CCLA

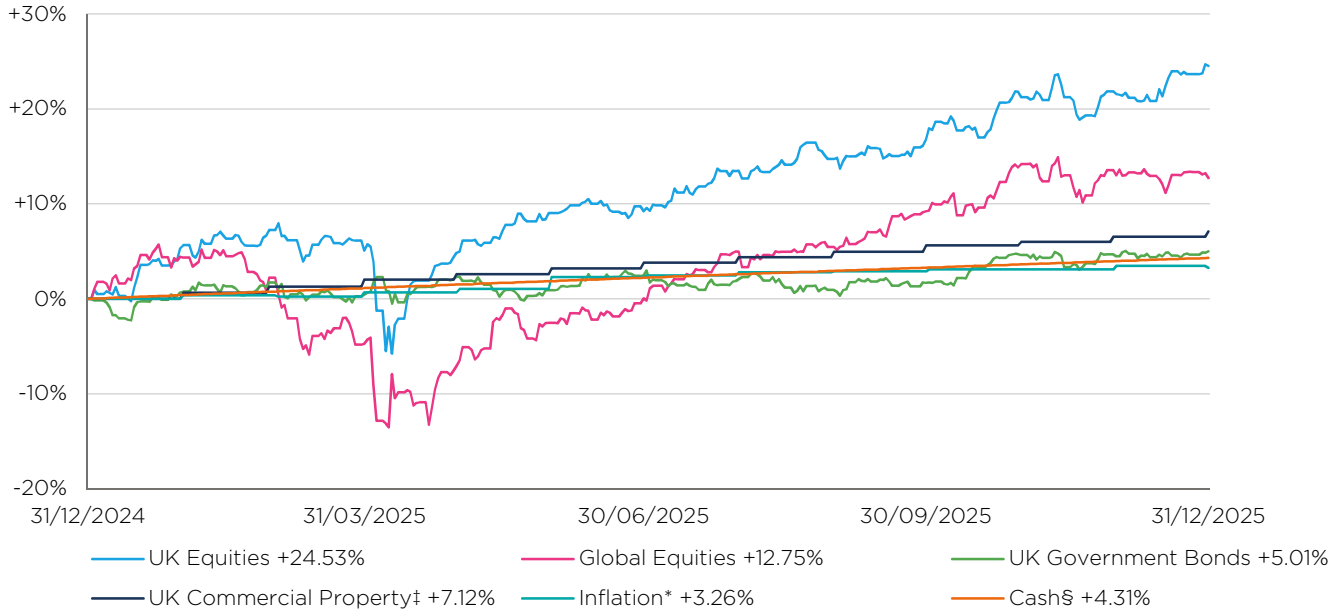
QUARTERLY BULLETIN

31 December 2025

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Market review and outlook



General Market Indices

	Current quarter (%)	Last twelve months (%)	Last three years annualised (%)	Last five years annualised (%)
UK Equities (MSCI UK Investable Markets Index)	+6.60	+24.53	+13.62	+12.07
Global Equities (MSCI World Index)	+3.21	+12.75	+16.74	+12.51
Global Equities ex UK (MSCI World ex UK Index)	+3.07	+12.29	+16.86	+12.46
UK Govt. Bonds (Markit iBoxx £ Gilts Index)	+3.28	+5.01	+1.47	-5.78
Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index)	+2.58	+6.90	+5.69	-1.20
UK Commercial Property (AREF/MSCI™ All Prop Monthly) ‡	+1.40	+7.12	+4.61	+4.30
Inflation (CPI) *	+0.14	+3.26	+3.26	+5.08
Cash (SONIA) §	+1.00	+4.31	+4.74	+3.12

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.

US inflation was running above target when the fourth quarter started, but US jobs growth was slowing. Investors therefore saw the Fed's rate cuts in September, October and December as a shift from reining in inflation to boosting employment.

The Bank of England (BoE) cut its Official Bank Rate just once in the fourth quarter, in December. Consumer price (CPI) inflation continued to run above the BoE's 2% target, at 3.3% in the 12 months to 30 November.

The European Central Bank (ECB) kept interest rates unchanged during the quarter. Eurozone inflation slowed to 2.1% in October and November, close to the ECB's 2% target.

Against that background, world share prices rose 3.4% during the fourth quarter.[1]

- US-listed companies reported third-quarter earnings growth of 14%, compared to the third quarter of 2024, with notably strong results at Microsoft, JPMorgan and Amazon. But US shares had started the fourth quarter at record levels, so their rally slowed (+3.1% for the fourth quarter).
- Eurozone companies also reported strong earnings, especially in the financial sector, in health care and in the consumer discretionary sector. Eurozone shares started the quarter at more attractive valuations than US shares and delivered better returns (+5.1%).
- Metals and mining companies led UK indices to record highs (+6.6%), as prices for gold, silver and copper peaked.
- The Japanese stock market (+9.6%) benefited from its heavy weighting in information technology, including artificial intelligence, as well as metals producers and financial firms.
- Chinese shares were an important laggard in the fourth quarter, down 7.6%, as the country's property slump continued to weigh on its economy.

Significant downturns during the quarter highlighted investors' concerns:

- World share prices fell 2.5% between 8 and 10 October, after the US government 'shut down' and President Trump threatened (again) to impose 100% tariffs on Chinese goods.
- In mid-November, share prices fell 4.2% over a week's time. Investors took more defensive positions that week, ahead of earnings reports by Walmart, Home Depot and NVIDIA.
- Between 11 and 17 December, prices fell 2.0%. Valuations in the AI sector raised worries, after software giant Oracle's reported lower-than-expected revenues in its cloud division.

(1) Sources of share prices: MSCI (net total return in local currency), except where stated

Outlook

Investor concerns triggered several bouts of volatility during the fourth quarter, and US action in Venezuela has added to geopolitical concerns. We continue to look through market volatility at companies' profits ('earnings'), which remain the principal source of share price gains.

At the end of 2025, US shares were just 10%-15% below their valuations during the 2000 dotcom bubble, based on price/earnings (P/E) valuations. When that bubble deflated, share prices nearly halved over the next two years.

