

THE CBF CHURCH OF ENGLAND INVESTMENT FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2022

CCLA

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*Collectively, these comprise the Manager's Report.

**Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE**for the year ended 31 December 2022**

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Financial Statements of The CBF Church of England Investment Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

Structure and management of the Fund

The Fund is an investment fund, administered as a common fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) Measure 2010 (together the “Measure”) and the Trustee Act 2000. The Fund was formed in 1958. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time. CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2008 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement.

Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Measure.

Investment objective

The Fund aims to provide a long-term total return comprising growth in capital and income.

REPORT OF THE TRUSTEE

for the year ended 31 December 2022

Investment policy

The Fund is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It will have an emphasis on equities, but will also include property, bonds and other asset classes, which may be either liquid or illiquid in nature.

Target benchmark

The target benchmark sets a standard against which the long-term performance of the Fund can be assessed. The Fund has a long-term investment target benchmark designed to help investors meet their objectives. Over time, the Fund aims to achieve an average total return before costs of Consumer Price Index (CPI) inflation plus 5%.

Comparator benchmark

To provide additional guidance on returns, the Manager publishes regular performance information relative to a comparator index designed to represent the typical structure and strategy of the Fund's underlying portfolio. The typical asset mix may change over time, so it may be necessary to review the make-up of the comparator benchmark to ensure that it remains a useful guide to returns. The composite comparator benchmark of the Fund (and the constituents' respective weightings within the comparator benchmark) is as follows: MSCI World Index (75%), MSCI UK Monthly Property Index (5%), Markit iBoxx £ Gilts Index (15%) and Sterling Overnight Index Average (5%).

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

Review of investment activities and policies of the Fund

The Trustee is ultimately responsible for The CBF Church of England Funds and receives reports on the published financial statements. The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided by the Manager under the investment management agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund. The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

REPORT OF THE TRUSTEE

for the year ended 31 December 2022

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, the Trustee is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the investment management agreement.

Controls and risk management

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required.

The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight provides an additional layer of comfort for Shareholders.

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

At its periodic audit committee meetings, the Trustee receives a report from the Chief Risk Officer of the Manager which covers the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines any operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

A Brookes, Chair
CBF Funds Trustee Limited
30 May 2023

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2022

Fund strategy

To achieve the target of real growth in capital values and a rising income, the portfolio has a structural bias to real assets, mainly global equities but also including domestic commercial property and infrastructure. Within the equity portfolio the emphasis is on good quality companies with high standards of governance, strong free cash flow generation and growth prospects that are not dependent on trends in the broad economy.

Economic and Market Review

2022 was a difficult year for investors, with all the major asset classes experiencing losses. The downturn was prompted by an upsurge in the rate of inflation which had begun to rise in the later months of the previous year. In the early days of January, central banks began to signal their concerns that inflation was likely to prove less transitory than they had previously anticipated, and that more aggressive monetary policy tightening would be required to address the challenge.

Annualised total capital and income return

To 31 December 2022	1 year %	5 years % p.a.	10 years % p.a.
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Performance against market indices (after expenses)

The CBF Church of England Investment Fund			
Income Shares*	-9.16	7.94	9.84
Accumulation Shares*	-9.17	7.95	9.86
Comparator benchmark#	-10.10	4.32	7.35
MSCI UK Investable Market Index (IMI)	1.60	2.59	6.20
MSCI World ex UK	-8.44	8.98	12.63
Markit iBoxx £ Gilts	-25.02	-3.57	0.36
MSCI UK Monthly Property*	-10.06	3.20	7.28
Consumer Price Index (CPI)	10.51	3.93	2.68

Comparator Benchmark – Composite: From 01/01/21, MSCI WORLD 75%, MSCI UK Monthly Property 5%, Markit iBoxx £ Gilts 15% & SONIA 5%. From 01.01.16 MSCI UK IMI 45%, MSCI Europe Ex UK 10%, MSCI North America 10%, MSCI Pacific 10%, AREF/MSCI™ All Properties 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%. To 31.12.15 MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, MSCI™ UK Monthly Property 5%, BarCap Gilt 15% & 7 Day LIBID 5% and to 31.12.11 FTSE All-Share 60%, FTSE All-World Developed Ex UK 20%, MSCI™ All Properties 10% and FTSE UK Government All Stocks 10%.

* Mid to mid plus income re-invested.

Source: CCLA.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

Market sentiment weakened further following Russia's invasion of Ukraine in late February 2022, with heightened geopolitical uncertainty being compounded by the war's exacerbating effect on supply chains and inflation affecting a range of key commodities such as oil and gas, aluminium, and food and fertilisers. The implementation of higher interest rates and the expectation of further hikes caused significant damage to asset valuations.

In the case of bonds, the effect was a straightforward consequence of the inverse relationship between yields and prices – higher yields mean lower valuations, and the outcome for the broad UK government bond market, for example, was a negative total return of -25% over the year. Equities suffered too, however, as higher yields led investors to discount more heavily the present value of companies' future earnings. In sterling terms, the total return from the global equity index was -8%, and this result was cushioned considerably for sterling-based investors by the weakening of the domestic currency relative to the US dollar which was observed for much of the period: in dollar terms, global equity returns were -18% for the year.

Within equities, the damage was greatest in those sectors such as information technology which are dominated by 'growth' businesses as opposed to 'value' stocks whose returns are less dependent of future prospects. The traditional energy sector, whose fortunes move largely in tandem with the volatile prices of oil and gas, was the only industry sector to produce positive returns for the year as a whole.

Throughout the year markets continued to respond to emerging economic data and to the actions and words of central banks. Weaker economic and jobs news, or signs that inflation could be peaking, were often met with an easing in the market mood as investors anticipated that monetary policy tightening might be moderated sooner rather than later. The messaging from policy makers was typically more cautious, with the major central banks led by the US Federal Reserve emphasising that they were resolute in the fight against inflation and that they would persist with policy tightening until a return to target inflation levels was more clearly in sight.

On the whole, new data releases for the US in particular revealed generally resilient levels of economic activity, though there was a marked slowdown in housing activity. Meanwhile corporate earnings also held up relatively well, with quarterly results in the summer and again in the autumn bringing positive surprises and prompting partial, and usually short-lived, recovery in the equity markets.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

In the UK, bond markets were roiled by the ill-fated ‘mini-budget’ of late September. While the resulting sharp spike in bond yields began to ease once a change in political regime brought a calmer mood, the damage to asset valuations in the infrastructure and property sectors was seen in an acceleration of the declines that had begun to set in over previous months. These alternative assets suffered from a diminution in the attractiveness of their income yields relative to the higher yields now available from the bond market. In the UK commercial property market the increased cost of borrowing reduced the purchasing power of debt-funded investors, further depressing transaction volumes and valuations. Despite having continued to deliver positive returns in the first half of 2022, the second-half downturn was severe enough to result in negative total returns for the UK commercial property index of -10% for the full year.

