



for the Church of England

The CBF Church of England Global Equity Income Fund

**Report and Accounts
Half Year ended 31 May 2009
(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 2009

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 (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 Series World Index. A comparison of returns is made against the FTSE All-Share Index as the domestic investment alternative.

Report of the Trustee

for the half year ended 31 May 2009

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 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

CBFFT continues to be represented on the Church of England's Ethical Investment Advisory Group (EIAG) by Mrs Lesley Farrall. The EIAG co-ordinates, develops and recommends ethical investment policy for the Church's three national investment bodies, (the Church Commissioners and Church of England Pensions Board being the other two), and communicates this to the wider Church through an Annual Report of its work, as well as other research and policy publications. The EIAG makes considered recommendations on a range of material ethical and responsible investment issues, but responsibility rests with the CBFFT for accepting and implementing any recommendations made by the EIAG. The EIAG Annual Report, and other publications associated with the Church and ethical investment are available in downloadable form from the Manager and the Church of England websites.

Report of the Trustee

for the half year ended 31 May 2009

The EIAG, in liaison with the three national investment bodies, has initiated a review process of the Ethical Investment policies, commencing with defence and alcohol. We welcome comments and views from clients as part of this process, which will be concluded during 2009.

The Manager supports CBFFT's ethical investment priorities via signatory status to the UN Principles of Responsible Investment (UNPRI) and the Carbon Disclosure Project (CDP) relating to climate change. The Manager is a member of the Institutional Investors Group on Climate Change (IIGCC) and 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 in an informed way across the UK equities portfolio. CBFFT has adopted a policy of supporting management, except where proposals are either not considered to be in shareholder interests, or reflect poor corporate governance practice.

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

21 July 2009

Report of the Investment Manager

for the half year ended 31 May 2009

- Invested in a diversified portfolio of global equities
- An emphasis on a high and growing income
- Expectation of long term capital growth

Performance

The total return on the Fund was +8.87%. This compares to a return of +7.97% on the FTSE All-Share Index. The payment for income shares for the six month period to 31 May 2009 totals 2.70p, this compares with a payment for the equivalent period of 2008 of 3.00p. This fall in distribution reflects timing differences of income receipts between the two years and is not an indication that the payment for the year as a whole will be lower.

Market review

In the early part of the period investment markets were in retreat as cautious investors tried to come to terms with a rapidly deteriorating world economy and the uncertainties associated with a frail financial system. Credit shortages, compounded by an unwillingness to lend on the part of many banks, caused economic activity levels to decline sharply at the end of 2008 and into the new year as companies, trying to cut costs and ease financial shortfalls, reduced staff and ran down stocks. The response from the major central banks to this developing crisis was resolute. Interest rates were pushed lower and liquidity made available to the markets on a scale sufficient to unfreeze activity and allow some normalisation of conditions.

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

To 31 May 2009	Six months %	1 Year % p.a.
<u>Performance against market indices (before expenses)</u>		
CBF Global Equity Income Fund	+ 8.87	- 21.19
FTSE All-World Index	+ 9.28	- 19.00
FTSE All-Share Index	+ 7.97	- 23.66
MSCI Value UK Index	- 0.02	- 23.47
MSCI Value Europe ex UK Index	+15.06	- 28.03
MSCI Value US Index	- 5.73	- 17.97
MSCI Value Asia Pacific ex Japan Index	+12.42	- 23.57
<u>Performance after expenses</u>		
Income shares*	+ 8.41	- 21.91
Accumulation shares*	+ 8.41	- 21.92

* 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 2009

Against this extraordinary backdrop global equity markets began the half year in steep downtrends, giving back the ground gained over previous weeks and in many cases establishing new lows for the cycle. With many companies on extremely low valuations and investment markets overloaded with pessimism, the scene was set for the rally which began when the commitment of governments to halt the decline and in fact build a foundation for recovery, became clear.

Strategy

Stocks are selected for the portfolio on their individual merits. The manager looks for companies with an attractive yield and the ability to increase dividends in the future. There is a broad spread across international markets but the selection criteria for the individual shares held and the yield requirement on the portfolio mean that the geographical distribution is very different to that on the FTSE All-World Index. As at the end of May, the major differences are high weightings to Europe and to the United Kingdom, balanced by relatively underweight positions in North America and Japan. At the sector

level, there are relatively high weightings in Telecommunications, Oil and Gas and Healthcare, lower weightings in Consumer Services, Industrials and Technology.

