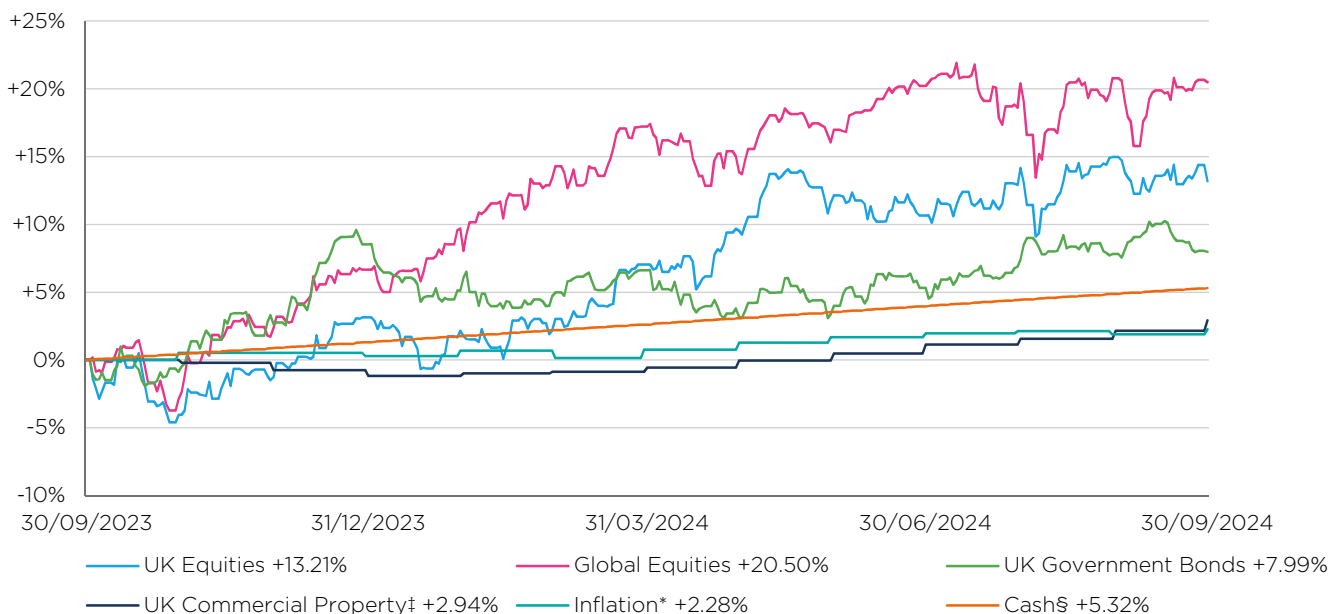

CCLA

QUARTERLY BULLETIN

30 September 2024

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) | +2.32 | +13.21 | +7.91 | +5.48 |
| Global Equities (MSCI World Index) | +0.24 | +20.50 | +9.27 | +11.14 |
| Global Equities ex UK (MSCI World ex UK Index) | +0.18 | +20.85 | +9.23 | +11.40 |
| UK Govt. Bonds (Markit iBoxx £ Gilts Index) | +2.52 | +7.99 | -7.46 | -5.24 |
| Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index) | +2.28 | +9.74 | -2.87 | -1.07 |
| UK Commercial Property (AREF/MSCI™ All Prop Monthly) † | +1.78 | +2.94 | +0.31 | +2.17 |
| Inflation (CPI) * | +0.30 | +2.28 | +6.21 | +4.38 |
| Cash (SONIA) § | +1.31 | +5.32 | +3.35 | +2.04 |

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.

In June 2024, the ECB (European Central Bank) became the first major central bank, after Switzerland, to cut interest rates this year. That same month, President Biden delivered a less-than-stellar performance in his debate against Donald Trump and France's president Macron called a snap general election, after his defeat in the European elections, which weighed on stock prices in France and Europe.

Against this background, global stock prices rose 0.24% in the third quarter, in pound sterling, returning 12.96% over the year to date. Returns were even higher in local-currency terms, but the stronger pound over the quarter weighed down returns on foreign assets.

Despite the stock market's positive performance for the quarter, prices came under regular pressure. In early July, a weakening profit outlook took the shine off some US tech stocks. However, these companies reported strong earnings later in July and resumed their rally. In both August and September, stock prices briefly dipped, after weaker economic data made investors fear that America's central bank had waited too long to cut interest rates. And not all industry sectors performed well. Shares of many traditional energy firms, for example, performed poorly as oil prices slid from US\$85 to US\$72 per barrel over the quarter.

How did stock prices overcome intermittent volatility to deliver positive returns in the third quarter? Mainly because the world's economic fundamentals remained strong. The economy continued to grow, particularly in the US (+3.0% in the 12 months to June 2024) and to a lesser degree in the UK (+0.5%) and the eurozone (+0.5%). Importantly, consumer price inflation continued to moderate, to 2.5% in the US (12 months to August 2024) and to 2.2% in the UK and the eurozone.

Slowing inflation paired with modest economic growth allowed central banks to cut interest rates during the quarter. The Bank of England (BoE) cut rates by 0.25% in August. The ECB cut interest rates for a second time this year in September, by another 0.25%. In the US, the Fed kept rates on hold in July but cut by a larger-than-expected 0.50% in September. In the last full week of September, China cut interest rates as well, and announced its largest economic stimulus in years, which boosted stock prices around the world.

Interest rate cuts raise stock prices because companies and consumers benefit from lower interest rates. But rate cuts also lower bond yields, which boosts bond prices. As a result, the global bond market returned 6.98% over the third quarter, in US dollars, returning 3.60% in the year to date. UK government bonds returned 2.54% during the quarter, in sterling, helping year-to-date returns recover to -0.51%.

Commercial property prices benefited from steady economic growth and lower interest rates as well. Transaction volumes remained low during the third quarter, but most segments (industrial/ offices/ retail) showed capital growth, and returns moved into positive territory for the year.

Outlook

In August, Fed Chairman Jay Powell declared that the Fed's focus had shifted from fighting inflation to preserving employment. Investors' eyes are now on the speed with which central banks around the world will cut rates, starting with the Fed, the ECB and the BoE. If central bankers can return inflationary expectations to their pre-Covid levels without causing recessions, they will have achieved a rare feat.

Government spending, meanwhile, is rising almost everywhere, in contrast to the decade of austerity after the global financial crisis of 2008-09. In the US, both presidential candidates plan for more spending, albeit financed differently. In the UK, Chancellor Rachel Reeves is likely to emphasise greater investment in her budget on 30 October. The European Commission is trying to re-apply its strict budget rules, but former ECB President Mario Draghi has made sweeping proposals for more investment. Even China's budget deficits are increasing.

Increased investment can lift the world's economy and boost corporate profits, which bodes well for stock market investors. But it remains to be seen if the resulting debt levels are sustainable.

Despite our hopes for the world economy and corporate earnings, geopolitical investment risks remain high. The situation in the Middle East is precarious and may result in higher energy prices. Russia's invasion of Ukraine continues and may escalate further. China continues to put pressure not just on Taiwan but on all its neighbours around the South China Sea.

How low will the Fed go - and what could it mean for investors?

