



for the Church of England

The CBF Church of England Investment Fund

**Report and Accounts
Half Year to 31 May 2008
(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 Reports & Accounts are available in large print and audio format.

The CBF Church of England Investment Fund

Report of the Trustee

for the six months ended 31 May 2008

On behalf of the Trustee, I have pleasure in presenting the half year Report and Accounts of The CBF Church of England Investment 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.

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 funds operate.

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 funds under Management Agreements dated 15 November 2006.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), CBFFT is not considered to be operating the Funds 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 aims to generate capital appreciation and rising income and a total return in excess of its benchmark, whilst adopting an appropriate ethical investment policy. It invests mainly in equities in the United Kingdom and overseas but may also invest in fixed interest securities and commercial property. In this way, it aims to be suitable for up to 100% of a church trust's long-term capital.

Total return benchmark

The total return performance comparator for the Fund is the WM Co Charity Fund Service Universe with gross income reinvested and before management expenses. There is also an investment income performance target of increasing the annual distribution of the Fund each year.

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 the respective Management Agreements. It meets quarterly with the Manager to monitor investment

The CBF Church of England Investment Fund

Report of the Trustee

for the six months ended 31 May 2008

strategy, dividend and interest rate policy, investment diversification, risk and to review the Fund's performance. In addition, CBFFT reviews the Annual 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 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 investment

CBFFT continues to support the Church of England Ethical Investment Advisory Group (EIAG), and is represented on the EIAG by Mrs Farrall, a trustee director of CBFFT. The EIAG co-ordinates and develops ethical investment policy on behalf of the Church's three central investment bodies, (the Church Commissioners and the Church of England Pensions Board being the others) and communicates to the wider Church through

an Annual Report of its work. The EIAG makes considered recommendations on a range of ethical and responsible investment issues based upon papers prepared by the research secretariat. Responsibility rests with CBFFT for accepting and implementing any recommendations made by the EIAG. The EIAG's Annual Report (available in July 2007) and other publications associated with the Church's ethical investment process are available from the Managers, to whom enquiries on this subject should be addressed. Publications are also available to download from the Manager's website at www.ccla.co.uk.

CBFFT endorsed a revised Statement of Ethical Investment Policy recommended by the EIAG. This has now become the policy for all of the Church's national investment bodies, and is set out on page 7.

CBFFT is supported in its ethical investment priorities through the Manager having signatory status to the UN Principles of Responsible Investment (UNPRI) and via the Carbon Disclosure Project (CDP) relating to climate change. The Manager is also a member of the Institutional Investors Group on Climate Change and a signatory to the Investor Statement on Transparency in the Extractives Sector. The Manager is a corporate member of the Institute of Business Ethics.

Corporate governance

CBFFT receives and considers regular reports from the Manager on proxy voting, which is undertaken across the UK equities portfolio of the Fund. CBFFT has adopted a policy of supporting management, except where proposals are either not considered to be in

The CBF Church of England Investment Fund

Report of the Trustee

for the six months ended 31 May 2008

shareholder interests, or reflect poor corporate governance practice.

In the six months to 31 May 2008, the Manager voted at 78 UK company meetings (1,058 resolutions); 94% of votes were cast in support of management, 4% against, and 2% were cast as abstentions. The majority of action was taken against company remuneration reports, long-term incentive plans and for board balance reasons. Further information on corporate governance and the Fund, together with detailed voting statistics, is available from the Manager's website at www.ccla.co.uk.

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.

Note to shareholders

With effect from 1 December 2007, the Fund is required to account for income from debt securities on an effective yield basis.

Effective yield is a method of recognising income from debt securities that takes account of any difference (i.e. premium or discount) between the amount paid for the security and the amount that will be received if the security is held until its redemption date. It has the effect of adjusting the income arising from a debt security to a level aligned with the yield over the lifetime of the security by transferring any premium or discount to or from capital. As such it does not affect total return.

Prior to this change debt security income was generally accounted for and distributed on a coupon basis. The new rules require the accounting treatment to change to the effective yield method; however, it is permissible in certain circumstances to continue to distribute income on a coupon basis.

The Trustee has determined that the objective of the Fund is best served by adopting a distribution policy that follows the coupon basis for recognising income and, therefore, the income available for distribution will not be affected by the change in accounting policy.

R Broadhurst
Chairman
CBF Funds Trustee Limited

3 July 2008

The CBF Church of England Investment Fund

Report of the Investment Manager

for the six months ended 31 May 2008

- The main CBF Church of England Fund recommended for long-term capital
- Invested predominantly in equities
- Managed in compliance with Church of England's Ethical Investment Policy
- Aims at achieving steady income and capital growth

Performance

Over the period reviewed in this report the income distribution to investors has been increased by 11.76%. Further increases are planned over the remainder of the year to give an increase for the year of at least 12.50%. The overall return on the Fund was -4.04% before management expenses.

Market review

The period under review saw mixed fortunes for the various segments of the portfolio. Bonds produced modest gains, particularly in the early months as investors bought in anticipation of falling interest rates in developed markets and sought respite from volatile equity markets. Equities in contrast produced a poor performance. January was a particularly poor month as investors experienced a crisis of confidence with regard to credit markets and the risk this posed to growth in the world economy. Property prices followed the lead of equities but whilst share markets were able to show some recovery in the later months, real estate prices continued to ease. The rally point for equity market sentiment occurred in mid March when the US authorities arranged the rescue of Bear

The CBF Church of England Investment Fund Total capital and income return*

To 31 May 2008	Six months %	1 year % p.a.	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>				
CBF Investment Fund	- 4.04	- 5.30	+ 11.14	+ 4.70
FTSE All-Share Index adjusted ~	- 4.06	- 7.63	+ 12.50	+ 3.46
FTSE All-Share Index	- 4.16	- 7.12	+ 13.06	+ 4.02
FTSE World (ex UK) Index	+ 0.99	- 0.94	+ 11.59	+ 4.59
FTSE UK Govt All Stocks Index	+ 0.12	+ 5.66	+ 3.49	+ 5.25
IPD Property Index	- 8.10	- 12.98	+ 10.04	+ 10.23
<u>Performance after expenses</u>				
Income shares*	- 4.14	- 5.54	+ 10.89	+ 4.47
Accumulation shares*	- 4.15	- 5.55	+ 10.87	+ 4.45

* Net asset value to net asset value plus income reinvested

~ Adjusted for ethical restrictions

The CBF Church of England Investment Fund

Report of the Investment Manager

for the six months ended 31 May 2008

Stearns. This event, coupled with the provision of massive amounts of liquidity, convinced investors that the authorities were prepared to take any action necessary to prevent damage to the financial system.

