



for the Church of England

The CBF Church of England Investment Fund

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

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Trustee and Manager

(inside back cover)

Description of The CBF Church of England Funds

(outside back cover)

Disability Discrimination Act 1995

Extracts from the Reports & Accounts are available in large print and audio format.

Report of the Trustee

for the half year ended 31 May 2009

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

Structure and management

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

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having a share capital, is the Trustee and Operator of the Fund. CBFFT has an Audit Committee which meets twice each year to review the financial statements and monitor the control environment in which the 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 funds under Management Agreements dated September 2008.

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 aims to generate capital appreciation and rising income and a total return in excess of its benchmark, whilst adopting an appropriate ethical investment policy. It invests mainly in equities in the United Kingdom and overseas but may also invest in fixed interest securities and commercial property. In this way, it aims to be suitable for up to 100% of a church trust's long-term capital.

Total return benchmark

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

Report of the Trustee

for the half year ended 31 May 2009

Responsibilities of the Trustee

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

RBS monitoring service

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

Delegation of functions

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

Ethical & Responsible Investment

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

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

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

Report of the Trustee

for the half year ended 31 May 2009

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. In the six months to 31 May 2009, the Manager voted at 50 UK company meetings. The Fund voted on 613 resolutions; 96% of votes were cast in support of management, 2% against, and 2% were cast in abstention. The majority of action was taken against company remuneration reports, long-term incentive schemes or for board composition reasons. Further information and statistical analysis on corporate governance and the Fund is available on the CBF Church of England Funds part of the CCLA website at www.ccla.co.uk.

Controls and risk management

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

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

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

R Broadhurst
Chairman
CBF Funds Trustee Limited

21 July 2009

Report of the Investment Manager

for the half year ended 31 May 2009

- The CBF Church of England Fund recommended for long-term capital
- Invested predominantly in real assets such as equities and property
- Working with the EIAG to reflect appropriately ethical values in your investments
- Aims at achieving steady income and capital growth

Performance

The income distribution to investors has been maintained at the increased level of 19p per income share achieved last year. Over the period the total return on the Fund is 5.44%, this compares with a return of 5.26% on the Composite Benchmark.

Market Review

The period has been one of wide swings in investment markets. It began poorly, with equity markets around the world falling back in response to concerns about the speed and severity of the decline in activity levels in the world economy. Property returns were also poor. Capital values fell back to reflect the depressed prices being achieved in market transactions and there were signs too that rental levels were under downward pressure, particularly in London offices but also in other sectors and regions of the UK. Against this background government securities performed well, their 'safe haven' characteristics proving attractive to investors in a time of doubt and uncertainty.

The CBF Church of England Investment Fund Annualised total capital and income return

To 31 May 2009	Six Months %	1 year % p.a.	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>				
CBF Investment Fund	+ 5.44	-19.36	+4.33	+1.75
Composite Benchmark	+ 5.26	-19.52	+4.28	+1.95
FTSE All-Share Index	+ 7.97	-23.66	+4.04	+0.68
FTSE World (ex UK) Index	+ 8.09	-18.69	+4.78	+0.95
FTSE UK Govt All Stocks Index	+ 2.00	+11.12	+6.00	+5.33
IPD Property Index	-14.23	-26.53	+0.79	+5.82
<u>Performance after expenses</u>				
Income shares*	+ 5.18	-19.77	+4.01	+1.50
Accumulation shares*	+ 5.17	-19.81	+3.99	+1.47

* Net asset value to net asset value plus income reinvested

Source : The Manager

Report of the Investment Manager

for the half year ended 31 May 2009

In early March, with many markets at their low point, the mood of investors suddenly changed. The reason was recognition that the central banks of the world's major economies were committed to taking whatever steps were necessary to pull the world economy out of a downward spiral and build a foundation for recovery at a point in the future. So depressed were equity ratings that the improvement in confidence was a catalyst for a sharp rally, with markets led higher by the areas and sectors which had been the poorest performers in the set back. These included smaller capitalisation stocks and some emerging markets. Government securities did not participate in the rally but corporate bonds moved higher on hopes that a more stable world economy would mean that default rates would be lower than then feared.

Although investors began to discount better economic times ahead, the actual data released during the period underlined the weakness in activity levels. The UK economy was estimated to have shrunk by 2.4% in the first quarter of the year, the sharpest quarterly set back for some 50 years.

Strategy

The Fund continues to have a strategic bias towards real assets such as equities, property and infrastructure and away from monetary assets such as bonds and cash. Our expectation is that this structure is the one most likely to provide long term growth in capital and a high and rising income.

We have added to the fixed income element of the portfolio, increasing the exposure to corporate bonds in the UK and in international markets.

