
CCLA

QUARTERLY
BULLETIN

30 September 2023

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)	+2.35	+13.89	+12.28	+3.34
Global Equities (MSCI World Index)	+0.56	+11.54	+10.17	+8.69
Global Equities ex UK (MSCI World ex UK Index)	+0.47	+11.41	+9.99	+8.93
UK Govt. Bonds (Markit iBoxx £ Gilts Index)	-0.78	-2.43	-11.98	-4.18
Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index)	+2.26	+6.95	-5.96	-0.99
UK Commercial Property (AREF/MSCI™ All Prop Monthly) †	+0.18	-13.27	+3.71	+2.23
Inflation (CPI) *	+0.00	+6.66	+6.53	+4.28
Cash (SONIA) §	+1.28	+4.05	+1.58	+1.11

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.

The third quarter of 2023 was another challenging period for investors. Equity markets made some progress in the early weeks of the period as a relatively high proportion of companies reported quarterly corporate earnings which were better than had been expected. However after that the mood was less positive. Central banks, led by the US Federal Reserve, indicated that although interest rates may not rise much further from here, nor were they likely to fall rapidly.

Higher interest rates act as a drag on consumer demand and business investment and so tend to diminish corporate earnings growth. At the same time, as improved yields become available from bonds and cash, investors become less attracted to the riskier equity market. The expectation of higher interest rates is therefore generally a negative influence on equities.

The global equity market delivered total returns for the latest three-month period of +0.6% in sterling terms. This marginally positive outcome was attributable mainly to currency movement, however. In US dollar terms, the currency in which most of the world's corporate activity is reported, total returns for the quarter were negative at -3.5%. For the calendar year to date, global equities have returned +9.5% to a sterling-based investor and +11.1% in dollar terms.

There has been a striking difference in the fortunes of different sectors within the global market this year. A handful of giant technology companies have fared very well, with strong earnings reports and exceptional rises in their share prices. Most other sectors have struggled, especially those whose success is more closely tied to general economic progress.

Fixed interest markets also suffer when interest rates are expected to be higher rather than lower. Bond prices move in the opposite direction from yields, resulting in losses for fixed income investors. The yield on the benchmark 10-year UK government bond (gilt) began July at 4.4% and ranged between 4.2% and 4.7% during the quarter to close at 4.5% at the end of September. The UK government bond market as a whole gave total returns of -0.8% to leave returns for the year to date at -4.5%.

Meanwhile the UK commercial property market has been subdued with very few property sales and purchases taking place. Capital values, which fell sharply in the later months of 2022, have remained at relatively depressed levels. However rental flows have held up well in most sectors and so the income element of property investors' returns has remained healthy. Combining positive income returns with modest declines in capital value, total returns from the property market as a whole have been largely flat for the year to date.

Outlook

Although inflation has fallen substantially from its post-pandemic highs, in the major western economies it remains well above the target level of 2%. Central bank officials are determined that inflation must be brought fully under control to achieve sustainable economic growth. Interest rates, policy makers' key tool for controlling levels of demand in the economy, could therefore remain relatively high for an extended period. Market expectations are currently that interest rates in the UK and the US may have one small further hike this autumn, and will remain at that new high for perhaps a year before falling only gradually over the next few years.

The US economy, which dominates the global market, has proved surprisingly resilient in the face of higher interest rates but the US central bank, the Federal Reserve, is unlikely to consider that inflation has properly been contained until it sees convincing signs of economic slowdown, notably higher unemployment. There are signs that the jobs market is indeed beginning to soften and business activity to cool and the impact of higher interest rates, which can take many months to be felt, suggests that the slowdown could soon turn economic growth into contraction. In the UK and even more so in Europe, comparable indicators are already pointing to recession.

Shifts in US government bond yields also indicate that the economy could soon contract. For some time the yield on long-dated government bonds has been lower than for short-dated issues and an inverted yield curve, as this is known, has historically been a reliable indicator of a forthcoming recession. More recently the yield on long-dated bonds has moved upwards so that the degree of inversion has reduced, and this has often happened shortly before the economy actually enters recession.

Markets could struggle to make sustained progress until investors believe that economic growth is on a more assured footing. In the meantime we are likely to see continuing volatility as investors react to emerging macroeconomic data and policy signals.

CC14 – refreshed investment guidance for charities

Trustees will want to be aware that the Charity Commission for England and Wales has published a refreshed version of its guidance on investing charity money (CC14).

The law on charity investment and how to access professional expertise has not changed, so most boards will find that the release of the new version does not necessitate an urgent revamp of their approach or policy. However you should refer to it when next reviewing your investment policy or if you are setting out a policy for the first time. For Scottish charities, OSCR publishes its own guidance but trustees may find it useful also to cross-refer to the Charity Commission's guidance.

The updated guidance is shorter and, most people will find, clearer than its predecessor. It begins by reminding trustees that their principal duty is to further their charity's purposes and reassures us that when it comes to investments, this will mean different things to different organisations.

Purpose-related considerations

Among other things CC14 confirms that many boards will want to think not just about financial risk and return objectives, but about how else the investment assets are being used to advance the charity's purposes. This might be, for example, through action by their fund managers to drive real-world change on issues that matter to the organisation such as climate change, inequality or mental health.

The guidance also calls for trustees to exercise their own judgment on whether and how to restrict investment in any particular type of business if they feel that it either contradicts their mission or would put their organisation's reputation at risk. It notes that trustees may also choose to integrate environmental, social and governance issues into their investment strategy, whether to boost returns or protect their reputation.

Accessing professional expertise

When it comes to selecting investment assets or managing a portfolio most charities will not have enough in-house expertise to do this themselves and will need to take professional advice – or much more commonly, delegate day-to-day decision making to a professional firm.