In terms of economic activity there has been a contrast in the performances of developed and emerging economies. The latter group has continued to demonstrate robust growth with the authorities acting to curb overheating in several instances. In contrast growth has slowed in the western economies. Activity within the United States is expected to flirt with recession and the rates of expansion in the UK, Europe and Japan will all be below long term trend rates. The prime cause has been the deterioration in consumer activity manifested in weak housing markets and falling demand for 'big ticket' purchases such as motor vehicles.

A key development has been growing global concern about inflation as energy and food costs in particular cause the rate of cost increases in most economies to accelerate. Central banks, alert to the threat, have signalled a willingness to use interest rates to curb the problem in the months ahead, despite the prospect of moderating growth rates.

Strategy

The main strategic position is a bias towards real investments such as equities and property and away from monetary assets such as bonds and cash. This had a negative impact on performance in the period reviewed here but is the approach best placed to provide long term growth in capital and income.

Within the fixed income element of the portfolio we sold the holdings of international bonds and repatriated the assets into the domestic sector. The transaction took advantage of a rally in bonds and weak sterling whilst the reallocation to UK securities increased annual income by some £400,000.

In equities the main theme has been the increase in the weighting to international markets and consequent reduction in the UK exposure. In recent years the UK market has become much more concentrated with a small number of stocks and sectors accounting for a substantial proportion of overall capitalisation. This development increases risk and reduces opportunity and so a move to a greater international weighting should lead to better long term prospects for the Fund. The portfolio is very diversified in terms of country, sector and stock allocations but there is no pre-set

The CBF Church of England Investment Fund

Report of the Investment Manager

for the six months ended 31 May 2008

limit to any market, rather, within appropriate risk disciplines, weightings are determined by the opportunities at the individual country level.

Outlook

In the months ahead the key factors for investors are the prospects for growth in the world economy and the threat of inflation. Our expectation is for growth to continue but at modest levels with inflation continuing to threaten. This will mean that interest rates will need to stay at current levels to ward off the threat of rising cost pressures. We expect to

maintain the bias towards real assets. In equity markets we will favour companies with attributes such as good yields and the ability to increase payments to investors. In bond markets we expect to have a defensive strategy in place but to increase the weighting to good quality corporate issues.

M Humphreys
Fund Manager
CCLA Investment Management Limited

3 July 2008

Risk warning

The Fund's shares and the income 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 which may, on occasions, be illiquid such as The CBF Church of England Property Fund which invests directly in property and property related assets which are valued by an independent 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 the Fund.

The CBF Church of England Investment Fund

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England Investment Fund

Ethical investment considerations form an integral part of the Church of England's witness and mission. Through its Ethical Investment Policy, the Church of England seeks a constructive engagement with the corporate world in order that responsible business practices and high standards of corporate behaviour are encouraged and supported. The Church of England is also mindful of the need to avoid undermining the credibility, effectiveness and unity of the Church's witness by profiting from, or providing capital to, activities that are materially inconsistent with Christian values.

The Ethical Investment Advisory Group (EIAG) of the Church of England carries out ethical investment research on behalf of the three national investment bodies of the Church of England, the Church Commissioners for England, The CBF Church of England Funds, and the Church of England Pensions Board (the national Church investment bodies). It develops policy recommendations, which once agreed by the national Church investment bodies, are then communicated to the wider Church. The General Synod, the Archbishops' Council and the Mission and Public Affairs Council are also represented on the EIAG to provide counsel and wider expertise. The legal authority for investment decisions rests solely with the national Church investment bodies, as well as individual parishes, cathedrals, dioceses and other associated Church of England organisations. The national Church investment bodies

are supportive of companies that seek to develop their businesses successfully and sustainably in the interests of shareholders. The use of positive ethical criteria in assessing companies is firmly incorporated within the Ethical Investment Policy through a process of constructive engagement with business. Criteria have been identified across five broad areas as:

- responsible employment practices
- best corporate governance practice
- conscientiousness with regard to human rights
- sustainable environmental practice
- sensitivity towards the communities in which business operates

Companies are monitored according to this Statement of Ethical Investment Policy and, where appropriate, by developing an ongoing dialogue and engagement with them. The national Church investment bodies believe this to be the best means of exercising responsible stewardship and shareholder responsibility and of communicating Church concerns. Disinvestment, if recommended, remains the preserve of each national Church investment body, and is only considered if a company's activities fall outside of the Church's Ethical Investment Policy or if, after sustained dialogue, it does not respond positively to the Church's concerns.

Companies that promote pornography or supply armaments are avoided. Separate

The CBF Church of England Investment Fund

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England Investment Fund

media and defence investment policies have been published outlining the criteria employed to determine whether companies breach the Church's policy in these areas.

Investment is also avoided in any company a major part of whose business activity or focus is in the following areas, where this is usually defined as exceeding 25% of Group turnover:

- gambling
- tobacco and tobacco related products
- alcoholic beverages (manufacture and licensed sale)
- non-offensive military equipment (see defence investment policy)

- weekly-collected home credit (doorstep lending)
- human embryonic cloning

The national Church investment bodies also reserve the right to avoid investment in companies whose management practices they judge to be unacceptable. Given the complexity of many companies, some will have business interests in areas the national Church investment bodies seek to avoid, and these are closely monitored to ensure they meet the Church's broader criteria. Advice may be offered in respect of all classes of asset under management including domestic and international securities, land and real estate.

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.cofe.anglican.org/info/ethical

E-mail: ethics@ccla.co.uk

The CBF Church of England Investment Fund

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

Net asset value

At	Net asset value	Income shares		Accumulation shares	
		Net asset value pence	Number of shares	Net asset value pence	Number of shares
30 November	£'000	per share	in issue	per share	in issue
2005	886,779	1,070.06	81,249,791	1,460.11	1,188,523
2006	971,286*	1,190.26	79,623,184	1,676.75	1,212,464
2007	993,407*	1,247.03	77,490,815	1,812.39	1,377,910
At 31 May 2008	926,883*	1,176.35	76,801,523	1,737.22	1,348,628

*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 December 2005 IMA SORP.

Share price range

Year to	Income shares		Accumulation shares	
	Highest offer	Lowest bid	Highest offer	Lowest bid
30 November	pence per share	pence per share	pence per share	pence per share
2003	897.86	727.73	1,128.74	893.49
2004	960.48	861.84	1,254.25	1,107.65
2005	1,096.56	928.19	1,483.11	1,223.54
2006	1,227.23	1,073.65	1,714.22	1,464.98
2007	1,311.16	1,180.20	1,885.24	1,662.58
To 31 May 2008	1,275.71	1,098.13	1,854.05	1,604.07

Net distribution

Year to	Income shares	Accumulation shares
30 November	pence per share	pence per share
2003	34.00	42.69
2004	34.00	43.43
2005	35.50	48.10
2006	37.00	52.23
2007	40.00	58.94
To 31 May 2008	19.00	39.60

The CBF Church of England Investment Fund

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

Share price at 31 May 2008

	<i>Bid price</i> <i>pence per share</i>	<i>Offer price</i> <i>pence per share</i>
Income shares	1,167.53	1,185.17
Accumulation shares	1,724.19	1,750.25

The share prices are published in the *Financial Times*, *The Church 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 0.75% deduction or surcharge.

