

THE CBF CHURCH OF ENGLAND
GLOBAL EQUITY INCOME FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2017

CCLA

CONTENTS

| | |
|--|----|
| Report of the Trustee | 03 |
| Report of the Investment Manager* | 06 |
| Statement of Ethical Investment Policy* | 10 |
| Independent Auditors' Report | 12 |
| Risk and reward profile | 15 |
| Comparative table | 16 |
| Operating charges analysis | 18 |
| Portfolio analysis | 19 |
| Portfolio statement* | 20 |
| Statement of total return** | 26 |
| Statement of change in net assets attributable to shareholders** | 26 |
| Balance sheet** | 27 |
| Notes to the financial statements** | 28 |
| Distribution tables** | 43 |
| Statement of Trustee and Manager responsibilities | 44 |
| Trustee and Manager* | 46 |
| Description of The CBF Church of England Funds | 47 |

*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 TRUSTEE

for the year ended 31 December 2017

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Financial Statements of The CBF Church of England Global Equity Income Fund (the Fund), which includes a separate report from CCLA Investment Management Limited (the Manager) as Manager of the Fund.

Structure and management of the Fund

The Fund is a Common Fund established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000 and the Trustee Act 2000 (together the Measure). The Fund was formed on 28 September 2007. The Fund is neither a Collective Investment Scheme nor an Unregulated Collective Scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA).

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act, limited by guarantee and not having a share capital, is the Trustee and Operator of the Fund. CBFFT has an Audit Committee which meets twice each year to review the Financial Statements and to monitor the control environment in which the Fund operates.

CBFFT has delegated to the Manager, which is authorised and regulated by the Financial Conduct Authority (FCA), the investment management, administration, registration, secretarial and company secretarial functions of the Fund under Management Agreements dated 18 September 2007.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), CBFFT is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the FCA and the trustee directors of CBFFT are not required to be authorised by the FCA for this purpose.

Investments in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

Charitable status of the Fund

The Fund is entitled to charitable status by virtue of section 96(2) of the Charities Act 2011. In the administration of the Fund, CBFFT is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective

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

REPORT OF THE TRUSTEE

for the year ended 31 December 2017

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.

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 Church of England charity seeking a high income from investing in global equities.

Responsibilities of the Trustee

CBFFT receives a report on the published Financial Statements from the Manager twice a year and is wholly responsible for the Fund. CBFFT monitors the investment, property and cash management, administration, registration, secretarial and company secretarial services provided by the Manager under the respective Management Agreements. It meets quarterly with the Manager to monitor investment strategy, dividend and interest rate policy, investment diversification and risk and to review the Fund's performance. In addition, CBFFT reviews the Report and Financial Statements of the Fund prepared on its behalf by the Manager.

CBFFT is responsible for appointing an Audit Committee, the Auditor and the Custodian. It reviews annually the objectives of the Fund in the light of current circumstances.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, CBFFT is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the relevant Management Agreements.

Ethical investment

The Fund is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group (EIAG).

Throughout the year, CBFFT was represented on the EIAG by Rev Canon Edward Carter, a CBFFT Trustee Director.

The EIAG advises the Church's three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) on ethical investment issues. Responsibility for accepting EIAG recommendations rests with the CBFFT.

The EIAG produces its own Annual Review which is available at <https://churchofengland.org/about-us/structure/eiag.aspx>.

REPORT OF THE TRUSTEE

for the year ended 31 December 2017

Two representatives of the Manager also attend EIAG meetings: Michael Quicke, CCLA Chief Executive, and James Corah, Head of Ethical and Responsible Investment.

CCLA collaborates with the other Church National Investing Bodies to engage with investee companies on issues of particular concern to the Church.

Responsible investment and stewardship

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term shareholder returns. This includes policies to integrate environmental, social and governance (ESG) factors into our investment decision making process and stewardship activities with Fund holdings. The Manager's response to the UK Stewardship Code and their full quarterly voting record is available at www.ccla.co.uk.

The Manager is a signatory to the UN Principles of Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors group on Climate Change (IIGCC) and UK Sustainable Investment and Finance (UKSIF).

Controls and risk management

CBFFT receives and considers regular reports from the Manager. Other ad hoc reports and information are supplied as required.

CBFFT has appointed HSBC Bank plc to monitor the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund including the custody and safekeeping of the property of the Fund. This monitoring provides an additional layer of comfort for shareholders.

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.

CBFFT receives internal audit reports on the controls of the Manager. During the year CBFFT, assisted by the Manager, reviewed the Fund's systems of internal control. At each of its meetings, the Audit Committee receives and reviews a formal risk management report from the Manager. This sets out the main risks facing the Fund, the controls in place to mitigate those risks and the assessment of each risk, in terms of both gross and residual exposure after application of mitigating controls.