Portfolio activity

The Fund began the year cautiously positioned with a reduced allocation to equities, and throughout the period equity holdings remained below the ‘neutral’ 75% weighting represented in the comparator benchmark. Conversely the allocation to cash remained elevated at approximately twice the comparator’s 5% weighting. However there was a good deal of activity throughout the year as we continued to reduce or exit positions in assets which we viewed as overvalued and/or less well placed to prosper in a lower growth/higher inflation

environment, while taking opportunities to initiate or increase positions in businesses where we perceived greater potential to add value. Over the course of the year the equities portfolio shifted to a more defensive slant, with less reliance on sectors such as consumer discretionary and higher allocations to healthcare and other areas where company fortunes are relatively independent of broader economic prosperity.

Having avoided conventional bonds altogether for several years, we re-entered the fixed interest market with the acquisition of short-dated UK government bonds (‘gilts’) in the days following the sharp spike in UK bond yields precipitated by the so-called ‘mini-budget’ in late September. Subsequently this position was exited in favour of longer dated gilts, and the Fund ended the year with approximately 5% in 10-year issues.

Also in the final quarter of the year, we slightly reduced the Fund’s allocation to infrastructure and property, focusing selectively on those individual assets whose valuations we believed remained more exposed to the effects of higher yields.

Performance

Over the 12-month period ended on 31 December 2022 the Fund achieved a return after costs and expenses of -9.16%. This compares with a return on the benchmark comparator of -10.10%.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

Within the equities component of the Fund we have a bias towards quality growth stocks. The valuations of such businesses were relatively hard hit by the upsurge in bond yields over the year. Meanwhile we avoid investment in traditional energy stocks. This was the only industry sector to perform positively over the period, representing a further element of underperformance relative to the equity market as a whole.

The negative contribution to relative returns stemming from the equities portfolio was more than offset by the Fund's positioning at the asset class level, notably being absent from the fixed interest (bonds) market for much of the year, at a time when that asset class was suffering historically painful losses. Throughout the year, the Fund's cash holdings were maintained at a level significantly above the long term average and this provided some protection from the negative returns seen in equity markets. Elsewhere in the portfolio, despite a difficult final quarter, alternative assets such as infrastructure provided modest positive returns for the year as a whole, bringing further support to relative performance.

Outlook

The outlook for economic growth remains uncertain. The risk of global recession is receding, for example with the world's dominant economy, the US, proving remarkably resilient and with China's relaxing of its draconian Covid restrictions promising a recovery in demand and activity levels. To the extent that individual economies may experience recession, this appears set to be relatively shallow and short lived.

Nevertheless economic growth is likely to remain subdued in the face of inflation, which although expected to fall significantly is likely to remain elevated by the standards of the pre-Covid decade, and the higher interest rates that are intended to bring inflation under control. With higher prices and higher borrowing costs keeping consumer and business demand in check, as well as the increased cost to companies of labour and goods, corporate earnings will remain under pressure there remains a distinct possibility of an earnings recession even if an economic recession can be avoided.

Disappointing news on corporate earnings, then, could prompt further setbacks for equity markets. In any event we believe that with the era of ultra-low inflation and supportive monetary policy behind us and a period of adjustment to the new environment ahead of us, heightened volatility could be a feature of market behaviour for some time.

Nevertheless, following the damage done to valuations in 2022 markets are now looking more reasonably priced relative to earnings; with the notable exception of the US, in fact, equities are looking decidedly cheap by historical standards. In due course, we would expect markets to anticipate the economic recovery that should follow the peak of the monetary policy tightening cycle, and to experience an improvement in sentiment as a result.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2022

Accordingly we expect to deploy some of the Fund's cash balances through selective additions to the equity portfolio. In the fixed interest markets, the higher yield environment has brought the return of opportunities which have been absent for many years and we expect to make some use of bonds as a diversifying asset class, while reducing slightly our holdings of alternatives such as infrastructure where the relative attractiveness of some assets has diminished.

J Ayre and C Ryland
Co Heads of Investment
CCLA Investment Management Limited
30 May 2023

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 December 2022

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
UK Treasury 4.25% 2032	54,125	Compass Group	17,207
UK Treasury 0.875% 2033	26,264	The TJX Companies	15,944
ICON	20,127	Brookfield Renewable Partners	13,622
Intuit	18,340	Yum China	12,846
AstraZeneca	16,506	Fidelity National Information Services	12,812
UK Treasury 1% 2032	16,034	Masco	12,703
Essilor	15,941	Adidas	11,909
Ansys	13,794	Bank of America	11,487
Experian	13,178	Synopsys	11,444
Coca Cola	10,733	UnitedHealth Group	10,554

When a stock has both purchases and sales in the reporting period, these transactions have been netted and the net amount has been reflected as either a net purchase or net sale in the table above.

Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund's Shares are intended only for long-term investment and are not suitable for money liable to be spent in the near future. Shares are realisable on each weekly dealing day only.

This Fund may invest in emerging market countries which could be subject to political and economic change.

The Fund may invest in collective investment schemes and other assets which may be illiquid. These include limited partnerships and other unquoted investments where valuations are open to substantial subjectivity. The Fund may also invest in The CBF Church of England Property Fund, which invests directly in property and property related assets which are valued by an independent valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and/or income value of this Fund.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England Investment Fund****Ethical investment**

The Fund is managed in accordance with ethical investment policies developed by the three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) based on the advice of the Church's Ethical Investment Advisory Group (EIAG). Responsibility for accepting National Investing Bodies (NIBs) policy and EIAG recommendations rests with the Trustee. The Trustee is represented on the EIAG by C Chan, a director of the Trustee. The Ethical Investment Policy embraces stewardship, engagement and investment exclusions.

Responsible investment and stewardship

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term Shareholder returns. This includes policies to integrate Environmental, Social and Governance (ESG) factors into the investment decision making process and stewardship activities associated with the Fund's holdings, more details can be found at <https://www.ccla.co.uk/sustainability/corporate-governance/approach-esg>.

The Manager is a signatory to both the UK Stewardship Code and the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

Engagement

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas. There are specific policies on Executive Remuneration and Business and Engagement. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Investment Fund

Investment exclusions

The NIBs do not wish to directly profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained. The EIAG or the NIBs may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds – normally if, after sustained dialogue, the company does not respond positively to concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The EIAG and NIBs expect a recognition of responsibility and a resolve to improve, rather than perfection.

Direct investments in equities and corporate debt: The NIBs do not invest in any company involved in indiscriminate weaponry. Moreover, they do not invest in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover. The NIBs do not invest in any company that derives more than 3% of revenues from the production or distribution of pornography or in any company, a major part of whose business activity or focus (defined as more than 10% of group revenues) is tobacco, gambling, non-military firearms, or high interest rate lending. The National Investing Bodies will exclude from their investments any

company deriving more than 25% of its turnover from the production or licensed sale of alcoholic drinks, except in the case of companies whose sole business is the provision of alcoholic drinks with food.

