

# Understanding our fund costs and charges

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

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

## What is the ongoing charges figure?

The ongoing charges figure (OCF) is a way of measuring the total effect of a number of these charges. It provides you with the most complete picture of the charges deducted from a fund.

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

## What is the fund management fee?

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

Specifically, the FMF consists of the following:

### Annual management charge (AMC)

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

### Value added tax (VAT)

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

Our common investment funds, which are only available to UK charity investors, enjoy some tax benefits, such as no stamp duty and special tax status on United States dividends.

The COIF and CBF funds are subject to VAT on the AMC. However, VAT is recoverable on our property funds.

The Diversified Income Fund and the Catholic Investment Fund are not subject to VAT.

### Other costs

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

- trustee/depositary who has legal ownership of the fund's assets
- external and independent auditor who verifies the fund's accounts

- custodian who is responsible for safeguarding the fund's assets
- legal and professional advisers appointed.

## Cost of underlying investments

Some of our funds invest in specialist funds to obtain a greater level of diversification. This strategy allows investors to gain exposure to asset classes and investment types that they might otherwise be unable to access. These may include external funds and investments such as investment trusts and limited liability partnerships (LLPs).

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

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

### Fund management fee



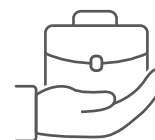
Annual management charge (AMC)  
Value added tax (VAT), if applicable  
Trustee/depositary, custody  
and audit fees and expenses  
Payments to legal and  
professional advisers

### Cost of underlying investments (when investing in other funds)



Cost of holding other  
underlying funds and investments,  
such as investment trusts and  
limited liability partnerships

### Ongoing charges figure



The OCF covers the actual  
day-to-day costs of running  
a fund. This is the total charge  
you'll pay over a year for as long  
as you hold your investment.

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

#### Performance fees

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

#### Entry and exit charges

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

The dilution levy applied to the Diversified Income Fund has the same effect as the spread, and in the case of the Catholic Investment Fund, which is priced using a single swinging price, a dilution adjustment may be imposed for the protection of existing unitholders.

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

#### Portfolio transaction costs

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

Some transaction costs are explicit and some are implicit:

##### *Explicit costs*

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

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

##### *Implicit costs*

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

An example of such a cost would be where a large trade is placed at a price different from expected. Asset managers must calculate the difference between the price at which the asset is valued immediately before an order is placed and the price at which it is actually traded. As such implicit

costs represent the bid-offer spreads in asset markets and the efficacy of dealing in those assets.

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

#### How are fees charged?

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

The AMC is accrued daily or monthly depending on the fund, and is based on a fixed percentage of the value of the fund at the previous valuation.

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

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

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

# Costs and charges for our funds

July 2021	Annual management charge (AMC)	Value added tax (VAT)	Other costs	Fund management fee (FMF) <sup>1</sup>	Cost of underlying investments (when investing in other funds) <sup>2</sup>	Ongoing charges figure (OCF)	Portfolio transaction costs <sup>3</sup>
<b>Multi-asset funds</b>							
Catholic Investment Fund	0.60%	0.00%	0.05%	<b>0.65%</b>	0.26%	<b>0.91%</b>	0.26%
COIF Charities Investment Fund <sup>4</sup>	0.60%	0.12%	0.02%	<b>0.74%</b>	0.26%	<b>1.00%</b>	0.26%
COIF Charities Ethical Investment Fund <sup>4</sup>	0.60%	0.12%	0.02%	<b>0.74%</b>	0.26%	<b>1.00%</b>	0.26%
CBF Church of England Investment Fund <sup>4</sup>	0.55%	0.11%	0.02%	<b>0.68%</b>	0.22%	<b>0.90%</b>	0.26%
Diversified Income Fund	0.60%	0.00%	0.04%	<b>0.64%</b>	0.59%	<b>1.23%</b>	0.28%
<b>Equity funds</b>							
COIF Charities Global Equity Fund <sup>4</sup>	0.75%	0.15%	0.05%	<b>0.95%</b>	0.00%	<b>0.95%</b>	0.19%
CBF Church of England Global Equity Fund <sup>4</sup>	0.75%	0.15%	0.05%	<b>0.95%</b>	0.00%	<b>0.95%</b>	0.18%
CBF Church of England UK Equity Fund	0.50%	0.10%	0.06%	<b>0.66%</b>	0.06%	<b>0.72%</b>	0.13%
<b>Fixed interest funds</b>							
COIF Charities Fixed Interest Fund	0.22%	0.04%	0.05%	<b>0.31%</b>	0.00%	<b>0.31%</b>	0.00%
CBF Church of England Fixed Interest Fund	0.22%	0.04%	0.10%	<b>0.36%</b>	0.00%	<b>0.36%</b>	0.00%
<b>Property funds<sup>5</sup></b>							
COIF Charities Property Fund	0.65%	0.00%	0.04%	<b>0.69%</b>	0.00%	<b>0.69%</b>	0.88%
CBF Church of England Property Fund	0.65%	0.00%	0.00%	<b>0.65%</b>	0.00%	<b>0.65%</b>	0.88%
Local Authorities Property Fund	0.65%	0.00%	0.23%	<b>0.88%</b>	0.00%	<b>0.88%</b>	0.31%
<b>Cash funds</b>							
COIF Charities Deposit Fund <sup>6</sup>	0.20%	0.04%	0.01%	<b>0.25%</b>	0.00%	<b>0.25%</b>	0.00%
CBF Church of England Deposit Fund <sup>6</sup>	0.20%	0.04%	0.01%	<b>0.25%</b>	0.00%	<b>0.25%</b>	0.00%
Public Sector Deposit Fund	0.05%	0.00%	0.01%	<b>0.06%</b>	0.00%	<b>0.06%</b>	0.00%

1 The fund management fee (FMF) includes CCLA's annual management charge (AMC), trustee/depository costs, audit, custody, legal and professional, and may include other charges such as Fitch Rating fees if applicable.

2 The underlying investment costs are the pro-rata amount of charges of relevant underlying investments (e.g. funds, LLPs).

3 Portfolio transaction costs include direct fund transaction costs (such as commissions/taxes and market impact/slippage) plus the pro-rata amount of portfolio transaction costs of relevant underlying investments (e.g. funds, LLPs).

4 CCLA reclaims a portion of the VAT charge shown for this fund. The amount reclaimed will vary from period to period and be a function of portfolio composition and activity. Any VAT reclaim will reduce the costs chargeable to the fund.

5 VAT charged to the property funds is recoverable.

6 With effect from 5 January 2021 and until further notice, the AMC has been temporarily reduced by 0.05% (from 0.20% p.a. to 0.15% p.a.). The reduction is implemented by means of a rebate from CCLA to the funds. This temporary measure is expected to remain for an initial period of at least six months. Depositors will receive advance notice of any reversion to 0.20%.

## Disclaimer

This document is not a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. To ensure you understand whether a CCLA product is suitable, please read the relevant fund's key information document and the prospectus or scheme particulars as appropriate.

Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Any forward looking statements are based upon CCLA's current opinions, expectations and projections. CCLA undertakes no obligations to update or revise these. Actual results could differ materially from those anticipated.

CCLA Investment Management Limited (registered in England & Wales No. 2183088 at Senator House, 85 Queen Victoria Street, London, EC4V 4ET) is authorised and regulated by the Financial Conduct Authority.

## WANT TO KNOW MORE?

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# CCLA

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