



for the Church of England

The CBF Church of England Global Equity Income Fund

**Report and Accounts
Year ended 30 November 2010**

Contents

- 3** Report of the Trustee
- 6** Report of the Investment Manager
- 9** Statement of Ethical Investment Policy
- 10** Report of the Independent Auditor
- 12** Net asset value, share price range, net distribution, share price and total expense ratio
- 13** Portfolio statement
- 18** Statement of total return
- 19** Statement of change in net assets attributable to shareholders
- 20** Balance sheet
- 21** Notes to the accounts
- 30** Distribution table
- 31** Statement of Trustee and Manager responsibilities

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 year ended 30 November 2010

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

Structure and management

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

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

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

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

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

Charitable status of the Fund

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

Investment objective of the Fund

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

Benchmark

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

Responsibilities of the Trustee

CBFFT receives a report on the published accounts from the Manager twice a year and is wholly responsible for the Fund. CBFFT

Report of the Trustee

for the year ended 30 November 2010

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 Investment

Throughout the reporting period, CBFFT continued to be represented on the Church of

England's Ethical Investment Advisory Group (EIAG) by Mrs Lesley Farrall. Rev Edward Carter observed the October 2010 EIAG meeting and has subsequently been approved as the CBFFT's representative going forward. The EIAG, CBFFT and CCLA are extremely grateful for the wisdom and dedication Mrs Farrall brought to her EIAG role over many years.

The EIAG advises the Church's three national investing bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG recommendations rests with the CBFFT. The EIAG Secretariat at Church House also engages with investee companies on issues of particular concern to the Church. The EIAG produces its own Annual Review.

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

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

Report of the Trustee

for the year ended 30 November 2010

Stewardship & Corporate Governance

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

The Manager moved from domestic voting to global voting in 2010 in collaboration with the national investing bodies at Church House and other CIG members. During the second half of 2010 the Manager voted on 1,256 resolutions across global markets with 15% abstentions or votes against management (mainly remuneration related in line with the EIAG's long-standing policy in this area).

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

The Church of England national investing bodies are joint signatories to the UN Principles of Responsible Investment (PRI) and the

Manager is a member of the Carbon Disclosure Project (CDP) and UK Sustainable Investment and Finance (UKSIF).

Controls and risk management

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

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

CBFFT receives internal audit reports on the controls of the Manager. During the year 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
24 February 2011

Report of the Investment Manager

for the year ended 30 November 2010

Strategy

Our approach is to build a portfolio of good quality companies which provide an attractive immediate income and which can provide rising income flows in the future. There are no pre-determined allocations to sectors or to countries, rather it is stock selection which is the principal determinant of the shape of the portfolio. This focus on the individual companies held and the high income yield the Fund provides will mean that the portfolio will have a different shape to conventional international indices where the weightings are determined simply by market capitalisation.

Performance

Over the year the Fund produced a gross

total return of +11.63% before management expenses. The comparable gain on the FTSE All-Share Index was +11.52%, that on the FTSE All-World Index +13.29%. The performance of the fund was thus very similar to that achieved by international equity indices. The increase in the price of an Accumulation Share was +10.66%, from 132.00p at the start of the period to 146.07p at the end. The gain on an Income Share on an equivalent basis was +5.00%. The income paid to investors for the full year was 6.37p, an increase of 2.91% over the payment for 2009. As at 30th November 2010 the dividend yield on the Fund was 5.10%. This compares with a dividend yield of 3.09% on the FTSE All-Share Index and 2.44% on the FTSE All-World Index.

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

To 30 November 2010

1 year
%

Performance against market indices (before expenses)

| | |
|--|--------|
| CBF Global Equity Income Fund | +11.63 |
| FTSE All-World Index | +13.29 |
| FTSE All-Share Index | +11.52 |
| MSCI Value UK Index | +3.83 |
| MSCI Value Europe ex UK Index | -8.17 |
| MSCI Value US Index | +12.62 |
| MSCI Value Asia Pacific ex Japan Index | +6.45 |

Performance after expenses

| | |
|-----------------------------|--------|
| Income shares* | +10.65 |
| Accumulation shares* | +10.66 |

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

Source: The Manager.

Report of the Investment Manager

for the year ended 30 November 2010

Market review

Although global equity markets moved higher over the period, the path was not a smooth one. Growing investor confidence in the sustainability of the recovery in economic activity supported prices but the uptrend was severely buffeted by sovereign debt fears.

