

THE CBF CHURCH OF ENGLAND
SHORT DURATION BOND FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 December 2025

CCLA

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*Collectively, these comprise the Manager's Report.

**Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Audited Financial Statements of The CBF Church of England Short Duration Bond Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

Structure and management of the Fund

The Fund is an investment fund, administered as a common fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) Measure 2010, and the Church Funds Investment Measure 2025 (together the “Measure”) and the Trustee Act 2000. The Fund was formed in 1977. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time.

CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2008 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement.

Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective

The Fund aims to generate a total return (income plus capital growth) of cash (represented by SONIA) plus 1.75% per annum (net of fees and expenses) when measured over a rolling three year period.

There is no guarantee that the investment objective of the Fund will be achieved over any time period. Capital is at risk.

REPORT OF THE TRUSTEE**for the year ended 31 December 2025****Investment policy**

The Fund will invest in a range of fixed and floating rate debt and/or debt related instruments issued by corporates and governments (government and public securities) including loans (which may be leveraged), inflation-linked securities, money market instruments and asset backed or other securitised products. Such instruments may be issued by issuers located in developed and emerging markets (as defined by MSCI for the purposes of its developed and emerging markets indices). Exposure to these assets may be via direct holdings or indirectly through investment in other funds (including those managed and operated by the Manager, the Sub-Investment Manager or their associates). Such funds may include exchange traded funds, closed-ended investment companies (including UK investment trusts) and open-ended funds. Investments made by the Fund may be either liquid or illiquid in nature.

The Fund will be managed to ensure that the Fund's duration is less than 3.5 years, with the aim of reducing the effect of changes in interest rates on the Fund's value. The Fund's duration measures the sensitivity of the value of the Fund to a change in interest rates; the lower the duration the less impact a change in interest rates will have on the Fund's value.

The Fund is managed in line with a faith-consistent investment policy, developed by the Manager, to meet Shareholders' desire to invest in a way that reflects Christian and Anglican teachings and is grounded in the advice produced by the Church of England's Ethical Investment Advisory Group. This can include restrictions from investment (or other implications for asset selection) and/or engagement activity that goes beyond CCLA's standard approach.

The Fund is actively managed which means the Manager/Sub-Investment Manager uses their discretion to pick investments to seek to achieve the investment objective.

The Fund will invest in instruments issued in a range of currencies and will hedge the non-sterling denominated portion of the portfolio back to the Fund's Base Currency in a range of 95%-105% of the Net Asset Value of the Scheme Property, to reduce the risk of exposure to non-sterling currency fluctuations.

The Fund may invest in instruments that are either investment grade or non-investment grade as rated by a recognised credit rating agency. Where an instrument does not have an explicit rating from a recognised credit rating agency ("Unrated Securities"), the Manager or Sub-Investment Manager is permitted to calculate a deemed rating.

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

The constraints set out below will apply to the Fund. During periods of rapid credit rating downgrades and/or market illiquidity however these constraints may be temporarily exceeded. Where this occurs steps will be taken to bring the Fund into compliance with the constraints stated below within a reasonable period of time.

- The maximum exposure to non-investment grade securities is 20% of the Net Asset Value of the Scheme Property. Credit ratings used for measuring compliance with this rule are the highest long-term ratings of the recognised credit rating agencies used.
- The maximum exposure to non-investment grade securities with a rating assessed as being less than 'speculative' status is 5% of the Net Asset Value of the Scheme Property.
- The maximum exposure to Unrated Securities (including securities that the Manager and/or Sub-Investment Manager have given a deemed rating) is 5% of the Net Asset Value of the Scheme Property.
- The Fund will invest no more than 10% of its Net Asset Value in Collective Investment Schemes including In-House Funds.

The Fund uses derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management. Efficient portfolio management includes hedging (for example, reducing currency risk) and otherwise managing the Fund in a way that is designed to reduce risk or costs and/or to generate extra income or growth with a level of risk consistent with the risk profile of the Fund.

The Sub-Investment Manager

Hermes Investment Management Limited has been appointed by CCLA as the Sub-Investment Manager of the Fund.

The Sub-Investment Manager is a limited liability company incorporated in England and Wales with company registration number 02466043 whose address and details are shown in the directory.

The Sub-Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under reference number 150000.

The Sub-Investment Manager provides portfolio management services to the Fund.

CCLA is responsible for any fees payable to the Sub-Investment Manager.

Target benchmark

The target benchmark for the Fund is SONIA plus 1.75% per annum. The target benchmark sets a standard against which the performance of the Fund can be assessed.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

investment policy of the Fund. Investors should be looking to invest for at least three years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

Review of investment activities and policies of the Fund

The Trustee is ultimately responsible for The CBF Church of England Funds and receives reports on the published financial statements. The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided by the Manager under the investment management agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund. The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, the Trustee is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the

Church Funds Investment Measure 1958 and with the investment management agreement.

Controls and risk management

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required. The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight provides an additional layer of comfort for Shareholders.

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.

At its periodic audit committee meetings, the Trustee receives a report from the Chief Risk Officer of the Manager which covers the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;

REPORT OF THE TRUSTEE

for the year ended 31 December 2025

- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines any operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Short Duration Bond Fund would cease operations and be wound up, with the investors’ existing holdings in the CBF Church of England Short Duration Bond Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund. For existing and future investors, the investment experience and service they receive will be unchanged, and the transfer will be undertaken with the minimum of disruption.

The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

The Archbishops’ Council supported the draft legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2027, the Trustee has concluded that the financial statements should be prepared on a basis other than going concern.

Acquisition by Jupiter Fund Management

On 2 February 2026, CCLA Investment Management Limited was acquired by the Jupiter Group (a UK-based active investment management company). The transaction followed an extensive strategic review and engagement with key stakeholders and is expected to support the long-term sustainability of the business. CCLA will retain its brand, investment philosophy and client service model, while benefiting from access to the Jupiter Group’s broader investment capabilities, resources and infrastructure. Planning for operational and regulatory integration commenced in the latter part of 2025 and continues following completion of the transaction.

CCLA remains committed to serving churches, charities and local authorities.

A Brookes, Chair
CBF Funds Trustee Limited
11 May 2026

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

Strategy

The Fund aims to generate a total return (income plus capital growth) of cash, represented by Sterling Overnight Index Average (SONIA) plus 1.75% per year, after fees and expenses, measured over a rolling three-year period.

The Fund will invest in a range of fixed interest and variable-rate debt securities (also known as bonds) and other debt-related instruments issued in a range of currencies. These instruments can be issued by companies (in which case they are known as corporate bonds) or governments. In addition to bonds, they can include loans, inflation-linked securities, money-market instruments and asset-backed or other securitised products (financial instruments backed by assets that generate an income, for example, mortgages or student loans).

The Fund focuses on generating returns from credit risk, meaning that the manager aims to identify individual bonds that will deliver high returns, relative to the level of risk associated with a particular borrower at the corporate level. Conversely, the Fund has limited appetite for interest rate risk (duration), which describes how a bond's returns are likely to be affected by general changes in interest rates. For that reason, we manage the fund so that its duration is less than 3.5 years. The Fund minimises currency risk.

The Fund may invest in instruments that are either investment grade or non-investment grade (the latter up to a maximum of 20% of the fund) as rated by a recognised credit rating agency that the investment manager or sub-investment manager has determined meets appropriate regulatory standards.

Annualised total capital and income return

To 31 December 2025	1 year %	5 years % p.a.	10 years % p.a.
Performance against benchmark (after expenses)			
The CBF Church of England Short Duration Bond Fund			
Income Shares*	6.11	0.63	2.82
Accumulation Shares*	6.11	0.64	2.83
Target Benchmark[#]	6.00	0.64	3.24
Consumer Price Index (CPI)	3.32	5.11	3.40

[#] Target Benchmark – Composite: From 27.07.22 SONIA + 1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50%.

* NAV to NAV plus income re-invested.

Past performance is not a reliable indicator of future results.

Source: CCLA, Bloomberg & HSBC.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2025

The Fund uses derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management (for example, hedging to reduce currency risk). The Fund follows a set of client-driven, values-based investment restrictions.

As of 31 December 2025, approximately 75% of the Fund's portfolio was in corporate bonds, predominantly rated investment grade but with a smaller allocation to non-investment grade bonds, while 22% was in government bonds (principally US Treasuries but also UK and other government bonds). The remainder was in cash, derivatives, mortgage-backed or securitised bonds.

