



for the Church of England

The CBF Church of England Investment Fund

**Report and Accounts
Half Year ended 31 May 2011
(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 2011

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 (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 high and rising income and a long term 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.

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

Report of the Trustee for the half year ended 31 May 2011

Management Agreements. It meets quarterly with the Manager to monitor investment strategy, dividend and interest rate policy, investment diversification, and risk and to review the Fund's performance. In addition, CBFFT reviews the Report and Accounts of the Fund prepared on its behalf by the Manager.

CBFFT is responsible for appointing an Audit Committee, the Auditor and the Safe Custody Agent. It reviews annually the objectives of the Fund in light of current circumstances.

RBS monitoring service

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

Delegation of functions

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

Ethical Investment

Throughout the reporting period, CBFFT was represented on the Church of England's Ethical Investment Advisory Group (EIAG) by Rev Edward Carter.

The EIAG advises the Church's three national investing bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG

recommendations rests with the CBFFT. The EIAG Secretariat at Church House also engages with investee companies on issues of particular concern to the Church. The EIAG produces its own Annual Review.

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

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

Stewardship & Corporate Governance

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

The Manager moved from domestic voting to global voting in 2010 in collaboration with the national investing bodies at Church House and

Report of the Trustee for the half year ended 31 May 2011

other CIG members. During the first half of 2011 the Manager voted on 2,733 resolutions across global markets with 15% abstentions or votes against the management (mainly remuneration related in line with the EIAG's long-standing policy in this area).

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

The Church of England national investing bodies are joint signatories to the UN Principles of Responsible Investment (PRI) and the Manager is a member of the Carbon Disclosure Project (CDP) and UK Sustainable Investment and Finance (UKSIF).

Controls and risk management

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

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

CBFFT receives internal audit reports on the controls of the Manager. During the 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
12 July 2011

Report of the Investment Manager for the half year ended 31 May 2011

Strategy

The investment objective of the Fund is to generate an average annual total return of inflation +5%, including an income payment which grows over time to offset the erosive effects of inflation. The portfolio therefore has a natural bias towards those assets which we believe to be most likely to provide long term real growth. These include equities, in the UK and overseas, commercial property and infrastructure.

Within the equity portfolio the focus is on companies with strong cash flows able to finance long term business expansion and rising dividends. We seek to buy these companies at cheap levels, below our estimate of long term fair value.

Over the period covered by this report there was little change in the structure of the portfolio, although we did add to the international fixed interest holdings an investment in contingent convertible "CoCo" bonds issued by major banks. They provide a high yield in a sector where, for the better companies, recovery is underway. In the equity sector we added to the life assurance sector holdings in the UK and Europe and took profits on oil companies where we thought dividend growth prospects were poor.

Performance

The Fund's return is in line with that of the benchmark. The best returns over the period have come from equities with the domestic market slightly stronger than the international

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

To 31 May 2011	Six Months %	1 year %	5 years % p.a.	10 years % p.a.
<u>Performance against market indices (before expenses)</u>				
CBF Investment Fund	+8.69	+17.11	+4.41	+4.24
Composite Index	+8.99	+16.46	+5.03	+4.76
FTSE All-Share Index	+10.81	+20.36	+5.00	+4.50
FTSE Work (ex UK) Index	+9.09	+13.42	+6.28	+2.91
FTSE UK Govt All Stocks Index	+2.13	+5.30	+5.58	+5.65
IPD Property Index	+4.59	+9.45	-0.49	+6.60
<u>Performance after expenses</u>				
Income shares*	+8.40	+16.51	+3.96	+3.91
Accumulation shares*	+8.40	+16.49	+3.93	+3.89

* 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 2011

alternatives. The income payment to investors has been unchanged at 19p.

Market review

Equity markets began the period strongly in optimistic anticipation of strengthening economic growth in 2011. After this early surge however the positive momentum was lost and for the remainder of the period, although volatile on a day-by-day basis, the indices remained within a relatively narrow range. The optimism on growth which boosted equities caused fixed income markets to fall back, they rallied towards the end of the period but overall produced returns substantially below those earned by equities.

Three related themes have been the predominant influences on sentiment over the period, the prospects for economic growth, the challenge of inflation and the continuing echoes of the financial crisis at a national level.

Economic growth has been a story of contrasts between the pedestrian progress achieved in the UK and other developed economies and the rapid expansion achieved in parts of the emerging world. In the domestic economy growth in the first quarter was only sufficient to balance the fall in activity experienced at the end of 2010. The dull start to the year has seen expectations for the year as a whole reduced to a pace of expansion below that achieved last year as the consumer, the dominant source of economic activity, struggles with high unemployment, low wage growth and challenging increases in both prices and the tax burden. This dull trend was mirrored in the USA, Japan and parts of Europe. In contrast a number of emerging economies continued to expand rapidly, raising interest rates in many cases to slow the pace of expansion.

