
Eurocommercial CVA	30,912	983	1.55	El Paso Pipeline	40,200	840	1.32
KPN	56,255	501	0.79	Gabelli Dividend and Income Trust	16,400	169	0.27
Norway 2.03%				Gabelli Equity Trust	74,200	278	0.44
DnB NOR	92,447	844	1.33	Liberty All Star	80,600	257	0.41
Seadrill	20,271	444	0.70	McDonald's Corp.	6,400	317	0.50
Spain 3.32%				NY Community Bank Corporation	56,200	553	0.87
Criteria Caixacorp	68,127	301	0.47	PepsiCo Inc.	11,200	484	0.76
Mediase Espana				Verizon Comms	38,815	870	1.37
Comms	84,414	462	0.73				
Zardoya Otis	29,520	300	0.47	JAPAN 0.77% (30.11.2010, 0.00%)			
Telefonica	71,007	1,045	1.65	Oracle Corp Japan	18,400	488	0.77
Sweden 1.79%							
Axfood	36,402	816	1.29				
Hennes & Mauritz AB	14,299	322	0.51				
Switzerland 5.27%							
Novartis	23,267	911	1.44				
Swisscom	2,112	590	0.93				
Roche Holding AG	5,734	612	0.97				

Portfolio statement

at 31 May 2011 (unaudited)

Holding	Bid Value £'000	% Fund	Holding	Bid Value £'000	% Fund
PACIFIC BASIN 16.49% (30.11.2010, 7.37%)			African Bank		
Australia 3.86%			Investments Ltd		
Australia & New Zealand			84,920	267	0.42
Banking Group Ltd.	29106	0.66	Allied Technologies Ltd	41,906	0.35
Coca-Cola Amatil Ltd.	56,427	0.68	America Movil SAB	249,400	0.63
Metcash Ltd	111,876	0.45	Banco Bradesco SA	23965	0.45
Orica Limited	35,161	0.93	Bank Leumi		
Sonic Healthcare	36,994	0.46	Le-Israel BM	121,029	0.56
Woolworths Ltd.	24,628	0.69	Bank of Montreal	7,400	0.45
Hong Kong 4.86%			Bezeq Israeli		
Bank of China Hong Kong Holdings			Telecommunication Corp Ltd		
Hutchison Telecom Hong Kong	271,000	0.80	242,197	374	0.59
Hong Kong	3,000,000	0.94	Fountainhead Property Trust	845,743	0.75
Jiangsu Expressway	894,000	0.89	Growthpoint Properties Ltd	185,777	0.47
Link Reit	264,000	0.85	Grupo Aeroportuario del Sureste		
Vtech Holdings	84,200	0.96	SAB de CV		
Zhejiang Express	562000	0.42	126,900	454	0.72
South Korea 1.39%			ICL-Israel Chemicals Ltd.		
Maquarie Korea Infrastructure			41,516	412	0.65
310100	884	1.39	Kumba	11,361	0.74
Singapore 2.20%			MMI Holdings Ltd		
CDL Hospitality Trusts			197,976	305	0.48
780,000	791	1.25	Natura Cosméticos	17,300	0.44
United Overseas Bank	63,000	0.95	Perusahaan Gas		
Taiwan 1.58%			Negra PT		
HTC			1,502,000	433	0.68
38,850	1,001	1.58	Semen Gresik Persero		
Thailand 2.59%			671,000		
BEC World (Alien)			Shaw Communications Inc		
873,800	387	0.61	34,300	447	0.70
Cha Pok Food (Alien)	990,000	0.93	Tractebel Energia SA		
CP All (Foreign) PCL	364,100	0.46	27,900	286	0.45
Siam Makro (Alien)	95,100	0.59	DERIVATIVES 0.14% (31.12.2010, 0.19%)		
OTHER OVERSEAS 11.68% (30.11.2010, 7.00%)			Forward currency contracts		
AES Tiete SA			US dollar vs UK sterling maturing on 13 June 2011		
94,600	898	1.42	11,562,599	50	0.08
			Euro vs UK sterling maturing on 8 June 2011		
			2,837,154	90	0.14
			Australian dollar vs UK sterling maturing on 8 June 2011		
			1,936,294	11	0.02

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund
Japanese Yen vs UK sterling maturing 8 June 2011	62,316,200	(3)	-0.01
Swiss Franc vs UK Sterling maturing 14 June 2011	2,475,394	(58)	-0.09
NET INVESTMENT			
ASSETS		61,911	97.65
NET OTHER ASSETS		1,491	2.35
NET ASSETS		<u>63,402</u>	<u>100.00</u>