As of 31 December 2025, the Fund's modified duration, a measure of its exposure to interest rate risk, was 1.85%. The weighted average gross redemption yield (yield to maturity) of the securities in the Fund was 4.72%. This gross redemption yield indicates what the total return would be if the Fund's investments were held to maturity, i.e. the aggregate of gross interest received and capital gain or loss at redemption, annualised.

Performance

Over the 12 months under review, the Fund returned 6.11%, net of expenses, outperforming its target benchmark's return of 6.00%.

Over the year under review, each of the fund's bond positions contributed positively to the fund's returns, in local-currency terms. Where currency differences caused losses to individual positions when translated into pounds sterling, the currency hedges we put in place more than made up for those losses. The only, but small, detractor from performance was therefore the cost of the credit protection that we put in place.

Among the contributors to the fund's performance, by country, US bonds were the largest contributor, led by Treasuries (US government bonds). Two-year US Treasuries made up c.22% of the fund's portfolio during the year, and two-year US Treasury yields fell as the Fed cut rates to support the US economy. UK corporate bonds also contributed to the fund's returns, led by the fund's positions in bonds of pension insurer Rothesay and international bank Barclays.

By sector, government bonds and, among corporate bonds, financial-sector bonds were the main contributors to performance, led by banks such as Banco Santander and Société Générale. By credit rating, BBB-rated bonds were the main contributors to the fund's performance, while CCC-rated bonds made the smallest contribution.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

Market review

During the year under review, inflation continued to trend above target in most countries, but central banks cut interest rates nonetheless. Despite these rate cuts, however, yields on long-dated government bonds rose, or fell less than central banks cut interest rates, as government debt continued to grow, geopolitical risk increased and inflation expectations rose.

As a result, the difference between yields on short-dated bond (e.g. two-year bonds) and longer-dated bonds (e.g. 10-year bonds) increased. In technical parlance: the yield curve, a graph that shows the yields of the same issuer's bonds for different maturities, became steeper during 2025.

- In the United States, core personal consumption expenditure (PCE) inflation remained stable but above target over the year under review, from 2.8%, year on year (yoy) in December 2024 to 2.6% in December.

In the first half of 2025, America's central bank, the Federal Reserve ('Fed'), kept interest rates on hold. It did so despite pressure from the Trump administration to lower rates, and even after Trump announced his 'reciprocal tariffs' on 2 April. In the second half of 2025, the Fed cut interest rates by 0.25% in each of September, October and December, mainly to counter weakening job numbers.

In line with the Fed's rate cuts, two-year US Treasury (government bond) yields fell from 4.25% at the start of 2025 to 3.47% at the end of the year. But 10-year US Treasury yields fell much less over that timeframe, from 4.57% to 4.18%.

Because 10-year yields fell less than two-year yields, the yield curve steepened, for several reasons. The non-partisan Congressional Budget Office expects President Trump's 'One Big Beautiful Bill' to raise US government debt by c. \$3.4 trillion over the next ten years. In addition, higher debt, higher government budget deficits and President Trump's threats against the Fed raised fears for higher inflation. Finally, President Trump's geopolitical sabre-rattling (often using tariff threats) raised the extra yield that investors required for holding US Treasuries.

- In the UK, consumer price (CPI) inflation rose from 2.5%, yoy, in December 2024 to 3.8% in July, August and September, before falling to 3.2% in November and creeping up to 3.4% in December. Nevertheless, the Bank of England (BoE) cut its Official Bank Rate (OBR) four times, in February, May, August and December.

As a result, yields on two-year UK government bonds (gilts) fell from 4.20% at the end of 2024 to 3.63% at the end of 2025. Ten-year gilts, however, started 2025 at 4.58%, before peaking around 4.83% in August 2025 and falling back to end the year exactly where they had started it, at 4.57%.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

In the first half of the year, long-dated gilt yields mainly rose because Chancellor Rachel Reeves' first budget, in October 2024, had laid bare the UK government's precarious finances. The run-up to her second budget, in November 2025, led to much speculation among investors, but her budget itself was considered fiscally prudent.

- The European Central Bank (ECB) cut interest rates in February, March, April and June, by 1% in total. Eurozone inflation fell from 2.4%, yoy, in December 2024 to 2.0% in June, July and August 2025, the ECB's target. It crept up to 2.2% in September but fell to 1.9% in December.

Despite the ECB's rate cuts, government bond yields rose in Germany, where newly elected prime minister Friedrich Merz relaxed his government's debt restrictions and announced a €500 billion increase in defence spending. By contrast, yields fell somewhat in countries previously considered peripheral, like Italy. At some points in the year, government bond yields there fell to levels below those of more 'core' countries, such as France.

At the beginning of 2025, corporate bonds offered lower additional yields over government bonds ('spread') than they had in many years. For US corporate bonds, for example, that spread was around 0.83%. But after President Trump laid out his tariff plans in April, US corporate bond spreads widened significantly, to around 1.21%. They quickly narrowed

again, however, after Trump paused his tariffs. Corporate spreads continued to narrow as most firms reported solid financial results in 2025. In the end, they ended the year approximately where they had started it.

Outlook

At the end of 2025, bond valuations remained high, even in traditionally risky or high-volatility segments of the market. As a result, we have continued to prefer higher-rated, defensive and fundamentally robust sectors, such as telecoms and financial institutions.

In addition, we are selectively capitalising on opportunities in European BB-rated bonds and bonds of issuers in chemicals and packaging.

Recently, we have also started to focus on bonds that provide high income, on longer-dated bank bonds and by capitalising on sudden spikes in market volatility.

We continue to monitor, with caution, the high volume of bonds issued by large tech companies that are building AI (artificial intelligence) infrastructure.

Our view on the economy continues to be positive, supported by moderate growth expectations and solid economic fundamentals.

CCLA Investment Management Limited
11 May 2026

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2025

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
US Treasury 0% 2026	11,132	US Treasury 0% 2025	11,048
US Treasury 0% 2026	5,102	US Treasury 0% 2025	7,961
US Treasury 5% 2025	1,192	SIG Combibloc PurchaseCo Sarl	
SIG Combibloc PurchaseCo		2.125% 2025	955
Sarl 3.75% 2030	539	UK Treasury 5% 2025	810
J Sainsbury 5.125% 2030	467	Lloyds Bank Plc 5.125% 2025	622
E-CARAT DE Lease 2025-1 FRN 2034	421	Mondi Finance PLC 1.625% 2026	610
Cooperatieve Rabobank UA		Bharti Airtel Ltd 4.375% 2025	443
1.875% VRN 2028	380	Banco BPM SpA 1.625% 2025	416
Sixt SE 3.25% 2030	369	Berry Global Inc 1% 2025	388
Nexans SA 4.125% 2029	346	Huntsman International LLC 4.25% 2025	377
Suez SA 1.25% 2035	336		

When a stock has both purchases and sales in the reporting period, these transactions have been netted and the net amount has been reflected as either a net purchase or net sale in the table above.

Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

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 dealing day only.

The gross redemption yield is an estimate of total return over the long-term. The Fund's gross dividend yield and gross redemption yield are not guaranteed and will change over time. When the Fund's distribution yield is higher than the gross redemption yield, some revenue is being paid at the expense of capital.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

SUSTAINABILITY APPROACH

to the Shareholders of The CBF Church of England Short Duration Bond Fund

Sustainable Investment Label

This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The fund does not use a sustainable investment label because it does not have a sustainability goal.

Approach to Sustainability

The fund is managed in line with a faith-consistent investment policy, developed by CCLA, to meet shareholders' desire to invest in a way that reflects Christian and Anglican teachings and is grounded in the advice produced by the Church of England's Ethical Investment Advisory group. This includes the application of values-based investment restrictions as part of the fund's wider sustainability approach. The restrictions that apply to the fund are set out in the scheme information.

Sustainability and Climate-related financial disclosures

CCLA recognises that the investments within the Fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the Fund because healthy markets need a healthy planet and healthy communities. Additionally, CCLA has committed to reporting, at least annually, against its approach to sustainability. This is accomplished via the publication of a product-level sustainability report for each fund it manages. The content of this report aligns with the requirements of the environmental, social and governance (ESG) sourcebook published by the Financial Conduct Authority (FCA) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The funds Public product-level sustainability report can be found in the individual fund's document section of website www.ccla.co.uk/funds/cbf-church-england-short-duration-bond-fund#fund-documents.