Total expense ratio

	<i>31.5.2008</i>	<i>31.5.2007</i>
Total expense ratio (annualised)	0.49%	0.37%

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

The CBF Church of England Investment Fund
Statement of total return
for the six months ended 31 May 2008 (unaudited)

	Notes	31.5.2008		31.5.2007	
		£'000	£'000	£'000	£'000
Net (losses)/gains on investments during the period	2		(61,844)		76,389
Other gains/(losses)	3		529		(18)
Income	4	21,598		16,814	
Expenses	5	(1,541)		(1,273)	
Net income before taxation		20,057		15,541	
Taxation	6	(539)		(457)	
Net income after taxation for the period			<u>19,518</u>		<u>15,084</u>
Total return before distributions			(41,797)		91,455
Finance costs: distributions	7		(15,172)		(13,802)
Change in net assets attributable to shareholders			(56,969)		<u>77,653</u>

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

The CBF Church of England Investment Fund
**Statement of change in shareholders’
net assets**
for the six months ended 31 May 2008 (unaudited)

	31.5.2008		31.5.2007	
	£'000	£'000	£'000	£'000
Net assets at start of the period		991,232		968,818
Movement due to creations and cancellations of shares				
Amounts receivable on creation of shares		5,592		16,637
Less: amounts payable on cancellation of shares		(14,233)		(32,239)
		(8,641)		(15,602)
Change in net assets attributable to shareholders		(56,969)		77,653
Retained distribution on accumulation shares		535		416
Net assets at end of the period		<u>926,157</u>		<u>1,031,285</u>

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
UNITED KINGDOM 43.14% (30.11.2007, 58.15%)				Industrial engineering 0.31%			
Oil & gas producers 5.92%				Bodycote			
BG	1,500,000	18,975	2.05	International	686,319	1,584	0.17
BP	4,452,022	27,057	2.92	IMI	247,428	1,268	0.14
JKX Oil & Gas	70,520	340	0.04	Support services 1.51%			
Premier Oil	102,969	1,771	0.19	Davis Service			
Royal Dutch Shell B shares	314,885	6,625	0.72	G4S	1,987,038	4,476	0.48
Oil equipment & services 0.23%				Interserve			
Lamprell	86,733	455	0.05	Intertek	166,830	1,705	0.18
Wellstream	119,927	1,633	0.18	Premier Farnell	1,107,394	1,794	0.19
Chemicals 0.38%				Wolseley			
Croda International				418,218			
300,464				2,298			
1,979				0.25			
0.21				Automobiles & parts 0.24%			
Johnson Matthey				GKN			
79,684				750,690			
1,605				2,185			
0.17				0.24			
Forestry & paper 0.47%				Beverages 0.16%			
Mondi				Britvic			
1,202,584				484,384			
4,326				1,515			
0.47				0.16			
Mondi Ltd CDI				Food producers 2.45%			
25				Associated British			
-				Foods			
-				164,671			
Mining 2.96%				Dairy Crest			
Anglo American				523,341			
399,957				2,137			
13,671				3,760			
1.48				0.41			
BHP Billiton				Premier Foods			
82,018				3,032,351			
1,569				3,760			
0.17				0.29			
Ferrexpo				Tate & Lyle			
426,637				569,803			
1,640				2,640			
0.18				1.37			
Lonmin				Unilever			
50,468				759,729			
1,744				12,687			
0.19				Household goods 0.51%			
Rio Tinto (UK)				Barratt			
52,909				Developments			
3,203				877,510			
0.35				1,599			
Vendanta Resources				Persimmon			
68,497				340,538			
1,714				1,639			
0.19				0.18			
Xstrata				Taylor Wimpey			
93,230				1,718,984			
3,718				1,457			
0.40				0.16			
General industrials 0.20%				Health care equipment & services 0.28%			
DS Smith				Smith & Nephew			
1,348,234				482,438			
1,807				2,610			
0.20				0.28			
Electronic & electrical equipment 0.34%							
Halma							
349,899							
734							
0.08							
Spectris							
316,072							
2,445							
0.26							

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Pharmaceuticals & biotechnology 1.43%					Northumbrian		
AstraZeneca	502,755	11,081	1.20		Water	479,068	1,575 0.17
GlaxoSmithKline	188,018	2,093	0.23		Severn Trent	297,826	4,336 0.47
					United Utilities	289,167	2,163 0.23
Food & drug retailers 0.25%					Banks 2.45%		
Morrison (WIM)					HSBC	889,835	7,584 0.82
Supermarkets	777,490	2,272	0.25		Lloyds TSB	806,359	3,094 0.33
General retailers 0.53%					Royal Bank of		
DSG International	2,626,967	1,524	0.16		Scotland	3,873,112	8,840 0.95
HMV	1,352,940	1,874	0.20		Royal Bank of		
Marks & Spencer	418,528	1,589	0.17		Scotland Nil Paid	2,366,901	657 0.07
					Standard Chartered	138,434	2,596 0.28
Media 0.58%					Nonlife insurance 0.69%		
ITV	4,155,092	2,443	0.26		Amlin	526,521	1,526 0.16
Trinity Mirror	677,664	1,540	0.17		Beazley	1,639,522	2,250 0.24
Yell	1,127,452	1,421	0.15		Cattles Rights	523,118	281 0.03
					Hiscox	761,982	1,808 0.20
Travel & leisure 0.16%					Jardine Lloyd		
Millenium &						154,460	584 0.06
Cophorne Hotels	390,570	1,495	0.16		Life insurance 1.40%		
					Aviva	949,727	5,983 0.65
Fixed line telecommunications 1.05%					Friends Provident		
BT	4,403,996	9,766	1.05			1,000,000	1,210 0.13
					Old Mutual	3,093,139	3,616 0.39
Mobile telecommunications 0.67%					Standard Life		
Vodafone	3,847,249	6,240	0.67			837,035	2,099 0.23
					Real estate 0.28%		
Electricity 0.66%					Derwent London		
British Energy	185,912	1,364	0.15			107,123	1,261 0.14
Drax	226,483	1,532	0.17		Land Securities	93,382	1,318 0.14
Scottish &					General financial 1.01%		
Southern Energy	214,111	3,150	0.34		3i	184,493	1,633 0.18
					Ashmore	633,207	1,657 0.18
Gas, water & multiutilities 1.56%					Cattles		
Centrica	881,499	2,587	0.28			1,162,486	2,122 0.23
National Grid	507,030	3,780	0.41		Intermediate		
					Capital	210,405	3,354 0.36