Last August, US consumer price inflation fell to 2.5%, year on year. And in September, the US Federal Reserve (Fed) cut its Federal funds target rate a larger-than-usual 0.50%, to a range of 4.75%-5.00%.

Investors expect that the Fed will continue to cut rates, to achieve a 'soft landing' in the US economy. (A soft landing is a situation in which inflation returns to target without an economic downturn.)

But history tells us that pulling off such a soft landing is a rare feat. Nine of the last 12 rate hike cycles have ended in recession. So, by how much more will the Fed cut rates, and what impact might that have for investors?

Shifting the Fed's focus from inflation to employment

Unlike other central banks, the Fed has a dual mandate: on the one hand 'to promote effectively the goals of maximum employment', and on the other hand 'stable prices and moderate long-term interest rates'.

Now that inflation appears under control, Fed Chair Jay Powell has shifted the Fed's focus to employment. In August, he stated:

'[T]he balance of the risk of our two mandates has changed. [...] We do not seek or welcome further cooling in labor market conditions.'

Recent economic data explains Powell's decision: personal consumption expenditures (PCE) inflation, the Fed's preferred inflation gauge, fell to 2.2% in August, its lowest level since February 2021. Unemployment, on the other hand, rose from 3.4% in early 2023 to 4.3% in July 2024, which explains why Powell shifted his attention to the labour market.

How low will the Fed go?

The Fed's governors expect their policy rate to be 4.4% by the end of this year, 3.4% by the end of 2025, and 2.85% in the long run. Futures markets broadly agree and expect the Fed funds rate to be 2.9% by March 2026.

However: these expected levels of future Fed rates are lower than the so-called 'neutral' interest rate.

The neutral interest rate or 'r*', is the Fed's short-term interest rate, adjusted for inflation, at which an economy is in equilibrium, i.e. with steady growth and limited inflation. As a rule of thumb, r* should equal the long-term real growth rate of gross domestic product (GDP) i.e. the nominal neutral interest rate should equal real GDP growth plus inflation.

The real growth of US GDP was 2.8% in the decade to 2024, and 2.3% in 2010-2019, before the pandemic. With trend inflation at 2%, the Fed's nominal neutral policy rate should therefore be 4.3% to 4.8%. Instead, the Fed and investors expect policy the Fed funds rate to fall to 2.85%-2.9%, well below that neutral level.

Two ways for investors to look at the Fed's upcoming rate cuts

For over a decade until 2022, the Fed kept interest rates below their neutral level. In 2023, it started raising rates into restrictive territory, to quell inflation.

But now that the Fed has started cutting rates, which of two outcomes should investors expect?

1. The current, low estimates of US GDP growth and r* may turn out to be correct. Indeed, in addition to rising unemployment, the US housing market and other leading indicators have hinted at a slowdown in the US economy. In this case, the Fed may need to lower its Fed funds rate to 2.85% to stave off an impending recession.
2. Increasingly, however, most observers agree that a recession is unlikely and that the US economy is headed for a soft landing. In this case, the current estimate of r* is too low, and the Fed is about to cut interest rates to well below their neutral level. That would boost prices for stocks and bonds, and carries with it the risk of rising inflation.

The UK government's budget and the US presidential election will dominate the news in October and November. But part of our role as your investment manager is to keep track of the world economy, through the noise. For that reason, our eyes remain firmly trained on forward-looking indicators, as the Fed continues its first rate-cutting cycle since 2019-2020.

Engaging with Nike on labour standards

In the mid-90s, Nike became the poster child for a new type of globalised business model; one in which the manufacture of apparel was increasingly outsourced to countries – primarily in Southeast Asia – where labour was both plentiful and cheap.

Nike's 'sweatshop scandal' was reputationally damaging and prompted measures to improve the working conditions of employees in its factories. The company subsequently pioneered a form of private regulation for supply chain labour standards, which included a supplier code of conduct and social auditors to monitor compliance. This approach has since been adopted by almost all major companies sourcing products from countries where there are concerns about labour practices.

In light of its pioneering work, it is disappointing that Nike seems to be backsliding on its responsibility to enforce labour rights in its supply chain, particularly given the recent passing of the EU's Corporate Sustainability Due Diligence Directive (itself arguably a 30-year response to the issues raised by the sweatshop labour stories of the 90s).

The problem is twofold. The first relates to non-payment of wages at two supplier factories following Covid-related closures. Workers at Ramatex / Hong Seng Knitting are owed an estimated \$1.4m and \$800k respectively in terminal compensation and legally owed partial wages. Nike has refused to engage with trade union groups and NGOs and is now being investigated by the US National Contact Point (NCP) for Responsible Business Conduct. Second, the company is not a member of the International Accord on building safety, which is modelled on the Bangladesh Accord (established following the Rana Plaza factory collapse). The International Accord is widely regarded as one of the most effective interventions in supply chain labour standards. Nike is far from alone, but given the success of the Bangladesh Accord, a failure to support this initiative is putting workers' safety at risk in Pakistan.

Shareholder proposal

During the summer of 2023, alongside ABN-Amro and Worker Rights Consortium, we held an investor webinar to highlight the plight of workers at Ramatex / Hong Seng Knitting and to raise investor awareness on the topic. We then drafted a public letter asking Nike to intervene and ensure remedy for the affected workers in Cambodia and Thailand and gathered more than 60 investor signatories. Nike failed to provide a formal response.

In March 2024, CCLA teamed up with a handful of like-minded shareholders to co-file a resolution. We called on Nike to, "publish a report evaluating how implementing worker-driven social responsibility (WSR) principles and supporting binding agreements would impact the

Company's ability to identify and remediate human rights issues in sourcing from high-risk countries".

WSR (as opposed to Corporate Social Responsibility) initiatives are designed protect the rights of workers and include binding agreements between workers and brands and independent monitoring. They also support timely and effective reporting of harms through grievance mechanisms and worker participation in the design and provision of remedy. WSR initiatives are aligned with the UN's Guiding Principles on Business and Human Rights and are considered effective, even where workers are vulnerable to abuse and exploitation.

Our proposal was ambitious and rested on the growing evidence that the prevailing approach to private regulation of global supply chains may no longer be fit for purpose; particularly at a time when the EU is mandating human rights due diligence and remedy for people adversely affected by business practices.

Many of Nike's peers have taken steps to improve conditions for workers and remediate rights violations by employing WSR approaches or binding agreements with labor organizations. By contrast, Nike has not demonstrated the same level of due diligence in countries where binding agreements and WSR approaches to remedy have proven successful in protecting vulnerable workers.

Building the vote

Working with the other co-filers CCLA worked to build a supportive vote at Nike's September annual general meeting (AGM). We: Published two 'exempt solicitations' with the Securities and Exchange Commission, Spoke to proxy advisor firms ISS and Glass Lewis, Set up a series of one-to-one discussions with Nike's top 10 investors, Organised an investor webinar to explain why the resolution was necessary, Spoke to and briefed several media outlets.

The proposal received 12.3% investor support at the AGM on the 10th September – about average for a human rights shareholder resolution. Our efforts were not in vain, however. We raised awareness of WSR and binding agreements (a new topic for some investors) and have paved the way for strong investor collaboration on this topic as we move towards the company's next AGM.

