

COIF CHARITIES GLOBAL EQUITY INCOME FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 December 2017

**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 2017

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Global Equity Income 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 30 October 2007 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by written resolutions of the trustees of the Fund dated 21 July 2014, 22 July 2014 and 5 December 2015. The Fund is managed by the Manager as an unregulated collective investment scheme and as an alternative investment fund in accordance with the FCA 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 authorised by the FCA 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, obtaining Charity Commission orders for the appointment and discharge of the Manager and Depositary, 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, Depositary and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 1993 (amended Charities Act 2011).

### Investment objective

The Fund aims to provide a high level of income with long-term capital growth.

### Investment policy

The Fund is an actively managed, diversified portfolio of global equities. It will principally invest in UK and overseas equities, but may also invest in other assets.

**REPORT OF THE BOARD**

for the year ended 31 December 2017

**Benchmark**

MSCI™ World Index is the benchmark for the Fund.

**Distribution Policy**

From 1 January 2018, the Fund will have the capacity to make distributions from capital.

**Suitability**

The Fund is suitable for the long-term funds of any charity seeking a high income from investing in global equities.

**Review of investment activities and policies of the Fund**

The Board met quarterly during the year 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 monitored 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 these Financial Statements in the portfolio statement.

During the year, 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.

**Responsible investment and stewardship**

The Fund is managed in accordance with CCLA's responsible investment approach. This integrates environmental, social and governance issues into investment decision making and prioritises ongoing stewardship with investee companies. These activities are conducted with the aim of increasing the security of the Fund.

The Manager is a signatory to the United Nations backed Principles of Responsible Investment and the Financial Reporting Council's Stewardship Code. The most recent PRI Assessment and the full response to the Stewardship Code are available at <https://www.ccla.co.uk/our-approach/how-we-approach-stewardship-and-ethics>.

**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.

In this spirit, the Board has adopted an ethical investment policy which reflects client priorities researched by the Manager. The Fund avoids investing in companies involved in the production of weapons banned by international treaties (e.g. land mines and cluster bombs) or with significant business activity (defined as 33% of revenue) in the following areas: online gambling, production of pornography or tobacco.

**REPORT OF THE BOARD**

for the year ended 31 December 2017

We recognise that the ethical investment priorities of unitholders change over time. For this reason, the Fund's policy is reviewed every three years. Following an extensive client survey, the Board has agreed a number of small revisions to the ethical investment policy. These changes will:

- Refocus the existing investment restriction from companies who derive more than 33% of their revenue from tobacco to those involved in the production of tobacco products; and
- Tighten the definition of 'significant business activity' in online gambling and the production of pornography from 33% of revenue to 10% of revenue.

The changes will come into effect from 1 July 2018.

**Controls and risk management**

The Board receives and considers regular reports from the Manager. 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 year, the Board, assisted by the Manager, reviewed the Fund's systems of internal control. The Board receives from the Manager and reviews a formal risk management report setting out the main risks facing the Fund and the assessment of each risk after application of mitigating controls.

R Norris  
Chairman  
14 May 2018

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2017

#### Performance

The Fund achieved a gross total return of 11.05% before expenses over the year, compared to a return on the comparator of 11.80%. The return on an Income Unit after all costs and charges, was 9.99%, the comparable return on an Accumulation Unit was 10.00%. Income paid totalled 6.56p per Unit and was unchanged on the previous year. As at 31 December 2017, the income yield was 3.79%, which compares with a yield of 2.29% on a representative global equity index. To achieve a yield so far above that available on the international index the portfolio

has historically been required to maintain material biases toward countries, sectors or individual shares which provide a relatively high income and away from those offering a lower income. These constraints have had, over time and in the year under review, a material influence on both absolute and relative returns. From the start of 2018 these factors will cease to influence fund structure as the Fund is adopting a total return approach to income distributions. For more information, please refer to the Strategy section of the Investment Managers Report.

#### Annualised total capital and income return

To 31 December 2017	1 year %	3 years % p.a.	5 years % p.a.
<b>Performance against market indices (before expenses)</b>			
COIF Charities Global Equity Income Fund	11.05	11.07	12.13
Comparator <sup>#</sup>	11.80	14.14	16.07
MSCI UK World	12.34	15.19	16.45
MSCI UK Investable Market Index	13.07	9.95	9.99
<b>Performance after expenses</b>			
Income units*	9.99	10.00	11.02
Accumulation units*	10.00	10.06	11.05

<sup>#</sup> Comparator – From 01.01.16 MSCI £ World. To 31.12.15 MSCI World (50% currency hedged) & to 31.12.11 FTSE All-Share Index.

\* Mid to mid plus income re-invested.

Source: CCLA.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2017

### Economic and Investment Market Review

The uptrend in world economic activity strengthened and broadened in 2017 and by the end of the year a synchronised upturn was in place which embraced, for the first time in a decade, all the major economies. The US and Japanese economies grew at a pace above their long-term trend rate and there was an encouraging acceleration of activity in Europe. Headline inflation remained subdued despite high levels of capacity utilisation and a rally in the oil price in the second half of the year. However, although the pace of price increase remained moderate, there were moves by governments to normalise monetary policy. Quantitative easing programmes were reduced in Europe and the US and interest rates were increased in the US and UK.

Equity investors enjoyed strong returns over the year, although for a Sterling based investor those from the US and Japan were reduced by the strength of the currency. Investment markets began the year strongly, anticipating the improved pace of economic expansion. Cash flows available for investment remained substantial and buying supported prices on any set-back. One result of this was that volatility remained low throughout this year. Of the major regional markets, Asia ex Japan was clearly the best performer, with a total return of 23.37%. Europe returned 17.21%, Japan 14.44% and the US 11.37%. There were some very strong performances by individual markets. In Asia, South Korea returned 35.65% and China 32.84%, but India, Hong Kong, Singapore and

Thailand also each gave returns of over 20%. In Europe, Austria returned most, at 44.49%, but four other countries achieved 20% plus performances. The UK market improved, but not at a pace to match the best performers overseas. The return on the UK index was 13.07%. For most of the year, the best sector returns came from those companies most able to provide consistent growth. In the final weeks, however, there was a sharp rally in some of the more cyclical areas, particularly energy and resources.

