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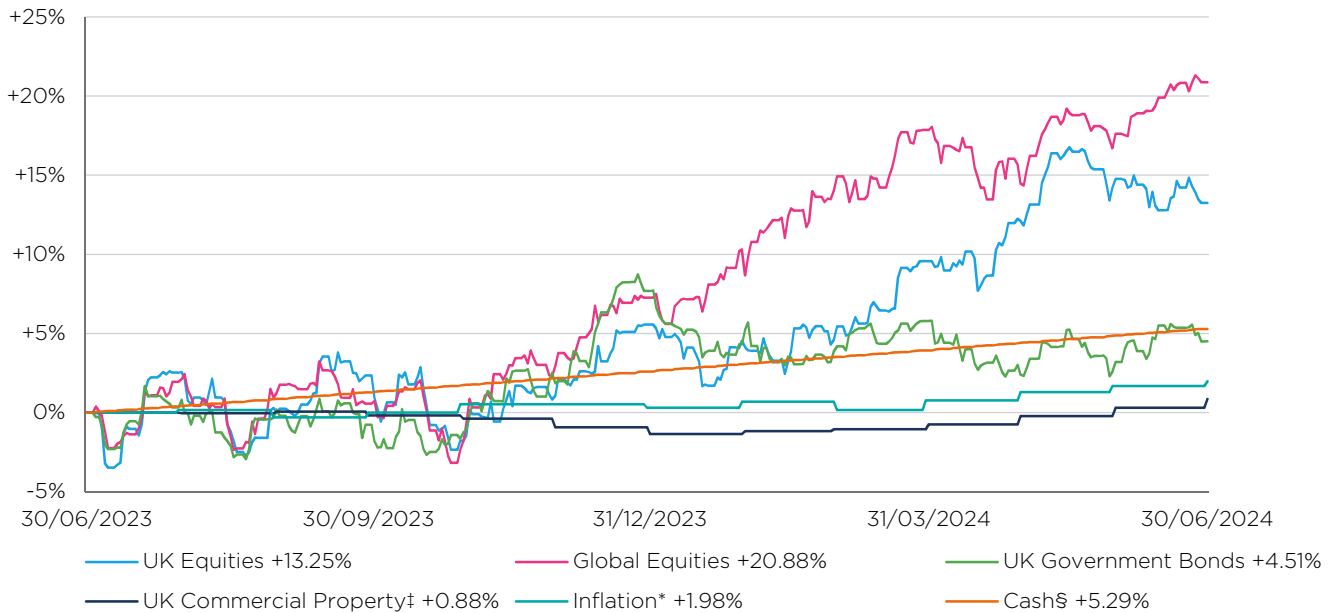
**CCLA**

QUARTERLY BULLETIN

30 June 2024

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## Market review and outlook



## General Market Indices

	Current quarter (%)	Last twelve months (%)	Last three years annualised (%)	Last five years annualised (%)
UK Equities (MSCI UK Investable Markets Index)	+3.37	+13.25	+7.89	+5.19
Global Equities (MSCI World Index)	+2.56	+20.88	+10.07	+11.93
Global Equities ex UK (MSCI World ex UK Index)	+2.52	+21.21	+10.05	+12.24
UK Govt. Bonds (Markit iBoxx £ Gilts Index)	-1.20	+4.51	-8.82	-4.51
Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index)	-0.10	+9.72	-3.91	-0.80
UK Commercial Property (AREF/MSCI™ All Prop Monthly) †	+1.63	+0.88	+1.20	+1.93
Inflation (CPI) *	+1.21	+1.98	+6.52	+4.41
Cash (SONIA) §	+1.32	+5.29	+2.91	+1.80

Source: Bloomberg (Data shown is daily except for Inflation and UK Commercial Property where data shown is monthly)

§ SONIA (Sterling Overnight Index Average) is estimated for the most recent month. From 1/1/21: SONIA. Prior to 1/1/21: 7-Day London Interbank Sterling Bid Rate (7-Day LIBID).

\* CPI (Consumer Price Index) is reported on a 1m lag.

† MSCI UK Monthly Property is estimated for the most recent month.

Having made a strong start to 2024, equities had a more muted period in the second calendar quarter. Total returns from the global equity market as a whole were 2.6% in sterling terms over the three months of April to June, bringing returns for the first half of the year to 12.7%.

Market sentiment had weakened in the closing days of March and the downbeat mood continued for much of April. Investors were unsettled by new data releases pointing to

continuing strength in the US employment market and other economic indicators, while progress in bringing inflation down from its recent highs to the target level of 2% was reported to have slowed and perhaps stalled. This was seen as likely to delay the beginning of a downward trend in interest rates. The US central bank, the Federal Reserve, has made clear that while labour markets remain tight it will be especially wary of cutting rates for fear that doing so would likely put renewed upward pressure on inflation.

Equity markets often suffer at times of higher interest rates, especially when rates are expected to rise further, because increased borrowing costs are likely to dampen consumer spending and business investment, making it harder for companies to generate earnings. Meanwhile as cash and other 'low risk' assets like bonds offer better yields when interest rates are higher, investing in riskier assets such as company shares can be less attractive to investors.

Having priced in a less supportive monetary policy backdrop, from late April the market found more encouraging news in the latest round of quarterly company earnings reports, which showed that many leading businesses were continuing to prosper. Information technology and communication services, the industry sectors which have dominated returns for well over a year, were once again the strongest performers in the global equity index over the period. Total returns from the IT sector, as measured by MSCI, were 11.4% for the period while communication services delivered 7.7%. The divergence between sector outcomes was less marked than in some recent periods. The weakest sector, materials – which includes companies involved in mining, steel and concrete production and chemicals suppliers – lost 4% over the quarter.

Fixed interest markets also generally suffer when interest rates are expected to be higher rather than lower, because bond prices move in the opposite direction to yields. The shift in expectations towards a later, slower easing of monetary policy therefore held back returns for bond investors in the opening weeks of the quarter but there was some recovery later in the period. The UK government bond ('gilt') market as a whole gave negative total returns of -1.2% over the quarter. Meanwhile the corporate bond market as measured by the Bloomberg Barclays Sterling Non-Gilts index was more or less flat over the quarter as a whole with a return of -0.1%, as positive returns of 0.9% in the month of June largely overcame earlier losses.

UK commercial property, meanwhile, continued in the lacklustre pattern of recent periods. Income returns have been rising in most sectors but capital values are still under pressure from higher interest rates.

### Outlook

Most major economies, notably the US, have demonstrated in recent months that activity can expand despite the pressures of higher prices and higher interest rates. Leading indicators are pointing in the direction of further, if still modest, growth over the remainder of 2024.

Accelerating economic growth should bode well for corporate earnings and hence for equity returns over the medium term. Markets will continue to be alert, though, to emerging macroeconomic data and commentary from central banks, responding to reflect any implications that new information may have for the path of monetary policy.

We have also been reminded recently that political developments at both the national and international levels, especially when they arise without warning, have the potential to destabilise markets at least in the short term.

Volatility is therefore likely to remain a feature of equity markets but need not undermine positive outcomes in the medium term. In other asset classes, the progress of bond markets is closely linked to interest rate changes and so policy makers' actions and commentary will continue to be the main driver of returns. In commercial property, capital values are also sensitive to interest rate movement and any broad improvement in valuations is unlikely to come until cash and bond yields are significantly lower than at present. In the meantime, unless the economy takes a sizeable turn for the worse, we can expect the income element of property returns to sustain the modestly positive total returns seen in recent months.