Statement of total return

for the half year ended 31 May 2011 (unaudited)

	Notes	31.5.2011		31.5.2010	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		3,457		(1,274)
Revenue	3	1,794		1,317	
Expenses	4	<u>(275)</u>		<u>(231)</u>	
Net revenue before taxation		1,519		1,086	
Taxation	5	<u>(168)</u>		<u>(103)</u>	
Net revenue after taxation			<u>1,351</u>		<u>983</u>
Total return before distributions			4,808		(291)
Finance costs: distributions	6		<u>(1,212)</u>		<u>(1,096)</u>
Change in net assets attributable to shareholders from investment activities			<u>3,596</u>		<u>(1,387)</u>

Statement of change in net assets attributable to shareholders

for the half year ended 31 May 2011 (unaudited)

	31.5.2011		31.5.2010	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		54,132		45,747
Amounts receivable on issue of shares	8,022		4,802	
Amounts payable on cancellation of shares	(2,355)		(40)	
		5,667		4,762
Change in net assets attributable to shareholders from investment activities		3,596		(1,387)
Retained distribution on accumulation shares		7		2
Closing net assets attributable to shareholders		<u>63,402</u>		<u>49,124</u>

The above statement shows the comparative closing net assets at 31 May 2010 whereas the opening net assets for the current accounting period commenced on 1 December 2010.

The notes on pages 19 to 28 form part of these accounts.

Balance sheet

at 31 May 2011 (unaudited)

	Notes	31.5.2011		30.11.2010	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets			61,972		52,449
Debtors	7	495		183	
Cash and bank balances	8	1,814		<u>2,445</u>	
Total other assets			2,309		<u>2,628</u>
Total assets			<u>64,281</u>		<u>55,077</u>
LIABILITIES					
Investment liabilities			61		71
Creditors	9	11		21	
Distribution payable on income shares					
			<u>807</u>	<u>853</u>	
Total other liabilities			818		<u>874</u>
Total liabilities			<u>879</u>		<u>945</u>
Net assets attributable to shareholders					
			<u>63,402</u>		<u>54,132</u>
Approved on behalf of the Trustee 12 July 2011			R Broadhurst, Chairman CBF Funds Trustee Limited		

The notes on pages 19 to 28 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 the accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008.

(b) Revenue recognition

Dividends on ordinary stocks, including special dividends where appropriate, are credited to revenue on the dates when the investments are first quoted ex-dividend. Interest on bank and The CBF Church of England Deposit Fund balances is accrued on a daily basis.

(c) Stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividends 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

The Manager's periodic charge, paid to the Manager, is charged to the capital of the Fund. During the period, the fee was based on a fixed percentage of the value of the Fund, 0.75% plus VAT. The Fund receives a management fee rebate credited to the revenue expenses of the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are 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. Audit, legal, safe custody fees and transaction charges, insurance, direct property expenses and monitoring fee are charged separately to the revenue of the Fund before distribution. The Trustee's administration fee is charged to the capital of the Fund.

(f) Distributions

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

Notes to the accounts

(unaudited)

(g) Basis of valuation

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

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/(losses)	31.5.2011	31.5.2010
	£'000	£'000
The net capital gains/(losses) during the period comprise:		
Non-derivative securities	3,669	(1,144)
Forward currency contracts	90	(66)
Currency gains	(302)	(64)
	<u>3,457</u>	<u>(1,274)</u>
3. Revenue	31.5.2011	31.5.2010
	£'000	£'000
UK dividends	475	272
Overseas dividends	1,302	1,040
Bank interest	(5)	(3)
Interest on The CBF Church of England Deposit Fund	22	8
	<u>1,794</u>	<u>1,317</u>

Notes to the accounts

(unaudited)

4. Expenses	31.5.2011	31.5.2010
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	254	213
Manager's periodic charge rebate – see note 1(e)*	(2)	(2)
Manager and EIAG fees for ethical and stewardship services	3	2
	<u>255</u>	<u>213</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees	10	7
Monitoring fees	4	4
	<u>14</u>	<u>11</u>
Other expenses:		
Audit fee	6	7
Other expenses:	-	-
Total expenses	<u>6</u>	<u>7</u>
The above expenses include VAT where applicable.	<u>275</u>	<u>231</u>

The above expenses include VAT where applicable.