### Strategy

The objective of the Fund is to provide a high level of income with capital growth over the long term. There is no pre-determined allocation to any country or sector, instead companies are selected on their perceived merits and fit to the overall strategy. This approach, together with the high-income target, has historically meant that the portfolio has had a different structure from a conventional, market capitalisation – based index. From 1 January 2018 however, the Fund will adopt a total return strategy to income which will allow the payment to investors to be sourced both from income receipts and from sustainable capital gains. This is an important change in approach which will reduce the requirement to maintain a strong income focus to the holdings and so broaden the range of opportunities available to the Fund Manager.

The Charity Commission have confirmed that investors will continue to be able to account for the payments they receive wholly as income.

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**REPORT OF THE INVESTMENT MANAGER**  
for the year ended 31 December 2017

**Outlook**

The current growth in the world economy is expected to continue through 2018. Gradually this will bring pressures on supply, both through capacity and the labour availability; already the US, UK, Germany and Japan are at or close to full employment levels. In time, this will begin to put upward pressure on prices and prompt central banks to push forward the adjustment of monetary policy, reducing quantitative easing and moving interest rates higher. Against history, equity valuations are quite high, but we view current levels as sustainable as long as profits continue to advance – as they are likely to do in 2018. As ever, there is ample scope for surprise, not least from the Brexit negotiations. At the higher levels of markets these are likely to lead to bouts of volatility, but overall we are hopeful of positive returns for the year.

J Bevan  
Chief Investment Officer  
CCLA Fund Managers Limited  
14 May 2018

REPORT OF THE INVESTMENT MANAGER  
for the year ended 31 December 2017

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
<b>Purchases:</b>		<b>Sales:</b>	
Apple	2,803	GlaxoSmithKline	3,900
Alphabet	2,652	General Electric	3,842
London Stock Exchange	2,294	Cisco Systems	2,987
UnitedHealth Group	2,274	AstraZeneca	2,625
Amazon	2,223	Royal Dutch Shell B	2,620
Honeywell International	2,223	Toronto-Dominion Bank	2,339
Kao	2,206	Novartis	2,279
Medtronic	2,188	Direct Line Insurance	2,115
Stryker	2,176	Pennon	2,050
Thermo Fisher Scientific	2,155	Qualcomm	2,030

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

**Risk warning**

The Fund's units and the revenue from them can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns.

The Fund may invest in emerging market countries which could be subject to political and economic change. The Fund's unit value will reflect fluctuations in securities' prices and currency exchange rates.

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. They are realisable only on each weekly dealing day.

**REPORT OF THE DEPOSITARY**  
for the year ended 31 December 2017

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 Company and as required by the AIFMD.

HSBC Bank plc  
Trustee and Depositary Services  
8 Canada Square  
London E14 5HQ

HSBC Bank plc is authorised and regulated by  
the Financial Conduct Authority  
14 May 2018

## INDEPENDENT AUDITORS' REPORT

to the Trustees of COIF Charities Global Equity Income Fund

**Report on the audit of the financial statements***Opinion*

In our opinion, COIF Charities Global EquityFund's financial statements (the "financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), and the Statement of Recommended Practice for UK Authorised Funds; and
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of total return; the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

*Conclusions relating to going concern*

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT****to the Trustees of COIF Charities Global Equity Income Fund**

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to charity's ability to continue as a going concern.

***Reporting on other information***

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

***Reporting required by the Charities Act 2011***

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

***Responsibilities for the financial statements and the audit***

*Responsibilities of the Manager for the financial statements*  
As explained more fully in the *Statement of Board, Depositary and Manager Responsibilities* set out on page 45, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT****to the Trustees of COIF Charities Global Equity Income Fund**

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.

*Auditors' 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 auditors' 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting***Charities Act 2011 exception reporting*

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

INDEPENDENT AUDITORS' REPORT  
to the Trustees of COIF Charities Global Equity Income Fund

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London  
Riverside  
London  
14 May 2018

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

## RISK AND REWARD PROFILE

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank, the greater the potential reward, but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.



The Fund is ranked 6 because funds of this type have experienced above average rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases.

The risk and reward disclosures above are based upon categories of risk which were required to be disclosed as at 31 December 2017, the reporting date of these financial statements. From 1 January 2018, new measures of the categories of risk are in force, with the result that the risk disclosures currently available for the Fund in the Key Information Document are not on a comparable basis to the disclosures above.

For further risk information please see the Scheme Particulars, available on the Manager's website at [www.ccla.co.uk](http://www.ccla.co.uk).

## COMPARATIVE TABLE

## Change in net assets per unit

	Year to 31.12.2017 pence per unit	Income units Year to 31.12.2016 pence per unit	Year to 31.12.2015 pence per unit
Opening net asset value per unit	163.28	145.51	147.00
Return before operating charges*	17.82	25.82	6.50
Operating charges	(1.62)	(1.49)	(1.43)
Return after operating charges*	16.20	24.33	5.07
Distributions on income units	(6.56)	(6.56)	(6.56)
Closing net asset value per unit	172.92	163.28	145.51
* after direct transaction costs of (pence per unit):	0.21	0.13	0.13

## Performance

Return after charges	9.92%	16.72%	3.45%
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## Other information

Closing net asset value (£'000)	149,985	137,704	114,457
Closing number of units	86,736,050	84,335,224	78,659,176
Operating charges**	0.95%	0.97%	0.97%
Direct transaction costs	0.13%	0.08%	0.09%

## Prices (pence per unit)

Highest unit price (offer)	176.46	167.86	160.49
Lowest unit price (bid)	160.27	132.89	137.55

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 differs from the Fund's performance disclosed in the Report of the Investment Manager.