### The ‘Magnificent 7’ – opportunities and risks

Since the spring of 2023 global equity market returns have been dominated by a handful of technology related stocks. But why have these companies done so well – and will they continue to do so?

The ‘Magnificent 7’ are in fact a diverse group of businesses. Tesla is a car manufacturer; Apple makes personal electronic devices; Alphabet (Google’s parent company) and Meta (formerly Facebook) are advertising businesses; Amazon is a retailer and cloud computing platform; Microsoft is a software and cloud computing business; whilst Nvidia is a manufacturer of advanced semiconductors enabling the artificial intelligence (AI) revolution.

As a group they have performed so well largely because they have repeatedly increased their earnings and cash flows in percentage terms from year to year, and this compounding effect has brought about strong cumulative growth in profits. Microsoft has seen its profits grow over the last ten years from \$22 billion to \$106 billion. Even more spectacularly, Nvidia has been the stand-out performer recently with net income rising from \$4 billion in 2022 to what the market expects will be \$56 billion in 2024.

This, along with the corresponding rise in these companies’ share prices, has led to high levels of market concentration. As at the end of June 2024 Nvidia, Microsoft, Apple, Amazon, Meta and Alphabet together account for more than a quarter of the value of the entire US stock market. An investor taking a passive approach, mirroring the composition of the market index, would have enjoyed strong returns over the last year but would also be heavily reliant on a small handful of companies – a position many would find too risky for comfort.

At CCLA, when we build portfolios, we do not hold companies just because they are a large component of the benchmark; we start from the bottom up, looking at the returns that we expect from individual companies across the market.

The Magnificent 7 have in common a strong focus on technology but they all have different business models. Each therefore has its own unique drivers of growth in earnings and cash flows, and we have greater confidence in some of these than others. For various reasons our portfolios do not include Tesla, Apple or Meta.

We do own shares in Microsoft, Nvidia, Amazon and Alphabet, but to maintain good diversification our holdings in these stocks are smaller than found in market benchmarks. Although they have all contributed significantly to total returns, this ‘underweight’ positioning has been the main reason our equity portfolios’ performance has lagged their comparator benchmark over the last year.

Nvidia is a prime example of this. Its share price rose over 150% in the first six months of 2024. However, the stock has a track record of being highly volatile and Nvidia operates in markets that are inherently unpredictable. We therefore maintain a relatively modest holding.

We find plenty of attractive companies beyond the Magnificent 7, and indeed beyond the technology sector. There is far more to the semiconductor industry, for instance, than just Nvidia. One example is ASML, a leader in equipment used to manufacture semiconductors. It is at the forefront of innovation and also benefits from the drive by the US and other developed markets to re-shore manufacturing. Synopsys, a leader in software used to design semiconductors, is another beneficiary of these trends.

In other sectors too, we find companies which can take advantage of long-term social, environmental and technological changes. In healthcare, ageing demographics incentivise more research and development and companies supplying laboratory and testing equipment, such as ThermoFisher and Danaher, are key beneficiaries. Edwards Life Sciences and Stryker make medical devices to enable innovative treatments in areas such as heart disease and robotic surgery. Meanwhile in industrials, the drive for energy efficiency helps companies whose products enable businesses to reduce their carbon footprint. Examples in CCLA portfolios include Schneider Electric and Trane Technologies.

We will continue to look for a wide range of growth opportunities, keeping our focus on quality and reasonable valuations whilst ensuring portfolios are well diversified.

## Modern slavery in the UK construction industry

Modern slavery is an umbrella term encompassing slavery, servitude, human trafficking and forced or compulsory labour. While the true extent of this crime is hidden from view, it is now estimated that 50 million people worldwide are in a state of modern slavery.

Modern slavery infiltrates the supply chains of many everyday products and commodities, including food, electronics and clothing. It is also rife in construction and hospitality. As investors, we have a long-standing commitment to protecting human rights and modern slavery has been a focus in our sustainability work for more than 10 years.

In 2024, we renewed our focus on the UK construction industry.

### Legislative backdrop

The Modern Slavery Act of 2015 clarified the definition of modern slavery offences, toughened penalties, and introduced greater support and protection for victims. More recently the UK government passed the Procurement Act, which comes into force in October. The Act places certain obligations on businesses that supply goods or services to the UK government, including action to ensure that modern slavery risks are identified and managed effectively in government supply chains.

One of the largest categories of strategic suppliers to the UK government is construction and engineering companies. To galvanize this sector into action on modern slavery, we joined forces with the Cabinet Office, the Gangmasters and Labour Abuse Authority (GLAA) and others to host a modern slavery in construction roundtable at CCLA's offices in the City of London.

### Construction roundtable

On 18 April 2024, construction sector CEOs and senior managers came together with investors, the regulator and the Cabinet Office to discuss the systemic risk of modern slavery and labour exploitation in the sector.

Construction has several distinct risk factors specific to the sector: low wage and relatively low-skilled work placements, high numbers of migrant workers (some with a limited right to work), widespread sub-contracting, and frequency of worker turnover during the lifespan of a project.

The event was chaired by Dame Sara Thornton the former Independent Anti-Slavery Commissioner for the UK and modern slavery consultant for CCLA. We learned about the growing risks of modern slavery from the GLAA and from Unseen, an anti-slavery charity that runs a modern slavery helpline.

We also heard from a survivor who had been trafficked into the UK and forced to work as a cleaner on construction sites.

### Progress ahead

Since the roundtable, we have heard anecdotally that the event has spurred activity across government, with the Cabinet Office looking to incorporate more elements of the Modern Slavery Act into its Sourcing and Contract Management Playbooks. The Department of Business and Trade is considering offering support, via the Construction Leadership Council's network, to raise awareness and share intelligence on modern slavery risk areas.

Several people articulated a need for a modern slavery intelligence network in the construction sector in collaboration with civil society and regulators. A similar network has been developed by supermarkets for the food and farming sector. We now know that several companies who attended the roundtable have met to discuss it further and some have indicated that they would be willing to contribute resources to its development.

One popular suggestion was the creation of an industry statement on modern slavery, acknowledging the problem and committing to redouble efforts to address it. Others touted offering employment opportunities for survivors of modern slavery.

Twenty-two corporate representatives attended the roundtable, with eight members of the Cabinet Office and 15 investors. Every one stated a committed to raising awareness and taking effective action to protect workers from labour exploitation.

### Find it, Fix it, Prevent it

The roundtable that took place in April is part of a broader body of work, known as Find it, Fix it, Prevent it (FFP). FFP is an investor collaboration created, convened and resourced by CCLA. Formally launched at the London Stock Exchange in 2019, it is overseen by an advisory committee that brings together investors, academics and NGOs to share knowledge, set targets and monitor progress.

FFP is designed to harness the power of the investment community to make the corporate response to modern slavery more effective. Today, the coalition numbers 69 investors, with a combined £15 trillion in assets under management. We would like to thank our collaborators for their ongoing support.

## Ethical and responsible investment report

### Our work has four strands:

1. Engagement focused on social and environmental issues in the context of Christian mission and witness.
2. Setting appropriate constraints on investment and exposure to activities considered unacceptable by the Church of England's Ethical Investment Advisory Group (EIAG) and the CBF Funds Trustee.
3. Proxy voting on corporate governance issues to protect shareholder value and address excessive remuneration.
4. Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment (PRI).

### Quarterly highlights

A key part of our policy advocacy with DEFRA and the Home Office has been around improved welfare for seasonal workers coming to the UK. In May, the government finally published its response to the Shropshire Review, stating a 'commitment to investigating the use of the Employer Pays Principle for the Seasonal Worker visa route.' This would be a huge step forward in alleviating some of the financial burdens incurred by migrant agricultural workers.

