



for the Church of England

The CBF Church of England Global Equity Income Fund

**Annual Report and Accounts
Year to 30 November 2008**

Contents

- 1** Report of the Trustee
- 4** Report of the Investment Manager
- 7** Statement of Ethical Investment Policy
- 9** Report of the Independent Auditors
- 11** Net asset value, share price range, net distribution, share prices and total expense ratio
- 13** Statement of total return
- 14** Statement of change in shareholders' net assets
- 15** Portfolio statement
- 18** Balance sheet
- 19** Summary of material portfolio changes
- 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 2008

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

Responsibilities of the Trustee

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

Report of the Trustee

for the year ended 30 November 2008

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

CBFFT is responsible for appointing an Audit Committee, the Auditor and the Safe Custody Agent. It reviews annually the objectives of the Fund in 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 (available in July), and other publications associated with the Church and ethical investment are available in downloadable form from the Manager and Church of England websites.

During the past twelve months, the EIAG conducted a substantive review into the investment implications of climate change, leading to the adoption of a national Climate Change Investment Framework. A review of the Church's policy on human embryonic stem cell research was also conducted, which concluded that cybrid technology should be proscribed for investment purposes. The EIAG also considered human rights issues in Sudan and made a submission as part of the government's consultation on the ethical implications of new nuclear build. The EIAG, in liaison with the three national investment bodies, has initiated a review process of how it conducts its secretarial and research work, and this will be progressed during 2009.

Report of the Trustee

for the year ended 30 November 2008

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 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.

Commencement date

The Fund began trading on 3 December 2007. The figures for the year ended 30 November 2008 reported in these financial statements cover the period from the date of commencement in trading. There are no comparative figures to report.

R Broadhurst
Chairman
CBF Funds Trustee Limited

27 January 2009

Report of the Investment Manager

for the year ended 30 November 2008

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

Performance

Over the period under review the Fund returned -29.52% before management expenses. It was a time of substantial weakness in global equity markets, particularly in the later months as investor confidence was undermined by weakening economic data and the crisis in the financial industry. The FTSE All-World

Index recorded a fall of -25.00% and the FTSE All-Share Index returned -31.65%. The Fund enjoyed some benefits from exposure to international markets because of the weakness of sterling on international currency exchanges.

The Accumulation Share price declined by 30.20% from its launch price of 150.00p to 104.70p and the Income Share price declined by 33.42% from 150.00p to 99.87p. The Fund achieved its initial goal to declare an annual dividend of 6.00p per Income Share. As at 30 November the dividend yield on the Fund was 6.01%. This compares with equivalent yields on the FTSE All-Share Index and the FTSE All-World Index of 4.67% and 3.98%, respectively.

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

To 30 November 2008

Since Launch
3 Dec 2007
%

Performance against market indices (before expenses)

CBF Global Equity Income Fund

FTSE All-World Index	- 29.52
FTSE All-Share Index	- 25.00
MSCI Value UK Index	- 31.65
MSCI Value Europe ex UK Index	- 28.07
MSCI Value US Index	- 38.46
MSCI Value Asia Pacific ex Japan Index	- 15.04
	- 40.86

Performance after expenses

Income shares *	- 30.18
Accumulation shares *	- 30.20

* Net asset value to net asset value plus income reinvested

Report of the Investment Manager

for the year ended 30 November 2008

Market review

In the year to 30 November 2008 equity markets declined substantially. The factors behind this substantial de-rating have been the loss of growth and fall into recession of the world economy and the profound crisis in the financial sector.

The period began with growing evidence that activity levels in the world economy were coming under pressure as consumer expenditure was squeezed by a combination of tighter credit conditions and falling house prices and as manufacturing output began to decline. In January, the mood of pessimism deepened further and was not helped by action by the US authorities to make a modest cut in interest rates as this was seen as being a wholly insufficient response to the problem. The result was a sharp sell-off in prices, with many equity markets experiencing double digit declines over the month. Conditions stabilised in February, but only temporarily and over the months which followed the indices established a pattern of rises and falls where the up moves failed to reach old highs whilst the sell-offs created new lows. The background picture of deteriorating levels of activity in the world economy was constant through the period but in the spring another problem emerged as rising food, fuel and commodity prices brought the threat of higher inflation. To markets anxious that interest rates were not falling fast enough to support the economy, the thought that they might have to rise to combat inflation was a serious blow, one sufficient to trigger another phase of lower prices.