Tax rises have been an important contributory factor to the rise in inflationary pressures in the UK but this domestic pressure has been amplified by international factors and in particular the increase in commodity prices. A notable feature has been the rise in the crude oil price, from \$86 per barrel at the start of the period to \$114 at the close. Rising demand in an environment of inelastic supply provided the background, but the loss of nuclear electricity generating capacity in Japan, following the earthquake, necessitating a greater reliance on imported hydro carbons, and the loss of Libyan oil production, were also factors.

The lingering legacy of the credit crisis has been manifest in the financial problems which have hit Ireland and Portugal and kept severe pressure on Greece - a year after that country was first the beneficiary of a financial rescue programme. Although each event has a series of difficult local effects, economic and social, from the investment market perspective the focus has been on the resolve of the authorities to provide the necessary financial resources, thereby avoiding substantial losses for bond investors and more significant threats to the integrity of the Eurozone.

Outlook

Our central expectation is for the UK economy to continue to grow but at a modest rate. Inflation will remain substantially above the Bank of England's 2% target and could reach 5% in the autumn as projected increases in fuel charges come into effect. Despite that we expect interest rates to remain at very low levels and so significantly negative in real terms. International economies will expand more swiftly although the overall pace of expansion will slow from recent levels. We expect to observe a continued clear difference between

Report of the Investment Manager for the half year ended 31 May 2011

growth in emerging markets and that achieved in the more developed alternatives.

We view bond markets as offering poor long term value and expect yields to move higher over time. In the property sector we expect capital values to remain near current levels until trends in occupier markets strengthen. In the meantime, the high yields available from good quality, income secure markets are attractive.

We expect equity markets to remain volatile, swayed by the major trends currently unfolding. This is not a risk free environment but our expectation is that higher values will be seen over the year ahead.

J Bevan
Chief Investment Officer
CCLA Investment Management Limited
12 July 2011

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
Swisscom AG	6,985	AstraZeneca Plc	16,060
NB Global Floating Rate Income Fund Ltd	6,927	BP Plc	14,716
Exxon Mobil Corp	6,758	UK Govt 9% 12 July 2011	6,170
Zurich Financial Services	6,069	BT Group	5,524
America Movil SAB	5,795	GlaxoSmithKline	5,373
Sainsbury J Plc	5,121	Reckitt Benckiser	5,127
Pepsico Inc	4,639	Tate & Lyle	4,877
Yum! Brands Inc	4,541	AT&T	4,698
BOC Hong Kong Holdings	4,209	Statoil ASA	4,636
Link Reit	3,927	Centurytel	4,115

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

The EIAG positively recommends investment in companies with responsible employment practices, best corporate governance practice, conscientiousness with regard to human rights, sustainable environmental practice and sensitivity towards the communities in which the business operates. The EIAG recommends against investment in any company that produces pornography or is involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover.

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

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

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

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

Net asset value

At 30 November	Net asset value £'000	<i>Income shares</i>		<i>Accumulation shares</i>	
		Net asset value pence per shares	Number of shares in issue	Net asset value pence per share	Number of shares in issue
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
2010	826,976	1,044.92	76,484,836	1,890.12	1,441,893
At 31 May 2011	868,915	1,113.59	75,608,334	1,862.37	1,446,849

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

Year to 30 November	<i>Income shares</i>		<i>Accumulation shares</i>	
	Highest offer pence per share	Lowest bid pence per share	Highest offer pence per share	Lowest bid pence per share
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
2010	1,103.39	963.84	1,813.86	1,564.34
To 31 May 2011	1,141.41	1,064.57	1,915.10	1,776.44

Net distribution

<i>Year to 30 November</i>	<i>Income shares pence per share</i>	<i>Accumulation shares pence per share</i>
2006	37.00	52.23
2007	40.00	58.94
2008	45.00	75.53
2009	46.40	73.98
2010	47.79	74.51
To 31 May 2011	19.00	42.43

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

Share price at 31 May 2011

	<i>Bid price pence per share</i>	<i>Offer price pence per share</i>
Income shares	1,105.24	1,121.94
Accumulation shares	1,875.94	1,904.30

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>31.5.2011</i>	<i>31.5.2010</i>
Total expense ratio (annualised)	0.55%	0.55%