The year began with signs that, after a long and deep recession in the developed economies, output was improving again. The pace of pick-up was relatively subdued compared to past recoveries but as confidence returned so markets were pushed higher by investors keen to lock in to the attractive values on offer. The result was an up-trend, which although not smooth, nevertheless persisted into the spring. At this point however, the financing crisis facing the Greek economy erupted, causing an abrupt end to the upturn. The mood of market participants changed swiftly from relative optimism to deep concern, initially that the Greek crisis would spread quickly to other heavily indebted economies within Euroland and soon after to fears that government policies currently supportive of growth, would need to change to prioritise not expansion but deficit reduction. The negative trend lasted for three months, from spring into summer and was sufficient in extent to take back the gains made earlier in the year. It was only when prices had fallen back to obviously cheap levels and enough time had passed to show that the crisis would not spread immediately beyond Greece, that the decline stopped and then

slowly reversed. After what was a cathartic shock, confidence returned only gradually, but return it did as economic data confirmed the recovery trend and as a double dip in activity became less likely. The uptrend was sufficient to take the indices to new highs for the year and although the very best levels were not held, because of the emergence of problems in Ireland, the end result was a positive if eventful year for investors.

The portfolio had positive weightings relative to a global capitalisation based index in Asia and the United Kingdom, had a neutral exposure to Europe and had a negative weighting in the USA. There was no exposure to Japan.

Outlook

We expect the world economy to continue its recovery in the year ahead with output rising at a pace similar to that experienced in 2010. Corporate profits should improve well in this environment as the benefits of cost controls are reflected in rising profitability. Stronger profits should result in some increases in dividend payments. We intend to maintain our focus on good quality companies which offer the prospect of rising capital values and higher dividend flows over time.

M Humphreys
Fund Manager
CCLA Investment Management Limited
24 February 2011

Report of the Investment Manager

for the year ended 30 November 2010

Top ten purchases and sales

| | <i>Cost</i> | | <i>Proceeds</i> |
|----------------------------|--------------|--------------------|-----------------|
| | <i>£'000</i> | | <i>£'000</i> |
| Purchases: | | Sales: | |
| Royal Dutch Shell B | 1,258 | France Telecom | 2,170 |
| National Australia Bank | 1,161 | ENI | 1,652 |
| Scottish & Southern Energy | 1,081 | Merck & Co | 1,435 |
| Tate & Lyle | 1,007 | Total | 1,033 |
| National Grid | 963 | Johnson & Johnson | 886 |
| HSBC Holdings | 872 | Hennes & Mauritz | 861 |
| GlaxoSmithKline | 850 | HJ Heinz | 801 |
| BP | 838 | HSBC Holdings | 697 |
| France Telecom | 823 | Du Pont De Nemours | 641 |
| Axa | 766 | Goodman Fielder | 635 |

Risk warning

The Fund's shares and the revenue from the shares can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns. The Fund's shares are intended for long-term investment only and are not suitable for money liable to be needed in the near future. The shares are realisable on each weekly dealing day.

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

Statement of Ethical Investment Policy

to the Shareholders of The CBF Church of England Global Equity Income Fund

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

The EIAG positively recommends investment in companies with responsible employment practices, best corporate governance practice, conscientiousness with regard to human

rights, sustainable environmental practice and sensitivity towards the communities in which the business operates. The EIAG recommends against investment in any company that produces pornography or is involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

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

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

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

Report of the Independent Auditor

to the Shareholders of The CBF Church of England Global Equity Income Fund

We have audited the financial statements of The CBF Church of England Global Equity Income Fund for the year ended 30 November 2010 which comprise the statement of total return, the statement of change in shareholders' net assets, the balance sheet, the related notes, and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the shareholders of the Fund, as a body, in accordance with the Church Funds Investment Measure 1958, as amended. Our audit work has been undertaken so that we might state to the shareholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustee and Auditors

The Trustee is responsible for the preparation of the annual report and the financial statements in accordance with Accounting Standards (United Kingdom generally accepted accounting practice) as set out in the Statement of Trustee and Manager responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with United Kingdom legal and regulatory requirements

and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom generally accepted accounting practice, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000. We also report to you if, in our opinion, the Report of the Investment Manager is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Fund, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Investment Manager and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial

Report of the Independent Auditor

to the Shareholders of The CBF Church of England Global Equity Income Fund

statements. It also includes an assessment of the significant estimates and judgments made by the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom generally accepted accounting practice of the financial position of the Fund at 30 November 2010, and of the net revenue and the net gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, The Church Funds Investment Measure, as amended, and the Trustee Act 2000.