The climate change policy (2015) does not allow investments in companies that derive more than 10% of revenue from tar sands or thermal coal.

Individual policy documents are published separately – or are under development – setting out the criteria employed in each area to determine whether companies breach the Church's policy and to explain the theology, ethics and reasoning underlying the policies. More information can be found at <https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group/policies-and-reviews>.

Direct investments in property: The NIBs apply the same exclusions to direct property investments as are used for equities and corporate debt investments. To implement this policy, we seek to screen properties prior to investing in them. We do this by assessing the activities undertaken by the underlying tenants. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

STATEMENT OF ETHICAL INVESTMENT POLICY to the Shareholders of The CBF Church of England Investment Fund

Indirect investments via pooled funds:

The NIBs are only able to invest in some assets, asset classes and investment strategies through pooled funds. Pooled funds are funds in which a number of different investors invest. Because the ethical investment policies of the EIAG and NIBs cannot be applied fully, or at all, in these investments, the Pooled Funds Policy gives detailed guidance on how the NIBs should ensure that their use of pooled funds is consistent with ethical investment. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently

Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at www.churchofengland.org/eiag.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Investment Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of
The CBF Church of England Investment Fund
(the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2022 and of the net revenue and the net capital losses on the property of the Fund for the year ended 31 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure'), Trust Deed, and the Trustee Act 2000.

We have audited the financial statements which comprise for each fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgements and estimates applicable to all sub-funds and individual notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Church Funds Investment Measure 1958 ('the Measure') and the Trustee Act 2000.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Investment Fund

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees and Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees and Manager

As explained more fully in the trustees' responsibilities statement and the Manager's responsibilities statement, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ("the Trustee")
of The CBF Church of England Investment Fund

influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.

We discussed among the audit engagement team, including relevant internal specialists such as financial instruments specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ("the Trustee")
of The CBF Church of England Investment Fund

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

Use of our report

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the shareholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 May 2023

SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified The CBF Church of England Investment Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the RHP of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. However, investors can request redemption at any time and the Fund deals on a weekly basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per Share

	Income Shares		
	Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	2,339.61	2,045.66	1,914.02
Return before operating charges*	(200.68)	368.65	202.99
Operating charges**	(13.29)	(14.71)	(13.11)
Return after operating charges*	(213.97)	353.94	189.88
Distributions on Income Shares	(61.79)	(59.99)	(58.24)
Closing net asset value per Share	2,063.85	2,339.61	2,045.66
* after direct transaction costs of:	0.62	0.90	0.77

Performance

Return after charges	(9.15%)	17.30%	9.92%
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Other information

Closing net asset value (£'000)	1,779,919	1,994,206	1,663,707
Closing number of Shares	86,242,662	85,236,533	81,328,750
Operating charges**	0.80%***	0.67%	0.68%
Direct transaction costs	0.03%	0.04%	0.04%

Prices (pence per Share)

Highest Share price (offer)	2,337.88	2,380.84	2,078.77
Lowest Share price (bid)	2,013.32	1,991.08	1,592.38

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

*** Operating charges includes VAT reclaims received during the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a proportion of its assets in other funds. Operating charges as at 31 December 2022 include synthetic costs of 0.18% which represent the OCF of the underlying funds weighted on the basis of the investment proportion. Synthetic cost were not included in previous periods.

COMPARATIVE TABLE

Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	5,834.67	4,964.38	4,504.80
Return before operating charges*	(501.51)	906.39	490.88
Operating charges**	(34.22)	(36.10)	(31.30)
Return after operating charges*	(535.73)	870.29	459.58
Distributions on Accumulation Shares	(109.94)	(94.78)	(92.21)
Retained distributions on Accumulation Shares	109.94	94.78	92.21
Closing net asset value per Share	5,298.94	5,834.67	4,964.38
* after direct transaction costs of:	1.55	2.22	1.85
Performance			
Return after charges	(9.18%)	17.53%	10.20%
Other information			
Closing net asset value (£'000)	134,925	146,631	123,323
Closing number of Shares	2,546,265	2,513,104	2,484,156
Operating charges**	0.81%***	0.67%	0.68%
Direct transaction costs	0.03%	0.04%	0.04%
Prices (pence per Share)			
Highest Share price (offer)	5,830.36	5,899.03	5,008.78
Lowest Share price (bid)	5,055.37	4,831.93	3,747.78

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

*** Operating charges includes VAT reclaims received during the year. Industry guidance requires a 'synthetic' operating charge figure to be calculated where a Fund invests a proportion of its assets in other funds. Operating charges as at 31 December 2022 include synthetic costs of 0.18% which represent the OCF of the underlying funds weighted on the basis of the investment proportion. Synthetic cost were not included in previous periods.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2022

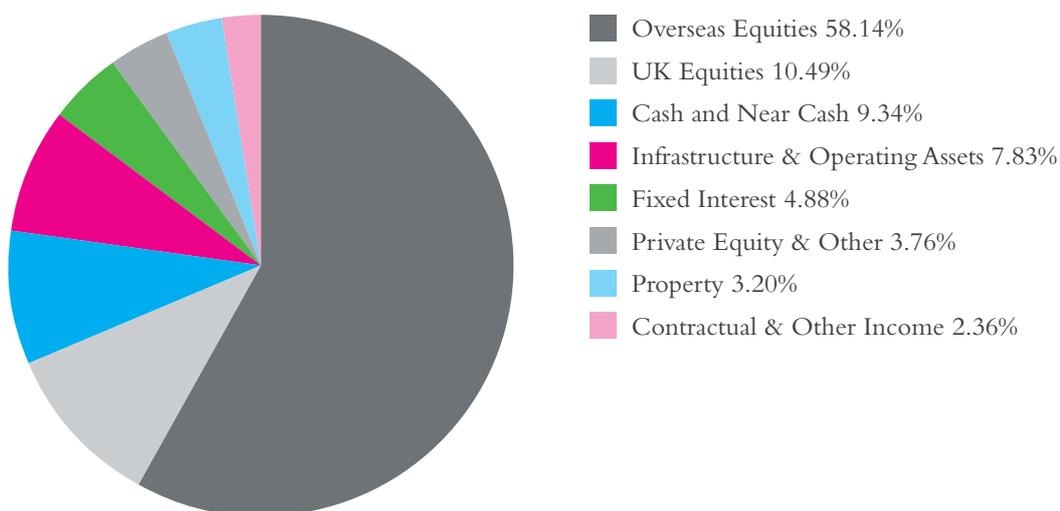
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2022 %	31.12.2021 %
Manager's annual management charge including VAT	0.60	0.65
Safe custody fees and depositary fee	0.01	0.01
Other expenses	0.01	0.01
Total operating charges	0.62	0.67