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 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
UNITED KINGDOM 45.91%				Beverages 0.28%			
(30.11.2010, 44.95%)				Britvic PLC			
Oil & Gas Producers 1.14%				564,862			
BP PLC				2,464			
1,325,268				0.28			
6,206				0.71			
0.71				Food Producers 0.54%			
Royal Dutch Shell B				Tate & Lyle PLC			
Shares				459,160			
168,537				2,847			
3,705				0.33			
0.43				Unilever PLC			
0.43				94,766			
0.43				1,867			
0.43				0.21			
Mining 0.93%				Household Goods 0.20%			
BHP Billiton PLC				Reckitt Benckiser			
209,884				Group PLC			
5,042				51,554			
0.58				1,771			
Rio Tinto GBPO.10				0.20			
72,381				0.35			
3,072				0.20			
0.35				Pharmaceutical & Biotechnology 1.78%			
Chemicals 0.21%				GlaxoSmithKline PLC			
Croda International PLC				852,940			
94,400				11,255			
1,837				1.30			
0.21				AstraZeneca PLC			
0.21				131,080			
0.21				4,164			
0.21				0.48			
Construction & Mat 0.25%				Food & Drug Retailer 0.9%			
Balfour Beatty PLC				Tesco PLC			
453,792				547,992			
1,460				2,296			
0.17				0.26			
Kier Group Plc				J Sainsbury PLC			
54,325				1,597,779			
695				5,520			
0.08				0.64			
0.08				General Retailers 0.68%			
General Industries 0.28%				Halfords Group PLC			
Rotork Ord GBPO.05				707,232			
109,962				2,833			
1,895				0.33			
0.22				N Brown Group PLC			
British Polythene				738,417			
Industries				2,149			
184,683				0.25			
517				0.10			
0.06				WH Smith PLC			
0.06				175,479			
0.06				852			
0.06				0.10			
Electronic & Electrical Equipment 0.42%				Media 0.59%			
Domino Printing				British Sky			
216,252				Broadcasting Group			
1,443				PLC			
0.17				318,670			
Halma PLC				2,650			
542,866				0.30			
2,139				0.30			
0.25				Pearson PLC			
0.25				220,330			
0.25				2,514			
0.25				0.29			
Industrial Engineering 0.59%				Travel & Leisure 0.71%			
IMI PLC				Compass Group PLC			
319,825				606,833			
3,317				3,583			
0.38				0.41			
Spirax-Sarco				Intercontinental			
Engineering PLC				Hotels GBPO.13617			
89,540				201,010			
1,784				2,601			
0.21				0.30			
0.21				Mobile Telecommunications 2.25%			
Support Services 0.70%				Vodafone			
Electrocomponents				Group PLC			
PLC				11,570,180			
985,760				19,542			
2,895				2.25			
0.33				2.25			
Hays PLC				2.25			
1,026,288				2.25			
1,119				2.25			
0.13				2.25			
Capita Group				2.25			
Ord 0.0206666				2.25			
278,559				2.25			
2,049				2.25			
0.24				2.25			

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
Electricity 0.34%				Equity Investments 2.56%			
Scottish & Southern Energy PLC	214,515	2,953	0.34	JPMorgan Mid Cap Investment Trust Plc	93,403	418	0.05
Gas Water & Multiutilities 1.77%				Dunedin Income Growth Investment Trust PLC			
Centrica PLC	1,447,366	4,603	0.53	Keystone Investment Trust PLC	167,283	371	0.04
National Grid PLC	1,728,929	10,814	1.24	Mercantile Investment Trust PLC	24,755	314	0.04
Severn Trent PLC	2,300	35	-	Standard Life Equity Income Trust PLC	165,376	1,809	0.21
Banks 1.54%				Scottish Mortgage Investment Trust PLC			
HSBC Holdings PLC	1,876,112	11,908	1.37	Standard Life Equity Income Trust PLC	658,762	2,086	0.24
Lloyds Banking Group Plc				Scottish Mortgage Investment Trust PLC	163,267	1,206	0.14
ord GBP0.25	2,868,698	1,491	0.17	Standard Life Equity Income Trust Plc	142,089	51	0.01
Nonlife Assurance 0.53%				HarbourVest Senior Loans Europe Limited			
RSA Insurance Group PLC	1,847,773	2,539	0.29	Aberforth Geared Income Trust Plc	4,673,757	4,680	0.54
Admiral Group PLC	38,986	671	0.08	Altus Resource	2,101,467	2,380	0.27
Amlin PLC	331,680	1,409	0.16	Princess Private Equity Holding Ltd.	2,400,000	4,920	0.57
Life Assurance 0.39%				Non-equity Investments 0.24%			
Aviva PLC	338,693	1,479	0.17	Ecofin Water & Power Opportunities PLC	3,815,830	4,751	0.55
Prudential PLC	259,675	1,914	0.22	Ecofin Water & Power Subscription Shs GB	167,081	2	-
Real Estate 0.78%				Ecofin Water & Power OpportunitiesPlc 6.0% 31-jul-2016			
MedicX Fund Ltd.	8,800,492	6,776	0.78	Sage Group PLC	2,000,000	2,070	0.24
General Financial 0.84%				Software & Computer 0.34%			
Aberdeen Asset Management Plc	516,239	1,209	0.14	Computacenter PLC	614,045	1,781	0.20
Close Brothers Group PLC	155,987	1,245	0.14		286,528	1,248	0.14
Hargreaves Lansdown PLC	362,293	2,292	0.26				
Triodos Microfinance	124,875	2,620	0.30				

