

# The CCLA Better World Global Equity Fund

Invest for a world of Good





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Images courtesy of Koestler Arts.

Cover: *Sun Rise*  
Hackney and Islington Probation Service,  
Bronze Award for Painting 2016,  
Monument Trust Scholar 2015

Page 5: *A Break from the World*  
HM Young Offender Institution Aylesbury.

Koestler Arts is the UK's leading arts charity. It is nationally respected for its ground-breaking work using the arts as a catalyst for positive change in the lives of people within the criminal justice system and in the public's perception of their potential.

[www.koestlerarts.org.uk](http://www.koestlerarts.org.uk)

About us

CCLA has been managing investments on behalf of non-profit organisations since 1958. Our primary aim is to make good investments for our clients.

Yet, for CCLA, the good runs deeper than solely financial returns.

As a fund manager, we know that investment markets can only be as healthy as the societies and environments that support them and that – as the managers of capital – the investment industry has the potential to be a force for good. With the world facing unprecedented challenges ranging from climate change to modern slavery (with many stops in between), this means that we have a duty to go beyond the boundaries of what our industry has traditionally done and play a full role in delivering the change that we need to see.

For this reason, we want our clients to judge us on both the financial returns that we deliver and the positive change that we are able to catalyse.

Let's do a world of  
Good together.

Introduction

CCLA, the home of Good Investment, has opened its unique approach to individual investors for the first time.

Incorporating environmental, social and governance (ESG) factors into investment decisions has guided our commitment to engage for positive change on some of the world's most pressing issues, from climate change to modern slavery and mental health.

We aim to harness the power of investment markets and look to engage with companies and government policy makers on issues that impact our society and the planet.

The CCLA Better World Global Equity Fund

The CCLA Better World Global Equity Fund was launched in response to demand from trustees and those working with our not-for-profit clients wishing to invest their own money in the sustainability strategies with which they have grown familiar.

Launched in April 2022, the fund builds on CCLA's pioneering approach to sustainable investment for charities, churches and local authorities. The fund aims to provide a total return (the combination of capital growth and income) over the long term (defined as any rolling period of five years) and is managed in line with CCLA's approach to investing for a better world as outlined in CCLA's Better World Policy.

INVESTING WITH CCLA

Save with purpose

Investing is an effective way to put your money to work and potentially build wealth. Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets.

Invest in our collective future

Healthy markets require a healthy future and CCLA's investment approach is based on the belief that markets can only be as healthy as the planet and the communities that support them.

Target systemic issues

CCLA seeks to be a catalyst for change in the investment industry. Rather than investing in the world as we want it to be, we seek to improve the world as it is by going beyond the boundaries of traditional investor engagement and work with the industry to address systemic issues.

# Our principles for Good Investment

We believe we have a duty to go beyond the boundaries of traditional investor engagement and work with others in the investment industry to address systemic risks that threaten communities, the environment and ultimately investment markets.

We achieve this through the following three principles.



### TOP MARKS FOR CCLA

The Principles for Responsible Investment (PRI) is the world’s leading proponent of responsible investment, supported by the United Nations. The PRI evaluates signatories on how well they incorporate ESG factors into investment decisions.

In the latest assessment, we have been awarded 5 stars by PRI in three categories; our scores are below.

Category	CCLA	Median
Policy, governance and strategy	95%	60%
ESG integration in listed equities	98%	51%
Confidence building measures	100%	80%

Reviewed Q4 2023



## Act

We act as an agent for ‘change’ because investment markets can only ever be as healthy as the environment and communities that support them.

We do this by:

- using our ownership rights to improve the sustainability of the assets the assets we invest in
- bringing investors together to address systemic risks that have not had the attention they require
- seeking to be a catalyst for change in the investment industry.

By helping accelerate progress in meeting the major global sustainability challenges, we seek to limit risks before they negatively impact the function of society and the performance of our clients’ investments.



## Assess

We assess ESG standards because we believe that a combination of legislation, regulation and changing societal preferences will impact negatively on the most unsustainable business models.

- We aim to preserve the long-term value of our clients’ investments by driving change.
- We aim to protect short and medium-term value by integrating ESG factors into our listed equity investment process.
- We believe that this allows us to assess financial risks that are not often visible through the lens of conventional financial analysis.