History doesn't repeat itself, but it often rhymes. Liquidity, in particular, looks abundant again. Today, most central banks are loosening monetary policy, private capital is booming, and online brokers like Robinhood are offering low-cost leverage to retail investors.

Unlike in 2000, however, earnings are solid and expected to rise 15% in 2026. So how do we position our portfolios when valuations may indicate a bubble, but when earnings continue to rise?

- The best-performing shares of 2025 were shares of highly indebted firms and those of loss-making companies. The most successful investing strategy was momentum, often led by retail investors and 'day traders'.
- Quality shares, by contrast, are those of profitable companies, with stable earnings growth and low debts.

In the 2000-2002 dotcom crash, shares that had been overlooked in 1996-1999 often performed well. Back then, 'new world' Internet shares collapsed but a range of health care, financial and consumer staples shares prospered.

There are significant differences between 2000 and today: current valuations aren't as stretched as in 2000, most highly valued firms are cash-generative, and non-AI shares today aren't as cheap as 'old world' shares in 2000.

Our main concern, however, lies with the profit outlooks of AI firms. In our analysis, some of these companies are unlikely to achieve the earnings needed to justify their capital expenditure.

As the new year starts, the companies in our portfolios had, on average, higher operating margins, higher cash flow returns on invested capital and lower indebtedness than the market as a whole. In our analysis, therefore, our current positioning is appropriate if (or: when?) the stock market corrects. That positioning continues to be centred on quality shares – including some in AI and overlooked ones – with a slant to non-US shares.

The market review, analysis, and any projections contained in this document represent CCLA's house view and should not be relied upon to form the basis of any investment decisions.

Do benchmarks change corporate behaviour?

At CCLA, we have pioneered a distinctive approach to stewardship, using systemic engagement programmes to reshape how companies address pressing social issues. Our mental health and modern slavery benchmarks have become influential tools – both for investors and businesses – driving meaningful and measurable change worldwide.

Stewardship with a systemic lens

Our stewardship philosophy goes beyond traditional shareholder engagement. Rather than focussing solely on individual companies, we design systemic engagement programmes that aim to shift entire markets on critical topics. This approach recognises that some challenges are not isolated to one firm; they are structural, relevant to nearly every company, and requiring collective action.

By convening investors, policymakers, and civil society, we seek to change the rules of the game, ensuring that companies embed responsible practices into their operations and that they are accountable to shareholders for their actions.

CCLA Modern Slavery Benchmark

Our work on modern slavery stems from the Find it, Fix it, Prevent it investor coalition, founded in 2019. This coalition seeks to improve corporate responses to forced labour in supply chains. In 2023, we introduced the Modern Slavery UK Benchmark, later expanding to global companies.

- **Aim:** To assess how firms comply with the UK Modern Slavery Act and go beyond compliance to actively identify, remediate, and prevent exploitation.
- **How it works:** The benchmark assesses companies across five dimensions – compliance with legislation, alignment with Home Office guidance, and efforts to find, fix and prevent modern slavery – and ranks them annually into performance tiers.
- **Outcomes:** By the end of 2025, 48 UK companies had shown meaningful improvement in their modern slavery performance. The number of companies disclosing cases of modern slavery has increased steadily over time and the level of company engagement continues to build.

CCLA Corporate Mental Health Benchmark

Launched in 2022, the Corporate Mental Health Benchmark aligns with the World Health Organization (WHO) guidelines and WHO/ILO policy brief's recommendations on mental health at work. It emphasises the economic case for action and assesses annually 100 UK-listed companies and 120 global companies.

- **Aim:** To place workplace mental health on the corporate management agenda and mobilise investors into action on this topic.
- **How it works:** The benchmark assesses companies against clear criteria – covering governance, leadership, and operational management of mental health – and ranks them into performance tiers. Results are published annually, enabling investors and stakeholders to track progress.
- **Outcomes:** Since its inception, the benchmark has driven significant improvements. By 2025, 74 listed companies had improved their performance tier, with a combined 5.3 million employees worldwide. Investor support has grown steadily, from 29 investors in 2022, to 56 investors in 2025, with an aggregate $9.5 trillion in assets under management.

Achievements across the benchmarks

Together, the mental health and modern slavery benchmarks have enhanced corporate transparency and driven measurable change. They have raised awareness of issues previously overlooked by investors and enabled companies to align their actions with established international frameworks and norms. They have even influenced policy debates, evidenced by the publication of new statutory Home Office Guidance referencing the Modern Slavery Benchmark.

These programmes exemplify systemic stewardship: setting clear expectations and mobilising investor pressure, resulting in a meaningful shift in corporate behaviour across entire markets.

Looking ahead: optimism and continuity

The benchmarks have already achieved notable outcomes, but their legacy lies in the cultural shift they have sparked. Mental health is now firmly on the corporate agenda at many businesses, and modern slavery is increasingly treated as a material risk rather than a peripheral compliance issue.

With CCLA's upcoming acquisition by Jupiter Asset Management, we move into 2026 with renewed optimism. As we begin this next chapter, our commitment to stewardship and engagement remains unwavering; we will continue to use our influence and systemic programmes to strengthen market practices and to drive meaningful change.

Responsible investment report

Our work has three strands:

1. Engagement focused on social and environmental issues in the context of Christian mission and witness.
2. Ensuring that the Fund is managed in line with its Faith Consistent Investment Policy.
3. Proxy voting on corporate governance issues to protect shareholder value and address excessive remuneration.

Quarterly highlights

In Q3, we began engaging with financial institutions used by our cash funds on fossil fuel financing and duly met seven of them in Q4. While many have published climate transition plans, in most cases, financing policies do not restrict the expansion of fossil fuel infrastructure and related activities, exposing a gap between stated ambitions and lending activity. We will build on these initial discussions throughout 2026.

In October, we hosted a roundtable on modern slavery and exploitation in the construction sector in partnership with the Cabinet Office. Construction is one of the highest-risk sectors for modern slavery and labour abuses. The roundtable involved 70 stakeholders with significant participation from the sector, investors, civil society and government. Details are available on our website.