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed

by a dedicated Nominations Committee. It is currently Chaired by Barbara Ridpath. More information about the EIAG is available at www.churchofengland.org/eiag.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The CBF Church of England Short Bond Fund ('the Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2025 and of the net revenue and the net capital loss on the property of the Fund for the year ended 31 December 2025;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution tables; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1a in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees and Manager

As explained more fully in the Statement of Trustee and Manager Responsibilities, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustee about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Charity Commission.

Use of our report

This report is made solely to the Shareholders of the Fund, as a body, in accordance with Paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the Shareholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shareholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
11 May 2026

SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the Recommended Holding Period.



The Manager has classified The CBF Church of England Short Duration Bond Fund as 2 out of 7, which is a low risk class. This rates the potential losses from future performance at a low level and poor market conditions are very unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator (SRI) of the Fund was revised down from 3 to 2 with effect from the updated version of the KID dated 17 October 2025. This followed a sustained reduction in the risk category of the Fund over the preceding 4 month period (a calculation which involves measuring the annualised volatility of the Fund's returns). The SRI of the Fund is monitored on an ongoing basis and, if any material change has occurred, the new SRI of the Fund is reflected in an updated version of the KID.

The summary risk indicator assumes investment in the Fund for the Recommended Holding Period of three years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

Investors can request redemption at any time and the Fund deals on a daily basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per Share

	Year to 31.12.2025 pence per Share	Income Shares Year to 31.12.2024 pence per Share	Year to 31.12.2023 pence per Share
Opening net asset value per Share	148.74	144.23	136.68
Return before operating charges*	9.64	8.91	11.10
Operating charges**	(0.50)	(0.49)	(0.45)
Return after operating charges*	9.14	8.42	10.65
Distributions on Income Shares	(5.34)	(3.91)	(3.10)
Closing net asset value per Share	152.54	148.74	144.23
* after direct transaction costs of:	0.03	0.02	—

Performance

Return after charges	6.14%	5.84%	7.79%
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Other information

Closing net asset value (£'000)	71,372	69,543	68,114
Closing number of Shares	46,787,402	46,752,958	47,224,854
Operating charges**	0.32%	0.34%	0.32%
Direct transaction costs	0.02%	0.02%	—

Prices (pence per Share)

Highest Share price (offer)	153.88	150.32	145.50
Lowest Share price (bid)	148.39	144.19	136.86

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

COMPARATIVE TABLE

Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2025 pence per Share	Year to 31.12.2024 pence per Share	Year to 31.12.2023 pence per Share
Opening net asset value per Share	611.24	577.21	535.09
Return before operating charges*	40.13	36.02	43.91
Operating charges**	(2.07)	(1.99)	(1.79)
Return after operating charges*	38.06	34.03	42.12
Distributions on Accumulation Shares	(21.94)	(15.76)	(12.15)
Retained distributions on Accumulation Shares	21.94	15.76	12.15
Closing net asset value per Share	649.30	611.24	577.21
* after direct transaction costs of:	0.14	0.09	0.02

Performance

Return after charges	6.23%	5.90%	7.87%
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Other information

Closing net asset value (£'000)	2,821	2,319	1,743
Closing number of Shares	434,503	379,465	301,990
Operating charges**	0.32%	0.34%	0.32%
Direct transaction costs	0.02%	0.02%	—

Prices (pence per Share)

Highest Share price (offer)	650.26	613.63	579.27
Lowest Share price (bid)	611.60	577.03	535.82

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2025

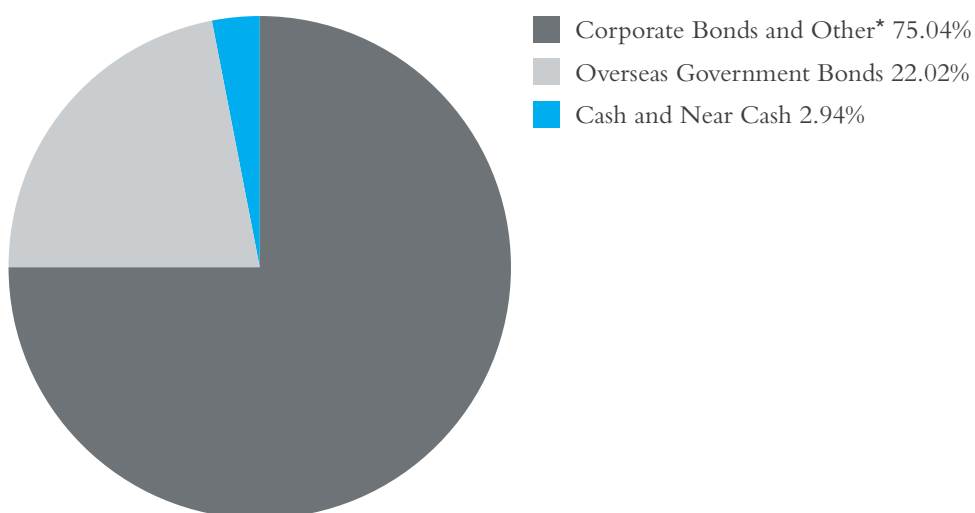
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2025 %	31.12.2024 %
Manager's annual management charge including VAT	0.26	0.26
Safe custody fees and monitoring fee	0.01	0.03
Other expenses	0.05	0.05
Total operating charges	0.32	0.34

PORTFOLIO ANALYSIS

at 31 December 2025

Portfolio Allocation



By term to maturity

Period	Fund
0-5 years	69.04%
5-10 years	26.16%
10-15 years	1.24%
Over 15 years	3.56%
Duration (modified)	1.85 yrs
Average term to maturity	6.91 yrs

The portfolio analysis above differs from the following portfolio statement because prices used here are mid-market rather than bid.

* Includes investments in derivatives.

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Government Bonds 21.87% (31.12.2024 – 27.50%)			
US Treasury 0% 2026	\$6,900,000	5,107	6.88
US Treasury 0% 2026	\$14,996,000	11,120	14.99
Non-Government Bonds 73.72% (31.12.2024 – 69.10%)			
AbbVie 4.55% 2035	\$560,000	410	0.55
ABN AMRO Bank 4.75% VRN Perpetual	€200,000	176	0.24
AerCap Ireland Capital DAC Aer 5.375% 2031	\$350,000	270	0.36
AIB Group 6% VRN Perp	€200,000	179	0.24
Air Lease 3.7% 2030	€305,000	269	0.36
Alcoa Nederland Holding 4.125% 2029	\$200,000	146	0.20
Alcon Finance Corp 2.6% 2030	\$200,000	138	0.19
Allianz Finance II 0.5% 2031	€200,000	156	0.21
Ally Financial 4.7% VRN perpetual	\$70,000	49	0.07
Alpek SAB de CV 3.25% 2031	\$210,000	133	0.18
Alpha Bank 2.5% VRN 2028	€150,000	131	0.18
Alpha Bank 4.308% VRN 2036	€100,000	88	0.12
América Móvil 5% 2026	£290,000	292	0.39
American Express 5.625% VRN 2034	\$127,000	99	0.13
American Medical Systems Europe 1.875% 2034	€340,000	262	0.35
American Tower Corp 4.05% 2032	\$100,000	72	0.10
Amrize Finance US LLC 5.4% 2035	\$130,000	100	0.13
Anglo American Capital 2.875% 2031	\$360,000	247	0.33
Apple 2.65% 2051	\$620,000	286	0.39
Aptiv 3.1% 2051	\$275,000	132	0.18
Arcelik 3% 2026	€300,000	262	0.35
Ardagh Metal Packaging Finance 3% 2029	€100,000	83	0.11
Ashland 3.375% 2031	\$200,000	136	0.18
Ashtead Capital Inc 4.25% 2029	\$200,000	147	0.20
ASML Holding NV 2.25% 2032	€250,000	210	0.28
Asmodee Group AB 4.25% 2031	€100,000	88	0.12
Assicurazioni Generali 1.713% 2032	€200,000	155	0.21
AstraZeneca 2.125% 2050	\$180,000	75	0.10
Australia New Zealand Bank 5.101% VRN 2033	€100,000	91	0.12
Auto ABS Italian Stella Loans FRN 2039	€283,000	173	0.23
Auto ABS Italian Stella Loans FRN 2039	€100,000	62	0.08
AutoFlorence 3 FRN 2046	€200,000	85	0.11