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
Other UK Funds 24.13%				Netherlands 1.26%			
CBF UK				Eurocommercial	109,108	3,469	0.40
Equity Inc	101,097,139	122,691	14.12	Rabobank Nederland	8,350,000	7,457	0.86
CBF CoE							
GEI Fund Ac	1,000	2	-	Norway 0.82%			
CBF CoE				DNB Nor ASA	468,736	4,283	0.49
GEI Fd Inc	32,991,391	43,674	5.03	Seadrill Ltd	130,979	2,866	0.33
CBF Property Inc	35,763,182	43,281	4.98				
EUROPE 26.78% (30.11.2010, 10.64%)				Spain 1.43%			
Denmark 0.35%				Telefonica S.A.	372,622	5,487	0.63
Novo Nordisk				Industria de Diseno			
AS DKK1 SER 'B'	40,571	3,085	0.35	Textil S.A.	58,041	3,200	0.37
				Zardoya Otis	97,295	990	0.11
Finland 0.66%				Mediaset Espana			
Metso	79,713	2,788	0.32	Communication	508,852	2,784	0.32
Kone B	76,535	2,929	0.34				
France 1.32%				Sweden 1.21%			
Vallourec S.A.	22,634	1,715	0.20	Assa Abloy AB	179,687	3,028	0.35
Eutelsat				Axfood AB	176,300	3,952	0.45
Communications SA	171,871	4,617	0.53	Hennes & Mauritz AB	37,040	835	0.10
AXA S.A.	219,205	2,839	0.33	TeliaSonera AB	573,279	2,708	0.31
Sanofi-Aventis S.A.	47,813	2,298	0.26				
Germany 14.36%				Switzerland 4.04%			
BASF SE NPV	49,109	2,771	0.32	Belimo Holding AG	2,250	3,048	0.35
Symrise AG	155,682	2,940	0.34	Nestle S.A.	57,000	2,223	0.26
Allianz SE	34,845	2,928	0.34	Zurich Financial			
Muenchener				Services AG	35,556	5,777	0.66
Rueckversicherungs-				Novartis AG	145,209	5,684	0.65
Gesellschaft AG	7,294	680	0.08	Roche Holding AG	39,997	4,271	0.49
Hugo Boss AG	53,845	2,954	0.34	Swisscom AG	20,529	5,734	0.66
				CSG Guernsey			
				I Ltd	13,418,000	8,453	0.97
Italy 0.61%				General European 0.72%			
Enel S.p.A.	615,526	2,565	0.30	Akbank TAS	831,069	2,338	0.27
Tods Spa	34,681	2,714	0.31	Ford Otosan TRY1	502,039	2,539	0.29
				European Assets			
				Trust N.V.	53,286	369	0.04
				JP Morgan Euro			
				IT Income			
				Shares GBPO.025	1,109,854	1,065	0.12

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
UNITED STATES OF AMERICA 13.04%							
(30.11.2010, 911.64%)							
Genuine Parts Co.	135,200	4,499	0.52	Yum! Brands Inc	174,300	5,855	0.67
Commerce Bancshares Inc/Kansas City MO	114,750	2,980	0.34	McDonald's Corp.	114,563	5,674	0.65
Cullen/Frost Bankers Inc	114,700	4,057	0.47	JAPAN 0.66% (30.11.2010, 0.96%)			
NY Community Bancorp	261,000	2,570	0.30	Nippon Telegraph & Telcom JPY50000	3,200	91	0.01
Coca-Cola Co.	71,800	2,915	0.34	NTT DoCoMo Inc.	78	88	0.01
PepsiCo Inc.	187,900	8,116	0.93	Santen Pharmaceutical Co Ltd	114,986	2,768	0.32
Bristol-Myers Squibb Co.	160,000	2,792	0.32	Oracle Corp Japan	99,100	2,627	0.30
Emerson Electric Co.	181,300	6,004	0.69	Itochu Corp.	6,800	43	-
Verizon Communications Inc.	236,400	5,300	0.61	Canon Inc.	5,700	166	0.02
H.J. Heinz Co.	91,000	3,036	0.35	PACIFIC BASIN 9.88% (30.11.2010, 5.79%)			
Blackstone Group LP	523,500	5,469	0.63	Australia 2.04%			
3M Co.	27,200	1,559	0.18	Australia & New Zealand Banking Group Ltd.	110,120	1,577	0.18
VF Corp.	75,500	4,570	0.53	Coca-Cola Amatil Ltd.	548,344	4,171	0.48
Procter & Gamble Co.	72,771	2,961	0.34	Orica Limited NPV	336,920	5,676	0.65
Tupperware Brands Corp	78,500	3,123	0.36	UGL Ltd	417,497	4,136	0.48
Mattel Inc.	183,700	2,945	0.34	Metcash Ltd	853,305	2,166	0.25
The Forest Company Ltd	606,333	3,315	0.38	Hong Kong 4.91%			
Travelers Cos. Inc.	37,300	1,407	0.16	CLP Holdings Ltd.	353,500	1,825	0.21
Exxon Mobil Corp.	180,400	9,145	1.05	Guangdong Investment Ltd.	1,760,000	544	0.06
ConocoPhillips	67,523	3,005	0.35	BOC Hong Kong Hldgs HKD5	2,256,500	4,221	0.49
Chevron Corp.	56,380	3,592	0.41	Jiangsu Expressway Co. Ltd.	4,030,000	2,540	0.29
El Paso Pipeline Partners LP	184,700	3,858	0.44	Hutchison Telecommunications	2,726,000	541	0.06
Blackrock Global Opportunities Equity Trust	228,487	2,615	0.30	Hong Kong Hldgs	1,638,000	1,443	0.17
Blackrock International Growth & Income Trust	584,473	3,792	0.44	PetroChina Co. Ltd.	1,963,068	2,230	0.26
Abbott Laboratories	123,700	3,926	0.45	Anta Sports Products Ltd	1,963,068	2,230	0.26
Johnson & Johnson	87,012	3,557	0.41	The Link Real Estate Inv NPV	2,293,500	4,703	0.54
Waste Management Inc.	29,200	689	0.08				