In 2023, we joined Nature Action 100, a global investor engagement initiative on biodiversity. In 2024, we commenced engagement with three portfolio holdings: AstraZeneca, McDonald's and Zoetis. After co-filing a shareholder proposal at McDonald's, we eventually secured a series of meetings with the company, two of which took place in Q3 and Q4 2025. We focussed on the company's regenerative agriculture programme, which it believes promotes adaptable, locally tailored farming practices. However, the company does not plan to disclose a formal framework and pushed back on investor requests for further details. We will meet the company again in 2026. We also met Zoetis during Q4, which is progressing on some areas but whose approach to biodiversity is still evolving. Discussions continue.

We have been engaging with Nestlé on its approach to nutrition for several years and in early 2025, took the role of lead investor for the Access to Nutrition Initiative investor coalition. We attended the company's Annual General Meeting in April and sought reassurance that the CEO would champion this cause. Our key asks relate to nutrition disclosure and ambitious target setting. We were invited to visit the company's research and development headquarters in October and participated in an intimate meeting with the new CEO in December. We expect significantly enhanced nutrition reporting in Q1 2026, and the company has indicated that it is open to further negotiations on target setting in the coming months.

In December, we sent a letter - backed by 27 investors with £1.4 trillion in assets under management - to Peter Kyle MP, Secretary of State for Business and Trade, in support of new Human Rights Due Diligence legislation. We await a response.

Quarter four 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 18% of management resolutions at investee companies this quarter (16% for the Better World Global Equity Fund).

We aim to support shareholder proposals that support our wider engagement priorities. In Q4, we supported two shareholder proposal at Microsoft. The first called for a report on the risks of operating in countries with significant human rights concerns. The second asked for a report on the use of AI and machine learning for oil and gas development and production. The latter would facilitate a better assessment of how Microsoft plans to meet its commitment to reduce scope 3 emissions and bring greater clarity as to whether it is complying with its commitment only to work with energy companies with a net zero commitment.

Engaging with Coca-Cola on human rights abuse in India

In 2024, a series of articles in the New York Times uncovered exploitative abuse, forced labour and coerced hysterectomies in the Maharashtra sugar cane industry. Major sugar buyers in the region include Coca-Cola, Mondelez, PepsiCo, Nestlé and Unilever. As a direct investor in Coca-Cola, we took the lead in engaging the company on behalf of an international group of investors.

We met the company several times in 2025 - it has engaged constructively and launched several meaningful initiatives. These include working with three mills in its direct supply chain to roll out awareness raising and better working conditions for mill workers and cane cutters; working with other buyers to improve the system via the newly formed Coalition for Responsible Sugar Cane Industry; partnering with the International Organisation for Migration, which is tasked with providing pre-departure rights training for migrant workers in India; and supporting the International Labour Organisation's child labour work in the neighbouring state of Karnataka. Dialogue with the company continues.

Values based restrictions

We confirm that the CBF Funds have been managed to their respective values based restrictions this quarter.

The CBF Church of England Investment Fund

Performance comment

The Federal Reserve and the Bank of England cut interest rates during the quarter, even though inflation continued to run above target in both countries.

Share prices continued to rise during the fourth quarter, but at a slower pace than in the third. US shares lagged those in other developed markets as investors became more concerned over the pace of AI expenditure and the likely returns on those investments.

Over the quarter the Fund returned 0.08% compared with the comparator return of 3.00%. Over the last 12 months, the Fund returned -1.17% compared with the comparator return of 10.97%.

- Shares in the communications segment were the main contributor to performance, led by Google parent Alphabet, buoyed by positive reactions to its latest Gemini AI assistant.
- Several positions in health care also helped performance, led by clinical instruments producer Thermo Fisher, pharmaceuticals giant AstraZeneca and diagnostics firm Danaher. Shares of animal health firm Zoetis weakened on concerns over its upcoming products.
- Industrial firms were the main detractor from performance, held back by publishing firms RELX and Wolters Kluwer and credit agency Experian, on fears that AI will disrupt their businesses.

Returns in the fund's property segment were strong, but infrastructure was weak, notably in student accommodation. Fixed interest returns were positive.

Fund update

Our positioning has not changed significantly. We own the same proportion of equities as the benchmark but have reduced our exposure to infrastructure.We are mindful of valuations. At the end of 2025, US shares were only 10%-15% below their peak multiple during the 2000 dotcom bubble. For now, strong earnings and liquidity support these valuations. Our largest exposure is IT, where we have access to key trends such as cloud computing and AI. We increased exposure to financials, preferring market infrastructure, data businesses and well-positioned banks. We have little exposure to capital-intensive sectors like energy or utilities.On average, the companies in our funds have higher operating margins, higher cash flow returns on invested capital and lower debt than the broader market, and as good or better forecast sales and earnings growth.

Income

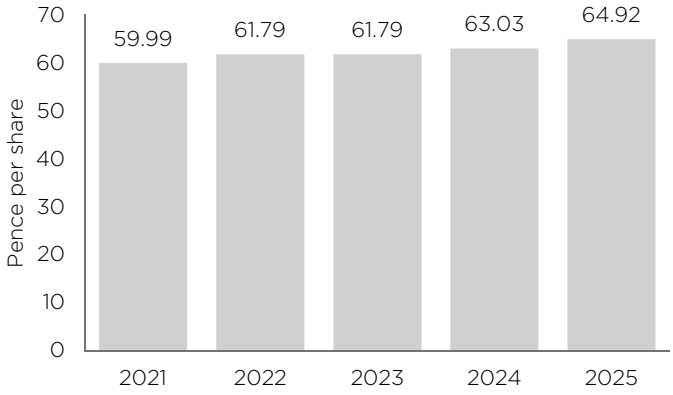
Gross dividend yield 2.92%*

MSCI $ UK IMI dividend yield 3.16%

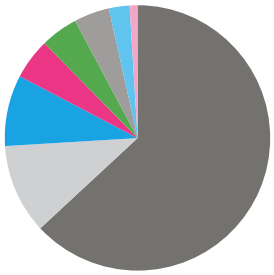
MSCI $ World ex UK dividend yield 1.53%

* Based upon the net asset value and an estimated annual dividend of 64.92p.