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
AutoNoria Spain 2025-1 FT FRN 2043	€200,000	174	0.23
AXA 3.625% 2033	€180,000	160	0.22
AXA 6.375% VRN perpetual	€131,000	123	0.17
Ball Corporation 2.875% 2030	\$200,000	137	0.18
Ball Corporation 5.5% 2033	\$250,000	189	0.25
Banco BPM SpA 6% VRN 2028	€200,000	180	0.24
Banco BPM SpA 6.25% VRN Perp	€200,000	180	0.24
Banco BTG Pactual SACayman Islan 5.75% 2030	\$200,000	152	0.21
Banco Mercantil del Norte 6.625% VRN Perpetual	\$200,000	146	0.20
Banco Santander 1.722% VRN 2027	\$200,000	146	0.20
Banco Santander 5% VRN 2034	€300,000	274	0.37
Banco Santander SA 7% VRN Perp	€200,000	188	0.25
Bank of Cyprus Holdings PLC 4.25% VRN 2036	€100,000	87	0.12
Bank of Ireland 1.375% VRN 2031	€300,000	261	0.35
Barclays 4.616% VRN 2037	€200,000	179	0.24
Barclays 8.5% VRN perpetual	£200,000	215	0.29
Bath & Body Works 6.875% 2035	\$175,000	132	0.18
BAWAG Group 6.75% VRN 2034	€300,000	285	0.38
BAWAG Group AG 4.125% VRN 2035	€300,000	263	0.35
BC ULC New Red Finance 5.625% 2029	\$155,000	117	0.16
Bharti Airtel Ltd 3.25% 2031	\$300,000	210	0.28
BM European Value Retail 6.5% 2031	£280,000	276	0.37
BNP Paribas 2% VRN 2031	£300,000	297	0.40
BNP Paribas 4.625% VRN Perpetual	\$200,000	137	0.18
Caisse Nationale de Reassurance 0.75% 2028	€200,000	165	0.22
Caisse Nationale de Reassurance 6.5% VRN Perpetual	€100,000	91	0.12
CaixaBank 4.375% VRN 2036	€100,000	90	0.12
CaixaBank 5.875% VRN Perpetual	€200,000	181	0.24
CANPACK SA Eastern PA Land 2.375% 2027	€100,000	86	0.12
Carrier Global Corp 2.7% 2031	\$160,000	110	0.15
CCO Holdings 4.25% 2031	\$213,000	146	0.20
Cellnex Telecom 0.75% 2031	€600,000	472	0.64
Cemex 3.125% 2026	€200,000	174	0.23
Cemex SAB de CV 3.875% /2031	\$200,000	142	0.19
Centene 2.5% 2031	\$560,000	359	0.48
CF Industries 4.95% 2043	\$200,000	134	0.18
Cigna Corp 2.375% 2031	\$360,000	243	0.33
Cisco Systems 2.5% 2026	\$550,000	405	0.55

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Citigroup 4.125% 2028	\$110,000	82	0.11
Citigroup 5.15% 2026	£500,000	502	0.68
Clarios Global LP Clarios US Fi 4.75% 2031	€100,000	89	0.12
ClevelandCliffs 4.625% 2029	\$88,000	64	0.09
ClevelandCliffs 7.375% 2033	\$12,000	9	0.01
Clydesdale Acquisition Holdings 6.75% 2032	\$100,000	76	0.10
CNH Industrial 3.85% 2027	\$460,000	341	0.46
Comcast Corporation 1.5% 2031	\$400,000	259	0.35
Commerzbank 1.375%VRN 2031	€400,000	346	0.47
Cooperatieve Rabobank UA 1.875%VRN 2028	£400,000	386	0.52
Crown Americas 4.25% 2026	\$195,000	144	0.19
Crown Castle Inc 2.5% 2031	\$100,000	67	0.09
Crown European Holdings 4.5% 2030	€162,000	147	0.20
Dell International 4.35% 2030	\$415,000	309	0.42
Dell International 5.4% 2034	\$365,000	279	0.38
Deutsche Bank 4.5%VRN Perpetual	€200,000	174	0.23
Deutsche Bank AG 5.625%VRN 2031	€300,000	263	0.35
Dow Chemical 1.875% 2040	€175,000	107	0.14
Dow Chemical 5.15% 2034	\$44,000	33	0.04
DS Smith 2.875% 2029	£336,000	317	0.43
Dutch Property Finance 2022-1 FRN 2059	€300,000	263	0.35
E-CARAT DE Lease 2025-1 FRN 2034	€500,000	435	0.59
Elis SA 3.375% 2031	€300,000	259	0.35
Enel Finance International 0.875% 2034	€225,000	155	0.21
Enel SpA 1.875%VRN Perp	€100,000	79	0.11
Engie 3.875% 2036	€100,000	87	0.12
Engie 5.625% 2034	\$200,000	156	0.21
Erste Group Bank AG 6.375%VRN Perp	€200,000	182	0.25
Eurofins Scientific 0.875% 2031	€300,000	228	0.31
Evonik Industries AG 3.25% 2030	€150,000	132	0.18
ExportImport Bank of India 2.25% 2031	\$200,000	134	0.18
Falabella 3.375% 2032	\$200,000	133	0.18
FCT Noria 2021 FRN 2049	€200,000	34	0.05
First Citizens BancShares 5.8009%VRN Perpetual	\$213,000	160	0.22
Ford Motor Credit 5.78% 2030	£250,000	251	0.34
Fresenius Medical Care US Finance 2.375% 2031	\$375,000	248	0.33
Fresenius SE and Co KGaA 0.375% 2026	€200,000	172	0.23
Froneri Lux FinCo SARL 4.75% 2032	€100,000	88	0.12

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
GAMMA Sociedade de Titularizacao FRN 2034	€100,000	63	0.09
General Motors Financial 2.35% 2031	\$500,000	334	0.45
Gilead Sciences 2.6% 2040	\$275,000	151	0.20
GlaxoSmithKline Capital 1.625% 2035	£310,000	232	0.31
Golden Bar Securitisation Srl 202 FRN 2044	€100,000	88	0.12
Goldman Sachs 3.102% VRN 2033	\$180,000	123	0.17
Goodyear Europe 2.75% 2028	€100,000	85	0.11
Graphic Packaging International 3.75% 2030	\$200,000	141	0.19
Graphic Packaging International 2.625% 01/02/2029	€140,000	118	0.16
Greenko Power II 4.3% 2028	\$200,000	107	0.14
Gruenthal 4.625% 2031	€100,000	88	0.12
HCA 2.375% 2031	\$465,000	310	0.42
HCA 3.5% 2051	\$150,000	76	0.10
Hermitage 2025 FRN 2033	£131,000	131	0.18
Hermitage FRN 2033	£250,000	125	0.17
Home Depot IncThe 4.65% 2035	\$100,000	74	0.10
Hops Hill No 2 FRN 2054	£200,000	203	0.27
HP 2.65% 2031	\$250,000	168	0.23
HP 3% 2027	\$600,000	439	0.59
HSBC Holdings 6.5% VRN Perp	\$200,000	152	0.21
HSBC Holdings 6.364% VRN 2032	€150,000	139	0.19
HSBC Holdings 6.547% VRN 2034	\$200,000	160	0.22
Huntsman International 2.95% 2031	\$367,000	230	0.31
Huntsman International 5.7% 2034	\$13,000	9	0.01
Huntsman International LLC 4.5% 2029	\$250,000	178	0.24
Iberdrola Finanzas 4.871% VRN perpetual	€100,000	92	0.12
Iberdrola Finanzas SA 5.25% 2036	£100,000	100	0.13
Iliad 1.875% 2028	€200,000	170	0.23
iliad 4.25% 2032	€100,000	88	0.12
Infineon Technologies AG 2.875% 2030	€300,000	260	0.35
Informa 3.25% 2030	€400,000	348	0.47
Infrastrutture Wireless Italian 1.625% 2028	€340,000	286	0.39
Infrastrutture Wireless Italiane 1.75% 2031	€200,000	161	0.22
ING Groep 4.25% VRN Perpetual	\$200,000	133	0.18
ING Groep NV 0.875% VRN 2032	€200,000	170	0.23
ING Groep NV 3% 2026	£300,000	300	0.40
InPost SA 4% 2031	€175,000	153	0.21
Intesa Sanpaolo SpA 4.271% VRN 2036	€200,000	178	0.24