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Collins Stewart Intermediate Capital	606,323 210,405	541 3,354	0.06 0.36	France 1.83%			
				Alcatel-Lucent	70,548	270	0.03
				Axa	61,555	1,099	0.12
				Bouygues	12,750	525	0.06
				Cap Gemini	27,145	931	0.10
				CNP Assurances	8,742	544	0.06
				Eurazeo	8,951	543	0.06
				Eurazeo Bonus Rights	8,951	27	-
				France Telecom	31,574	484	0.05
				Gaz de France	17,484	602	0.06
				Groupe Danone	25,600	1,132	0.12
				Nexity	9,500	193	0.02
				Peugeot	14,298	450	0.05
				Publicis Groupe	29,543	594	0.06
				Renault	25,750	1,336	0.14
				Sanofi-Aventis	54,271	2,044	0.22
				Schneider	10,005	635	0.07
				Suez	20,000	753	0.08
				TF1	27,910	279	0.03
				Total	66,815	2,947	0.32
				Valeo	31,616	635	0.07
				Vivendi Universal	49,499	1,052	0.11
				Germany 1.89%			
				Allianz	17,588	1,679	0.18
				Altana	10,250	98	0.01
				BASF	33,216	2,515	0.27
				BMW	38,454	1,145	0.12
				Daimler	40,034	1,539	0.17
				Deutsche Post	123,721	1,985	0.21
				Deutsche Telekom	174,283	1,472	0.16
				E.on	13,035	1,399	0.15
				Fresenius	13,512	599	0.06
				Hannover Rueckvers	41,922	1,167	0.13
Equity investment instruments 0.60%							
Dunedin Income	200,000	446	0.05				
ICAP	269,450	1,658	0.18				
Invesco Income Growth Trust	450,000	896	0.10				
Merchants Trust	337,500	1,409	0.15				
Standard Life Equity Income	375,000	1,098	0.12				
Other UK Equities 13.86%							
The CBF Church of England UK Equity Fund Income Shares*	100,000,000	128,350	13.86				
EUROPE 10.11% (30.11.2007, 7.44%)							
Belgium 0.46%							
Belgacom	34,706	821	0.09				
Dexia	78,488	935	0.10				
Fortis (NLG)	52,989	655	0.07				
Fortis (BRX)	53,078	656	0.07				
GBL Strip	346	-	-				
Groupe Bruxelles Lambert	17,879	1,204	0.13				
Denmark 0.12%							
Danisco	16,600	652	0.07				
Novo Nordisk	14,550	479	0.05				
Finland 0.45%							
Kesko	45,112	927	0.10				
Nokia	113,598	1,654	0.18				
Outokumpu	69,751	1,577	0.17				

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Heidelberg				SNS Reaal	56,443	656	0.07
Cement	6,061	523	0.06	Unilever	60,256	995	0.11
Merck KGaA	7,897	561	0.06	Wolters Kluwer	29,108	415	0.05
Munich Re	7,294	691	0.07				
Porsche				Norway 0.31%			
Preference	5,974	561	0.06	Statoilhydro	66,600	1,308	0.14
Salzgitter	6,109	607	0.07	Telenor	147,000	1,615	0.17
Siemens	18,200	1,044	0.11				
				Portugal 0.10%			
Ireland 0.14%				Cimpor Cimentos			
CRH	17,000	316	0.03	De Portugal	192,572	881	0.10
Irish Life							
& Permanent	116,714	1,023	0.11	Spain 0.76%			
				Banco Santander	77,321	813	0.09
Italy 1.63%				BBVA	136,436	1,537	0.17
Bulgari	189,244	1,106	0.12	Bco De Sabadell	144,264	736	0.08
Buzzi Unichem	56,410	836	0.09	Corp Finananc Alba	25,305	897	0.10
Enel	404,952	2,304	0.25	Repsol	67,856	1,419	0.15
ENI	134,695	2,776	0.30	Telefonica	106,619	1,547	0.17
Fiat	44,551	502	0.05				
Generali	56,207	1,185	0.13	Sweden 0.35%			
IFIL	126,018	532	0.06	Ericsson (LM)			
Intesa Sanpaolo	379,253	1,259	0.14	Telecom	1,070,000	1,470	0.16
Parmalat	551,824	805	0.09	Niscayah	21,940	29	-
Seat Pagine	13,542,692	1,098	0.12	Sandvik	73,200	634	0.07
Telecom Italia RNC	485,182	435	0.05	Securitas	21,940	139	0.02
Terna	331,154	764	0.08	SKF	95,200	901	0.10
Unicredito	243,158	851	0.09	SKF Redemption			
Unione di Banche				Shares	95,200	40	-
Italiane	40,877	533	0.06				
				Switzerland 1.00%			
Netherlands 0.68%				Baloise	10,473	602	0.06
Aegon	33,000	255	0.03	Credit Suisse	6,000	154	0.02
Ahold	77,025	582	0.06	Nestle SA	5,700	1,413	0.15
Akzo Nobel	23,634	1,011	0.11	Novartis	46,961	1,244	0.13
ING	62,137	1,199	0.13	Pargesa	9,186	561	0.06
Philips Electronic	56,262	1,092	0.12	Richemont	75,377	2,371	0.26

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i> Holding</i>	<i> Bid value</i>	<i> %</i>		<i> Holding</i>	<i> Bid value</i>	<i> %</i>
		<i> £'000</i>	<i> Fund</i>			<i> £'000</i>	<i> Fund</i>
Roche	13,314	1,159	0.13	Corning	49,480	683	0.07
Swisscom	3,573	630	0.07	CVS/Caremark	58,907	1,273	0.14
UBS	85,647	1,040	0.11	Devon Energy	8,643	506	0.05
UBS Rights	85,647	57	0.01	Diamond OS			
				Drilling	11,200	773	0.08
General European 0.39%				Dow Chemical	37,418	764	0.08
European Assets				DTE Energy	51,000	1,139	0.12
Trust Investment	87,500	751	0.08	El Paso	111,300	1,098	0.12
European Capital				Embarq	121,500	2,909	0.31
Limited	587,500	2,894	0.31	Entergy	4,928	301	0.03
				Exxon Mobil	76,675	3,431	0.37
UNITED STATES OF AMERICA 10.21%				Firstenergy	10,372	413	0.04
(30.11.2007, 7.93%)				Freeport McMoran	21,125	1,230	0.13
Air Product &				Gannett Co	183,200	2,671	0.29
Chemical	15,800	813	0.09	General Electric	262,961	4,080	0.44
Alcoa	20,995	430	0.05	Goldman Sachs	5,284	470	0.05
Allied Capital	67,800	680	0.07	Halliburton	21,555	529	0.06
Anadarko				Hewlett-Packard	31,002	737	0.08
Petroleum	21,400	810	0.09	HJ Heinz	24,400	616	0.07
Apache	7,600	515	0.06	Hospitality Prop	98,600	1,547	0.17
Archer Daniels	23,274	467	0.05	Huntington			
Associated Banc	90,800	1,253	0.14	Bancshs	191,000	862	0.09
Axis Capital	62,400	1,105	0.12	I.B.M.	32,434	2,124	0.23
Becton Dickinson	12,600	538	0.06	Intel	66,206	774	0.08
Bristol-Myers				International Paper	52,200	718	0.08
Squibb	147,236	1,696	0.18	iStar Financial	80,100	775	0.08
Carnival	32,400	656	0.07	Johnson &			
CBS B	143,800	1,570	0.17	Johnson	46,112	1,556	0.17
Centerpoint				Johnson Controls	29,071	500	0.05
Energy	186,600	1,597	0.17	King			
Chesapeake				Pharmaceuticals	143,300	743	0.08
Energy	23,700	655	0.07	Kla-Tencor	30,600	714	0.08
Chevron	30,680	1,534	0.17	Kraft Foods	78,970	1,297	0.14
Chubb	34,900	948	0.10	Lilly (Eli)	32,127	782	0.08
Citizens Comms	263,000	1,549	0.17	Marathon Oil	78,112	2,027	0.22
Coca-Cola				Marsh &			
Enterprise	61,900	631	0.07	McLennan	52,800	728	0.08
Colgate-Palmolive	9,616	361	0.04	Marshall & Ilsley	68,600	807	0.09
ConocoPhillips	17,723	831	0.09				