Today, Nike has over 500 suppliers in 38 countries globally, and more than 1.1m workers in its global supply chain. As investors, it is our duty to champion the rights of these workers and to ensure that the company upholds the highest labour standards. Our aim is to encourage a company that was once a leader in the field to return to this path, and we believe that with time Nike will be responsive to engagement.

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

In September, along with the Local Authority Pension Fund Forum, we coordinated correspondence to the chairs of 76 FTSE 100 companies that have not put their climate transition plans to the vote in the last three years. The communication, supported by 39 investors, urged these companies to put a climate transition plan resolution on their 2025 annual general meeting agenda.

In Q3, we completed a viability study into a potential investor intervention on corporate air pollution. We also interviewed key stakeholders including investors, NGOs and academia. Beyond its clear association with environmental degradation, air pollution is also a major risk factor for cardiovascular, respiratory and neurological diseases, cancer, and mental illness. In Q4, we will launch a public consultation testing various hypotheses on how investors could drive change in this area.

During the quarter, we published the Find it, Fix it, Prevent it (FFP) annual report. Formally launched in 2019, FFP is now supported by 65 investors with a combined £15 trillion in assets under management and advisory. Its aim is to leverage the investment industry to help companies find, fix, and prevent modern slavery in their supply chains. The report is available on our website.

Following a series of New York Times articles about forced labour and coerced hysterectomies for workers in India's sugar cane industry (citing Coca-Cola Co as one of several companies involved) we began to build an investor coalition to support engagement with the company. CCLA is now leading a coalition of 50 investors, and we have a meeting scheduled for October with Coca-Cola.

Following a modern slavery construction sector roundtable that we hosted in April, we are now coordinating a construction sector statement on modern slavery. As at end September, the statement had been signed by nine parties, including the Cabinet Office, construction companies Amey and Balfour Beatty plus NGOs and modern slavery charities.

During the quarter, we had a first meeting with AstraZeneca on its approach to biodiversity as part of our support for a new investor collaboration known as Nature Action 100. The meeting focussed on governance, risk management and targets. The company plans to set future goals aligned with Taskforce on Nature-related Financial Disclosures and we will hold them to account on the promised disclosure.

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 17% of management resolutions at investee companies this quarter (17% for the UK Equity Fund, 27% for the Better World Global Equity Fund).

We aim to support all pro-active shareholder proposals, particularly where a proposal complements our existing engagement priorities. Indeed, to escalate our engagement, we sometimes co-file our own resolutions. During the quarter, shareholders at Nike (ourselves included) voted on a resolution we had filed on labour standards within its supply chain. Industry practice of relying on social auditing to ensure compliance with supply chain labour policies is easily abused and often fails workers, particularly those in high-risk countries. In the resolution we asked Nike to adopt a worker-centric approach, which would involve binding agreements between the company and the workers in its supply chain. 12.3% of shareholders supported this resolution and we continue to press this topic with the company. Please see the Market Information commentary.

Modern slavery and mental health benchmarks - progress update

Over the summer, our analysts set to work on assessing FTSE 100 companies on their approach to modern slavery. Specifically, compliance with UK Modern Slavery Act regulation, conformance with the Act's guidance, and steps taken to find, fix and prevent modern slavery in company supply chains. In Q3, each company received its assessment scorecard and was invited to respond. The 2024 CCLA Modern Slavery Benchmark will be published in November.

In Q3, assessments were also undertaken for the 119 companies in the CCLA Corporate Mental Health Benchmark Global 100+. Companies received their preliminary assessments and were given three weeks within which to review and comment. The 2024 Global 100+ benchmark will be launched on 10th October (World Mental Health Day). We will report on the outcomes in Q4.

Meanwhile, following the launch of the UK mental health benchmark in June, we wrote to the CEO of every company that had been assessed, setting out the expectations of investors and key recommendations for each company. Letters were signed by 54 investors with a combined \$9.6 trillion in assets under management.

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 0.37% compared with the comparator return of 0.71%. Over the last 12 months, the Fund returned 12.77% compared with the comparator return of 16.92%.

The third quarter had its rocky moments: investors retreated from the ‘yen-dollar carry trade’, the rally in some tech shares stalled when their profit outlooks weakened in July, and weaker US economic data briefly raised fears for a recession. But a broad rally boosted markets for most of the quarter, buoyed by earnings reports, reassuring inflation readings and interest rate cuts by central banks. The fund’s listed equity investments lagged that rally mainly due to our stock selection in the communications and healthcare sectors. Shares of Google parent company Alphabet, for example, had a difficult quarter as the company faced an antitrust lawsuit. In healthcare, shares of medical technology firm Edwards Lifesciences and insurers Humana underperformed.

By contrast, our selection among financial and industrial firms boosted returns. Shares of insurance multinational AIA Group rallied on improving economic sentiment in China, and equipment rental group Ashtead’s share price rose after a positive first-quarter report. Our relative avoidance of the oil & gas sector also contributed, as oil prices fell from US\$85 to US\$72 per barrel over the quarter. Importantly, central banks’ first interest rate cuts in years boosted the fund’s bond portfolio and its infrastructure holdings during the quarter. Commercial property prices also returned to growth, and the value of the fund’s private equity investments benefited from these companies’ continued improvements in earnings.

Fund update

Most fund activity in the third quarter focused on taking profit from some of the best-performing positions, to reinvest in stocks that we considered better placed to add value going forward. We sold the fund’s positions in Edwards Lifesciences, Starbucks and Costco. Instead, we added positions in energy equipment manufacturer Spirax Group, insurance brokers AJ Gallagher and French luxury brand Hermès. We expect that stock markets will remain susceptible to volatility at times when important data is released. In that regard, the US labour market and inflation are points of focus. Most major central banks have now started cutting interest rates, aiming to bring inflation back to target without causing a recession. Investors expect the US Federal Reserve to cut interest rates twice more by 0.25% in its two remaining meetings this year, after its 0.50% cut in September.

Income

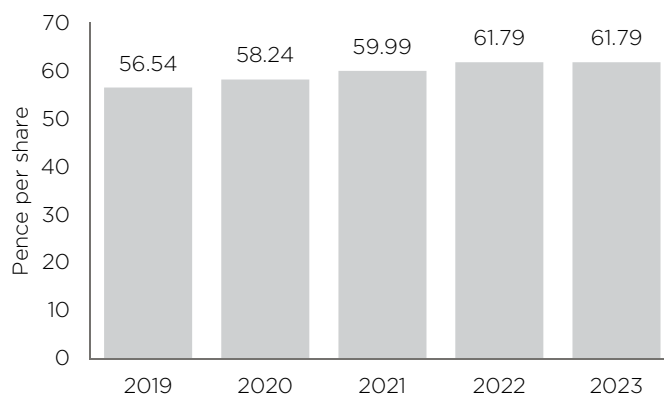
Gross dividend yield 2.72%*

MSCI \$ UK IMI dividend yield 3.61%

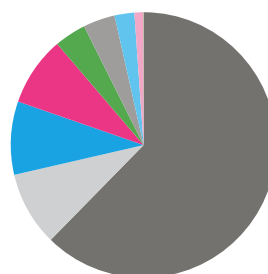
MSCI \$ World ex UK dividend yield 1.70%

* Based upon the net asset value and an estimated annual dividend of 63.03p.