Ernst & Young LLP
Registered Auditor
London
24 February 2011

The maintenance and integrity of the CCLA Investment Management Limited web site is the responsibility of the directors; the work carried out by the auditors of The CBF Church of England Global Equity Income Fund does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have

occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Net asset value

| <i>At</i> <i>30 November</i> | <i>Net asset</i> <i>value</i> <i>£'000</i> | <i>Income shares</i> | | <i>Accumulation shares</i> | |
|---------------------------------|--|--|--|--|--|
| | | <i>Net asset value</i> <i>pence</i> <i>per share</i> | <i>Number of</i> <i>shares</i> <i>in issue</i> | <i>Net asset value</i> <i>pence</i> <i>per share</i> | <i>Number of</i> <i>shares</i> <i>in issue</i> |
| 2008 | 35,893 | 99.87 | 35,869,339 | 104.70 | 20,193 |
| 2009 | 45,746 | 118.98 | 38,420,719 | 132.00 | 25,544 |
| 2010 | 54,327 | 124.93 | 43,318,168 | 146.07 | 146,512 |

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

Share price range

| <i>Year to</i> <i>30 November</i> | <i>Income shares</i> | | <i>Accumulation shares</i> | |
|--------------------------------------|--|---|--|---|
| | <i>Highest offer</i> <i>pence per share</i> | <i>Lowest bid</i> <i>pence per share</i> | <i>Highest offer</i> <i>pence per share</i> | <i>Lowest bid</i> <i>pence per share</i> |
| 2008 | 156.27 | 92.94 | 156.27 | 95.99 |
| 2009 | 122.53 | 85.23 | 133.92 | 90.33 |
| 2010 | 131.90 | 111.87 | 151.84 | 126.97 |

Net distribution

| <i>Year to</i> <i>30 November</i> | <i>Income shares</i> <i>pence per share</i> | <i>Accumulation shares</i> <i>pence per share</i> |
|--------------------------------------|--|--|
| 2008 | 6.00 | 7.25 |
| 2009 | 6.19 | 6.17 |
| 2010 | 6.37 | 8.31 |

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

Share price at 30 November 2010

| | <i>Bid price pence per share</i> | <i>Offer price pence per share</i> |
|---------------------|--------------------------------------|--|
| Income shares | 124.24 | 125.62 |
| Accumulation shares | 145.27 | 146.87 |

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 respectively.

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

| | 30.11.2010 | 30.11.2009 |
|---------------------|-------------------|------------|
| Total expense ratio | 0.96% | 0.90% |

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

Portfolio statement

at 30 November 2010

| | <i>Holding</i> | <i>Bid value £'000</i> | <i>% Fund</i> | | <i>Holding</i> | <i>Bid value £'000</i> | <i>% Fund</i> |
|--|----------------|--------------------------------|-------------------|---|----------------|--------------------------------|-------------------|
| UNITED KINGDOM 35.91% (31.5.2010, 23.33%) | | | | Mobile Telecommunications 3.98% | | | |
| Oil & Gas Producers 6.53% | | | | Vodafone | 1,342,252 | 2,156 | 3.98 |
| BP | 347,721 | 1,481 | 2.74 | Electricity 2.19% | | | |
| Royal Dutch Shell B | 107,464 | 2,050 | 3.78 | Scottish & Southern Energy | 106,191 | 1,188 | 2.19 |
| Construction & Materials 0.55% | | | | Gas Water & Multiutilities 3.79% | | | |
| Kier | 23,409 | 296 | 0.55 | Centrica | 158,729 | 487 | 0.90 |
| Support Services 0.87% | | | | National Grid | 275,571 | 1,563 | 2.89 |
| Electrocomponents | 79,734 | 209 | 0.39 | Banks 1.58% | | | |
| Smiths News | 255,750 | 260 | 0.48 | HSBC | 131,974 | 855 | 1.58 |
| Beverages 0.50% | | | | Nonlife Insurance 1.40% | | | |
| Britvic | 55,798 | 273 | 0.50 | Admiral | 16,474 | 252 | 0.47 |
| Food Producers 2.16% | | | | Amlin | 66,389 | 249 | 0.46 |
| Tate & Lyle | 229,811 | 1,171 | 2.16 | Catlin | 75,964 | 252 | 0.47 |
| Pharmaceutical & Biotechnology 6.58% | | | | Life Insurance/Assurance 0.85% | | | |
| AstraZeneca | 48,118 | 1,441 | 2.66 | Aviva | 66,170 | 235 | 0.43 |
| GlaxoSmithKline | 175,328 | 2,123 | 3.92 | Standard Life | 114,177 | 230 | 0.42 |
| General Retailers 1.28% | | | | General Financial 2.44% | | | |
| Brown (N) Group | 137,711 | 382 | 0.71 | Close Brothers | 75,990 | 602 | 1.11 |
| Halfords | 75,866 | 310 | 0.57 | Foreign & Colonial Asset Management | 383,940 | 291 | 0.54 |
| Media 0.48% | | | | Intermediate Capital Group | 96,027 | 300 | 0.55 |
| Pearson | 28,282 | 262 | 0.48 | Man Group | 48,945 | 130 | 0.24 |
| Travel & Leisure 0.13% | | | | EUROPE 17.59% (30.11.2009, 30.95%) | | | |
| Cineworld Group | 33,194 | 68 | 0.13 | Belgium 0.44% | | | |
| Fixed Line Telecommunications 0.60% | | | | Belgacom | 10,933 | 238 | 0.44 |
| BT | 190,000 | 323 | 0.60 | | | | |