The guidance notes that for many trustees an appropriate way to do this is to invest in a collective scheme such as a specialist fund available only to charities, and we believe this is the route taken by most charities with long-term investments. CCLA's pooled funds for church and charity investors, such as those referred to in this report, are examples of such funds.

You do of course need to understand a fund's investment policy and objectives, how these align with your own policy, and subsequently how the fund is performing in relation to those objectives. We provide all the information needed for investors to understand our funds for themselves. We publish details of all our funds at www.ccla.co.uk/investments and we are always pleased to respond to queries to support trustees' understanding of different funds and how they are managed.

We also encourage trustees and executives to take advantage of the events and meetings that we offer. Our aim is that all those with governance responsibilities for oversight of your investments are confident in their understanding of our approach. Your regular relationship contact at CCLA will be pleased to arrange bespoke update briefings. We also provide regular online and face-to-face seminars. Information and registration for forthcoming events is available at www.ccla.co.uk/events.

We at CCLA do not offer financial advice. If you do want to take advice, CC14 notes that you need to consider the advice objectively and do what is best for your charity. You therefore need to think about any potential conflicts of interest that affect an adviser. This could be an issue, for example, if an adviser or firm is recommending that you use their own funds or services, without being able to demonstrate why those will serve your purposes better than others.

If you require financial advice then we strongly recommend that you contact an independent financial adviser, who will charge for advice. You can find a financial adviser through www.unbiased.co.uk.

Acting for change on forced labour in the UK

In December 2022, CCLA spearheaded a call by investors to help protect migrant seasonal workers in the UK. This came against a backdrop of growing concern that the country's immigration system is exposing migrant workers to forced labour on UK farms. Last month, we took a further step to act on this important issue.

Background to the Seasonal Worker scheme (SWS)

A combination of Brexit and the war in Ukraine have resulted in a shortage of migrant workers for the agricultural sector in the UK. There is evidence to suggest that migrant workers in the UK, recruited and employed through the government's Seasonal Worker scheme (SWS), are being obliged to pay excessive fees to agents and middlemen, in addition to travel and visa costs for crucial but temporary roles, in support of the UK's food sector.

The UK government has committed to tackling modern slavery and the International Labour Organization states that no recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers. Unfortunately, in practice, workers are often forced to take out loans at high interest rates or sign over assets and property to pay the fees and costs associated with securing a job overseas. This leaves the workers open to a high risk of debt bondage, one of the key indicators of forced labour.

What have we done?

At the end of 2022, we convened 10 investors with c. £800 billion in assets under management to sign a statement calling on retailers and firms in, and directly sourcing from, the UK agricultural supply chain to:

- implement the Employer Pays Principle, which means that no worker should pay for a job and that the employer should bear all recruitment costs (recruitment fees and associated expenses such as travel etc.)
- undertake an investigation of existing workers and ensure a fair process to repay recruitment-related costs that may have been borne by the workers.
- encourage the government to bring the UK's Seasonal Worker scheme into line with international commitments on modern slavery and forced labour.

In early 2023, we met representatives from the British Retail Consortium and wrote directly to all UK supermarkets, select hospitality companies, and agricultural suppliers.

Over the summer, we identified an opportunity to push forward on this important issue after the government published an independent review into labour shortages in the food supply chain in the UK. The review, commissioned by the [Department for Environment, Food & Rural Affairs \(Defra\)](#), set out several key recommendations for government, industry and other key stakeholders.

In response, we gathered a coalition of 14 institutional investors and wrote to Thérèse Coffey, Secretary of State for Environment, Food and Rural Affairs, urging Defra to implement the recommendations. In particular, those related to access to migrant labour through an improved seasonal worker scheme and its enforcement (recommendation 2), and the need for a workforce data strategy to ensure a sustainable pipeline of agricultural workers and resources (recommendation 7). Our letter was signed by CCLA's Dame Sara Thornton, former UK Independent Anti-Slavery Commissioner.

CCLA's record on tackling modern slavery

Our work to protect migrant seasonal workers is just one part of our flagship investor initiative, 'Find it, Fix it, Prevent it', aimed at tackling the scourge of modern slavery in company supply chains. The initiative, formally launched at the London Stock Exchange in 2019, is now supported by 66 institutional investors, representing a combined £14.6 trillion in assets under management.

Last month we published the [Find it. Fix it. Prevent it – Modern slavery report 2023](#), which expands on our work in this area; from corporate engagement with hospitality and construction companies, to work to strengthen the UK's Modern Slavery Act, and efforts to improve the data landscape around this complex and opaque problem.

At CCLA, we have always believed that the primary role of sustainable finance is to drive positive change. Businesses have a vital role to play in righting the wrongs that exist in the world and we are convinced that investors hold the key to unlocking progress at scale. We look forward to reporting on further progress in this area over the months and years to come.

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

As an asset manager, it is key that we use our financial power and ownership rights to push for positive change on the issues that matter. Tackling the climate emergency has been a priority for us since 2012, when we started to build Aiming for A, the forerunner to Climate Action 100+. In Q3, we published an updated version of our climate change policy, 'A climate for Good Investment'. The policy, available on our website, sets out our ambition and pathway to net-zero emissions in our listed equity portfolio no later than 2050. Crucially, we aim to do this through actions, not transactions.

While a 'transactions' approach (i.e. selling high emitting stocks and buying 'clean' stocks) is quicker and simpler to execute, it has zero impact on the wider world. Our aim is to 'act', through engagement with companies and work with policymakers, to bring down real world emissions.

To that end, we have kick-started a focussed engagement programme targeting our 30 largest portfolio emitters. By the end of Q3, this had resulted in initial meetings with 10 companies. We will report on progress in the months ahead.

This quarter we also published the 2023 annual report for our flagship modern slavery initiative, Find it, Fix it, Prevent it. Aimed at making the corporate response to modern slavery more effective, the annual report covers progress on corporate engagement (primarily targeting hospitality and construction companies), policy engagement and work to develop better data on modern slavery. Please visit www.ccla.co.uk.