## Align

We are the guardians, not the owners, of the assets that we manage. By investing in a way that we believe is aligned with our clients we are better able to meet their objectives and offer more than just a financial return. Accordingly, we have a responsibility to:

- align investment portfolios with our clients’ objectives, values and beliefs
- report on the outcomes of all our work
- be transparent about everything that we do on our clients’ behalf.

This is what we call  
**Good Investment.**

## Investment approach

Our approach to investing in equities is consistent across all our funds and clients. The CCLA Better World Global Equity Fund builds on our expertise, selecting high-quality companies and assets for investment from around the world.

Our equity portfolios are actively managed and diversified both by sector and geography to provide the flexibility to deal with changing market conditions. For more than a decade we have mitigated risk through our global approach, selecting what we believe are the best opportunities irrespective of their location.

Our investment approach focuses on high-quality companies, with recurring, growing cash flows, at valuations that are attractive.

### How we construct a portfolio

Portfolio decisions are the responsibility of the investment team. Our investment team is a collegiate and tight-knit team, they operate a schedule of meetings that provide the backbone to a structured decision-making process and builds in rigour and appropriate constructive challenge to the investment process.

Our approach focuses on

## Quality, Growth & Valuation.

We avoid investing in companies that have uncompensated, unwanted, unwarranted and unmitigated ESG risks such as:

- poor management and weak corporate governance
- unacceptable social and environmental impact
- an unwillingness to improve through investor engagement.

Our robust, tried-and-tested approach ensures that the fund is consistent with our approach to building a Better World. Our team is sufficiently compact and experienced that we can work this way, making timely decisions and implementing them efficiently.

We aim to identify important trends that are driven by fundamental changes in the economy and society, such as evolving consumer behaviour, demographical changes, the development of new technology, and couple this with detailed analysis of each company/prospective investment.

We pay little attention to the composition of any index against which a fund may be compared. We do not have exposure to an asset simply because it is a constituent of an index or due to its market capitalisation. We follow a clear, repeatable investment process that, we believe, identifies quality

assets that can grow returns consistently at valuations that are attractive and we believe should lead to outperformance over the long term.

### What is 'free cash flow' and why does it matter?

We believe that cash flow can often be a much better indicator of financial health than other metrics such as profit or earnings per share. It represents the amount of actual cash entering and leaving the business.

'Free cash flow' gets its name from the fact that it's the amount of cash flow 'free' (i.e. available after paying for all the costs of running the company) for discretionary spending by the management or shareholders of a company.

Because our strategy reflects the 'quality' bias in the assets we select, free cash flows are materially more stable than overall corporate revenues, earnings and distribution.

We aim to create and maintain a portfolio which is well positioned to deliver strong cash-flow based returns over the long-term while being relatively resilient in testing market times.

# The Better World fund, what’s built in?

When creating the portfolio, we look to hold a range of companies that:

