

COIF CHARITIES ETHICAL 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 BOARD

for the year ended 31 December 2022

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Ethical Investment Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

Structure and management of the Fund

The Fund is a Common Investment Fund established and regulated by the Scheme dated 8 October 2009 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the charity trustees of the Fund dated 21 July 2014, 22 July 2014, 5 December 2015 and 15 May 2017 (the Scheme). The Fund is managed by the Manager as an unregulated collective investment scheme and as a UK alternative investment fund in accordance with the Financial Conduct Authority Regulations and the Alternative Investment Fund Managers Directive (AIFMD) Legislation.

The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments, charities and the law. No Board member is required to be approved by the Financial Conduct Authority because the Board does not carry out regulated activities in relation to the Fund. The investment management, administration, registrar and secretarial functions of the Fund have been delegated to the Manager. The Board meets at least four times per annum to receive reports and monitor the progress of the Fund.

The Board is responsible for setting and subsequently reviewing the investment policy of the Fund, monitoring performance, appointing the Auditors to the Fund and agreeing the fees charged by the Depositary, the Manager and the Auditors.

The Trustee and Depositary, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and Depositary functions provides an additional layer of protection for Unitholders. The Board, Trustee and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 2011.

Investment objective

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

Target Benchmark

A long-term total return of 5% per annum net of inflation as measured by the increase in the Consumer Price Index.

REPORT OF THE BOARD**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.

The Fund has a wide range of ethical restrictions and is advised by an advisory committee that identifies potential areas of policy development and refinement of the Fund's client-driven ethical investment policy.

Distribution policy

The Fund has the capacity to make distributions from both income and capital. The annual rate of distribution is approved by the Board in discussions with the Manager.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are 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 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 Board met quarterly during the period to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board reviewed the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the Fund, which are included within the portfolio statement of these Financial Statements.

During the period, the Board also met quarterly with the Manager to review the investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

The Board evaluates the capability of the Manager (CCLA Fund Managers Limited) and is carefully monitoring its performance, resources and structure following the unexpected departure of the Chief Investment Officer in the second half of 2021. The Manager delegates the performance of its services to the Investment Manager (CCLA Investment Management Limited).

REPORT OF THE BOARD

for the year ended 31 December 2022

Responsible investment and stewardship

The Fund is also managed in accordance with the Investment Manager's responsible investment policy and takes a positive approach to stewardship as defined in the UK Stewardship Code for institutional investors. The Investment Manager's response to this code and its voting and engagement records are available on its website (www.ccla.co.uk). The Investment Manager is also a signatory to the United Nations backed Principles for Responsible Investment (PRI). The annual PRI assessment is available on the Investment Manager's website. The Fund will take an active policy with regard to corporate actions and voting as required.

Over the reporting year the Fund's approach to stewardship has benefited from the Investment Manager's wider active ownership programme. This includes, but is not limited to, the CCLA Corporate Mental Health Benchmark, 'Find It, Fix It, Prevent It' (a campaign against modern slavery) and wider engagement on issues such as climate change and the cost of living.

Ethical investment

The Board's main purpose is to obtain the best return for Unitholders, consistent with commercial prudence and the need to ensure adequate spread and diversification of assets.

The Board has adopted an ethical investment policy that is designed to reflect the values of the Fund's Unitholders. It is set every three years following an extensive period of unitholder consultation.

The policy incorporates a mix of ethical restrictions, engagement and positive investments.

Ethical restrictions are targeted on Unitholders' real concerns. They include companies that have been identified by our third party data provider, MSCI (unless otherwise noted), as:

- Producing landmines, cluster bombs, chemical/biological weapons, and/or nuclear weapons;
- Having significant involvement (>10% of turnover) in alcohol, gambling, pornography, tobacco, high interest rate lending (defined as any company, whose main business activity or focus (defined as exceeding 10% of Group turnover) is the provision of home-collected credit ('doorstep lending'), unsecured short-term loans ('payday loans') or pawnbroker loans, directly or through owned subsidiaries), non-military weapons, or strategic military sales;
- Testing cosmetics on animals (applies to companies in the 'Personal Products' Global Industry Classification Standard Sub-Industry. Due to regulatory requirements in some countries, exceptions will be made for companies that are identified as promoting alternatives to animal testing and which adopt a rigorous, responsible, animal testing policy);

REPORT OF THE BOARD

for the year ended 31 December 2022

- Having fallen behind the transition to a low carbon economy. This is currently defined as any company that derives more than 5% of their revenue from the extraction of energy coal or tar sands;
 - Companies, whose principal business is the generation of electricity, that have not demonstrated the ability to align their business with the Paris Climate Change Agreement (as determined by the Investment Manager);
 - Extractive or utilities sector companies where productive engagement is not believed to be possible (at the discretion of the Investment Manager);
 - Deriving more than 10% of their revenue from the extraction of oil and gas (this is defined as revenue derived from oil and gas extraction & production and oil and gas refining);
 - That do not meet the Manager's minimum standards for breast milk substitutes (BMS), based on Access to Nutrition BMS index or screening for single-use abortifacients. (These restrictions are implemented to reflect the Unitholders' wishes to co-operate with each other to meet the specific requirements of some Unitholder groups);
 - That have an MSCI ESG Rating of B or below (or a data provider and score that the Manager may deem to be equivalent) and have failed a subsequent Manager's 'comply or explain' assessment. The Fund will not purchase sovereign debt from countries agreed by the Investment Manager and the Advisory Committee as being amongst the world's most oppressive. In addition, remaining companies who after persistent engagement, fail the Investment Manager's 'controversy process' on issues including:
 - ILO Core Labour Standards;
 - UN Guiding Principles on Business and Human Rights;
 - Biodiversity and Toxic Waste;
 - Climate Change Disclosure are excluded from investment.
- In addition, the Fund will not purchase sovereign debt from countries agreed by the Manager and the Fund's Advisory Committee as being amongst the world's most oppressive.
- The Fund benefits from engagement programmes that are prioritised to meet the needs of its Unitholders.