Outlook

Although the worst threats to the world economy seem to have passed, it would be optimistic to assume that the near term prospect was for a robust recovery. More likely is for a gradual increase in activity from the lows over the remainder of 2009 and into 2010. This is an environment in which short term interest rates stay at low levels for an extended period and inflation remains under firm control. We believe that there is excellent long term value on offer for the discerning investor but we recognise also that volatility is likely to remain elevated until the outlook is clearer.

M Humphreys
Fund Manager
CCLA Investment Management Limited

21 July 2009

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

Statement of Ethical Investment Policy

to the Shareholders of the Fund

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

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

Net asset value

<i>At 30 November</i>	<i>Net asset value £'000</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
		<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>	<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>
2008	35,893	99.87	35,869,339	104.70	20,193
At 31 May 2009	38,539	105.38	36,568,081	113.51	20,193

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).

Share price range

<i>Year to 30 November</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
	<i>Highest offer pence per share</i>	<i>Lowest bid pence per share</i>	<i>Highest offer pence per share</i>	<i>Lowest bid pence per share</i>
2008	156.27	92.94	156.27	95.99
To 31 May 2009	111.91	85.23	117.31	90.33

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
To 31 May 2009	2.70	3.65

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

Share price at 31 May 2009

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	104.80	105.96
Accumulation shares	112.89	114.13

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>31.5.2009</i>	<i>31.5.2008</i>
Total expense ratio (annualised)	0.82%	0.88%

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

Statement of total return

for the half year ended 31 May 2009 (unaudited)

	Notes	31.5.2009		31.5.2008	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		1,841		(2,861)
Revenue	3	1,417		1,610	
Expenses	4	(145)		(209)	
Net revenue before taxation		1,272		1,401	
Taxation	5	(87)		(100)	
Net revenue after taxation			1,185		1,301
Total return before distributions			3,026		(1,560)
Finance costs: distributions	6		(980)		(1,011)
Change in net assets attributable to shareholders from investment activities			2,046		(2,571)

The notes on pages 16 to 24 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the half year ended 31 May 2009 (unaudited)

	31.5.2009		31.5.2008	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		35,772		-
Amounts receivable on issue of shares	720		51,879	
Amounts payable on cancellation of shares	-		-	
		720		51,879
Change in net assets attributable to shareholders from investment activities		2,046		(2,571)
Retained distribution on accumulation shares		1		-
Closing net assets attributable to shareholders		<u>38,539</u>		<u>49,308</u>

The above statement shows the comparative closing net assets at 31 May 2008 whereas the opening net assets for the current accounting period commenced on 1 December 2008.

Portfolio statement

at 31 May 2009 (unaudited)