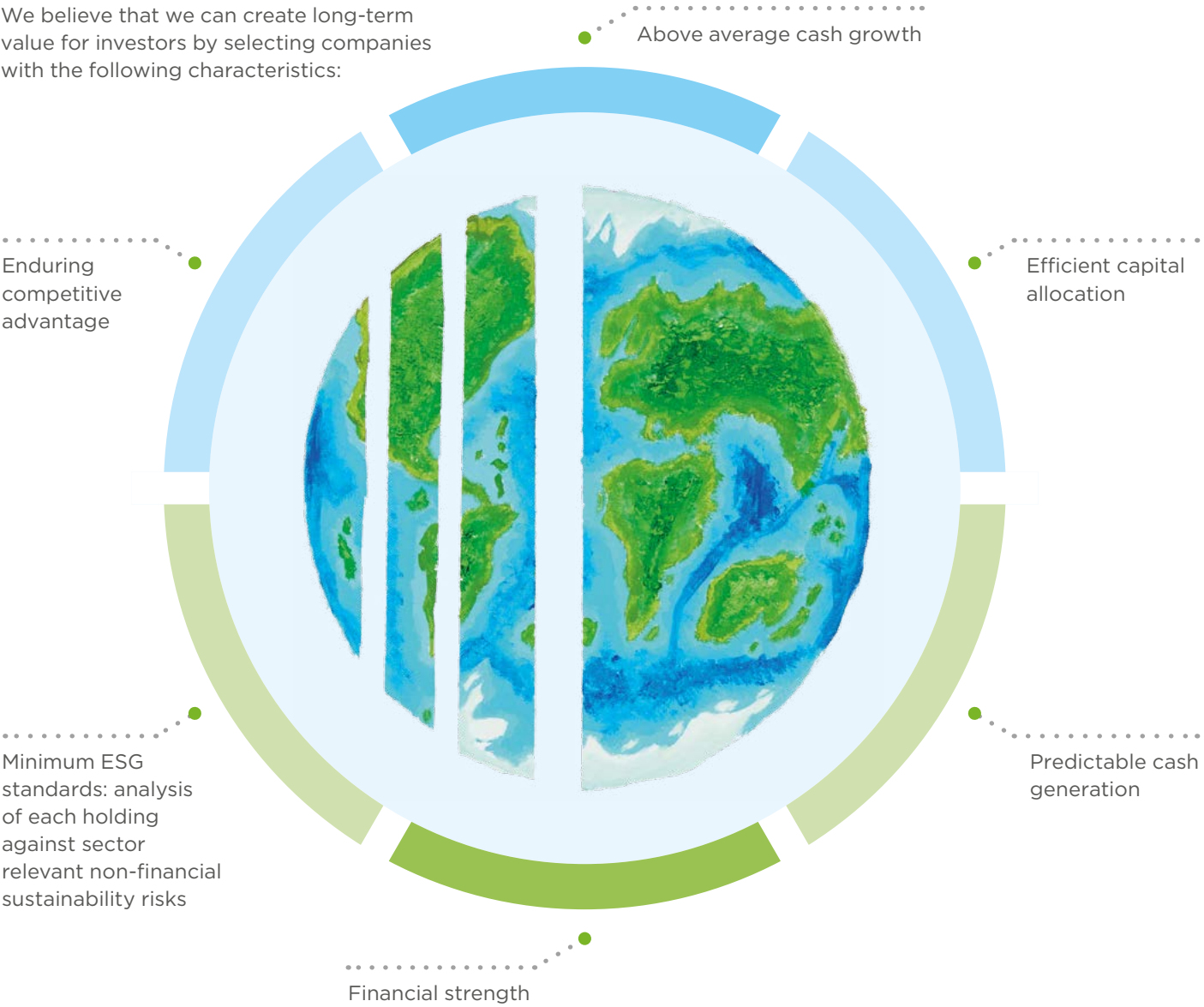
- demonstrate enduring competitive advantages, quantitatively measured on their cash flow return on investment and track record
- have plentiful opportunities for future growth, typically operating in areas of the market less affected by short-term trends
- are positioned in a growing market, making them well placed to increase in value

- a track record of wise capital allocation decisions shown through management’s skill to invest and distribute cash flows
- have positive earnings and share price momentum
- have met ESG minimum standards (non-financial risks)
- are trading at a discount to intrinsic value (a reasonable margin of safety should exist).

## WHAT ARE WE LOOKING FOR?

- Companies with high-quality management teams and strong balance sheets that are well-run and resilient
- Companies with high levels of free cash flow to reinvest in the business
- Companies priced at valuations that are attractive, meaning we want to add the company to our portfolio at a fair price
- Companies operating above our minimum ESG standards
- Companies with growing end markets

We believe that we can create long-term value for investors by selecting companies with the following characteristics:



We can't promise the world but we can promise  
a comprehensive approach to sustainability

Stages of our  
portfolio construction

We seek to create a well-diversified portfolio. We limit the portfolio's weightings to even the strongest companies, so that we are not relying on a handful of star picks in a concentrated portfolio.

Developing trends and shifting market conditions are taken into consideration, so the make-up of the portfolio will continue to evolve over time, but the principles which underly our choices remain the same.

ASSESSING ESG

Integrating ESG considerations into investment processes can help mitigate risk and has the potential to improve long-term financial outcomes.

We believe that companies with strong governance are less likely to provide unpleasant surprises; equally, companies that are aware of their impact on wider stakeholders are less likely to face political or regulatory pressure. Such companies are also better positioned to withstand – and even benefit from – shifts in the market environment.





# Portfolio information

For the latest information, please see the fact sheet on our website.