Portfolio statement

at 30 November 2010

| | <i>Holding</i> | <i>Bid value £'000</i> | <i>% Fund</i> | | <i>Holding</i> | <i>Bid value £'000</i> | <i>% Fund</i> |
|-------------------------------|----------------|----------------------------|-------------------|--|----------------|----------------------------|-------------------|
| France 3.42% | | | | UNITED STATES OF AMERICA 15.82% | | | |
| Axa | 46,745 | 432 | 0.80 | (30.11.2009, 20.32%) | | | |
| CNP Assurances | 21,851 | 225 | 0.42 | Abbott Laboratories | 8,300 | 248 | 0.46 |
| Gaz de France | 12,324 | 263 | 0.49 | Annaly Capital | | | |
| Total | 16,095 | 502 | 0.93 | Management | 39,000 | 456 | 0.84 |
| Vivendi Universal | 26,950 | 423 | 0.78 | AT&T | 45,200 | 807 | 1.49 |
| | | | | Bank of America | | | |
| Italy 1.85% | | | | 7.25% Convertible | | | |
| Enel | 163,262 | 493 | 0.91 | Preference Shares | 1,400 | 834 | 1.54 |
| Terna | 191,419 | 505 | 0.93 | Bristol-Myers Squibb | 20,700 | 336 | 0.62 |
| | | | | Cullen/Frost Bankers | 9,800 | 337 | 0.62 |
| Netherlands 1.77% | | | | Du Pont De Nemours | 7,300 | 220 | 0.41 |
| Eurocommercial CVA | 18,589 | 478 | 0.88 | Duke Energy | 13,100 | 147 | 0.27 |
| KPN | 52,220 | 480 | 0.89 | Easton Vance Tax | | | |
| | | | | Advantage Global | | | |
| Norway 1.56% | | | | Dividend Income Fund | 27,200 | 240 | 0.44 |
| DnB NOR | 53,127 | 417 | 0.77 | Eaton Vance Tax | | | |
| Seadrill | 21,839 | 429 | 0.79 | Advantage Dividend | | | |
| | | | | Income Fund | 24,000 | 247 | 0.46 |
| Spain 5.32% | | | | El Paso Pipeline | 29,500 | 627 | 1.16 |
| Banco Santander | 169,196 | 1,031 | 1.91 | Gabelli Dividend and | | | |
| Criteria Caixacorp | 78,697 | 249 | 0.46 | Income Trust | 16,400 | 154 | 0.28 |
| Telecinco | 43,331 | 264 | 0.49 | Gabelli Equity Trust | 74,200 | 258 | 0.48 |
| Telecinco Rights | 43,331 | 19 | 0.04 | Genuine Parts | 28,400 | 877 | 1.62 |
| Telefonica | 95,515 | 1,308 | 2.42 | Liberty All Star | 80,600 | 240 | 0.44 |
| | | | | Lilly (Eli) | 11,000 | 238 | 0.44 |
| Sweden 0.61% | | | | NiSource | 17,400 | 187 | 0.35 |
| Axfood | 15,206 | 331 | 0.61 | NY Community Bank | | | |
| | | | | Corporation | 23,900 | 258 | 0.48 |
| Switzerland 1.89% | | | | Pfizer | 118,030 | 1,234 | 2.28 |
| Novartis | 14,464 | 496 | 0.92 | Verizon Comms | 30,115 | 619 | 1.14 |
| Swisscom | 1,988 | 524 | 0.97 | | | | |
| | | | | | | | |
| General European 0.73% | | | | | | | |
| Ford Otosan | 72,569 | 396 | 0.73 | | | | |

