



for the Church of England

The CBF Church of England Investment Fund

**Report and Accounts
Half Year ended 31 May 2010
(unaudited)**

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Trustee and Manager
(inside back cover)

Description of The CBF Church of England Funds
(outside back cover)

Disability Discrimination Act 1995
Extracts from the Report and Accounts
are available in large print and audio formats.

Report of the Trustee

for the half year ended 31 May 2010

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

Structure and management

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

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

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Services Authority (FSA), the investment management, administration, registrar, secretarial and company secretarial functions of the Fund under Management Agreements dated 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 long term objective for the Fund is to provide an average real total return to investors of 5% over the course of a business cycle, whilst maintaining the value of the income after inflation.

In order that investors can monitor the progress of their investment the returns on the Fund will be compared with those of a Composite index, structured to reflect our customers’ long term objectives.

Report of the Trustee

for the half year ended 31 May 2010

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, 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 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, currently focusing on alcohol, financial services and pornography. We welcome comments and views from clients as part of this process. 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.

Report of the Trustee

for the half year ended 31 May 2010

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 2009, the Manager voted at 88 UK company meetings. The Fund voted on 1,054 resolutions; 97% of votes were cast in support of management, 2% against, and 1% 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.

UK voting was suspended for the first quarter of 2010 to facilitate the Manager's transition to global voting in collaboration with other Church investors. UK voting was restarted in time for the peak 2010 AGM season.

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 exposure and residual exposure after application of mitigating controls.

R Broadhurst
Chairman
CBF Funds Trustee Limited

5 July 2010

Report of the Investment Manager

for the half year ended 31 May 2010

Strategy

The Fund has a high strategic weighting towards real assets such as equities, at home and overseas, property and infrastructure. Our expectation is that this structure is the one most likely to provide long term growth in capital values and a high and rising income.

In the early part of the period we took profits on the exposure to corporate bond markets taken earlier in 2009. The substantial proceeds of this sale were invested mainly in equity markets, at home and overseas.

The greatest allocation was to the UK but we were also substantial buyers of European and Asian stocks. The US holdings were also increased, but to a lesser extent and there were net sales from Japan.

We added to commercial property and were active in infrastructure, increasing the commitment to the area early in the period but then taking profits later on, on a different part of the portfolio, as prices on one of the funds moved to a premium to underlying asset value.

Cash weightings fell over the period, from 3.03% to 1.88% of assets.

Performance

The slight underperformance reflected mainly stock selection effects. The good value, high income paying stocks, which feature substantially in the portfolio, lagged the market overall, particularly in the early weeks of the period. The income distribution to investors has been maintained at 19p per

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

To 31 May 2010	Six Months	1 year	5 years	10 years
	%	%	% p.a.	% p.a.
<u>Performance against market indices (before expenses)</u>				
CBF Investment Fund	+3.00	+17.07	+ 4.63	+2.19
Composite Benchmark	+4.68	+22.34	+ 5.50	+2.96
FTSE All-Share Index	+2.68	+22.94	+ 5.17	+2.11
FTSE Work (ex UK) Index	+8.20	+27.12	+ 6.59	+0.72
FTSE UK Govt All Stocks Index	+1.37	+6.12	+ 5.19	+5.54
IPD Property Index	+12.41	+22.41	+ 1.54	+6.49
<u>Performance after expenses</u>				
Income shares*	+2.73	+ 16.49	+4.26	+1.91
Accumulation shares*	+2.73	+ 16.47	+4.23	+1.89

* 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 2010

income share. Over the six months the Fund has generated a total return of 3.00% compared to a 4.68% return on the composite index.

Market review

The period began with equity markets in an uptrend as investors looked into the New Year with hopeful expectations of the recovery in global activity gaining strength. With the credit crisis fading investor risk appetites increased, supporting equity markets and also commercial property, where valuations, previously depressed, strengthened in response to increased buying interest. Corporate bonds rose too, particularly lower rated and longer dated issues, but government bonds only traded sideways, reflecting the reduced value placed on their safe haven status.

This environment of steady but not spectacular progress in markets continued through the early months of the year, despite occasional challenges to sentiment from disappointing inflation results and economic data that lacked the consistency usually associated with this phase of the cycle.

In April however the mood of general optimism began to change as investors became increasingly concerned over developments in Greece. In fact, as the scale of sovereign indebtedness became more readily appreciated, concerns widened to include other countries in the Euro bloc. An increase in uncertainty reduced the availability of funds and forced interest rates higher for some borrowers whilst others, closer to the centre of concerns, found great difficulty in

accessing credit markets at all. The ECB and IMF in time reacted by promising to provide support to any country in need, but by then the prevailing mood had changed and for equities in particular the uptrend had been replaced by a sharp retrenchment, sufficiently severe to undo most of the gains achieved over the previous months. Bond markets stabilised but government bonds proved to be the steadiest performers. Property valuations continued to edge higher but not at the pace seen in previous months.