Although economic news has continued to unsettle investors and undermine their confidence, the dominant single event of the

year was the extraordinary crisis in the financial sector. The epicentre of events was in the United States but the UK was heavily involved and a number of other economies saw their banking system come under threat. The scale and depth of the problem was such that it required government intervention on a massive scale to re-establish stability and maintain public confidence in the financial institutions. In the UK, Bradford & Bingley, Alliance & Leicester and HBOS were all forced to seek support or rescue. Royal Bank of Scotland and Lloyds TSB sought fresh capital from the government and Barclays raised new funds from a group of external investors. In the United States, Fannie Mae and Freddie Mac, the two companies at the heart of the mortgage industry, and AIG, once the largest insurance company in the world, had to seek government aid whilst Merrill Lynch was taken over by Bank of America and both Wachovia and Washington Mutual lost their independence.

A feature of investment markets in October and early November was the appearance of forced selling from investors who were squeezed by margin calls, reduced availability of banking facilities and client withdrawals. In a market where investor confidence had been severely weakened a surge of disposals at a time when buyers were thin on the ground pushed market indices lower once again.

Strategy

Stocks are selected for the Fund on their individual merits. The Managers seek to identify companies with a good yield which is well covered by earnings and where there is the potential for income growth in the future. Because we look for strong companies and build the portfolio from this 'bottom-up'

Report of the Investment Manager

for the year ended 30 November 2008

perspective, rather than from any pre-determined allocation to the various regions, the geographical distribution of assets will differ from that of the FTSE All-World Index. The disposition of the portfolio at the end of November was one where there were relatively overweight positions in Europe and the UK and underweight positions in Japan and the USA. The exposure to Asia ex - Japan was similar to that of the Index.

Outlook

Economic activity is weakening sharply and it is likely that the UK will experience a recession throughout 2009 although there is some hope that we will see early signs of recovery by the end of the year. Similar trends will be experienced in the USA, Europe and Japan although it seems probable that the downturn in these areas will be less severe. Activity in emerging economies will be at higher levels but it is clear that they are not immune from what is a severe global slowdown so that although their growth will continue, it will be at low rates relative to recent performances. Inflation pressures will ease considerably as fuel and commodity prices fall back and weak demand forces suppliers to consider price cuts. Not all of these gains will be enjoyed by the UK

however because of the weakness of sterling which pushes higher the cost of imported goods. Against a background of weak demand, low inflation and with a need to stimulate lending as a support to ultimate economic recovery, interest rates will fall further and could stay at levels which are low by historical norms for some time.

Equities have fallen back sharply and now discount gloomy expectations for corporate earnings and for dividends. Valuation comparisons with government securities are also attractive on historical comparisons. These factors should provide long term support and we are hopeful that a bottoming process for equity markets is underway. That does not however mean that recovery will be swift or even that we have yet seen the lows for this cycle, it may still be some months before the pattern becomes clearer.

M Humphreys
Fund Manager
CCLA Investment Management Limited

27 January 2009

Risk warning

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

The Fund may invest in emerging market countries which could be subject to political and economic change. The Fund may also invest in collective investment schemes and other assets. 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

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 CBF Church of England Global Equity Income 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

Report of the Independent Auditors

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 2008 which comprise the statement of total return, the statement of change in shareholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes, 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 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

Report of the Independent Auditors

to the Shareholders of The CBF Church of England UK Equity Fund

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 2008, and of the net income and the net losses on the scheme property of the Fund for the year then ended; and

- have been properly prepared in accordance with United Kingdom generally accepted accounting practice, the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000.