Portfolio statement

at 30 November 2010

| | <i> Holding</i> | <i> Bid value £'000</i> | <i> % Fund</i> | | <i> Holding</i> | <i> Bid value £'000</i> | <i> % Fund</i> |
|---|-----------------|---------------------------------|--------------------|---|-----------------|---------------------------------|--------------------|
| JAPAN 0.00% (30.11.2009, 2.53%) | | | | Fubon Financial | 354,881 | 278 | 0.51 |
| | | | | HTC | 38,850 | 690 | 1.27 |
| PACIFIC BASIN 7.37% (30.11.2009, 13.09%) | | | | Lite-on Technology | 281,400 | 234 | 0.43 |
| Australia 4.16% | | | | TSMC | 563,000 | 751 | 1.39 |
| Australia & New Zealand Banking Group | | | | Thailand 3.60% | | | |
| | 15,768 | 220 | 0.41 | BEC World | 322,700 | 206 | 0.38 |
| | 200,560 | 514 | 0.95 | Cha Pok Food | 990,000 | 524 | 0.97 |
| | | | | Siam Makro | 141,100 | 492 | 0.91 |
| | 70,296 | 1,014 | 1.87 | Thai Oil | 288,900 | 413 | 0.76 |
| | 38,103 | 502 | 0.93 | Thai Union Frozen Products | 17,540 | 20 | 0.04 |
| Hong Kong 4.47% | | | | Tisco Financial | 321,200 | 294 | 0.54 |
| Bank of China Hong Kong Holdings | | | | OTHER OVERSEAS 7.00% (30.11.2009, 5.39%) | | | |
| | 271,000 | 595 | 1.10 | African Bank | | | |
| | 29,300 | 308 | 0.57 | Investments | 81,836 | 260 | 0.48 |
| Hutchison Telecom | | | | Allied Technologies | 48,309 | 276 | 0.51 |
| | 2,064,000 | 399 | 0.74 | Banco Bradesco Pref | 10,000 | 125 | 0.23 |
| | 378,000 | 263 | 0.49 | Bank Leumi Le-Israel | 121,029 | 366 | 0.68 |
| | 141,500 | 284 | 0.52 | Bank of Montreal | 9,000 | 339 | 0.63 |
| | 400,000 | 300 | 0.55 | Bezeq Israel Telecom | 164,382 | 282 | 0.52 |
| | 442,000 | 267 | 0.49 | Fountainhead Prop | 429,490 | 261 | 0.48 |
| South Korea 1.00% | | | | Growthpoint Props | 201,366 | 319 | 0.59 |
| Maquarie Korea Infrastructure | | | | Kimberley-Clark MXC | 102,085 | 401 | 0.74 |
| | 192,080 | 540 | 1.00 | Kumba Iron Ore | 8,782 | 316 | 0.58 |
| Singapore 2.06% | | | | Metropolitan Holdings | 209,549 | 302 | 0.56 |
| | 400,000 | 810 | 1.50 | National Bank of Canada | 12,800 | 543 | 1.00 |
| | 34,000 | 305 | 0.56 | | | | |
| Taiwan 4.99% | | | | | | | |
| | 337,000 | 525 | 0.97 | | | | |
| | | | | | | | |
| | 248,000 | 227 | 0.42 | | | | |

Portfolio statement

at 30 November 2010

| <i> Holding</i> | <i> Bid value £'000</i> | <i> % Fund</i> |
|--|---------------------------------|--------------------|
| DERIVATIVES 0.19% (31.12.2009, 0.03%) | | |
| Forward currency contracts | | |
| US dollar vs UK | | |
| sterling maturing on 20/01/2011 | US\$8,325,000 | (57) (0.11) |
| Euro vs UK sterling | | |
| maturing on 20/01/2011 | €7,732,600 | 178 0.33 |
| Australian dollar vs | | |
| UK sterling maturing on 20/01/2011 | A\$1,889,500 | (14) (0.03) |
| NET INVESTMENT ASSETS | 52,378 | 96.76 |
| OTHER NET ASSETS | 1,754 | 3.24 |
| NET ASSETS | <u>54,132</u> | <u>100.00</u> |

Statement of total return

for the year ended 30 November 2010

| | Notes | 30.11.2010 | | 30.11.2009 | |
|---|-------|--------------|-----------------------|--------------|----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital gains | 2 | | 2,175 | | 7,489 |
| Revenue | 3 | 3,329 | | 2,431 | |
| Expenses | 4 | <u>(484)</u> | | <u>(347)</u> | |
| Net revenue before taxation | | 2,845 | | 2,084 | |
| Taxation | 5 | <u>(236)</u> | | <u>(174)</u> | |
| Net revenue after taxation | | | <u>2,609</u> | | <u>1,910</u> |
| Total return before distributions | | | 4,784 | | 9,399 |
| Finance costs: distributions | 6 | | <u>(2,664)</u> | | <u>(2,288)</u> |
| Change in net assets attributable to shareholders from investment activities | | | <u>2,120</u> | | <u>7,111</u> |

The notes on pages 21 to 29 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the year ended 30 November 2010

| | 30.11.2010 | | 30.11.2009 | |
|--|--------------|----------------------|------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to shareholders | | 45,747 | | 35,772 |
| Amounts receivable on issue of shares | 6,300 | | 2,862 | |
| Amounts payable on cancellation of shares | (44) | | - | |
| | | 6,256 | | 2,862 |
| Change in net assets attributable to shareholders from investment activities | | 2,120 | | 7,111 |
| Retained distribution on accumulation shares | | 9 | | <u>2</u> |
| Closing net assets attributable to shareholders | | <u>54,132</u> | | <u>45,747</u> |

The notes on pages 21 to 29 form part of these accounts.

