

27 MAR 2023

Fitch Affirms CCLA - CBF Church of England Deposit Fund at 'AAAf'/'S1'

Fitch Ratings - London - 27 Mar 2023: Fitch Ratings has affirmed CCLA - CBF Church of England Deposit Fund's Fund Credit Quality rating and Fund Market risk Sensitivity rating at 'AAAf'/'S1'. The fund is managed by CCLA Investment Management.

KEY RATING DRIVERS

The affirmation is driven by the fund's credit and market risk profiles. The rating also reflects the capabilities and resources of CCLA Investment Management as investment manager, and the fund's investment guidelines.

Credit Quality

The fund's weighted average rating factor (WARF), which is Fitch's proprietary measure of credit quality under its Bond Fund Rating Criteria, met the 'AAAf' rating range of 0.0-0.3. The fund's WARF was 0.16 at end-January 2023.

Market Risk

The fund's 'S1' Fund Market Risk Sensitivity Rating (MRF) indicates very low sensitivity to market risk. The fund's market risk factor (MRF), which is Fitch's proprietary measure of market risk sensitivity under its Bond Fund Rating Criteria, was within the 'S1' market risk sensitivity rating range as of end-January 2023 at 0.22.

The fund's weighted average maturity (WAM), which measures sensitivity to interest-rate risk, and weighted average life (WAL), which measures sensitivity to spread risk, were in line with the fund's investment guidelines.

Fund Profile

Fitch views the legal and regulatory frameworks of the fund as satisfactory.

CBF is a deposit fund established under the Church Funds Investment Measure 1958 (as amended). The fund is not a Collective Investment Scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA) and is not regulated by the FCA or other regulatory bodies under FSMA. The fund is entitled to charitable status by virtue of section 103(4) of the Charities Act 2011. As of end-January 2023, the fund's total assets stood at GBP 819 million.

INVESTMENT MANAGER

CCLA is a UK-based fund management group offering a range of fund products. CCLA is jointly owned by CCLA Executive Directors, The CBF Church of England Investment Fund, The COIF Charities Investment Fund and The Local Authorities' Mutual Investment Trust. An independent operational risk, internal audit and compliance team maintains oversight of the fund's operations. At as end-March 2022, CCLA managed approximately GBP13.9 billion of assets. Fitch deems CCLA suitably qualified, competent and capable of managing the rated fund.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The fund is rated at the highest possible rating level and therefore cannot be upgraded

Factors that could, individually or collectively, lead to negative rating action/downgrade:

Fitch's stress testing of the fund shows that fund's credit quality and market risk profiles are robust at their current levels.

The ratings may be sensitive to material adverse changes in the fund's credit quality or market risk profile. A material adverse deviation from Fitch's guidelines for any key rating drivers could cause Fitch to downgrade the ratings. The fund could be downgraded if the WARF is consistently above its rating range of 0.3, or MRF above 2.0.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
CCLA - CBF Church of England Deposit Fund	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
	Sensitivity	S1	Affirmed	S1

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	◐	

Applicable Criteria

[Bond Fund Rating Criteria \(pub.16 Aug 2022\)](#)

Additional Disclosures

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