	<i>Bid</i>				<i>Bid</i>		
	<i>Holding</i>	<i>value</i>	<i>%</i>		<i>Holding</i>	<i>value</i>	<i>%</i>
	<i>£'000</i>	<i>Fund</i>		<i>£'000</i>	<i>Fund</i>		
UNITED KINGDOM 25.39%							
(30.11.08, 24.75%)							
Oil & Gas Producers 5.55%							
BP	203,122	1,037	2.69				
Royal Dutch Shell B	65,825	1,102	2.86				
Support Services 0.63%							
Electrocomponents	79,734	116	0.30				
Smiths News	117,702	127	0.33				
Food Producers 0.99%							
Unilever	26,302	381	0.99				
Pharmaceuticals & Biotechnology 4.64%							
AstraZeneca	27,633	710	1.84				
GlaxoSmithKline	103,545	1,078	2.80				
Travel & Leisure 0.54%							
Thomas Cook	93,627	207	0.54				
Mobile Telecommunications 4.78%							
Cable & Wireless	324,588	436	1.13				
Vodafone	1,212,312	1,406	3.65				
Electricity 0.36%							
Scottish & Southern Energy	12,043	140	0.36				
Gas Water & Multiutilities 2.38%							
National Grid	88,514	529	1.37				
Severn Trent	11,681	131	0.34				
United Utilities	48,466	259	0.67				
Banks 1.82%							
HSBC	102,615	571	1.48				
Standard Chartered	10,530	132	0.34				
Nonlife Insurance 0.38%							
Catlin	40,729	144	0.38				
Life Insurance 2.43%							
Admiral	46,238	397	1.03				
Aviva	39,643	132	0.34				
Old Mutual	557,536	408	1.06				
General Financial 0.31%							
Man	48,945	118	0.31				
Preference shares 0.58%							
Lloyds 9.25%							
Preference Shares	308,000	224	0.58				
EUROPE 33.31% (30.11.2008, 21.50%)							
Austria 0.63%							
Telekom Austria	26,612	244	0.63				
France 14.50%							
Axa	56,069	645	1.67				
BNP Paribas	13,551	578	1.50				
France Telecom	88,026	1,332	3.46				
Gaz de France	9,970	243	0.63				
Societe Generale	26,535	955	2.48				
Total	32,281	1,154	2.99				
Veolia Environnement	13,475	244	0.63				
Vivendi Universal	26,950	439	1.14				
Germany 2.76%							
Deutsche Telekom	59,961	425	1.10				
E.on	10,134	222	0.57				
RWE AG	8,190	421	1.09				
Italy 4.51%							
ENI	99,016	1,482	3.85				
Terna	113,219	256	0.66				

Portfolio statement

at 31 May 2009 (unaudited)

	Holding	Bid			Holding	Bid	
		value	%			value	%
		£'000	Fund			£'000	Fund
Netherlands 1.35%				Freeport 6.75%			
KPN	29,377	239	0.62	Convertible			
Unilever NV	18,977	282	0.73	Preference Shares	1,400	74	0.19
				Genuine Parts	30,100	625	1.62
Norway 0.97%				HJ Heinz	26,900	610	1.58
Statoilhydro	28,800	375	0.97	Johnson & Johnson	21,503	736	1.91
				Kraft Foods	23,584	382	0.99
Spain 3.60%				Lilly (Eli)	11,000	236	0.61
Banco Santander	38,065	250	0.65	Merck & Co	61,300	1,049	2.72
Repsol	9,490	132	0.34	NiSource	17,400	115	0.30
Telefonica	75,196	1,004	2.61	Pfizer	82,830	780	2.02
				Procter & Gamble	7,700	248	0.64
Sweden 1.55%				Verizon			
Hennes & Mauritz	20,232	596	1.55	Communications	30,115	546	1.42
Switzerland 0.34%				JAPAN 0.64% (30.11.2008, 1.41%)			
Partners	2,085	129	0.34	Japan Prime Realty	106	127	0.33
				T-Gaia	150	121	0.31
General European 3.10%							
Hellenic Telecom	23,387	235	0.61	PACIFIC BASIN 9.09% (30.11.2008, 9.34%)			
Motor Oil	16,951	135	0.35	Australia 1.00%			
National Bank of				ANZ Bank	15,768	124	0.32
Greece	34,982	591	1.53	Coca-Cola Amatil	29,391	123	0.32
Turkcell Iletisim	71,514	233	0.61	Goodman Fielder	218,008	137	0.36
UNITED STATES OF AMERICA 23.74%				Hong Kong 5.85%			
(30.11.2008, 33.53%)				Cheung Kong Infra-			
AT&T	54,653	840	2.18	structure	47,000	108	0.28
Bank of America				China Agri-Industries	354,000	144	0.37
7.25% Convertible				China Construction	294,000	118	0.31
Preference Shares	1,400	661	1.72	China Mobile	42,000	254	0.66
Bristol-Myers Squibb	47,800	591	1.54	CNOOC	490,000	398	1.03
Chevron	8,200	339	0.88	Industrial &			
Coca-Cola	17,200	524	1.36	Commercial Bank of			
DTE Energy	6,400	120	0.31	China	637,000	247	0.64
Duke Energy	13,100	115	0.30	Jiangsu Expressway	256,000	110	0.29
Du Pont De Nemours	31,576	558	1.45	Kingsoft	402,000	164	0.43

Portfolio statement

at 31 May 2009 (unaudited)

