

Key Information Document

Diversified Income Fund Unit Class 3

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

Name of product	Diversified Income Fund
Income units class 3 (ISIN)	GB00BDS68T54
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 20 November 2023.

What is this product?

Type

The Diversified Income Fund (the fund) is a sub-fund of the CCLA Authorised Contractual Scheme, an umbrella-type fund, authorised by the FCA as an authorised contractual scheme (ACS) and as a non-UCITS retail scheme. The fund is classified as a UK alternative investment fund for regulatory purposes.

Objectives

- The fund's investment objective is to provide income and the potential for capital growth over the long-term (defined as at least 5 years) from an actively managed, diversified portfolio.

Investment policy

- The fund will invest in a broad range of assets. The control of risk will be an important influence on the fund's portfolio structure and investment strategy and the fund will aim to constrain annual volatility (the amount by which the fund's value goes up and down) to no more than half that of the UK equity market (as measured by the MSCI United Kingdom Investable Market Index). The fund's asset mix will vary over time depending on 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, 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 through direct holdings and/or through investment in other funds (including those managed by the ACS manager or their associates).

- To manage risk, the fund may use derivatives (financial instruments whose value is linked to that of another asset) for efficient portfolio management only (for example, to reduce currency risk).
- The fund will follow CCLA's ethical and responsible investment policies which includes avoiding investment in companies deriving more than 10% of their revenue from the extraction, production and refining of oil and gas. The policies are available in the policies and reports section of our website.
- The return achieved by the fund depends 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 uses a comparator benchmark that is designed to reflect the fund's long-term strategic asset allocation to assist investors to compare the fund's performance. The comparator benchmark is made up of MSCI UK Investable Market Index (20%), MSCI North America Index (6.67%), MSCI Europe excluding UK Index (6.67%), MSCI Pacific Index (6.67%), Markit iBoxx £ Gilts Index (30%) and Markit iBoxx £ Non-Gilts Index (30%).

Intended retail investor

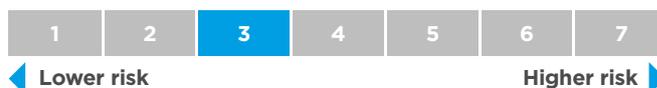
The fund is intended for eligible local authority, public sector and charity investors, with an understanding or previous experience of investing in similar types of funds, and who are looking to invest in an actively managed fund that reflects the fund's investment objective and investment policy. Investors should be looking to invest for at least three to five years, understand that their money may be at risk, be able to bear losses, and accept that the value of their investment and any income may fall as well as rise. Investors should also note the minimum initial investment and holding requirements as set out in the other relevant information section below.

Term

The fund has no fixed maturity date, however it may be wound up in certain circumstances. For more information, please see 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 shown in the summary risk indicator if the fund is not held for the recommended holding period.
- 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. It may change over time and may not be a reliable indication of the future risk profile of the fund. It's important to remember that even the lowest risk category does not mean risk free.
- A more detailed description of risk factors that apply to this product is set out in the latest prospectus, which is available on the ACS manager's website or you can ask for a copy from client services.
- 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.

Investment performance information

- The fund invests in a range of different asset types. The value of these assets can be affected by a number of different factors including:
- Macroeconomic factors, such as changes in currency exchange rates, interest rates, and inflation expectations. Other factors that may affect the pricing of an asset include changes in taxation, employment rates, commodity prices (particularly oil and gas), and non-financial events, such as wars and epidemics that are expected to affect the economy.

Specific factors include:

- **Equities** - a company's share price will be affected by, for example their published and forecast sales and profits.
- **Bonds** - a bond's value may be affected by credit rating changes of the issuer and the time left to maturity.
- **Property** - commercial property values may be affected by location, ground and environmental conditions, construction standards, energy efficiency/sustainability credentials, financial strength of the tenants, income profile and the occupational lease terms.
- **Deposits** - will be affected by changes in interest rates and defaults by the issuing institutions.
- The fund uses the combination of asset class indices referenced above as a comparator benchmark. As the fund is actively managed, its performance and volatility will be different to the comparator benchmark.

What could affect my return positively?

- Favourable conditions usually leading to higher returns include a combination of strong economic growth, low interest rates, low inflation and the ability of the investment manager to select the right amount of each asset class to invest in and to buy or hold investments that grow in value.

What could affect my return negatively?

- Unfavourable conditions likely to lead to lower returns or investment loss include a combination of low economic growth or recession, high interest rates, high inflation, and decisions by the investment manager regarding the type and amount of each asset class to invest in and to buy or hold investments that do not grow in value.

- If you cash in your investment in severely unfavourable market conditions, the value of your investment is likely to have reduced significantly and you may lose some or all of your investment.

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

The fund's assets are held for the benefit of investors by HSBC Bank plc (the depositary). They are held separately from the ACS manager's assets. If the ACS manager becomes insolvent (cannot afford to pay amounts it owes when they are due), the fund's assets will not be affected. However, the fund could suffer a loss if the depositary, or its delegates, become insolvent.

If the ACS manager cannot meet its obligations (for example, because it has stopped trading), investors in unit class 3 of the fund may be eligible to claim up to £85,000 in compensation from the Financial Services Compensation Scheme (FSCS). For more information about the Financial Services Compensation Scheme please go to www.fscs.org.uk or phone **0800 678 1100**.

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	£144	£368	£592
Impact on return (RIY) per year	1.44%	1.23%	1.18%

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	0.19% (see note 1 below)	The impact of the costs you pay when entering your investment.
Exit costs	0.13% (see note 1 below)	The impact of the costs you pay when exiting your investment.
Ongoing costs		
Portfolio transaction costs	0.21% (see note 2 below)	The impact of the costs of us buying and selling underlying investments for the product.
Other ongoing costs	0.91% (see note 2 below)	The impact of the costs that we take each year for managing your investments including custody costs.
Incidental costs		
Performance fees	Does not apply	The impact of performance fees on your investment.
Carried interests	Does not apply	The impact of carried interests on your investment.

Note 1: 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 suffered by the fund when it buys or sells underlying investments. The dilution levy is subject to review and change.

Note 2: This figure is calculated from annualised past data. The actual costs may be different.

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 who intend to leave their money invested for three to five years or longer. This reflects the investment objective of the fund and the strategies the ACS manager is likely to use. However, there is no minimum holding period and you can ask to cash in your units on any dealing day without having to pay a penalty.

The fund deals on each business day. If you want to cash in your units, the ACS manager must receive your request no later than 12pm on the dealing day. There is a minimum withdrawal amount of £25,000.

How can I complain?

If you have a complaint about how the fund is managed or marketed, please write to The Compliance Officer, CCLA, One Angel Lane, London EC4R 3AB.

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

If you have a complaint about advice you received on investing in the fund, you should contact the person who gave you the advice.

Other relevant information

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

Income units only are available for investment.

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

The minimum initial investment and holding in the fund is £1,000,000. The minimum amount for further investment is £25,000.

We have not considered whether this investment product is suitable or appropriate for you and your attitude to risk. To make sure you understand whether our product is suitable, please read the prospectus for the fund, which is available on the ACS manager's website or you can ask for a copy from client services.

Unit class 3 of the fund is reserved for charities in England and Wales within the meaning of Section 1(1) of the Charities Act 2011, or 'appropriate bodies' within the meaning of Section 97(3) of the Charities Act 2011 (as amended). Details of other unit classes are available in the prospectus. To find out if you are eligible, please contact client services by calling **0800 022 3505** or emailing clientservices@ccla.co.uk.

This Key Information Document is updated at least every 12 months.