R Williams, Chairman
CBF Funds Trustee Limited
21 May 2018

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2017

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 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.

Performance

The Fund achieved a total return of 10.79% before expenses over the year, compared to a return on the comparator of 11.80%. The return on an Income Share after all costs and charges, was 9.80%, the comparable return on an Accumulation Share was 9.81%. Income paid totalled 7.06p per Share and was unchanged on the previous year. As at 31 December 2017, the income yield was 3.84%, 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 has

Annualised total capital and income return

| To 31 December 2017 | 1 year % | 3 years % p.a. | 5 years % p.a. |
|---|-------------|-------------------|-------------------|
| Performance against market indices (before expenses) | | | |
| The CBF Church of England Global Equity Income Fund | 10.79 | 11.27 | 12.23 |
| Comparator [#] | 11.80 | 14.14 | 16.07 |
| MSCI World | 12.34 | 15.19 | 16.45 |
| MSCI UK Investable Market Index | 13.07 | 9.95 | 9.99 |
| Performance after expenses | | | |
| Income shares* | 9.80 | 10.12 | 11.05 |
| Accumulation shares* | 9.81 | 10.15 | 11.04 |

[#] 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

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 Manager's Report.

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.

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 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 Investment Management Limited
21 May 2018

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

Top ten changes in portfolio composition

| | Cost £'000 | | Proceeds £'000 |
|-----------------------|---------------|-----------------------|-------------------|
| Purchases: | | Sales: | |
| Kao | 2,633 | GlaxoSmithKline | 3,617 |
| Apple | 2,521 | General Electric | 3,601 |
| Alphabet | 2,437 | Cisco Systems | 3,118 |
| London Stock Exchange | 2,109 | Royal Dutch Shell B | 2,445 |
| UnitedHealth Group | 2,059 | Toronto-Dominion Bank | 2,385 |
| Amazon.Com | 2,043 | HKT Trust | 2,145 |
| Reckitt Benckiser | 2,004 | Orkla | 2,125 |
| L'Oreal | 1,989 | Novartis | 2,114 |
| Medtronic | 1,981 | Qualcomm | 2,013 |
| Stryker | 1,970 | Chevron | 1,960 |

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 shares 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's shares 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.

The Fund may invest in emerging market countries which could be subject to political and economic change. The Fund may also invest in collective investment schemes and other assets. The Fund's share value will reflect fluctuations in the securities prices and currency exchange rates.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Global Equity Income Fund

The Ethical Investment Policy embraces stewardship, engagement and investment exclusions.

Stewardship

The Church of England National Investing Bodies (NIBs) operate within the legal framework for investment by charities and pension funds. They owe certain fiduciary and other duties to their beneficiaries. Christian stewardship provides the context within which and informs the manner in which these duties are performed. The NIBs are signatories to the UK Stewardship Code which encourages institutional investors to act as good stewards of their equity investments through active ownership (monitoring, engagement and voting). The NIBs are signatories to the United Nations Principles for Responsible Investment (PRI) under which institutional investors pledge to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes and to be active owners across all asset classes. The NIBs recognise climate change as a distinct ethical investment issue and invest in line with a climate change policy.

Engagement

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas.

There are specific policies on Executive Remuneration and Business and Engagement. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

Investment exclusions

The NIBs do not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained. The EIAG may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds – normally if, after sustained dialogue, the company does not respond positively to EIAG concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The EIAG and NIBs expect a recognition of responsibility and a resolve to improve, rather than perfection.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Global Equity Income Fund

Direct investments in equities and corporate debt: The NIBs do not invest in any company involved in indiscriminate weaponry. Moreover, they do not invest in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover. The NIBs do not invest in any company that derives more than 3% of revenues from the production or distribution of pornography or in any company, a major part of whose business activity or focus (defined as more than 10% of group revenues) is tobacco, gambling, non-military firearms, high interest rate lending or human embryonic cloning. A new policy on alcohol is in the process of implementation under which companies deriving more than 5% of their revenues from alcoholic drinks are only eligible for investment if they meet EIAG standards for responsible marketing and retailing. The new climate change policy does not allow investments in companies that derive more than 10% of revenue from tar sands or thermal coal.

Individual policy documents are published separately – or are under development – setting out the criteria employed in each area to determine whether companies breach the Church’s policy and to explain the theology, ethics and reasoning underlying the policies.

Indirect investments via pooled funds: The NIBs are only able to invest in some assets, asset classes and investment strategies through pooled funds. Pooled funds are funds in which a number of different investors invest. Because the ethical investment policies of the EIAG and NIBs cannot be applied fully, or at all, in investments in pooled funds and indirect vehicles, it is essential that parameters are set for the use of pooled funds and indirect vehicles. The Pooled Funds Policy gives detailed guidance on how the NIBs should ensure that their use of pooled funds is consistent with ethical investment.