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Mattel	119,300	1,215	0.13	JAPAN 3.39% (30.11.2007, 2.43%)			
McDonald's	21,263	637	0.07	Aioi Insurance	108,000	338	0.04
Microsoft	89,116	1,272	0.14	Amada Co	107,000	493	0.05
NiSource	80,800	738	0.08	Asahi Kasei	161,000	483	0.05
NSTAR	117,100	1,983	0.21	Astellas Pharmacy	17,600	375	0.04
Parker Hannifin	24,300	1,040	0.11	Bank of Kyoto	53,000	322	0.03
PartnerRe	32,200	1,201	0.13	Canon	55,500	1,514	0.16
Patterson-UTI Energy	33,900	539	0.06	Chubu Electric Power	27,300	309	0.03
Pepsico	30,806	1,065	0.11	Daiichi Sankyo	11,500	164	0.02
Pfizer	523,969	5,125	0.55	Daiwa House	60,000	372	0.04
Praxair	12,400	596	0.06	Eisai	61,500	1,120	0.12
Procter & Gamble	41,871	1,398	0.15	Fuji Electric	160,000	357	0.04
Ryder System	22,800	846	0.09	Fuji Heavy	149,000	349	0.04
Schering Plough	22,941	237	0.03	Fukuoka Financial	144,000	360	0.04
Schlumberger	11,416	583	0.06	Honda Motor	61,500	1,035	0.11
Seagate Technology	145,600	1,575	0.17	Itochu	97,000	567	0.06
Sunoco	23,600	530	0.06	Itochu Techno- Solutions	9,800	181	0.02
Symantec	137,800	1,517	0.16	Kawasaki Kisen			
Sysco	45,100	704	0.08	Kaish	89,000	495	0.05
T Rowe Price	18,300	536	0.06	KDDI	68	238	0.03
Target	14,345	387	0.04	Konica Minolta	32,000	302	0.03
Texas Instruments	75,969	1,248	0.13	Lawson	52,400	1,168	0.13
Time Warner	100,772	808	0.09	Leopalace21	110,100	889	0.10
UnionBanCal	34,300	869	0.09	Makita	23,800	505	0.05
Union Pacific	14,134	588	0.06	Marui	88,300	370	0.04
Verizon Communications	66,304	1,290	0.14	Mitsubishi	41,400	720	0.08
Vornado Realty Trust	11,600	572	0.06	Mitsubishi Gas	97,000	367	0.04
Wachovia	168,715	2,028	0.22	Mitsubishi Tanabe	64,000	420	0.05
Walgreen	21,433	390	0.04	Mitsui & Co	59,000	731	0.08
Wal-Mart Stores	35,810	1,045	0.11	Mitsui Lines	64,000	486	0.05
Wells Fargo	101,565	1,415	0.15	Mizuho Financial	227	598	0.06
Willis	106,100	1,924	0.21	Morant Wright Japan	712,500	509	0.05
Wyeth	30,844	694	0.08	Mori Seiki	30,900	299	0.03
				Nintendo	2,200	612	0.07
				Nippon Kayaku	62,000	209	0.02

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i> Holding</i>	<i> Bid</i>	<i> %</i>		<i> Holding</i>	<i> Bid</i>	<i> %</i>
		<i> value</i>	<i> Fund</i>			<i> value</i>	<i> Fund</i>
		<i> £'000</i>				<i> £'000</i>	
Nippon Mining	101,500	321	0.03	Trend Micro	13,000	230	0.03
Nippon Steel	308,000	970	0.10	Yamaha Motor Co	33,100	340	0.04
Nippon Telegraph & Telecom	148	363	0.04	Yokogawa Electric	60,500	290	0.03
Nippon Yusen KK	96,000	493	0.05	PACIFIC BASIN 6.41% (30.11.2007, 3.93%)			
Nissan Motor	201,100	903	0.10	Australia 1.71%			
Nisshin Steel	177,000	344	0.04	Allco Finance	1,395,502	293	0.03
NTT DoCoMo	1,206	965	0.10	AMP	193,227	681	0.07
Ono				ANZ Bank	37,742	394	0.04
Pharmaceutical	7,800	228	0.02	BHP Billiton			
Oracle Corp Japan	40,700	890	0.10	(Australia)	119,872	2,515	0.27
Orix	3,840	366	0.04	Centro Retail	6,220,274	1,215	0.13
Pacific Metals	68,000	298	0.03	Fortescue Metals	105,293	541	0.06
Pioneer	69,000	301	0.03	Incitec Pivot	14,710	1,225	0.13
Ricoh	37,000	343	0.04	Leighton	26,872	687	0.07
Seven & I	28,100	415	0.05	Macquarie Office			
Sharp	37,000	326	0.04	Trust	5,341,321	2,474	0.27
Shinko	73,000	132	0.01	Minara Resources	195,364	446	0.05
Sojitz	168,400	323	0.04	National Australia			
Sompo Japan				Bank	132,832	2,005	0.22
Insurance	59,000	322	0.03	Rio Tinto (Australia)	19,003	1,265	0.14
Sumitomo	76,100	568	0.06	Suncorp-Metway	307,448	2,139	0.23
Sumitomo Metal	29,000	246	0.03	Hong Kong 1.84%			
Sumitomo Mitsui				BOC Hong Kong	1,225,500	1,585	0.17
Financial	45	195	0.02	Cheung Kong	164,000	1,275	0.14
Sumitomo Rubber	74,700	311	0.03	China Construction	1,494,000	670	0.07
Sumitomo Trust & Banking	111,000	476	0.05	China Merchants	336,500	609	0.07
Takeda				China Mobile	189,500	1,409	0.15
Pharmaceutical	17,500	512	0.06	CNOOC	1,214,000	1,071	0.12
TDK	9,700	336	0.04	Esprit	199,800	1,182	0.13
Tohoku Electric				Global Bio-Chem			
Power	57,800	623	0.07	Technology	3,367,277	725	0.08
Tokai Rika	25,000	300	0.03	GOME Electrical			
TonenGeneral				TEMP	1,736,000	535	0.06
Sekiyu	191,000	918	0.10	Hang Seng Bank	161,500	1,656	0.18
Tosoh	170,000	391	0.04	HKEX	211,800	1,840	0.20
Toyota Motor	8,100	208	0.02				