Balance sheet

at 30 November 2010

| | | 30.11.2010 | | 30.11.2009 | |
|---|-------|--------------|---|--------------|---------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| ASSETS | | | | | |
| Investment assets | | | 52,449 | | 43,806 |
| Debtors | 7 | 183 | | 169 | |
| Cash and bank balances | 8 | 2,445 | | <u>2,533</u> | |
| Total other assets | | | 2,628 | | <u>2,702</u> |
| Total assets | | | <u>55,077</u> | | <u>46,508</u> |
| LIABILITIES | | | | | |
| Investment liabilities | | | 71 | | 56 |
| Creditors | 9 | 21 | | 18 | |
| Distribution payable on income shares | | 853 | | <u>687</u> | |
| Total other liabilities | | | 874 | | <u>705</u> |
| Total liabilities | | | <u>945</u> | | <u>761</u> |
| Net assets attributable to shareholders | | | <u>54,132</u> | | <u>45,747</u> |
| Approved on behalf of the Trustee 24 February 2011 | | | R Broadhurst, Chairman CBF Funds Trustee Ltd | | |

The notes on pages 21 to 29 form part of these accounts.

Notes to the accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008.

(b) Revenue recognition

Dividends on ordinary stocks, including special dividends where appropriate, are credited to revenue on the dates when the investments are first quoted ex-dividend. Interest on bank and The CBF Church of England Deposit Fund balances is accrued on a daily basis. Underwriting commission is recognised when an issue takes place and is taken to revenue, except where the Fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission is taken to capital.

(c) Stock dividends

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

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

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. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.50% p.a. plus VAT. The Fund receives a management fee rebate credited to the revenue of the Fund for its deposits in The CBF Church of England Deposit Fund, where management fees are charged to revenue. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. A fee for ethical and stewardship services (including EIAG costs) is also charged by the Manager. Audit, legal, safe custody fees, transaction charges, insurance fees and monitoring fees are charged separately to the revenue of the Fund before distribution.

Notes to the accounts

(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).

(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, delisted, 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 and take into account the last dealing price on the date of suspension and subsequent information available. 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

| | 30.11.2010 | <i>30.11.2009</i> |
|---|---------------------|---------------------|
| | £'000 | <i>£'000</i> |
| The net capital gains during the period comprise: | | |
| Non-derivative securities | 1,968 | 6,935 |
| Forward currency contracts | 292 | 533 |
| Currency (losses)/gains | (85) | 21 |
| | <u>2,175</u> | <u><i>7,489</i></u> |

Notes to the accounts

| | | |
|--|---------------------|---------------------|
| 3. Revenue | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| UK dividends | 826 | 597 |
| Overseas dividends | 2,495 | 1,799 |
| Bank interest | (4) | 2 |
| Interest on The CBF Church of England Deposit Fund | 12 | 33 |
| | <u>3,329</u> | <u>2,431</u> |
| 4. Expenses | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| Payable to the Manager, associates of the Manager and agents of either of them: | | |
| Manager's periodic charge – see note 1(e) | 438 | 308 |
| Manager's periodic charge rebate – see note 1(e)* | (3) | (5) |
| Manager and EIAG fees for ethical and stewardship services | 5 | 4 |
| | <u>440</u> | <u>307</u> |
| Payable to the Trustee, associates of the Trustee and agents of either of them: | | |
| Safe custody fees | 20 | 20 |
| Monitoring fee | 10 | 8 |
| | <u>30</u> | <u>28</u> |
| Other expenses: | | |
| Audit fee | 12 | 11 |
| Other expenses | 2 | 1 |
| | <u>14</u> | <u>12</u> |
| Total expenses | <u>484</u> | <u>347</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.

Notes to the accounts

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.

| | 30.11.2010 | <i>30.11.2009</i> |
|---|-------------------|-------------------|
| | £'000 | <i>£'000</i> |
| Overseas taxation suffered in the year | 239 | 178 |
| Overseas taxation recovered in the year | (3) | (4) |
| Total taxation | <u>236</u> | <u>174</u> |

6. Finance Costs

Distributions

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

| | 30.11.2010 | <i>30.11.2009</i> |
|---|---------------------|-------------------|
| | £'000 | <i>£'000</i> |
| February – interim distribution | 395 | 364 |
| May – interim distribution | 720 | 622 |
| August – interim distribution | 725 | 636 |
| November – final distribution | 856 | 688 |
| | <u>2,696</u> | <u>2,310</u> |
| Add: revenue deducted on cancellation of shares | - | - |
| Deduct: revenue received on issue of shares | (32) | (22) |
| Net distribution for the period | <u>2,664</u> | <u>2,288</u> |
| Net revenue after taxation for the year | 2,609 | 1,910 |
| Transfer from/(to) income reserve – see note 10 | (388) | 70 |
| Manager's periodic charge – see note 1(e) | 443 | 308 |
| Net distribution for the period | <u>2,664</u> | <u>2,288</u> |

Details of the distribution per share are set out in the distribution table on page 30.