Ernst & Young LLP
Registered Auditor
London

27 January 2009

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 prices 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 shares</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

*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 December 2005.

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

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

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

Share prices at 30 November 2008

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	99.32	100.42
Accumulation shares	104.12	105.28

The share prices are published in the *Financial Times*, *The Church Times*, and on the Manager's website at www.ccla.co.uk.

The bid and offer prices are calculated on the net asset value minus or plus a 0.55% 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>30.11.2008</i>
Total expense ratio	0.96%

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

Statement of total return

for the year ended 30 November 2008

		30.11.2008	
	<i>Notes</i>	£'000	£'000
Net losses on investments during the year	2		(17,319)
Other losses	3		(124)
Income	4	2,586	
Expenses	5	<u>(426)</u>	
Net income before taxation		2,160	
Taxation	6	<u>(126)</u>	
Net income after taxation for the year			<u>2,034</u>
Total return before distributions			(15,409)
Finance costs: distributions	7		(2,064)
Change in net assets attributable to shareholders			<u><u>(17,473)</u></u>

Statement of change in shareholders' net assets

for the year ended 30 November 2008

	<i>30.11.2008</i>	
	<i>£'000</i>	<i>£'000</i>
Net assets at start of the year		-
Movement due to creations and cancellations of shares		
Amounts receivable on creation of shares	53,244	
Less: amounts payable on cancellation of shares	-	
		53,244
Change in net assets attributable to shareholders		(17,473)
Retained distribution on accumulation shares		1
Net assets at end of the year		<u><u>35,772</u></u>

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

Portfolio statement

at 30 November 2008

	<i>Bid</i>			<i>Bid</i>		
	<i>value</i>	<i>%</i>		<i>value</i>	<i>%</i>	
<i>Holding</i>	<i>£'000</i>	<i>Fund</i>	<i>Holding</i>	<i>£'000</i>	<i>Fund</i>	
UNITED KINGDOM 24.75%			Financials 2.66%			
Oil & gas producers 6.12%			Aviva			52,954 212 0.59
BP	193,310	1,018	2.84	HSBC	61,024	436 1.22
Royal Dutch Shell B	68,625	1,175	3.28	KSK Emerging India	500,000	304 0.85
Basic materials 1.20%			Preference Shares 0.75%			
Anglo American	7,954	122	0.34	HBOS 9.25%		
BHP Billiton	15,503	184	0.51	Preference shares	308,000	269 0.75
Rio Tinto (UK)	7,876	127	0.35			
Consumer goods 2.84%			EUROPE 21.50%			
Associated British				Belgium 0.22%		
Foods	74,541	504	1.41	KBC Groep	4,021	77 0.22
Cadbury	92,665	510	1.43	France 7.25%		
Health care 2.90%			Axa			21,061 260 0.73
AstraZeneca	16,654	407	1.14	France Telecom	24,912	416 1.16
GlaxoSmithKline	56,263	630	1.76	Gaz de France	7,854	204 0.57
Consumer services 4.15%			Societe Generale			26,535 732 2.05
Compass	133,713	409	1.14	Total	21,244	721 2.01
Morrison (WM)				Vivendi Universal	14,241	262 0.73
Supermarkets	193,571	469	1.31	Germany 2.55%		
Signet Jewellers	15,218	74	0.21	E.on	10,134	231 0.65
WPP	148,180	534	1.49	Munich Re	2,681	237 0.66
Telecommunications 2.14%			RWE AG			8,190 445 1.24
Vodafone	602,388	766	2.14	Ireland 0.23%		
Utilities 1.99%			Irish Life &			
British Energy	22,383	168	0.47	Permanent	57,714	83 0.23
National Grid	47,422	321	0.90	Italy 6.24%		
United Utilities	36,508	221	0.62	Enel	77,693	313 0.87
				ENI	99,016	1,430 4.00
				Intesa Sanpaolo	102,617	200 0.56
				Terna	88,579	170 0.48
				Unicredito Italiano	79,178	117 0.33