## Discrete returns

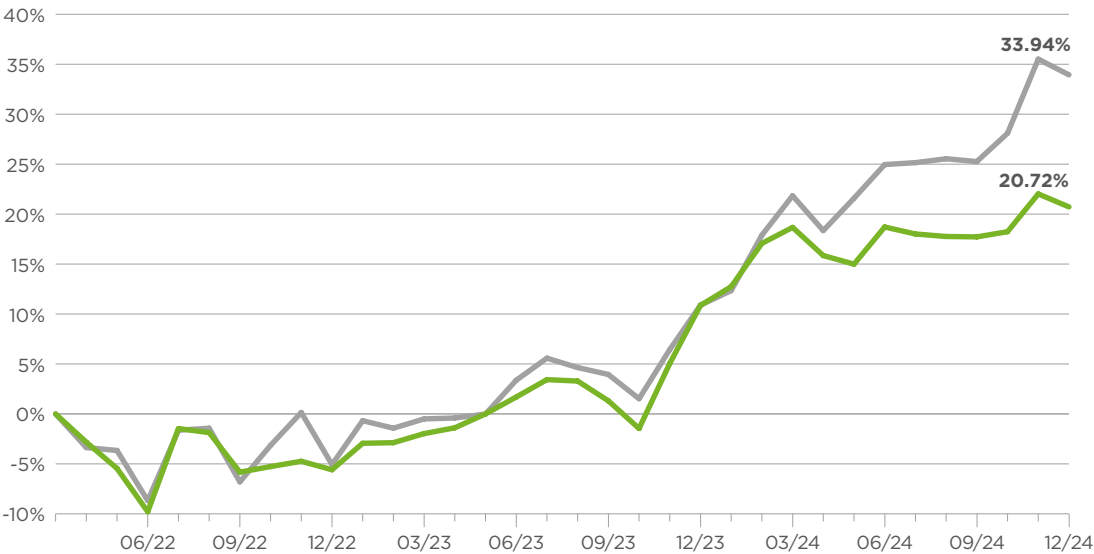
12 months to 31 December (%)	2020	2021	2022	2023	2024
CCLA Better World Global Equity Fund	-	-	-	17.42	8.89
Comparator benchmark	-	-	-	16.81	20.80

## Cumulative returns

Returns (%)	1m	3m	1yr	3yrs	5yrs	Since launch 8/4/22
CCLA Better World Global Equity Fund	-1.07	2.55	8.89	-	-	20.72
Comparator benchmark	-1.15	6.94	20.80	-	-	33.94

## Cumulative performance

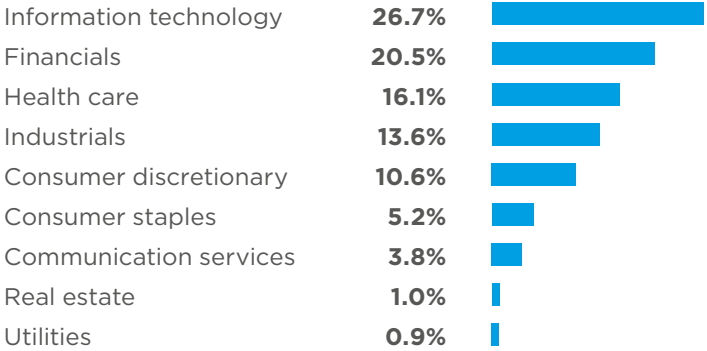
— CCLA Better World Global Equity Fund  
— Comparator benchmark



Source: CCLA, as at 31 December 2024. The comparator benchmark is the MSCI World Index. Performance shown after management fees and other expenses with income reinvested. Past performance is not a reliable indicator of future results.