	<i> Holding</i>	<i> Bid</i>	<i> %</i>
		<i> value</i>	<i> Fund</i>
		<i> £'000</i>	
Petrochina	828,000	587	1.52
Zhejiang Express	258,000	124	0.32
Singapore 1.35%			
DBS	74,000	374	0.97
United Overseas Bank	24,000	147	0.38
Taiwan 0.89%			
Chunghwa Telecom	289,000	341	0.89
OTHER OVERSEAS 2.95%			
(30.11.2008, 6.02%)			
African Bank			
Investments	62,381	125	0.33
JD	45,565	131	0.34
Kimberley-Clark MXC	102,085	240	0.62
KSK Emerging India	500,000	150	0.39
Manitoba Telecom	6,400	123	0.32
Mobinil	9,923	243	0.63
Tele Norte Leste			
Participacoes	11,500	125	0.32
INVESTMENT ASSETS		36,660	95.12
NET OTHER ASSETS		1,879	4.88
NET ASSETS		<u>38,539</u>	<u>100.00</u>

Balance sheet

at 31 May 2009 (unaudited)

	Notes	31.5.2009		30.11.2008	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets			36,660		34,539
Debtors	7	1,200		139	
Cash and bank balances	8	1,476		<u>1,669</u>	
Total other assets			2,676		<u>1,808</u>
Total assets			39,336		36,347
LIABILITIES					
Bank overdraft		-		8	
Creditors	9	175		29	
Distribution payable on income shares		622		<u>538</u>	
Total liabilities			797		575
Net assets attributable to shareholders			<u>38,539</u>		<u>35,772</u>
Approved on behalf of the Trustee 21 July 2009		R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited			

The notes on pages 16 to 24 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 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 treated as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

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

Whether a special dividend, share buy-back or additional share issue is revenue 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 revenue.

(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. 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)

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
The net capital gains/(losses) on investments during the period comprise:		
Non-derivative securities	914	(4,270)
Forward currency contracts	809	-
Currency gains	118	1,409
	<u>1,841</u>	<u>(2,861)</u>

3. Revenue

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
UK dividends	323	242
Overseas dividends	1,068	1,350
Bank interest	1	15
Interest on The CBF Church of England Deposit Fund	25	-
Other	-	3
	<u>1,417</u>	<u>1,610</u>

Notes to the accounts

(unaudited)

4. Expenses	31.5.2009	31.5.2008
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	132	175
Manager's periodic charge rebate – see note 1(e)*	(3)	-
	<u>129</u>	<u>175</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	6	25
Monitoring fee	4	3
	<u>10</u>	<u>28</u>
Other expenses:		
Audit fee	6	6
	<u>6</u>	<u>6</u>
Total expenses	<u>145</u>	<u>209</u>

The above expenses include VAT where applicable.

* This amount represents the rebate of management fee credited to the Fund's revenue for the Fund's deposits in The CBF Church of England Deposit Fund where the 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.

	31.5.2009	31.5.2008
	£'000	£'000
Overseas taxation suffered in the period	89	100
Overseas taxation recovered in the period	(2)	-
Total taxation	<u>87</u>	<u>100</u>

Notes to the accounts

(unaudited)

6. Finance costs

Distributions

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

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
29 February – interim distribution	364	337
31 May – interim distribution	622	694
	986	1,031
Add: revenue deducted on cancellation of shares	-	-
Deduct: revenue received on issue of shares	(6)	(20)
Net distribution for the period	980	1,011
Net revenue after taxation for the period	1,185	1,301
Transfer to income reserve – see note 10	(337)	(465)
Manager's periodic charge – see note 1(e)	132	175
Net distribution for the period	980	1,011

Details of the distribution per share are set out in the distribution table on page 25.

7. Debtors

	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Sales awaiting settlement	169	-
Forward currency contracts	706	-
Accrued income	325	139
	1,200	139

8. Cash and bank balances

	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Cash at bank	44	92
Cash in The CBF Church of England Deposit Fund	1,432	1,577
	1,476	1,669

Notes to the accounts

(unaudited)

9. Creditors

	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Purchases awaiting settlement	163	-
Accrued expenses	12	<u>29</u>
	<u>175</u>	<u>29</u>

10. Income reserve

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

	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Income reserve at the start of the period	335	-
Transfer to income reserve	337	<u>335</u>
Income reserve at the end of the period	<u>672</u>	<u>335</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 period.