\*\* Operating charges comprise the Manager's periodic 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.

## COMPARATIVE TABLE

## Change in net assets per unit

	Accumulation units		
	Year to 31.12.2017 pence per unit	Year to 31.12.2016 pence per unit	Year to 31.12.2015 pence per unit
Opening net asset value per unit	254.55	217.41	209.99
Return before operating charges*	28.18	39.41	9.61
Operating charges	(2.56)	(2.27)	(2.19)
Return after operating charges*	25.62	37.14	7.42
Distributions on accumulation units	(9.30)	(10.41)	(9.75)
Retained distributions on accumulation units	9.30	10.41	9.75
Closing net asset value per unit	280.17	254.55	217.41
* after direct transaction costs of (pence per unit):	0.34	0.20	0.19

## Performance

Return after charges	10.06%	17.08%	3.53%
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## Other information

Closing net asset value (£'000)	5,031	5,723	6,406
Closing number of units	1,795,499	2,248,299	2,946,653
Operating charges**	0.95%	0.97%	0.97%
Direct transaction costs	0.13%	0.08%	0.09%

## Prices (pence per unit)

Highest unit price (offer)	283.23	259.92	232.16
Lowest unit price (bid)	249.85	198.58	202.96

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 differs from the Fund's performance disclosed in the Report of the Investment Manager.

\*\* Operating charges comprise the Manager's periodic 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.

## OPERATING CHARGES ANALYSIS

for the year ended 31 December 2017

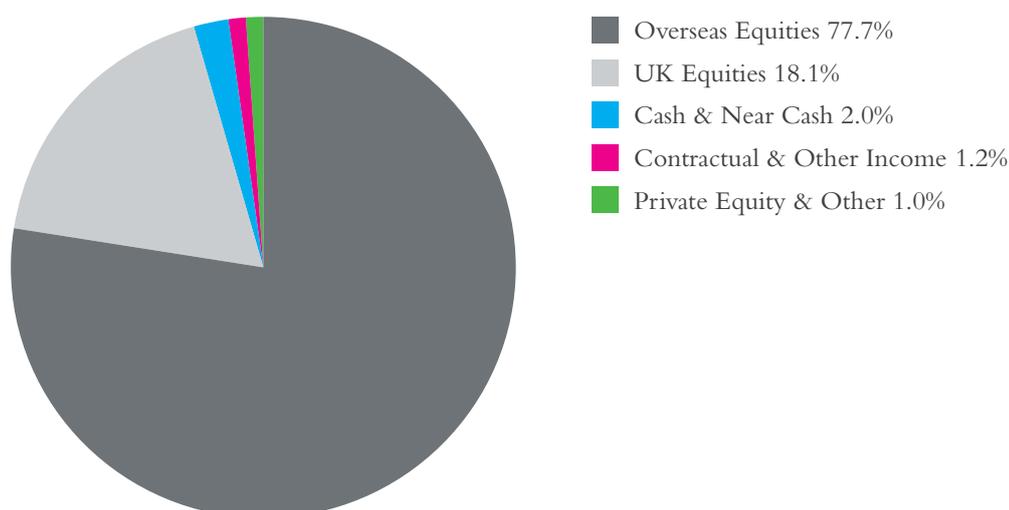
The table below analyses expenses in Note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets. These percentages are also shown in total in the comparative tables.

	31.12.2017	31.12.2016
	%	%
Manager's periodic charge including VAT	0.90	0.90
Manager's fee for ethical services	0.01	0.02
Safe custody fees and depositary fee	0.02	0.03
Other expenses	0.02	0.02
<b>Total operating charges</b>	<b>0.95</b>	<b>0.97</b>

## PORTFOLIO ANALYSIS

at 31 December 2017

## Portfolio Allocation

Breakdown of Overseas Equities  
by Geography

North America	47.1%
Developed Europe	17.8%
Asia Pacific ex-Japan	7.8%
Japan	4.3%
Other Americas	0.7%
	<b>77.7%</b>

## Breakdown of Equities by Sector

Financials	18.3%
Information Technology	17.0%
Consumer Staples	14.0%
Industrials	11.8%
Consumer Discretionary	11.6%
Health Care	11.1%
Materials	4.4%
Utilities	1.9%
Telecommunication Services	1.9%
Property	1.9%
Energy	1.9%
	<b>95.8%</b>

The portfolio analyses above are consistent with the Fund's factsheets, which differ from the following portfolio statement because prices used here are mid-market rather than bid.

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>UNITED KINGDOM 18.06% (31.12.16, 29.49%)</b>			
<b>Consumer Discretionary 1.77% (31.12.16, 1.99%)</b>			
Compass	95,734	1,532	0.99
InterContinental Hotels	25,570	1,206	0.78
<b>Consumer Staples 5.16% (31.12.2016, 3.61%)</b>			
Diageo	83,562	2,273	1.47
Reckitt Benckiser	26,294	1,819	1.17
Unilever	94,752	3,908	2.52
<b>Energy 0.80% (31.12.2016, 2.69%)</b>			
Royal Dutch Shell B	49,726	1,245	0.80
<b>Financials 4.53% (31.12.2016, 6.77%)</b>			
HSBC	202,603	1,552	1.00
London Stock Exchange	60,326	2,284	1.47
Prudential	167,572	3,189	2.06
<b>Health Care 0.51% (31.12.2016, 4.99%)</b>			
Genus	31,349	793	0.51
<b>Industrials 1.88% (31.12.2016, 1.06%)</b>			
Experian	112,900	1,846	1.19
Ferguson	19,908	1,061	0.69
<b>Materials 2.39% (31.12.2016, 1.13%)</b>			
Croda International	47,012	2,079	1.34
DS Smith	315,493	1,633	1.05
<b>Real Estate 0.00% (31.12.16, 0.84%)</b>			
<b>Telecommunication Services 1.02% (31.12.2016, 2.43%)</b>			
Vodafone	670,467	1,575	1.02
<b>Utilities 0.00% (31.12.2016, 3.98%)</b>			