In equity markets we have added to the UK holdings and reduced the weighting to the USA and to Asia. The equity portfolios are very diversified in terms of country, sector and stock allocations but there are no pre-determined weightings which influence the overall structure. Instead stocks are selected on their own merits, subject to ethical considerations and keeping a prudent control on risks.

Infrastructure has been increased by secondary market purchases into ventures which are mature and income producing. Such has been the climate for these schemes that we have been able to buy positions at attractive discounts to asset value.

Outlook

Current expectations are that the low point for activity in this cycle was reached in March or April. However, this is not to say that the recovery that follows will be swiftly established or strong. Although industry has completed the reduction of stock holdings, underlying demand is frail, constrained by modest wage growth, rising unemployment and weak global trade. Output might stabilise in the months ahead but even in 2010 growth will be at levels which are disappointing by historic standards. This is an environment in which short term interest rates will stay low and inflationary pressures will be modest.

In bond markets we expect to see further improvement in corporate bonds and stability in government stocks although for this sector there is a threat to prices from the huge issuance programme proposed by the government.

Equities should make further progress but having rallied already, further progress will reflect actual improvements in the trading environment rather than hoped for ones.

Report of the Investment Manager

for the half year ended 31 May 2009

Property values have remained under pressure but are increasingly finding support from yields and from value comparisons with other asset types. The sector is increasingly attractive on a long term view but will require more time to stabilise in the current environment.

M Humphreys
Fund Manager
CCLA Investment Management Limited

21 July 2009

Risk warning

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

The Fund may invest in emerging market countries which could be subject to political

and economic change. The Fund may also invest in collective investment schemes and other assets which may, on occasions, be illiquid such as The CBF Church of England Property Fund which invests directly in property and property related assets which are valued by an independent valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and or income value of the Fund.

Statement of Ethical Investment Policy

to the Shareholders of the Fund

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

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

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

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

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

Statement of Ethical Investment Policy

to the Shareholders of the Fund

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.

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

- gambling
- tobacco and tobacco related products
- alcoholic beverages (manufacture and licensed sale)
- non-offensive military equipment (see defence investment policy)
- weekly-collected home credit (doorstep lending)
- human embryonic cloning

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

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

Pensions Board, the General Synod, the Archbishops' Council, and the Mission & Public Affairs Council.
Website: www.cofe.anglican.org/info/ethical
E-mail: ethics@ccla.co.uk

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

Net asset value

<i>At</i>	<i>Net asset value</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
		<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>	<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>
<i>30 November</i>	<i>£'000</i>				
2006	971,286	1,190.26	79,623,184	1,676.75	1,212,464
2007	993,407	1,247.03	77,490,815	1,812.39	1,377,910
2008	674,464	873.74	75,157,309	1,324.60	1,307,591
At 31 May 2009	698,848	899.26	75,685,526	1,393.09	1,331,169

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

Share price range

<i>Year to</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>
<i>30 November</i>				
2004	960.48	861.84	1,254.25	1,107.65
2005	1,096.56	928.19	1,483.11	1,223.54
2006	1,227.23	1,073.65	1,714.22	1,464.98
2007	1,311.16	1,180.20	1,885.24	1,662.58
2008	1,275.71	811.74	1,854.05	1,212.63
To 31 May 2009	954.93	766.86	1,447.55	1,171.06

Net distribution

<i>Year to</i>	<i>Income shares pence per share</i>	<i>Accumulation shares pence per share</i>
<i>30 November</i>		
2004	34.00	43.43
2005	35.50	48.10
2006	37.00	52.23
2007	40.00	58.94
2008	45.00	75.53
To 31 May 2009	19.00	36.71

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

Share prices at 31 May 2009

	<i>Bid price</i> <i>pence per share</i>	<i>Offer price</i> <i>pence per share</i>
Income shares	892.52	906.00
Accumulation shares	1,382.64	1,403.54

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 0.75% deduction or surcharge.

Total expense ratio

	<i>31.5.2009</i>	<i>31.5.2008</i>
Total expense ratio (annualised)	0.53%	0.49%

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

Statement of total return

for the half year ended 31 May 2009 (unaudited)

	Notes	31.5.2009		31.5.2008	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		17,086		(61,315)
Revenue	3	18,767		21,598	
Expenses	4	(1,225)		(1,541)	
Net revenue before taxation		17,542		20,057	
Taxation	5	(489)		(539)	
Net revenue after taxation			17,053		19,518
Total return before distributions			34,139		(41,797)
Finance costs: distributions	6		(14,816)		(15,172)
Change in net assets attributable to shareholders from investment activities			19,323		(56,969)

The notes on pages 22 to 32 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the half year ended 31 May 2009 (unaudited)