Past distributions



Asset allocation as at 31 December 2025



- Overseas Equities 63.06%
- Fixed Interest 10.97%
- UK Equities 8.65%
- Infrastructure & Operating Assets 4.95%
- Private Equity & Other 4.59%
- Property 4.31%
- Cash & Near Cash 2.51%
- Contractual & Other Income 0.95%
- Derivatives 0.01%

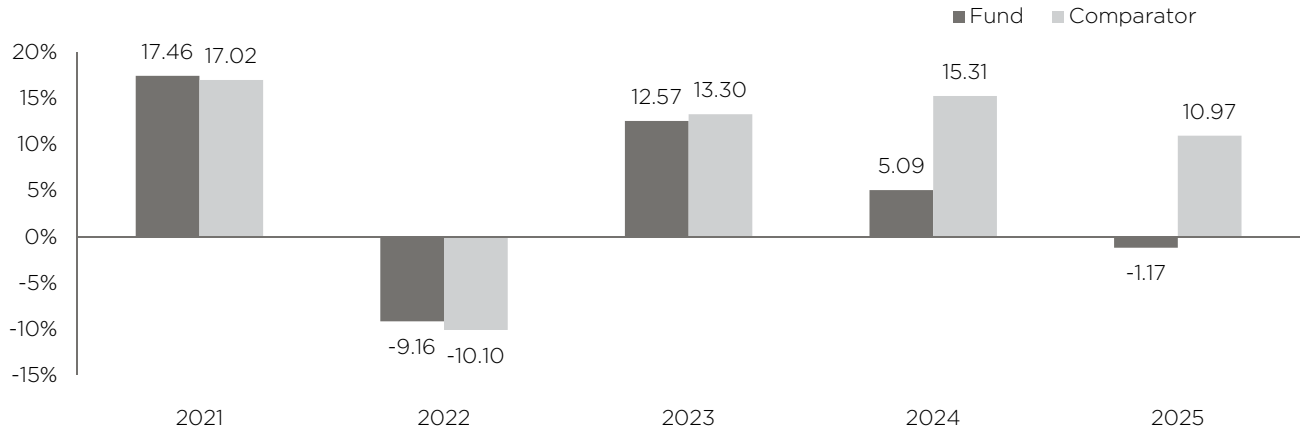
Overseas Equities	**%**
North America	44.24
Developed Europe	14.33
Asia Pacific ex Japan	3.41
Japan	1.09
	63.06

Total return performance

Performance* to 31 December 2025	3 months	1 year	3 years p.a.	5 years p.a.
Investment	+0.08%	-1.17%	+5.35%	+4.52%
Comparator	+3.00%	+10.97%	+13.18%	+8.81%

Total return performance by year

12 months to 31 December	2021	2022	2023	2024	2025
Investment	+17.46%	-9.16%	+12.57%	+5.09%	-1.17%
Comparator	+17.02%	-10.10%	+13.30%	+15.31%	+10.97%



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

Top 10 holdings as at 31 December 2025

Alphabet Inc C Com NPV	3.5%	The CBF Church of England Property Fund	2.4%
CCLA INV MGMT LTD ORD GBP1	3.1%	Amazon.Com Com USD0.01	2.3%
Federated Hermes Sust Glo Invest Gr Cr Fd X5 Inc	3.0%	Taiwan Semicon Manufacturing TWD10	2.0%
Microsoft Com NPV	2.6%	Broadcom Corp Com NPV	1.9%
UK Gilt 0.125% IL 10/08/2028	2.5%	Visa Com - Class A Shares USD0.0001	1.4%

* 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

Share prices continued to rise during the fourth quarter, but at a slower pace than in the third quarter. US shares lagged those in other developed markets as investors became more concerned over the pace of AI expenditure and the likely returns on those investments.

Over the quarter the Fund returned 0.03% compared with the comparator return of 3.21%. Over the last 12 months, the Fund returned -3.12% compared with the comparator return of 12.75%.

- Shares in the communications segment were the main contributor to performance, led by Google parent Alphabet, buoyed by positive reactions to its latest Gemini AI assistant.
- Several positions in health care also helped performance, led by clinical instruments producer Thermo Fisher, pharmaceuticals giant AstraZeneca and diagnostics firm Danaher. Shares of animal health firm Zoetis weakened on concerns over its upcoming products.
- Industrial firms were the main detractor from performance, held back by publishing firms RELX and Wolters Kluwer and credit agency Experian, on fears that AI will disrupt their businesses.
- Financials detracted as well, mainly on weaker pricing at insurance brokers AJ Gallagher and Marsh McLennan.

Fund update

Our positioning has not changed significantly, and we remain mindful of valuations. At the end of 2025, US shares were only 10%-15% below their peak multiple during the 2000 dotcom bubble. For now, strong earnings and liquidity support these valuations.

Our largest exposure is IT, where we have access to key trends such as cloud computing and AI. We increased exposure to financials, preferring market infrastructure, data businesses and well-positioned banks. We have little exposure to capital-intensive sectors like energy or utilities.

On average, the companies in our funds have higher operating margins, higher cash flow returns on invested capital and lower debt than the broader market, and as good or better forecast sales and earnings growth.

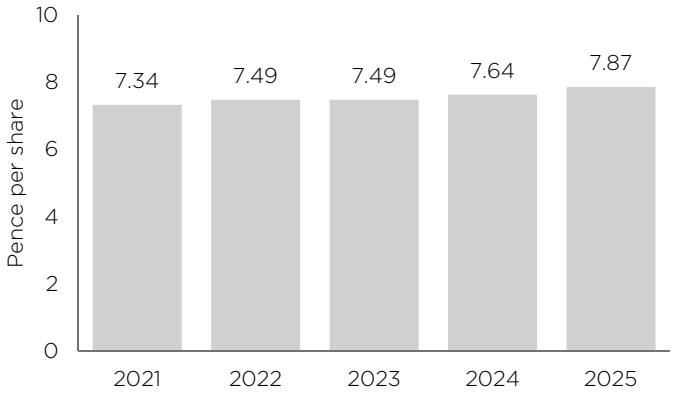
Income

Gross dividend yield 2.59%*

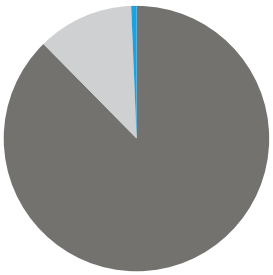
MSCI $ World dividend yield 1.59%

* Based upon the net asset value and an estimated annual dividend of 7.87p.