Past distributions



Asset allocation as at 30 September 2024



- Overseas Equities 62.32%
- UK Equities 9.05%
- Infrastructure & Operating Assets 8.94%
- Fixed Interest 8.44%
- Property 3.88%
- Private Equity & Other 3.85%
- Cash & Near Cash 2.41%
- Contractual & Other Income 1.09%
- Derivatives 0.01%

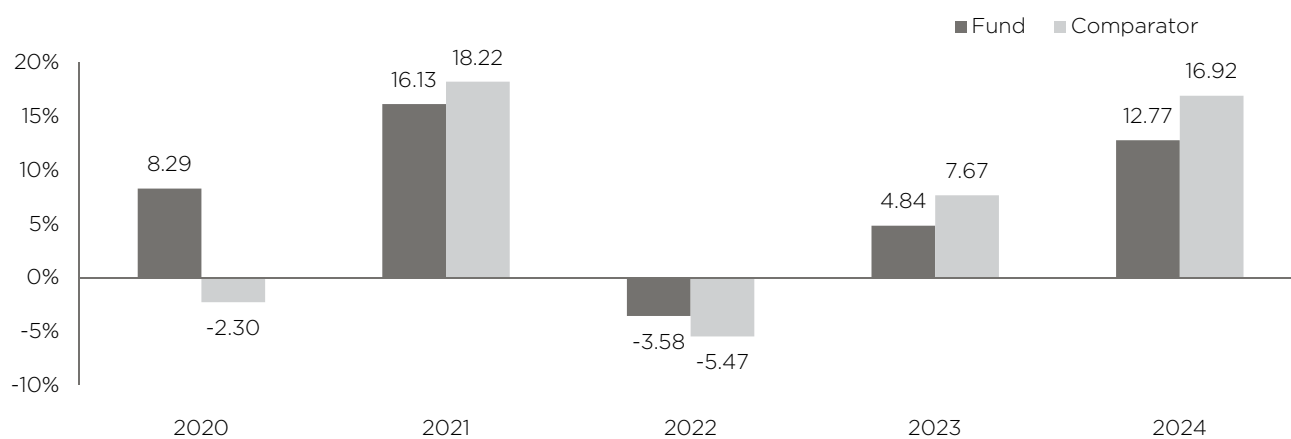
| Overseas Equities | % |
|-----------------------|--------------|
| North America | 45.11 |
| Developed Europe | 12.35 |
| Asia Pacific ex Japan | 3.14 |
| Japan | 0.87 |
| Other | 0.86 |
| | 62.32 |

Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|---------|--------------|--------------|
| Investment | +0.37% | +12.77% | +4.46% | +7.47% |
| Comparator | +0.71% | +16.92% | +5.97% | +6.57% |

Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------|---------|--------|--------|---------|
| Investment | +8.29% | +16.13% | -3.58% | +4.84% | +12.77% |
| Comparator | -2.30% | +18.22% | -5.47% | +7.67% | +16.92% |



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 2024

| | | | |
|---|------|--|------|
| UK Treasury 4.5% 07/12/2042 | 2.8% | Amazon.Com Com USD0.01 | 1.5% |
| UK Treasury Gilt 3.25% 22/01/2044 | 2.8% | Alphabet Inc C Com NPV | 1.4% |
| CCLA Inv Mgmt Ltd Ord GBP1 | 2.4% | Compass Group Ord GBPO.1105 | 1.3% |
| The CBF Church of England Property Fund | 2.2% | Thermo Fisher Scientific Inc COM USD 1 | 1.2% |
| Microsoft Com NPV | 1.8% | UnitedHealth Gp Com USD0.01 | 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

The third quarter had its rocky moments: investors retreated from the 'yen-dollar carry trade', the rally in some tech shares stalled when their profit outlooks weakened in July, and weaker US economic data briefly raised fears for a recession. But a broad rally boosted markets for most of the quarter, buoyed by second-quarter earnings reports, reassuring inflation readings and interest rate cuts by central banks. Globally, utilities shares led market returns in the third quarter, on lower interest rates and on the hope that power-hungry artificial intelligence (AI) will fuel energy demand. The materials and industrial sectors also performed well, but oil & gas and information technology (IT) firms lagged.

Over the quarter the Fund returned -0.83% compared with the comparator return of 0.24%. Over the last 12 months, the Fund returned 16.15% compared with the comparator return of 20.50%.

The fund invests in the CCLA Better World Global Equity Fund (BWGEF). BWGEF's stock selection weighed on returns, led by holdings in communications firms like Universal Music Group and Google's parent Alphabet. Semiconductor stocks were also weak, led by falling share prices of NVIDIA and ASML. By contrast, positions in financial firms such as insurers AIA and industrial firms like equipment rental company Ashtead boosted returns. Our relative absence from the energy sector helped returns, too, as oil prices fell from US\$85 to US\$72 per barrel over the quarter.

Fund update

Most fund activity during the third quarter focused on taking profit from some of the fund's best-performing positions, to reinvest in stocks that we considered better placed to add value going forward. We sold the fund's positions in medical technology company Edwards, coffee chain Starbucks and discount retailer Costco. Instead, we added positions in energy equipment manufacturer Spirax Group, insurance brokers AJ Gallagher and French luxury brand Hermès. We expect that stock markets will remain susceptible to volatility at times when important data is released. In that regard, the US labour market and inflation are points of focus. Most major central banks have now started cutting interest rates, aiming to bring inflation back to target without causing a recession. Investors expect the US Federal Reserve to cut interest rates twice more by 0.25% in its two remaining meetings this year, after its 0.50% cut in September.

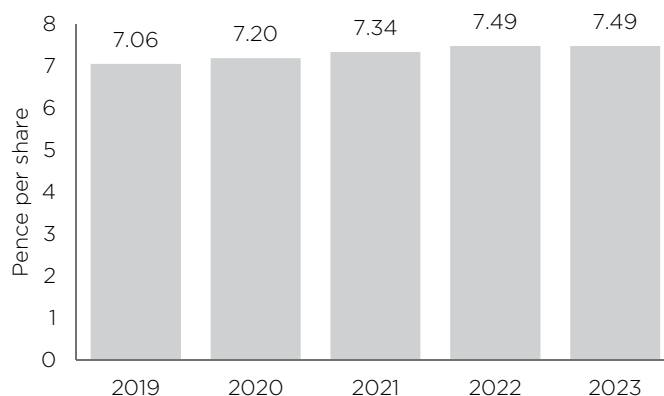
Income

Gross dividend yield 2.42%*

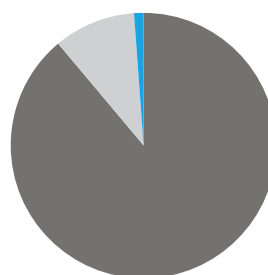
MSCI \$ World dividend yield 1.77%

* Based upon the net asset value and an estimated annual dividend of 7.64p.