Notes to the accounts

| | | |
|-------------------|-------------------|------------|
| 7. Debtors | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| Accrued revenue | 183 | 169 |

| | | |
|--|---------------------|--------------|
| 8. Cash and bank balances | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| Cash at bank | 161 | 170 |
| Cash in The CBF Church of England Deposit Fund | 2,284 | 2,363 |
| | <u>2,445</u> | <u>2,533</u> |

| | | |
|---------------------|-------------------|------------|
| 9. Creditors | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| Accrued expenses | 21 | 18 |
| | <u>21</u> | <u>18</u> |

10. Income reserve

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

| | | |
|---|-------------------|------------|
| | 30.11.2010 | 30.11.2009 |
| | £'000 | £'000 |
| Income reserve at the start of the year | 265 | 335 |
| Transfer to/(from) income reserve | 388 | (70) |
| Income reserve at the end of the year | <u>653</u> | <u>265</u> |

11. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to shareholders should they wish to sell their shares. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

Notes to the accounts

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 30 November 2010, 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

The total exposure at 30 November 2010 was:

| Currency | 30.11.2010 | | | 30.11.2009 | | |
|--------------------|-----------------------------|------------------------|---------------|-----------------------------|---------------------------------|----------------|
| | Monetary exposures £'000 | Non-monetary exposures | Total | Monetary exposures £'000 | Non-monetary exposures £'000 | Total £'000 |
| Australian Dollar | - | 2,299 | 2,299 | 6 | 1,700 | 1,706 |
| Brazilian Real | - | 125 | 125 | - | 148 | 148 |
| Canadian Dollar | 4 | 882 | 885 | - | 608 | 608 |
| Euro | 50 | 6,273 | 6,323 | - | 12,590 | 12,590 |
| Hong Kong Dollar | 1 | 2,419 | 2,420 | - | 2,207 | 2,207 |
| Israeli Shekel | 6 | 648 | 654 | - | - | - |
| Japanese Yen | - | - | - | - | 1,165 | 1,165 |
| Mexican Peso | - | 4 | 4 | - | 264 | 264 |
| New Turkish Lira | - | - | - | - | 262 | 262 |
| Norwegian Krone | - | 849 | 849 | - | 430 | 430 |
| Singapore Dollar | - | 1,116 | 1,116 | - | 1,325 | 1,325 |
| South African Rand | 11 | 1,734 | 1,745 | - | - | - |
| South Korean Won | - | 540 | 540 | - | - | - |
| Swedish Krona | - | 331 | 331 | - | 727 | 727 |
| Swiss Franc | 6 | 1,020 | 1,026 | - | 156 | 156 |
| Taiwanese Dollar | - | 2,704 | 2,704 | - | 779 | 779 |
| Thailand Baht | - | 1,949 | 1,949 | - | - | - |
| US Dollar | 3 | 8,987 | 8,991 | 61 | 10,765 | 10,826 |
| | <u>81</u> | <u>31,880</u> | <u>31,961</u> | <u>67</u> | <u>33,126</u> | <u>33,193</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.

Notes to the accounts

The interest rate profile of the Fund's financial assets and liabilities at 30 November 2010 was as set out below:

| Currency | Floating rate financial assets* £'000 | Fixed rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|------------------|---|---|--|-----------------------|
| Sterling | 2,364 | - | 20,752 | 23,116 |
| Euro | 50 | - | 6,273 | 6,323 |
| US Dollar | 3 | - | 8,987 | 8,990 |
| Other | 28 | - | 16,620 | 16,648 |
| Total | <u>2,445</u> | <u>-</u> | <u>52,632</u> | <u>55,077</u> |

| Currency | Floating rate financial liabilities £'000 | Fixed rate financial liabilities £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|-----------------|---|--|--|-----------------------|
| Sterling | - | - | 945 | 945 |
| Total | <u>-</u> | <u>-</u> | <u>945</u> | <u>945</u> |