	31.5.2009		31.5.2008	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		673,183		991,232
Amounts receivable on issue of shares	12,398		5,592	
Amounts payable on cancellation of shares	<u>(7,236)</u>		<u>(14,233)</u>	
		5,162		(8,641)
Change in net assets attributable to shareholders from investment activities		19,323		(56,969)
Retained distribution on accumulation shares		487		535
Closing net assets attributable to shareholders		<u>698,155</u>		<u>926,157</u>

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

Portfolio statement

at 31 May 2009 (unaudited)

	<i>Holding</i>	<i>Bid Value</i> <i>£'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid Value</i> <i>£'000</i>	<i>% Fund</i>
UNITED KINGDOM 38.13% (30.11.2008, 39.81%)				Dairy Crest	523,341	1,480	0.21
Oil & Gas Producers 7.44%				Tate & Lyle	888,457	2,643	0.38
BG	1,500,385	16,909	2.42	Unilever	190,510	2,760	0.40
BP	5,463,433	27,904	4.00	Household Goods 0.31%			
JKX Oil & Gas	266,977	576	0.08	Reckitt Benckiser	81,938	2,194	0.31
Royal Dutch Shell B	315,327	5,279	0.76	Pharmaceutical & Biotechnology 3.36%			
Tullow Oil	129,047	1,277	0.18	AstraZeneca	502,870	12,919	1.85
Oil Equipment Services 0.26%				GlaxoSmithKline	1,015,077	10,572	1.51
AMEC	181,731	1,225	0.18	Food & Drug Retailer 0.15%			
Hunting	125,219	563	0.08	Sainsbury	335,566	1,040	0.15
Chemicals 0.14%				Tesco	1,545	6	-
Johnson Matthey	79,684	960	0.14	General Retailers 0.11%			
Mining 0.59%				WH Smith	175,479	768	0.11
BHP Billiton	206,224	3,042	0.44	Media 0.31%			
Rio Tinto	38,159	1,068	0.15	Thomson Reuters	34,196	577	0.08
Industrial Engineering 0.10%				UTD Business Media	371,859	1,615	0.23
Charter	135,361	715	0.10	Travel & Leisure 0.14%			
Support Services 0.53%				Millennium & Corporate Hotels	390,570	950	0.14
Interserve	334,539	600	0.09	Fixed Line Telecommunications 0.55%			
Premier Farnell	929,796	1,239	0.18	BT	4,404,696	3,845	0.55
Regus	1,489,370	1,028	0.15	Mobile Telecommunications 1.14%			
RPS	408,728	774	0.11	Vodafone	6,863,669	7,958	1.14
Automobiles & Parts 0.12%				Electricity 0.36%			
GKN	673,272	820	0.12	Scottish & Southern Energy	214,296	2,494	0.36
Food Producers 1.13%							
Associated British Foods	136,807	999	0.14				
Cadbury	524	3	-				

Portfolio statement

at 31 May 2009 (unaudited)

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Gas, Water & Multiutilities 2.30%				ICAP	311,852	1,225	0.18
Centrica	1,212,061	2,979	0.43	Invesco Income Growth Trust	700,000	1,104	0.16
National Grid	1,224,939	7,325	1.05	Mercantile Investment Trust	30,151	230	0.03
Northumbrian Water	479,068	1,162	0.17	Merchants Trust	497,500	1,459	0.21
Severn Trent	297,826	3,333	0.48	Princess Private Equity	659,500	1,403	0.20
United Utilities	223,447	1,195	0.17	Standard Life Equity Income	375,000	877	0.13
Banks 0.71%				Non-equity Investments 0.17%			
HSBC	890,875	4,955	0.71	Ecofin Water & Power	835,405	1,176	0.17
Nonlife Insurance 0.79%				Ecofin W&P Sub Rights	167,081	24	-
Amlin	484,477	1,693	0.24	Software & Computer Services 0.36%			
Brit Insurance	1,306,969	2,500	0.36	Sage	1,327,718	2,521	0.36
Catlin	366,096	1,299	0.19	Other UK Unit Trusts 12.68%			
Life Insurance/Assurance 1.68%				The CBF Church of England UK Equity Fund Income Shares*	100,000,000	88,540	12.68
Aviva	949,727	3,174	0.45	EUROPE 7.82% (30.11.2008, 8.69%)			
Friends Provident	2,954,084	1,988	0.28	Austria 0.15%			
Old Mutual	5,024,272	3,678	0.53	Telekom Austria	115,825	1,062	0.15
Prudential	875	4	-	Belgium 0.14%			
Standard Life	1,472,497	2,910	0.42	Belgacom	34,706	673	0.10
Real Estate 0.59%				Dexia	78,488	306	0.04
Medicx Fund	5,875,000	4,127	0.59	Fortis Brx Bonus	106,067	-	-
General Financial 0.62%				Denmark 0.07%			
Close Brothers	271,722	1,787	0.26	Novo Nordisk	14,550	469	0.07
Triodos							
Microfinance	124,875	2,488	0.36				
Equity Investments Instruments 1.49%							
Dunedin Income and Growth	200,000	314	0.04				
Edinburgh Investment Trust	1,205,494	3,782	0.54				