PORTFOLIO ANALYSIS

at 31 December 2022

Portfolio Allocation

Breakdown of Overseas Equities
by Geography

North America	40.85%
Developed Europe	12.57%
Asia Pacific ex-Japan	3.09%
Other Countries	0.91%
Japan	0.72%
	58.14%

Breakdown of Equities by Sector

Information Technology	15.94%
Health Care	15.89%
Financials	10.66%
Industrials	8.42%
Consumer Staples	5.84%
Consumer Discretionary	5.11%
Real Estate	3.16%
Communication Services	2.72%
Utilities	0.74%
Materials	0.15%
	68.63%

The portfolio analyses above differ from the portfolio statement because: prices used here are mid-market, rather than bid; and allocations are adjusted on a 'look through' basis in respect of cross holdings in other CCLA funds (i.e. such funds are shown in a single category in the portfolio statement, but are analysed by their underlying holdings on this page).

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
UNITED KINGDOM EQUITIES 10.30%			
(31.12.2021 – 10.10%)			
Consumer Discretionary 0.50% (31.12.2021 – 1.56%)			
InterContinental Hotels Group	201,094	9,540	0.50
Consumer Staples 0.89% (31.12.2021 – 0.80%)			
Unilever	406,385	16,995	0.89
Financials 1.19% (31.12.2021 – 1.09%)			
London Stock Exchange Group	200,497	14,307	0.75
Prudential	756,442	8,529	0.44
Health Care 0.96% (31.12.2021 – 0.00%)			
AstraZeneca	164,449	18,448	0.96
Industrials 1.53% (31.12.2021 – 1.09%)			
Experian	497,116	13,984	0.73
RELX	665,527	15,227	0.80
Funds 2.75% (31.12.2021 – 3.06%)			
The CBF Church of England UK Equity Fund Income Shares*	29,537,477	52,577	2.75
Real Estate 2.48% (31.12.2021 – 2.50%)			
Aberdeen Standard European Logistics Income	4,075,602	2,792	0.15
Assura	18,823,551	10,259	0.54
Empiric Student Property	9,374,122	7,893	0.41
Primary Health Properties REIT	2,229,712	2,471	0.13
PRS REIT	6,210,017	5,496	0.29
Segro REIT	512,104	3,909	0.20
Target Healthcare REIT	3,671,080	2,944	0.15
Tritax Big Box REIT	8,468,678	11,738	0.61

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
OVERSEAS EQUITIES 58.60% (31.12.2021 – 65.29%)			
DEVELOPED EUROPE 11.54% (31.12.2021 – 11.70%)			
Communication Services 0.87% (31.12.2021 – 0.65%)			
Universal Music Group	832,180	16,616	0.87
Consumer Discretionary 0.98% (31.12.2021 – 2.24%)			
LVMH Moët Hennessy Louis Vuitton	31,114	18,769	0.98
Consumer Staples 2.21% (31.12.2021 – 2.31%)			
Kerry Group	226,880	16,957	0.88
L'Oreal	30,218	8,944	0.47
Nestlé	170,420	16,406	0.86
Financials 1.20% (31.12.2021 – 1.21%)			
Deutsche Boerse	81,973	11,735	0.61
Partners Group	15,429	11,318	0.59
Health Care 2.97% (31.12.2021 – 1.91%)			
Essilor International	114,382	17,146	0.90
Novo Nordisk 'B'	202,644	22,705	1.19
Roche Holdings	64,911	16,940	0.88
Industrials 1.78% (31.12.2021 – 1.82%)			
Assa Abloy	728,168	13,014	0.68
Schneider	96,031	11,138	0.58
Wolters Kluwer	115,059	9,972	0.52
Information Technology 1.53% (31.12.2021 – 1.56%)			
Amadeus IT Group	247,267	10,651	0.55
ASML Holding	20,850	9,320	0.49
Hexagon	1,083,712	9,394	0.49
NORTH AMERICA 37.34% (31.12.2021 – 41.63%)			
Communication Services 1.47% (31.12.2021 – 2.74%)			
Alphabet C	202,220	14,916	0.78
The Walt Disney Company	183,087	13,222	0.69

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Consumer Discretionary 2.86% (31.12.2021 – 3.74%)			
Amazon.com	193,532	13,511	0.71
McDonald's	53,480	11,715	0.61
Nike B	135,825	13,213	0.69
Starbucks	197,239	16,261	0.85
Consumer Staples 2.10% (31.12.2021 – 1.19%)			
Estée Lauder	52,558	10,845	0.57
Pepsico	107,887	16,201	0.84
The Coca-Cola Company	250,103	13,226	0.69
Financials 4.94% (31.12.2021 – 6.12%)			
Bank of America	343,899	9,466	0.49
CME Group	128,682	17,986	0.94
Intercontinental Exchange Group	260,263	22,203	1.16
JP Morgan Chase & Co	100,128	11,163	0.58
Marsh & McLennan	66,516	9,153	0.48
S&P Global	63,195	17,595	0.92
The Blackstone Group	113,587	7,007	0.37
Health Care 10.39% (31.12.2021 – 8.63%)			
Abbott Laboratories	166,309	15,185	0.79
Agilent Technologies	125,426	15,602	0.82
Danaher	67,120	14,814	0.77
Edwards Lifesciences	212,801	13,194	0.69
Humana	40,797	17,371	0.91
ICON	111,922	18,061	0.94
Illumina	38,353	6,443	0.34
Intuitive Surgical	36,368	8,019	0.42
Medtronic	164,094	10,602	0.55
Merck & Co	139,099	12,829	0.67
Stryker	92,707	18,838	0.99
Thermo Fisher Scientific	29,783	13,635	0.71
UnitedHealth Group	55,748	24,575	1.28
Zoetis	80,401	9,799	0.51

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Industrials 3.81% (31.12.2021 – 6.34%)			
Ametek	109,724	12,745	0.66
IDEX	64,886	12,316	0.64
Ingersoll Rand	190,775	8,288	0.43
TransUnion	368,406	17,390	0.91
Union Pacific	62,046	10,679	0.56
Verisk Analytics	79,205	11,606	0.61
Information Technology 10.52% (31.12.2021 – 10.51%)			
Accenture	35,776	7,935	0.42
Adobe	73,423	20,539	1.07
Ansys	72,846	14,624	0.76
Broadcom	23,428	10,890	0.57
Intuit	53,954	17,449	0.91
Mastercard	57,789	16,706	0.87
Microsoft	139,772	27,866	1.46
Nvidia	47,001	5,711	0.30
NXP Semiconductors	103,487	13,595	0.71
PayPal Holdings	221,937	13,142	0.69
Roper Technologies	35,843	12,870	0.67
ServiceNow	19,645	6,346	0.33
Synopsys	38,644	10,252	0.54
Texas Instruments	48,780	6,700	0.35
Visa A	96,802	16,726	0.87
Materials 0.00% (31.12.2021 – 0.43%)			
Real Estate 0.57% (31.12.2021 – 0.49%)			
American Tower	61,585	10,846	0.57
Utilities 0.68% (31.12.2021 – 1.44%)			
NextEra Energy	188,440	13,093	0.68