REPORT OF THE BOARD

for the year ended 31 December 2022

The Manager has an aspirational target to dedicate 5% of the Fund's capital to investments that provide a clear social or environmental benefit.

A client advisory committee has been appointed to oversee the Fund's engagement activity and advise the Manager on any ethical investment issues that arise in between policy consultations.

Controls and risk management

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

During the period, the Board, assisted by the Manager, reviewed the Fund's systems of internal controls and risk reporting.

N Morecroft
Chair
6 June 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 %p.a	5 years % p.a.	10 years % p.a.
Performance against market indices (after expenses)			
COIF Charities Ethical Investment Fund	-9.71	7.27	9.17
Income Units*	-9.71	7.27	9.17
Accumulation Units*	-9.71	7.28	9.21
Comparator benchmark#	-10.10	4.32	7.35
MSCI UK Investable Market Index	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)	10.50	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 on 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.

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

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

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 -9.71% on an income unit (-9.71% on an accumulation unit). This compares with a return on the benchmark comparator of -10.10%.

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

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

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.

However, 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 & C Ryland
Co Heads of Investment
CCLA Fund Managers Limited
6 June 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% 07/06/2032	54,125	The TJX Companies	17,759
UK Treasury 0.875% 31/07/2033	25,998	Compass Group	16,638
ICON	21,157	Yum China	13,223
Intuit	19,926	Fidelity National Information Services	13,208
Brookfield Infrastructure Partners	17,269	Kering	12,922
AstraZeneca	16,902	Masco	12,082
UK Treasury 1% 31/01/2032	16,863	Adidas	12,001
Essilor International	16,148	Brookfield Renewable Partners	11,911
Ansys	14,058	Alphabet C	11,509
Experian	13,488	Bank of America	10,354

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

Portfolio composition by credit rating

Rating category	% Fund
AAA	–
AA	100
A	–
BBB	–
Non investment grade	–
Not rated (Debentures/Preference Shares)	–

Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Units 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 Units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. Units are realisable on each weekly dealing day only.

The 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 COIF Charities 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 the Fund may be adversely affected by a downturn in the property market, which could impact on the capital and/or income value of the Fund.

REPORT OF THE DEPOSITARY

for the year ended 31 December 2022

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the sourcebook, the Scheme Particulars of the Fund and as required by the AIFMD.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
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
6 June 2023

INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The COIF Charities Ethical 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 loss 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 Charities Act 2011 and Alternative Investment Fund Managers Directive (AIFMD).

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgement and estimates 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).

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 Trustees of COIF Charities Ethical 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.

INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

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 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 charities 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

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.

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 the Charity Commission.

*Report on other legal and regulatory requirements
Matters on which we are required to report by exception*

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

Use of our report

This report is made solely to the Fund's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Fund's trustees 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 the Fund and the Fund's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
6 June 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 COIF Charities Ethical Investment Fund as 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level and poor market conditions could 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 Particulars, which is available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per Unit

	Year to 31.12.2022 pence per Unit	Income Units Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit
Opening net asset value per Unit	312.58	275.33	259.02
Return before operating charges*	(28.28)	47.80	26.50
Operating charges***	(1.95)	(2.11)	(1.92)
Return after operating charges*	(30.23)	45.69	24.58
Distributions on Income Units	(8.61)	(8.44)	(8.27)
Closing net asset value per Unit	273.74	312.58	275.33
* after direct transaction costs of:	0.10	0.15	0.12

Performance

Return after charges	(9.67%)	16.59%	9.49%
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Other information

Closing net asset value (£'000)	1,531,620	1,596,774	974,509
Closing number of Units	559,517,246	510,843,707	353,943,445
Operating charges**	0.88%	0.72%	0.74%
Direct transaction costs	0.03%	0.05%	0.05%

Prices (pence per Unit)

Highest Unit price (offer)	312.39	318.16	279.86
Lowest Unit price (bid)	268.57	266.72	213.47

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. These also include any VAT reclaims received during the year. Included within the 31.12.2022 operating charges % are synthetic costs of 0.20% which include the operating charges % of the underlying funds. Synthetic costs were not included in previous periods.

*** Operating charges includes VAT reclaims received during the year.

COMPARATIVE TABLE

Change in net assets per Unit

	Accumulation Units		
	Year to 31.12.2022 pence per Unit	Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit
Opening net asset value per Unit	496.15	424.69	386.88
Return before operating charges*	(45.02)	74.78	40.72
Operating charges***	(3.15)	(3.32)	(2.91)
Return after operating charges*	(48.17)	71.46	37.81
Distributions on Accumulation Units	(8.96)	(7.37)	(7.74)
Retained distributions on Accumulation Units	8.96	7.37	7.74
Closing net asset value per Unit	447.98	496.15	424.69
* after direct transaction costs of:	0.15	0.24	0.18
Performance			
Return after charges	(9.71%)	16.83%	9.77%
Other information			
Closing net asset value (£'000)	402,451	428,407	233,389
Closing number of Units	89,837,756	86,346,158	54,955,318
Operating charges**	0.88%	0.72%	0.74%
Direct transaction costs	0.03%	0.05%	0.05%
Prices (pence per Unit)			
Highest Unit price (offer)	495.86	501.62	428.42
Lowest Unit price (bid)	429.33	411.41	318.85

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. These also include any VAT reclaims received during the year. Included within the 31.12.2022 operating charges % are synthetic costs of 0.20% which include the operating charges % of the underlying funds. Synthetic costs were not included in previous periods.