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
Indonesia 0.9%							
Bank Rakyat Indonesia	5,262,000	2,360	0.27	Aberdeen Latin American Income Fund Subscription Shares	228,587	32	-
Semen Gresik Persero	3,906,500	2,669	0.31	Aberdeen Latin American Income Fund Ltd	2,285,879	2,497	0.29
Perusahaan Gas Negara PT	9,723,000	2,803	0.32	JPMorgan Global Emerging Markets Income Fund	1,928,492	2,172	0.25
Singapore 0.86%							
United Overseas Bank Ltd.	430,000	4,105	0.47	Bank of Montreal National Bank of Canada	71,900	2,792	0.32
Singapore Telecommunications Ltd.	816,000	1,277	0.15	Shaw Communications Inc	58,900	2,989	0.34
Jardine Cycle & Carriage Ltd	106,000	2,113	0.24	Bank Leumi Le-Israel BM	297,000	3,868	0.45
Taiwan 0.62%							
HTC Corp.	210,000	5,409	0.62	Bezeq Israeli Telecommunication Corp Ltd	977,750	2,887	0.33
Thailand 0.53%							
CP All (Foreign) PCL	3,207,900	2,570	0.30	ICL-Israel Chemicals Ltd.	1,757,093	2,714	0.31
Siam Makro (Alien)	32,500	129	0.01	Grupo Aeroportuario del Sureste	278,945	2,766	0.32
BEC World (Alien)	4,308,661	1,907	0.22	SAB de CV	592,100	2,120	0.24
General Asia Pacific 0.02%							
Schroder Oriental Income Fund Ltd.	120,599	187	0.02	America Movil SAB	3,683,100	5,895	0.68
OTHER OVERSEAS 7.22% (30.11.2010, 4.55%)							
AES Tiete SA	332,500	3,156	0.36	Invesco AM IRL Em	33,911	898	0.10
Banco Bradesco SA	249,382	2,960	0.34	Clicks Group Ltd	729,201	2,775	0.32
Natura Cosmetics	176,200	2,858	0.33	Fountainhead Property Trust	4,890,270	2,746	0.32
Tractebel Energia SA	466,300	4,784	0.55	Tiger Brands Ltd	174,972	2,955	0.34
World Trust Fund				Pretoria Portland Cement Co. Ltd.	221,539	540	0.06
SICAF / The Middlefield Canadian Income Trusts	2,792,617	5,369	0.62				
	2,881,429	3,033	0.35	INFRASTRUCTURE 3.56% (30.11.2010, 3.24%)			
				RREEF Pan-Euro Infra	28,850	30,972	3.56
				UNQUOTED STOCKS 0.88% (30.11.2010, 0.93%)			
				CCLA Fund Managers A	130,000	7,615	0.88

Portfolio statement

at 31 May 2011 (unaudited)