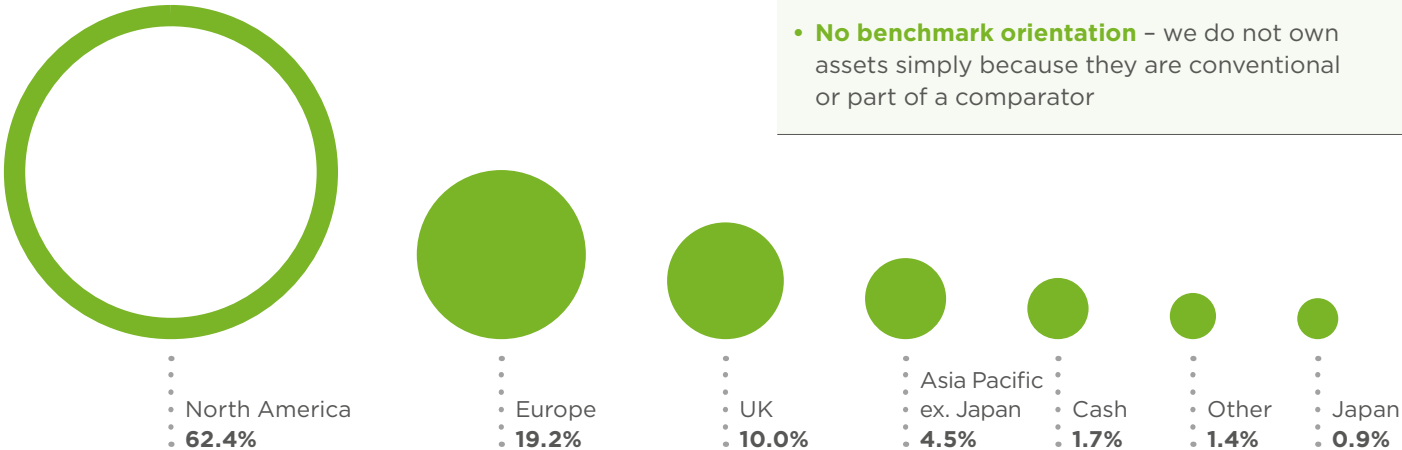
## Sector and regional allocation

As at 31 December 2024.



## OUR STRATEGY: KEY POINTS

- **Thinking about sustainability** – assessing companies’ ESG criteria because we believe that a combination of legislation, regulation and changing societal preferences will impact negatively on unsustainable business models
- **Investment research and analysis to identify exceptional businesses** – we typically aim for a five-year holding period, potentially longer to benefit from growth in earnings that will compound over time
- **Low portfolio turnover** – longer holding periods mean lower turnover and help minimise trading costs which directly affect performance
- **Rigorous research** – we only invest in high-quality assets where the underlying cash flows are transparent, and therefore capable of being analysed
- **No benchmark orientation** – we do not own assets simply because they are conventional or part of a comparator



# Restrictions

There are a number of values-based restrictions applied to the fund in accordance with our [Values-based Screening Policy](#) (which also sets out how we consider the eligibility of third-party managed funds) and are implemented based on data points selected by CCLA.

### Values-based restrictions

Value alignment	Further details	Description
Adult entertainment		>3% revenue from production and/or distribution of adult entertainment
Alcohol		>25% revenue from production and/or retail of alcohol and related services
Armaments	Civilian firearms	>10% revenue from civilian firearms production and/or retail (including key components)
	Controversial weapons	Production of landmines, cluster munitions, chemical or biological weapons (core weapons and components)
	Military and defence industry	>10% revenue from the production of military weapons and equipment (core weapons, components, equipment/ services) + the provision of key non-weapons related tailor-made products for the defence industry
	Nuclear weapons	Production of nuclear weapons (core weapons and components)
Cannabis		>10% revenue from production and/or retail of non-medicinal cannabis
Climate change	Coal	Companies which produce more than 10 million metric tons of coal or have plans to expand their coal production
		Companies expanding coal-fired power generation or primarily generating electricity without aligning with the Paris Climate Agreement (as defined by CCLA)
	Oil and gas	>10% revenue from oil and gas extraction, refining or production
	Oil/tar sands	>5% revenue from oil/tar sands extraction
	Thermal coal	>5% revenue from thermal coal extraction

Value alignment	Further details	Description
Gambling		>10% revenue from the operation of gambling establishments and the provision of key support services and products
High interest rate lending		>10% revenue from high interest rate lending
Oppressive regimes		The fund will not purchase sovereign debt issued by countries identified as being among the world’s most oppressive*
Tobacco		Production of tobacco
		>5% revenue from retail of tobacco and related services

### Minimum ESG risk restrictions

Criteria	Description
CCLA governance	Companies with poor CCLA governance rating require investment committee approval
Controversies	Companies that fail our controversy process including non-conformance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights and/or other factors defined by CCLA require investment committee approval
ESG rating	Companies with poor Sustainalytics ESG ratings require investment committee approval

\*See Approach to sovereign debt. Further details of restrictions can be found in the fund [prospectus](#).



# At a glance

## OUR CLIMATE CHANGE & INVESTMENT POLICY IN BRIEF

### Our climate commitment

We are committed to accelerating the transition to a net-zero emissions economy and taking steps to protect the value of our clients’ portfolios during the transition. We will do this by:

- acting to increase the pace of climate action by leading impactful engagements with the companies that we invest in and pushing policymakers for progressive regulation and legislation

- assessing companies’ position against the energy transition as part of our investment process and avoiding those that do the most harm
- aligning our portfolios with our clients’ requirements and disclosing information about our approach to managing the risks and opportunities associated with climate change.