*** Operating charges includes VAT reclaims received during the year.

OPERATING CHARGES ANALYSIS

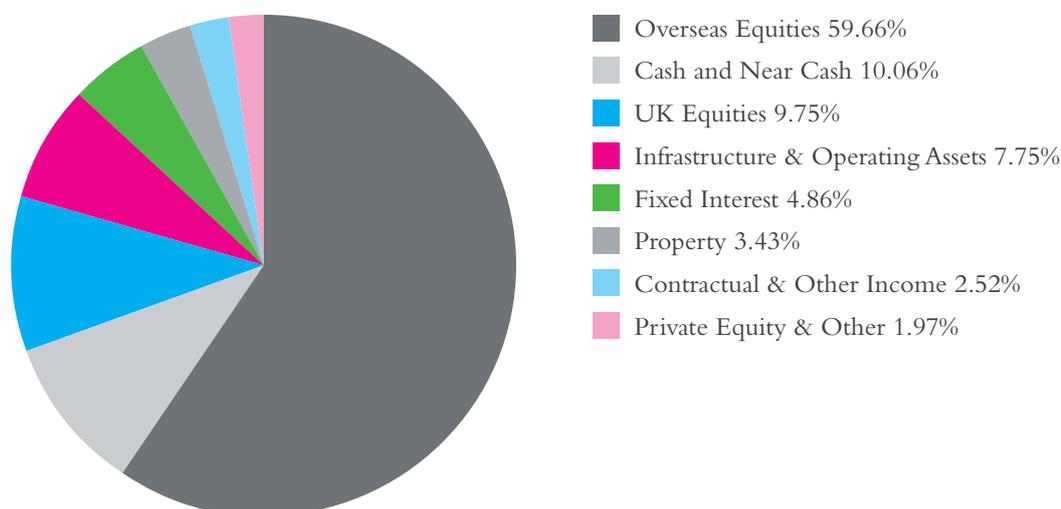
for the year ended 31 December 2022

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	0.66	0.70
Safe custody fees and depositary fee	0.01	0.01
Other expenses	0.01	0.01
Total operating charges	0.68	0.72

PORTFOLIO ANALYSIS

at 31 December 2022

Breakdown of Overseas Equities
by Geography

North America	42.39%
Developed Europe	12.47%
Asia Pacific ex Japan	3.05%
Other	0.99%
Japan	0.76%
	59.66%

Breakdown of Equities by Sector

Information Technology	16.25%
Health Care	15.32%
Financials	10.55%
Industrials	8.62%
Consumer Staples	6.44%
Consumer Discretionary	4.64%
Real Estate	3.98%
Communication Services	2.58%
Utilities	1.03%
	69.41%

The portfolio analyses above which differ from the following portfolio statement because: (i) prices used here are mid-market rather than bid; and (ii) 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 8.50%			
(31.12.21 – 9.25%)			
Consumer Discretionary 0.65% (31.12.21 – 1.70%)			
InterContinental Hotels Group	265,966	12,617	0.65
Consumer Staples 1.39% (31.12.21 – 1.22%)			
Unilever	644,666	26,960	1.39
Financials 1.53% (31.12.21 – 1.40%)			
London Stock Exchange Group	276,482	19,730	1.02
Prudential	872,726	9,840	0.51
Health Care 0.97% (31.12.21 – 0.00%)			
AstraZeneca	168,056	18,853	0.97
Industrials 1.15% (31.12.21 – 1.43%)			
RELX	969,130	22,174	1.15
Real Estate 2.81% (31.12.21 – 3.50%)			
Assura	18,763,185	10,226	0.53
Empiric Student Property	13,059,198	10,996	0.57
Primary Health Properties REIT	4,024,243	4,459	0.23
Segro REIT	585,352	4,469	0.23
Target Healthcare REIT	5,896,797	4,729	0.24
Tritax Big Box REIT	11,841,494	16,412	0.85
Warehouse REIT	2,886,875	3,020	0.16
OVERSEAS EQUITIES 60.45% (31.12.21 – 66.82%)			
DEVELOPED EUROPE 16.33% (31.12.21 – 12.52%)			
Communication Services 0.97% (31.12.21 – 0.66%)			
Universal Music Group	943,634	18,842	0.97
Consumer Discretionary 0.57% (31.12.21 – 1.71%)			
Hermes	8,640	11,062	0.57
Consumer Staples 2.61% (31.12.21 – 2.87%)			
Kerry Group	241,341	18,038	0.93
L'Oreal	45,636	13,507	0.70
Nestlé	197,581	19,021	0.98

