

KEY INFORMATION DOCUMENT

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Fund Name	Diversified Income Fund
Income Unit Class 2 (ISIN)	GB00BDS68Q24
Name of manufacturer	CCLA Fund Managers Limited (the "ACS Manager")
Website	www.ccla.co.uk
Client Services	0800 022 3505

The ACS Manager is authorised and regulated by the Financial Conduct Authority (FCA).

This document is dated 4 August 2022

What is this product?

Type

The Diversified Income Fund (the "Fund") is a sub-fund within an umbrella type Authorised Contractual Scheme (ACS) and is a Non-UCITS Retail Scheme. The Fund is managed as a UK Alternative Investment Fund in accordance with the UK Alternative Investment Fund Managers Directive (AIFMD) Measures as defined in the Prospectus.

Objectives

- The Fund aims to provide income and the potential for capital growth over the long-term from an actively managed diversified portfolio.

Investment policy

- The Fund will use a broad range of assets to achieve the investment objective. Control of risk as measured by volatility will be a high priority and the ACS Manager will aim to constrain annual volatility to no more than 50% of the MSCI United Kingdom Investable Market Index (IMI). The proportion of the Fund invested in different assets classes will vary over time in response to the economic and market environment and expectations of future returns and volatility.
- Assets available for investment will include: equities in the UK and overseas, fixed interest securities, permitted money-market instruments, cash and near-cash investments and infrastructure related investments, which may be either liquid or illiquid in nature. Exposure to these assets may be via direct holdings and/or through other investment funds, including those managed by the ACS Manager.
- The Fund may use derivatives including forward foreign exchange transactions for Efficient Portfolio Management only. The Fund will not use leverage other than for this purpose.
- The Fund will follow CCLA's ethical and responsible investment policies.
- The return achieved by the Fund is dependent on the performance of the assets that the Fund invests in after deducting the costs, expenses and fees of running the Fund.

Benchmark

The Fund will use as its comparator benchmark the weighted average of a number of different indices. The current indices and their weightings are MSCI UK IMI 20%, MSCI North America 6.67%, MSCI Europe ex UK 6.67%, MSCI Pacific 6.67%, Markit iBoxx £ Gilts 30% & Markit iBoxx £ Non-Gilts 30%.

Intended retail investor

The Fund is intended for eligible local authority, public sector and charity investors, with an understanding or previous experience of investing in similar types of fund, 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 three to five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise.


Term

The Fund has no fixed maturity date however it may be wound up in certain circumstances, further details are available in the Fund's Prospectus.

What are the risks and what could I get in return?

Risk indicator



 **The risk indicator assumes you keep the product for the recommended holding period (RHP) of three to five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.**

- The summary risk indicator is 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 we are not able to pay you. The risk of the Fund may be significantly higher than the one represented in the summary risk indicator where the Fund is not held for the recommended holding period.
- 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 ACS Manager or a third party.
- We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact the capacity of the ACS Manager 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.
- A more detailed description of risk factors that apply to this product is set out in the latest Fund Prospectus, which is available on the ACS Manager's website or by request.
- This product does not include any protection from future market performance, so you could lose some or all of your investment.
- If we are not able to pay you what is owed, you could lose your entire investment.
- However, you may benefit from a consumer protection scheme (see the section 'What happens if the ACS Manager is unable to pay out?'). The indicator shown above does not consider this protection.

Performance scenarios

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

Investment of £10,000		(RHP)		
Scenarios		1 year	3 years	5 years
Stress scenario	What you might get back after costs Average return each year	£4,091 -59.09%	£7,644 -8.57%	£7,051 -6.75%
Unfavourable scenario	What you might get back after costs Average return each year	£9,239 -7.61%	£8,950 -3.63%	£8,859 -2.39%
Moderate scenario	What you might get back after costs Average return each year	£10,160 1.60%	£10,542 1.78%	£10,939 1.81%
Favourable scenario	What you might get back after costs Average return each year	£11,126 11.26%	£12,365 7.33%	£13,449 6.11%

- This table shows the money you could get back over the next 1, 3 and 5 years under different scenarios, assuming that you invest £10,000.
- The scenarios illustrate how your investment could perform. You can compare them with the scenarios of other products.
- The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product.
- As the Fund was launched on 2nd December 2016, the scenarios presented use the past performance of the Fund's benchmark (see Prospectus for details) as a representative proxy of the assets and exposures of the Fund where there is no, or insufficient, price data for the Fund. As future returns are unlikely to mirror the last five years, investors should treat these illustrations with caution.
- The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.
- The figures shown include all the costs of the product itself but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the ACS Manager is unable to pay out?

