

# Understanding our fund costs and charges

All funds are subject to management fees and costs incurred when investing. This document aims to make our charging structure transparent and easier to understand.

While the largest component of costs is typically the annual management charge paid to the asset manager for the management of the fund, there are a number of other costs and charges borne by funds. These charges are deducted from the pooled assets of the fund and reflected in the fund's published price.

## What is the ongoing charges figure?

The ongoing charges figure (OCF) is a way of measuring the overall effect of a number of these charges. It shows the total annual operating costs taken from a fund.

The OCF is the sum of two components: these are the fund management fee (FMF) and the cost of the underlying investments. These are explained in the following paragraphs.

## What is the fund management fee?

The FMF includes the annual management charge (AMC), VAT (if applicable, after deducting any reclaimed VAT), as well as other costs for services such as keeping a register of investors, calculating the price of the fund's units and keeping the fund's assets safe.

Specifically, the FMF consists of the following:

### Annual management charge (AMC)

CCLA charges a fee called an AMC for managing your investments. This is calculated as a percentage of the value of your portfolio.

### Value added tax (VAT)

The tax implications of our funds differ depending on the structure of the fund.

Our common investment funds, which are only available to UK charity investors, enjoy some tax benefits, such as no stamp duty and, in some cases, beneficial rates of withholding tax on overseas income.

The COIF and CBF funds are subject to VAT on the AMC. However, all the VAT (for property funds) or some of the VAT (for our global equity and multi asset funds) is recoverable (the benefit of which is reflected in the other costs figure below).

### Other costs

The main elements of these costs are associated with payments to the:

- trustee/depositary who has legal ownership of the fund's assets

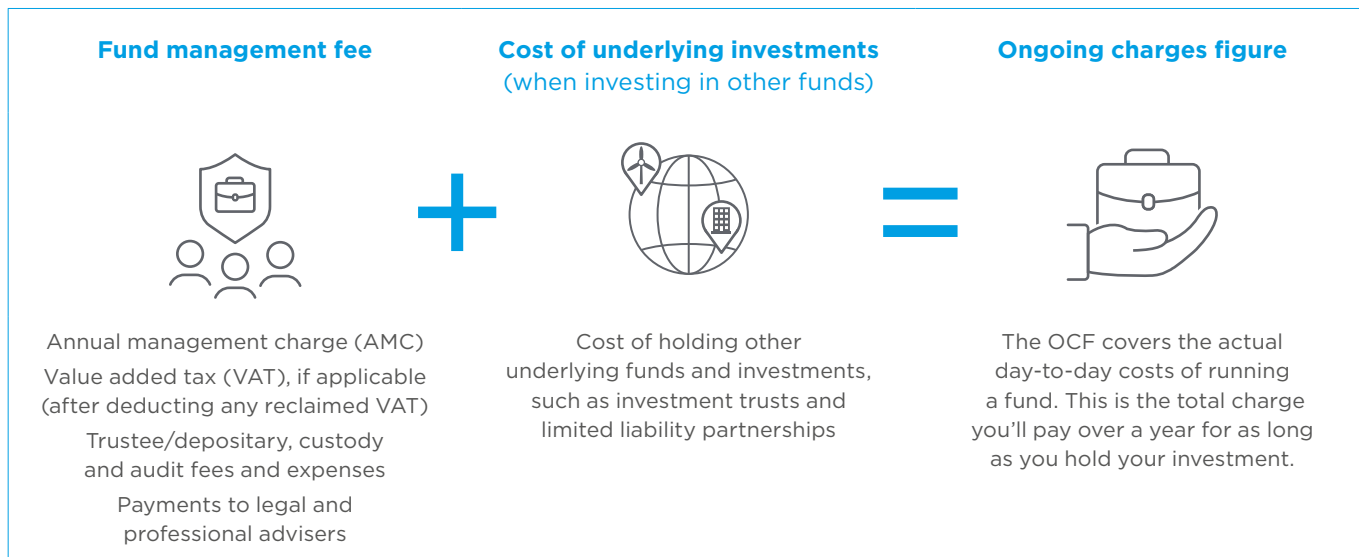
- external and independent auditor who verifies the fund's accounts
- custodian who is responsible for looking after the fund's assets
- legal and professional advisers appointed.