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Financials 1.36% (31.12.21 – 1.29%)			
Deutsche Boerse	101,740	14,565	0.75
Partners Group	16,175	11,865	0.61
Health Care 4.83% (31.12.21 – 2.13%)			
Essilor International	115,394	17,297	0.89
ICON	117,480	18,958	0.98
Medtronic	210,106	13,575	0.70
Novo Nordisk 'B'	218,047	24,431	1.26
Roche Holdings	74,466	19,434	1.00
Industrials 2.86% (31.12.21– 2.19%)			
Assa Abloy	895,807	16,010	0.83
Experian	508,351	14,300	0.74
Schneider	105,129	12,193	0.63
Wolters Kluwer	146,827	12,725	0.66
Information Technology 3.13% (31.12.21 – 1.67%)			
Accenture	55,745	12,364	0.64
Amadeus IT Group	276,435	11,907	0.62
ASML Holding	23,637	10,565	0.55
Hexagon	1,146,585	9,939	0.51
NXP Semiconductors	118,735	15,599	0.81
Real Estate & Services 0.00% (31.12.21 – 1.67%)			
NORTH AMERICA 39.32% (31.12.21 – 47.47%)			
Communication Services 1.61% (31.12.21 – 3.25%)			
Alphabet C	228,683	16,868	0.87
The Walt Disney Company	197,271	14,246	0.74
Consumer Discretionary 3.42% (31.12.21 – 4.49%)			
Amazon.com	234,091	16,343	0.85
McDonald's	69,927	15,317	0.79
Nike B	165,547	16,105	0.83
Starbucks	221,951	18,298	0.95

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Consumer Staples 2.44% (31.12.21 – 1.65%)			
Estee Lauder	62,403	12,876	0.67
Pepsico	143,203	21,505	1.11
The Coca-Cola Company	240,796	12,733	0.66
Financials 5.33% (31.12.21 – 6.58%)			
Bank of America	353,758	9,737	0.50
CME Group	143,738	20,090	1.04
Intercontinental Exchange Group	283,737	24,206	1.25
JP Morgan Chase & Co	102,117	11,385	0.59
Marsh & McLennan	80,139	11,028	0.57
S&P Global	71,383	19,874	1.03
The Blackstone Group	110,302	6,804	0.35
Health Care 9.52% (31.12.21 – 9.11%)			
Agilent Technologies	150,704	18,746	0.97
Danaher	109,622	24,195	1.25
Edwards Lifesciences	248,068	15,380	0.80
Humana	44,408	18,909	0.98
Illumina	49,322	8,286	0.43
Intuitive Surgical	37,011	8,160	0.42
Merck & Co	139,478	12,864	0.66
Stryker	106,669	21,675	1.12
Thermo Fisher Scientific	35,907	16,438	0.85
UnitedHealth Group	66,875	29,480	1.52
Zoetis	81,831	9,973	0.52
Industrials 4.63% (31.12.21 – 7.10%)			
Ametek	141,205	16,401	0.85
IDEX	77,137	14,641	0.76
Ingersoll Rand	298,443	12,966	0.67
TransUnion	388,859	18,355	0.95
Union Pacific	74,133	12,759	0.66
Verisk Analytics	98,102	14,375	0.74

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Information Technology 10.68% (31.12.21 – 12.53%)			
Adobe	77,646	21,721	1.12
Ansys	74,178	14,892	0.77
Broadcom	23,442	10,896	0.56
Intuit	58,588	18,947	0.98
Mastercard	64,178	18,553	0.96
Microsoft	191,349	38,149	1.97
Nvidia	47,393	5,758	0.30
PayPal Holdings	225,259	13,339	0.69
Roper Technologies	46,308	16,628	0.86
ServiceNow	20,400	6,589	0.34
Synopsys	43,515	11,544	0.60
Texas Instruments	80,679	11,081	0.57
Visa A	106,982	18,485	0.96
Materials 0.00% (31.12.21 – 0.50%)			
Real Estate 0.66% (31.12.21 – 0.51%)			
American Tower	72,466	12,762	0.66
Utilities 1.03% (31.12.21 – 1.76%)			
NextEra Energy	288,039	20,014	1.03
JAPAN 0.76% (31.12.21 – 0.50%)			
Information Technology 0.76% (31.12.21 – 0.50%)			
Keyence	45,200	14,644	0.76
ASIA PACIFIC EX JAPAN 3.05% (31.12.21 – 5.37%)			
Communication Services 0.00% (31.12.21 – 1.08%)			
Consumer Discretionary 0.00% (31.12.21 – 0.84%)			
Consumer Staples 0.00% (31.12.21 – 0.52%)			
Financials 2.33% (31.12.21 – 1.97%)			
AIA Group	2,394,600	22,139	1.14
HDFC Bank	404,559	23,008	1.19

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Information Technology 0.72% (31.12.21 – 0.96%)			
Taiwan Semiconductor Manufacturing Company	1,142,000	13,853	0.72
OTHER 0.99% (31.12.21 – 0.96%)			
Information Technology 0.99% (31.12.21 – 0.96%)			
Nice	119,305	19,071	0.99
PRIVATE EQUITY & OTHER 1.97%			
(31.12.21 – 1.68%)			
Private Equity 1.95% (31.12.21 – 1.67%)			
Blackstone Capital Partners Asia**	1	2,548	0.13
BMO Private Equity Trust	1,903,537	7,747	0.40
Cambridge Innovation Capital II**	1	705	0.04
NB Private Equity Partners A	644,681	10,283	0.53
Princess Private Equity Holding	1,244,159	9,272	0.48
Rubicon Partners**	1	7,083	0.37
Other 0.02% (31.12.21 – 0.01%)			
Triodos Microfinance Fund	13,587	324	0.02
INFRASTRUCTURE & OPERATING ASSETS			
7.74% (31.12.21 -6.02%)			
Energy Resources & Environment 5.11%			
(31.12.21 – 4.16%)			
Aquila European Renewables Income Fund	6,230,226	5,058	0.26
Bluefield Solar Income Fund	4,437,370	6,035	0.31
Clean Energy and Environment Fund**	1	1,657	0.09
Clean Growth Fund**	1	1,103	0.06
Foresight Solar Fund	12,968,933	15,226	0.79
Greencoat Renewables	6,277,394	6,321	0.33
Greencoat UK Wind	15,693,363	23,854	1.23
Gresham House Energy Storage Fund	1,774,333	2,866	0.15
JLEN Environmental Assets Group	1,838,902	2,196	0.11
NextPower III**	1	8,972	0.46
SDCL Energy Efficiency Income Trust	10,277,153	9,917	0.51
The Forest Company**	67,360	172	0.01
The Renewables Infrastructure Group	8,260,734	10,739	0.56
US Solar Fund	6,691,176	4,628	0.24