As part of our 'better health' engagement pillar, we engage with food manufacturers in our portfolio with the aim of persuading them to produce healthier products and to make those products more affordable, more available and more affordable. This quarter we had meetings with two companies, Nestlé and Unilever, both of which have made considerable progress on this topic over the past 12 months.

Quarter three 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 14% of resolutions at investee companies this quarter (15% for the UK Equity Fund, 23% for the Better World Global Equity Fund).

Our voting on directors reflects our views on what determines good corporate governance. For example, at Experian PLC we voted against the chairs of both the remuneration committee and nomination committee due to concerns we have about executive pay and diversity in the workforce.

We aim to support all pro-active shareholder proposals, particularly where a proposal complements one of our existing engagement priorities. We have been engaging with Nike over human rights for workers in their supply chain and supported a resolution at the AGM on this issue. We also supported a call for increased reporting on gender or racial pay gaps at the company.

Moving our industry forward through engagement with ISS

CCLA has a bespoke voting template that is administered by proxy voting provider, Institutional Shareholder Services (ISS). Many institutional investors follow the 'default' voting recommendations set out by ISS, which is informed by an annual survey of investors. We participated in the 2023 survey in September. We take great care in responding to this annual survey as it gives us an opportunity to influence the way that other, often very large, investors vote. In Q3 we also attended an ISS voting roundtable to discuss what we believe should go into their default recommendations. We focussed on the following.

Executive Remuneration: there is a move to relax existing rules limiting executive compensation in the UK. The current rules are allegedly deterring companies from listing in the UK and leading to executives leaving the UK for the US. We do not want to see a relaxing of policies or award levels in the UK, since it will increase inequality within companies and may incentivise short-termism in leadership.

Climate change: we pushed ISS to flag shareholder resolutions that include Climate Action 100+. In addition, while we are supportive of corporate greenhouse gas reduction and net zero targets, crucially we want any targets to be realistic, i.e. not reliant on carbon offsets or new technologies that are either unproven or not yet commercially available. Please visit ccla.co.uk to view our vote guidelines and quarterly vote reports.

Ethical constraints

We confirm that the CBF Funds have been managed to their respective ethical exclusion policies this quarter. The EIAG is underway with a project to update the advice it provides as the basis for the policies set by the National Investing Bodies. Work on a new ethical investment advice paper related to artificial intelligence (AI) is also underway, which will complement the already existing 'Big Tech' advice paper.

The CBF Church of England Investment Fund

Performance comment

Equity markets remained volatile in the latest period as investors reacted to the uncertain and shifting outlook for growth, inflation and interest rates in developed markets and to a slowdown in the Chinese economy. Most other asset markets were also weak. The expectation of 'higher for longer' interest rates damaged valuations in government bonds, property and alternative assets such as clean energy. However there were better results from some specialist asset types including listed private equity. Over the quarter the Fund returned -0.53% compared with the comparator return of 0.38%. Over the last 12 months, the Fund returned 4.84% compared with the comparator return of 7.69%.

Within equities, which make up the majority of the portfolio, the Fund's returns lagged the broad equity market as measured by the MSCI World Index over the latest period and over the year to date. As a diversified portfolio, the Fund's allocation to the handful of technology stocks which have accounted for almost all of the market's total returns is lower than the dominant share these companies represent in the market. Thus, although the portfolio's technology holdings have contributed strongly to absolute returns, these gains have been lower than those of the market as a whole. In several other sectors, however, the Fund's returns were stronger than the market average. Examples include healthcare, industrials and the financial sector.

Fund update

There is a bias towards real assets, predominantly global equities but also property and infrastructure. Over the last year we have reintroduced bonds as the steep rise in yields available from fixed interest assets has provided some attractive opportunities to diversify the portfolio's asset blend.

Individual stocks are selected on businesses' fundamental characteristics including environmental, social and governance risks. We favour companies with the potential to grow more predictably than the general economy, resulting in relatively high weightings to sectors such as healthcare and information technology.

The latest quarter was a fairly quiet one in terms of portfolio activity, with no major changes in the balance of asset classes held. Within the equities portfolio we continued to maintain focus on adding value, trimming exposure to companies that have reached or exceeded our price targets and reinvesting in those where we see greater return potential. Examples of stocks from which we took profits include Adobe, Verisk Analytics, S&P Global and hotels group IHG, with the capital proceeds reinvested in companies such as Nestle, Experian, Thermofisher and Wolters Kluwer.

Income

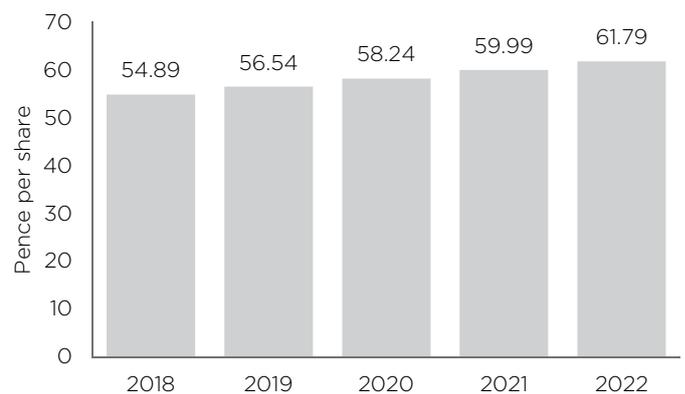
Gross dividend yield 2.92%*

MSCI \$ UK IMI dividend yield 3.70%

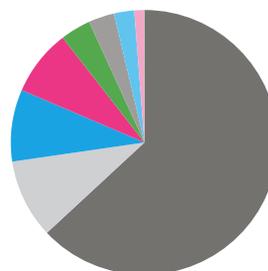
MSCI \$ World ex UK dividend yield 1.99%

* Based upon the net asset value and an estimated annual dividend of 61.79p.