	Holding	Bid Value £'000	% Fund		Holding	Bid Value £'000	% Fund
AGRICULTURAL PROPERTIES 0.20%				DERIVATIVES 0.11% (30.11.2010, 0.14%)			
(30.11.2010, 0.21%)				Forward currency contracts			
Nazeing Park Farm	1	1,750	0.20	Sell AUD vs GBP maturity 08/06/2011	12,909,733	95	0.01
FIXED INTEREST STOCKS 19.41%				Sell CHF vs GBP maturity 14/06/2011	27,160,372	(608)	-
(30.11.2010, 1.28%)				Sell EUR vs GBP maturity 08/06/2011	25,154,049	668	0.08
UK Government 5.25% 07-jun-2012	1,885,000	1,971	0.23	Sell JPY vs GBP maturity 08/06/2011	805,599,245	(17)	-
UK Treasury 4% 07/09/2016	144,463	157	0.02	Sell USD vs GBP maturity 13/06/2011	170,157,077	771	0.09
LBG Capital No.2 PLC	2,316,000	2,156	0.25	Sell JPY vs GBP 5,748,103	-	-	-
LBG Capital No.1 PLC	2,314,000	2,184	0.25	Sell MXN vs GBP 9,890,280	-	-	-
LBG Capital No.1 PLC	4,108,000	3,873	0.45	Sell ZAR vs GBP 2,372,737	(4)	-	-
Scottish And Southern Energy Plc	1,000,000	1,083	0.12	Buy EUR vs GBP 3,213,634	(6)	-	-
5.75% 05-feb-2014	1,000,000	1,046	0.12	Buy EUR vs GBP 534,424	(1)	-	-
IFF For Immunisation (iffim) 3.375% 15-may-2014	2,313,958	2,337	0.27	Buy HKD vs GBP 1,492,897	-	-	-
Duet Real Estate Fin NB Global Floating Rate Income Fund Ltd	6,926,543	7,108	0.82	Buy JPY vs GBP 14,678,334	-	-	-
				Buy JPY vs GBP 8,751,199	-	-	-
OTHER 0.36% (30.11.2010, 0.35%)				Buy ZAR vs GBP 14,997,812	17	-	-
KKR Mezzanine	5,338	3,135	0.36	Buy ZAR vs GBP 5,154,552	5	-	-
				Buy ZAR vs GBP 5,649,329	(2)	-	-
				Buy ZAR vs GBP 15,282,215	(5)	-	-
NET INVESTMENT ASSETS					<u>833,590</u>	<u>95.92</u>	
NET OTHER ASSETS					36,251	4.21	
NET ASSETS					<u><u>869,841</u></u>	<u><u>100.00</u></u>	

Statement of total return

for the half year ended 31 May 2011 (unaudited)

	Notes	31.5.2011		31.5.2010	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		51,085		3,991
Revenue	3	21,727		19,251	
Expenses	4	<u>(1,730)</u>		<u>(1,540)</u>	
Net revenue before taxation		19,997		17,711	
Taxation	5	<u>(852)</u>		<u>(589)</u>	
Net revenue after taxation			<u>19,145</u>		<u>17,122</u>
Total return before distributions			70,230		21,113
Finance costs: distributions	6		<u>(14,961)</u>		<u>(14,957)</u>
Change in net assets attributable to shareholders from investment activities			<u>55,269</u>		<u>6,156</u>

The notes on pages 21 to 32 form part of these accounts.

Statement of change in net assets attributable to shareholders

for the half year ended 31 May 2011 (unaudited)

	31.5.2011		31.5.2010	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		822,974		776,198
Amounts receivable on issue of shares	20,447		15,265	
Amounts payable on cancellation of shares	(29,461)		(16,073)	
		(9,014)		(808)
Change in net assets attributable to shareholders from investment activities		55,269		6,156
Retained distribution on accumulation shares		612		514
Closing net assets attributable to shareholders		869,841		782,060

The above statement shows the comparative closing net assets at 31 May 2010 whereas the opening net assets for the current period commenced on 1 December 2010.

Balance sheet

at 31 May 2011 (unaudited)

	Notes	31.5.2011		30.11.2010	
		£'000	£'000	£'000	£'000
ASSETS					
Investment assets			832,675		782,517
Forward currency contracts			1,539		-
Debtors	7	14,731		7,770	
Cash and bank balances	8	46,797		<u>45,540</u>	
Total other assets			61,528		53,310
Total assets			895,742		835,827
LIABILITIES					
Investment liabilities			-		739
Forward currency contracts			625		
Creditors	9	15,446		37	
Distribution payable on income shares			9,830	<u>12,077</u>	
Total other liabilities			25,276		12,114
Total liabilities			25,901		12,853
Net assets attributable to shareholders					
			869,841		<u>822,974</u>

The notes on pages 21 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 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 year 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 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

	31.5.2011	31.05.2010
	£'000	£'000
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	51,424	5,343
Forward currency contracts	913	(2,024)
Other capital revenue	144	31
Currency gains/(losses)	(1,396)	641
	<u>51,085</u>	<u>3,991</u>

Notes to the accounts

(unaudited)

3. Revenue	31.5.2010	31.05.2010
	£'000	£'000
UK dividends	11,663	10,672
Overseas dividends	8,076	6,617
Dividends on unquoted stocks	-	273
Interest on debt securities	1,922	1,601
Rental income	-	21
Interest on The CBF Church of England Deposit Fund	57	77
Bank interest	9	(29)
Other revenue	-	19
	<u>21,727</u>	<u>19,251</u>
4. Expenses	31.5.2011	31.5.2010
	£'000	£'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	2,268	2,108
Manager's periodic charge rebate – see note 1(e)*	(685)	(662)
Manager's fee for ethical and stewardship	27	27
	<u>1,610</u>	<u>1,473</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees and transaction charges	43	40
Bank charges	1	-
Monitoring fees	-	4
Trustee expenses	4	-
	<u>48</u>	<u>44</u>

Notes to the accounts

(unaudited)

Other expenses:

Insurance	4	6
Audit fee	6	5
Property expenses	-	12
Other	62	-
	<u>72</u>	<u>23</u>
Total expenses	<u>1,730</u>	<u>1,540</u>

The above expenses include VAT where applicable.