Portfolio statement

at 30 November 2008

	Bid				Bid		
	value	%			value	%	
	£'000	Fund		£'000	Fund		
Netherlands 2.35%							
Akzo Nobel	6,869	152	0.42				
ING	12,836	70	0.20				
KPN	36,986	331	0.92				
Unilever NV	18,977	288	0.81				
Norway 0.82%							
DnB NOR	44,000	108	0.30				
Prosafe	76,600	186	0.52				
Spain 1.23%							
Repsol	15,228	191	0.53				
Telefonica	18,947	249	0.70				
Switzerland 0.61%							
Credit Suisse	11,431	218	0.61				
UNITED STATES OF AMERICA 33.53%							
Anadarko Petroleum	11,500	307	0.86				
AT&T	20,453	380	1.06				
Bank of America							
7.25% Convertible							
Preference shares	1,400	558	1.56				
Bristol-Myers Squibb	20,800	281	0.79				
Chevron	8,200	422	1.18				
Chubb	13,900	464	1.30				
Citigroup	33,879	183	0.51				
ConocoPhillips	19,908	681	1.90				
Diamond OS Drilling	8,800	423	1.18				
Dominion	11,105	266	0.74				
Dow Chemical	54,405	655	1.83				
Du Pont De Nemours	31,576	514	1.44				
Entergy	6,630	367	1.03				
First Industrial Realty	29,800	158	0.44				
FPL	11,578	366	1.02				
Freeport McMoran	2,700	42	0.12				
JAPAN 1.41%							
Frontier							
Communications	78,096	442	1.24				
Johnson & Johnson	14,803	564	1.58				
J P Morgan Chase	13,200	271	0.76				
Kraft Foods	19,184	339	0.95				
Leggett & Platt	24,300	230	0.64				
Masco Corp	45,913	286	0.80				
Merck & Co	11,000	191	0.53				
Pfizer	172,930	1,850	5.17				
Progress Energy	13,314	343	0.96				
Verizon							
Communications	41,715	887	2.48				
Wyeth	22,202	521	1.46				
Australia 1.55%							
Macquarie							
Infrastructure	753,543	553	1.55				
Hong Kong 1.08%							
BOC Hong Kong	228,500	170	0.48				
Swire Pacific A	49,500	213	0.60				
New Zealand 1.45%							
Telecom Corp of NZ	601,799	520	1.45				
Singapore 2.67%							
Singapore Post	935,000	305	0.85				
Singapore Press	197,000	299	0.84				
Singapore							
Telecommunications	225,000	245	0.68				
Suntec REIT	403,000	107	0.30				

Portfolio statement

at 30 November 2008

	<i>Bid</i>		
	<i>value</i>	<i>%</i>	
<i> Holding</i>	<i>£'000</i>	<i>Fund</i>	
Taiwan 2.59%			
TSM	198,542	925	2.59
OTHER OVERSEAS 6.02%			
EFG Eurobank			
Ergasias	20,308	109	0.30
Ford Otosan	58,275	105	0.30
Kimberley-Clark (Mexico)	210,385	430	1.20
Kumba Iron Ore	41,522	420	1.17
Mobinil	29,137	389	1.09
Petro-Canada	9,200	150	0.42
Redecard	46,900	355	0.99
Telus Non Canadian	9,500	196	0.55
PORTFOLIO OF INVESTMENTS	34,539	96.55	
NET OTHER ASSETS	1,233	3.45	
NET ASSETS	<u>35,772</u>	<u>100.00</u>	

Balance sheet

at 30 November 2008

	Notes	30.11.2008	
		£'000	£'000
ASSETS			
Portfolio of investments			34,539
Debtors	8	139	
Cash and bank balances	9	<u>1,669</u>	
Total other assets			<u>1,808</u>
Total assets			36,347
LIABILITIES			
Bank overdraft		8	
Creditors	10	29	
Distribution payable on income shares		<u>538</u>	
Total liabilities			575
Net assets attributable to shareholders			<u><u>35,772</u></u>
Approved on behalf of the Trustee 27 January 2009		R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited	