Past distributions



Asset allocation as at 30 September 2023



- Overseas Equities 63.04%
- UK Equities 9.66%
- Fixed Interest 8.78%
- Infrastructure & Operating Assets 8.03%
- Private Equity & Other 3.70%
- Property 3.14%
- Contractual & Other Income 2.46%
- Cash & Near Cash 1.18%
- Derivatives 0.02%

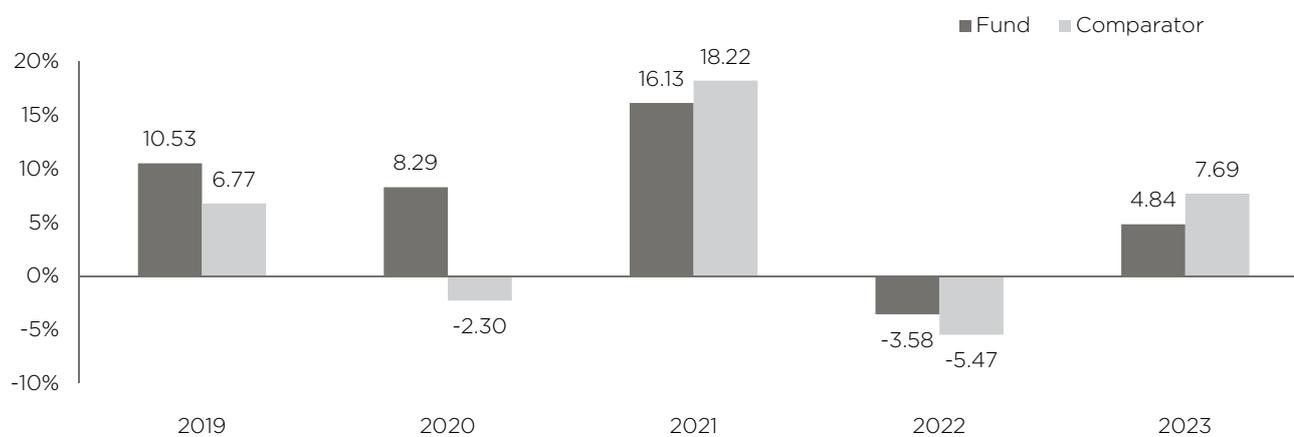
Overseas Equities	%
North America	46.68
Developed Europe	11.89
Asia Pacific ex Japan	2.80
Japan	0.84
Other	0.83
Total Overseas Equities	63.04

Total return performance

Performance* to 30 September 2023	3 months	1 year	3 years p.a.	5 years p.a.
Investment	-0.53%	+4.84%	+5.49%	+7.04%
Comparator	+0.38%	+7.69%	+6.37%	+4.66%

Total return performance by year

12 months to 30 September	2019	2020	2021	2022	2023
Investment	+10.53%	+8.29%	+16.13%	-3.58%	+4.84%
Comparator	+6.77%	-2.30%	+18.22%	-5.47%	+7.69%



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 September 2023

UK Treasury 4.5% 07/12/2042	2.9%	Alphabet Inc C Com NPV	1.4%
UK Treasury Gilt 3.25% 22/01/2044	2.9%	UnitedHealth Gp Com USD0.01	1.4%
CCLA Inv Mgmt Ltd Ord GBP1	2.6%	Amazon.Com Com USD0.01	1.4%
The CBF Church of England Property Fund	2.5%	Intuit Com USD0.01	1.3%
Microsoft Com NPV	1.9%	Partners Group AG	1.3%

* 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 Income Fund

Performance comment

Equity markets remained volatile in the latest period as investors reacted to the uncertain and shifting outlook for growth, inflation and interest rates in developed markets and to a slowdown in the Chinese economy.

Over the quarter the Fund returned -0.41% compared with the comparator return of 0.56%. Over the last 12 months, the Fund returned 7.50% compared with the comparator return of 11.54%.

We favour companies with the potential to grow their earnings in ways which are not dependent on broader economic growth. We seek to avoid those which lack control over the prices that they charge or the costs that they incur, or have high levels of debt. As a result of this philosophy the portfolio composition normally differs from that of the market as a whole and consequently returns can diverge significantly in any given period.

In the latest quarter, the Fund's avoidance of traditional energy companies was the single largest factor in returns being weaker than that of the comparator benchmark, as companies in that sector benefited from a rising oil price. Over the year to date relative performance has also been held back by the fact that the Fund's allocation to the handful of technology stocks which accounted for almost all of the market's total returns is lower than the market weighting. Meanwhile, consumer businesses and especially luxury goods brands have been relatively weak as the outlook for consumer spending in the US and China in particular has faltered; although leisure and travel businesses have broadly continued to fare well.

Fund update

This was a fairly quiet period for portfolio activity. We maintain our bias towards technology, healthcare and consumer-led businesses, and some parts of the financial and industrial sectors are also represented in the portfolio. There have been no significant structural changes to the portfolio; most recent activity has been driven by valuations and in particular trimming exposure to companies that have reached our valuation targets and reinvesting in those where we see greater return potential. Examples of stocks from which we took profits include Adobe, Verisk Analytics, S&P Global and hotels group IHG, with the capital proceeds reinvested in names such as Nestle, Experian, Thermofisher and Wolters Kluwer.