Portfolio statement

at 31 May 2009 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Finland 0.39%				MTU Aero Engines	22,976	462	0.07
Kesko	45,112	806	0.12	Munich Re	7,294	629	0.09
Outokumpu	69,751	853	0.12	Porsche	5,974	225	0.03
Nokia	113,598	1,082	0.15	Salzgitter	6,109	352	0.05
France 2.67%				Ireland 0.03%			
Alcatel-Lucent	70,548	110	0.02	CRH	17,000	244	0.03
BNP Paribas	53,229	2,270	0.33				
Bouygues	12,750	324	0.05	Italy 0.66%			
Casino Guichard	11,169	502	0.07	Enel	404,952	1,333	0.19
Christian Dior	22,878	1,082	0.15	ENI	134,695	2,015	0.29
CNP Assurances	8,742	513	0.07	Generali	2,248	31	-
Credit Agricole	56,654	513	0.07	Terna	331,154	750	0.11
Eurazeo	9,398	274	0.04	Unicredito Italiano	287,507	467	0.07
France Telecom	31,574	478	0.07	Unie Di CW11	40,877	-	-
Gaz de France	36,573	891	0.13	Netherlands 0.33%			
LVMH	20,243	1,040	0.15	Aegon	33,000	127	0.02
Mercialys	1,396	26	-	Akzo Nobel	23,634	681	0.10
Nexity	9,500	202	0.03	SNS Reaal	56,443	188	0.03
Peugeot	14,298	267	0.04	Unilever NV	60,256	894	0.13
Publicis Groupe	29,543	593	0.08	Wolters Kluwer	29,108	342	0.05
Renault	25,750	611	0.09	Norway Equities 0.22%			
Sanofi-Aventis	54,271	2,140	0.31	Statoilhydro	117,900	1,536	0.22
Schneider	10,005	460	0.07	Spain 0.82%			
Suez				Banco Santander	247,355	1,626	0.23
Environnement	47,083	526	0.08	BBVA	138,636	1,044	0.15
TF1	27,910	202	0.03	Corp Financ Alba	25,305	739	0.11
Total	130,755	4,675	0.67	Repsol	67,856	943	0.13
Vivendi Universal	49,499	806	0.12	Telefonica	106,619	1,424	0.20
Germany 0.88%				Sweden 0.18%			
Allianz	17,588	1,070	0.15	Ericsson (LM) Tel	214,000	1,233	0.18
Deutsche Boerse	9,778	526	0.08	Niscayah	21,940	21	-
Deutsche Post	123,721	1,059	0.15				
E.on	39,105	858	0.12				
Fresenius	13,512	479	0.07				
Merck KGaA	7,897	469	0.07				

Portfolio statement

at 31 May 2009 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Switzerland 1.01%				Corning	49,480	451	0.06
Baloise	10,473	514	0.07	CSX	29,400	579	0.08
Credit Suisse	6,000	166	0.02	Diamond OS Drilling	11,200	583	0.08
Nestle SA	57,000	1,283	0.18	Dominion	26,900	530	0.08
Novartis	46,961	1,161	0.17	Dover	25,400	495	0.07
Pargesa	9,186	385	0.06	Dow Chemical	37,418	409	0.06
Richemont (Cie Fin)	75,377	1,015	0.15	DTE Energy	51,000	957	0.14
Roche	13,314	1,126	0.16	Embarq	121,500	3,167	0.45
Swisscom	3,573	654	0.09	Exxon Mobil	76,675	3,298	0.47
UBS	85,647	792	0.11	Firstenergy	10,372	243	0.03
General European 0.27%				Freeport 6.75% Convertible			
Cimpor Cimentos Port	192,572	815	0.12	Preference Shares Frontier	11,000	578	0.08
European Assets Trust	120,000	587	0.08	Communications	263,000	1,184	0.17
Motor Oil	64,308	512	0.07	Gannett	183,200	542	0.08
UNITED STATES OF AMERICA 8.31% (30.11.2008, 11.45%)				General Electric	262,961	2,199	0.31
3M	27,200	963	0.14	Goldman Sachs	5,284	474	0.07
Air Products & Chemical	15,800	635	0.09	HJ Heinz	24,400	553	0.08
Alcoa	20,995	120	0.02	Hospitality Prop Intel	98,600	852	0.12
Allstate	31,900	509	0.07	Johnson & Johnson	66,206	645	0.09
American Capital	195,637	330	0.05	Kellogg	87,012	2,977	0.43
Associated Banc	90,800	814	0.12	Kraft Foods	18,500	496	0.07
Bemis	33,500	521	0.07	Lilly (Eli)	78,970	1,278	0.18
Bristol-Myers				Marshall & Ilsley	32,127	689	0.10
Squibb	147,236	1,819	0.26	Mattel	68,600	279	0.04
CBS B	143,800	656	0.09	McDonald's	119,300	1,154	0.17
Centerpoint Energy	186,600	1,171	0.17	Microsoft	21,263	778	0.11
Chesapeake Energy	23,700	333	0.05	NiSource	155,816	2,019	0.29
Chevron	30,680	1,269	0.18	Parker Hannifin	80,800	535	0.08
Coca-Cola				Patterson-UTI Energy	24,300	637	0.09
Enterprise	61,900	639	0.09	Pepsico	33,900	302	0.04
Colgate-Palmolive	9,616	393	0.06	Pfizer	30,806	994	0.14
ConocoPhillips	35,823	1,019	0.15	Procter & Gamble	523,969	4,934	0.71
				Schering Plough	41,871	1,349	0.19
					22,941	347	0.05