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
General 2.44% (31.12.21 – 1.66%)			
Brookfield Infrastructure Partners	522,497	13,461	0.70
Infracapital Partners III**	1	3,894	0.20
KKR Global Infrastructure Investors III**	1	1,960	0.10
Macquarie Korea Infrastructure Fund	2,519,494	18,303	0.95
Pan-European Infrastructure Fund I**	1	1,024	0.05
Pan-European Infrastructure Fund II**	1	7,232	0.37
Strategic Partners Offshore Real Assets – Infrastructure II**	1	1,412	0.07
Social 0.19% (31.12.21 – 0.20%)			
European Student Housing Fund**	1	2,471	0.13
KMG Wren Retirement Fund**	1,416	1,112	0.06
PROPERTY 3.89% (31.12.21 – 4.89%)			
Aberdeen Standard European Logistics Income	4,771,678	3,269	0.17
COIF Charities Property Fund Income Units*	52,249,775	57,276	2.96
PRS REIT	7,479,083	6,619	0.34
Tritax Eurobox REIT	13,444,346	8,174	0.42
CONTRACTUAL & OTHER INCOME 2.50% (31.12.21 – 2.83%)			
Ares Capital	592,573	9,094	0.47
Duet Real Estate Finance***	549,085	–	–
GCP Asset Backed Income Fund	8,605,471	7,056	0.36
Hipgnosis Songs Fund	16,083,452	13,880	0.72
KKR Mezzanine Partners I**	1	177	0.01
KKR Private Credit Opportunities Partners II**	1	839	0.04
RM Infrastructure Income Fund	2,608,016	2,165	0.11
Round Hill Music Royalty Fund	8,665,177	5,547	0.29
Sequoia Economic Infrastructure Income Fund	9,761,282	8,561	0.44
Social and Sustainable Housing**	1	1,154	0.06
GOVERNMENT BOND 4.84% (31.12.21 – 0.00%)			
UK Treasury 0.875% 31/07/2033	£33,620,000	25,083	1.30
UK Treasury 1% 31/01/2032	£20,540,000	16,271	0.84
UK Treasury 4.25% 07/06/2032	£50,000,000	52,275	2.70

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
CERTIFICATE OF DEPOSIT 2.44%			
(31.12.21 – 0.00%)			
Bank of Montreal 4.95% 09/12/2022 – 08/12/2023**	£5,000,000	4,999	0.26
Barclays Bank 3.64% 22/08/2022 – 22/08/2023**	£6,000,000	5,968	0.31
Den Norske Bank 3.63% 26/08/2022 – 26/06/2023**	£5,000,000	4,984	0.26
Handelsbanken 3.04% 22/08/2022 – 03/04/2023**	£5,000,000	4,989	0.26
National Australia Bank 3.58% 01/09/2022 – 01/06/2023**	£5,000,000	4,986	0.26
Nordea Bank 3.4% 30/08/2022 – 28/04/2023**	£5,000,000	4,990	0.26
Royal Bank of Canada 4.02% 06/09/2022 – 06/09/2023**	£6,000,000	5,974	0.31
Toronto Dominion Bank 3.3% 22/08/2022 – 22/05/2023**	£5,000,000	4,986	0.26
UBS AG 3.65% 31/08/2022 – 30/06/2023**	£5,000,000	4,980	0.26
INVESTMENT ASSETS		1,785,644	92.33
NET OTHER ASSETS		148,427	7.67
TOTAL NET ASSETS		1,934,071	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 COIF Charities Property Fund is managed by the Manager and represents a related party transaction.

** 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		(225,744)		253,822
Revenue	3	41,455		29,626	
Expenses	4	(13,197)		(12,352)	
Interest payable and similar charges		(2)		–	
Net revenue before taxation		28,256		17,274	
Taxation	5	(2,841)		(1,817)	
Net revenue after taxation			25,415		15,457
Total (deficit)/return before distributions			(200,329)		269,279
Distributions	6		(54,202)		(45,649)
Change in net assets attributable to Unitholders from investment activities			(254,531)		223,630

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
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 Unitholders		2,025,181		1,207,898
Amounts receivable on issue of Units	174,635		398,091	
Amounts payable on cancellation of Units	(55,380)		(212,171)	
In-specie transactions	36,084		402,604	
		155,339		588,524
Change in net assets attributable to Unitholders from investment activities		(254,531)		223,630
Retained distributions on Accumulation Units		8,082		5,129
Closing net assets attributable to Unitholders		1,934,071		2,025,181

The notes on pages 34 to 52 and the distribution tables on page 53 form part of these financial statements.