In June, we met PepsiCo to discuss its commitments to improving the health and nutritional value of its food and beverage portfolio. The company has set encouraging timebound targets on calories, sodium levels and saturated fat, measured by sales volume. It also told us that it would be publishing new commitments on positive nutrition. This is evidence of progress, but there is more work to be done. Discussions will continue.

In Q2, we joined a group of investors in filing a shareholder proposal at Amazon's 2024 annual general meeting (AGM). Amazon's reported conduct towards employees seeking to unionise contradicts its stated commitment to respect its employees' fundamental rights to freedom of association and collective bargaining. The proposal called for Amazon to appoint a reputable third-party to produce a gap analysis of its practice versus its labour standards policy. The proposal achieved 32% of the shareholder vote. In June, we subsequently led a group of 50 investors, with \$1.2 trillion in assets under management, in writing to the company to reiterate our concerns.

Also in June, we met NVIDIA to discuss progress on a promised human rights roadmap, including a revised approach to upstream/downstream human rights due diligence. This engagement was initiated in 2023 after electronic chips manufactured by NVIDIA were found in Russian weaponry. Discussions will continue.

In March, we co-filed a shareholder proposal at Nike, asking for an independent report into how it could better protect workers' rights in high-risk countries. The company responded in Q2 to say that it believes its approach is sufficient, though without providing any meaningful evidence. Co-filers are now galvanizing support for votes, with a press release in the pipeline.

In Q1 and 2, we initiated work into a potential investor intervention on corporate air pollution. Beyond its clear association with environmental degradation, air pollution is also a major risk factor for non-communicable diseases, including cardiovascular and respiratory diseases and cancer. Recent research also links it to mental health and neurological diseases. We will launch a public consultation into a potential investor initiative in Q3.

### Quarter two voting in detail

CCLA aims to vote at all UK and overseas company meetings where we have holdings. The CBF Church of England Investment Fund did not support 19% of management resolutions at investee companies this quarter (18% for the UK Equity Fund, 22% for the Better World Global Equity Fund).

We aim to support all pro-active shareholder proposals, particularly where they complement one of our existing engagement priorities. Where appropriate, we also file resolutions of our own. During the quarter we led the filing of a climate-related shareholder proposal at NextEra. NextEra has a target to reach net zero carbon emissions by 2045 although some of the trade associations to which it belongs can present forceful obstacles to addressing climate change. Our proposal asked the Board to report to shareholders on its approach to identifying and addressing misalignments between NextEra's lobbying and policy influence activities, and its 'Real Zero' goal. The proposal received an encouraging 33% support at the AGM in May.

### CCLA's mental health benchmark continues to deliver

In Q2, we launched the 2024 Corporate Mental Health Benchmark - UK 100. Now three years old, the benchmark ranks 101 UK-listed companies on their approach to workplace mental health into one of five performance tiers.

Since the publication of last year's benchmark, we have been hard at work meeting these companies and explaining the social and economic value to be unlocked through concerted efforts to support their employees. Over the past 12 months, 70 UK-listed companies have engaged with us on this topic.

The 2024 results reveal that 24 of the UK's largest listed businesses have improved their performance over the year sufficiently to move up a tier. Since the first benchmark in 2022, a total of 45 UK companies have improved their tier, with wide ranging and profound implications for the health of employees worldwide. The global benchmark will follow in October.

### Ethical constraints

We confirm that the CBF Funds have been managed to their respective ethical exclusion policies this quarter.

## The CBF Church of England Investment Fund

### Performance comment

Over the quarter the Fund returned 0.64% compared with the comparator return of 1.86%. Over the last 12 months, the Fund returned 11.76% compared with the comparator return of 16.48%.

Despite being less optimistic about how soon and how fast interest rates would begin to fall (lower interest rates are generally helpful for equity returns), markets still managed to progress over the period as company earnings held up well on average.

However returns from the listed equities portfolio which makes up the major part of the fund have lagged those of the wider equity market. The fund's allocation to the technology stocks which have dominated equity market returns for well over a year is lower than the sizeable weight of these companies in the market.

Thus, although the fund's technology holdings contributed significantly to total returns, these gains were lower than those of the sector as a whole. Meanwhile our absence from traditional oil and gas companies detracted from relative performance as that sector enjoyed a strong quarter. Within financials, the fund has few holdings in banks – we prefer less cyclical businesses such as data providers and stock exchanges – and as banks also fared well over the period, this was another drag on relative performance. Conversely, in industrials and communications services the fund's performance was ahead of the comparator benchmark returns for those sectors.

In other asset classes, private equity was one of the strongest areas of the portfolio this quarter. The allocation to contractual income – assets generating contracted cashflows over a specific period and usually secured against assets – also performed well.

### Fund update

As is often the case most portfolio activity during the quarter was incremental, taking advantage of gains in some of the best-performing stocks to realise profits and reinvest in others which we considered to be better placed to add value in the coming periods. However we fully exited our positions in Blackstone, an investment management business specialising in private markets; and life insurance company Prudential. Three new stocks were acquired during the quarter: Ashtead Group, a leading equipment rental company serving the US, the UK and Canada; the outsourced catering provider Compass Group; and Oakley Capital Investments, a listed private equity fund.

### Income

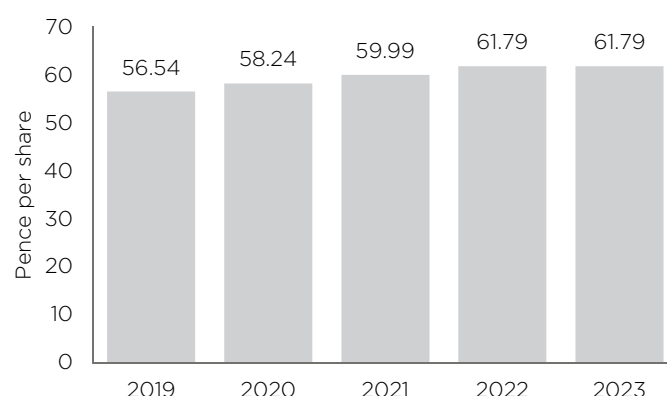
Gross dividend yield 2.69%\*

MSCI \$ UK IMI dividend yield 3.74%

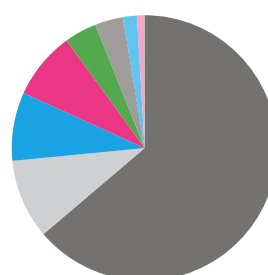
MSCI \$ World ex UK dividend yield 1.72%

\* Based upon the net asset value and an estimated annual dividend of 62.47p.