Portfolio statement

at 31 May 2009 (unaudited)

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
National Australia Bank	91,612	1,000	0.14	Philippines 0.12%			
OneSteel Limited	345,744	462	0.07	Philippine Long Distance Telephone	30,390	872	0.12
Rio Tinto	36,251	1,161	0.17				
Telstra	346,188	534	0.08	Singapore 0.34%			
Woolworths	130,956	1,647	0.24	DBS	313,000	1,583	0.23
				Singapore Post	2,024,000	738	0.11
Hong Kong 1.97%							
Bank of China	2,883,000	801	0.11	South Korea 0.17%			
Cheung Kong	260,000	1,990	0.28	Daegu Bank	145,580	724	0.10
China Construction	1,984,000	799	0.11	Dongkuk Steel	35,190	513	0.07
China Mobile	278,000	1,680	0.24				
China Travel HK	3,510,000	522	0.07	Taiwan 0.14%			
CNOOC	1,857,000	1,507	0.22	U-Ming Marine Transport	750,000	963	0.14
Denway Motors	1,786,000	535	0.08				
Guangdong Investment	1,760,000	554	0.08	General Asia Pacific 0.04%			
Hang Seng Bank	101,700	903	0.13	Aberdeen Asian Income	262,500	296	0.04
Industrial & Commercial Bank of China	2,634,000	1,022	0.15				
PCCW	4,031,000	732	0.10	OTHER OVERSEAS 1.79%			
Petrochina	3,054,000	2,165	0.31	(30.11.2008, 0.66%)			
Wharf	234,000	601	0.09	BlackRock International Growth and Income Trust	584,473	3,673	0.53
				BlackRock World	382,847	2,344	0.34
Indonesian 0.05%				Finning International	63,100	528	0.08
Bumi Resources	2,793,500	328	0.05	Henderson Global Technology	916,038	3,632	0.52
				Invesco Emerging Markets	33,857	608	0.09
Malaysia 0.11%				Itau Unibanco	56,900	571	0.08
Digi.Com	191,900	770	0.11	Pretoria Port Cement	221,539	530	0.08
				TransAlta	46,200	523	0.07
New Zealand 0.07%							
Telecom	519,608	516	0.07				

Portfolio statement

at 31 May 2009 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
GLOBAL EQUITY UNIT TRUSTS 5.10% (30.11.2008, 4.87%)				PROPERTY UNIT TRUSTS 4.41% (30.11.2008, 7.66%)			
The CBF Church of England Global Equity Income Fund				The CBF Church of England Property Fund			
Accumulation Shares*	1,000	1	-	Income Shares*	29,182,000	30,755	4.41
The CBF Church of England Global Equity Income Fund				FIXED INTEREST STOCKS 13.12% (30.11.2008, 8.01%)			
Income Shares*	32,991,391	35,634	5.10	Treasury 5.75% Stock 2009	4,700,000	4,827	0.69
INFRASTRUCTURE 8.87% (30.11.2008, 6.18%)				Treasury 6.25% Stock 2010	6,800,000	7,346	1.05
3i Infrastructure	14,569,825	14,206	2.03	Conversion 9% Stock 2011	8,305,000	9,632	1.38
Babcock & Brown Pub	14,753,000	15,491	2.22	Treasury 5.25% Stock 2012	1,885,000	2,056	0.29
HSBC Infrastructure	11,143,000	12,285	1.76	Treasury 8% Stock 2013	15,000,000	18,303	2.62
RREEF Pan-Euro Infrastructure	1	19,954	2.86	Abbey 8.625% Preference Shares	600,000	518	0.07
UNQUOTED STOCKS 1.13% (30.11.2008, 1.17%)				HSBC 8.208% Preference Shares	7,140,000	6,295	0.90
CCLA Investment Management Limited				Lloyds 9.25% Preference Shares	5,779,339	4,204	0.60
A Shares	130,000	7,874	1.13	Natwest 9% Preference Shares	635,000	457	0.07
AGRICULTURAL PROPERTIES 0.25% (30.11.2008, 0.26%)				Natwest 11.5% Euro Convertible Notes	500,000	300	0.04
Nazeing Park Farm	1	1,750	0.25	IFFIM 3.375% Bond 2014	1,000,000	1,003	0.14