Outlook

Our economic expectations are that the recovery will continue but that the pace will remain pedestrian and far below that historically associated with this phase in the cycle. Growth will be constrained by a number of factors including high unemployment, modest wage growth and the actions of governments to reduce their deficits. Interest rates are expected to stay low and inflation should be modest, falling back in the UK later in the year from current levels.

In bond markets the Budget and associated government rhetoric will provide near term support but beyond this we expect to see valuations constrained by the high volume of new issuance necessary to finance the government's budget deficit.

Property values can rally further but we expect prices to stabilise later this year. Valuations have rallied strongly from very depressed levels and in our view the sector needs to see evidence of a pick-up in tenant demand to justify further improvement.

Report of the Investment Manager

for the half year ended 31 May 2010

Equity markets are expected to remain volatile in the near term but beyond the summer are likely to be supported by rising profitability and hopes of improved levels of economic activity towards the end of 2010 and into 2011.

M Humphreys
Fund Manager
CCLA Investment Management Limited

5 July 2010

Top ten changes in portfolio composition

	<i>Cost</i> <i>£'000</i>		<i>Proceeds</i> <i>£'000</i>
Purchases:		Sales:	
Scottish Mortgage IT	7,332	LMIF Western Asset UK£ Credit	
Vodafone	6,632	Plus Bond Fund "I" Class	20,052
Royal Dutch Shell B	5,162	Legg Mason Global Multi	
HSBC	4,887	Strategy Bond Fund	18,829
HarbourVest Senior Loans		Treasury 8% Stock 2013	18,225
Europe Limited	4,674	BG	16,714
Tesco	4,539	Nintendo	8,444
World Trust Fund	4,501	BP	7,964
Zurich Financial Services AG	3,944	HSBC 8.208% Preference	
BT	3,937	Shares	7,483
Reckitt Benckiser	3,524	BT	6,319
		Treasury 6.25% Stock 2010	5,265
		International Public Partnerships	4,360

Risk warning

The Fund's shares and the revenue from them 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 only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only 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 CBF Church of England Investment Fund

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

The EIAG positively recommends investment in companies with responsible employment practices, best corporate governance practice, conscientiousness with regard to human rights, sustainable environmental practice and sensitivity towards the communities in which the business operates.

The EIAG recommends against investment in any company that promotes pornography or is involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

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

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

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

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

Net asset value

<i>At 30 November</i>	<i>Net asset value £'000</i>	<i>Income shares</i>		<i>Accumulation shares</i>	
		<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>	<i>Net asset value pence per share</i>	<i>Number of shares in issue</i>
2007	993,407	1,247.03	77,490,815	1,182.39	1,377,910
2008	674,464	873.74	75,157,309	1,324.60	1,307,591
2009	776,862	991.51	76,022,400	1,579.36	1,462,241
At 31 May 2010	782,748	999.64	75,988,429	1,622.53	1,425,982

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

Share price range

<i>Year to 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>
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
2009	1,024.32	766.86	1,608.23	1,171.06
To 31 May 2010	1,085.83	984.37	1,735.10	1,567.98

Net distribution

<i>Year to 30 November</i>	<i>Income shares pence per share</i>	<i>Accumulation shares pence per share</i>
2005	35.50	48.10
2006	37.00	52.23
2007	40.00	58.94
2008	45.00	75.53
2009	46.40	73.98
To 31 May 2010	19.00	35.91

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

Share price at 31 May 2010

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	992.14	1,007.14
Accumulation shares	1,610.36	1,634.70

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>31.5.2010</i>	<i>31.5.2009</i>
Total expense ratio (annualised)	0.55%	0.53%

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

Portfolio statement

at 31 May 2010(unaudited)