BALANCE SHEET
at 31 December 2022

	<i>Note</i>	31.12.2022		31.12.2021	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			1,785,644		1,852,956
Current assets:					
Debtors	7	5,043		5,344	
Cash equivalents	8	130,562		152,217	
Cash and bank balances	8	26,867		26,854	
Total current assets			162,472		184,415
Total assets			1,948,116		2,037,371
LIABILITIES					
Creditors:					
Other creditors	9	1,792		1,360	
Distribution payable on Income Units		12,253		10,830	
Total creditors			14,045		12,190
Total liabilities			14,045		12,190
Net assets attributable to Unitholders			1,934,071		2,025,181

The financial statements on page 32 to 52 have been approved by the Board and authorised for issue by the Board.

Approved on behalf of the Board
6 June 2023

N Morecroft, Chair

The notes on pages 34 to 52 and the distribution tables on page 53 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 United Kingdom Generally Accepted Accounting Practice including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), and the Charities Act 2011, and Alternative Investment Fund Managers Directive (AIFMD). The financial statements have been prepared under historical basis, as modified by the revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 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, distributions received on collective investment schemes, preference shares and unit trusts are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on government 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 COIF Charities Deposit Fund are credited to revenue on receipt of cash.

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.

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.

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

1. Accounting policies (continued)

(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, the 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 0.60% plus VAT during the year.

The Fund received AMC rebates credited to the capital of the Fund for its holdings during the year in the COIF Charities Property Fund. The Fund also received AMC rebates credited to the revenue of the Fund received a management fee rebate credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund where 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 AMC due. This 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 and insurance 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.

The Fund can utilise an income reserve to even out the fluctuations in revenue which arise over the years. Movements in the income reserve are therefore adjustments made to net revenue in determining the distributions. The income reserve was £nil as at 31 December 2022. There was no change in the income reserve balance during the current and prior reporting period.

(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 Board.

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 quoted price on or before the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

(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.

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

	31.12.2022 £'000	31.12.2021 £'000
The net capital (losses)/gains during the year comprise:		
Realised gains on non-derivative securities*	24,243	130,616
Unrealised (losses)/gains on non-derivative securities*	(249,098)	121,160
Realised (losses)/gains on forward currency contracts*	(33)	1
Manager's annual management charge rebate – see note 1(e)**	605	436
VAT reclaim	–	1,502
Currency (losses)/gains	(1,461)	107
	(225,744)	253,822

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

** This amount includes the annual management charge rebates credited to the Fund's capital. This is for the Fund's deposits in the COIF Charities Property Fund where the annual management charge is charged to capital.

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

3. Revenue

	31.12.2022 £'000	31.12.2021 £'000
Overseas dividends	23,483	18,404
UK dividends	6,786	5,544
Franked dividend distributions	3,284	2,699
Franked dividends on unquoted stocks	1,697	469
Interest on debt securities	1,526	7
Interest on the COIF Charities Deposit Fund	1,657	75
Property income distributions	2,514	2,238
Bank interest	161	11
VAT reclaim	–	16
Manager's annual management charge rebate*	347	163
	41,455	29,626

* This amount represents the annual management charge rebates credited to the Fund's revenue. This for the Fund's deposit in the COIF Charities Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	31.12.2022 £'000	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)	12,843	12,021
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	129	125
Depositary fee	98	84
	227	209

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

4. Expenses (*continued*)

	31.12.2022 £'000	31.12.2021 £'000
Other expenses:		
Audit fee	21	18
Insurance fee	26	17
Other fees	80	87
	127	122
Total expenses	13,197	12,352

The above expenses include VAT where applicable.

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

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 Unitholders 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.

	31.12.2022 £'000	31.12.2021 £'000
Overseas taxation suffered in the year	2,273	1,503
Tax on capital special dividends	7	(4)
Overseas recoverable withholding tax written off in the year	561	318
Total taxation	2,841	1,817

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

6. Distributions

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

	31.12.2022 £'000	31.12.2021 £'000
31 March – interim distribution	12,392	10,177
30 June – interim distribution	13,946	10,472
30 September – interim distribution	13,784	12,895
31 December – final distribution	14,506	12,457
	<u>54,628</u>	<u>46,001</u>
Add: revenue deducted on cancellation of Units	94	126
Deduct: revenue received on in-specie transactions	2	180
Deduct: revenue received on issue of Units	(522)	(658)
Net distribution for the year	<u>54,202</u>	<u>45,649</u>
Net revenue after taxation for the year	25,415	15,457
Amortisation under coupon accounting	(412)	–
Manager's annual management charge – see note 1(e)	12,843	12,021
Tax on capital special dividends	7	(4)
Expenses charged to capital	25	–
Distribution from capital	16,324	18,175
Net distribution for the year	<u>54,202</u>	<u>45,649</u>

Details of the distribution per Unit are set out in the distribution tables on page 53.

The Manager's annual management charge is charged to capital, so this amount above 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 £46,129 (31.12.2021, £nil).