Portfolio statement

at 31 May 2009 (unaudited)

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Scottish & Southern Energy 5.75% Bond 2014	1,000,000	1,045	0.15
Statoilhydro Asa 6.875% Bond 2031	1,200,000	1,327	0.19
Legg Mason Global Multi Strategy Bond Fund (Income)	15,855,713	17,188	2.46
LMIF Western Asset UK £ Credit Plus Bond Fund "I" Class	15,686	<u>17,236</u>	<u>2.47</u>
INVESTMENT ASSETS		669,668	95.92
NET OTHER ASSETS		28,487	4.08
NET ASSETS		<u><u>698,155</u></u>	<u><u>100.00</u></u>

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

Balance sheet

at 31 May 2009 (unaudited)

	Notes	31.5.2009		30.11.2008	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets			669,668		659,167
Debtors	7	12,142		6,710	
Cash and bank balances	8	26,841		<u>17,114</u>	
Total other assets			38,983		<u>23,824</u>
Total assets			708,651		682,991
LIABILITIES					
Creditors	9	639		37	
Bank overdraft	10	18		-	
Distribution payable on income shares		9,839		<u>9,770</u>	
Total liabilities			10,496		9,807
Net assets attributable to shareholders			<u>698,155</u>		<u>673,184</u>
Approved on behalf of the Trustee 21 July 2009			R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited		

The notes on pages 22 to 32 form part of these accounts.

Notes to the accounts

(unaudited)

1. Accounting policies

(a) Basis of accounting

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

(b) Revenue recognition

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

(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 dividend is treated as capital.

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

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

(e) Expenses

During the period the Manager's periodic charge, paid to the Manager, was charged to the capital of the Fund. The fee is based on a fixed percentage of the value of the Fund, which is currently 0.45% p.a. plus VAT (prior to 1 January 2008, 0.30% p.a. plus VAT). The Fund receives a management fee rebate credited to the revenue of the Fund's deposits in The CBF Church of England Deposit Fund where the management fees are charged to revenue. The Fund also receives a management fee rebate credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital. Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. Audit, legal, safe custody fees and transaction charges, insurance, direct property expenses and monitoring fee are charged separately to the revenue of the Fund before distribution. The Trustee's administration fee is charged to the capital of the Fund.

Notes to the accounts

(unaudited)

(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 11).

(g) Basis of valuation

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

Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

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

(h) Foreign exchange

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

2. Net capital gains/(losses)

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
The net capital gains/(losses) during the period comprise:		
Non-derivative securities	11,258	(61,844)
Forward currency contracts	5,617	-
Other capital income	21	-
Currency gains	190	529
	<u>17,086</u>	<u>(61,315)</u>

Notes to the accounts

(unaudited)

3. Revenue	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
UK dividends	6,426	9,415
The CBF Church of England Property Fund dividends	1,335	1,532
The CBF Church of England UK Equity Fund dividends	2,070	2,070
The CBF Church of England Global Equity Income Fund dividends	891	990
Overseas dividends	6,128	5,236
Dividends on unquoted stocks	273	273
Interest on debt securities	1,386	943
Rental income	21	21
Interest on The CBF Church of England Deposit Fund	177	888
Bank interest	14	222
Other income	46	8
	<u>18,767</u>	<u>21,598</u>

4. Expenses	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	1,726	2,213
Manager's periodic charge rebate – see note 1(e)*	(558)	(754)
	<u>1,168</u>	<u>1,459</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	36	44
Monitoring fees	4	5
Other expenses	-	2
	<u>40</u>	<u>51</u>
Other expenses:		
Insurance	6	7
Audit fee	6	7
Property expenses	4	17
Other	1	-
	<u>17</u>	<u>31</u>
Total expenses	<u>1,225</u>	<u>1,541</u>

The above expenses include VAT where applicable.

