

10 SEP 2021

## Fitch Affirms 3 CCLA Funds

Fitch Ratings - London - 10 Sep 2021: Fitch Ratings has affirmed two CCLA short-term money market funds (ST MMFs), CCLA - COIF Charities Deposit Fund (COIF) and CCLA Public Sector Investment Fund - The Public Sector Deposit Fund (PSDF), at 'AAAmf'.

Fitch has also affirmed CCLA - CBF Church of England Deposit Fund's (CBF) ratings at Fund Credit Quality 'AAAF' and Fund Market Risk Sensitivity 'S1'.

The funds are managed by CCLA Investment Management Limited (CCLA).

### KEY RATING DRIVERS

The affirmations are driven by the stability of the funds' credit, market and liquidity risk profiles since the last reviews of CBF in October 2020 and the ST MMFs in November 2020. The ratings are also driven by the funds' key risk metrics, which are all within Fitch's ranges for their current ratings.

#### Credit Quality

The ST MMFs' portfolio credit factors (PCFs), Fitch's proprietary measure of MMF portfolio credit quality, met the 'AAAmf' rating criterion of 1.5 or less throughout the review period from end-November 2020 to end-August 2021.

The weighted average credit quality of CBF is very high, as indicated by its weighted average rating factor (WARF) of 0.2 as at end-August 2021, within the 'AAAF' range of 0.0 - 0.3. The fund invests in securities with a minimum 'A-' rating.

#### Liquidity Risk

The ST MMFs had at least 10% of total assets in securities offering daily liquidity and at least 30% of total assets in securities providing weekly liquidity, consistent with the 'AAAmf' rating range, throughout the review period.

Overnight liquidity, as defined by Fitch, was 43% and 50%, and one-week liquidity was 48% and 53%, respectively, for COIF and PSDF as of 31 August 2021.

#### Market Risk

The ST MMFs' weighted average maturity (WAM) and weighted average life (WAL) were below 60 days and 120 days (the 'AAAmf' rating range), respectively, throughout the review period.

CBF has a very low exposure to interest-rate and spread risks. Its weighted average life to final maturity date (which measures sensitivity to spread risk) was approximately 89 days, resulting in a market risk factor (MRF) of 0.3; well within the 'S1' Fund Market Risk Sensitivity Rating range of 0-2 as of end-August 2021. Interest-rate risk is managed with an asset duration limited to one year. The fund does not use any leverage or have any foreign-currency exposures.

#### Fund Profiles

Fitch views the legal and regulatory frameworks of the funds satisfactory.

COIF is a common deposit fund, governed by the Charities Act 2011 (as amended) and authorised by the Charity Commission. It is managed as an alternative investment fund and falls under the alternative investment fund managers directive (AIFMD) legislation as defined in the scheme particulars. The fund is authorised and supervised in the UK by the Financial Conduct Authority as a short-term low volatility net asset value MMF as defined in EU Money Market Fund Regulation 2017/1131.

PSDF is a sub-fund of the umbrella fund, CCLA Public Sector Investment Fund, which is an open-ended investment company that falls under the UCITS directive. The fund is authorised and supervised in the UK by the Financial Conduct Authority as a low volatility net asset value MMF as defined in Regulation (EU) Money Market Fund 2017/1131.

CCLA - CBF Church of England Deposit Fund is a deposit fund established under the Church Funds Investment Measure 1958 (as amended). The fund is not a Collective Investment Scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA) and is not regulated by the FCA or other regulatory bodies under FSMA. The fund is entitled to charitable status by virtue of section 103(4) of the Charities Act 2011.

The funds had, respectively, total assets under management (AUM) of approximately GBP1.4 billion (COIF), GBP1.5 billion (PSDF) and GBP750 million (CBF) as of end-August 2021.

### INVESTMENT MANAGER

CCLA is a UK-based fund management group offering a range of fund products. CCLA is jointly owned by CCLA Executive Directors, The CBF Church of England Investment Fund, The COIF Charities Investment Fund and The Local Authorities' Mutual Investment Trust. An independent operational risk, internal audit and compliance team maintains oversight of the fund's operations. At as end-March 2021, CCLA managed approximately GBP12.5 billion of assets. Fitch deems CCLA suitably qualified, competent and capable of managing the rated fund.

### RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The ST MMFs and CBF are rated at the highest possible rating level and therefore cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

Fitch's stress testing shows that the ratings are robust at their current levels. However, material negative credit developments (downgrades) in underlying portfolio holdings and /or material unexpected and short-term redemptions could negatively affect the funds' rating profiles, potentially leading to downgrades.

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#### Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
CCLA - COIF Charities Deposit Fund	MMF	AAAmf	Affirmed	AAAmf
CCLA Public Sector Investment Fund - The Public Sector Deposit Fund	MMF	AAAmf	Affirmed	AAAmf
CCLA - CBF Church of England Deposit Fund	Fund Cr Qual Rtg	AAAf	Affirmed	AAAf
	Sensitivity	S1	Affirmed	S1

#### RATINGS KEY OUTLOOK WATCH

**POSITIVE**      ⊕      ◇

**NEGATIVE**      ⊖      ◇

**EVOLVING**      ◉      ◆

**STABLE**      ○

#### Applicable Criteria

[Bond Fund Rating Criteria \(pub.22 Jul 2019\)](#)

## Money Market Fund Rating Criteria (pub.22 Apr 2020)

### Additional Disclosures

[Solicitation Status](#)

[Endorsement Status](#)

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