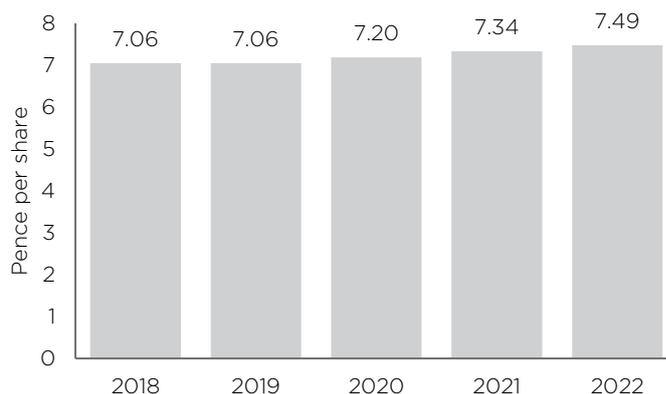
Income

Gross dividend yield 2.69%*

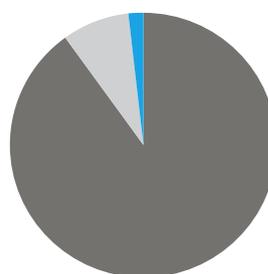
MSCI \$ World dividend yield 2.06%

* Based upon the net asset value and an estimated annual dividend of 7.49p.

Past distributions



Asset allocation as at 30 September 2023



- Overseas Equities 90.06%
- UK Equities 8.14%
- Cash & Near Cash 1.80%

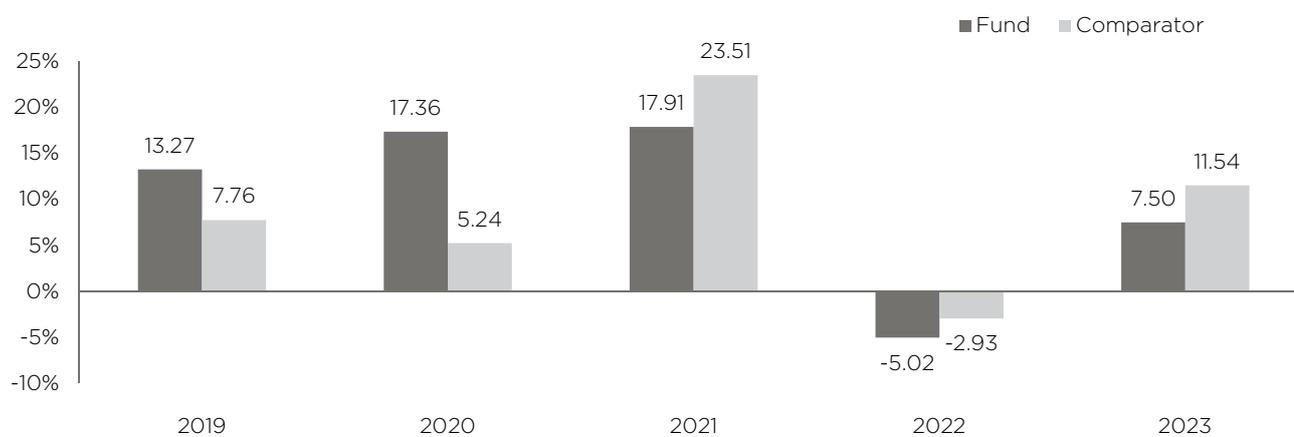
Overseas Equities	%
North America	66.76
Developed Europe	17.10
Asia Pacific ex Japan	3.92
Other	1.28
Japan	1.00
Total Overseas Equities	90.06

Total return performance

Performance* to 30 September 2023	3 months	1 year	3 years p.a.	5 years p.a.
Global Equity Income	-0.41%	+7.50%	+6.38%	+9.86%
Comparator	+0.56%	+11.54%	+10.17%	+8.69%

Total return performance by year

12 months to 30 September	2019	2020	2021	2022	2023
Global Equity Income	+13.27%	+17.36%	+17.91%	-5.02%	+7.50%
Comparator	+7.76%	+5.24%	+23.51%	-2.93%	+11.54%



Comparator - MSCI £ World. Source: CCLA

Top 10 holdings as at 30 September 2023

Microsoft Com NPV	3.5%	Adobe Inc Com USD0.0001	1.9%
Alphabet Inc C Com NPV	2.0%	Intuit Com USD0.01	1.9%
Visa Com - Class A Shares USD0.0001	2.0%	ICON Plc Com NPV	1.8%
UnitedHealth Gp Com USD0.01	2.0%	IntercontinentalExchange Group Inc Com USD0.01	1.8%
Amazon.Com Com USD0.01	2.0%	Relx PLC Ord GBP0.1444	1.8%

* 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 has continued to increase as more attractive rates have become available from the carefully screened institutions with which it places cash. The Bank of England’s policy rate rose by a further 0.25% over the quarter, from 5% to 5.25%. Current market consensus is that the official rate may rise by a further 0.25% or so and are likely to stay at or near that elevated level for some time even if the economy begins to contract. Headline inflation has already fallen substantially from last year’s peak but core inflation, which strips out the volatile food and energy components, is proving stickier. The Bank has signalled that it will prioritise the control of inflation, with the expectations of interest rates remaining ‘higher for longer’, over short term support for a flagging economy.

Fund update

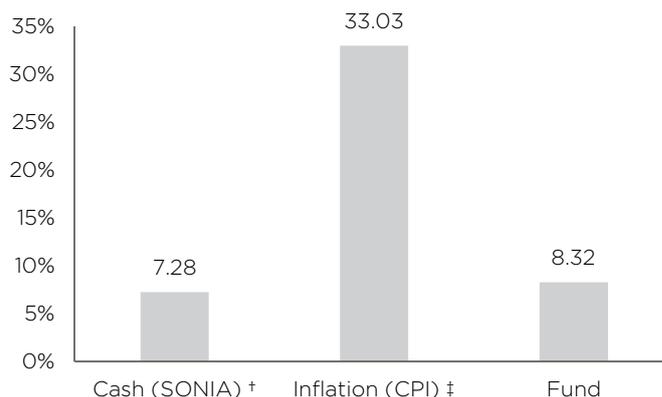
The prime focus of the investment strategy is to provide capital security with excellent liquidity and a competitive rate of interest. The portfolio is invested only in cash and near cash assets diversified across a number of approved, high-quality counterparties.