Past distributions



Asset allocation as at 30 September 2024



- Overseas Equities 88.91%
- UK Equities 9.96%
- Cash & Near Cash 1.13%

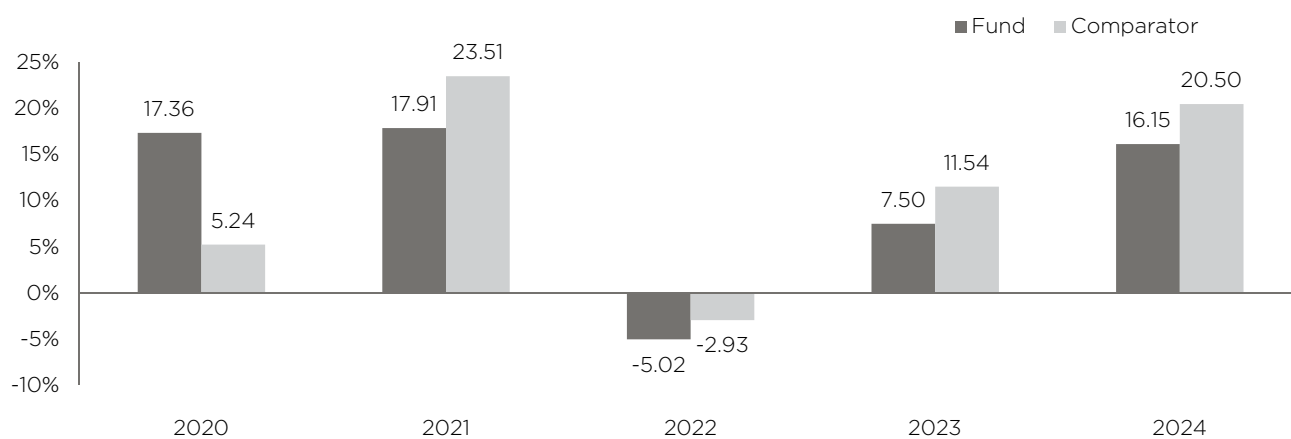
| Overseas Equities | % |
|--------------------------------|--------------|
| North America | 64.60 |
| Developed Europe | 17.64 |
| Asia Pacific ex Japan | 4.42 |
| Other | 1.28 |
| Japan | 0.97 |
| Total Overseas Equities | 88.91 |

Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|---------|--------------|--------------|
| Global Equity | -0.83% | +16.15% | +5.85% | +10.41% |
| Comparator | +0.24% | +20.50% | +9.27% | +11.14% |

Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|---------|---------|--------|---------|---------|
| Global Equity | +17.36% | +17.91% | -5.02% | +7.50% | +16.15% |
| Comparator | +5.24% | +23.51% | -2.93% | +11.54% | +20.50% |



Comparator - MSCI £ World. Source: CCLA

Top 10 holdings as at 30 September 2024

| | | | |
|--|------|-------------------------------------|------|
| Microsoft Com NPV | 3.4% | UnitedHealth Gp Com USD0.01 | 1.8% |
| Amazon.Com Com USD0.01 | 2.2% | Visa Com - Class A Shares USD0.0001 | 1.8% |
| Alphabet Inc C Com NPV | 1.9% | TransUnion Com USD0.01 | 1.7% |
| Thermo Fisher Scientific Inc COM USD 1 | 1.9% | S And P Global Inc Com USD1 | 1.6% |
| Taiwan Semiconductor SP ADR(V5 Ord) | 1.9% | Deutsche Boerse AG NPV | 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 rates become available from the carefully screened institutions with which the fund invests.

Consumer price inflation slowed during the third quarter. As a result, the Bank of England cut its Official Bank Rate from 5.25% to 5.00% in August, its first cut since March 2020.

However, the UK's battle with inflation isn't over: core inflation remained high, at 3.6% in the 12 months to 31 August. As a result, the Bank stressed that further evidence of disinflation would be required before considering more rate cuts. In early October, the Bank's governor Andrew Bailey also stated that the Bank could become a 'bit more aggressive' if inflation continued to cool.

The UK government is expected to announce its budget on 30 October, after which the Bank meets two more times to consider its monetary policy this year, on 7 November and 19 December.

Fund update

The prime focus of the fund is to provide capital security with excellent liquidity and a competitive yield. For that reason, the fund is invested only in cash and near-cash assets, diversified across what we assess as high-quality counterparties.

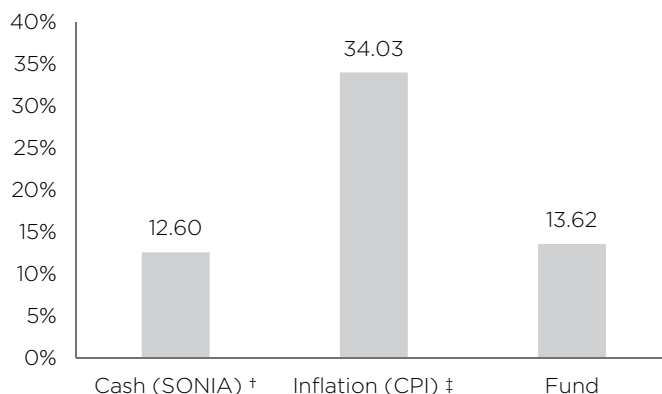
Short-dated yields in pound sterling (e.g. six months) remain higher than slightly longer-dated yields (e.g. one year). As a result, we have adjusted our preferred investment horizon to the shorter four- to six-month range, rather than the twelve-month period.

Income

Average interest rate over the quarter 4.99% (5.09% AER)*

Interest rate over the quarter end 4.90% (4.99% AER)*

Cumulative total return over last 10 years



Deposit rate as at 30 September 2024

5.09% 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

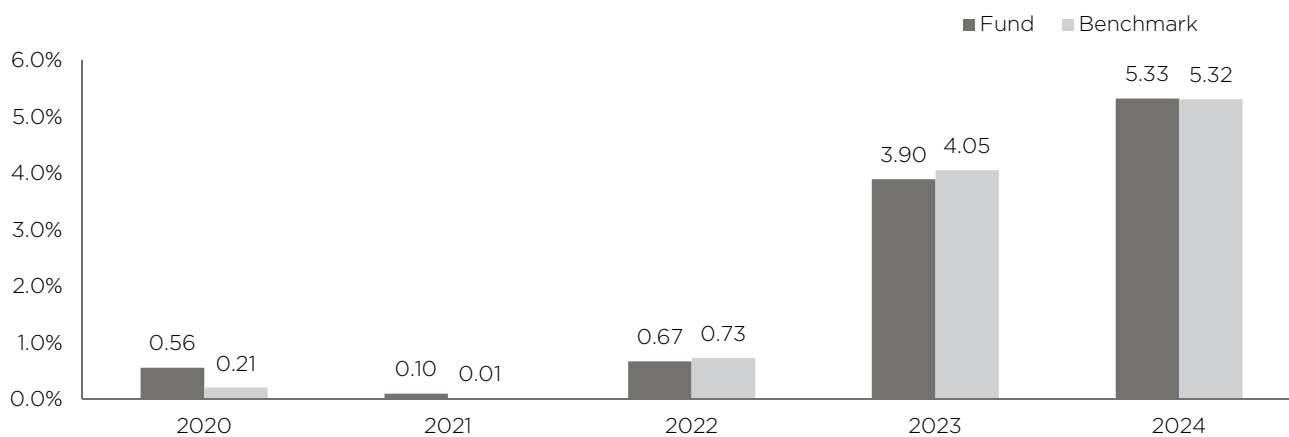
‡ CPI is reported on a 1m lag.

Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|--------|--------------|--------------|
| Deposit | +1.27% | +5.33% | +3.28% | +2.09% |
| Benchmark | +1.31% | +5.32% | +3.35% | +2.04% |

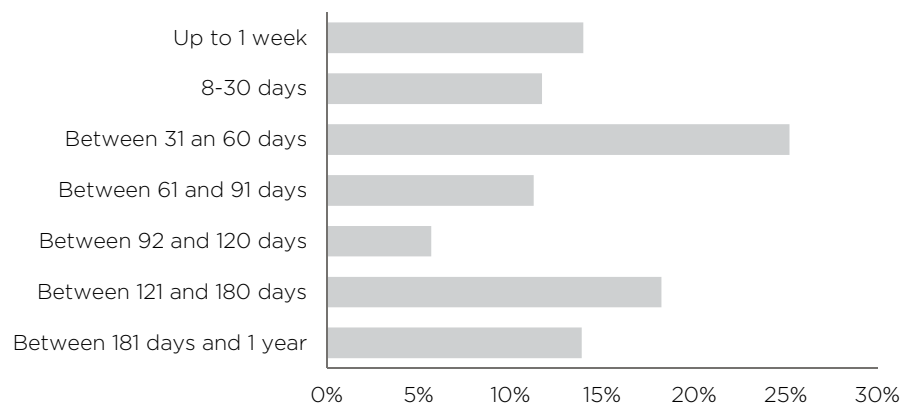
Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------|--------|--------|--------|--------|
| Deposit | +0.56% | +0.10% | +0.67% | +3.90% | +5.33% |
| Benchmark | +0.21% | +0.01% | +0.73% | +4.05% | +5.32% |



Benchmark – From 1/1/21: Sterling Overnight Index Average (SONIA). Intial 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 2.68% compared with the benchmark return of 1.71%. Over the last 12 months, the Fund returned 8.84% compared with the benchmark return of 7.01%.

Central banks' first interest rate cuts in years helped bonds deliver a positive performance over the third quarter, shaking off occasional volatility. In early August, for example, weak US jobs data briefly made investors fear that America's central bank had waited too long to cut interest rates. But bonds soon recovered, as it became more likely that the US Federal Reserve (Fed) would cut interest rates by a larger-than-usual 0.50% in September.

Over the quarter, investors shifted their expectations towards the possibility of a 'soft landing', a situation in which inflation returns to target without a recession. As the economy slowed, companies' fundamentals (e.g. revenue growth, profitability etc) weakened somewhat. But companies' ability to repay their debts remained healthy during the quarter, supporting bond returns.

Fund update

Bond prices rose mainly because central banks reduced interest rates during the quarter, which more than offset concerns at individual companies. The fund's hedges, to protect against weakening credit fundamentals, also increased returns.

The fund's holdings of corporate bonds remain focused on high-quality businesses, whose progress depends less on broader economic growth. By sector, bonds of banks and other financial institutions increased returns during the quarter. Bonds of healthcare firms and the fund's limited position in high-yield bonds also helped returns. By contrast, bonds of automakers and producers of auto parts detracted from returns, as demand in this sector weakened and the industry's costs rose.

Income

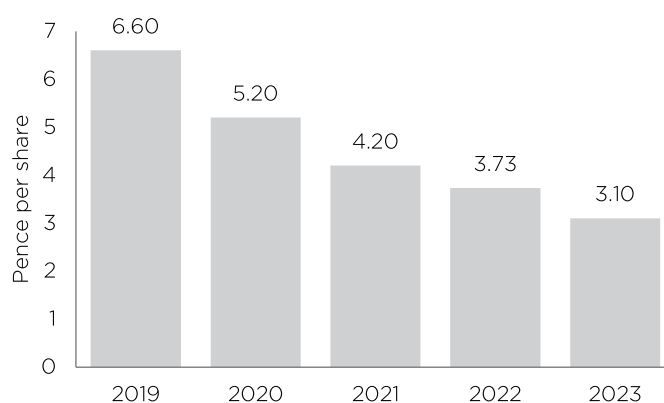
Gross dividend yield 2.51%*

Gross redemption yield 4.76%

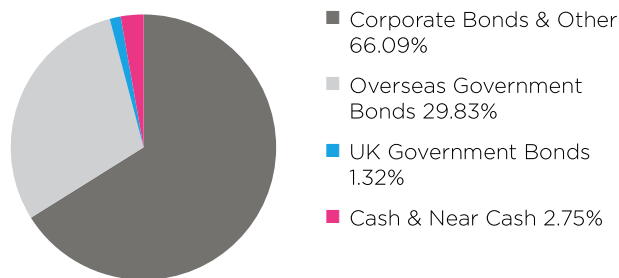
* Based upon the net asset value and an estimated annual dividend of 3.74p.

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 2024

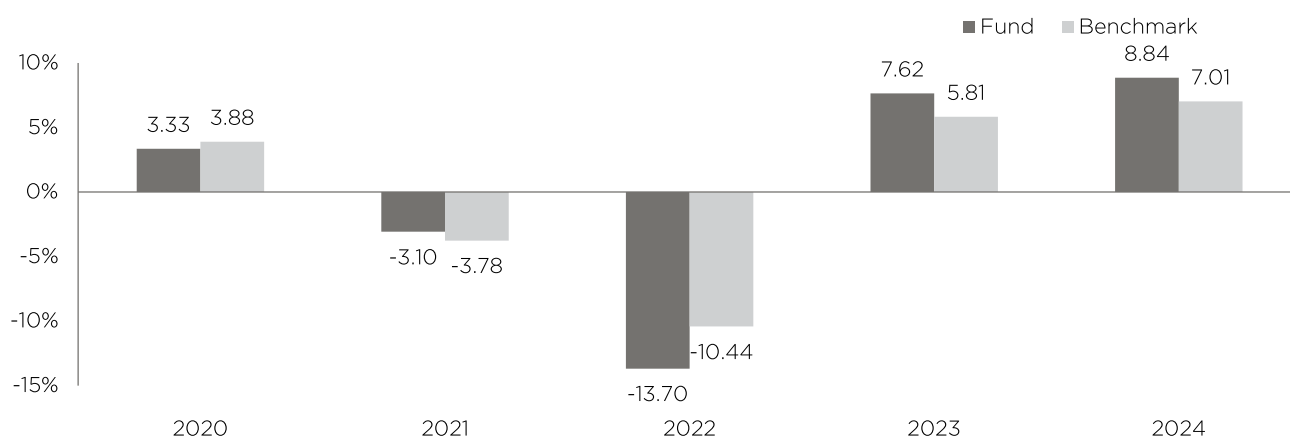


Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|--------|--------------|--------------|
| Short Duration Bond | +2.68% | +8.84% | +0.36% | +0.24% |
| Benchmark | +1.71% | +7.01% | +0.47% | +0.27% |

Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------|--------|---------|--------|--------|
| Short Duration Bond | +3.33% | -3.10% | -13.70% | +7.62% | +8.84% |
| Benchmark | +3.88% | -3.78% | -10.44% | +5.81% | +7.01% |



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 |
|--|--------|
| Investment grade | 83.4 |
| Non-investment grade (speculative) | 15.0 |
| Non-investment grade (less than speculative) | 1.0 |
| Unrated | 0.6 |

By term to maturity

| Period | % Fund |
|--------------------------------|--------|
| 0 - 5 years | 65.8 |
| 5 - 10 years | 26.0 |
| 10 - 15 years | 2.3 |
| Over 15 years | 5.8 |
| Duration (yrs) | 1.9 |
| 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.