* This amount represents the rebate of management fees credited to the Fund's revenue for its holding in The CBF Church of England Deposit Fund, where management fees are charged to revenue.

5. Taxation

The Fund is exempt from UK income 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 shareholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue on receipt. Recoverable withholding tax is credited to revenue on receipt.

	31.5.2011	31.5.2010
	£'000	£'000
Overseas taxation suffered in the period	171	106
Overseas taxation recovered in the period	(3)	(3)
Total taxation	<u>168</u>	<u>103</u>

Notes to the accounts

(unaudited)

6. Finance costs

Distributions

Distributions, which are paid on the last working day of the month, take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	31.5.2011	31.5.2010
	£'000	£'000
28 February – interim distribution	436	396
31 May – interim distribution	812	720
	1,248	1,116
Add: revenue deducted on cancellation of shares	4	-
Deduct: revenue received on issue of shares	(40)	(20)
Net distribution for the period	1,212	1,096
Net revenue after taxation for the period	1,351	983
Transfer to income reserve – see note 10	(401)	(102)
Manager's periodic charge – see note 1(e)	262	215
Net distribution for the period	1,212	1,096

Details of the distribution per share are set out in the distribution table on page 29.

7. Debtors

	31.5.2011	30.11.2010
	£'000	£'000
Accrued revenue	495	183

8. Cash and bank balances

	31.5.2011	30.11.2010
	£'000	£'000
Cash at bank	539	161
Cash in The CBF Church of England Deposit Fund	575	2,284
Cash in The Public Sector Deposit Fund	700	-
	1,814	2,445

9. Creditors

	31.5.2011	30.11.2010
	£'000	£'000
Accrued expenses	11	21

Notes to the accounts

(unaudited)

10. Income Reserve

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

	31.5.2011	30.11.2010
	£'000	£'000
Income reserve at the start of the period	653	265
Transfer to/(from) income reserve	401	388
Income reserve at the end of the period	<u>1,054</u>	<u>653</u>

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 shareholders should they wish to sell their shares. 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 throughout the 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 share price from time to time, although there will generally be a close correlation in the movement of the share 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.

Notes to the accounts

(unaudited)

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 securities, sterling and overseas cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of shares that shareholders 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 seek to minimise this risk through the use of forward currency contracts denominated in the same currency as the underlying investments.

The Fund does not seek to avoid currency risk on revenue accrued but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 May 2011, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement.

Notes to the accounts

(unaudited)

The total exposure at 31 May 2011 was:

	31.5.2011			31.5.2010		
	Monetary Exposures	Non-Monetary Exposures	Total	Monetary Exposures	Non-Monetary Exposures	Total
Currency	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	11	2,482	2,493	-	2,299	2,299
Brazilian Real	(23)	1,749	1727	-	125	125
Canadian Dollar	5	734	739	3	882	885
Euro	109	9,229	9339	50	6273	6323
Hong Kong Dollar	-	3,120	3,120	1	2,419	2,420
Indian Rupee	-	892	892	-	0	-
Israeli Shekel	8	1,143	1151	6	648	654
Japanese Yen	(3)	500	496	-	-	-
Mexican Peso	133	853	986	-	4	4
New Turkish Lira	1	-	1	-	-	-
Norwegian Krone	-	1,289	1,289	-	849	849
Singapore Dollar	-	1,408	1,408	-	1,116	1,116
South African Rand	37	2,074	2,111	11	1,734	1,745
South Korean Won	2	884	886	-	540	540
Swedish Krona	-	1,138	1138	-	331	331
Swiss Franc	(50)	3,342	3,293	6	1020	1026
Taiwanese Dollar	1	1,001	1,002	-	2,704	2,704
Thailand Baht	8	1,645	1,653	-	1,949	1,949
US Dollar	113	6,259	6,372	4	8,987	8,991
	352	39,742	40,094	81	31,880	31,961

Notes to the accounts

(unaudited)

Interest rate risk

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

The interest rate profile of the Fund's financial assets and liabilities at 31 May 2011 was as 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>
Sterling	1,463	-	22,519	23,982
Euro	109	-	9,254	9,363
Yen	(3)	-	499	496
US Dollar	113	-	6,259	6,372
Other	132	-	23,936	24,068
Total	1,814	-	62,467	64,281

<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	-	-	878	878
Euro	-	-	-	-
Other	-	-	1	1
Total	-	-	879	879

Notes to the accounts

(unaudited)

30 November 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	2,364	-	20,751	23,115
Euro	50	-	6,273	6,323
US Dollar	3	-	8,987	8,990
Other	28	-	16,621	16,649
Total	<u>2,445</u>	<u>-</u>	<u>52,632</u>	<u>55,077</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	-	-	945	945
Total	<u>-</u>	<u>-</u>	<u>945</u>	<u>945</u>

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

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 £89,708 as at 31 May 2011 (30.11.2010, £106,904).