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Industrial & Commercial				Taiwan 0.75%			
Bank of China	1,797,000	679	0.07	AU Optronics	2,534,727	2,447	0.26
Jiangxi Copper	443,000	514	0.06	Chicony Electronic	627,000	632	0.07
Li & Fung	428,000	819	0.09	China Steel	1,373,000	1,188	0.13
Petrochina	1,032,000	749	0.08	HannStar Display	5,279,000	1,160	0.13
Swire Pacific A Shares	270,500	1,562	0.17	Mediatek	130,000	819	0.09
				U-Ming Marine Transport	405,000	661	0.07
India 0.19%				Thailand 0.20%			
Reliance Industries	30,095	1,724	0.19	Siam Commercial Bank (Alien)	1,357,100	1,860	0.20
Indonesia 0.09%				General Asia Pacific 0.03%			
Bumi Resources	1,009,000	438	0.05	Aberdeen Asian Income	262,500	305	0.03
Unilever Indonesia	984,332	361	0.04				
Malaysia 0.29%				OTHER OVERSEAS 0.68% (30.11.2007, 0.87%)			
PPB Group Berhad	788,700	1,404	0.15	Henderson Global Technology	916,038	4,042	0.44
Telekom Malaysia	2,621,900	1,261	0.14	Invesco Emerging Markets	33,627	804	0.09
Philippines 0.08%				JPMorgan Emerging Markets	292,911	1,414	0.15
Philippine Long Distance Telephone	24,740	745	0.08				
Singapore 0.23%				PRIVATE EQUITY 0.64% (30.11.2007, 0.11%)			
Singapore Exchange	271,000	807	0.09	Princess Private Equity (Germany)	250,000	1,374	0.15
Singapore Post	3,225,000	1,304	0.14	Princess Private Equity	792,500	4,515	0.49
South Korea 1.00%				GLOBAL EQUITY INCOME UNIT TRUSTS 5.04% (30.11.2007, 0.00%)			
DC Chemical	2,845	549	0.06	The CBF Church of England Global Equity Income Fund			
LG Chem	49,888	2,399	0.26	Accumulation Shares*	1,000	1	-
LG Electronics	16,434	1,154	0.12				
Pusan Bank	171,830	1,262	0.14				
S1 Corp/Korea	58,874	1,692	0.18				
SK Telecom	15,125	1,508	0.16				
Woori	68,750	738	0.08				

The CBF Church of England Investment Fund

Portfolio statement

at 31 May 2008 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
The CBF Church of England Global Equity Income Fund Income Shares*	32,991,391	46,706	5.04				
				FIXED INTEREST STOCKS 6.66% (30.11.2007, 6.25%)			
				United Kingdom 6.66%			
				Treasury 5.75% Stock 2009	11,584,656	11,711	1.26
				Treasury 6.25% Stock 2010	10,389,256	10,694	1.15
				Conversion 9% Stock 2011	8,305,000	9,226	1.00
				Treasury 5.25% Stock 2012	2,885,000	2,912	0.31
				Treasury 8% Stock 2013	23,305,000	26,530	2.86
				Nat West 11.5% Euro Convertible Notes	500,000	699	0.08
				PORTFOLIO OF INVESTMENTS		905,666	97.79
				NET OTHER ASSETS		20,491	2.21
				NET ASSETS		<u>926,157</u>	<u>100.00</u>
INFRASTRUCTURE 4.01% (30.11.2007, 1.02%)							
3i Infrastructure	75,000	88	0.01				
Babcock & Brown C Shares	10,000,000	10,025	1.08				
HSBC Infrastructure	3,000,000	3,698	0.40				
HSBC Infrastructure C Shares	10,000,000	10,100	1.09				
RREEF Pan-Euro Infrastructure	1	13,240	1.43				
UNQUOTED STOCKS 0.94% (30.11.2007, 0.88%)							
CCLA Fund Managers A Shares	130,000	8,750	0.94				
AGRICULTURAL PROPERTIES 0.23% (30.11.2007, 0.18%)							
Nazeing Park Farm	1	2,100	0.23				
PROPERTY UNIT TRUSTS 6.33% (30.11.2007, 6.54%)							
The CBF Church of England Property Fund Income Shares*	40,313,153	58,656	6.33				

*The CBF Church of England Property Fund, The CBF Church of England Global Equity Income Fund and The CBF Church of England UK Equity Fund are managed by the Manager.

The CBF Church of England Investment Fund
Balance sheet
 at 31 May 2008 (unaudited)

	Notes	31.5.2008		30.11.2007	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments			905,666		948,914
Debtors	8	10,007		9,019	
Cash and bank balances	9	23,858		<u>43,652</u>	
Total other assets			<u>33,865</u>		<u>52,671</u>
Total assets			939,531		1,001,585
LIABILITIES					
Creditors	10	3,389		667	
Distribution payable on income shares		<u>9,985</u>		<u>9,686</u>	
Total liabilities			<u>13,374</u>		<u>10,353</u>
Net assets attributable to shareholders			<u>926,157</u>		<u>991,232</u>
Approved on behalf of the Trustee 3 July 2008				R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited	

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

The CBF Church of England Investment Fund
Summary of material portfolio changes
 for the six months ended 31 May 2008 (unaudited)

	<i>Cost</i> <i>£'000</i>
Total purchases for the period (note 16)	555,571
Major purchases:	
The CBF Church of England Global Equity Income Fund	49,489
Treasury 8% Stock 2013	17,143
AstraZeneca	14,827
Royal Bank of Scotland	12,400
Babcock & Brown C Shares	10,000
HSBC Infrastructure C Shares	10,000
Johnson Matthey	9,658
BP	8,533
HSBC	8,243
Anglo American	7,665
Treasury 6.25% Stock 2010	5,674
Mondi	5,404
Marks & Spencer	4,948
Tate & Lyle	4,547
United Utilities	4,479
Pfizer	4,448
Old Mutual	4,382
Misys	4,372
British Energy	4,178
National Grid	4,108

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

The CBF Church of England Investment Fund
Summary of material portfolio changes
for the six months ended 31 May 2008 (unaudited)

	<i>Proceeds</i> £'000
Total sales for the period (note 16)	537,243
Major sales:	
HSBC	25,434
Vodafone	22,483
Royal Dutch Shell B Shares	20,722
Tesco	13,646
Reckitt Benckiser	11,968
AstraZeneca	11,217
BHP Billiton	11,129
Rio Tinto (UK)	11,020
GlaxoSmithKline	10,717
Lloyds TSB	10,675
National Grid	9,247
Barclays	9,151
Anglo American	8,352
Johnson Matthey	8,087
BP	7,857
HBOS	7,169
Prudential	6,597
Standard Chartered	6,491
Marks & Spencer	6,040
Treasury 5% Stock 2008	5,670

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

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 accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in December 2005.