** Please refer to <https://www.ccla.co.uk/glossary> for explanations of terms.

The CBF Church of England Property Fund

Performance comment

Over the quarter the Fund returned 1.94% compared with the benchmark return of 1.25%. Over the last 12 months, the Fund returned 3.00% compared with the benchmark return of 1.47%.

Commercial property prices returned to growth in the third quarter, alongside the income that had made up most of this year's returns. This turnaround benefited the majority of sectors (industrial, retail warehouse, etc.) but performance differed between sectors.

Rental growth continued, including in the office sector, where the supply of grade A offices refurbished to a high specification dwindled. Buyers and sellers across the country remained in cautious mood, however, so transaction volumes remained below their five-year and 10-year averages.

Fund update

The fund has a bias towards the industrial and warehousing segments, but little exposure to high-street shops. During the quarter, it sold a vacant warehouse asset in Manchester and a retail warehousing unit in Derby. The fund concluded two new office leases in London and completed an inflation-linked rent review on a Travelodge property in Bath.

In August, the Bank of England cut its Official Bank Rate for the first time in four years, from 5.25% to 5.00%. More recently, the Bank's governor stated that it could be "a bit more aggressive" in its two remaining meetings this year, depending on inflation.

If bond yields fall as well, property prices may continue to recover for the remainder of 2024. We expect any such recovery to be uneven, however, with good performance in the industrial and retail sectors.

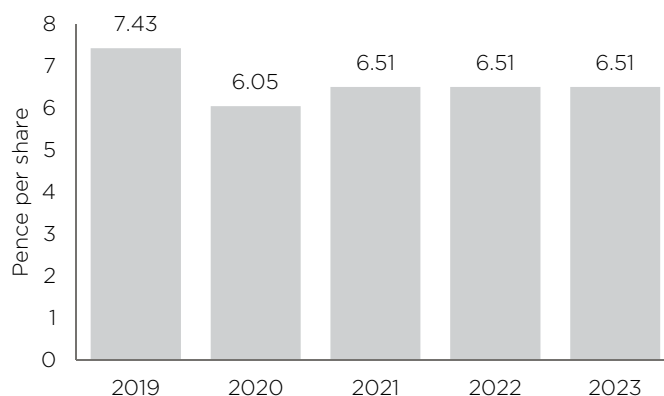
Income

Gross dividend yield 5.44%*

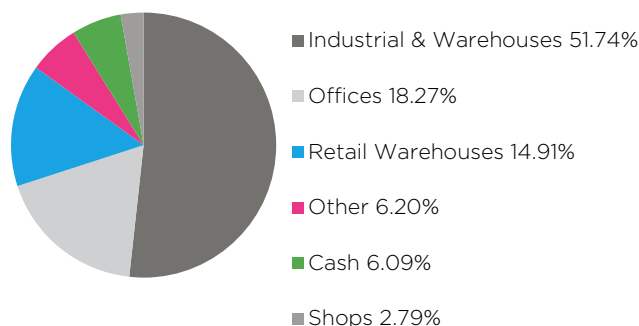
MSCI/AREF Other Balanced Property Fund Index Yield † 4.21%

* Based upon the net asset value and an estimated annual dividend of 6.64p.

Past distributions



Asset allocation as at 30 September 2024

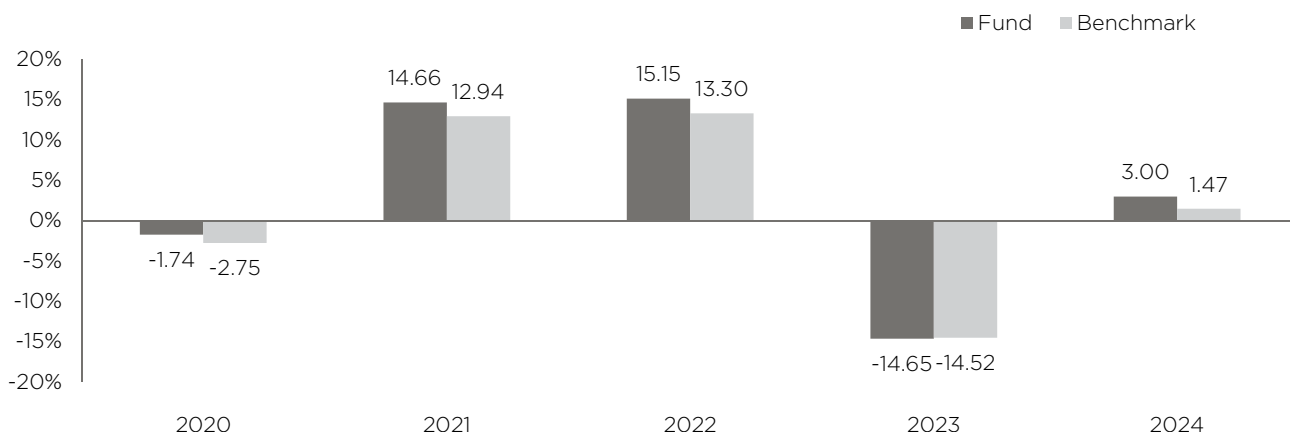


Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|--------|--------------|--------------|
| Property | +1.94% | +3.00% | +0.41% | +2.66% |
| Benchmark | +1.25% | +1.47% | -0.58% | +1.54% |

Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------|---------|---------|---------|--------|
| Property | -1.74% | +14.66% | +15.15% | -14.65% | +3.00% |
| Benchmark | -2.75% | +12.94% | +13.30% | -14.52% | +1.47% |



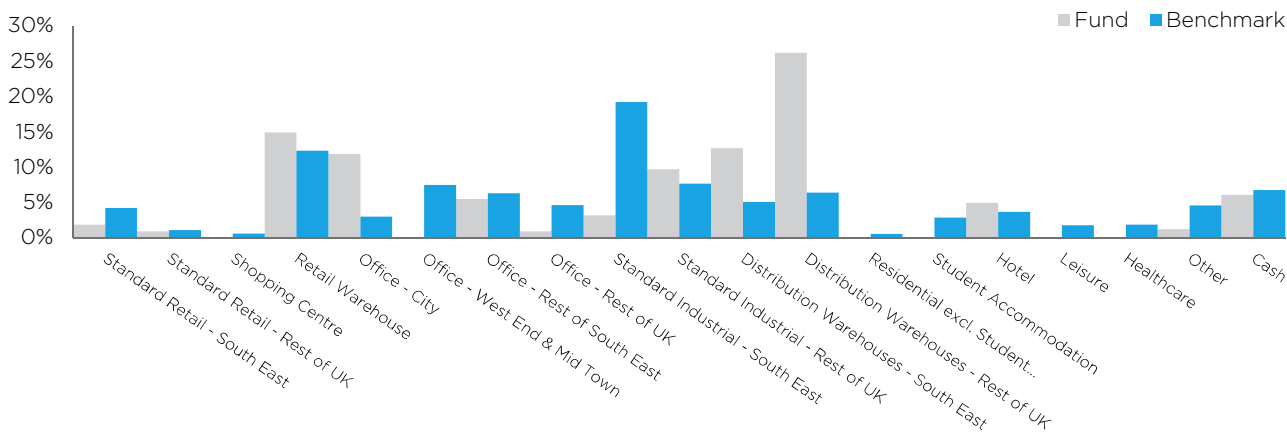
Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 58.76%

- 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 3.43% compared with the benchmark return of 2.32%. Over the last 12 months, the Fund returned 16.66% compared with the benchmark return of 13.21%.