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
IQVIA 2.25% 2029	€380,000	322	0.43
Iron Mountain 4.5% 2031	\$202,000	143	0.19
Iron Mountain 5.25% 2030	\$54,000	40	0.05
Iron Mountain 5.625% 2032	\$44,000	32	0.04
J Sainsbury 5.125% 2030	£467,000	478	0.64
John Deere Capital Corp 3.9% 2032	\$100,000	73	0.10
JPMorgan Chase 4.625% VRN Perpetual	\$110,000	82	0.11
KB Home 4% 2031	\$100,000	70	0.09
KB Home 4.8% 2029	\$71,000	53	0.07
Klabn Austria 3.2% 2031	\$200,000	134	0.18
Koninklijke 3.875% 2036	€500,000	437	0.59
Koninklijke KPN NV 3.375% 2035	€200,000	169	0.23
La Banque Postale 3% VRN Perpetual	€200,000	163	0.22
Lanebrook Mortgage Transaction FRN 2058	£225,000	225	0.30
Levi Strauss 3.5% 2031	\$320,000	222	0.30
Liberty Mutual Group 4.3% 2061	\$230,000	114	0.15
LKQ 5.75% 2028	\$150,000	115	0.16
LKQ Corp 6.25% 2033	\$200,000	159	0.21
LKQ Dutch Bond 4.125% 2031	€100,000	89	0.12
Lloyds Banking Group 8.5% VRN perpetual	£200,000	211	0.28
Logicor Financing 1.5% 2026	€100,000	87	0.12
London Cards No 2 FRN 2034	£150,000	152	0.20
Lorca Telecom Bondco 4% 2027	€300,000	39	0.05
Macquarie Bank 3.052% VRN 2036	\$200,000	135	0.18
Macys Retail Holdings LLC 6.125% 2032	\$200,000	150	0.20
Macys Retail Holdings LLC 7.375% 2033	\$15,000	12	0.02
Marks Spencer 3.25% 2027	£450,000	442	0.60
Marks Spencer 3.75% 2026	£300,000	299	0.40
Medline Borrower LPMedline 6.25% 2029	\$28,000	22	0.03
Meritage Homes 3.875% 2029	\$280,000	204	0.27
Metropolitan Life Global Funding 2.95% 2030	\$250,000	176	0.24
Micron Technology Inc 5.8% 2035	\$452,000	354	0.48
Millicom International Cellular 4.5% 2031	\$200,000	139	0.19
Molina Healthcare 6.25% 2033	\$92,000	70	0.09
Mondi Finance 3.75% 2032	€192,000	168	0.23
Mondi Finance 3.75% 2033	€298,000	258	0.35
Morgan Stanley 5.297% VRN 2037	\$356,000	269	0.36
Morgan Stanley 5.831% VRN 2035	\$22,000	17	0.02

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Mortimer BTL 2023-1 FRN 2056	£200,000	203	0.27
Mortimer BTL 2023-1 FRN 2056	£300,000	148	0.20
Mozart Debt Merger 3.875% 2029	\$110,000	80	0.11
Muenchener Rueckversicherun 5.875%VRN 2042	\$200,000	155	0.21
National Bank of Greece 5.875%VRN 2035	€100,000	93	0.13
National Grid 0.553% 2029	€300,000	240	0.32
NatWest Group 1.043%VRN 2032	€100,000	85	0.11
NatWest Group 5.125%VRN Perp	£200,000	199	0.27
Nemak SAB de CV 3.625% 2031	\$200,000	129	0.17
Netflix 3.625% 2030	€770,000	687	0.93
Network i2i Ltd 3.975%VRN Perp	\$200,000	147	0.20
NewDay Funding FRN 2033	£199,000	198	0.27
NewDay Funding FRN 2031	£100,000	102	0.14
Nexans SA 4.125% 2029	€400,000	358	0.48
Nexi SpA 0% 2028	€100,000	81	0.11
Next 3.625% 2028	£350,000	345	0.47
Next 5% 2031	£200,000	201	0.27
NGG Finance 2.125%VRN 2082	€100,000	86	0.12
Nokia 4.375% 2031	€430,000	393	0.53
Norsk Hydro ASA 3.625% 2032	€275,000	242	0.33
Norsk Hydro ASA 3.75% 2033	€140,000	123	0.17
Novelis Corporation 3.875% 2031	\$140,000	95	0.13
Nutrien 2.95% 2030	\$470,000	330	0.44
NXP BV NXP Funding LLC NXP USA 2.5% 2031	\$300,000	202	0.27
OI European Group 4.75% 2030	\$150,000	108	0.15
Olympus Water US Holding Corporation 5.375% 2029	€150,000	122	0.16
OneMain Finance Corporation 3.875% 2028	\$70,000	51	0.07
OneMain Finance Corporation 4% 2030	\$30,000	21	0.03
Open Text Corp 6.9% 2027	\$200,000	155	0.21
Optics Bidco 2.375% 2027	€100,000	86	0.12
Orbia Advance Corp SAB de CV 6.8% 2030	\$200,000	147	0.20
Orsted 1.5%VRN 3021	€250,000	187	0.25
Orsted 2.125% 2027	£350,000	339	0.46
OwensBrockway Glass Container I 7.375% 2032	\$50,000	38	0.05
Paprec Holding SA 4.5% 2032	€200,000	176	0.24
Pepper Iberia Consumer FRN 2033	€200,000	177	0.24
Phoenix Group Holdings 5.625% 2031	£200,000	202	0.27

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Pony Compartment German Auto FRN 2032	€100,000	76	0.10
Pony SA Compartment German Auto FRN 2032	€200,000	150	0.20
Post Holdings 4.5% 2031	\$133,000	94	0.13
Post Holdings 6.375% 2033	\$7,000	5	0.01
Prudential 2.95% VRN 2033	\$200,000	143	0.19
PVH Corporation 3.125% 2027	€122,000	107	0.14
PVH Corporation 5.5% 2030	\$278,000	210	0.28
QBE Insurance Group 2.5% VRN 2038	£100,000	95	0.13
Quikrete Holdings Inc 6.375% 2032	\$46,000	36	0.05
Red & Black Auto Germany FRN 2032	€200,000	111	0.15
Red & Black Auto Italy FRN 2034	€100,000	51	0.07
Red & Black Auto Italy FRN 2036	€200,000	163	0.22
Ren Finance 0.5% 2029	€100,000	81	0.11
Ren Finance 1.75% 2028	€225,000	193	0.26
Rexel 2.125% 2028	€110,000	94	0.13
Rothsay Life 3.375% 2026	£710,000	706	0.95
Rothsay Life 7.019% 2034	£200,000	214	0.29
Royal KPN 5% 2026	£100,000	101	0.14
Sally Holdings 6.75% 2032	\$187,000	145	0.20
Santander UK 5.75% 2026	£690,000	692	0.93
Sappi Papier Holding 7.5% 2032	\$80,000	62	0.08
SC Germany Compartment Leasing FRN 2032	€200,000	87	0.12
SC Germany SA Compartment Leasing FRN 2032	€200,000	86	0.12
Schaeffler 4.5% 2030	€100,000	89	0.12
Seagate HDD Cayman 4.091% 2029	\$283,000	206	0.28
Seagate HDD Cayman 4.125% 2031	\$55,000	39	0.05
Sealed Air Corporation 4% 2027	\$530,000	392	0.53
Siemens Financieringsmaatschappij 1.7% 2028	\$900,000	639	0.86
SIG Combibloc PurchaseCo Sarl 3.75% 2030	€632,000	558	0.75
Silgan Holdings 2.25% 2028	€350,000	299	0.40
Sixt SE 3.25% 2030	€440,000	385	0.52
SK Hynix 1.5% 2026	\$200,000	148	0.20
SK Hynix 2.375% 2031	\$200,000	135	0.18
Smurfit Kappa Treasury 1% 2033	€510,000	367	0.49
Societe Generale SA 3.375% VRN 2030	€200,000	175	0.24
Societe Generale SA 8.125% VRN Perp	\$200,000	157	0.21
Sonoco Products Co 5% 2034	\$100,000	74	0.10
SPCM 3.375% 2030	\$200,000	139	0.19