Past distributions



Asset allocation as at 31 December 2025



- Overseas Equities 87.63%
- UK Equities 11.74%
- Cash & Near Cash 0.64%

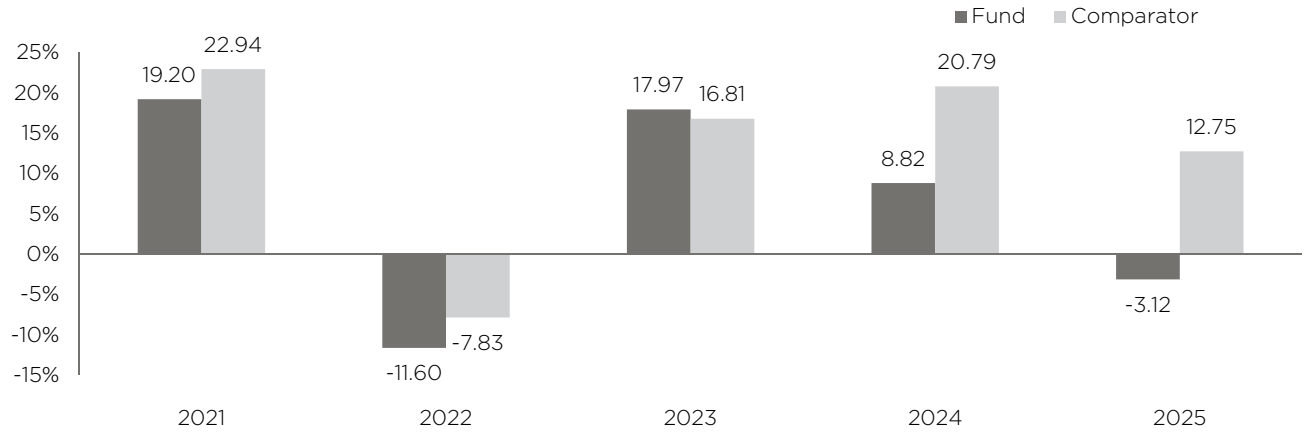
Overseas Equities	**%**
North America	62.58
Developed Europe	19.34
Asia Pacific ex Japan	4.47
Japan	1.22
	87.63

Total return performance

Performance* to 31 December 2025	3 months	1 year	3 years p.a.	5 years p.a.
Global Equity	+0.03%	-3.12%	+7.54%	+5.56%
Comparator	+3.21%	+12.75%	+16.74%	+12.51%

Total return performance by year

12 months to 31 December	2021	2022	2023	2024	2025
Global Equity	+19.20%	-11.60%	+17.97%	+8.82%	-3.12%
Comparator	+22.94%	-7.83%	+16.81%	+20.79%	+12.75%



Comparator – MSCI £ World. Source: CCLA

Top 10 holdings as at 31 December 2025

Alphabet Inc C Com NPV	4.8%
Microsoft Com NPV	4.1%
Amazon.Com Com USD0.01	3.3%
Taiwan Semiconducter SP ADR(V5 Ord)	2.7%
Broadcom Corp Com NPV	2.4%

Visa Com - Class A Shares USD0.0001	2.3%
S And P Global Inc Com USD1	1.9%
Mastercard Com USD0.0001	1.9%
Thermo Fisher Scientific Inc COM USD 1	1.9%
Intuit Com USD0.01	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 fund operates in the sterling money markets, a financial market for liquid, low-risk debt, mostly issued by banks. Short-term interest rates in that market correlate with the Official Bank Rate (OBR) set by the Bank of England's (BoE). That rate, in turn, depends on the performance of the UK economy, amongst other factors.

Over the fourth quarter, consumer price (CPI) inflation fell from 3.8%, in the 12 months to 30 September, to 3.2% in November. The BoE held its OBR steady in November, to assess the Government's later-than-usual Autumn Budget, but cut it from 4% to 3.75% in December.

The most relevant short-term commercial interest rate for the market in which the Fund operates is Sterling Overnight Index Average (SONIA). SONIA is the average interest rate at which banks can borrow overnight from other institutions. In line with the BoE's OBR, SONIA fell from 3.9671% on 30 September to 3.7257% on 31 December, a 0.24% decline.

The fund's declared rate fell from 3.9500% at the end of September to 3.8000% at the end of December, significantly less than the decrease in the BoE's OBR or SONIA.

Fund update

We kept the fund's overnight and 1-week liquidity above their regulatory minimums. Despite its high liquidity, the fund maintained flexibility to opportunistically take advantage of favourable interest rates in longer-dated instruments, especially near year-end.

We maintained the fund's preference for investments with 7 to 12 months to maturity. The weighted average maturity (WAM) of its investments was near the upper limit of the permitted range. Over the quarter, WAM ranged from 98 to 112 days, averaging 106. The Fund's WAM ended the period at 98 days, below its one-year average of 101.

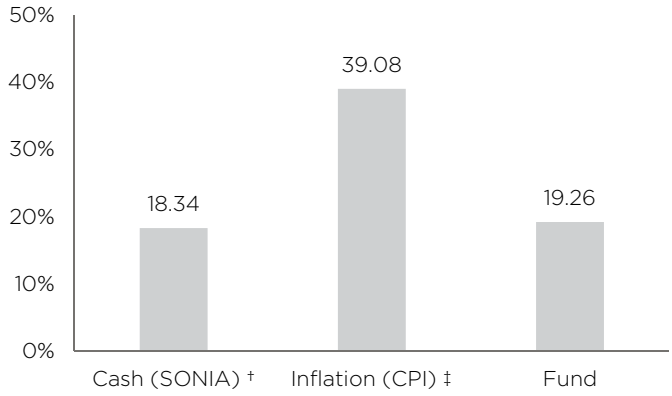
The fund remained diversified, despite counterparties reducing from 38 to 37. AA-rated counterparties accounted for 43% of holdings. Its geography is balanced, with its largest non-UK exposures 15% to banks in France, 14% Canada and 14% Japan.