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

Summary of material portfolio changes

for the year ended 30 November 2008

	<i>Cost</i> <i>£'000</i>
Total purchases for the year (note 15)	97,277
Major purchases:	
ENI	2,242
Royal Dutch Shell B	1,985
Pfizer	1,926
Bank of America	1,715
TSM	1,566
Telstra	1,561
Vodafone	1,348
Verizon Communications	1,291
Total	1,290
Dow Chemical	1,210
Old Mutual	1,124
Societe Generale	1,106
Macquarie Infrastructure	1,096
Telecom Corp of NZ	1,084
GlaxoSmithKline	1,073
Intesa Sanpaolo	1,059
Du Pont De Nemours	1,016
RWE AG	1,012
Lloyds TSB	1,002
BP	989

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

Summary of material portfolio changes

for the year ended 30 November 2008

	<i>Proceeds</i> £'000
Total sales for the year (note 15)	45,762
Major sales:	
Telstra	1,282
Bank of America	992
TSM	814
ENI	725
Statoilhydro	683
Royal Dutch Shell B	660
Gaz de France	650
Bank Hapoalim	626
Old Mutual	552
Intesa Sanpaolo	530
RWE AG	523
Amlin	517
Barclays	514
Vodafone	500
Total	495
Lloyds TSB	484
Hang Seng Bank	482
BT	476
Wolters Kluwer	434
Sanofi-Aventis	433

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

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

(b) Income recognition

Dividends on ordinary stocks, including special dividends where appropriate, are credited to income on the dates when the investments are first quoted ex-dividend. Interest on 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 income of the Fund. Any enhancement above the cash dividend is treated as capital.

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

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

(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 income expenses of the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to income. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. Audit, legal, safe custody fees and transaction charges, insurance, direct property expenses and monitoring fee are charged separately to the income of the Fund before distribution. The Trustee's administration fee is charged to the capital of the Fund.

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out fluctuations in income which arise over the years (see note 11).

Notes to the accounts

(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 foreign 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 foreign 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.

(i) Reporting period and comparative information

The Fund began trading on 3 December 2007. The figures for the year ended 30 November 2008 reported in these financial statements covers the period from the date of commencement in trading. There are no comparative figures to report.

2. Net losses on investments

30.11.2008

£'000

The net losses on investments during the year comprise:

Non-derivative securities

(16,779)

Forward currency contracts

(540)

(17,319)

Notes to the accounts

3. Other losses

30.11.2008
£'000

Other losses comprise:

Currency losses (124)

4. Income

30.11.2008
£'000

UK dividends **446**
Overseas dividends **2,091**
Bank interest **3**
Interest on Income reserve **13**
Interest on The CBF Church of England Deposit Fund **33**
2,586

5. Expenses

30.11.2008
£'000

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

Manager's periodic charge – see note 1(e) **365**
Manager's periodic charge rebate – see note 1(e)* (1)
364

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

Safe custody fees and transaction charges **41**
Trustee's administration fee 7
48

Other expenses:

Audit fee **11**
Other expenses 3
14

Total expenses **426**

The above expenses include VAT where applicable.

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

Notes to the accounts

6. Taxation

The Fund is exempt from UK income and capital gains tax due to its charitable status pursuant to Sections 505 and 506 of the Income and Corporation Taxes Act 1988. Distributions are paid and reinvested income credited gross to shareholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas income on receipt. Recoverable withholding tax is credited to income on receipt.