### Past distributions



### Asset allocation as at 30 June 2024



■ Overseas Equities	63.75%
■ Infrastructure & Operating Assets	9.69%
■ Fixed Interest	8.34%
■ UK Equities	8.21%
■ Property	3.96%
■ Private Equity & Other	3.43%
■ Cash & Near Cash	1.71%
■ Contractual & Other Income	0.89%
■ Derivatives	0.02%

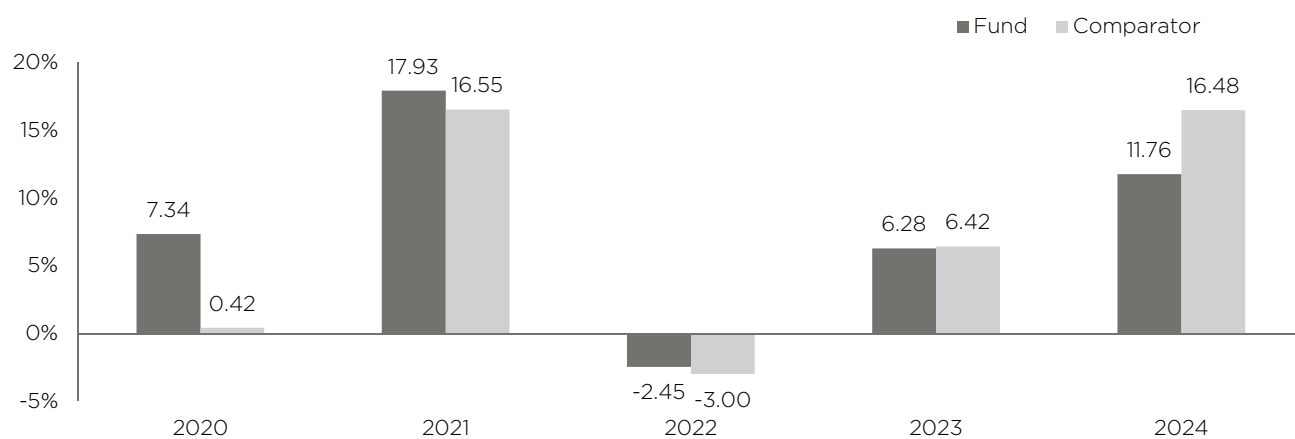
Overseas Equities	%
North America	47.45
Developed Europe	11.44
Asia Pacific ex Japan	3.20
Japan	0.85
Other	0.82
	<b>63.75</b>

## Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
Investment	+0.64%	+11.76%	+5.03%	+7.96%
Comparator	+1.86%	+16.48%	+6.34%	+7.07%

## Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
Investment	+7.34%	+17.93%	-2.45%	+6.28%	+11.76%
Comparator	+0.42%	+16.55%	-3.00%	+6.42%	+16.48%



Comparator - composite: From 01/01/21, MSCI WORLD 75%, MSCI UK Monthly Property 5%, iBoxx E Gilts 15% & SONIA 5%. From 01/01/18, MSCI UK IMI 30%, MSCI World ex UK 45%, MSCI UK Monthly Property 5%, iBoxx E Gilt 15% & 7 Day LIBID 5%. Source: CCLA

## Top 10 holdings as at 30 June 2024

UK Treasury Gilt 3.25% 22/01/2044	2.8%	Amazon.Com Com USD0.01	1.7%
UK Treasury 4.5% 07/12/2042	2.7%	Alphabet Inc C Com NPV	1.7%
CCLA Inv Mgmt Ltd Ord GBP1	2.4%	Roper Technologies Inc Com USD0.01	1.3%
The CBF Church of England Property Fund	2.2%	Taiwan Semicon Manufacturing TWD10	1.2%
Microsoft Com NPV	2.1%	Thermo Fisher Scientific Inc COM USD 1	1.2%

\* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.



## The CBF Church of England Global Equity Fund

### Performance comment

Over the quarter the Fund returned 0.00% compared with the comparator return of 2.56%. Over the last 12 months, the Fund returned 16.65% compared with the comparator return of 20.88%.

Equity markets rose over the period but at a slower pace than in the previous quarter. Investors' expectations as to when central banks would begin to reduce their policy interest rates were pushed back in response to emerging data on jobs and business activity, and to comments from central bank officials. Lower interest rates are generally good news for equity markets as cheaper money helps companies to generate earnings, and because when yields are lower in the cash and bond markets, investors' appetite for the riskier equity market tends to increase. However despite the less optimistic outlook for interest rates most markets still advanced as the latest round of company earnings reports were broadly ahead of expectations.

There is still a marked divergence between the best-performing sectors – information technology and communication services – and the rest of the market. Furthermore, returns have been heavily concentrated in a handful of companies. The fund holds some of these, notably Nvidia, Microsoft, Alphabet and Amazon, but not in the large weightings that they form within the market index. This is because we aim to maintain a well-diversified portfolio. Holding index-level weightings would instead leave the fund too heavily dependent on the fortunes of this small group of stocks and therefore at risk of excessive volatility. As a result the fund has not benefited to the same extent as the benchmark from the strong performance of these stocks in recent period.

### Fund update

As is often the case most portfolio activity during the quarter was incremental, taking advantage of gains in some of the best-performing stocks to realise profits and reinvest in others which we considered to be better placed to add value in the coming periods. However we fully exited our positions in Blackstone, an investment management business specialising in private markets; and life insurance company Prudential. Three new stocks were acquired during the quarter: Ashtead Group, a leading equipment rental company serving the US, the UK and Canada; the outsourced catering provider Compass Group; and Oakley Capital Investments, a listed private equity fund.

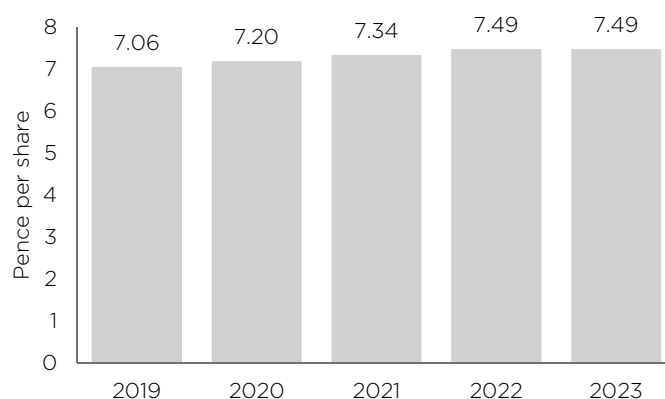
### Income

Gross dividend yield 2.38%\*

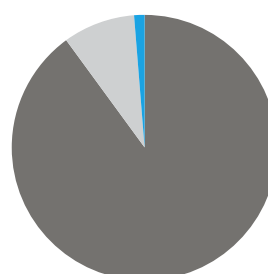
MSCI \$ World dividend yield 1.80%

\* Based upon the net asset value and an estimated annual dividend of 7.63p.

### Past distributions



### Asset allocation as at 30 June 2024



- Overseas Equities 89.95%
- UK Equities 8.81%
- Cash & Near Cash 1.24%

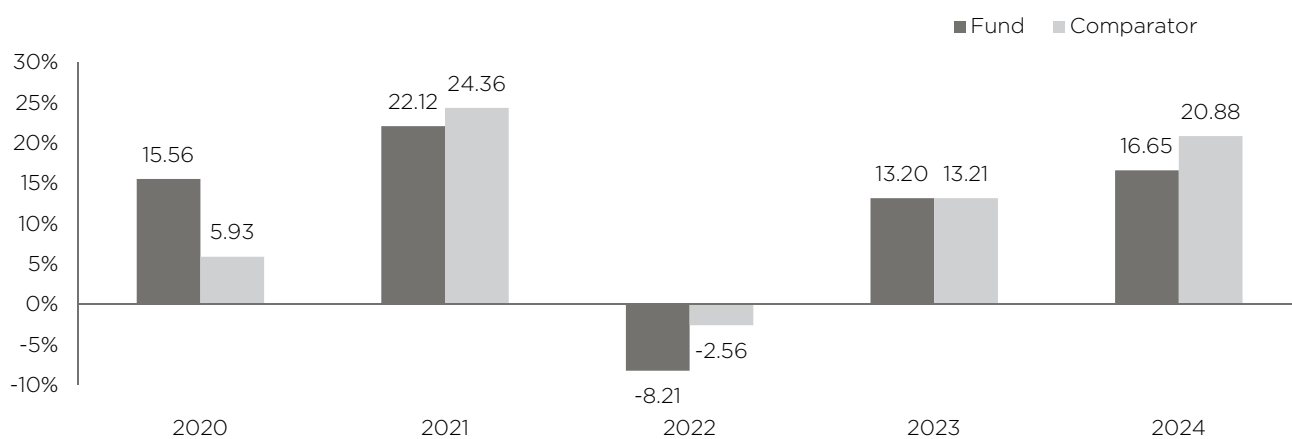
Overseas Equities	%
North America	67.26
Developed Europe	16.11
Asia Pacific ex Japan	4.41
Other	1.21
Japan	0.95
<b>Total Overseas Equities</b>	<b>89.95</b>

## Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
Global Equity	+0.00%	+16.65%	+6.62%	+11.33%
Comparator	+2.56%	+20.88%	+10.07%	+11.93%

## Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
Global Equity	+15.56%	+22.12%	-8.21%	+13.20%	+16.65%
Comparator	+5.93%	+24.36%	-2.56%	+13.21%	+20.88%



Comparator - MSCI £ World. Source: CCLA

## Top 10 holdings as at 30 June 2024

Microsoft Com NPV	3.9%	Thermo Fisher Scientific Inc COM USD 1	1.8%
Amazon.Com Com USD0.01	2.5%	Roper Technologies Inc Com USD0.01	1.7%
Alphabet Inc C Com NPV	2.4%	ICON Plc Com NPV	1.6%
Taiwan Semiconductor SP ADR(V5 Ord)	2.1%	UnitedHealth Gp Com USD0.01	1.6%
Visa Com - Class A Shares USD0.0001	2.0%	S And P Global Inc Com USD1	1.6%

\* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

## The CBF Church of England Deposit Fund

### Performance comment

The declared interest rate on the Fund tends to move in line with market interest rates, as more or less attractive interest rates become available from the carefully screened institutions with which the Fund places cash. There was no change in the Bank of England's official borrowing rate (OBR) which stood at 5.25% throughout the latest quarter, but market rates have slipped down from recent peaks as the prospect of a decline in official rates draws closer. Current market consensus is that the Bank will begin to reduce rates later in 2024 in response to recent sharp falls in headline inflation. However core inflation, which strips out the volatile food and energy components, is proving stickier. The Bank does not want to risk appearing soft on inflation and has signalled that it will take a cautious approach to any rate cuts.

### Fund update

The prime focus of the investment strategy is to provide capital security with excellent liquidity and a competitive yield. The portfolio is invested only in cash and near cash assets diversified across a number of what we assess as being high-quality counterparties.

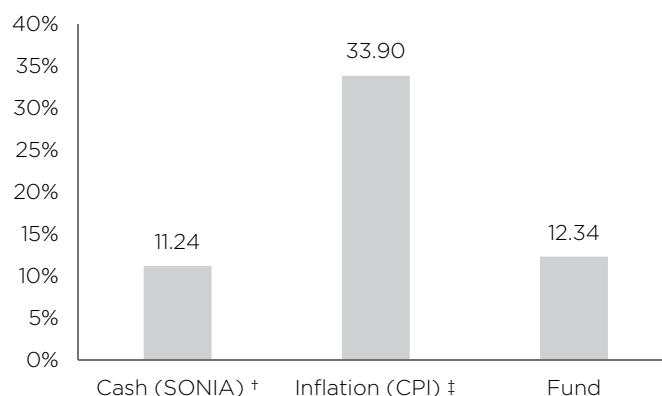
In the expectation that rates have peaked and any forthcoming change in the OBR will be downwards, the Fund is positioned to take advantage of the higher rates currently available for slightly longer term lending. This should provide some degree of protection for the Fund's yield from the immediate effect of any reduction in the Bank of England's policy rate.

### Income

Average interest rate over the quarter 5.19% (5.29% AER)\*

Interest rate over the quarter end 5.15% (5.25% AER)\*

### Cumulative total return over last 10 years



### Deposit rate as at 30 June 2024

5.29% AER\*

\* AER = Annual Equivalent Rate, which illustrates what the annual interest rate would be if the quarterly interest payments were compounded.

\*\* Source: CCLA - Performance is shown gross of management fees and other expenses; net returns will be lower after the deduction of fees and other expenses. The daily rate on the Fund will fluctuate and past performance is not a reliable indicator of the future results. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

† Source: CCLA

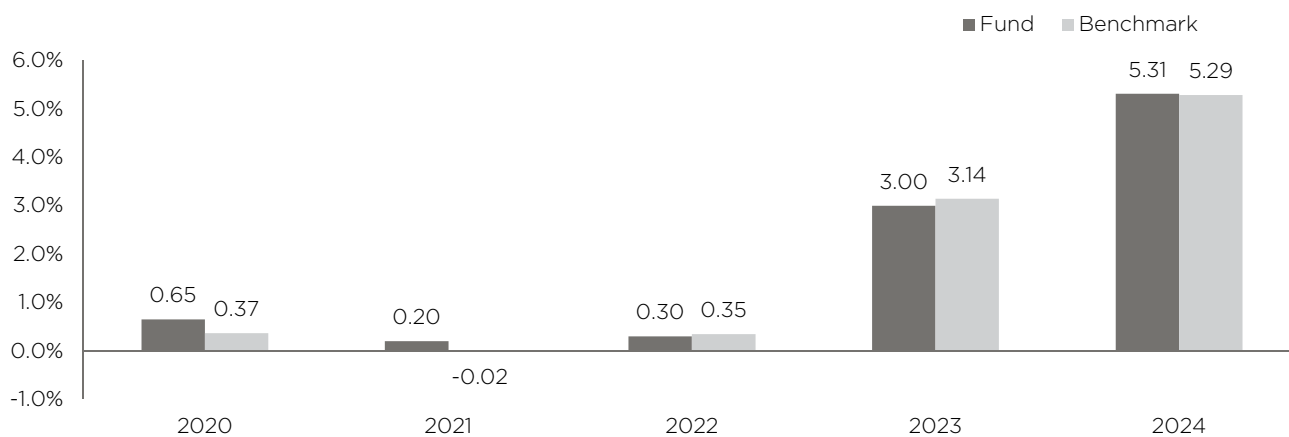
‡ CPI is reported on a 1m lag.

### Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
Deposit	+1.30%	+5.31%	+2.85%	+1.87%
Benchmark	+1.32%	+5.29%	+2.91%	+1.80%

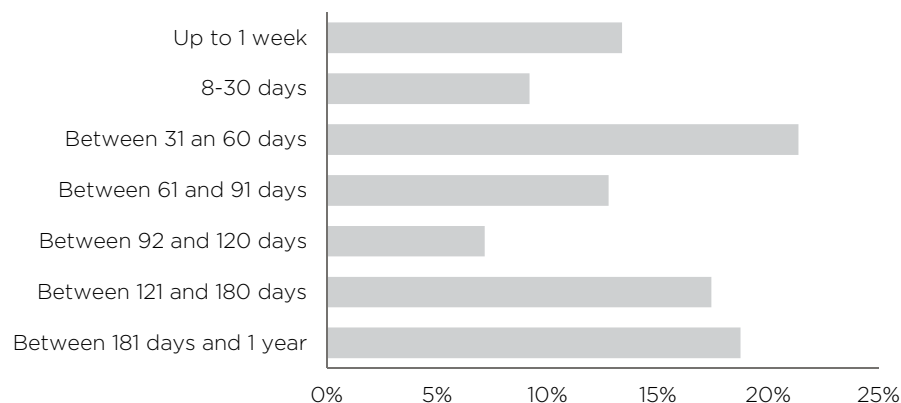
### Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
Deposit	+0.65%	+0.20%	+0.30%	+3.00%	+5.31%
Benchmark	+0.37%	-0.02%	+0.35%	+3.14%	+5.29%



Benchmark – From 1/1/21: Sterling Overnight Index Average (SONIA). Initial BM: 7-Day London Interbank Sterling Bid Rate (7-Day LIBID). Source: CCLA

### The Fund’s maturity profile



\* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

## The CBF Church of England Short Duration Bond Fund

### Performance comment

Over the quarter the Fund returned 1.00% compared with the benchmark return of 1.70%. Over the last 12 months, the Fund returned 7.49% compared with the benchmark return of 7.00%.