(b) Income recognition

Dividends on ordinary stocks, including special dividends where appropriate, are credited to income on the dates when the investments are first quoted ex-dividend. Interest on Government stocks, debentures, convertible loan stocks, other fixed interest stocks, bank and The CBF Church of England Deposit Fund balances, and direct property income is accrued on a daily basis.

With effect from 1 December 2007, income on debt securities has been accounted for on an effective yield basis. Prior to this, income on debt securities was calculated on an accrual of coupon basis. In accordance with paragraph 1.15 of the IMA SORP 2005, the Fund has not restated comparative information to reflect this change in accounting policy. If comparative information has been restated the main adjustments required would be to decrease income on debt securities with a corresponding increase in net gains on investments. There would be no overall net impact on the total return before distributions or on the net assets of the Fund.

(c) Stock dividends

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

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

Whether a special dividend, share buy-back or additional share issue is income or capital by nature depends upon the facts of each individual case. It is likely that where the receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend is regarded as capital by nature. Otherwise, the special dividends are regarded as income.

Notes to the accounts

(unaudited)

(e) Management expenses

During the period the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund. The fee is based on a fixed percentage of the value of the Fund. In January 2008 this increased from 0.30% p.a. plus VAT to 0.45% p.a. plus VAT. The Fund receives a management fee rebate credited to the income expenses of the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to income. The Fund also receives a management fee rebate credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital. 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. Audit, legal, safe custody fees and transaction charges, insurance, direct property expenses and monitoring fee are charged separately to the income 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 income which arise over the years (see note 11).

(g) Basis of valuation

Listed investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any 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.

Agricultural property is valued half yearly by the Manager on the basis of open market value as advised by independent chartered surveyors.

(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 CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

2. Net (losses)/gains on investments	31.5.2008	31.5.2007
	£'000	£'000
The (losses)/gains on investments during the period comprise:		
Non-derivative securities	<u>(61,844)</u>	<u>76,389</u>
3. Other gains/(losses)	31.5.2008	31.5.2007
	£'000	£'000
Other gains/(losses) comprise:		
Currency gain/(loss)	<u>529</u>	<u>(18)</u>
4. Gross income	31.5.2008	31.5.2007
	£'000	£'000
UK dividends	9,745	7,899
The CBF Church of England Property Fund distribution	1,532	1,411
The CBF Church of England UK Equity Fund distribution	2,070	1,800
The CBF Church of England Global Equity Income Fund distribution	660	-
Overseas dividends	5,236	3,203
Dividends on unquoted stocks	273	273
Interest on debt securities	943	1,300
Rental income	21	21
Interest on The CBF Church of England Deposit Fund	888	775
Bank interest	222	132
Other income	8	-
	<u>21,598</u>	<u>16,814</u>
5. Expenses	31.5.2008	31.5.2007
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	2,213	1,745
Manager's periodic charge rebate – see note 1(e)*	<u>(754)</u>	<u>(591)</u>
	<u>1,459</u>	<u>1,154</u>

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

Payable to the Trustee, associates of the Trustee and agents of either of them:

Safe custody fees and transaction charges	44	53
Monitoring fees	5	7
Trustee's administration fee	-	20
Other expenses	2	2
	<u>51</u>	<u>82</u>
Other expenses:		
Insurance	7	6
Audit fee	7	7
Legal fees	-	1
Property expenses	17	23
	<u>31</u>	<u>37</u>
Total expenses	<u>1,541</u>	<u>1,273</u>

The above expenses include VAT where applicable.

* This amount represents the rebate of management fee credited to the Fund's income for the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to income. This amount also includes the rebates credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital.

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

	31.5.2008	31.5.2007
	£'000	£'000
Overseas taxation suffered in the period	543	459
Overseas taxation recovered in the period	(4)	(2)
Total taxation	<u>539</u>	<u>457</u>

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

7. Finance costs

Distributions

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

	31.5.2008	31.5.2007
	£'000	£'000
29 February – interim distribution	4,778	4,075
31 May – interim distribution	10,360	9,660
	15,138	13,735
Add: income deducted on cancellation of shares	51	108
Deduct: income received on creation of shares	(17)	(41)
Net distribution for the period	<u>15,172</u>	<u>13,802</u>
Net income after taxation for the period	19,518	15,084
Amortisation under effective yield (FRS 26)	464	-
Transfer to income reserve – see note 11	(6,374)	(2,732)
Manager's periodic charge – see note 1(e)	1,535	1,428
Trustee's administration fee – see note 1(e)	-	22
Income not distributed	29	-
Net distribution for the period	<u>15,172</u>	<u>13,802</u>

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

8. Debtors

	31.5.2008	30.11.2007
	£'000	£'000
Sales awaiting settlement	2,974	2,815
Accrued income	6,961	6,174
Other debtors	62	5
Prepayments	10	25
	<u>10,007</u>	<u>9,019</u>

9. Cash and bank balances

	31.5.2008	30.11.2007
	£'000	£'000
Cash in The CBF Church of England Deposit Fund	22,970	24,279
Cash in overseas currencies	327	15,375
Cash at bank	561	3,998
	<u>23,858</u>	<u>43,652</u>

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

10. Creditors	31.5.2008	30.11.2007
	£'000	£'000
Purchases awaiting settlement	3,357	639
Accrued expenses	32	28
	<u>3,389</u>	<u>667</u>

11. Income reserve

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

	31.5.2008	31.5.2007
	£'000	£'000
Income reserve at the start of the period	3,559	2,174
Transfer to income reserve	6,374	2,732
Income reserve at the end of the period	<u>9,933</u>	<u>4,906</u>

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to 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 period and the comparative period.

Market price risk

This is an actively-managed Fund, which invests mainly in UK and overseas equities and fixed interest investments. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence, and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the 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.

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis.