Healthcare stocks were the main contributor to the fund's outperformance of its benchmark in the third quarter. This was mainly due to positions in laboratory supplier Thermo Fisher Scientific and health insurance multinational UnitedHealth Group.

The fund's industrial holdings also helped performance, particularly because of capital goods businesses such as ventilation firm Volvation and distribution firm Bunzl.

Finally, our avoidance of the energy sector helped performance, as oil prices fell from US\$85 to US\$72 per barrel over the quarter.

By contrast, the fund's positions in information technology weakened over the third quarter, particularly in software and semiconductors. The fund's absence from the banking sector also hurt returns, as did positions in consumer durables firms.

Fund update

We select stocks on their individual merits, favouring companies with strong free cash flows, robust balance sheets, and growth potential that does not depend on broad economic growth. Recognising the limited representation of such stocks in the UK-listed market, up to 20% of the fund may be held in non-UK-listed companies.

We made no outright disposals from the fund during the third quarter, nor did we add any new positions. We did, however, reduce the fund's positions in online marketplace providers Rightmove and Autotrader somewhat. We also increased its holdings of shares of engineering firm Spirax and publishing and events firm Informa.

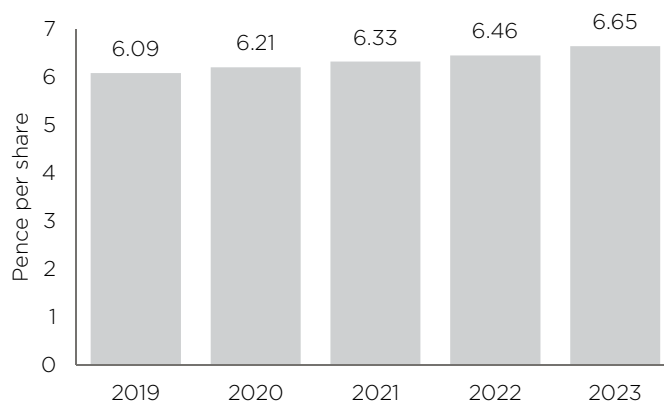
Income

Gross dividend yield 3.39%*

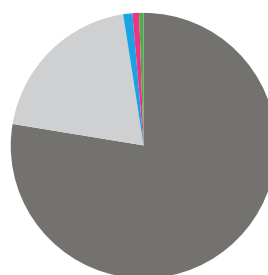
MSCI \$ UK IMI dividend yield 3.61%

* Based upon the net asset value and an estimated annual dividend of 6.92p.

Past distributions



Asset allocation as at 30 September 2024



- UK Equities 77.60%
- Overseas Equities 19.94%
- Property 1.13%
- Infrastructure & Operating Assets 0.81%
- Cash & Near Cash 0.51%

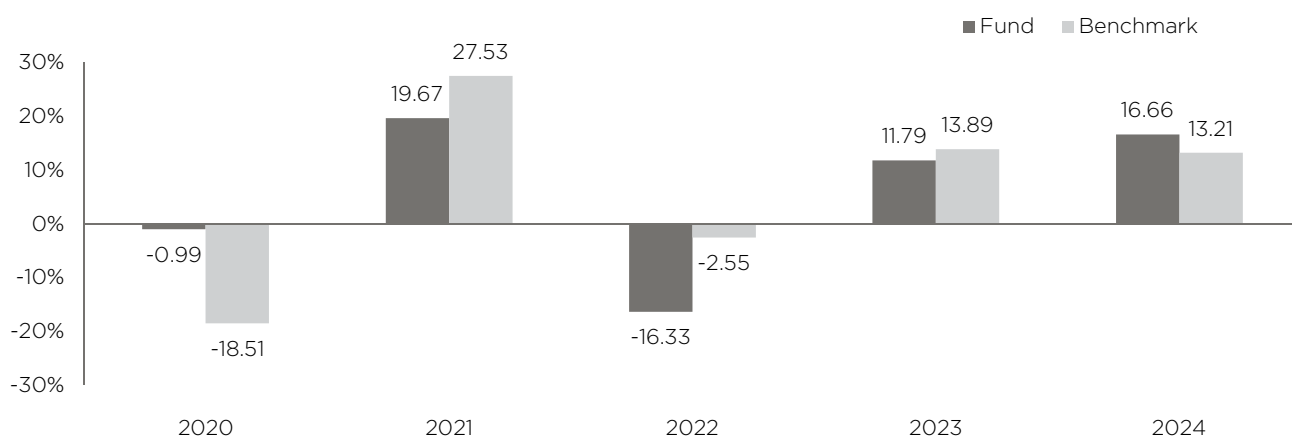
| Overseas Equities | % |
|-----------------------|--------------|
| North America | 15.20 |
| Developed Europe | 3.41 |
| Asia Pacific ex Japan | 1.34 |
| | 19.94 |

Total return performance

| Performance* to 30 September 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-----------------------------------|----------|---------|--------------|--------------|
| UK Equity | +3.43% | +16.66% | +2.95% | +5.27% |
| Benchmark | +2.32% | +13.21% | +7.91% | +5.48% |

Total return performance by year

| 12 months to 30 September | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|---------|---------|---------|---------|---------|
| UK Equity | -0.99% | +19.67% | -16.33% | +11.79% | +16.66% |
| Benchmark | -18.51% | +27.53% | -2.55% | +13.89% | +13.21% |



Benchmark - MSCI UK IMI. Source: CCLA

Top 10 holdings as at 30 September 2024

| | | | |
|--|------|-----------------------------|------|
| Auto Trader Group PLC WI Ord GBP0.01 | 3.7% | Relx PLC Ord GBP0.1444 | 3.3% |
| Intermediate Capital Group PLC Ord GBP0.2625 | 3.7% | Rightmove Ord GBP0.0010 | 3.2% |
| London Stock Exchange Group GBPO.069186 | 3.5% | Sage Group Ord GBPO.0105195 | 3.2% |
| Experian Group Ltd GBP0.1 | 3.4% | Unilever Ord GBPO.031 | 2.9% |
| Compass Group Ord GBP0.1105 | 3.3% | Diploma Ord GBPO.05 | 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.

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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