	<i>Value</i>	<i>Bid</i>	<i>%</i>		<i>Value</i>	<i>Bid</i>	<i>%</i>
<i>Holding</i>	<i>£'000</i>	<i>Fund</i>		<i>Holding</i>	<i>£'000</i>	<i>Fund</i>	
UNITED KINGDOM 43.10%				Beverages 0.07%			
(30.11.2009, 38.26%)				Britvic			
Oil & Gas Producers 3.97%				123,713 569 0.07			
BP	4,103,012	20,300	2.60	Food Producers 1.64%			
Royal Dutch Shell B	606,125	10,613	1.37	Associated British			
Mining 0.51%				Foods			
BHP Billiton	207,784	3,974	0.51	136,807 1,309 0.17			
Construction & Materials 0.12%				Dairy Crest			
Kier	91,529	967	0.12	213,085 801 0.10			
Aerospace & Defense 0.07%				Devro			
Senior	490,662	583	0.07	312,085 527 0.07			
General Industrials 0.11%				Robert Wiseman			
British Polythene	202,551	440	0.06	195,278 934 0.12			
Rexam	124,548	392	0.05	Tate & Lyle			
Electronic & Electrical Equipment 0.02%				Unilever			
Morgan Crucible	86,608	156	0.02	292,822 5,467 0.70			
Industrial Engineering 0.42%				Household Goods 0.60%			
IMI	319,825	2,093	0.27	Reckitt Benckiser			
Melrose	530,299	1,173	0.15	143,717 4,662 0.60			
Industrial Transportation 0.10%				Leisure Goods 0.08%			
Braemar Shipping	972	5	-	Vitec			
Clarkson	1,370	12	-	150,666 610 0.08			
Wincanton	358,477	818	0.10	Pharmaceutical & Biotechnology 4.02%			
Support Services 0.57%				AstraZeneca			
Carillion	127,749	404	0.05	584,252 16,949 2.17			
Interserve	760,974	1,547	0.20	GlaxoSmithKline			
Premier Farnell	736,958	1,612	0.21	1,251,512 14,747 1.85			
Regus	982,611	870	0.11	Food & Drug Retailers 0.75%			
Media 0.28%				Sainsbury			
Pearson				217,578 705 0.09			
Reed Elsevier				1,258,705 5,180 0.66			
WH Smith				189,662 931 0.12			
Halfords				521,123 1,313 0.17			
Home Retail				78,759 1,637 0.21			
Next				175,479 785 0.10			
WH Smith							

Portfolio statement

at 31 May 2010 (unaudited)

	<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid Value £'000</i>	<i> % Fund</i>
Travel & Leisure 0.21%				Real Estate 0.70%			
Compass	131,866	705	0.09	Medicx Fund	6,965,500	5,120	0.65
Go-Ahead	44,275	567	0.07	Segro	40,226	401	0.05
Thomas Cook	195,471	406	0.05				
Fixed Line Telecommunications 0.48%				General Financial 0.42%			
BT	2,975,000	3,775	0.48	Close Brothers	78,839	564	0.07
Mobile Telecommunications 2.04%				Equity Investments 6.14%			
Vodafone	11,531,243	15,925	2.04	F&C Asset Management	295,408	170	0.02
Electricity 0.51%				Triodos Microfinance			
Scottish & Southern Energy	380,329	3,997	0.51	Aberforth Geared	2,101,467	2,075	0.27
Gas Water & Multiutilities 2.05%				Altus Resource			
Centrica	2,489,382	6,838	0.87	BlackRock	140,020	815	0.10
National Grid NPD	491,174	673	0.09	British Assets Trust	295,474	325	0.04
National Grid	1,227,935	6,130	0.78	Dunedin Income and Growth	1,226,084	2,205	0.28
Northumbrian Water	479,068	1,329	0.17	Edinburgh Investment Trust	2,245,494	8,533	1.09
Pennon	94,599	496	0.06	Fidelity	107,084	1,041	0.13
United Utilities	121,903	657	0.08	HarbourVest Senior Loan	4,673,757	4,685	0.60
Banks 1.28%				Henderson			
HSBC	1,574,406	9,883	1.26	ICAP	249,983	969	0.12
Standard Chartered	10,530	172	0.02	Invesco Income Growth Trust	700,000	1,171	0.15
Nonlife Insurance 0.76%				JPM Mid Cap Investment Trust			
Admiral	38,986	503	0.06	Keystone	93,403	346	0.04
Amlin	201,580	755	0.10	Investment Trust	24,755	260	0.03
Catlin	206,905	676	0.09	Law Debenture	896,127	2,535	0.32
RSA Insurance	3,390,176	3,970	0.51	Mercantile Investment Trust	67,851	601	0.08
Life Insurance 0.55%				Merchants Trust			
Aviva	952,539	3,046	0.40	Perpetual I&G IT	232,453	493	0.06
Legal & General	990,888	783	0.10	Polar Capital Technology	233,564	677	0.09
Prudential	75,734	410	0.05	Princess Private Equity	659,500	2,706	0.35

Portfolio statement

at 31 May 2010 (unaudited)