Income

Average interest rate over the quarter 4.93% (5.02% AER)*

Interest rate over the quarter end 5.20% (5.30% AER)*

Cumulative total return over last 10 years



Deposit rate as at 30 September 2023

5.02% 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

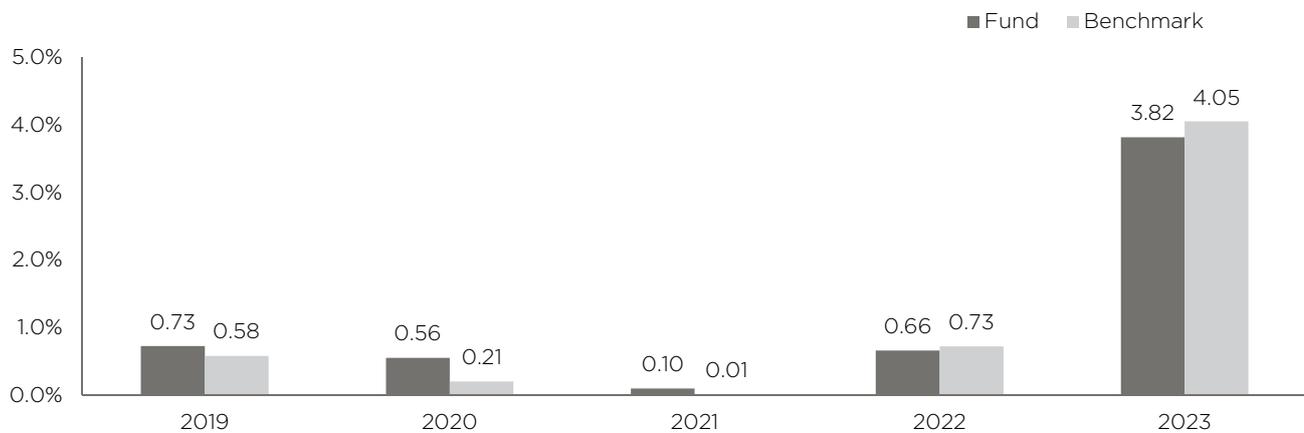
‡ CPI is reported on a 1m lag..

Total return performance

Performance* to 30 September 2023	3 months	1 year	3 years p.a.	5 years p.a.
Deposit	+1.21%	+3.82%	+1.52%	+1.17%
Benchmark	+1.28%	+4.05%	+1.58%	+1.11%

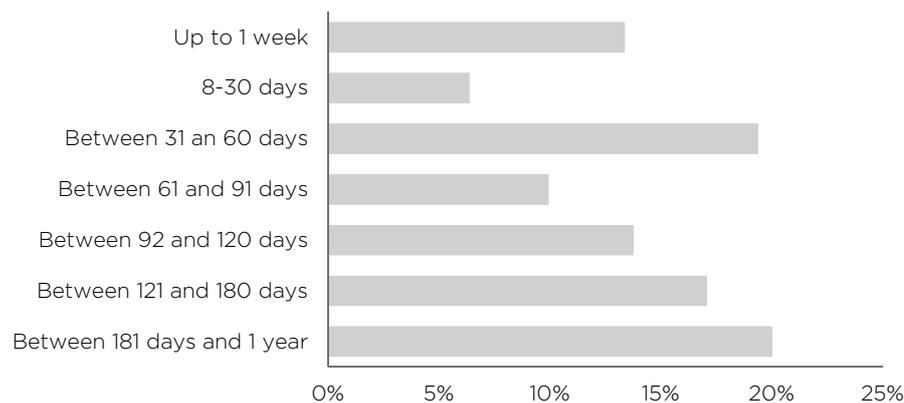
Total return performance by year

12 months to 30 September	2019	2020	2021	2022	2023
Deposit	+0.73%	+0.56%	+0.10%	+0.66%	+3.82%
Benchmark	+0.58%	+0.21%	+0.01%	+0.73%	+4.05%



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 Fixed Interest Securities Fund

Performance comment

Over the quarter the Fund returned 1.41% compared with the benchmark return of 1.70%. Over the last 12 months, the Fund returned 7.62% compared with the benchmark return of 5.81%.

The Fund uses a wide range of fixed interest securities (bonds) and portfolio 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. This means aiming to identify bonds which will deliver good returns relative to the level of risk associated with a particular borrower.

Conversely there is limited appetite for interest rate risk, which describes how a bond's returns are likely to be affected by general changes in interest rates. Currency risk is avoided.

The best-performing part of the bond market over the latest quarter was once again the riskiest 'high yield' or sub-investment grade sector. The Fund's exposure to these higher yielding bonds is carefully limited and this was one reason why the Fund's total return over the period was below that of the target benchmark.

Fund update

A sizeable proportion of the portfolio is held in US government bonds which are delivering yields that have risen significantly over the last two years while helping to contain overall portfolio risk. However the balance has continued to shift towards carefully selected individual corporate bonds, where the emphasis is on high quality businesses whose progress is not dependent on wider economic growth. Elsewhere, the weighting to UK mortgage-backed instruments was reduced, recognising that the strong returns recently enjoyed from these investments were becoming less assured as the risk of financial stress among the underlying mortgage borrowers begins to rise.