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>OVERSEAS EQUITIES 77.74% (31.12.2016, 64.34%)</b>			
<b>DEVELOPED EUROPE 17.83% (31.12.2016, 23.17%)</b>			
<b>Consumer Discretionary 1.81% (31.12.2016, 1.92%)</b>			
LVMH	7,748	1,688	1.09
Valeo	20,309	1,120	0.72
<b>Consumer Staples 3.50% (31.12.2016, 5.12%)</b>			
Anheuser Busch	22,423	1,850	1.19
L'Oreal	8,788	1,443	0.93
Nestlé	33,620	2,136	1.38
<b>Financials 3.39% (31.12.2016, 5.44%)</b>			
Danske Bank	51,985	1,496	0.97
Deutsche Boerse	24,274	2,088	1.35
ING Groep	121,471	1,652	1.07
<b>Health Care 2.00% (31.12.2016, 3.01%)</b>			
DiaSorin	13,514	886	0.57
Roche Holding	7,771	1,453	0.94
Sartorius Stedim Biotech	14,313	763	0.49
<b>Industrials 5.20% (31.12.2016, 2.91%)</b>			
Assa Abloy	69,968	1,076	0.69
Deutsche Post	31,993	1,130	0.73
Legrand	26,319	1,496	0.97
RELX	166,056	2,818	1.82
SGS Surveillance	795	1,529	0.99
<b>Information Technology 0.90% (31.12.2016, 1.24%)</b>			
SAP	16,908	1,400	0.90
<b>Materials 1.03% (31.12.2016, 0.97%)</b>			
Givaudan	936	1,598	1.03
<b>Real Estate 0.00% (31.12.2016, 1.82%)</b>			
<b>Telecommunication Services 0.00% (31.12.2016, 0.74%)</b>			

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>NORTH AMERICA 47.13% (31.12.2016, 27.64%)</b>			
<b>Consumer Discretionary 4.94% (31.12.2016, 1.77%)</b>			
Amazon.com	2,535	2,192	1.41
Home Depot	11,080	1,554	1.00
Starbucks	14,797	628	0.41
The Priceline Group	1,382	1,775	1.15
Walt Disney	18,918	1,507	0.97
<b>Consumer Staples 2.91% (31.12.2016, 2.56%)</b>			
Colgate-Palmolive	27,727	1,548	1.00
Pepsico	16,665	1,477	0.95
Procter & Gamble	21,883	1,489	0.96
<b>Energy 1.06% (31.12.2016, 2.71%)</b>			
Chevron	17,658	1,637	1.06
<b>Financials 9.24% (31.12.2016, 5.49%)</b>			
Bank of America	94,918	2,072	1.34
Blackstone	62,126	1,471	0.95
Chicago Mercantile Exchange	27,900	3,013	1.94
Citigroup	13,857	762	0.49
JP Morgan Chase	45,597	3,613	2.33
S&P Global	17,696	2,217	1.43
Schwab (Charles)	31,126	1,182	0.76
<b>Health Care 7.63% (31.12.2016, 2.69%)</b>			
Medtronic	35,587	2,125	1.37
Pfizer	54,571	1,462	0.94
Stryker	18,838	2,158	1.39
Thermo Fisher Scientific	14,949	2,100	1.35
UnitedHealth Group	13,577	2,216	1.43
Zoetis	33,433	1,782	1.15
<b>Industrials 3.83% (31.12.2016, 3.85%)</b>			
3M Company	12,454	2,171	1.40
Honeywell International	19,210	2,182	1.41
Rockwell Automation	10,921	1,586	1.02

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>Information Technology 12.79% (31.12.2016, 6.24%)</b>			
Accenture	17,672	2,000	1.29
Alphabet	3,467	2,682	1.73
Apple	22,608	2,829	1.82
FaceBook	11,361	1,482	0.96
Mastercard	17,009	1,909	1.23
Microsoft	71,304	4,511	2.91
PayPal	12,578	685	0.44
Texas Instruments	28,392	2,192	1.41
Visa A	18,331	1,548	1.00
<b>Materials 0.93% (31.12.2016, 0.00%)</b>			
Ecolab	14,573	1,446	0.93
<b>Real Estate 1.87% (31.12.2016, 0.61%)</b>			
Alexandria	15,486	1,495	0.97
Prologis	29,335	1,399	0.90
<b>Telecommunication Services 0.00% (31.12.2016, 1.06%)</b>			
<b>Utilities 1.93% (31.12.2016, 0.66%)</b>			
Brookfield Infrastructure Partners	47,644	1,578	1.02
Duke Energy	22,673	1,410	0.91
<b>OTHER AMERICAS 0.69% (31.12.2016, 1.00%)</b>			
<b>Consumer Staples 0.69% (31.12.2016, 1.00%)</b>			
Ambev	226,600	1,074	0.69
<b>JAPAN 4.34% (31.12.2016, 1.48%)</b>			
<b>Consumer Discretionary 0.53% (31.12.2016, 0.94%)</b>			
Koito Manufacturing	15,800	819	0.53
<b>Consumer Staples 1.43% (31.12.2016, 0.00%)</b>			
Kao	44,200	2,209	1.43
<b>Industrials 0.88% (31.12.2016, 0.00%)</b>			
FANUC	7,700	1,367	0.88