	<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>		<i> Holding</i>	<i> Bid value £'000</i>	<i> % Fund</i>
Schroder UK Growth	140,120	155	0.02	Belgium 0.09%			
				Belgacom	34,706	732	0.09
Scottish Mortgage Investment Trust	1,200,437	6,860	0.88	Finland 0.72%			
Standard Life Equity Income	710,448	1,856	0.24	Metso	118,185	2,568	0.33
Temple Bar Investment Trust	76,446	587	0.08	Orion Ovi B	188,291	2,263	0.29
Utilico Emerging Investment Trust	1,304,781	1,739	0.22	Nokia	113,598	802	0.10
				France 2.11%			
Non-equity Investment 0.46%				BNP Paribas	53,229	2,081	0.27
Ecofin Water & Power Subscription Rights	167,081	10	-	Bouygues	12,750	375	0.05
Ecofin Water & Power Opportunities 6% 31 July 2016	2,000,000	2,200	0.28	Casino Guichard	11,169	588	0.08
Ecofin Water & Power	1,094,517	1,405	0.18	CNP Assurances	8,742	421	0.05
				France Telecom	331,426	4,337	0.55
Software & Computer 0.58%				Gaz de France	36,573	780	0.10
Computacenter	128,576	404	0.05	Pagesjaunes	126,909	1,010	0.13
Logica	676,887	857	0.11	Sanofi-Aventis	47,813	1,997	0.26
Sage	1,333,713	3,169	0.42	Schneider	10,005	693	0.09
				Total	61,822	1,970	0.25
Other UK Funds 12.99%				Vallourec	11,317	1,454	0.19
The CBF Church of England Equity Fund				Vivendi Universal	49,499	737	0.09
Income Shares*	100,000,000	101,600	12.99				
				Germany 0.99%			
EUROPE 9.91% (30.11.2009, 8.45%)				Allianz	17,588	1,211	0.15
Austria 0.06%				BASF	63,423	2,309	0.30
Telekom Austria	50,798	446	0.06	Deutsche Boerse	9,778	412	0.05
				Deutsche Post	53,537	548	0.07
				E.on	21,093	441	0.06
				Metro	61,558	2,218	0.28
				Munich Re	7,294	638	0.08
				Ireland 0.03%			
				CRH	17,000	258	0.03
				Italy 0.61%			
				Enel	615,526	1,940	0.25
				ENI	153,732	1,971	0.25
				Terna	331,154	856	0.11

Portfolio statement

at 31 May 2010 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Netherlands 1.55%				General European 0.25%			
Akzo Nobel	65,342	2,299	0.29	European Assets			
Eurocommercial CVA	50,000	1,088	0.14	Trust	120,000	621	0.08
KPN	177,699	1,588	0.20	JP Morgan Euro			
Philips Electronic	137,565	2,832	0.37	Investment Trust	1,109,854	874	0.11
TNT	75,244	1,286	0.16	JP Morgan Euro			
Unilever NV	142,256	2,685	0.34	Investment Trust	326,910	493	0.06
Wolters Kluwer	29,108	369	0.05				
				UNITED STATES OF AMERICA 12.09%			
Norway 0.54%				(30.11.2009, 9.93%)			
Statoil ASA	311,300	4,225	0.54	3M	27,200	1,483	0.19
				Abbott Laboratories	34,700	1,136	0.15
Spain 1.19%				Air Products &			
Banco Santander	247,355	1,739	0.22	Chemical	15,800	751	0.10
BBVA	138,636	998	0.13	Annaly Capital Man	109,600	1,279	0.16
Iberdrola	178,370	812	0.10	AT&T	387,800	6,486	0.83
Repsol	77,346	1,082	0.14	Bristol-Myers			
Telefonica	356,544	4,685	0.60	Squibb	309,600	4,944	0.63
				CBS B	143,800	1,441	0.18
Sweden 0.53%				Centerpoint Energy	76,000	711	0.09
Electrolux B	78,863	1,226	0.16	Centurytel	166,455	3,932	0.50
Hennes & Mauritz	18,520	724	0.09	Chevron	56,380	2,861	0.38
Svenska Cellulosa B	140,555	1,128	0.14	Chubb	39,000	1,348	0.17
TeliaSonera	270,319	1,117	0.14	Coca-Cola	63,700	2,252	0.29
				ConocoPhillips	35,823	1,278	0.16
Switzerland 1.24%				Deere & Co	33,300	1,322	0.17
Credit Suisse	6,000	161	0.02	Diamond OS Drilling	6,600	287	0.04
Nestle SA	57,000	1,779	0.23	Dominion	26,900	720	0.09
Novartis	39,291	1,229	0.16	Dover	25,400	785	0.10
Roche	13,314	1,259	0.16	Duke Energy	108,700	1,193	0.15
Swisscom	4,970	1,091	0.14	Emerson Electric	69,200	2,209	0.28
Zurich Financial				Freeport McMor	15,087	727	0.09
Services AG	29,381	4,145	0.53	Frontier			
				Communications	263,000	1,437	0.18
				Genuine Parts	111,000	3,100	0.41
				HJ Heinz	105,200	3,199	0.42