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
JAPAN 0.67% (31.12.2021 – 0.41%)			
Information Technology 0.67% (31.12.2021 – 0.41%)			
Keyence	39,600	12,829	0.67
ASIA PACIFIC EX JAPAN 2.82% (31.12.2021 – 5.07%)			
Communication Services 0.00% (31.12.2021 – 0.98%)			
Consumer Discretionary 0.00% (31.12.2021 – 0.77%)			
Consumer Staples 0.00% (31.12.2021 – 0.51%)			
Financials 2.12% (31.12.2021 – 1.85%)			
AIA Group	2,084,000	19,267	1.00
HDFC Bank	375,998	21,383	1.12
Information Technology 0.70% (31.12.2021 – 0.96%)			
Taiwan Semiconductor Manufacturing Company	1,108,000	13,441	0.70
MULTI GEOGRAPHY 5.40% (31.12.2021 – 5.62%)			
Funds 5.40% (31.12.2021 – 5.62%)			
The CBF Church of England Global Equity Income Shares*	39,259,989	103,390	5.40
OTHER 0.83% (31.12.2021 – 0.86%)			
Information Technology 0.83% (31.12.2021 – 0.86%)			
Nice	99,531	15,910	0.83
PRIVATE EQUITY & OTHER 3.77%			
(31.12.2021 – 3.55%)			
CCLA Shares 2.55% (31.12.2021 – 2.47%)			
CCLA Investment Management – Ordinary Shares**	13,000,000	48,880	2.55

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Other 0.16% (31.12.2021 – 0.13%)			
Triodos Microfinance Fund	124,875	2,976	0.16
Private Equity 1.06% (31.12.2021 – 0.95%)			
Blackstone Capital Parters Asia**	1	12,262	0.64
Cambridge Innovation Capital II	1	756	0.04
Rubicon Partners**	1	7,227	0.38
INFRASTRUCTURE & OPERATING ASSETS 7.83% (31.12.2021 – 6.49%)			
Energy Resources & Environment 3.67% (31.12.2021 – 2.47%)			
Aquila European Renewables Income Fund	4,586,231	3,723	0.20
Bluefield Solar Income Fund	3,367,747	4,580	0.24
Clean Energy and Environment Fund**	1	6,212	0.33
Clean Growth Fund**	1	1,834	0.10
Foresight Solar Fund	6,549,297	7,689	0.40
Greencoat Renewables	5,777,277	5,818	0.30
Greencoat UK Wind	9,909,107	15,062	0.79
Gresham House Energy Storage Fund	1,314,669	2,123	0.11
NextPower III**	1	5,202	0.27
SDCL Energy Efficiency Income Trust	10,505,434	10,138	0.53
The Forest Company**	624,524	1,599	0.08
The Renewables Infrastructure Group	1,795,354	2,334	0.12
US Solar Fund	5,649,619	3,908	0.20
General 3.69% (31.12.2021 – 3.55%)			
Brookfield Infrastructure Partners	243,453	6,272	0.33
Infracapital Partners III**	1	19,227	1.00
KKR Global Infrastructure Investors III**	1	13,065	0.68
Macquarie Korea Infrastructure Fund	1,452,335	10,551	0.55
Pan-European Infrastructure Fund I**	1	13,483	0.71
Strategic Partners Offshore Real Assets – Infrastructure II**	1	8,000	0.42

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Social 0.47% (31.12.2021 – 0.47%)			
European Student Housing Fund**	1	3,959	0.21
KMG Wren Retirement Fund**	6,479	5,087	0.26
PROPERTY 3.15% (31.12.2021 – 3.88%)			
Nazeing Park Farm**	1	4,100	0.21
The CBF Church of England Property Fund Income Shares*	39,044,654	50,170	2.62
Tritax Eurobox REIT	10,000,597	6,080	0.32
CONTRACTUAL & OTHER INCOME 2.34% (31.12.2021 – 2.51%)			
Ares Capital	577,384	8,861	0.46
Duet Real Estate Finance***	3,026,355	1	–
GCP Asset Backed Income Fund	7,177,456	5,885	0.31
Hipgnosis Songs Fund	13,113,808	11,317	0.59
KKR Mezzanine Partners I**	1	2,578	0.14
KKR Private Credit Opportunities Partners II**	1	1,328	0.07
RM Infrastructure Income Fund	2,942,795	2,442	0.13
Round Hill Music Royalty Fund	8,812,097	5,641	0.29
Sequoia Economic Infrastructure Income Fund	5,317,938	4,664	0.24
Social and Sustainable Housing**	1	2,119	0.11
FIXED INTEREST 4.86% (31.12.2021 – 0.00%)			
UK Treasury 0.875% 2033	£33,965,000	25,341	1.32
UK Treasury 1% 2032	£19,530,000	15,471	0.81
UK Treasury 4.25% 2032	£50,000,000	52,274	2.73

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
CERTIFICATES OF DEPOSIT 2.44%			
(31.12.2021 – 0.00%)			
Bank of Montreal 4.95% 08/12/2023	£5,000,000	4,999	0.26
Barclays Bank 3.64% 22/08/2023	£6,000,000	5,968	0.31
Den Norske Bank 3.63% 26/06/2023	£5,000,000	4,984	0.26
Handelsbanken 3.04% 03/04/2023	£5,000,000	4,989	0.26
National Australia Bank 3.58% 01/06/2023	£5,000,000	4,986	0.26
Nordea Bank London 3.4% 28/04/2023	£5,000,000	4,990	0.26
Royal Bank Of Canada 4.02% 06/09/2023	£6,000,000	5,974	0.31
Toronto Dominion Bank 3.3% 22/05/2023	£5,000,000	4,986	0.26
UBS 3.65% 30/6/2023	£5,000,000	4,980	0.26
INVESTMENT ASSETS		1,786,413	93.29
NET OTHER ASSETS		128,431	6.71
TOTAL NET ASSETS		1,914,844	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

* The CBF Church of England UK Equity Fund, The CBF Church of England Global Equity Income Fund and The CBF Church of England Property Fund are managed by the Manager and represent related party transactions.