The assets of the Fund are held for the benefit of investors by HSBC Bank plc (the "Depositary"), and so are held separately from the assets of the ACS Manager. In the event of insolvency of the ACS Manager, the Fund's assets in the safekeeping of the Depositary will not be affected. However, in the event of insolvency of the Depositary, or its delegates, the Fund could suffer a loss.

If the ACS Manager cannot meet its obligations (for example, where the ACS Manager has stopped trading and there is insufficient assets to meet their obligations), investors in the unit class are not covered by any compensation scheme and could, in the worst case, lose their entire investment.

What are the costs?

Presentation of costs

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the Fund itself, for three different holding periods. The figures assume you invest £10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Investment of £10,000			
Scenarios	If you cash in after 1 year	If you cash in after 3 years (minimum RHP)	If you cash in after 5 years (RHP)
Total costs	£168	£418	£668
Impact on return (RIY) per year	1.68%	1.39%	1.34%

Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories:

This table shows the impact on return per year			
One-off costs	Entry costs	0.26%	The impact of the costs you pay when entering your investment.
	Exit costs	0.17%	The impact of the costs you pay when exiting your investment.
Ongoing costs	Portfolio transaction costs	0.24%*	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.01%*	The impact of the costs that we take each year for managing your investments including custody costs.
Incidental costs	Performance fees	N/A	The impact of performance fees on your investment.
	Carried interests	N/A	The impact of carried interests on your investment.

*This figure is calculated from annualised historical data and therefore the actual costs paid by an investor may differ.

How long should I hold it and can I take money out early?

Recommended holding period is at least three to five years.

The Fund is intended for long-term investors with an investment horizon of three to five years. This reflects the investment objective of the Fund and the likely strategies used by the ACS Manager. There is no minimum holding period and investors can request redemption of their units to be carried out on any dealing day without penalty.

The Fund deals on each business day. Redemption requests must be received no later than 12.00pm on the dealing day. There is a minimum redemption request amount of £25,000.

How can I complain?

Complaints concerning the operation or marketing of the Fund should be referred to The Compliance Officer at CCLA, One Angel Lane, London EC4R 3AB.

The complaints policy is available on the ACS Manager's website.

If you were advised on investing into the Fund, any complaints regarding that advice should be taken up with the party who provided it.

Other relevant information

Income units only are available for investment.

Income is paid for the preceding quarter at the end of February, May, August and November.

The minimum initial investment and balance is £1,000,000; the minimum subsequent investment is £25,000.

The ACS Manager's policy is to calculate and, if applicable, apply a dilution levy daily, on the basis of the net inflows and outflows from purchases and sales of units on the relevant day, to offset transaction related costs incurred by the Fund when it buys or sells underlying investments.

CCLA have not considered the suitability or appropriateness of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read the Prospectus for the Fund which is available on the ACS Manager's website or by request.

UK tax resident investors shall be allocated units in the Fund from a unit class with reference to their tax status. Unit class 1 of the Fund is reserved for CCLA funds only. Unit class 2 of the Fund is reserved for local authority, public sector and other tax exempt investors. Unit class 3 of the Fund is reserved only for charities in England and Wales within the meaning of Section 1(1) of the Charities Act 2011; or an "appropriate body" within the meaning of Section 97(3) of the Charities Act 2011 (as amended). If you are unsure of your eligibility, please contact Client Services on 0800 022 3505 or by email to client.services@ccla.co.uk.

This Key Information Document is updated at least every twelve months.