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
SSE 4%VRN Perpetual	€180,000	159	0.21
Steel Dynamics Inc 3.25% 2031	\$300,000	213	0.29
Stellantis Finance US 2.691% 2031	\$400,000	261	0.35
Stora Enso 7.25% 2036	\$100,000	82	0.11
Suez SA 1.25% 2035	€500,000	348	0.47
Summit Digital Infrastructure 2.875% 2031	\$600,000	405	0.55
Suzano Austria 3.125% 2032	\$400,000	266	0.36
TAGUS-Sociedade de Titularizacao FRN 2042	€100,000	68	0.09
Taylor Morrison Communities 5.125% 2030	\$367,000	274	0.37
TDC Net 5.186% 2029	€100,000	92	0.12
TDC Net 6.5% 2031	€200,000	193	0.26
Techem Verwaltungsgesellschaft 4.625% 2032	€173,000	153	0.21
Telefonica Europe 2.376%VRN Perpetual	€100,000	83	0.11
Telenet Finance Luxembourg 5.5% 2028	\$200,000	148	0.20
Telia 0.125% 2030	€300,000	227	0.31
Tenet Healthcare Corporation 4.375% 2030	\$200,000	146	0.20
Terna Rete Elettrica Nazionale SpA 1% 2028	€150,000	125	0.17
TerraForm Power Operating 4.75% 2030	\$280,000	202	0.27
Thermo Fisher Scientific 2% 2031	\$52,000	35	0.05
TMobile USA 2.25% 2031	\$850,000	560	0.75
TopBuild Corp 5.625% 2034	\$29,000	22	0.03
Turk Telekomunikasyon 7.375% 2029	\$200,000	155	0.21
UBS Group 4.375%VRN perpetual	\$200,000	136	0.18
UniCredit 2.731%VRN 2032	€425,000	370	0.50
Unilever 1.5% 2026	£410,000	405	0.55
Unilever Capital Corp 2.9% 2027	\$100,000	74	0.10
UnipolSai Assicurazioni 3.875% 2028	€200,000	179	0.24
UPC Broadband Finco 4.875% 2031	\$200,000	142	0.19
US Foods Inc 4.625% 2030	\$100,000	73	0.10
Verbund 0.9% 2041	€100,000	57	0.08
VF 0.625% 2032	€300,000	207	0.28
Vmed O2 UK Financing 4.5% 2031	£350,000	310	0.42
VMware 1.4% 2026	\$625,000	458	0.62
VZ Secured Financing BV 5% 2032	\$210,000	141	0.19
Wabtec Transportation Netherland 1.25% 2027	€150,000	128	0.17
WESCO Distribution Inc 6.375% 2033	\$20,000	16	0.02
Western Digital 3.1% 2032	\$300,000	205	0.28
Western Digital Corporation 4.75% 2026	\$32,000	24	0.03

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Whirlpool Corp 6.5% 2033	\$104,000	75	0.10
Wizz Air Finance 1% 2026	€250,000	218	0.29
WPAP Telecom 3.75% 2029	€100,000	87	0.12
XPLR Infrastructure Operating P 8.625% 2033	\$84,000	66	0.09
ZF Europe Finance 4.75% 2029	€100,000	86	0.12
ZF Finance 2.25% 2028	€100,000	83	0.11
ZF North America Capital Inc 7.5% 2031	\$150,000	113	0.15
Zurich Finance Ireland Designat 3%VRN 2051	\$300,000	203	0.27
Derivatives 0.97% (31.12.2024 – 0.35%)			
Credit Default Swaps 0.45% (31.12.2024 – 0.47%)			
JP Morgan 1% 20/12/2028	320,000	6	0.01
JP Morgan 1% 20/12/2028	920,000	17	0.02
JP Morgan 1% 20/12/2028	125,000	1	0.00
JP Morgan 1% 20/12/2028	630,000	9	0.01
JP Morgan 1% 20/12/2030	70,000	(3)	0.00
JP Morgan 1% 20/12/2030	(6,700,000)	(19)	(0.03)
JP Morgan 1% 20/12/2030	11,000,000	205	0.28
JP Morgan 1% 20/12/2030	100,000	10	0.01
JP Morgan 1% 20/12/2030	150,000	(5)	(0.01)
JP Morgan 1% 20/12/2030	70,000	—	0.00
JP Morgan 5% 20/12/2030	200,000	34	0.05
JP Morgan 5% 20/12/2030	80,000	14	0.02
JP Morgan 5% 20/12/2030	100,000	13	0.02
JP Morgan 5% 20/12/2030	100,000	16	0.02
Morgan Stanley 1% 20/12/2030	130,000	(3)	0.00
Morgan Stanley 5% 20/12/2030	155,000	7	0.01
Morgan Stanley 5% 20/12/2030	50,000	3	0.00
Morgan Stanley 5% 20/12/2030	260,000	29	0.04
Futures 0.09% (31.12.2024 – 0.30%)			
CBT US 10 Years Note (CBT) March 2026	(41)	23	0.03
CBT US 2 Years Note (CBT) March 2026	30	(3)	0.00
CBT US 5 Years Note (CBT) March 2026	5	(2)	0.00
CBT US Ultra Bond CBT March 2026	(13)	21	0.03
Euro-Bund Future March 2026	(32)	30	0.04
Long Gilt Future March 2026	(9)	(5)	(0.01)

PORTFOLIO STATEMENT

at 31 December 2025

	Holding	Fair value £'000	% of total net assets
Options 0.00% (31.12.2024- 0.06%)			
CDX North America High Yield 45 (4y) Default 12/20/2030 MLILUK 102.5	(5,000,000)	(1)	0.00
CDX North America High Yield 45 (4y) Default 12/20/2030 MLILUK 105	5,000,000	2	0.00
iTraxx Europe Crossover 44 (4y) Default 12/20/2030 MSLNUK 0.725	6,400,000	–	0.00
iTraxx Europe Crossover 44 (4y) Default 12/20/2030 MLILUK 3.25	8,500,000	2	0.00
iTraxx Europe Crossover 44 (4y) Default 12/20/2030 MLILUK 3.75	(8,500,000)	(1)	0.00
Forward Foreign Exchange Contracts 0.43% (31.12.2024 – (0.48%))			
GBP Forward Currency Contract 18/03/2026	GBP 23,589,006	141	0.19
EUR Forward Currency Contract 18/03/2026	(EUR 26,750,000)		
GBP Forward Currency Contract 18/03/2026	GBP 38,694,747	174	0.23
USD Forward Currency Contract 18/03/2026	(USD 51,800,000)		
USD Forward Currency Contract 18/03/2026	USD 700,000	(1)	0.00
GBP Forward Currency Contract 18/03/2026	(GBP 521,163)		
GBP Forward Currency Contract 18/03/2026	GBP 88,255	1	0.00
EUR Forward Currency Contract 18/03/2026	(EUR 100,000)		
GBP Forward Currency Contract 18/03/2026	GBP 896,031	4	0.01
USD Forward Currency Contract 18/03/2026	(USD 1,200,000)		
INVESTMENT ASSETS		71,639	96.56
NET OTHER ASSETS		2,554	3.44
TOTAL NET ASSETS		74,193	100.00

All investments, except collective investment schemes, unquoted investments and private equities are listed on recognised stock exchanges or traded on or under the rules of an eligible securities market.

The counterparties for the Options Contracts are Merrill Lynch and Morgan Stanley.

The counterparty for the Futures Contracts is Morgan Stanley.

The counterparties for the Forward Foreign Exchange Contracts are RBC, Northern Trust and State Street.

The counterparties for the Credit Default Swaps are JP Morgan and Morgan Stanley.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2025

		Year ended 31.12.2025		Year ended 31.12.2024	
	<i>Note</i>	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		1,044		576
Revenue	3	3,623		3,732	
Expenses	4	(240)		(238)	
Net revenue before taxation		3,383		3,494	
Taxation	5	(3)		(4)	
Net revenue after taxation			3,380		3,490
Total return before distributions			4,424		4,066
Distributions	6		(2,586)		(1,891)
Change in net assets attributable to Shareholders from investment activities			1,838		2,175

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2025

	Year ended 31.12.2025		Year ended 31.12.2024	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		71,862		69,857
Amounts receivable on issue of Shares	1,662		947	
Amounts payable on cancellation of Shares	(1,259)		(1,167)	
		403		(220)
Change in net assets attributable to Shareholders from investment activities		1,838		2,175
Retained distributions on Accumulation Shares		90		50
Closing net assets attributable to Shareholders		74,193		71,862

The notes on page 35 to 51 and the distribution tables on page 52 form part of these financial statements.