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>Information Technology 0.64% (31.12.2016, 0.00%)</b>			
Keyence	2,400	994	0.64
<b>Real Estate 0.00% (31.12.2016, 0.54%)</b>			
<b>Telecommunication Services 0.86% (31.12.2016, 0.00%)</b>			
KDDI	72,500	1,334	0.86
<b>ASIA PACIFIC EX JAPAN 7.75% (31.12.2016, 9.98%)</b>			
<b>Consumer Discretionary 2.54% (31.12.2016, 0.78%)</b>			
Anta Sports	511,000	1,713	1.11
Samsonite International	656,100	2,215	1.43
<b>Consumer Staples 0.31% (31.12.2016, 0.73%)</b>			
LG Household & Healthcare	589	483	0.31
<b>Financials 1.21% (31.12.2016, 0.00%)</b>			
AIA	298,400	1,879	1.21
<b>Health Care 0.99% (31.12.2016, 1.83%)</b>			
Sonic Healthcare	115,543	1,527	0.99
<b>Industrials 0.00% (31.12.2016, 0.72%)</b>			
<b>Information Technology 2.70% (31.12.2016, 4.39%)</b>			
Taiwan Semiconductor Manufacturing	94,275	2,764	1.78
Tencent Holdings	37,100	1,424	0.92
<b>Telecommunication Services 0.00% (31.12.2016, 1.53%)</b>			
<b>OTHER 0.00% (31.12.2016, 1.07%)</b>			
<b>Telecommunication Services 0.00% (31.12.2016, 1.07%)</b>			
<b>PRIVATE EQUITY &amp; OTHER 1.01% (31.12.2016, 1.06%)</b>			
Princess Private Equity	167,542	1,573	1.01

## PORTFOLIO STATEMENT

at 31 December 2017

	Holding	Fair value £'000	% of total net assets
<b>INFRASTRUCTURE &amp; OPERATING ASSETS</b> 0.00% (31.12.2016, 1.78%)			
<b>CONTRACTUAL &amp; OTHER INCOME</b> 1.21% (31.12.2016, 2.70%)			
Blackstone Mortgage Trust	78,801	1,874	1.21
<b>FORWARD CURRENCY CONTRACTS</b> 0.00% (31.12.2016, (0.02%))			
<b>INVESTMENT ASSETS</b>		151,951	98.02
<b>NET OTHER ASSETS</b>		3,065	1.98
<b>TOTAL NET ASSETS</b>		155,016	100.00

STATEMENT OF TOTAL RETURN  
for the year ended 31 December 2017

	Note	Year ended 31.12.2017		Year ended 31.12.2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		10,498		16,545
Revenue	3	5,864		6,393	
Expenses	4	(1,451)		(1,284)	
Net revenue before taxation		4,413		5,109	
Taxation	5	(511)		(418)	
Net revenue after taxation			3,902		4,691
<b>Total return before distributions</b>			<b>14,400</b>		<b>21,236</b>
Distributions	6		(5,855)		(5,653)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>8,545</b>		<b>15,583</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
for the year ended 31 December 2017

	Year ended 31.12.2017		Year ended 31.12.2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		143,427		120,863
Amounts receivable on issue of units	10,740		9,683	
Amounts payable on cancellation of units	(7,877)		(2,940)	
		2,863		6,743
Change in net assets attributable to unitholders from investment activities		8,545		15,583
Retained distributions on accumulation units		181		238
<b>Closing net assets attributable to unitholders</b>		<b>155,016</b>		<b>143,427</b>

The notes on pages 28 to 42 and the distribution tables on page 43 form part of these financial statements.

**BALANCE SHEET**  
at 31 December 2017

	<i>Note</i>	31.12.2017		31.12.2016	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			151,951		142,524
Current assets:					
Debtors	7	291		344	
Cash equivalents	8	3,628		1,088	
Cash and bank balances	8	734		861	
Total current assets			4,653		2,293
<b>Total assets</b>			<b>156,604</b>		<b>144,817</b>
<b>LIABILITIES</b>					
Investment liabilities			–		33
Creditors:					
Other creditors	9	166		412	
Distribution payable on income units		1,422		945	
Total creditors			1,588		1,357
<b>Total liabilities</b>			<b>1,588</b>		<b>1,390</b>
<b>Net assets attributable to unitholders</b>			<b>155,016</b>		<b>143,427</b>

The financial statements on pages 25 to 42 have been approved by the Board.

Approved on behalf of the Board  
14 May 2018

R Norris, Chairman

The notes on pages 28 to 42 and the distribution tables on page 43 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2017

#### 1. Accounting policies

##### *(a) Basis of preparation*

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association in May 2014, the Charities Act 2011, and in accordance with the Scheme and the Collective Investment Scheme Sourcebook. The financial statements have been prepared under the historical cost 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 changes in net assets.

##### *(b) Revenue recognition*

Dividends on ordinary stocks, including special dividends where appropriate, 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 bank deposits and interest on deposits in the COIF Charities Deposit Fund balances is accrued on a daily basis.

Dividends received from 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 years 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.

##### *(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. Amounts recognised as revenue form part of the distribution.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. Accounting policies (*continued*)*(e) Expenses*

During the year, the Manager's periodic charge, paid to the Manager, was taken to the capital of the Fund. The fee is based on a fixed percentage of the value of the Fund, 0.75% plus VAT. The Fund received a management fee rebate credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund during the year, where management fees were taken to revenue. On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. A fee for ethical services is also charged by the Manager. 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.

*(f) Distributions*

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10). Movements in the income reserve are therefore adjustments made to net revenue in determining the distribution.

From 1 January 2018, distributions can also be supported by the Fund's capital.

*(g) Basis of valuation*

Quoted investments, including investments with market observable prices, are valued at bid-market values, at the close of business on the last business day of the accounting period.