The Fund uses a wide range of fixed interest securities (bonds) and risk management techniques to pursue a target return of cash plus 1.75% p.a. (net of fees and expenses) over a rolling 3-year period. There is a focus on generating returns from credit risk, meaning that the manager aims to identify individual bonds which will deliver good returns relative to the level of risk associated with a particular borrower. There is 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. Currency risk is avoided.

Bond markets in general slipped back over the period as expectations for the progress of interest rate reductions became less optimistic. Bond prices move inversely to yields, so the prospect of interest rates remaining 'higher for longer' means lower valuations for bond portfolios. This is especially true of the lowest-risk end of the market, government bonds, where price movement is driven almost entirely by changing interest rate expectations. The Bloomberg Barclays Gilts index for UK government bonds gave total returns of -1.1% over the quarter while the broad corporate bond sector did slightly better at -0.3%. In contrast the riskiest, 'sub-investment grade' part of the market as measured by the Bloomberg Barclays £ High Yield ex Financials index, provided positive returns of 1.6%. With its limited appetite for risk, the fund has little exposure to these riskier bonds.

### Fund update

For the Fund's holdings in individual corporate bonds the emphasis remains on high quality businesses whose progress is not dependent on wider economic growth. At the sector level, bonds issued by retail and automotive businesses were among the most positive contributors to the fund's performance relative to the benchmark, while healthcare fared less well. Although the fund has only limited exposure to market-level interest rate risk, the shift in expectations for the timing and pace of rate cuts put downward pressure on bond prices and hence was a negative for the fund's returns compared to the benchmark return, which is linked to cash interest rates. The policy of hedging against the effects of currency movement, also detracted from relative returns over the latest quarter.

### Income

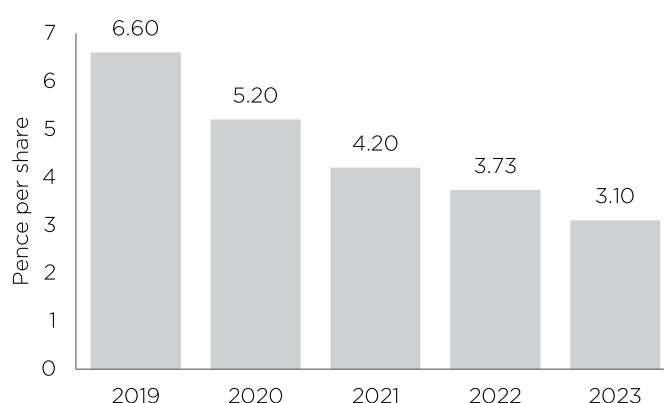
Gross dividend yield 2.45%\*

Gross redemption yield 5.53%

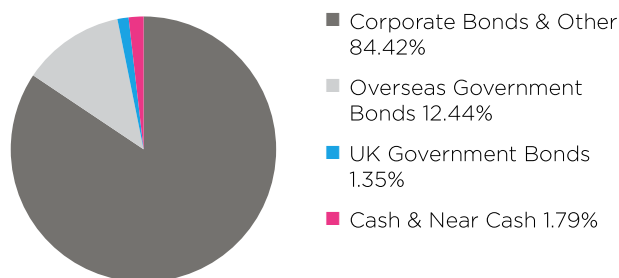
\* Based upon the net asset value and an estimated annual dividend of 3.57p.

The gross redemption yield indicates what the total return would be if the Fund's current investments were held to maturity, in other words, the aggregate of gross interest received and the capital gain or loss at redemption, annualised.

### Past distributions



### Asset allocation as at 30 June 2024

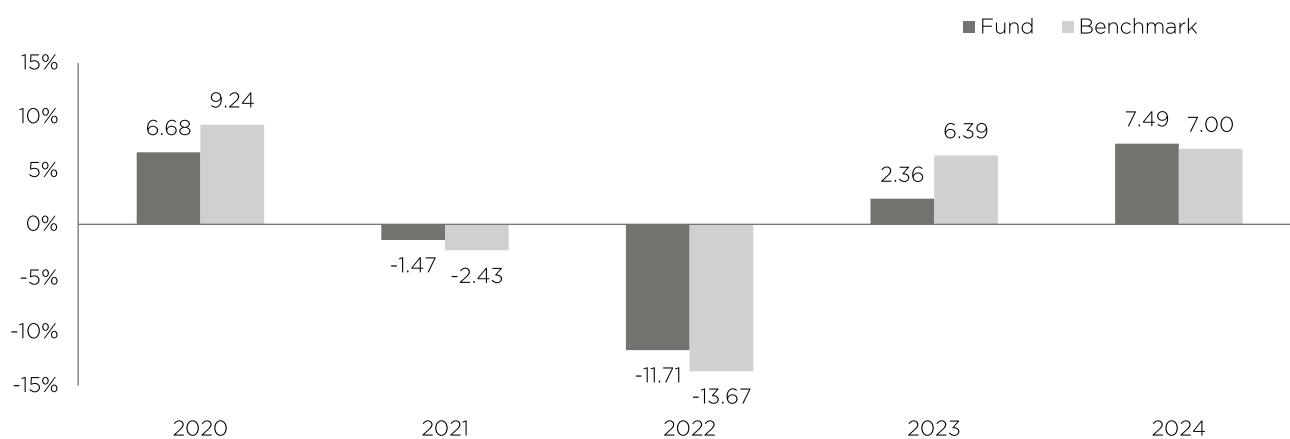


## Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
Short Duration Bond	+1.00%	+7.49%	-0.96%	+0.42%
Benchmark	+1.70%	+7.00%	-0.58%	+0.93%

## Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
Short Duration Bond	+6.68%	-1.47%	-11.71%	+2.36%	+7.49%
Benchmark	+9.24%	-2.43%	-13.67%	+6.39%	+7.00%



Benchmark - From 27.07.22 SONIA +1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50% Source: CCLA

## Portfolio asset allocation

### By credit rating

Rating Category	% Fund
AAA	30.6
AA	3.6
A	11.0
BBB	36.4
Non Investment Grade	17.8
Not rated (Debentures/Prefs)	0.6

### By term to maturity

Period	% Fund
0 - 5 years	64.5
5 - 10 years	27.3
10 - 15 years	2.2
Over 15 years	6.0
Duration (yrs)	2.2
Average term to maturity (yrs)	8.5

\* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

## The CBF Church of England Property Fund

### Performance comment

Over the quarter the Fund returned 1.21% compared with the benchmark return of 1.17%. Over the last 12 months, the Fund returned 0.02% compared with the benchmark return of -0.42%.

Occupier and rental markets in most sectors have remained competitive, supporting the income flows which make up a sizeable part of long term total returns to property investors. Capital markets are still subdued, however. Transaction volumes, despite rising slightly in the latest quarter, remain well below the long-term average and both prospective buyers and sellers have been in a cautious mood. Offices are still the most troubled sector in a challenging market, due to a combination of changing working practices and more stringent environmental standards adding to landlords' costs.