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

	31.5.2011	31.5.2010
	£'000	£'000
Overseas taxation suffered in the period	1,037	617
Overseas taxation recovered in the period	(185)	(28)
Total taxation	<u>852</u>	<u>589</u>

Notes to the accounts (unaudited)

6. Finance costs

Distributions

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

	31.5.2011	31.5.2010
	£'000	£'000
February – interim distribution	4,750	4,762
May – interim distribution	10,230	10,210
	14,980	14,972
Add: revenue deducted on cancellation of shares	60	27
Deduct: revenue received on issue of shares	(79)	(42)
Net distribution for the period	14,961	14,957
Net revenue after taxation for the period	19,144	17,123
Amortisation under effective yield (FRS 26)	(1,044)	(1,042)
Transfer to income reserve – see note 10	(4,749)	(2,628)
Manager’s periodic charge – see note 1(e)	1,610	1,504
Net distribution for the period	14,961	14,957

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

7. Debtors

	31.5.2011	30.11.2010
	£'000	£'000
Sales awaiting settlement	7,627	-
Accrued income	7,104	7,767
Prepayments	-	3
	14,731	7,770

Notes to the accounts

(unaudited)

8. Cash and bank balances	31.5.2011	30.11.2010
	£'000	£'000
Cash in The CBF Church of England Deposit Fund	6,291	44,833
Cash in The Public Sector Deposit Fund	10,700	-
Cash in overseas currencies	2,212	394
Cash at bank	27,594	313
	<u>46,797</u>	<u>45,540</u>

9. Creditors	31.5.2011	30.11.2010
	£'000	£'000
Purchases awaiting settlement	15,369	-
Accrued expenses	77	37
	<u>15,446</u>	<u>37</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.

	31.5.2011	30.11.2010
	£'000	£'000
Income reserve at the start of the period	8,555	9,953
Transfer (from)/to income reserve	4,749	(1,398)
Income reserve at the end of the period	<u>13,304</u>	<u>8,555</u>

11. Financial instruments

Fair Value

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

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

Notes to the accounts

(unaudited)

Market price risk

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

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest securities, sterling and overseas cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of shares that shareholders may wish to make.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and income are denominated in currencies other than sterling, the base currency of the Fund. 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. In respect of revenue, receipts are converted to sterling shortly after receipt.

Notes to the accounts

(unaudited)

	31.5.2011			30.11.2010		
	Monetary Exposures	Non-Monetary Exposures	Total	Monetary Exposures	Non-Monetary Exposures	Total
Currency	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	17,820	17,820	-	15,018	15,018
Brazilian Real	57	13,758	13,815	-	2,257	2,257
Canadian Dollar	51	9,649	9,700	39	4,882	4,921
Danish Krona	-	3,085	3,085	-	-	-
Euro	(1042)	93,670	92,628	186	72,432	72,618
Hong Kong Dollar	(117)	18,048	17,931	-	7,771	7,771
Indonesian Rupiah	-	7,832	7,832	-	1,964	1,964
Israeli Shekel	57	8,366	8,423	28	5,911	5,939
Japanese Yen	-	5,767	5,767	-	7,990	7,990
Mexican Peso	520	8,015	8,535	-	1,575	1,575
Norwegian Krone	-	5,409	5,409	-	5,420	5,420
Phillipine Peso	-	-	-	-	1,065	1,065
Singapore Dollar	-	7,149	7,149	12	10,537	10,549
South African Rand	-	7,495	7,495	-	1,271	1,271
Swedish Krona	-	9,026	9,026	-	6,572	6,572
Swiss Franc	185	10,522	10,707	14	19,948	19,962
Taiwanese Dollar	2,263	26,128	28,391	-	6,054	6,054
Thailand Baht	81	4,606	4,687	-	2,870	2,870
Turkish Lira	-	4,877	4,877	-	6,816	6,816
US Dollar	161	126,580	126,741	115	107,233	107,348
	<u>2,216</u>	<u>387,802</u>	<u>390,018</u>	<u>395</u>	<u>287,587</u>	<u>287,981</u>