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

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

Currency	31.5.2008	30.11.2007
	£'000	£'000
Australian Dollar	15,955	13,027
Brazilian Real	-	144
Danish Krone	1,129	798
Euro	88,582	80,153
Hong Kong Dollar	16,985	10,195
Indonesian Rupiah	800	1,088
Israel Shekel	-	796
Japanese Yen	31,712	25,214
Malaysian Dollar	2,689	1,140
Mexican Peso	-	492
New Zealand Dollar	-	747
Norwegian Krone	2,970	766
Philippine Peso	745	-
Singapore Dollar	2,111	4,357
South African Rand	-	614
South Korea Won	9,316	5,367

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

Currency	31.5.2008	30.11.2007
	£'000	£'000
Swedish Krona	3,210	3,382
Swiss Franc	9,230	9,063
Taiwan Dollar	6,914	5,709
Thailand Baht	1,860	431
US Dollar	96,867	87,267
	<u>291,075</u>	<u>250,750</u>

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 income of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns 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 2008 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	23,531	61,772	563,153	648,456
Euro	213	-	88,369	88,582
US Dollar	3	-	96,864	96,867
Other	111	-	105,515	105,626
Total	<u>23,858</u>	<u>61,772</u>	<u>853,901</u>	<u>939,531</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	-	-	13,374	13,374
Total	<u>-</u>	<u>-</u>	<u>13,374</u>	<u>13,374</u>

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

30 November 2007

<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	28,279	46,018	675,899	750,196
Euro	5,587	10,732	64,473	80,792
US Dollar	3,817	4,405	79,045	87,267
Other	<u>5,971</u>	<u>788</u>	<u>76,571</u>	<u>83,330</u>
Total	43,654	61,943	895,988	1,001,585

<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	-	-	9,714	9,714
Euro	-	-	639	639
Total	-	-	<u>10,353</u>	<u>10,353</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 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>
Sterling	61,772	4.83	3.7

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

30 November 2007

<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	46,018	4.8	4.2
Euro	10,732	4.1	9.3
US Dollar	4,405	2.3	3.3
Japan	788	0.8	3.1

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

There were no derivatives held by the Fund at 31 May 2008 (30.11.2007, £nil).

13. Commitments and contingent liabilities

There was a commitment of £17,028,939 at 31 May 2008 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2007, £16,681,031).

There were no other commitments or contingent liabilities at 31 May 2008 (30.11.2007, £nil).

14. Unquoted and other investments

Unquoted investments include the Fund's holding of 60% of the issued share capital of CCLA Investment Management Limited, which provides investment management and administrative services to The CBF Church of England Funds. The valuation of £8,750,300 is based on a discounted market value calculation reviewed annually.

Including its holding in the Manager, the Fund is not permitted to invest more than 2% of the total fund in unquoted securities excluding holdings in other CBF Church of England Funds.

Not more than 35% in value of the Fund may be invested in units in common funds, Authorised Unit Trust Schemes and collective investment and deposit schemes.

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

At 31 May 2008, 6.33% (30.11.2007, 6.54%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 13.86% (30.11.2007, 13.91%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 5.04% (30.11.2007, 0.00%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 2.48 % (30.11.2007, 2.45%) of the value of the Fund was held in The CBF Church of England Deposit Fund. At 31 May 2008, 0.53% (30.11.2007, 0.50%) of the value of the Fund was held in Authorised Unit Trust Schemes.

At 31 May 2008 the Fund held 95.13% (30.11.2007, 0.00%) of the shares of The CBF Church of England Global Equity Income Fund, 93.98% (30.11.2007, 94.29%) of the shares in The CBF Church of England UK Equity Fund, and 38.95% (30.11.2007, 38.63%) of the shares of The CBF Church of England Property Fund. The CBF Church of England Property Fund shares may not be readily realisable, and the Manager may impose a period of notice or delay before carrying out a redemption of shares in that Fund if it is deemed to be necessary to protect the interests of shareholders in the Fund or to permit properties to be sold to meet a redemption.

15. Related party transactions

The Manager's periodic charge is 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 5. There were no outstanding balances due to the Manager at 31 May 2008 (30.11.2007, £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 to CBFFT at 31 May 2008 (30.11.2007, £nil). There were no other transactions entered into with CBFFT during the period.

At 31 May 2008 a cash balance of £22,970,336 (30.11.2007, £24,278,517) was held in The CBF Church England Deposit Fund.

Further details of the Fund's holdings in other CBF Church of England Funds are disclosed in note 14.

The CBF Church of England Investment Fund

Notes to the accounts

(unaudited)

16. Portfolio transaction costs	31.5.2008	31.5.2007
	£'000	£'000
Analysis of total purchase costs:		
Purchases in period before transaction costs	555,299	53,274
Commissions	272	150
Total gross purchases	<u>555,571</u>	<u>53,424</u>
Analysis of total sale costs:		
Sales in period before transaction costs	537,509	81,413
Commissions	(266)	(159)
Total net sales	<u>537,243</u>	<u>81,254</u>

Distribution table

for the six months ended 31 May 2008 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2008	2007
Income shares			
29 February 2008	31 March 2008	6.00	5.00
31 May 2008	30 June 2008	<u>13.00</u>	<u>12.00</u>
		<u>19.00</u>	<u>17.00</u>
		<i>Income accumulated pence per share</i>	
		2008	2007
Accumulation shares			
29 February 2008		11.71	8.61
31 May 2008		<u>27.89</u>	<u>20.48</u>
		<u>39.60</u>	<u>29.09</u>

The CBF Church of England Investment Fund

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 income due to the Fund in accordance with the Measure;
- apply interest payments to depositors based on their average daily balance in the Fund; and
- take all steps and execute all documents which

are necessary to ensure that the deposits and withdrawals for the Fund are properly completed.

Preparation of accounts

The Trustee of the Fund is required, by the Measure, to prepare accounts which give a true and fair view of the financial position of the Fund at each half year and year end valuation date. The net income for the period, together with a report on the operation of the Fund is also required. In preparing these accounts, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in December 2005;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the accounts, as prepared, comply with the above requirements;
- makes judgments and estimates that are prudent and reasonable; and
- prepares the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure. The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England Investment Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

J Clunie*

L Farrall

N Pearson

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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the Financial Services Authority*

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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

N Debenham (to 31 December 2007)

M Humphreys (from 1 January 2008)

Company Secretary

J Fox

Socially Responsible Investment

N White

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Banker and Monitoring Service

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London EC2R 8LA

Safe-Custody Agent

The Northern Trust Company
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Solicitors

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66 Lincoln's Inn Fields
London WC2A 3LH

Independent Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF



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
- Aligned with the Church of England's Ethical Investment Policy

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund entirely aligned with the Church of England's Ethical Investment Policy
- 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

* The Deposit Fund has been awarded an AAA/V1 money market fund rating from the credit rating agency Fitch Ratings.

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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CCLA Investment Management Limited is committed to making a positive contribution to environmental protection. Where possible we seek to ensure our suppliers are using environmentally friendly production processes. This document is printed on a fully recycled paper containing 100% post consumer waste and is certified as a Forest Stewardship Council (FSC) recycled product.

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

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