Income

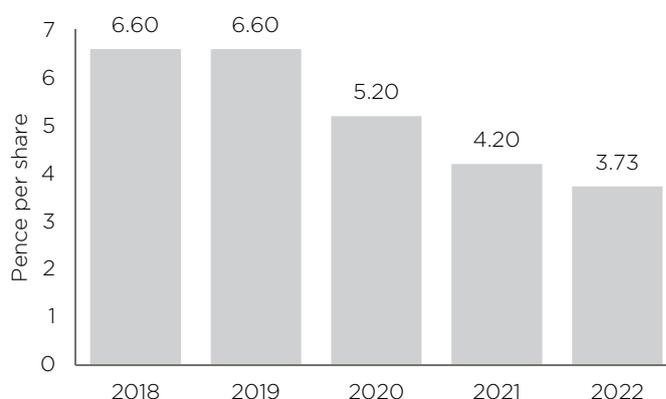
Gross dividend yield 2.23%*

Gross redemption yield 5.83%

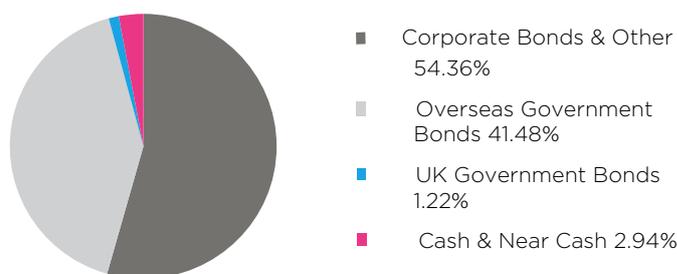
* Based upon the net asset value and an estimated annual dividend of 3.12p.

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 September 2023

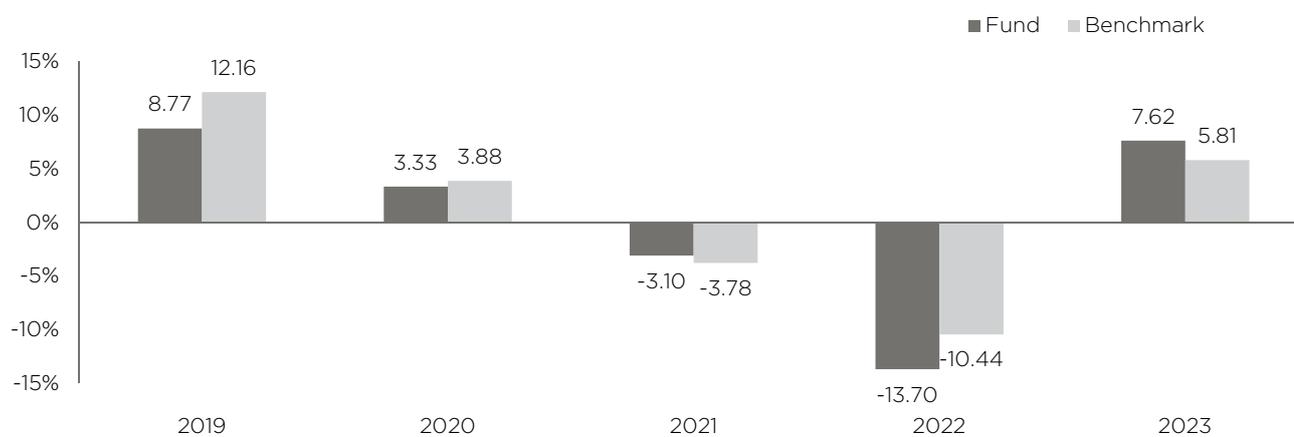


Total return performance

Performance* to 30 September 2023	3 months	1 year	3 years p.a.	5 years p.a.
Fixed Interest	+1.41%	+7.62%	-3.45%	+0.23%
Benchmark	+1.70%	+5.81%	-3.03%	+1.22%

Total return performance by year

12 months to 30 September	2019	2020	2021	2022	2023
Fixed Interest	+8.77%	+3.33%	-3.10%	-13.70%	+7.62%
Benchmark	+12.16%	+3.88%	-3.78%	-10.44%	+5.81%



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	43.3
AA	4.5
A	9.5
BBB	31.3
Non Investment Grade	10.6
Not rated (Debentures/Prefs)	0.8

By term to maturity

Period	% Fund
0 - 5 years	64.6
5 - 10 years	25.8
10 - 15 years	2.2
Over 15 years	7.5
Duration (yrs)	2.3
Average term to maturity (yrs)	9.8

* 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

Occupier and rental markets remained solid, supporting the income flows which make up a sizeable part of long term total returns to property investors. Capital markets have been very subdued, however, with transaction volumes at near-record low levels. The associated lack of ‘price discovery’ – observable prices paid for properties in actual transactions – has left prospective buyers and sellers, as well as property fund valuers, in a cautious mood. Markets also firmed up their expectations that interest rates would remain ‘higher for longer’. This has kept capital values in the property market under pressure as investors demand higher yields. Offices remained 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.

Over the quarter the Fund returned -1.00% compared with the benchmark return of -0.38%. Over the last 12 months, the Fund returned -14.65% compared with the benchmark return of -14.30%.

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. Recent activity has included the sale of two properties, an office building in Leicester and a car showroom in Bristol. Both sales were completed at prices above the more recent portfolio valuation. Meanwhile management activity included new leases on two floors of the portfolio’s largest property by value, 80 Cannon Street in London, helping to secure future income flows.

In terms of outlook, valuations are likely to remain under pressure until investors are confident that the peak of the interest rate cycle has been reached. Even then, with property yields now enjoying a lower premium over the bond market, capital growth will be subdued. Income will therefore continue to be the key driver of total returns from property. Investors in the office sector face particular challenges and active, selective management will be especially important in this part of the property market.