Portfolio statement

at 31 May 2010 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Home Depot	64,700	1,507	0.19	Mizuho Finance			
Johnson & Johnson	87,012	3,487	0.45	2% Convertible			
Kellogg	18,500	680	0.09	Preference Shares	100,000	416	0.05
Kimberly Clark	58,400	2,439	0.31	Morant Wright			
Kraft Foods	117,368	2,310	0.30	Japan	712,500	324	0.04
Lilly (Eli)	17,800	401	0.05	Nippon Tel & Tel	46,200	1,285	0.16
Marathon Oil	20,000	428	0.05	NTT DoCoMo	1,206	1,233	0.16
Mattel	143,600	2,138	0.27	Ono Pharmaceutical	7,800	215	0.03
McDonald's	39,163	1,801	0.23	Sumitomo	76,100	567	0.07
Merck & Co	352,500	8,171	1.04	Takeda			
Microsoft	109,516	1,945	0.25	Pharmaceuticals	96,400	2,762	0.35
NiSource	80,800	832	0.11	T-Gaia	150	150	0.02
Pepsico	30,806	1,333	0.17	Wisdom Tree Japan			
Pfizer	541,151	5,672	0.73	Dividend Fund	63,776	1,630	0.21
Procter & Gamble	29,271	1,230	0.16	Wisdom Tree Japan			
Scottish American IT	23,490	46	0.01	Small Capital	62,777	1,678	0.21
Sysco	45,100	925	0.12				
The Forest Company	606,333	3,451	0.44	PACIFIC BASIN 6.15% (30.11.2009, 4.76%)			
Travelers				Australia 1.86%			
Companies	37,300	1,269	0.16	AGL Energy	141,244	1,125	0.14
Union Pacific	14,134	694	0.09	ANZ Bank	110,120	1,417	0.18
Verizon				Coca-Cola Amatil	150,030	940	0.12
Communications	160,204	3,032	0.39	Goodman Fielder	2,698,712	2,103	0.27
VF	39,300	2,092	0.27	Metcash	926,029	2,058	0.26
Waste Management	29,200	653	0.08	Orica	85,695	1,261	0.16
Whirlpool	8,800	633	0.08	Telstra	1,884,022	3,197	0.41
Willis	106,100	2,235	0.29	Westpac Banking	102,771	1,360	0.17
				Woolworths	74,153	1,141	0.15
JAPAN 2.25% (30.11.2009, 2.47%)				Hong Kong 1.53%			
Asahi Kasei	393,000	1,420	0.18	Bank of China	2,883,000	989	0.13
Benesse	39,100	1,232	0.16	Cheung Kong	64,000	501	0.06
Canon	83,400	2,361	0.30	China Construction	1,984,000	1,105	0.14
Dai Nippon Printing	157,000	1,322	0.17	China Mobile	78,500	511	0.07
Itochu	97,000	553	0.07	CLP	353,500	1,712	0.22
Mitsubishi Tanabe	64,000	572	0.07	Esprit	576,200	2,335	0.30
				Guangdong			
				Investment	1,760,000	583	0.07

Portfolio statement

at 31 May 2010 (unaudited)

	<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>		<i>Holding</i>	<i>Bid value £'000</i>	<i>% Fund</i>
Hang Seng Bank Industrial & Commercial Bank of China	56,600	517	0.07	Wisdom Tree Pacific ex-Japan High Yielding Equity	51,188	1,735	0.22
Petrochina Wharf	1,236,000	630	0.08	Wisdom Tree Pacific ex-Japan Total Dividend	46,353	1,730	0.22
	3,054,000	2,294	0.29				
	234,000	800	0.10				
Singapore 1.00%							
Comfortdelgro	1,717,000	1,191	0.15	OTHER OVERSEAS 3.11% (30.11.2009, 2.26%)			
DBS	273,000	1,877	0.24	Avi Ltd	130,956	272	0.03
Jardine Cycle	111,000	1,502	0.19	Bank of Nova Scotia	42,200	1,328	0.17
Singapore Post	2,024,000	1,095	0.14	BlackRock Global Opportunities Equity Trust	228,487	2,650	0.34
Singapore Telecommunications	1,525,000	2,175	0.28	BlackRock International Growth and Income Trust	584,473	4,099	0.52
Taiwan 0.27%				Canadian Imperial Bank of Commerce	12,300	567	0.07
Chunghwa Telecom	1,606,000	2,137	0.27	Henderson Global Technology	916,038	5,244	0.67
Philippines 0.14%				Invesco AM IRL Em	33,891	829	0.11
Philippine Long Dist	30,390	1,098	0.14	Israel Chemicals	133,453	992	0.13
General Asia Pacific 1.35%				Kimberley-Clark			
Aberdeen Asian Income	262,500	381	0.05	MXC	397,000	1,469	0.19
Henderson TR Pacific	1,652,298	2,697	0.34	Manitoba Telecom	17,000	315	0.04
Schroder Orient Income	300,000	388	0.05	Pretoria Port Cement	221,539	634	0.08
Wisdom Tree Emerging Markets Equity Income Fund	55,941	1,788	0.23	Thomson Reuters	19,774	486	0.06
Wisdom Tree Emerging Markets Smallcap Dividend Fund	65,529	1,843	0.24	Tiger Brands	17,051	268	0.03
				TransAlta	46,200	618	0.08
				World Trust Fund	2,792,617	4,608	0.59