30 November 2009

| Currency | Floating rate financial assets* £'000 | Fixed rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|-----------------|---|---|--|-----------------------|
| Sterling | 2,466 | - | 10,849 | 13,315 |
| Euro | - | - | 12,590 | 12,590 |
| US Dollar | 61 | - | 10,765 | 10,826 |
| Other | 6 | - | 9,771 | 9,777 |
| Total | <u>2,533</u> | <u>-</u> | <u>43,975</u> | <u>46,508</u> |

| Currency | Floating rate financial liabilities £'000 | Fixed rate financial liabilities £'000 | Financial liabilities not carrying interest £'000 | Total £'000 |
|-----------------|---|--|---|-----------------------|
| Sterling | - | - | 761 | 761 |
| Total | <u>-</u> | <u>-</u> | <u>761</u> | <u>761</u> |

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

Notes to the accounts

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

The Fund held derivatives relating to forward currency contracts valued at £106,904 as at 30 November 2010 (30.11.2009, £11,869).

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 30 November 2010 (30.11.2009, £nil).

13. Related party transactions

The Manager's periodic charge and fee for ethical and stewardship services (including EIAG costs) are paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in note 4. There were no outstanding balances due to the Manager at 30 November 2010 (30.11.2009, £nil). There were no other transactions entered into with the Manager during the period.

CBFFT, as Trustee, is a related party to the Fund. The amounts paid in respect of the Trustee's administration fee are disclosed in note 5. There were no outstanding balances due at 30 November 2010 (30.11.2009, £nil). There were no other transactions entered into with CBFFT during the period.

At 30 November 2010 a cash balance of £2,283,610 (30.11.2009, £2,363,117) was held in The CBF Church of England Deposit Fund.

14. Portfolio transaction costs

| | 30.11.2010 | <i>30.11.2009</i> |
|--|----------------------|-------------------|
| Analysis of total purchase costs: | £'000 | £'000 |
| Purchases in period before transaction costs | 42,075 | 26,624 |
| Commissions | 30 | 22 |
| Total gross purchases | <u>42,105</u> | <u>26,646</u> |
| Analysis of total sales costs: | | |
| Sales in year before transaction costs | 35,566 | 24,415 |
| Commissions | (18) | (23) |
| Total sales net of transaction costs | <u>35,548</u> | <u>24,392</u> |

Distribution table

for the year ended 30 November 2010

| <i>Period ended</i> | <i>Date paid/payable</i> | <i>Dividends paid/payable</i> | |
|----------------------------|--------------------------|-------------------------------|-------------|
| | | <i>pence per share</i> | |
| | | 2010 | 2009 |
| Income shares | | | |
| 28 February 2010 | 30 April 2010 | 1.00 | 1.00 |
| 31 May 2010 | 30 July 2010 | 1.70 | 1.70 |
| 31 August 2010 | 29 October 2010 | 1.70 | 1.70 |
| 30 November 2010 | 31 January 2011 | 1.97 | 1.79 |
| | | <u>6.37</u> | <u>6.19</u> |
| | | <i>Revenue accumulated</i> | |
| | | <i>pence per share</i> | |
| | | 2010 | 2009 |
| Accumulation shares | | | |
| 28 February 2010 | | 0.93 | 1.26 |
| 31 May 2010 | | 2.39 | 2.39 |
| 31 August 2010 | | 3.27 | 1.23 |
| 30 November 2010 | | 1.72 | 1.29 |
| | | <u>8.31</u> | <u>6.17</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 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
Global Equity Income Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

Rev E Carter

J Clunie*

L Farrall

G Pollard

S Steele

Rev Dr R Turnbull*

R Williams*

**Members of the Audit Committee*

Secretary

J Fox

Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

Telephone: 020 7489 6000

Client Service:

Freephone: 0800 022 3505

Facsimile: 0844 561 5126

Email: clientservices@ccla.co.uk

www.ccla.co.uk

Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

C Peters

Company Secretary

J Fox

Head of Operational Risk

Internal Audit and Compliance

A Kemp

Head of Ethical and 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

50 Bank Street, Canary Wharf

London E14 5NT

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Independent Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED **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. For more than 45 years, the CBF Church of England Funds have had a successful record.

A CHOICE OF FUNDS

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

Investment Fund

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

Global Equity Income Fund

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

UK Equity Fund

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

Fixed Interest Securities Fund

- Long-term investment focused on income
- Gross income paid quarterly
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

Property Fund

- High quality, well-diversified commercial and industrial property portfolio
- Focus on delivering attractive income
- Actively managed to add value
- Usually held with other investments such as equities, bonds and cash to give a broad spread of assets and achieve combined income and growth objectives

Deposit Fund

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

* The Deposit Fund is rated AAA/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

80 Cheapside

London EC2V 6DZ

Client Service:

Freephone: 0800 022 3505

Facsimile: 0844 561 5126

Email: clientservices@ccla.co.uk

www.ccla.co.uk