### Cost of underlying investments

Some of our funds invest in other funds to obtain a greater level of diversification in an asset class or to access an asset class indirectly. These may include external funds and investments such as investment trusts and limited liability partnerships (LLPs).

For complete transparency, we include the AMC and ongoing charges associated with investing in these types of underlying funds and investments on a pro-rata basis. Including these costs in our OCF gives you the best indication of the cost of investing in our funds.

However, it is worth noting that the costs of underlying funds are not always uniformly applied by asset managers, and certain types of costs may be excluded. At CCLA we aim to adopt a conservative approach that looks to include all relevant costs of the underlying fund.



### Are there any further costs apart from the OCF?

#### Performance fees

CCLA funds are not subject to fees based on the performance of funds, although some of the underlying fund holdings may do so.

#### Entry and exit charges

CCLA funds have no entry or exit charges. Our dual-priced property funds apply a 'spread' between the transaction price and the balance sheet or 'mid' price of units. This is to ensure that the administrative costs associated with buying and selling units is borne by the transacting investors, not by investors with unchanged unit holdings.

The dilution levy applied to the Diversified Income Fund has the same effect as the spread and is applied on a daily basis.

#### Dilution adjustment

Most of our funds are priced using a single swinging price.

A dilution adjustment may be made on a purchase or sale of units in a fund which will change the price for buying or selling units in the fund, with the aim of mitigating the effects of dealing and other

charges the fund incurs and for the protection of existing unitholders. The adjustment is only made if the net purchases or sales on a dealing day exceed a threshold amount.

Please refer to the relevant key information documents and scheme particulars or prospectuses of our funds for further information.

#### Portfolio transaction costs

Some of our funds incur costs associated with the purchase and sale of investments. These activities involve a level of trading and the costs that arise because of that trading are known as transaction costs.

Some transaction costs are explicit and some are implicit:

##### Explicit costs

These are directly observable costs which are charged to and paid by the fund. Costs may include:

- taxes and levies (such as stamp duty reserve tax)
- broker commissions (fees which are charged in order to buy and sell investments such as equities).

##### Implicit costs

These costs are not an actual discrete cost charged to a fund, but an implied expense.

An example of such a cost would be where there is a difference between the price at which the asset is valued immediately before an order is placed and the price at which it is actually traded. This difference is known as market impact or 'slippage'.

We also include a pro-rata share of the transaction costs of any underlying funds held.

#### How are fees charged?

Ongoing charges are automatically taken from the fund; they are not charged directly to you.

They accrue daily and are based on a fixed percentage of the value of the fund at the previous valuation. Portfolio transaction costs and permitted one off costs are charged to the fund as they arise. Ongoing charges may vary from year to year.

#### Do I have to subtract the fees from the fund performance numbers?

No. Our fund performance is provided net of all fees. Therefore, the fees are already factored into the returns you see.

Ultimately it is the net returns generated by the fund that are of primary importance to the majority of our investors.