BALANCE SHEET

at 31 December 2025

	<i>Note</i>	31.12.2025		31.12.2024	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			71,682		70,228
Current assets:					
Debtors	7	776		652	
Cash and bank balances	8	3,069		2,672	
Total current assets			3,845		3,324
Total assets			75,527		73,552
LIABILITIES					
Investment liabilities			43		560
Creditors:					
Other creditors	10	38		39	
Bank overdraft	9	725		628	
Distribution payable on Income Shares		528		463	
Total creditors			1,291		1,130
Total liabilities			1,334		1,690
Net assets attributable to Shareholders			74,193		71,862

The financial statements on pages 33 to 52 have been approved by the Trustee.

Approved on behalf of the Trustee
11 May 2026

A Brookes, Chair
CBF Funds Trustee Limited

The notes on page 35 to 51 and the distribution tables on page 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a basis other than that of a going concern, as a result of the intention to transition the CBF Church of England Short Duration Bond Fund into new Charity Authorised Investment Fund (“CAIF”) in 2027. This basis includes, where applicable, writing the Fund’s assets down to net realisable value. As of the reporting date, no assets have been written down, and they continue to be reflected at their fair value. No provision has been made for the future cost of terminating the Fund unless such costs were committed at the reporting date. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements and applicable accounting standards have been followed.

The financial statements have been prepared in compliance with FRS 102, the Scheme Information, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and investment liabilities.

The Fund is exempt from preparing a statement of cash flows under FRS 102 and the Church Funds Investment Measure Act 1958 substantially all of the Fund’s investments are highly liquid, substantially all of the Fund’s investments are carried at market value and the Fund provides a statement of change in net assets.

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Short Duration Bond Fund would cease operations and be wound up, with the investors’ existing holdings in the CBF Church of England Short Duration Bond Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund.

The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. Accounting policies (*continued*)

(a) *Basis of preparation (continued)*

The Archbishops' Council supported the draft legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2027, the Trustee has concluded that the financial statements should be prepared on a basis other than that of a going concern.

(b) *Revenue recognition*

Interest on government stocks, sterling eurobonds and other fixed interest stocks are accrued on a daily basis. Interest on bank deposits are accrued on a daily basis and interest on deposits in the Public Sector Deposit Fund are credited to revenue on receipt of cash.

Dividends on preference shares are accrued to revenue on the dates when the Shares are first quoted ex-dividend or otherwise, on receipt of cash.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Revenue is stated net of irrecoverable tax credits.

(c) *Expenses*

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund and was 0.22% p.a. plus VAT during the year.

On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before distribution.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. Accounting policies (*continued*)

(d) *Distributions*

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 11). Movements in the income reserve are therefore adjustments made to net revenue in determining the distributions.

A reconciliation of the net distribution to the net revenue of the Fund as reported in the statement of total return is shown in note 6.

(e) *Basis of valuation*

Quoted investments including investments with market observable prices, are valued at bid-market values as at close of business on the last business day of the accounting period.

Derivatives are valued as at close of business on the last business day of the accounting period.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

Over the counter derivatives are priced at fair value using valuation models or data sourced from market data providers.

(f) *Foreign exchange*

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business on 31 December 2025, the last business day in the accounting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. Accounting policies (*continued*)*(g) Cash equivalents*

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital gains

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
The net capital gains during the year comprise:		
Realised gains on non-derivative securities*	419	162
Unrealised (losses)/gains on non-derivative securities*	(880)	75
Currency gains/(losses)	53	(424)
(Losses)/gains on derivative contracts	(255)	64
Realised gains on forward currency contracts*	1,388	1,042
Unrealised gains/(losses) on forward currency contracts*	319	(343)
	1,044	576

* Where net realised gains include gains/(losses) arising in previous reporting periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

3. Revenue

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
UK dividends	74	15
Interest on debt securities	3,310	3,432
Bank interest	36	41
Income on derivative contracts	203	244
	3,623	3,732

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

4. Expenses

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(c)	194	187
	194	187
	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	7	6
Safe custody fees	9	13
	16	19
	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Other expenses:		
Audit fee	17	16
Insurance fee	1	1
Other fees	12	15
	30	32
Total expenses	240	238

Audit fee net of VAT is £14,000 (31.12.2024, £13,500).

The above expenses include VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. 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. Recoverable withholding tax is credited to revenue, on receipt.

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Overseas taxation suffered in the year	3	4
Total taxation	3	4

6. Distributions

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

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
31 March – interim distribution	652	436
30 June – interim distribution	750	515
30 September – interim distribution	637	457
31 December – final distribution	549	479
	2,588	1,887
Add: revenue deducted on cancellation of Shares	8	7
Deduct: revenue received on issue of Shares	(10)	(3)
Net distribution for the year	2,586	1,891

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

6. Distributions (*continued*)

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Net revenue after taxation for the year	3,380	3,490
Transfer from income reserve – see note 11	35	8
Amortisation under coupon accounting	(829)	(1,607)
Income deficit transfers	–	6
Movement in Net Income Property	–	(6)
Net distribution for the year	2,586	1,891

Details of the distribution per Share are set out in the distribution tables on page 52.

There were unclaimed distributions as at 31 December 2025 of £nil (31.12.2024, £7,468).

7. Debtors

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Accrued revenue	736	650
Amount receivable on creation of Shares	40	–
Sales awaiting settlement	–	2
	776	652

8. Cash equivalents, cash and bank balances

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Cash and bank balances	1,014	892
Amounts held at futures clearing houses	851	690
Swaps collateral	1,204	1,090
Cash and bank balances – cash at bank	3,069	2,672

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

9. Bank Overdraft

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Amounts held at futures clearing houses	725	628
Bank Overdraft	725	628

10. Other creditors

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Accrued expenses	38	39
	38	39

11. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations paid out by the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Shareholders.

	Year ended 31.12.2025 £'000	Year ended 31.12.2024 £'000
Income reserve at the start of the year	187	195
Transfer from income reserve	(35)	(8)
Income reserve at the end of the year	152	187

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(e)). 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 consistently throughout the year and the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

12. Financial instruments (continued)

Market price risk

This is an actively managed Fund which invests mainly in UK and overseas equities, UK Property 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 positive 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 and also by the Board.

At 31 December 2025, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £3,582,000 (31.12.2024: £3,483,000).

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. The corporate bond holdings in the Fund are also exposed to the risk of issuer default; however, we mitigate this risk by purchasing predominantly investment grade bonds.

Bond credit ratings

Rating category	31.12.2025		31.12.2024	
	£'000	% Fund	£'000	% Fund
Investment grade	59,284	79.90	58,003	80.71
Non investment grade	11,555	15.58	10,886	15.15
Not rated	81	0.11	526	0.73
Total investment in bonds	70,920	95.59	69,415	96.59

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

12. Financial instruments (continued)

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, pooled funds and sterling and overseas cash deposits. These assets are generally liquid (except for the Share trusts, which are realisable only on their weekly or monthly dealing dates, and the holdings in the unquoted investments, which are not readily realisable) and enable the Fund to meet the payment of any redemption of Shares that Shareholders may wish to make.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may 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 on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2025, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would decrease or increase respectively by approximately £631,000 (31.12.2024: £616,000).

The total foreign currency exposure at 31 December 2025 and 31 December 2024 was:

Currency	31.12.2025			31.12.2024		
	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000
Australian dollar	15	—	15	28	(6)	22
Canadian dollar	24	—	24	9	—	9
Euro	261	23,087	23,348	485	20,765	21,250
Japanese yen	—	—	—	(8)	—	(8)
New Zealand dollar	—	—	—	10	126	136
US dollar	1,067	38,664	39,731	1,127	39,045	40,172
Total	1,367	61,751	63,118	1,651	59,930	61,581

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

12. Financial instruments (continued)

Derivatives

Derivative transactions may be used by the Fund for the purposes of meeting its investment objectives and also for hedging. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. The use of derivatives for investment purposes means that the net asset value of the Fund may at times have high volatility, although derivatives will not be used with the intention of raising the risk profile of the Fund. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used exchange traded futures to hedge the value of those assets denominated in foreign currency.