Portfolio statement

at 31 May 2010 (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 INCOME FUNDS 4.87% (30.11.2009, 5.03%)				FIXED INTEREST STOCKS 1.50% (30.11.2009, 11.09%)			
The CBF Church of England Global Equity Income Fund Accumulation Shares*	1,000	1	-	Conversion 9% Stock 2011	6,100,000	6,665	0.85
The CBF Church of England Global Equity Income Fund Income Shares*	32,991,391	38,122	4.87	IFFIM 3.375% Bond 2014	1,000,000	1,044	0.13
				Scottish & Southern Energy 5.75% Bond 2014	1,000,000	1,082	0.14
				Treasury 5.25% Stock 2012	1,885,000	2,044	0.26
				Treasury 6.25% Stock 2010	905,000	930	0.12
INFRASTRUCTURE 8.11% (30.11.2009, 8.89%)				DERIVATIVES 0.08% (30.11.2009, 0.03%)			
3i Infrastructure	14,569,825	15,837	2.03	Forward currency contracts			
HSBC Infrastructure International Public Partnerships	9,078,194	10,258	1.31	Australian dollar vs UK sterling maturing on 30/06/10			
RREEF Pan-Euro Infrastructure	11,646,314	13,265	1.70	13,567,000	403	0.05	
	25,540	23,982	3.07	Euro vs UK sterling maturing on 01/07/10			
				69,991,000	3,405	0.44	
UNQUOTED STOCKS 1.00% (30.11.2009, 1.01%)				US dollar vs UK sterling maturing on 22/07/10			
CCLA Fund Managers A	130,000	7,817	1.00	79,862,000	(3,181)	(0.41)	
AGRICULTURAL PROPERTIES 0.22% (30.11.2009, 0.23%)				NET INVESTMENT ASSETS			
Nazeing Park Farm	1	1,750	0.22		765,467	9788	
PROPERTY FUNDS 5.49% (30.11.2009, 4.63%)				NET OTHER ASSETS			
The CBF Church of England Property Fund Income Shares*	35,763,182	42,934	5.49		16,593	2.12	
				NET ASSETS			
				782,060 100.00			

* 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.

Statement of total return

for the half year ended 31 May 2010 (unaudited)

		31.5.2010		31.5.2009	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		3,991		17,086
Revenue	3	19,251		18,767	
Expenses	4	(1,540)		(1,225)	
Net revenue before taxation		17,711		17,542	
Taxation	5	(589)		(489)	
Net revenue after taxation			<u>17,122</u>		<u>17,053</u>
Total return before distributions			21,113		34,139
Finance costs: distributions	6		(14,957)		(14,816)
Change in net assets attributable to shareholders from investment activities			<u>6,156</u>		<u>19,323</u>

The notes on pages 20 to 31 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the half year ended 31 May 2010 (unaudited)

	31.5.2010		31.5.2009	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		776,198		673,183
Amounts receivable on issue of shares	15,265		12,398	
Amounts payable on cancellation of shares	<u>(16,073)</u>		<u>(7,236)</u>	
		(808)		5,162
Change in net assets attributable to shareholders from investment activities		6,156		19,323
Retained distribution on accumulation shares		514		487
Closing net assets attributable to shareholders		<u>782,060</u>		<u>698,155</u>

The above statement shows the comparative closing net assets at 31 May 2009 whereas the opening net assets for the current period commenced on 1 December 2009.

Balance sheet

at 31 May 2010 (unaudited)

		31.5.2010		30.11.2009	
	<i>Notes</i>	£'000	£'000	£'000	£'000
ASSETS					
Investment assets			768,648		753,577
Debtors	7	12,014		6,294	
Cash and bank balances	8	<u>19,339</u>		<u>29,815</u>	
Total other assets			<u>31,353</u>		<u>36,109</u>
Total assets			800,001		789,686
LIABILITIES					
Investment liabilities			3,181		349
Creditors	9	4,882		2,192	
Distribution payable on income shares		<u>9,878</u>		<u>10,947</u>	
Total other liabilities			<u>14,760</u>		<u>13,139</u>
Total liabilities			17,941		13,488
Net assets attributable to shareholders			<u>782,060</u>		<u>776,198</u>
Approved on behalf of the Trustee 5 July 2010			R Broadhurst, <i>Chairman</i> CBF Funds Trustee Limited		

The notes on pages 20 to 31 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 stock 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

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue form part of the distribution.

(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. 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. A fee for ethical services is also charged 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 10).