Income

Average interest rate over the quarter 4.02% (4.08% AER)*

Interest rate over the quarter end 3.80% (3.85% AER)*

Cumulative total return over last 10 years



Deposit rate as at 31 December 2025

4.08% 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

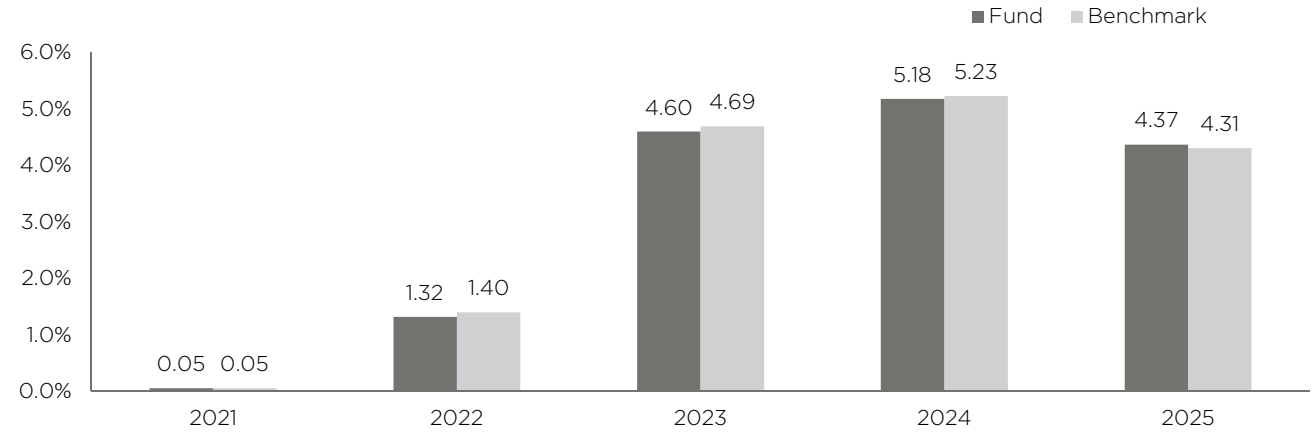
‡ CPI is reported on a 1m lag.

Total return performance

Performance* to 31 December 2025	3 months	1 year	3 years p.a.	5 years p.a.
Deposit	+1.02%	+4.37%	+4.72%	+3.08%
Benchmark	+1.00%	+4.31%	+4.74%	+3.12%

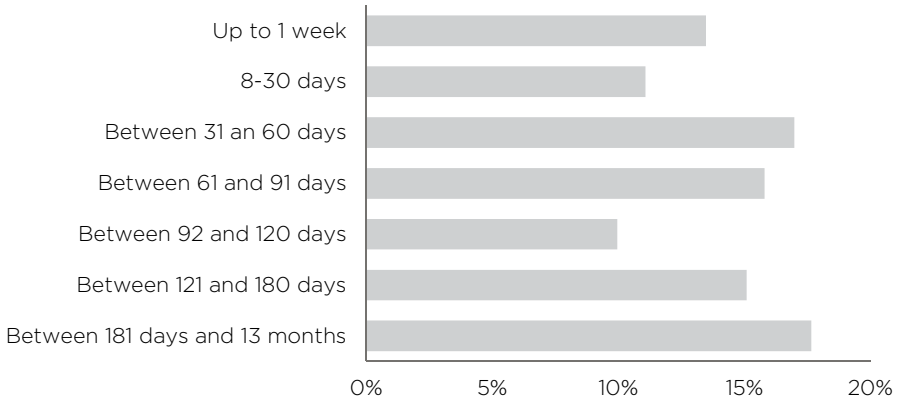
Total return performance by year

12 months to 31 December	2021	2022	2023	2024	2025
Deposit	+0.05%	+1.32%	+4.60%	+5.18%	+4.37%
Benchmark	+0.05%	+1.40%	+4.69%	+5.23%	+4.31%



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

President Trump renewed his threat of tariffs on Chinese goods at the start of the quarter, before the tariff truce was extended. The Fed cut interest rates in October but warned that a December rate cut was far from certain, which raised 10 year US bond yields.

Bond market volatility also rose as US economic data strengthened, which made a December rate cut less likely. Markets recovered, however, after Fed officials signalled flexibility to cut rates and unemployment rose.

US inflation continued to run above target during the quarter, so investors saw the Fed's cuts in October and December as a shift from reining in inflation to boosting employment.

The Bank of England paused interest rates ahead of the government's late-November Autumn Budget but cut them in December. The European Central Bank (ECB) kept rates unchanged during the quarter.

Over the quarter the Fund returned 1.20% compared with the benchmark return of 1.41%. Over the last 12 months, the Fund returned 6.11% compared with the benchmark return of 6.00%.

- The main contributors to the fund's positive result were issuers in banking (e.g. Santander, Société Générale), capital goods (Sealed Air Corp, Siemens) and technology (Summit Digitel Infrastruture).
- Allocations to bonds of Orbia (basic industry), Apple (technology) and Vmed (telecoms) had a small negative effect.
- Bonds of all credit ratings contributed positively to returns, led by securities rated BB and above. CCC-rated bonds performed less well.

Fund update

Bond valuations remained near their peaks during the quarter, so we maintained a defensive stance. Selectively, we capitalised on opportunities in European BB-rated bonds and bonds of issuers in chemicals and packaging. More recently, we've focused on investing in bonds that provide high income, on buying longer-dated bank bonds and by capitalising on sudden spikes in market volatility.

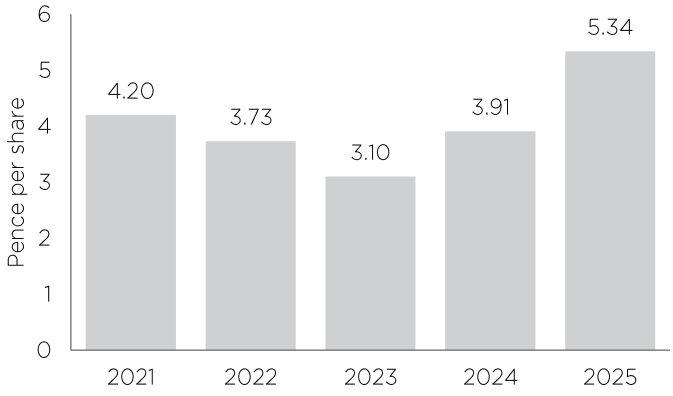
We continue to monitor with caution the high volume of bonds issued by large tech companies building AI (artificial intelligence) infrastructure. Our view on the economy improved somewhat, supported by moderate growth expectations and solid economic fundamentals.