** Unquoted investments.

*** Suspended quoted securities.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2022

	Note	Year ended 31.12.2022		Year ended 31.12.2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(224,816)		294,560
Revenue	3	41,511		35,372	
Expenses	4	(12,266)		(13,135)	
Interest payable and similar charges		(2)		(1)	
Net revenue before taxation		29,243		22,236	
Taxation	5	(699)		(416)	
Net revenue after taxation			28,544		21,820
Total (deficit)/return before distributions			(196,272)		316,380
Distributions	6		(55,799)		(52,407)
Change in net assets attributable to Shareholders from investment activities			(252,071)		263,973

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2022

	Year ended 31.12.2022		Year ended 31.12.2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		2,140,837		1,787,030
Amounts receivable on issue of Shares	59,050		109,405	
Amounts payable on cancellation of Shares	(35,766)		(22,978)	
In-specie transactions	–		1,042	
		23,284		87,469
Change in net assets attributable to Shareholders from investment activities		(252,071)		263,973
Retained distributions on Accumulation Shares		2,794		2,365
Closing net assets attributable to Shareholders		1,914,844		2,140,837

The notes on pages 34 to 51 and distribution tables on page 52 form part of these financial statements.

BALANCE SHEET
at 31 December 2022

	Note	31.12.2022		31.12.2021	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			1,786,413		1,965,823
Current assets:					
Debtors	7	5,327		3,409	
Cash equivalents	8	127,687		169,431	
Cash and bank balances	8	10,037		16,539	
Total current assets			143,051		189,379
Total assets			1,929,464		2,155,202
LIABILITIES					
Creditors:					
Other creditors	9	1,149		1,341	
Distribution payable on Income Shares		13,471		13,024	
Total creditors			14,620		14,365
Total liabilities			14,620		14,365
Net assets attributable to Shareholders			1,914,844		2,140,837

The financial statements on pages 32 to 52 have been approved by the Trustee.

Approved on behalf of the Trustee
30 May 2023

A Brookes, Chair
CBF Funds Trustee Limited

The notes on pages 34 to 51 and distribution tables on page 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102, the Trust Deed, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 and the Church Funds Investment Measures Act 1958 as substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

(b) Revenue recognition

Dividends on ordinary stocks, including special dividends where appropriate, and distributions received on collective investment schemes are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise on receipt of cash. Interest on Government stocks, debentures, convertible loan stocks and other fixed interest stocks are accrued on a daily basis. Interest on bank deposits are accrued on a daily basis and interest on deposits in The CBF Church of England Deposit Fund are credited to revenue on receipt of cash. Direct property income is accrued on a daily basis.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Dividends received from US real estate investment trusts (US REITs) are allocated between revenue and capital for distribution purposes. The split is based on the year-end tax reporting date issued by the US REIT. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior year's aggregated dividend split for each US REIT.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. Accounting policies (*continued*)

(b) Revenue recognition (*continued*)

Revenue is stated net of irrecoverable tax credits. In the case where revenue is received after the deduction of withholding tax, the revenue is shown gross of taxation and the tax consequences are shown within the tax charge. Overseas tax recovered is recorded in the period it is received.

(c) Stock dividends

The ordinary element of stock received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

(d) Special dividends, share buy-back or additional share issue

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature.

It is likely that where the receipt of a special dividend, share buy back, additional share issues results in a significant reduction in the capital value of the holding, then the special dividend, share buy back, additional share issue is treated as capital in nature so as to ensure the matching principle is applied to gains and losses. Otherwise, the special dividend, share buy back, traditional share issue is treated as revenue.

(e) Expenses

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund and was 0.55% pa plus VAT.

The Fund received AMC rebates credited to the capital of the Fund for its holdings during the year in The CBF Church of England Property Fund, The CBF Church of England Global Equity Income Fund and The CBF Church of England UK Equity Fund. The Fund also received AMC rebates credited to revenue of the Fund for its deposits in The CBF Church of England Deposit Fund, where the AMC is charged to revenue.

On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the fee AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit, legal, safe custody fees and transaction charges, insurance and other fees are charged separately to the revenue of the Fund before distribution.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. Accounting policies (*continued*)

(f) Distributions

Distributions are paid quarterly and can also be supported by the Fund's capital.

It is the Fund's policy to calculate the distribution based on the revenue on debt securities which is computed on a coupon basis. A reconciliation of the net distribution to the net income of the Fund as reported in the statement of total return is shown in note 6.

(g) Basis of valuation

Quoted investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any unquoted, unlisted, delisted or suspended investments are stated at valuation by the Manager and reviewed by the Trustee.

The Manager's valuation is based upon valuations supplied by the manager of the underlying investments. The Manager satisfies itself that these valuations can be relied on by valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity. The estimates and assumptions underlying the valuations are kept under review by the Manager and judgements are reviewed, considering all factors affecting the investments.

For unquoted investments, the latest valuation point may be prior to the year end, but the Manager is satisfied that the resultant portfolio valuation would not be materially different from a valuation carried out as at the year end.

Suspended securities are valued by the Manager having regard to the last dealing price on the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

Agricultural property is valued yearly by the Manager on the basis of open market value as advised by independent chartered surveyors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. Accounting policies (continued)

(h) Foreign exchange

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business on 30 December 2022, the last valuation point in the accounting period. This also includes management fee rebates received on underlying investments within the portfolio.

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

(i) Cash equivalents

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital (losses)/gains

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
The net capital (losses)/gains during the year comprise:		
Realised gains on non-derivative securities*	66,967	158,173
Unrealised (losses)/gains on non-derivative securities*	(292,554)	131,712
Manager's annual management charge rebate – see note 1(e)**	1,636	1,742
Currency (losses)/gains	(853)	13
Realised (losses)/gains on forward currency contracts*	(12)	2
VAT reclaims	–	2,918
	(224,816)	294,560

* Where net realised gains include gains/(losses) arising in previous reporting periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

** This amount includes the rebates credited to the capital of the Fund for its holding in The CBF Church of England Property Fund, The CBF Church of England UK Equity Fund and The CBF Church of England Global Equity Income Fund where, in all Funds, management fees are charged to capital.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

3. Revenue

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Overseas dividends	20,814	16,890
UK dividends	4,850	4,417
Franked dividend distributions	7,899	7,282
Franked dividends on unquoted stocks	3,210	4,684
Interest on debt securities	1,596	69
Interest on The CBF Church of England Deposit Fund	1,112	86
Property income distributions	1,582	1,721
Bank interest	120	23
Other income	–	1
VAT reclaims	–	39
Manager's annual management charge rebate*	328	160
	41,511	35,372

* This amount represents the annual management charge rebates credited to the Fund's revenue for the Fund's deposit in The CBF Church of England Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(e)	11,861	12,746
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	94	99
Safe custody fees	105	119
	199	218

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

4. Expenses (*continued*)

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Other expenses:		
Audit fee	20	19
Insurance fee	29	24
Other fees	157	128
	206	171
Total expenses	12,266	13,135

Audit fee net of VAT is £15,600 (31.12.2021, £18,000)

The above expenses include VAT where applicable.