Notes to the accounts

(unaudited)

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.

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 2009, 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 2009 was:

<i>Currency</i>	31.5.2009 £'000	30.11.2008 £'000
Australian Dollar	387	553
Brazilian Real	125	355
Canadian Dollar	129	196
Egyptian Pound	243	389
Euro	11,858	7,309
Hong Kong Dollar	2,320	386
Japanese Yen	261	524
Mexican Peso	240	430
New Turkish Lira	-	106
New Zealand Dollar	-	520
Norwegian Krone	396	294
Singapore Dollar	534	965
South African Rand	256	420
Swedish Krona	596	-
Swiss Franc	129	218
Taiwanese Dollar	341	17
US Dollar	9,209	13,133
	<u>27,024</u>	<u>25,815</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 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 2009 was as set out below:

<i>Currency</i>	<i>Floating rate financial assets*</i> £'000	<i>Fixed rate financial assets</i> £'000	<i>Financial assets not carrying interest</i> £'000	<i>Total</i> £'000
Sterling	1,454	224	10,471	12,149
Euro	13	-	11,845	11,858
US Dollar	-	735	8,474	9,209
Other	9	-	6,111	6,120
Total	<u>1,476</u>	<u>959</u>	<u>36,901</u>	<u>39,336</u>

Notes to the accounts

(unaudited)

<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	-	-	634	634
Other	-	-	163	163
Total	-	-	797	797

30 November 2008

<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	1,616	269	8,647	10,532
Euro	19	-	7,290	7,309
US Dollar	3	558	12,572	13,133
Other	31	-	5,342	5,373
Total	1,669	827	33,851	36,347

<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	8	-	567	575
Total	8	-	567	575

* 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.

Fund held derivatives relating to forward currency contracts valued at £705,757 as at 31 May 2009 (30.11.2008, £nil).

Notes to the accounts

(unaudited)

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 31 May 2009.

13. 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 4. There were no outstanding balances due to the Manager at 31 May 2009. 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 4. There were no outstanding balances due to CBFFT at 31 May 2009. There were no other transactions entered into with CBFFT during the period.

At 31 May 2009 a cash balance of £1,431,869 (30.11.2008, £1,576,555) was held in The CBF Church of England Deposit Fund.

At 31 May 2009 The CBF Church of England Investment Fund held 91.93% of the shares of The CBF Church of England Global Equity Income Fund.

14. Portfolio transaction costs

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
Analysis of total purchase costs:		
Purchases in period before transaction costs	20,583	76,820
Commissions	16	16
Total gross purchases	<u>20,599</u>	<u>76,836</u>
Analysis of total sale costs:		
Sales in period before transaction costs	19,590	24,411
Commissions	(14)	(15)
Total sales net of transaction costs	<u>19,576</u>	<u>24,396</u>

Distribution table

for the half year ended 31 May 2009

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2009	2008
Income shares			
28 February 2009	30 April 2009	1.00	1.00
31 May 2009	31 July 2009	1.70	2.00
		<u>2.70</u>	<u>3.00</u>
		<i>Revenue accumulated pence per share</i>	
		2009	2008
Accumulation shares			
28 February 2009		1.26	1.10
31 May 2009		2.39	3.24
		<u>3.65</u>	<u>4.34</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.

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 revenue for the year, together with a report on the operation of the Fund is also required. The accounts show the net asset value of the shares in the Fund as at the date to which the accounts are prepared, the amount of revenue per share, and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. 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

Statement of Trustee and Manager responsibilities

Investment Management Association (IMA) in November 2008;

- 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 Fund Global Equity Income 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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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

M Humphreys

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially Responsible Investment

H Wildsmith

Banker and Monitoring Service

The Royal Bank of Scotland plc

62/63 Threadneedle Street

London EC2R 8LA

Safe-Custody Agent

The Northern Trust Company

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London E14 5NT

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

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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
- Working with the EIAG to reflect appropriately ethical values in your investments

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

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).

CCLA INVESTMENT MANAGEMENT LIMITED

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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*