The Manager has used forward foreign currency contracts to hedge the currencies which are physically owned during the year. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a movement in the value of exchange rates.

At 31 December 2025, the value of the portfolio hedged back to base currency was 99.78% of the Net Asset Value of the Scheme Property.

Credit default swaps have been used to hedge the default risk of holding bonds during the year.

Counterparty exposure

At 31 December 2025, the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

	31.12.2025	31.12.2024
	£	£
State Street Bank	315,541	56,557
RBC	598	14,401
Northern Trust	3,675	–
	319,814	70,958

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

12. Financial instruments (continued)

Counterparty exposure (continued)

At 31 December 2025, the Fund had the following counterparty exposure on open Credit default swaps:

	31.12.2025 £	31.12.2024 £
JP Morgan	325,249	–
Goldman Sachs	–	6,724
Morgan Stanley	39,452	353,187
	364,701	359,911

Interest rate risk

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in fixed interest securities and cash deposits, 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 on 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.

As at 31 December 2025, it is estimated that a 1% movement in interest rates would result in an opposite movement of £1,929,000 (31.12.2024, £1,806,000) in net assets attributable to Shareholders and profit or loss.

The total exposure at 31 December 2025 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	5,033	6,563	776	12,372
Euro	8,679	14,198	499	23,376
US dollar	3,820	35,656	264	39,740
Other	39	–	–	39
Total	17,571	56,417	1,539	75,527

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

12. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	725	—	572	1,297
Euro	—	—	28	28
US dollar	—	—	9	9
Total	725	—	609	1,334

The total exposure at 31 December 2024 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	4,388	6,633	405	11,426
Euro	6,368	14,396	524	21,288
Japanese yen	1	—	—	1
US dollar	3,623	36,285	756	40,664
Other	46	125	2	173
Total	14,426	57,439	1,687	73,552

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

12. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	619	—	526	1,145
Euro	—	—	38	38
Japanese yen	9	—	—	9
US dollar	—	—	492	492
Other	—	—	6	6
Total	628	—	1,062	1,690

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

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

13. Commitments and contingent liabilities

There were no other commitments or contingent liabilities as at 31 December 2025 (31.12.2024, £nil).

14. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this inclusive of annual management charge rebates are disclosed in note 4. Please see note 1(c) for further information. An amount of £17,805 was due to the Manager at 31 December 2025 (31.12.2024, £16,735).

There were no other transactions entered into with the Manager during the year (31.12.2024, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2025 (31.12.2024, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2024, £nil).

At 31 December 2025, CBF Church of England Investment Fund held 59.41% (31.12.2024, 59.83%) of the value of the Fund.

There is no individual investor holding more than 20% of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

15. Portfolio transaction costs

For the year ended 31 December 2025:

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2025 was 0.22%. There is no foreign exchange impact as all investments are denominated in sterling.

For the year ended 31 December 2024:

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread as at 31 December 2024 was 0.24%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

16. Shareholders' funds – reconciliation of Shares

		Year ended 31.12.25
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	46,752,958	379,465
Shares issued in year	842,754	62,643
Shares cancelled in year	(808,310)	(7,605)
Closing number of Shares at end of year	46,787,402	434,503

All Shares carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

17. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments (including investment liabilities), there is no material difference between their value, as shown on the balance sheet, and their fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2025

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	78	71,604	–	71,682
Investment liabilities	(12)	(31)	–	(43)
	66	71,573	–	71,639

For the year ended 31 December 2024

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	604	69,624	–	70,228
Investment liabilities	(122)	(438)	–	(560)
	482	69,186	–	69,668

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2025

17. Fair value of financial assets and financial liabilities *(continued)*

For financial instruments which have quoted prices for identical instruments in active markets, those prices are taken to be fair value.

For financial instruments for which the Manager uses valuation techniques using non-observable data, the inputs include: valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

DISTRIBUTION TABLES

for the year ended 31 December 2025

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2025	2024	2025	2024
Income Shares				
31 March	30 May	31 May	1.35	0.90
30 June	29 August	30 August	1.55	1.07
30 September	28 November	29 November	1.31	0.95
31 December	27 February	28 February	1.13	0.99
			5.34	3.91

Period ended	Revenue accumulated pence per Share	
	2025	2024
Accumulation Shares		
31 March	5.38	3.49
30 June	6.27	4.19
30 September	5.51	3.84
31 December	4.78	4.24
	21.94	15.76

The distributions for Income Shares were paid in the same year, apart from the distribution declared on 31 December which is payable at the end of February in the subsequent year.

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 from time to time) and the Trustee Act 2000 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 engagement;
- determine the rate of remuneration of the Manager in accordance with the Church Funds Investment Measure 1958 and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Church Funds Investment Measure 1958 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 Church Funds Investment Measure 1958 and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- 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 Church Funds Investment Measure 1958;
- 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 financial statements

The Trustee of the Fund is required, by the Church Funds Investment Measure 1958, to prepare Financial Statements which give a true and fair view of the financial position of the Fund at each interim 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 financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements 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 Church Funds Investment Measure 1958. In preparing the financial statements, 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 FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the Financial Statements, as prepared, comply with the above requirements;

- make judgements and estimates that are prudent and reasonable; and
- prepares the Financial Statements on the going concern basis, unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Church Funds Investment Measure 1958 and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Church Funds Investment Measure 1958.

Manager responsibilities

The Manager is required to carry out these duties in accordance with the Church Funds Investment Measure 1958 and take reasonable steps for the prevention and detection of fraud and other irregularities.

CBF Funds Trustee Limited
(Charity Registration No. 1116932)

DIRECTORY

Trustee Directors

A Brookes (Chair)
C Chan*
P Chandler
O Home
C Johnson
A Milligan*
M Orr*
D Rees* (resigned January 2026)
** Members of the Audit Committee*

Manager and Registrar

CCLA Investment Management Limited
Registered Office Address:
One Angel Lane
London
EC4R 3AB
Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk
Authorised and regulated by the Financial Conduct Authority

Sub-Investment Manager

Hermes Investment Management Limited
150 Cheapside
London
EC2V 6ET

Transfer Agent

FNZ TA Services Limited
7th Floor, 2 Redman Place
London
E20 1JQ
Authorised and regulated by the Financial Conduct Authority

Administrator

HSBC Bank plc
8 Canada Square
Canary Wharf
London
E14 5HQ
HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)
E Sheldon (Chief Operating Officer)
(resigned on 2 February 2026)
A Robinson, MBE (Director Market Development)
(resigned on 2 February 2026)
W Mepham (appointed on 2 February 2026)
T Owen (appointed on 2 February 2026)

Non-Executive Directors of the Manager

R Horlick (Chair)
J Jesty
C Johnson (resigned on 2 February 2026)
A Roughead (resigned on 6 January 2026)
C West (resigned on 2 February 2026)
J Hobart (resigned on 2 February 2026)

Fund Manager

CCLA Investment Management Limited

Company Secretary

M Mochalska
J Fox (retired 31 March 2025)

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

Third Party Advisers

Banker

HSBC Bank plc
8 Canada Square
Canary Wharf
London
E14 5HQ

Custodian

HSBC Bank plc
8 Canada Square
Canary Wharf
London
E14 5HQ

Independent Auditor

Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

ABOUT CCLA

CCLA was founded in 1958 with the launch of the Church of England Investment Fund, enabling churches to pool their assets and have them professionally managed. We started managing investments for local authorities in 1961, followed by charities in 1963.

In 1987, with the introduction of new financial regulation, those churches, charities and local authorities founded CCLA Investment Management Limited.

Today, CCLA is one of the UK's largest managers of charity, faith and public sector investments, providing pooled and bespoke portfolios, and championing responsible investment.

We know that charities and not-for-profit organisations measure success not in profits, but in lives improved and futures secured. At CCLA, we are honoured to stand alongside them – helping to manage their investments and invest with purpose – so that their impact endures across generations.



CCLA Investment Management Limited
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CCLA is the trading name for CCLA Investment Management Limited (registered in England & Wales, No. 2183088) and CCLA Fund Managers Limited (registered in England & Wales, No. 8735639).

Both companies are part of the Jupiter Group, and are authorised and regulated by the Financial Conduct Authority.
Registered address: One Angel Lane, London EC4R 3AB.

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