### Fund update

The portfolio has a bias towards industrial assets, and retail warehouses are also well represented; whereas there is little exposure to high street shops. Activity has included the sale of four properties: retail warehouse in Tamworth and Northampton, a warehouse in Cardiff and a former TV studio in Peterborough. New lettings and rent reviews, including an inflation-linked review on a hotel property in Bath, helping to secure future income flows.

In terms of outlook, buyer interest, notably from overseas investors, is finally beginning to recover. Nevertheless valuations are likely to remain under pressure until bond yields fall significantly – this will restore some of the yield premium necessary to attract larger volumes of investors back to the market. In the meantime, income will be the key driver of property returns. Investors in office space face particular challenges and active, selective management will be especially important in this sector.

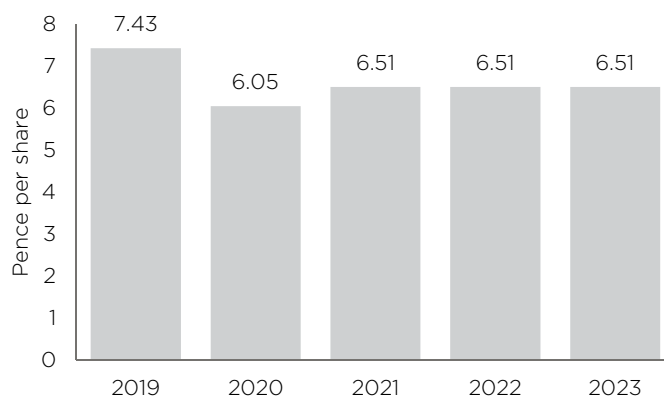
### Income

Gross dividend yield 5.36%\*

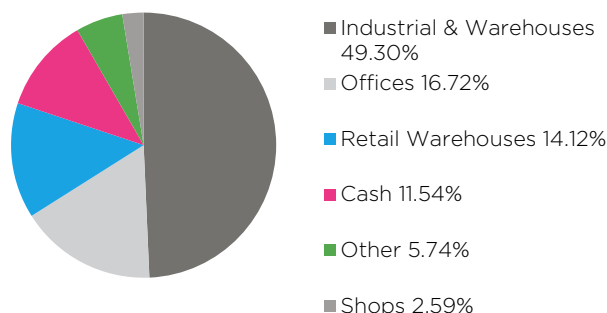
MSCI/AREF Other Balanced Property Fund Index Yield † 4.20%

\* Based upon the net asset value and an estimated annual dividend of 6.51p.

### Past distributions



### Asset allocation as at 30 June 2024

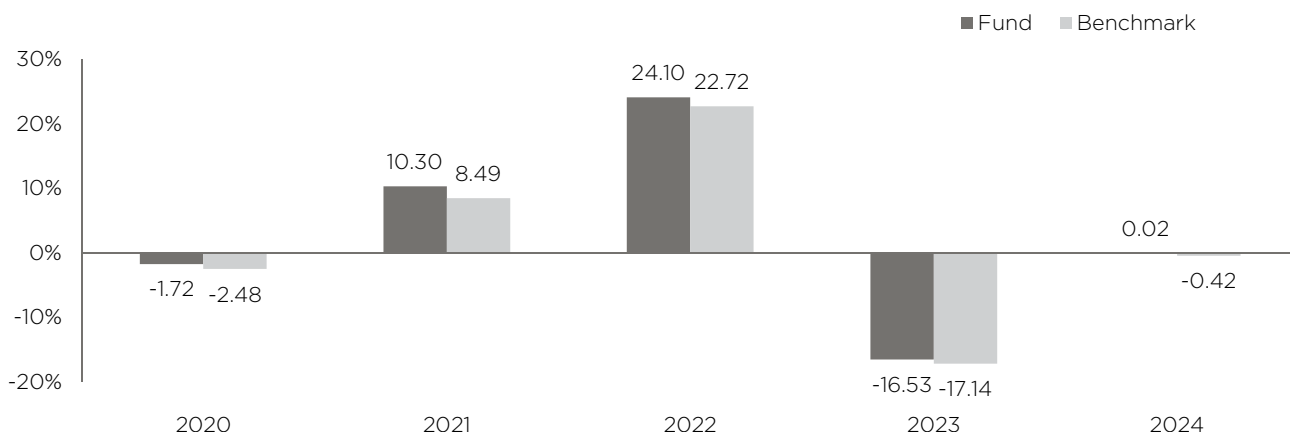


### Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
Property	+1.21%	+0.02%	+1.19%	+2.35%
Benchmark	+1.17%	-0.42%	+0.42%	+1.39%

### Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
Property	-1.72%	+10.30%	+24.10%	-16.53%	+0.02%
Benchmark	-2.48%	+8.49%	+22.72%	-17.14%	-0.42%



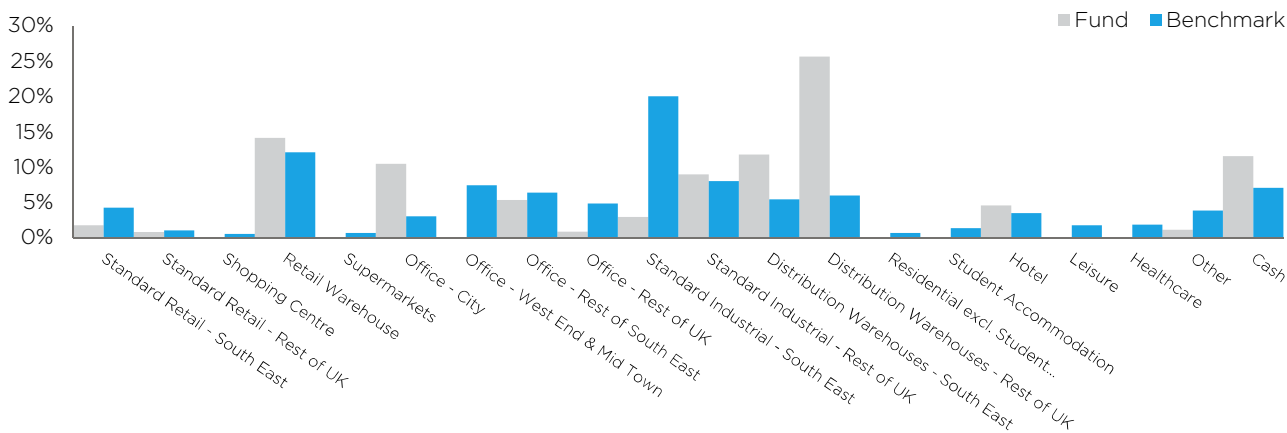
Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

### Top 10 underlying property holdings - total 57.08%

- London, 80 Cannon Street
- Mendlesham, Mendlesham Industrial Estate
- Brighton, Pavilion Retail Park
- Zorro 238, Coalfield Way, Ashby-de-la-Zouch
- Lutterworth 3320 Magna Park

- Bath, Rossiter Road, Waterside Travelodge
- 1400-1600 Aztec West Business Park
- Lutterworth 3220 Wellington Parkway, Magna Park
- Solihull Gate Retail Park, Solihull
- 7 St Andrew's Way, Bow

### Asset allocation by region and category



\* Performance of the Property Fund and its benchmark are shown after management fees and other expenses with income reinvested. Past performance is not a reliable indicator of future results.



## The CBF Church of England UK Equity Fund

### Performance comment

Over the quarter the Fund returned 2.09% compared with the benchmark return of 3.37%. Over the last 12 months, the Fund returned 11.14% compared with the benchmark return of 13.25%.