# Costs and charges for our funds

<b>November 2023</b>	Annual management charge (AMC)	Other costs	<b>Fund management fee (FMF)<sup>1</sup></b>	Cost of underlying investments (when investing in other funds) <sup>2</sup>	<b>Ongoing charges figure (OCF)</b>	Portfolio transaction costs <sup>3</sup>
<b>Multi-asset funds</b>						
Catholic Investment Fund	0.60%	0.03%	<b>0.63%</b>	0.15%	<b>0.78%</b>	0.26%
COIF Charities Investment Fund	0.60%	0.08%	<b>0.68%</b>	0.22%	<b>0.90%</b>	0.27%
COIF Charities Ethical Investment Fund	0.60%	0.08%	<b>0.68%</b>	0.22%	<b>0.90%</b>	0.26%
CBF Church of England Investment Fund	0.55%	0.11%	<b>0.66%</b>	0.17%	<b>0.83%</b>	0.26%
Diversified Income Fund (Class 2)	0.60%	0.05%	<b>0.65%</b>	0.20%	<b>0.85%</b>	0.21%
Diversified Income Fund (Class 3)	0.60%	0.11%	<b>0.71%</b>	0.20%	<b>0.91%</b>	0.21%
<b>Equity funds</b>						
COIF Charities Global Equity Fund	0.75%	0.04%	<b>0.79%</b>	0.00%	<b>0.79%</b>	0.26%
CBF Church of England Global Equity Fund	0.60%	0.02%	<b>0.62%</b>	0.03%	<b>0.65%</b>	0.27%
CBF Church of England UK Equity Fund	0.50%	0.14%	<b>0.64%</b>	0.03%	<b>0.67%</b>	0.12%
CCLA Better World Global Equity Fund Class C Shares	0.65%	0.03%	<b>0.68%</b>	0.00%	<b>0.68%</b>	0.27%
CCLA Better World Global Equity Fund Class I Shares	0.55%	0.03%	<b>0.58%</b>	0.00%	<b>0.58%</b>	0.27%
<b>Fixed interest funds</b>						
COIF Charities Short Duration Bond Fund	0.22%	0.07%	<b>0.29%</b>	0.00%	<b>0.29%</b>	0.04%
CBF Church of England Short Duration Bond Fund	0.22%	0.11%	<b>0.33%</b>	0.00%	<b>0.33%</b>	0.02%
<b>Property funds</b>						
COIF Charities Property Fund	0.65%	0.10%	<b>0.75%</b>	0.00%	<b>0.75%</b>	0.57%
CBF Church of England Property Fund	0.65%	0.07%	<b>0.72%</b>	0.00%	<b>0.72%</b>	0.57%
Local Authorities' Property Fund <sup>4</sup>	0.65%	0.08%	<b>0.73%</b>	0.00%	<b>0.73%</b>	0.35%
<b>Cash funds</b>						
COIF Charities Deposit Fund	0.20%	0.05%	<b>0.25%</b>	0.00%	<b>0.25%</b>	0.00%
CBF Church of England Deposit Fund	0.20%	0.05%	<b>0.25%</b>	0.00%	<b>0.25%</b>	0.00%
Public Sector Deposit Fund (Class 3 and 4)	0.08%	0.00%	<b>0.08%</b>	0.00%	<b>0.08%</b>	0.00%
Public Sector Deposit Fund (Class 5)	0.20%	0.00%	<b>0.20%</b>	0.00%	<b>0.20%</b>	0.00%

1 The fund management fee (FMF) includes CCLA's annual management charge (AMC), VAT payable thereon where applicable (including any VAT reclaims received during the accounting period that the FMF is based on), and other costs and expenses of operating and administering the fund such as trustee/ depository, audit, custody, legal, regulatory and professional fees, and may include other charges such as Fitch Rating fees if applicable.

2 The underlying investments' costs are the impact to the fund of pro-rata costs incurred in other funds or similar investments (e.g. investment trusts, LLPs) which the CCLA fund invests in.

3 Portfolio transaction costs include direct fund transaction costs (such as commissions/taxes and market impact/ slippage) plus the pro-rata amount of portfolio transaction costs incurred in other funds or similar investments (e.g. investment trusts, LLPs) which the CCLA fund invests in.

4 The FMF of the Local Authorities' Property Fund is the total of the AMC (0.65 %) and a representative other costs figure of 0.08% (based on previous years prior to the Covid-19 pandemic).

### **Important information**

This document is not a financial promotion and is issued for information only. It does not provide financial, investment or other professional advice. To make sure you understand whether a CCLA product is suitable for you, please read the relevant fund's key information document and the prospectus or scheme particulars (as appropriate) and consider the risk factors identified in those documents. CCLA strongly recommends 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.

CCLA Investment Management Limited (registered in England & Wales No. 2183088 at One Angel Lane, London, EC4R 3AB) is authorised and regulated by the Financial Conduct Authority.

### **WANT TO KNOW MORE?**

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