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue credited gross to Shareholders on the basis that all recoverable UK taxation has been reclaimed.

Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Overseas taxation suffered in the year	625	202
Overseas recoverable withholding tax written off in the year	74	214
Total taxation	699	416

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

6. Distributions

Distributions take account of revenue received on the issue of Shares and revenue deducted on the cancellation of Shares, and comprise:

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
31 March – interim distribution	13,681	12,635
30 June – interim distribution	13,834	12,846
30 September – interim distribution	13,981	13,312
31 December – final distribution	14,332	13,746
	55,828	52,539
Add: revenue deducted on cancellation of Shares	65	37
Deduct: revenue received on in-specie transactions	–	(3)
Deduct: revenue received on issue of Shares	(94)	(166)
Net distribution for the year	55,799	52,407
Net revenue after taxation for the year	28,544	21,820
Amortisation under coupon accounting	(411)	–
Distributions from capital	15,739	17,841
Expenses charged to capital	66	–
Manager's periodic charge – see note 1(e)	11,861	12,746
Net distribution for the year	55,799	52,407

Details of the distribution per Share are set out in the distribution tables on page 52.

The Manager's annual management charge is charged to capital, so this amount is added back in the table above to the net distribution for the year and deducted from capital.

There were unclaimed distributions as at 31 December 2022 of £30,878 (31.12.2021, £13,687).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

7. Debtors

	31.12.2022	31.12.2021
	£'000	£'000
Accrued revenue	5,152	3,200
Annual management charge rebate receivable	150	181
Prepayments	8	11
Income tax recoverable	17	17
	5,327	3,409

8. Cash equivalents, cash and bank balances

	31.12.2022	31.12.2021
	£'000	£'000
Cash equivalent – cash in The CBF Church of England Deposit Fund	112,691	169,431
Cash equivalent – certificates of deposit	14,996	–
Cash and bank balances – cash at bank	10,037	16,539

9. Other creditors

	31.12.2022	31.12.2021
	£'000	£'000
Accrued expenses	1,149	1,256
Overseas tax payable	–	85
	1,149	1,341

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

10. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to Shareholders should they wish to sell their Shares. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

Market price risk

This is an actively managed Fund which invests mainly in UK and overseas equities. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the Share price from time to time, although there will generally be a positive correlation in the movement of the Share price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

At 31 December 2022, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £89,321,000 (31.12.2021, £98,291,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. Financial instruments (continued)

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

Portfolio asset allocation by credit rating

Rating category	31.12.2022 % Fund	31.12.2021 % Fund
AAA	–	–
AA	100	–
A	–	–
BBB	–	–
Non investment grade	–	–

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest securities, pooled funds and sterling and overseas cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of Shares that Shareholders may wish to make. However, 8.16% (31.12.2021, 7.94%) of the net asset value of the Fund comprises unquoted investments, which are illiquid.

Currency risk

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2022, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would decrease or increase respectively by approximately £11,345,000 (31.12.2021, increase or decrease respectively by £13,979,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. Financial instruments (continued)

Currency risk (continued)

The total foreign currency exposure at 31 December 2022 and 31 December 2021 was:

Currency	31.12.2022			31.12.2021		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Danish krona	–	22,705	22,705	–	21,419	21,419
Euro	154	159,558	159,712	26	189,365	189,391
Hong Kong dollar	–	19,267	19,267	–	31,794	31,794
Japanese yen	–	12,829	12,829	–	8,712	8,712
Korean won	290	10,551	10,841	192	29,752	29,944
Swedish krona	–	22,408	22,408	–	23,863	23,863
Swiss franc	–	44,665	44,665	–	20,515	20,515
Taiwanese dollar	59	13,441	13,500	72	60,065	60,137
US dollar	2,718	825,855	828,573	1,231	1,010,853	1,012,084
Total	3,221	1,131,279	1,134,500	1,521	1,396,338	1,397,859

Interest rate risk

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in fixed interest securities and cash deposits, the revenue of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

A sensitivity analysis for interest rate risk is not shown as the impact is unlikely to be significant.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. Financial instruments (continued)

Interest rate risk (continued)

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	136,433	139,943	518,588	794,964
Euro	43	–	159,669	159,712
Japanese yen	–	–	12,829	12,829
US dollar	1,248	–	827,325	828,573
Other	–	–	133,386	133,386
Total	137,724	139,943	1,651,797	1,929,464

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	14,620	14,620
Total	–	–	14,620	14,620

The total exposure at 31 December 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	185,614	–	571,644	757,258
Euro	45	–	189,431	189,476
Japanese yen	–	–	8,712	8,712
US dollar	311	–	1,011,773	1,012,084
Other	–	–	187,672	187,672
Total	185,970	–	1,969,232	2,155,202

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	14,280	14,280
Euro	–	–	85	85
Total	–	–	14,365	14,365

* The floating rate financial assets of the Fund earn interest at rates based on either SONIA or base rate.

All financial liabilities are due to be settled within one year or on demand.

11. Commitments and contingent liabilities

Undrawn commitments at 31 December were:

	31.12.2022 £	31.12.2021 £
Strategic Partners Offshore Real Assets – Infrastructure II	6,512,880	5,988,654
KKR Global Infrastructure Investors III	3,054,379	6,071,899
Clean Growth Fund	3,974,317	4,730,375
Blackstone Capital Partners Asia	2,812,256	4,133,638
KKR Private Credit Opportunities Partners II	4,278,918	4,049,218
Infracapital Partners III	3,637,977	3,777,647
Rubicon Partners V	4,333,645	2,779,082
Pan-European Infrastructure Fund I	2,280,691	2,158,259
Social and Sustainable Housing	944,174	1,798,228
Clean Energy and Environment Fund	1,596,974	1,738,585
NextPower III	1,938,887	1,516,657
KKR Mezzanine Partners I	605,260	537,537
Cambridge Innovation Capital II	4,458,205	–
Total	40,428,562	39,279,779

There were no other commitments or contingent liabilities as at 31 December 2022 (31.12.2021, £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

12. Unquoted and other investments

Unquoted investments include the Fund's holding of the issued share capital of the parent company of the Manager, CCLA Investment Management Limited (CCLA IM), which provides investment management and administrative services to the CBF Church of England Funds. The valuation of £48,880,000 (31.12.2021, £52,910,000) is based on a discounted market value calculation, prepared biannually by an independent valuer.