	30.11.2008
	£'000
Overseas taxation suffered in the year	135
Overseas taxation recovered in the year	(9)
Total taxation	<u>126</u>

7. Finance costs

Distributions

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

	30.11.2008
	£'000
29 February – interim distribution	337
31 May – interim distribution	694
31 August – interim distribution	524
30 November – final distribution	538
	<u>2,093</u>
Add: income deducted on cancellation of shares	-
Deduct: income received on creation of shares	(29)
Net distribution for the year	<u>2,064</u>
Net income after taxation for the year	2,034
Transfer to income reserve – see note 11	(335)
Manager's periodic charge – see note 1(e)	365
Net distribution for the year	<u>2,064</u>

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

Notes to the accounts

8. Debtors

Accrued income

30.11.2008
£'000
139

9. Cash and bank balances

Cash at bank

Cash in The CBF Church of England Deposit Fund

30.11.2008
£'000
92
1,577
1,669

10. Creditors

Accrued expenses

30.11.2008
£'000
29

11. Income reserve

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

Income reserve at the start of the year

Transfer to income reserve

Income reserve at the end of the year

30.11.2008
£'000
-
335
335

12. Financial instruments

Fair value

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

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the 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 income 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 foreign currency contracts denominated in the same currency as the underlying investments. The Fund does not seek to avoid currency risk on income accrued but not yet received. In respect of income, receipts are converted to sterling shortly after receipt.

At 30 November 2008, 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 2008 was:

<i>Currency</i>	30.11.2008
	£'000
Australian Dollar	553
Brazilian Real	355
Canadian Dollar	196
Egyptian Pound	389
Euro	7,309
Hong Kong Dollar	386
Japanese Yen	524
Mexican Peso	430
New Turkish Lira	106
New Zealand Dollar	520
Norwegian Krone	294
Singapore Dollar	965
South African Rand	420
Swiss Franc	218
Taiwan Dollar	17
US Dollar	<u>13,133</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 income of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Notes to the accounts

The interest rate risk profile of the Fund's financial assets and liabilities at 30 November 2008 was as set out below:

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	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.

There were no derivatives held by the Fund at 30 November 2008.

13. Commitments and contingent liabilities

There were no commitments or contingent liabilities at 30 November 2008.

Notes to the accounts

14. Related party transactions

The Manager's periodic charge is paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in note 5. There were no outstanding balances due to the Manager at 30 November 2008. There were no other transactions entered into with the Manager during the year.

CBFFT, as Trustee, is a related party to the Fund. The amounts paid in respect of the Trustee's administration fee are disclosed in note 5. There were no outstanding balances due to CBFFT at 30 November 2008. There were no other transactions entered into with CBFFT during the year.

At 30 November 2008 a cash balance of £1,576,555 was held in The CBF Church of England Deposit Fund.

At 30 November 2008 The CBF Church of England Investment Fund held 91.93% of the shares of The CBF Church of England Global Equity Income Fund.

15. Portfolio transaction costs

30.11.2008

£'000

Analysis of total purchase costs:

Purchases in period before transaction costs

97,246

Commissions

31

Total gross purchases

97,277

Analysis of total sale costs:

Gross sales in period before transaction costs

45,791

Commissions

(29)

Total sales net of transaction costs

45,762

Distribution table

for the year ended 30 November 2008

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>
		2008
Income shares		
29 February 2008	30 April 2008	1.00
31 May 2008	31 July 2008	2.00
31 August 2008	31 October 2008	1.50
30 November 2008	30 January 2009	1.50
		<u>6.00</u>
		<i>Income accumulated pence per share</i>
Accumulation shares		
29 February 2008		1.10
31 May 2008		3.24
31 August 2008		1.52
30 November 2008		1.39
		<u>7.25</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 income 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 income 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 income per share, and the amount of income, 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 Investment Management Association (IMA) in December 2005;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;

Statement of Trustee and Manager responsibilities

- 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

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

N Debenham (to 31 December 2007)

M Humphreys (from 1 January 2008)

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

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.

A CHOICE OF FUNDS

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

Investment Fund

- A suitable 'all-in-one' long-term fund for most church organisations
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income
- Aligned with the Church of England's Ethical Investment Policy

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund entirely aligned with the Church of England's Ethical Investment Policy
- High quality, well-diversified portfolio
- Designed to help meet growth and income requirements
- Usually held with other investments such as overseas equities, bonds and cash to give a broad spread of assets and achieve overall objectives

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*

* 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