(g) Basis of valuation

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

	31.5.2010	<i>31.5.2009</i>
	£'000	<i>£'000</i>
The net capital gains/(losses) during the period comprise:		
Non-derivative securities	5,343	11,258
Forward currency contracts	(2,024)	5,617
Other capital revenue	31	21
Currency gains	641	190
	<u>3,991</u>	<u>(17,086)</u>

Notes to the accounts

(unaudited)

3. Revenue	31.5.2010	<i>31.5.2009</i>
	£'000	<i>£'000</i>
UK dividends	6,359	6,426
The CBF Church of England Property Fund dividends	1,352	1,335
The CBF Church of England UK Equity Fund dividends	2,070	2,070
The CBF Church of England Global Equity Income Fund dividends	891	891
Overseas dividends	6,617	6,128
Dividends on unquoted stocks	273	273
Interest on debt securities	1,601	1,386
Rental income	21	21
Interest on The CBF Church of England Deposit Fund	77	177
Bank interest	(29)	14
Other revenue	19	46
	<u>19,251</u>	<u>18,767</u>
4. Expenses	31.5.2010	<i>31.5.2009</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)	2,108	1,726
Manager's periodic charge rebate – see note 1(e)*	(662)	(558)
Manager's fee for ethical services	27	-
	<u>1,473</u>	<u>1,168</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	40	36
Monitoring fees	4	4
	<u>44</u>	<u>40</u>
Other expenses:		
Insurance	6	6
Audit fee	5	6
Property expenses	12	4
Other	-	1
	<u>23</u>	<u>17</u>
Total expenses	<u>1,540</u>	<u>1,225</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.

	31.5.2010	<i>31.5.2009</i>
	£'000	<i>£'000</i>
Overseas taxation suffered in the period	617	493
Overseas taxation recovered in the period	(28)	(4)
Total taxation	<u>589</u>	<u>489</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:

	31.5.2010	<i>31.5.2009</i>
	£'000	<i>£'000</i>
28 February – interim distribution	4,762	4,708
31 May – interim distribution	10,210	10,147
	14,972	14,855
Add: revenue deducted on cancellation of shares	27	29
Deduct: revenue received on issue of shares	(42)	(68)
Net distribution for the period	<u>14,957</u>	<u>14,816</u>
Net revenue after taxation for the period	17,123	17,053
Amortisation under effective yield (FRS 26)	(1,042)	319
Transfer to income reserve – see note 10	(2,628)	(3,741)
Manager's periodic charge – see note 1(e)	1,504	1,185
Net distribution for the period	<u>14,957</u>	<u>14,816</u>

Details of the distribution per share are set out in the distribution table on page 31

Notes to the accounts

(unaudited)

7. Debtors	31.5.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Sales awaiting settlement	5,591	-
Accrued income	6,415	6,291
Prepayments	8	<u>3</u>
	<u>12,014</u>	<u>6,294</u>

8. Cash and bank balances	31.5.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Cash in The CBF Church of England Deposit Fund	18,003	28,976
Cash in overseas currencies	1,273	725
Cash at bank	63	<u>114</u>
	<u>19,339</u>	<u>29,815</u>

9. Creditors	31.5.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Purchases awaiting settlement	4,832	2,143
Accrued expenses	50	<u>49</u>
	<u>4,882</u>	<u>2,192</u>

10. Income reserve

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

	31.5.2010	<i>30.11.2009</i>
	£'000	<i>£'000</i>
Income reserve at the start of the period	9,953	8,210
Transfer to income reserve	2,628	<u>1,743</u>
Income reserve at the end of the period	<u>12,581</u>	<u>9,953</u>

Notes to the accounts

(unaudited)

11. Financial instruments

Fair Value

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

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

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

Notes to the accounts

(unaudited)

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	31.5.2010			30.11.2009		
	Monetary	Non-	Total	Monetary	Non-	Total
	Exposures	Monetary		Exposures	Exposures	
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	14,681	14,681	-	9,504	9,504
Brazilian Real	-	-	-	-	1,187	1,187
Canadian Dollar	-	3,324	3,324	-	1,532	1,532
Danish Krone	-	-	-	-	-	-
Euro	829	82,614	83,443	362	81,996	82,358
Hong Kong Dollar	9	12,087	12,096	-	11,675	11,675
Israeli New Shekel	-	992	992	-	1,046	1,046
Japanese Yen	21	17,424	17,445	12	16,125	16,137
Malaysian Ringgit	-	-	-	-	1	1
Mexican Peso	-	1,469	1,469	-	1,028	1,028
Norwegian Krone	-	4,393	4,393	-	1,759	1,759
Philippine Peso	-	1,098	1,098	-	1,010	1,010
Singapore Dollar	-	7,877	7,877	12	5,673	5,685
South African Rand	-	1,184	1,184	-	563	563
South Korean Won	-	-	-	-	5	5
Swedish Krona	-	4,195	4,195	-	-	-
Swiss Franc	-	9,663	9,663	-	5,329	5,329
Taiwanese Dollar	-	2,137	2,137	-	1,936	1,936
US Dollar	414	113,933	114,347	339	94,901	95,240
	1,273	277,071	278,344	725	235,270	235,995

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 revenue of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