Notes to the accounts

(unaudited)

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

5. Taxation

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

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
Overseas taxation suffered in the period	493	543
Overseas taxation recovered in the period	(4)	(4)
Total taxation	<u>489</u>	<u>539</u>

6. Finance costs

Distributions

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

	31.5.2009	<i>31.5.2008</i>
	£'000	<i>£'000</i>
29 February – interim distribution	4,708	4,778
31 May – interim distribution	10,147	10,360
	14,855	15,138
Add: revenue deducted on cancellation of shares	29	51
Deduct: revenue received on issue of shares	(68)	(17)
Net distribution for the period	<u>14,816</u>	<u>15,172</u>
Net revenue after taxation for the period	17,053	19,518
Amortisation under effective yield (FRS 26)	319	464
Transfer to income reserve – see note 11	(3,741)	(6,345)
Manager's periodic charge – see note 1(e)	1,185	1,535
Net distribution for the period	<u>14,816</u>	<u>15,172</u>

Details of the distribution per share are set out in the distribution table on page 33.

Notes to the accounts

(unaudited)

7. Debtors	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Sales awaiting settlement	-	554
Forward currency contracts	4,980	-
Accrued income	7,155	6,067
Other debtors	-	85
Prepayments	7	4
	<u>12,142</u>	<u>6,710</u>

8. Cash and bank balances	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Cash in The CBF Church of England Deposit Fund	26,411	16,577
Cash in overseas currencies	381	274
Cash at bank	49	263
	<u>26,841</u>	<u>17,114</u>

9. Creditors	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Purchases awaiting settlement	604	-
Accrued expenses	35	37
	<u>639</u>	<u>37</u>

10. Bank overdraft	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Cash in overseas currencies	18	-
	<u>18</u>	<u>-</u>

11. Income reserve

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

	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Income reserve at the start of the period	8,210	3,559
Transfer to income reserve	3,741	4,651
Income reserve at the end of the period	<u>11,951</u>	<u>8,210</u>

Notes to the accounts

(unaudited)

12. Financial instruments

Fair value

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

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

Market price risk

This is an actively-managed Fund, which invests mainly in UK and overseas equities and fixed interest investments. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence, and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the share price from time to time, although there will generally be a close correlation in the movement of the share price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. 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.

Notes to the accounts

(unaudited)

Currency risk

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

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

Currency	31.5.2009	<i>30.11.2008</i>
	£'000	<i>£'000</i>
Australian Dollar	8,807	8,291
Canadian Dollar	1,061	-
Danish Krone	-	972
Euro	67,171	69,269
Hong Kong Dollar	14,070	13,323
Indonesian Rupiah	328	152
Japanese Yen	19,287	26,366
Malaysian Dollar	770	1,906
New Zealand Dollar	526	951
Norwegian Krone	1,607	1,251
Philippine Peso	885	944
Singapore Dollar	2,320	1,786
South African Rand	3	-
South Korean Won	1,242	2,691
Swedish Krona	-	1,909
Swiss Franc	7,096	7,146
Taiwanese Dollar	972	3,257
Thailand Baht	-	310
US Dollar	65,552	79,793
	<u>191,697</u>	<i><u>220,317</u></i>

Notes to the accounts

(unaudited)

Interest rate risk

The majority of the Fund's financial assets are equities which do not earn interest nor have maturity dates. The Fund invests in some fixed interest securities, the income of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 31 May 2009 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	26,460	57,313	432,645	516,418
Euro	267	-	66,904	67,171
Japanese Yen	54	-	19,233	19,287
US Dollar	-	-	65,570	65,570
Other	60	-	40,145	40,205
Total	26,841	57,313	624,497	708,651

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	9,960	9,960
US Dollar	18	-	-	18
Other	-	-	518	518
Total	18	-	10,478	10,496

Notes to the accounts

(unaudited)

30 November 2008

<i>Currency</i>	<i>Floating rate financial assets* £'000</i>	<i>Fixed rate financial assets £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	16,840	53,883	391,951	462,674
Euro	120	-	69,149	69,269
US Dollar	3	-	79,790	79,793
<u>Other</u>	<u>151</u>	<u>-</u>	<u>71,104</u>	<u>71,255</u>
Total	17,114	53,883	611,994	682,991

<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>
<u>Sterling</u>	<u>-</u>	<u>-</u>	<u>9,807</u>	<u>9,807</u>
Total	-	-	9,807	9,807

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

The fixed rate element of the portfolio, as at 31 May 2009, is further analysed in the following table.

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed Years</i>
Sterling	45,539	6.4	13.0
Sterling-undated	11,774	10.9	-

Notes to the accounts

(unaudited)

30 November 2008

<i>Currency</i>	<i>Fixed rate financial assets £'000</i>	<i>Weighted average interest rate %</i>	<i>Weighted average period for which the rate is fixed Years</i>
Sterling	47,143	6.4	9.0
Sterling - undated	6,740	10.4	-

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 £4,980,163 as at 31 May 2009 (30.11.2008, £nil).