The performance of the fund's holdings in the technology and consumer-led businesses, including number of the companies which are held as part of the Fund's allocation to non-UK listed stocks, was strong relative to the returns from those sectors in the market as a whole. Conversely within financials, the fund's avoidance of banks in favour of businesses such as data providers and stock exchanges, was a detractor from relative performance over the latest quarter. The Fund's avoidance of companies in the traditional energy and mining sectors, which are heavily represented in the UK market index, was another reason for returns over the period being below that of the benchmark as that sector had a strong quarter.

### Fund update

We select stocks on the basis of their individual merits, favouring companies with strong free cash flows, robust balance sheets, and growth potential which is not dependent on broad economic growth. Recognising the limited representation of such stocks in the UK-listed market, up to 20% of the Fund's assets may be held in non-UK-listed companies.

As is often the case, most portfolio activity during the quarter consisted of incremental changes to the fund's weighting in individual companies according to our latest thinking on share valuations relative to the fundamental value of the businesses in question. Two new holdings were added to the portfolio, however: Ashtead Group, a leading equipment rental company serving the US, the UK and Canada; and the outsourced catering provider Compass Group.

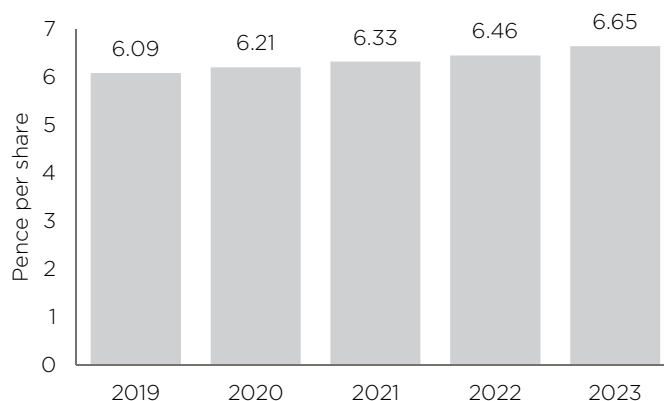
### Income

Gross dividend yield 3.49%\*

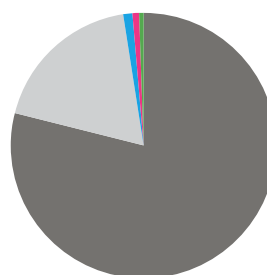
MSCI \$ UK IMI dividend yield 3.74%

\* Based upon the net asset value and an estimated annual dividend of 6.95p.

### Past distributions



### Asset allocation as at 30 June 2024



- UK Equities 78.93%
- Overseas Equities 18.63%
- Property 1.13%
- Infrastructure & Operating Assets 0.80%
- Cash & Near Cash 0.52%

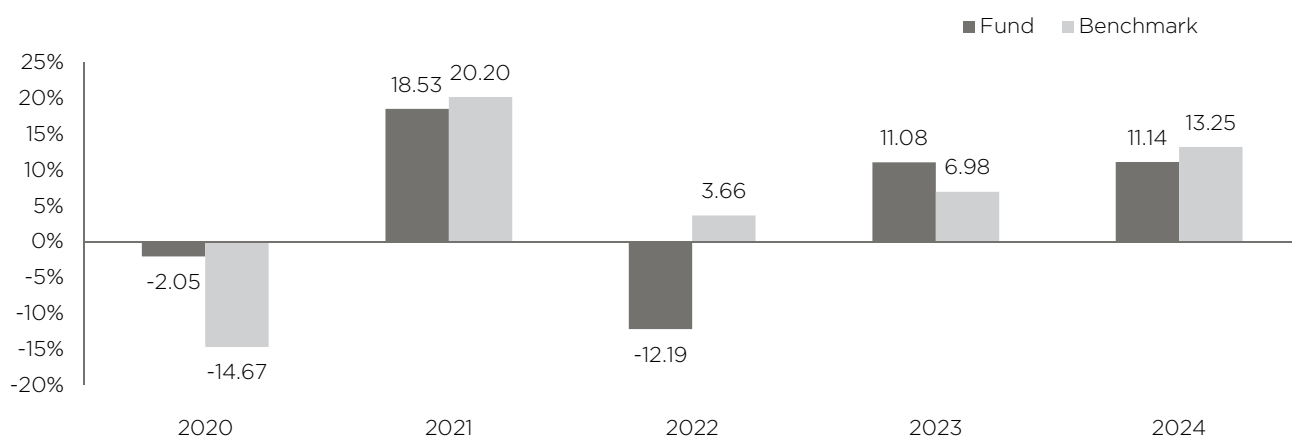
Overseas Equities	%
North America	13.96
Developed Europe	3.16
Asia Pacific ex Japan	1.51
	<b>18.63</b>

## Total return performance

Performance* to 30 June 2024	3 months	1 year	3 years p.a.	5 years p.a.
UK Equity	+2.09%	+11.14%	+2.73%	+4.71%
Benchmark	+3.37%	+13.25%	+7.89%	+5.19%

## Total return performance by year

12 months to 30 June	2020	2021	2022	2023	2024
UK Equity	-2.05%	+18.53%	-12.19%	+11.08%	+11.14%
Benchmark	-14.67%	+20.20%	+3.66%	+6.98%	+13.25%



Benchmark - MSCI UK IMI. Source: CCLA

## Top 10 holdings as at 30 June 2024

Auto Trader Group PLC WI Ord GBPO.01	4.0%	Experian Group Ltd GBPO.1	3.3%
Intermediate Capital Group PLC Ord GBPO.2625	3.8%	AstraZeneca USD0.25	3.2%
Rightmove Ord GBPO.0010	3.5%	Sage Group Ord GBPO.0105195	3.0%
Relx PLC Ord GBPO.1444	3.5%	Diploma Ord GBPO.05	3.0%
London Stock Exchange Group GBPO.069186	3.4%	Compass Group Ord GBPO.1105	2.9%

\* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

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## IMPORTANT INFORMATION

This document is issued for information purposes only. It does not provide financial, investment or other professional advice.

To make sure you understand whether our product is suitable for you, please read the key information document and scheme information and consider the risk factors identified in those documents. We strongly recommend you get independent professional advice before investing.

Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise. You may not get back the amount you originally invested and may lose money.

The fund can invest in different currencies. Changes in exchange rates will therefore affect the value of your investment. Investing in emerging markets involves a greater risk of loss as such investments can be more sensitive to political and economic conditions than developed markets. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries. The annual management charge is paid from capital (except for the Fixed Income Securities Fund and the Deposit Fund). Where charges are taken from capital rather than income, capital growth will be constrained and there is a risk of capital loss.

Any forward-looking statements are based on our current opinions, expectations and projections. We do not have to update or amend these. Actual results could be significantly different than expected.

Investment in a CBF fund is only available to charitable trusts with objects closely connected with the work of the Church of England. The CBF funds are Common Funds established under The Church Funds Investment Measure 1958 (as amended or replaced from time to time). The funds are not authorised by the Financial Conduct Authority.

The properties within the CBF Property Fund are valued by an external property valuer; any such valuations are a matter of opinion rather than fact. The performance of the CBF Property Fund may be negatively affected by a deterioration in the property market which could reduce the value of the fund.

If interest rates on sterling deposits and instruments become negative, depositors may be charged these negative interest rates which will reduce the value of your investment.

We, CCLA Investment Management Limited (registered in England and Wales, number 2183088 at One Angel Lane, London EC4R 3AB), are authorised and regulated by the Financial Conduct Authority. We manage the Church of England Funds.

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