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 31 May 2011 (30.11.2010, £nil).

Notes to the accounts

(unaudited)

13. Related party transactions

The Manager's periodic charge and fee for ethical and stewardship services (including EIAG costs) are paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in note 4. There were no outstanding balances due to the Manager at 31 May 2011 (30.11.2010, £nil). There were no other transactions entered into with the Manager during the period.

CBFFT, as Trustee, is a related party to the Fund. The amounts paid in respect of the Trustee's administration fee are disclosed in note 5. There were no outstanding balances due at 31 May 2011 (30.11.2010, £nil). There were no other transactions entered into with CBFFT during the period.

At 31 May 2011 a cash balance of £574,957 (30.11.2010, £2,283,610) was held in The CBF Church of England Deposit Fund.

At 31 May 2011 a cash balance of £700,000 was held in The Public Sector Deposit Fund.

14. Portfolio transaction costs

	31.5.2011	31.5.2010
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	28,718	26,624
Commissions	23	22
Total gross purchases	<u>28,741</u>	<u>26,646</u>
Analysis of total sale costs:		
Sales in year before transaction costs	22,912	24,415
Commissions	(20)	(23)
Total sales net of transaction costs	<u>22,892</u>	<u>24,392</u>

Distribution table

for the half year ended 31 May 2011 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2011	2010
Income shares			
28 February 2011	28 April 2011	1.00	1.00
31 May 2011	29 July 2011	1.70	1.70
		<u>2.70</u>	<u>2.70</u>
		<u>2.70</u>	<u>2.70</u>
		<i>Revenue accumulated pence per share</i>	
		2011	2010
Accumulation shares			
28 February 2011		1.36	0.93
31 May 2011		2.82	2.39
		<u>4.18</u>	<u>3.32</u>
		<u>4.18</u>	<u>3.32</u>

Statement of Trustee and Manager responsibilities

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Church Funds Investment Measure 1958 as amended by the Church of England (Miscellaneous Provisions) Measure 1995 and the Trustee Act 2000 (together the Measure) 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 Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and settle their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Measure and the Scheme Information;
- supervise and oversee the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- appoint, supervise and oversee any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Measure;
- make distributions to investors holding income shares and make allocations to investors holding accumulation shares in proportion to their respective shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England

Global Equity Income Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

Rev E Carter

J Clunie *

L Farrall

G Pollard

S Steele

Rev Dr R Turnbull *

R Williams *

**Members of the Audit Committee*

Secretary

J Fox

Investment Manager, Administrator and Registrar

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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

Socially Responsible Investment

H Wildsmith

Banker and Monitoring Service

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1 More London Place
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CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England Funds

The CBF Church of England Funds provide Church of England parishes, dioceses and other church charitable trusts with a ready-made service to look after their money and investments. These Funds aim to provide prudent management of church money avoiding unnecessary risks but at the same time seeking to deliver satisfactory investment results.

A CHOICE OF FUNDS

The six CBF Church of England Funds aim to meet most of the investment and deposit needs of a Church trust.

Investment Fund

- A suitable 'all-in-one' long-term fund for most church organisations
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income
- Working with the EIAG to reflect appropriately ethical values in your investments

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund managed to reflect Church ethical values
- High quality, well-diversified portfolio
- Designed to help meet growth and income requirements
- Usually held with other investments such as overseas equities, bonds and cash to give a broad spread of assets and achieve overall objectives

Fixed Interest Securities 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

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 credit rating *

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

The Funds are common funds established under the Church Funds Investment Measure 1958 (as amended from time to time). CBF Funds Trustee Limited, a company incorporated under the Companies Act is the Trustee and Operator of the Funds. CCLA Investment Management Limited manages the investment 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 at 80 Cheapside, London, EC2V 6DZ) is authorised and regulated by the Financial Services Authority. CBF Funds Trustee Limited is a Registered Charity No.1116932 and is registered in England as a company limited by guarantee (No. 5957490).

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