Income

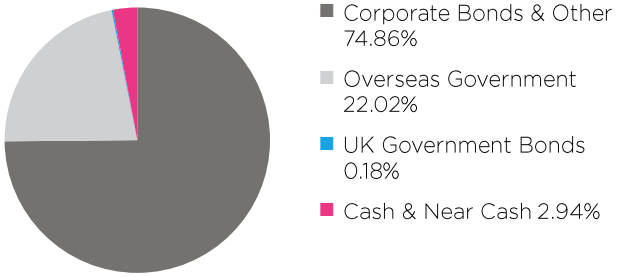
Gross redemption yield 4.86%

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 31 December 2025

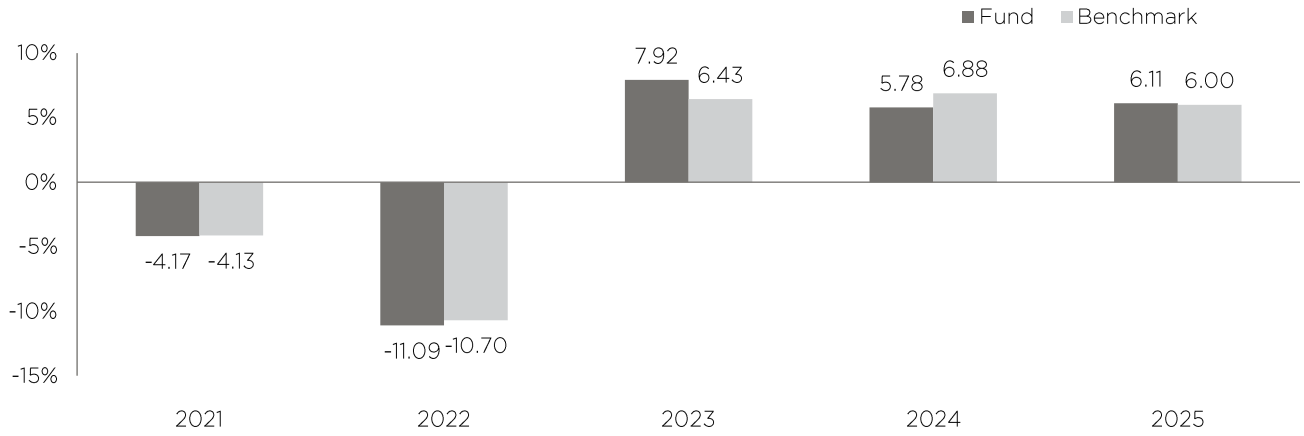


Total return performance

Performance* to 31 December 2025	3 months	1 year	3 years p.a.	5 years p.a.
Short Duration Bond	+1.20%	+6.11%	+6.60%	+0.63%
Benchmark	+1.41%	+6.00%	+6.44%	+0.64%

Total return performance by year

12 months to 31 December	2021	2022	2023	2024	2025
Short Duration Bond	-4.17%	-11.09%	+7.92%	+5.78%	+6.11%
Benchmark	-4.13%	-10.70%	+6.43%	+6.88%	+6.00%



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

Portfolio asset allocation

By credit rating

*Rating Category***	*% Fund*
Investment grade	84.0
Non-investment grade (speculative)	14.6
Non-investment grade (less than speculative)	1.4
Unrated	0.1

By term to maturity

Period	*% Fund*
0 - 5 years	67.1
5 - 10 years	27.5
10 - 15 years	1.3
Over 15 years	4.1
Duration (yrs)	1.9
Average term to maturity (yrs)	7.2

* 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.

** Please refer to www.ccla.co.uk/glossary for explanations of terms.

The CBF Church of England Property Fund

Performance comment

Over the quarter the Fund returned 2.07% compared with the benchmark return of 0.76%. Over the last 12 months, the Fund returned 7.70% compared with the benchmark return of 5.06%.

Income and active management were the main drivers of returns, as capital growth flatlined in 2025. The fund's income yield held steady in 2025, while income yields for its benchmark fell. Our active management generated significant gains, notably in the City of London and in a retail park in Brighton.

The fund's high weighting in industrial warehouses also helped outperformance. Occupier market fundamentals in this segment remained supportive, with attractive rental value growth on which we capitalised at lease events.

Fund update

Management activity continued to be vital to protect income and grow valuations.

- We sold vacant office buildings in Aberdeen and Maidenhead, resp. at and above their valuations in the fund.
- We completed leases at two offices in the City of London at higher rents than before, and increased the rent on an industrial unit in Birtley, Northumberland.
- We agreed a settlement for outstanding repairs on an industrial unit in Brackmills, Northampton.
- The existing tenant of a retail unit in Brighton breached the terms of their lease by entering into a Company Voluntary Arrangement. We pursued the forfeiture of that lease and they agreed to a 32% rent increase and removal of their break clause.
- No material new vacancies.

In terms of outlook, there has been scant market activity on which to base our 2026 outlook lately. In our analysis, however, property yields are near their peaks and stable. The Bank of England is cutting interest rates, but the uncertain economic backdrop continues to hold back a recovery in capital values, leaving investment yields 'higher for longer'. Investing for capital gain appears risky, and the subdued economic environment is leaving investors unmotivated. On the supply side, we continue to see a pricing gap between buyers and sellers, with a shortage of high-quality assets. Our 2026 outlook is for returns to improve somewhat, but for income to continue to dominate, with delayed yield compression and a scaling back of expected rental growth.