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

7. Debtors

	31.12.2022 £'000	31.12.2021 £'000
Accrued revenue	4,544	2,435
Amounts receivable on creation of Units	365	2,754
Rebate management fee receivable	69	–
Sales awaiting settlement	58	85
Prepayments	7	70
	5,043	5,344

8. Cash equivalents, cash and bank balances

	31.12.2022 £'000	31.12.2021 £'000
Cash equivalents – cash in the COIF Charities Deposit Fund	115,566	152,217
Cash equivalents – certificates of deposit	14,996	–
Total cash equivalents	130,562	–
Cash and bank balances – cash at bank	26,867	26,854

9. Other creditors

	31.12.2022 £'000	31.12.2021 £'000
Purchases awaiting settlement	222	107
Accrued expenses	1,254	1,253
Amount payable on cancellation of Units	316	–
	1,792	1,360

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 Unitholders should they wish to sell their Units. 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, UK Property and fixed interest investments. 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 Unit price from time to time, although there will generally be a positive correlation in the movement of the Unit 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 Unitholders, and profit or loss, would increase or decrease respectively by approximately £89,282,000 (31.12.2021, £92,648,000).

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, the cash for a sale or the settlement amounts for forward currency contracts. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager. Depending on the counterparty, the Fund may employ collateral arrangements for forward currency contracts.

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 (except for the Unit trusts, which are realisable only on their weekly or monthly dealing dates, and the holdings in the unquoted investments, which are not readily realisable) and enable the Fund to meet the payment of any redemption of Units that Unitholders may wish to make.

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 Unitholders, and profit or loss, would decrease or increase respectively by approximately £12,576,000 (31.12.2021, £14,445,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

10. Financial instruments (continued)

Currency risk (continued)

The Fund held derivatives relating to forward currency contracts with a net value of £nil as at 31 December 2022 (31.12.2021, £nil).

The total foreign currency exposure at 31 December 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	–	24,431	24,431	–	–	–
Euro	158	172,919	173,077	191	180,455	180,646
Hong Kong dollar	–	22,139	22,139	–	33,100	33,100
Japanese yen	–	14,644	14,644	–	10,149	10,149
Korean won	504	18,303	18,807	341	36,313	36,654
Swedish krona	–	25,949	25,949	–	25,728	25,728
Swiss franc	–	50,320	50,320	–	64,207	64,207
South African rand	–	–	–	–	21,406	21,406
Taiwan dollar	60	13,853	13,913	68	19,366	19,434
US dollar	1,765	912,579	914,344	1,121	1,052,065	1,053,186
Total	2,487	1,255,137	1,257,624	1,721	1,442,789	1,444,510

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.

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

10. Financial instruments (continued)

Interest rate risk (continued)

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

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	142,363	155,481	392,648	690,492
Euro	27	–	173,050	173,077
Japanese yen	–	–	14,644	14,644
US dollar	43	–	914,301	914,344
Other	–	–	155,559	155,559
Total	142,433	155,481	1,650,202	1,948,116

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	(14,045)	(14,045)
Total	–	–	(14,045)	(14,045)

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 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	178,901	–	413,960	592,861
Euro	91	–	180,555	180,646
Japanese yen	–	–	10,149	10,149
US dollar	79	–	1,053,107	1,053,186
Other	–	–	200,529	200,529
Total	179,071	–	1,858,300	2,037,371

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	(12,190)	(12,190)
Total	–	–	(12,190)	(12,190)

* 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.

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

11. Commitments and contingent liabilities

Undrawn commitments at 31 December were:

	31.12.2022	31.12.2021
	£	£
Clean Growth Fund	2,391,326	2,846,243
KKR Private Credit Opportunities Partners II	2,702,469	2,557,396
Pan-European Infrastructure Fund	173,299	1,046,218
Rubicon Partners V	4,333,644	3,482,053
Social and Sustainable Housing	514,383	979,671
KKR Global Infrastructure Investments III	458,155	910,784
Infracapital Partners III	736,806	765,095
Cambridge Innovation Capital II	4,159,675	–
Clean Energy and Environment Fund	425,860	463,623
Blackstone Capital Partners Asia	584,083	858,525
Strategic Partners Offshore Real Assets – Infrastructure II	1,149,332	1,056,821
NextPower III	3,343,983	868,133
Pan-European Infrastructure Fund II	796,605	163,985
KKR Mezzanine Partners I	41,634	36,976
European Student Housing Fund	–	–
UK Energy Efficiency 1A	–	–

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

12. Unquoted and other investments

At 31 December 2022, 3.00% (31.12.2021, 3.51%) of the value of the Fund was held in Units was in the COIF Charities Property Fund.

At 31 December 2022, the Fund held 10.12% (31.12.2021, 9.53%) of the value of the COIF Charities Property Fund. The investment in the COIF Charities Property Fund 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 Units in that Fund, if it is deemed to be necessary to protect the interests of Unitholders 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. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds.

14. 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 these charges are disclosed in note 4. Please see note 1(e) for further information. An amount of £1,118,730 was due to the Manager at 31 December 2022 (31.12.2021, £1,148,096). There were no other transactions entered into with the Manager during the year (31.12.2021, £nil).

At 31 December 2022 a cash balance of £115,565,597 (31.12.2021, £152,217,115) was held in The COIF Charities Deposit Fund. During the year, the Fund received interest of £1,656,906 (31.12.2021, £74,813) from the COIF Charities Deposit Fund.

Further details of the Fund's holdings in CCLA IM and other COIF Charities Funds are disclosed in note 12.

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

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

15. 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	474,630	204	0.04	143	0.03	474,977
Bond transactions	175,480	–	–	–	–	175,480
Fund transactions	3,959	–	–	–	–	3,959
Money markets	47,000	–	–	–	–	47,000
In-specie transactions	27,058	–	–	–	–	27,058
Corporate actions	14,499	–	–	–	–	14,499
Total	742,626	204		143		742,973

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	487,488	(233)	0.05	(71)	0.01	487,184
Bond transactions	80,416	–	–	–	–	80,416
Fund transactions	9,808	–	–	–	–	9,808
Corporate actions	190	–	–	–	–	190
Total	577,902	(233)		(71)		577,598

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 0.25%.