The table below shows the percentage of the Net Asset Value of The CBF Church of England Investment Fund which are held in the following investments:

	31.12.2022 %	31.12.2021 %
The CBF Church of England Global Equity Income Fund	5.40	5.62
The CBF Church of England Property Fund	2.62	2.67
The CBF Church of England UK Equity Fund	2.75	3.06
CCLA Investment Management – Ordinary Shares	2.55	2.47

The table below shows the percentage of the Net Asset Value of the following investments which are held by The CBF Church of England Investment Fund:

	31.12.2022 %	31.12.2021 %
The CBF Church of England UK Equity Fund	81.28	80.04
The CBF Church of England Global Equity Income Fund	49.75	49.13
The CBF Church of England Property Fund	31.06	30.36
CCLA Investment Management – Ordinary Shares	53.69	53.69

The investment in The CBF Church of England Property Fund Shares may not be readily realisable, as the Manager may impose a period of notice or delay, which is currently 180 days notice, not exceeding six months, before carrying out a redemption of Shares in that Fund, if it is deemed to be necessary to protect the interests of Shareholders of the Fund or to permit properties to be sold to meet a redemption.

All unquoted investments are listed in the Portfolio Statement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

13. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of this inclusive of annual management charge rebates are disclosed in note 4. Please see note 1(e) for further information. An amount of £934,798 was due to the Manager at 31 December 2022 (31.12.2021, £1,018,842). During the year, the Fund received dividends of £2,470,000 from the Manager (31.12.2021, £2,470,000). There were no other transactions entered into with the Manager during the year (31.12.2021, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2022 (31.12.2021, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2021, £nil).

At 31 December 2022, a cash balance of £112,691,099 (31.12.2021, £169,431,089) was held in The CBF Church of England Deposit Fund. During the year the Fund received interest of £1,112,174 (31.12.2021, £86,549) from The CBF Church of England Deposit Fund.

Further details of the Fund's holdings in the manager and in other CBF Church of England Funds are disclosed in note 12.

There is no individual investor holding more than 20% of the Fund.

14. Portfolio transaction costs

For the year ended 31 December 2022

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total purchases costs						
Equity transactions	355,247	163	0.05	130	0.04	355,540
Fund transactions	11,767	–	–	–	–	11,767
Bond transactions	242,175	–	–	–	–	242,175
Corporate actions	16,599	–	–	–	–	16,599
Total	625,788	163		130		626,081

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

14. Portfolio transaction costs (continued)

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	438,995	(205)	0.05	(70)	0.02	438,720
Fund transactions	10,130	–	–	–	–	10,130
Bond transactions	80,680	–	–	–	–	80,680
Corporate actions	5,194	–	–	–	–	5,194
Total	534,999	(205)		(70)		534,724

Commissions and taxes as a percentage of average net assets

Commissions	0.02%
Taxes	0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2022 was 0.23%.

For the year ended 31 December 2021

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total purchases costs						
Equity transactions	524,855	261	0.05	150	0.03	525,266
In-specie transactions	1,044	–	–	–	–	1,044
Corporate actions	18,668	–	–	–	–	18,668
Total	544,567	261		150		544,978

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	587,960	(306)	0.05	(90)	0.02	587,564
Corporate actions	189	–	–	–	–	189
Total	588,149	(306)		(90)		587,753

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

14. Portfolio transaction costs (*continued*)

Commissions and taxes as a percentage of average net assets

Commissions	0.03%
Taxes	0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2021 was 0.20%.

For the current year and the comparative year, in the case of equities, commissions and taxes are paid by the Fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike equities, the majority of other types of investments (such as bonds, funds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

15. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2022	
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	85,236,533	2,513,104
Shares issued in year	2,357,673	159,314
Shares cancelled in year	(1,355,544)	(124,557)
Shares converted in year	4,000	(1,596)
Closing number of Shares at end of year	86,242,662	2,546,265

All Shares carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

16. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments (including investment liabilities), there is no material difference between their value, as shown on the balance sheet, and their fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,280,439	346,079	159,895	1,786,413
	1,280,439	346,079	159,895	1,786,413

For the year ended 31 December 2021

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,550,188	242,853	172,782	1,965,823
	1,550,188	242,853	172,782	1,965,823

For financial instruments which have quoted prices for identical instruments in active markets, or for which there are prices of recent transactions for identical instruments, those prices are taken to be fair value.

DISTRIBUTION TABLES

for the year ended 31 December 2022

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2022	2021	2022	2021
Income Shares				
31 March	31 May	28 May	15.28	14.72
30 June	31 August	31 August	15.28	14.72
30 September	30 November	30 November	15.61	15.27
31 December	28 February	28 February	15.62	15.28
			61.79	59.99

Period ended	Revenue accumulated pence per Share	
	2022	2021
Accumulation Shares		
31 March	23.68	22.19
30 June	29.11	24.51
30 September	23.35	19.36
31 December	33.80	28.72
	109.94	94.78

The distributions for Income Shares were paid in the same year, apart from the distribution declared on 31 December which is payable on 28 February in the subsequent year.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Measure (as amended from time to time) and the Trustee Act 2000 to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Measure;
- make distributions to investors holding Income Shares and make allocations to investors holding Accumulation Shares in proportion to their respective share in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES**Preparation of financial statements**

The Trustee of the Fund is required, by the Measure, to prepare financial statements which give a true and fair view of the financial position of the Fund at each half year and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per Share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the financial statements, as prepared, comply with the above requirements;

- makes judgments and estimates that are prudent and reasonable; and
- prepares the financial statements on a going concern basis, unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure.

Manager responsibilities

The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

CBF Funds Trustee Limited
(Charity Registration No. 1116932)

DIRECTORY

Trustee Directors

A Brookes (Chair)
C Chan*
P Chandler
G Dixon*
C Johnson
N Lewis*
D Rees*

* *Members of the Audit Committee*

Secretary

J Fox

Manager and Registrar

CCLA Investment Management Limited
Registered Office Address (prior to 25 July 2022):
Senator House, 85 Queen Victoria Street
London

EC4V 4ET

Registered Office Address (current):

One Angel Lane

London

EC4R 3AB

Telephone: 0207 489 6000

Client Service:

Freephone: 0800 022 3505

Email: clientservices@ccla.co.uk

www.ccla.co.uk

Authorised and regulated by the Financial Conduct Authority

Administrator

HSBC Bank plc

8 Canada Square

Canary Wharf

London

E14 5HQ

HSBC Bank plc is authorised by the Prudential Regulation

Authority and regulated by the Financial Conduct Authority

and the Prudential Regulation Authority

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)

E Sheldon (Chief Operating Officer)

A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)

J Jesty

C Johnson

A Roughead

C West

J Hobart

Fund Managers

J Ayre

C Ryland

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

Third Party Advisers

Banker

HSBC Bank plc

8 Canada Square

Canary Wharf

London

E14 5HQ

Custodian

HSBC Bank plc

8 Canada Square

Canary Wharf

London

E14 5HQ

Independent Auditor

Deloitte LLP

110 Queen Street

Glasgow

G1 3BX

ABOUT CCLA

Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to our clients, irrespective of their size.

CCLA

CCLA Investment Management Limited
One Angel Lane, London EC4R 3AB
T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088) and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639)

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