13. Commitments and contingent liabilities

There was a commitment of £13,194,054 at 31 May 2009 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2008, £11,940,398).

There were no other commitments or contingent liabilities at 31 May 2009 (30.11.2008, £nil).

14. Unquoted and other investments

Unquoted investments include the Fund's holding of 60% of the issued share capital of CCLA Investment Management Limited, which provides investment management and administrative services to The CBF Church of England Funds. The valuation of £7,874,100 is based on a discounted market value calculation prepared yearly and reviewed quarterly.

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

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

At 31 May 2009, 4.41% (30.11.2008, 7.66%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 12.68% (30.11.2008, 13.30%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 5.10% (30.11.2008, 4.87%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 3.78% (30.11.2008, 2.46%) of the value of the Fund was held in The CBF Church of England Deposit Fund. At 31 May 2009, 5.54% (30.11.2008, 0.54%) of the value of the Fund was held in Authorised Unit Trust Schemes.

Notes to the accounts

(unaudited)

At 31 May 2009, the Fund held 90.17% (30.11.2008, 91.93%) of the shares of The CBF Church of England Global Equity Income Fund, 93.08% (30.11.2008, 93.93%) of the shares in The CBF Church of England UK Equity Fund, and 32.62% (30.11.2008, 39.50%) of the shares of The CBF Church of England Property Fund. The CBF Church of England Property Fund shares may not be readily realisable, and the Manager may impose a period of notice or delay before carrying out a redemption of shares in that Fund if it is deemed to be necessary to protect the interests of shareholders in the Fund or to permit properties to be sold to meet a redemption.

15. Related party transactions

The Manager's periodic charge is paid to the Manager, a related party to the Fund. The amounts paid in respect of the Manager's periodic charge are disclosed in note 4. There were no outstanding balances due to the Manager at 31 May 2009 (30.11.2008, £nil). 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 4. There were no outstanding balances due to CBFFT at 31 May 2009 (30.11.2008, £nil). There were no other transactions entered into with CBFFT during the period.

At 31 May 2009 a cash balance of £26,410,549 (30.11.2008, £16,576,527) was held in The CBF Church England Deposit Fund.

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

16. Portfolio transaction costs

	31.5.2009	<i>31.05.2008</i>
	£'000	<i>£'000</i>
Analysis of total purchase costs:		
Purchases in period before transaction costs	110,078	555,299
Commissions	60	272
Total gross purchases	<u>110,138</u>	<u>555,571</u>
Analysis of total sale costs:		
Sales in period before transaction costs	110,666	537,509
Commissions	(90)	(266)
Total net sales	<u>110,576</u>	<u>537,243</u>

Distribution table

for the half year ended 31 May 2009 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2009	2008
Income shares			
28 February 2009	31 March 2009	6.00	6.00
31 May 2009	30 June 2009	13.00	13.00
		<u>19.00</u>	<u>19.00</u>
		<i>Revenue accumulated pence per share</i>	
		2009	2008
Accumulation shares			
28 February 2009		13.56	11.71
31 May 2009		23.15	27.89
		<u>36.71</u>	<u>39.60</u>

Statement of Trustee and Manager responsibilities

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Church Funds Investment Measure 1958 as amended by the Church of England (Miscellaneous Provisions) Measure 1995 and the Trustee Act 2000 (together the Measure) to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and settle their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Measure and the Scheme Information;
- supervise and oversee the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- appoint, supervise and oversee any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme;
- review the custody and control of the property of the Fund and the collection of all

revenue due to the Fund in accordance with the Measure;

- make distributions to investors holding income shares and make allocations to investors holding accumulation shares in proportion to their respective shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

Preparation of accounts

The Trustee of the Fund is required, by the Measure, to prepare accounts which give a true and fair view of the financial position of the Fund at each half year and year end valuation date. The net revenue for the period, 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 Investment Management Association (IMA) in November 2008;
- 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 Investment Fund

Trustee – CBF Funds Trustee Limited

R Broadhurst (Chairman)

J Clunie*

L Farrall

N Pearson

S Steele

Rev Dr R Turnbull*

R Williams*

**Members of the Audit Committee*

Secretary

J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by
the Financial Services Authority*

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Directors responsible for the Fund

M Quicke (Chief Executive)

J Bevan (Chief Investment Officer)

S Curran (Chief Operating Officer)

C Peters (Investment Director)

A Robinson (Director Market Development)

Fund Manager

M Humphreys

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Socially Responsible Investment

H Wildsmith

Banker and Monitoring Service

The Royal Bank of Scotland plc

62/63 Threadneedle Street

London EC2R 8LA

Safe-Custody Agent

The Northern Trust Company

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

Global Equity Income Fund

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

UK Equity Fund

- The only UK equity fund 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

- 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).

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