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

15. Portfolio transaction costs (continued)

For the year ended 31 December 2021

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total purchases costs						
Equity transactions	697,127	308	0.04	196	0.03	697,631
Fund transactions	3,113	–	–	–	–	3,113
In-specie transactions	457,724	–	–	–	–	457,724
Corporate actions	12,132	–	–	–	–	12,132
Total	1,170,096	308		196		1,170,600

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
Analysis of total sales costs						
Equity transactions	635,001	(312)	0.05	(81)	0.01	634,608
In-specie transactions	54,939	–	–	–	–	54,939
Corporate actions	209	–	–	–	–	209
Total	690,149	(312)		(81)		689,756

Commissions and taxes as a percentage of average net assets

Commissions	0.03%
Taxes	0.02%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2021 was 0.25%.

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 shares, 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.

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

16. Unitholders' funds – reconciliation of Units

	31.12.2022	
	Income Units	Accumulation Units
Opening number of Units at beginning of year	510,843,707	86,346,158
Units issued in year	58,973,558	9,373,984
Units cancelled in year	(15,947,694)	(2,388,919)
Units converted in year	5,647,675	(3,493,467)
Closing number of Units at end of year	559,517,246	89,837,756

All Units carry the same rights.

17. 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.

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

17. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,544,042	197,762	43,840	1,785,644
	1,544,042	197,762	43,840	1,785,644

For the year ended 31 December 2021

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,748,694	71,004	33,258	1,852,956
	1,748,694	71,004	33,258	1,852,956

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

For financial instruments for which the Manager uses valuation techniques using observable market data, the inputs include: prices of recent transactions for identical instruments in inactive markets; broker quotes; evaluated pricing data from data providers; or prices quoted for closely similar (but not identical) instruments.

For financial instruments for which the Manager uses valuation techniques using non-observable data, the inputs include: 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.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

DISTRIBUTION TABLES

for the year ended 31 December 2022

Period ended	Date payable/paid		Dividends payable/paid pence per Unit	
	2022	2021	2022	2021
Income Units				
31 March	31 May	28 May	2.12	2.10
30 June	31 August	31 August	2.12	2.10
30 September	30 November	30 November	2.18	2.12
31 December	28 February	28 February	2.19	2.12
			8.61	8.44

Period ended	Revenue accumulated pence per Unit	
	2022	2021
Accumulation Units		
31 March	1.68	1.59
30 June	2.73	2.31
30 September	2.04	1.59
31 December	2.51	1.88
	8.96	7.37

The distributions for Income Units 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 BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;
- making representations to the Trustee on the winding up of the Fund: provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ('AIFMD'), the Board has certain additional responsibilities including:

- the duty to inform the Financial Conduct Authority promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Participating Charities.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the creation and cancellation of Units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions or allocations to Participating Charities in proportion to their respective Units in the property of the Fund;
- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to secure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with the Scheme and with section 130 of the Charities Act 2011 and to demonstrate that such compliance has been achieved.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ('the Sourcebook'), the Alternative Investment Fund Managers Directive ('AIFMD') (together 'the Regulations') and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the Regulations;

- the assets under management and the net asset value per share of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- that the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of Units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the Units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of Units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Charity Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Charity Commission a half- yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of FRS 102;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

**STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND
MANAGER RESPONSIBILITIES**

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

AIFMD DISCLOSURES

Manager Remuneration

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA Investment Management Limited.

Recharges for these services of CCLA Investment Management Limited to the Manager are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2022 was £34,700,000. A recharge of £30,000,000 was levied in the year to 31 March 2021.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2022 was 155 (year ended 31 March 2021, 145).

During the year ended 31 December 2022 and the prior year, remuneration was paid to CCLA Investment Management Limited staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ('identified staff') are shown separately.

	Year to 31 December 2022		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,032	1,373	2,405
Other staff	15,365	7,029	22,394
Total	16,397	8,402	24,799

	Year to 31 December 2021		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,380	1,827	3,207
Other staff	12,659	5,327	17,986
Total	14,039	7,154	21,193

Remuneration above is the total remuneration for CCLA Investment Management Limited; it is not possible to separate the element of that relating only to the fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

(Charity Registration No. 1132054)

DIRECTORY

Board

N Morecroft, ASIP (Chair)
 K Corrigan, FCCA
 J Hobart, MA
 S Niven, CFA (resigned wef 31 August 2022)
 C Ong, MBA
 A Watson, CBE

Secretary

J Fox

Manager, Alternative Investment Fund Manager (AIFM), and Registrar

CCLA Fund Managers Limited

Investment Manager

CCLA Investment Management Limited
Both CCLA Fund Managers Limited and CCLA Investment Management Limited are authorised and regulated by the Financial Conduct Authority

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

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

E Sheldon (Chief Operating Officer)

D Sloper (Chief Executive Officer)

Non-Executive Directors of the Manager

R Horlick (Chair)

J Jesty

A Roughead

Fund Manager (CCLA Investment Management Limited)

C Ryland

J Ayre

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

Third Party Advisors

Custodian, Trustee and Depositary

HSBC Bank plc

8 Canada Square

Canary Wharf

London

E14 5HQ

Banker

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 Fund Managers 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).

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: One Angel Lane, London EC4R 3AB.

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