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 2011 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	44,585	21,916	432,766	499,267
Euro	-1,052	7,457	88,936	95,341
Japanese Yen	-	-	7,520	7,520
US Dollar	160	8453	117,691	126,304
Other	3,104	-	164,206	167,310
Total	46,797	37,826	811,119	895,742

<i>Currency</i>	<i>Floating rate financial liabilities £'000</i>	<i>Fixed rate financial liabilities £'000</i>	<i>Financial assets not carrying interest £'000</i>	<i>Total £'000</i>
Sterling	-	-	12,692	12,692
Euro	-	-	2,894	2,894
Japanese yen	-	-	1,526	1,526
Other	-	-	8,789	8,789
Total	-	-	25,901	25,901

Notes to the accounts

(unaudited)

30 November 2010

<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	45,147	10,575	492,126	547,848
Euro	185	-	72,432	72,617
Japanese Yen	-	-	7,990	7,990
US Dollar	115	-	107,233	107,348
Other	93	-	99,932	100,025
<u>Total</u>	<u>45,540</u>	<u>10,575</u>	<u>779,713</u>	<u>835,828</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>
<u>Sterling</u>	<u>-</u>	<u>-</u>	<u>12,853</u>	<u>12,853</u>
<u>Total</u>	<u>-</u>	<u>-</u>	<u>12,853</u>	<u>12,853</u>

* 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 2011, 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	37,825	7.15	14.1

Notes to the accounts

(unaudited)

30 November 2010

<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	37,826	0.93	1.3

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 £913,349.22 as at 31 May 2011 (30.11.2010, £1,114,108). £4,006 (30.11.2010, nil) included in currency forward gain relates to spot currency gains.

Notes to the accounts

(unaudited)

12. Commitments and contingent liabilities

There was a commitment of £8,037,406.42 at 31 May 2011 in relation to the Fund's investment in the RREEF Pan-European Infrastructure Fund (30.11.2010, £8,388,964).

There were no other commitments or contingent liabilities at 31 May 2011 (30.11.2010, £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 £7,615,400 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 2011, 4.97% (30.11.2010, 5.25%) of the value of the Fund was held in shares in The CBF Church of England Property Fund, 14.10% (30.11.2010, 13.41%) of the value of the Fund was held in shares in The CBF Church of England UK Equity Fund, 5.02% (30.11.2010 4.98%) of the value of the Fund was held in shares in The CBF Church of England Global Equity Income Fund, and 1.95% (30.11.2010, 5.45%) of the value of the Fund was held in The CBF Church of England Deposit Fund.

At 31 May 2011, the Fund held 69.23% (30.11.2010, 76.16%) of the shares of The CBF Church of England Global Equity Income Fund, 93.61% (30.11.2010, 93.83%) of the shares in The CBF Church of England UK Equity Fund, and 32.85% (30.11.2010, 34.19%) 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 and stewardship services (including EIAG costs) 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 2011 (30.11.2010, £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 was an outstanding balance of £6,224.30 due to CBFFT at 31 May 2011 (30.11.2010, £nil). There were no other transactions entered into with CBFFT during the year.

Notes to the accounts

(unaudited)

At 31 May 2011 a cash balance of £6,291,690.31 (30.11.2010, £44,833,476) was held in The CBF Church of England Deposit Fund, and £10,700,000 was held in The CBF Public Sector Deposit Fund.

Further details of the Fund's holdings in other CBF Church of England Funds are disclosed in note 13.

Distribution table

for the half year ended 31 May 2011 (unaudited)

<i>Period ended</i>	<i>Date paid/payable</i>	<i>Dividends paid/payable pence per share</i>	
		2011	2010
Income shares			
28 February 2011	30 March 2011	6.00	6.00
31 May 2011	30 June 2011	13.00	13.00
		<u>19.00</u>	<u>19.00</u>
		<u><u>19.00</u></u>	<u><u>19.00</u></u>
		<i>Revenue accumulated pence per share</i>	
		2011	2010
Accumulation shares			
28 February 2011		14.68	12.68
31 May 2011		27.74	23.23
		<u>42.43</u>	<u>35.91</u>
		<u><u>42.43</u></u>	<u><u>35.91</u></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 agree their terms of engagements
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme 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.

Statement of Trustee and Manager responsibilities

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 the 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;
- 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

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
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

C Peters

Company Secretary

J Fox

Head of Operational Risk, Internal Audit and Compliance

A Kemp

Head of Ethical and Responsible Investment

H Wildsmith

Banker and Monitoring Service

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC2R 8LA

Safe-Custody Agent

The Northern Trust Company
50 Bank Street, Canary Wharf
London E14 5NT

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Independent Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF



CCLA INVESTMENT MANAGEMENT LIMITED

The CBF Church of England Funds

The CBF Church of England Funds provide Church of England parishes, dioceses and other church charitable trusts with a ready-made service to look after their money and investments. These Funds aim to provide prudent management of church money avoiding unnecessary risks but at the same time seeking to deliver satisfactory investment results.

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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