*(h) Foreign exchange*

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

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.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

1. Accounting policies (*continued*)

(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 gains

	31.12.2017 £'000	31.12.2016 £'000
The net capital gains during the year comprise:		
Unrealised (losses)/gains on non-derivative securities*	(5,228)	12,879
Realised gains on non-derivative securities*	15,606	4,432
Currency gains/(losses)	97	(22)
Unrealised gains/(losses) on forward currency contracts*	–	(32)
Realised gains/(losses) on forward currency contracts*	23	(712)
	10,498	16,545

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

3. Revenue

	31.12.2017 £'000	31.12.2016 £'000
Overseas dividends	3,991	3,828
UK dividends	1,808	2,448
Property income distributions	48	97
Interest on the COIF Charities Deposit Fund	6	12
Bank interest	3	4
Manager's periodic charge rebate*	8	4
	5,864	6,393

\* In the prior year this was disclosed as a negative expense, this has been reallocated to the income note in the current year.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

4. Expenses

	31.12.2017 £'000	31.12.2016 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	1,369	1,187
Manager's fee for ethical services	22	22
	1,391	1,209
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	18	22
Depositary fee	13	11
	31	33
Other expenses:		
Audit fee	12	17
Insurance fee	1	2
Other fees	16	23
	29	42
<b>Total expenses</b>	<b>1,451</b>	<b>1,284</b>

Audit fee net of VAT is £10,151 (31.12.2016, £9,855).

The above expenses include VAT where applicable.

\* This amount represents the rebate of management fees credited to the Fund's revenue for the Fund's deposit in the COIF Charities Deposit Fund where the management fees are charged to revenue.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

**5. Taxation**

The Fund has charitable status and is exempt from UK Income and Capital Gains pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue credited gross to shareholders 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.

	31.12.2017 £'000	31.12.2016 £'000
Overseas taxation suffered in the year	434	396
Overseas recoverable withholding tax written off in the year	77	22
<b>Total taxation</b>	<b>511</b>	<b>418</b>

**6. Distributions**

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

	31.12.2017 £'000	31.12.2016 £'000
31 March – interim distribution	1,500	1,501
30 June – interim distribution	1,487	1,818
30 September – interim distribution	1,450	1,388
31 December – final distribution	1,447	984
	<b>5,884</b>	<b>5,691</b>
Add: revenue deducted on cancellation of units	38	15
Deduct: revenue received on issue of units	(67)	(53)
<b>Net distribution for the year</b>	<b>5,855</b>	<b>5,653</b>
Net revenue after taxation for the year	3,902	4,691
Transfer from/(to) income reserve – see note 10	562	(247)
Manager's periodic charge – see note 1(e)	1,391	1,209
<b>Net distribution for the year</b>	<b>5,855</b>	<b>5,653</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

6. Distributions (*continued*)

Details of the distribution per unit are set out in the distribution tables on page 43.

The Manager's periodic charge is charged to capital, so this amount is added back in the table above to the net distribution for the year and deducted from capital.

There were no unclaimed distributions as at 31 December 2017 (31.12.2016, £nil).

7. Debtors

	31.12.2017 £'000	31.12.2016 £'000
Accrued revenue	279	339
Outstanding creations	12	5
	291	344

8. Cash and bank balances and Cash equivalents

	31.12.2017 £'000	31.12.2016 £'000
Cash equivalents: cash in the COIF Charities Deposit Fund	3,628	1,088
Cash and bank balances: cash at bank	734	861

9. Other creditors

	31.12.2017 £'000	31.12.2016 £'000
Amounts payable on cancellation of units	28	–
Purchases awaiting settlement	–	287
Accrued expenses	138	125
	166	412

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

**10. Income reserve**

The income reserve, accumulated out of revenue, is used to smooth fluctuations in the revenue received in the Fund. The income reserve is included in the total value of the Fund and is attributable to income unitholders.

	31.12.2017 £'000	31.12.2016 £'000
Income reserve at the start of the year	949	628
Equalisation of the income reserve	24	74
Transfer (from)/to income reserve	(562)	247
Income reserve at the end of the year	411	949

**11. 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 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.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

11. Financial instruments (continued)

*Market price risk (continued)*

At 31 December 2017, 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 £7,598,000 (31.12.2016, £7,125,000).

*Credit risk*

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager.

*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 unit holders 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 2017, 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 £1,242,000 (31.12.2016, £893,000).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

11. Financial instruments (continued)

*Currency risk (continued)*

The total foreign currency exposure at 31 December was:

Currency	31.12.2017			31.12.2016		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	–	1,526	1,526	–	6,705	6,705
Brazilian real	–	1,074	1,074	–	1,428	1,428
Canadian dollar	–	–	–	–	2,177	2,177
Danish krona	–	1,495	1,495	–	1,407	1,407
Euro	59	19,909	19,968	53	8,642	8,695
Hong Kong dollar	–	7,232	7,232	–	3,258	3,258
Israeli shekel	–	–	–	–	1,538	1,538
Japanese yen	14	6,723	6,737	–	2,128	2,128
New Zealand dollar	–	–	–	–	2,153	2,153
Norwegian krone	–	–	–	–	2,528	2,528
South Korean won	–	483	483	26	1,345	1,371
Swedish krona	–	1,076	1,076	–	3,136	3,136
Swiss franc	–	6,715	6,715	–	10,475	10,475
US dollar	213	77,723	77,936	(128)	42,467	42,339
<b>Total</b>	<b>286</b>	<b>123,956</b>	<b>124,242</b>	<b>(49)</b>	<b>89,387</b>	<b>89,338</b>

*Interest rate risk*

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund invests in preference shares classified as 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 following 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