### The policy includes:

- minimum standards against which companies are assessed
- a restriction on investing in fossil fuel producers (defined as a company that derives more than 5% of revenue from the extraction of coal or tar sands and/or a company that derives more than 10% of revenue from the extraction and/or refining of oil and gas)
- CCLA’s commitment to net-zero emissions in listed equity portfolios no later than 2050.

‘CCLA is a fund house who are taking the sustainability-focused investment market by storm through their innovative approach to prioritising real-world change, seen lately through their Mental Health Benchmark and AdviserAction initiative.’

Dan Babington, Portfolio Manager  
**TAM Asset Management**

Objective	The fund aims to provide a total return (the combination of capital growth and income) over the long-term (defined as any rolling period of five years) and is managed in line with CCLA’s approach to investing for a better world as outlined in CCLA’s Better World policy
Structure	UK UCITS scheme. Open ended investment company.
Investor profile	The fund is suitable for all investors, with basic investment knowledge, who want to invest in an actively managed fund that mainly invests in the shares in companies (equities) from around the world, who are seeking to invest for at least five years and understand that any income distributed and the value of the fund can go down as well as up and that they may get back less than they invest
Launch date	8 April 2022
Base currency	British Pound sterling
Minimum investment	£1,000
Dealing day	Any business day
Valuation point	12pm on each dealing day
Pricing basis	Single priced on a forward pricing basis
Ex-dividend dates	The last business day of each calendar quarter: March, June, September, December
Distribution dates	The last business day of the second calendar month following the ex-dividend date: February, May, August, November
Depository	HSBC Bank
Auditor	Deloitte

# Invest with CCLA

The CCLA Better World Global Equity Fund is available for investment through independent advisers, investment platforms and intermediaries. Please see our website for details of the platforms on which it is available.

If there is a platform or adviser through which you invest already and would like to access the CCLA Better World Global Equity Fund, please inform our Client Services team.

### Investors seeking advice

A financial adviser can help plan for your financial future. Advisers will charge for advice. You can find a financial adviser through [www.unbiased.co.uk](http://www.unbiased.co.uk)

MoneyHelper is independent and set up by the government to help people make the most of their money by giving free, impartial guidance. As well as information about pensions and retirement, they offer a wide range of other money topics. MoneyHelper can be found at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### Investing through an ISA or SIPP

The fund is available for investment via an Individual Savings Account (ISA) or Self-Invested Personal Pension (SIPP) through platforms.

### Important information

This document is a financial promotion and is for information only. It does not provide financial, investment or other professional advice.

To make sure you understand whether our product is suitable for you, please read the [key investor information document](#) and [prospectus](#) and consider the risk factors identified in those documents. The sustainability approach of the fund is outlined in the [consumer-facing disclosure document](#). We strongly recommend you get independent professional advice before investing.

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

The fund can invest in different currencies. Changes in exchange rates will therefore affect the value of your investment. Investing in emerging markets involves a greater risk of loss as such investments can be more sensitive to political and economic conditions than developed markets. The annual management charge is paid from capital. Where charges are taken from capital rather than income, capital growth will be constrained and there is a risk of capital loss.

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

We, CCLA Investment Management Limited (registered in England & Wales, No. 02183088, at One Angel Lane, London, EC4R 3AB) are authorised and regulated by the Financial Conduct Authority.

**GLOSSARY**

Please refer to the [glossary](#) on our website for explanations of terms used in this communication.

[www.ccla.co.uk/glossary](http://www.ccla.co.uk/glossary)

**WANT TO KNOW MORE?**

Please contact our Client Services team.

Freephone **0800 022 3505**  
Email [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

### Charges

Share class	Minimum initial investment	ISIN	SEDOL	Initial charge	Exit charge	Annual management charge	Ongoing charges figure*
Class C: Income	£1,000	GB00BPP3BY99	BPP3BY9	n/a	n/a	0.65%	0.68%
Class C: Accumulation	£1,000	GB00BPP39M31	BPP39M3	n/a	n/a	0.65%	0.68%
Class I: Income	£20,000,000	GB00BPP3BZ07	BPP3BZ0	n/a	n/a	0.55%	0.58%
Class I: Accumulation	£20,000,000	GB00BPP3C023	BPP3C02	n/a	n/a	0.55%	0.58%

\*These figures may vary from year to year. It excludes portfolio transaction costs.