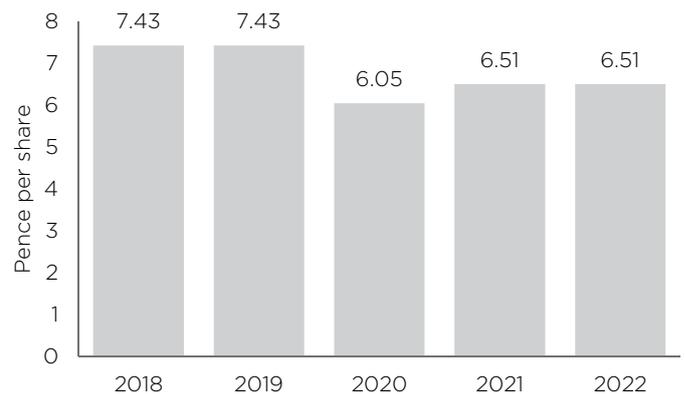
Income

Gross dividend yield 5.20%*

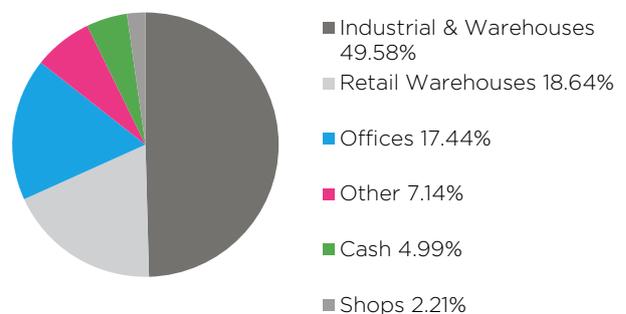
MSCI/AREF Other Balanced Property Fund Index Yield + 3.57%

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

Past distributions



Asset allocation as at 30 September 2023

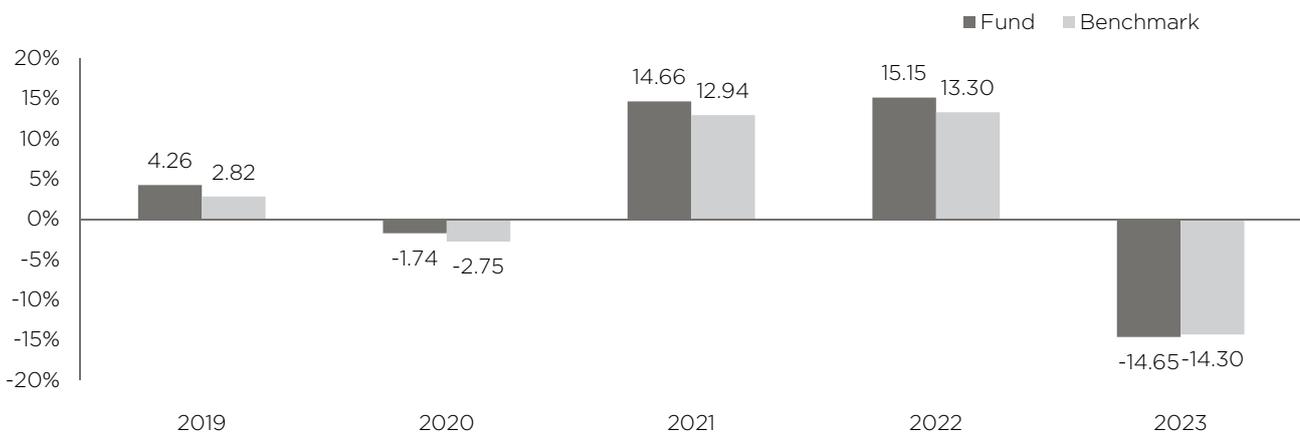


Total return performance

Performance* to 30 September 2023	3 months	1 year	3 years p.a.	5 years p.a.
Property	-1.00%	-14.65%	+4.06%	+2.91%
Benchmark	-0.38%	-14.30%	+3.12%	+1.86%

Total return performance by year

12 months to 30 September	2019	2020	2021	2022	2023
Property	+4.26%	-1.74%	+14.66%	+15.15%	-14.65%
Benchmark	+2.82%	-2.75%	+12.94%	+13.30%	-14.30%



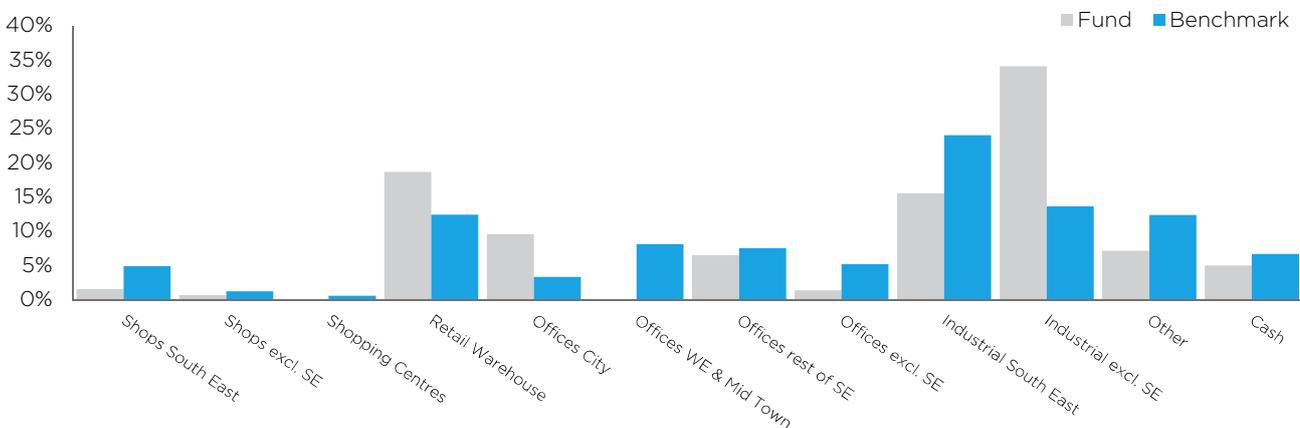
Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 49.46%

- 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
- 7 St Andrew's Way, Bow
- 100 Pavilion Drive, Northampton

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.

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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