## 11. Financial instruments (continued)

*Interest rate risk (continued)*

The total exposure at 31 December 2017 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	4,326	–	28,036	32,362
Euro	–	–	19,968	19,968
Japanese yen	–	–	6,737	6,737
US dollar	36	–	77,900	77,936
Other	–	–	19,601	19,601
<b>Total</b>	<b>4,362</b>	<b>–</b>	<b>152,242</b>	<b>156,604</b>

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	(1,588)	(1,588)
<b>Total</b>	<b>–</b>	<b>–</b>	<b>(1,588)</b>	<b>(1,588)</b>

The total exposure at 31 December 2016 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,943	–	53,216	55,159
Euro	–	–	8,728	8,728
Japanese yen	–	–	2,128	2,128
US dollar	6	–	42,620	42,626
Other	–	–	36,176	36,176
<b>Total</b>	<b>1,949</b>	<b>–</b>	<b>142,868</b>	<b>144,817</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

11. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	1,070	1,070
Euro	–	–	33	33
US dollar	–	–	287	287
Total	–	–	1,390	1,390

\* The floating rate financial assets of the Fund earn interest at rates based on either LIBOR or base rate.

All financial liabilities are due to be settled within one year or on demand.

The Fund held no derivatives relating to forward currency contracts as at 31 December 2017 (31.12.2016, (£32,324)).

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 December 2017 (31.12.2016, £nil).

13. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds. Mrs R Norris is a director of the Manager's parent company, CCLA Investment Management Limited (CCLA IM) and received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

14. Related party transactions

The Manager's periodic charge and fee for ethical and stewardship services are paid to the Manager, a related party to the Fund. The amounts incurred in respect of these charges are disclosed in note 4. An amount of £120,879 was due to the Manager at 31 December 2017 (31.12.2016, £109,567). There were no other transactions entered into with the Manager during the year.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

## 14. Related party transactions (continued)

At 31 December 2017 a cash balance of £3,627,780 (31.12.2016, £1,087,780) was held in the COIF Charities Deposit Fund. During the year, the Fund received interest of £6,330 (31.12.2016, £11,682) from the COIF Charities Deposit Fund.

During the year the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund, where the management fees were charged to revenue as disclosed in note 4.

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

## 15. Portfolio transaction costs

For the year ended 31 December 2017:

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	106,086	81	0.08	20	0.02	106,187
<b>Total</b>	<b>106,086</b>	<b>81</b>		<b>20</b>		<b>106,187</b>

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	107,097	(83)	0.08	(9)	0.01	107,005
<b>Total</b>	<b>107,097</b>	<b>(83)</b>		<b>(9)</b>		<b>107,005</b>

Commissions and taxes as a percentage of average net assets

Commissions 0.11%

Taxes 0.02%

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.12%.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017

15. Portfolio transaction costs (*continued*)

For the year ended 31 December 2016:

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	76,959	45	0.06	2	–	77,006
<b>Total</b>	<b>76,959</b>	<b>45</b>		<b>2</b>		<b>77,006</b>

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	70,450	(64)	0.09	(1)	–	70,385
Bond transactions	1,316	–	–	–	–	1,316
<b>Total</b>	<b>71,766</b>	<b>(64)</b>		<b>(1)</b>		<b>71,701</b>

Commissions and taxes as a percentage of average net assets

Commissions 0.08%

Taxes 0.00%

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.24%.

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 may be a dealing spread between the buying and selling prices of the underlying investments. Unlike equities, 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 2017

16. Unitholders' funds – reconciliation of units

	31.12.2017	
	Income units	Accumulation units
Opening number of units at beginning of year	84,335,224	2,248,299
Units issued in year	5,276,356	192,392
Units cancelled in year	(3,024,545)	(548,455)
Units converted in year	149,015	(96,737)
Closing number of units at end of year	86,736,050	1,795,499

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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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

Investments are held at fair value. An analysis of the valuation technique used to derive the 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 are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2017

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investment Assets	151,951	–	–	151,951
	151,951	–	–	151,951

For the year ended 31 December 2016

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investment Assets	142,524	–	–	142,524
Investment Liabilities	–	(33)	–	(33)
	142,524	(33)	–	142,491

For financial instruments which have quoted prices for identical instruments in active markets, the 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 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 2017

Period ended	Date paid/payable	Dividends paid/payable pence per unit	
		2017	2016
<b>Income units</b>			
31 March	31 May	1.64	1.77
30 June	31 August	1.64	2.09
30 September	30 November	1.64	1.58
31 December	28 February	1.64	1.12
		<b>6.56</b>	<b>6.56</b>
<b>Revenue accumulated</b>			
		pence per unit	
		2017	2016
<b>Accumulation units</b>			
31 March		3.26	2.79
30 June		2.86	3.59
30 September		1.79	2.29
31 December		1.39	1.74
		<b>9.30</b>	<b>10.41</b>

## STATEMENT OF BOARD, DEPOSITARY AND MANAGER RESPONSIBILITIES

**Responsibilities of the Board**

The Board shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993 (amended Charities Act 2011), dated 8 October 2009, for the Fund to:

- make and revise the written statement of the investment objectives of the Fund and ensure that details of such investment objectives will be included in the Scheme Particulars;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- make an annual report on the discharge of the Board's responsibilities;
- determine the rate of remuneration of the Depositary and the Manager in accordance with the Scheme and the Scheme Particulars;
- apply to the Commission for an order to discharge the Depositary from the provisions of the Scheme and an order to appoint a new Depositary of the provisions of the Scheme provided that any Board member who has any interests in the Depositary or the new Depositary 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
- inform the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Depositary or the Manager with the Scheme or the Scheme Particulars.

Under AIFMD the Board has acquired certain additional powers including:

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

## STATEMENT OF BOARD, 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;
- 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, DEPOSITARY AND MANAGER RESPONSIBILITIES

**Responsibilities of the Manager**

The Manager of the Fund is required by the Scheme to prepare Financial Statements for the Fund in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association in May 2014. 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 the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association in May 2014;
- 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;
- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume this.