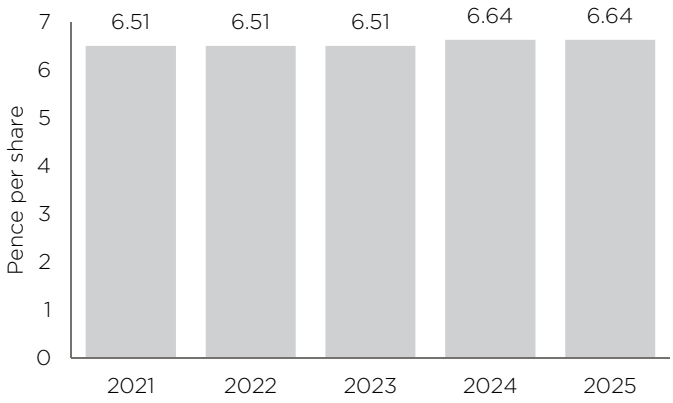
Income

Gross dividend yield 5.28%*

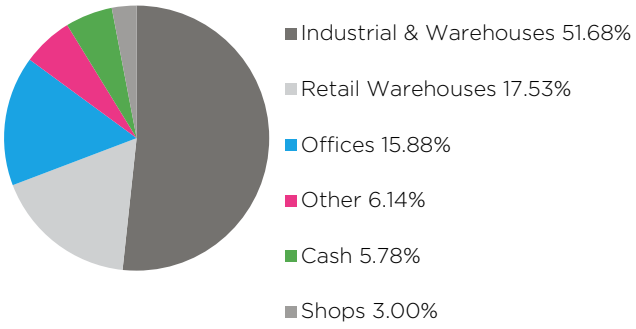
MSCI/AREF Other Balanced Property Fund Index Yield † 3.21%

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

Past distributions



Asset allocation as at 31 December 2025

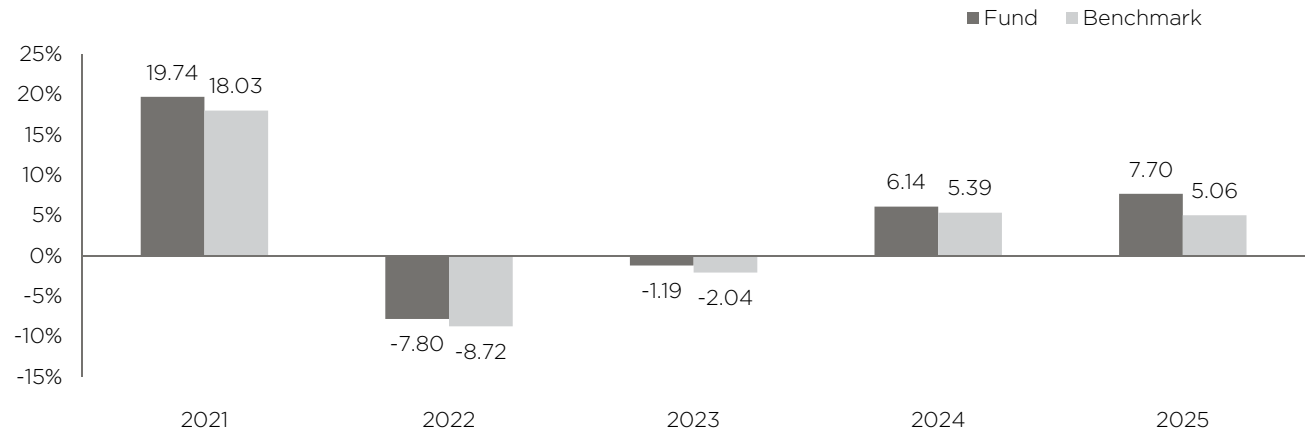


Total return performance

Performance* to 31 December 2025	3 months	1 year	3 years p.a.	5 years p.a.
Property	+2.07%	+7.70%	+4.14%	+4.51%
Benchmark	+0.76%	+5.06%	+2.75%	+3.17%

Total return performance by year

12 months to 31 December	2021	2022	2023	2024	2025
Property	+19.74%	-7.80%	-1.19%	+6.14%	+7.70%
Benchmark	+18.03%	-8.72%	-2.04%	+5.39%	+5.06%

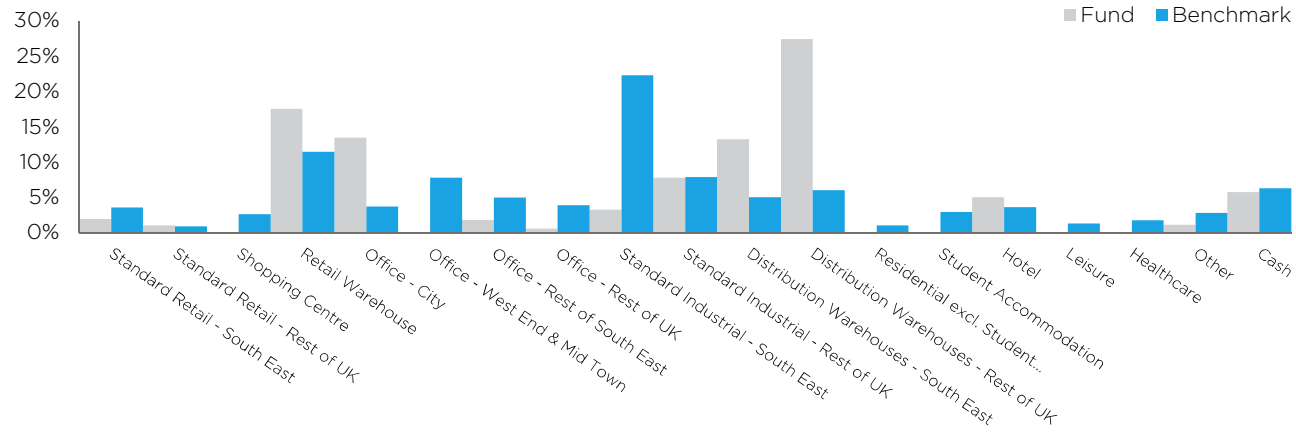


Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 64.79%

London, 80 Cannon Street	Lutterworth, 3320 Hunter Boulevard
Brighton, Pavilion Retail Park	Bath, Rossiter Road, Waterside Travelodge
Mendlesham, Mendlesham Industrial Estate	Lutterworth 3220 Wellington Parkway, Magna Park
Zorro 238, Coalfield Way, Ashby-de-la-Zouch	Solihull Gate Retail Park, Solihull
1400-1600 Aztec West Business Park	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.

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.

For information about how we obtain and use your personal data please see our privacy notice at www.ccla.co.uk/privacy-notice.

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