The interest rate profile of the Fund's financial assets and liabilities at 31 May 2010 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	18,066	11,765	491,826	521,657
Euro	829	-	82,614	83,443
Japanese Yen	21	-	17,424	17,445
US Dollar	414	-	113,933	114,347
Other	9	-	63,100	63,109
Total	<u>19,339</u>	<u>11,765</u>	<u>768,897</u>	<u>800,001</u>

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial liabilities not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	17,941	17,941
Total	-	-	<u>17,941</u>	<u>17,941</u>

Notes to the accounts

(unaudited)

30 November 2009

<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	29,060	39,450	485,151	553,691
Euro	362	-	81,996	82,358
Japanese Yen	12	-	16,125	16,137
US Dollar	339	-	94,901	95,240
<u>Other</u>	<u>12</u>	<u>-</u>	<u>42,248</u>	<u>42,260</u>
Total	29,815	39,450	720,421	789,686

<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>13,488</u>	<u>13,488</u>
Total	-	-	13,488	13,488

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

Notes to the accounts

(unaudited)

The fixed rate element of the portfolio, as at 31 May 2010, 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	11,765	0.91	1.7

30 November 2009

<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	39,450	1.68	3.5

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 £626,883 as at 31 May 2010 (30.11.2009, £233,714).

12. Commitments and contingent liabilities

There was a commitment of £9,726,032 at 31 May 2010 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2009, £11,846,326).

There were no other commitments or contingent liabilities at 31 May 2010 (30.11.2009, £nil).

13. 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 £7,816,900 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.

Notes to the accounts

(unaudited)

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 2010, 5.5% (30.11.2009, 4.6%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 13.0% (30.11.2009, 12.9%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 4.9% (30.11.2009, 5.0%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 2.3% (30.11.2009, 3.7%) of the value of the Fund was held in The CBF Church of England Deposit Fund.

At 31 May 2010, the Fund held 78.0% (30.11.2009, 85.8%) of the shares of The CBF Church of England Global Equity Income Fund, 92.4% (30.11.2009, 92.9%) of the shares in The CBF Church of England UK Equity Fund, and 35.1% (30.11.2009, 34.0%) 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.

14. Related party transactions

The Manager's periodic charge and fee for ethical services are paid to the Manager, a related party to the Fund. The amounts paid to the Manager are disclosed in note 4. There were no outstanding balances due to the Manager at 31 May 2010 (30.11.2009, £nil). There were no other transactions entered into with the Manager during the period.

CBFFT, as Trustee, is a related party to the Fund. The amounts paid in respect of the Trustee's administration fee are disclosed in note 4. There were no outstanding balances due to CBFFT at 31 May 2010 (30.11.2009, £nil). There were no other transactions entered into with CBFFT during the period.

At 31 May 2010 a cash balance of £18,002,763 (30.11.2009, £28,976,300) 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 13.

Notes to the accounts

(unaudited)

15. Portfolio transaction costs	31.5.2010	<i>31.5.2009</i>
	£'000	<i>£'000</i>
Analysis of total purchase costs:		
Purchases in period before transaction costs	156,101	110,078
Commissions	110	60
Total gross purchases	<u>156,211</u>	<u>110,138</u>
Analysis of total sale costs:		
Sales in year before transaction costs	152,582	110,666
Commissions	(59)	(90)
Total net sales	<u>152,523</u>	<u>110,576</u>

Distribution table

for the half year ended 31 May 2010 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2010	<i>2009</i>
Income shares			
28 February 2010	7 April 2010	6.00	6.00
31 May 2010	30 June 2010	13.00	13.00
		<u>19.00</u>	<u>19.00</u>
		<i>Revenue accumulated pence per share</i>	
		2010	<i>2009</i>
Accumulation shares			
28 February 2010		12.68	13.56
31 May 2010		23.23	23.15
		<u>35.91</u>	<u>36.17</u>

Statement of Trustee and Manager responsibilities

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

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

revenue due to the Fund in accordance with the Measure;

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

Preparation of accounts

The Trustee of the Fund is required, by the Measure, to prepare accounts which give a true and fair view of the financial position of the Fund at each year and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund is also required. The accounts show the net asset value of the shares in the Fund as at the date to which the accounts are prepared, the amount of revenue per share, and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. In preparing these accounts, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the 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)

Rev E Carter

J Clunie *

L Farrall

G Pollard

S Steele

Rev Dr R Turnbull *

R Williams *

*Members of the Audit Committee

Secretary

J Fox

Investment Manager, Administrator and Registrar

CCLA Investment Management Limited

*Authorised and regulated by the Financial
Services Authority*

80 Cheapside, London EC2V 6DZ

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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

C Peters

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

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

UK Equity Fund

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

Fixed Interest Securities Fund

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

Property Fund

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

Deposit Fund

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

* The Deposit Fund is rated AAA by Fitch Ratings. This reflects the high credit quality of the portfolio.

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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