The Manager is required to manage and administer the Fund in accordance with the Scheme, maintain accounting records and take reasonable steps for the prevention and detection of fraud and other irregularities. The Depositary has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has acquired certain additional responsibilities including, ensuring compliance with 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 carries out its services through employees of its parent company, CCLA IM.

Recharges for these services are levied in respect of CCLA IM's year ending on 31 March each year. The recharge for the year to 31 March 2017 was £17,157,000. A recharge of £15,551,000 was levied in the year to 31 March 2016.

The average number of full time equivalent staff of CCLA IM, including temporary staff, for the year ended 31 March 2017 was 110 (year ended 31 March 2016: 99).

During the year ended 31 December 2017 and the prior year, remuneration was paid to CCLA IM 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 2017		
	Fixed	Variable	Total
	remuneration	remuneration	
£'000	£'000	£'000	
Identified staff	1,174	960	2,134
Other staff	8,274	2,632	10,906
<b>Total</b>	<b>9,448</b>	<b>3,592</b>	<b>13,040</b>

	Year to 31 December 2016		
	Fixed	Variable	Total
	remuneration	remuneration	
£'000	£'000	£'000	
Identified staff	1,132	767	1,899
Other staff	7,571	2,135	9,706
<b>Total</b>	<b>8,703</b>	<b>2,902</b>	<b>11,605</b>

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

(Charity Registration No. 1121433)

#### Board

R Norris, MSc (Chairman)  
K Corrigan, FCCA  
A Daws, Solicitor  
J Hobart, MA  
N Morecroft, ASIP  
G Newson, MRICS  
J West, FCA

#### Secretary

J Fox

#### Manager

CCLA Fund Managers Limited

#### Investment Manager and Registrar

CCLA Investment Management Limited  
*Both CCLA Fund Managers Limited and CCLA Investment Management Limited are authorised and regulated by the Financial Conduct Authority*  
Senator House, 85 Queen Victoria Street  
London EC4V 4ET  
Telephone: 0207 489 6000  
Client Service:  
Freephone: 0800 022 3505  
Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)

#### Administrator

HSBC Securities Services (UK) Limited  
1-2 Lochside Way  
Edinburgh Park  
Edinburgh EH12 9DT  
*Authorised and regulated by the Financial Conduct Authority*

#### Executive Directors of the Manager

M Quicke, OBE (Chief Executive)  
J Bevan (Chief Investment Officer)  
A McMillan (Chief Operating Officer)  
A Robinson, MBE (Director Market Development)

#### Non-Executive Directors of the Manager

R Horlick (appointed 4 December 2017)  
R Norris (appointed 4 December 2017)  
T Salmon, OBE (appointed 4 December 2017)  
J Tattersall (appointed 4 December 2017)  
R Williams (appointed 4 December 2017)

#### Fund Manager

J Bevan

#### Company Secretary

J Fox

#### Head of Operational Risk, Internal Audit and Compliance

S Forrest (resigned 31 January 2018)  
R Plumridge (from 31 January 2018)

#### Head of Ethical and Responsible Investment

J Corah

#### Third Party Advisors

##### *Custodian, Trustee and Depositary*

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

##### *Banker*

HSBC Bank plc  
60 Queen Victoria Street  
London EC4N 4TR

##### *Solicitors*

Farrer & Co LLP  
66 Lincoln's Inn Fields  
London WC2A 3LH

##### *Independent Auditors*

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

## CCLA COIF Charity Funds

The COIF Charity Funds provide a simple and practical way for charities to obtain, at reasonable cost, professional investment and cash management for their long-term and short-term investments.

### A choice of Funds

The six COIF Charity Funds aim to meet most of the investment and deposit needs of charities. They all have low levels of minimum investment, pay income gross and are supported by strong customer service.

#### Investment Fund

- A suitable long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to deliver rising income and long term capital growth
- Managed to client-driven responsible investment and UK Stewardship Code principles

#### Ethical Investment Fund

- A suitable long-term fund for most charities
- Highly diversified and well-balanced spread of investments
- Designed to deliver rising income and long-term capital growth
- Managed to client-driven ethical investment and UK Stewardship Code principles

#### Global Equity Income Fund

- The delivery of a strong total return from investment in high yielding global equities
- Distributing a high and growing level of income
- Managed to client-driven responsible investment and UK Stewardship Code principles

#### Fixed Interest Fund

- Investment in UK government securities and corporate bonds
- Distributing a high level of income
- Usually held with other investments such as equities and cash to give a broad spread of assets and achieve combined income and growth objectives

#### Property Fund

- The delivery of a good level of income and capital growth from investment in a portfolio of UK properties
- A diversified range of office, commercial and industrial properties
- Actively managed to add value

#### Deposit Fund

- High level of security of capital from a well diversified range of deposits with strong banks
- Rated AAAf/S1 by Fitch Ratings, reflecting the high quality of the portfolio
- Daily liquidity

The COIF Charity Funds are common investment funds established by the Charity Commission for England and Wales under Section 24 of the Charities Act 1993. The Deposit Fund was established under Section 25 of the Charities Act 1993. Any charity in the United Kingdom within the meaning of the Charities Act 1993 (as amended or replaced) may invest in the Deposit, Investment, Ethical Investment and Global Equity Income Funds. Any charity in England and Wales may invest in the Fixed Interest and Property Funds. CCLA Fund Managers Limited is the Manager of the Funds. The Manager has appointed CCLA Investment Management Limited as the Investment Manager and HSBC Securities Services (UK) Limited as Administrator of the Funds.

The value of the investments may fall as well as rise and an investor may not get back the full amount originally invested.

# **CCLA**

**CCLA Fund Managers Limited**

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