The Church of England Ethical Investment Advisory Group was established in 1994 and includes representation from the Church Commissioners for England, The CBF Church of England Funds, the Church of England Pensions Board, the General

Synod, the Archbishops’ Council, and the Mission & Public Affairs Council. Website: www.churchofengland.org/about-us/structure/eiag.aspx E-mail: eiag@churchofengland.org

INDEPENDENT AUDITORS' REPORT

to the Shareholders of The CBF Church of England Global Equity Income Fund

Report on the audit of the financial statements*Opinion*

In our opinion, The CBF Church of England Global Equity Income Fund's financial statements (the "financial statements"):

- give a true and fair view of the financial position of the Fund as at 31 December 2017 and of the net revenue and the net capital gains of its scheme property for the year then ended; and
- 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), the Statement of Recommended Practice for UK Authorised Funds, and the Trust Deed.
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958, as amended, and the Trustee Act 2000.

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

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 Fund 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 Authorised Fund Managers' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund'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 Shareholders of The CBF Church of England Global Equity Income Fund

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund'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 Authorised Fund Manager is 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.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Report of the Trustee set out on page 44, the Authorised Fund 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 Authorised Fund 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.

In preparing the financial statements, the Authorised Fund 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 Authorised Fund 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

INDEPENDENT AUDITORS' REPORT

to the Shareholders of The CBF Church of England Global Equity Income Fund

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders of the Fund as a body in accordance with the Trust Deed and for no other purpose. We do not, in giving this opinion, 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.

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

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 Information, available on the Manager's website at www.ccla.co.uk.

COMPARATIVE TABLE

Change in net assets per share

| | Year to 31.12.2017 pence per share | Income shares | |
|--|---|---|--|
| | | Year to 31.12.2016 pence per share | 13 months to 31.12.2015 pence per share |
| Opening net asset value per share | 173.84 | 154.37 | 158.06 |
| Return before operating charges* | 18.70 | 28.11 | 5.30 |
| Operating charges | (1.74) | (1.58) | (1.65) |
| Return after operating charges* | 16.96 | 26.53 | 3.65 |
| Distributions on income shares | (7.06) | (7.06) | (7.34) |
| Closing net asset value per share | 183.74 | 173.84 | 154.37 |
| * after direct transaction costs of (pence per share): | 0.22 | 0.14 | 0.15 |

Performance

| | | | |
|----------------------|-------|--------|-------|
| Return after charges | 9.76% | 17.19% | 2.31% |
|----------------------|-------|--------|-------|

Other information

| | | | |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 143,301 | 132,049 | 114,275 |
| Closing number of shares | 77,990,859 | 75,959,769 | 74,026,596 |
| Operating charges** | 0.96% | 0.97% | 0.99% |
| Direct transaction costs | 0.12% | 0.08% | 0.10% |

Prices (pence per share)

| | | | |
|-----------------------------|--------|--------|--------|
| Highest share price (offer) | 188.26 | 178.74 | 171.10 |
| Lowest share price (bid) | 170.05 | 142.88 | 144.11 |

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' 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/period.

COMPARATIVE TABLE

Change in net assets per share

| | Accumulation shares | | |
|--|---|---|--|
| | Year to 31.12.2017 pence per share | Year to 31.12.2016 pence per share | 13 months to 31.12.2015 pence per share |
| Opening net asset value per share | 267.85 | 227.86 | 222.86 |
| Return before operating charges* | 29.22 | 42.41 | 7.38 |
| Operating charges | (2.73) | (2.42) | (2.38) |
| Return after operating charges* | 26.49 | 39.99 | 5.00 |
| Distributions on accumulation shares | (10.13) | (11.22) | (10.88) |
| Retained distributions on accumulation shares | 10.13 | 11.22 | 10.88 |
| Closing net asset value per share | 294.34 | 267.85 | 227.86 |
| * after direct transaction costs of (pence per share): | 0.34 | 0.21 | 0.23 |
| Performance | | | |
| Return after charges | 9.89% | 17.55% | 2.24% |
| Other information | | | |
| Closing net asset value (£'000) | 2,540 | 2,115 | 1,647 |
| Closing number of shares | 862,996 | 789,699 | 722,767 |
| Operating charges** | 0.96% | 0.97% | 0.99% |
| Direct transaction costs | 0.12% | 0.08% | 0.10% |
| Prices (pence per share) | | | |
| Highest share price (offer) | 297.32 | 273.54 | 242.92 |
| Lowest share price (bid) | 262.01 | 210.90 | 208.42 |

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' 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/period.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2017

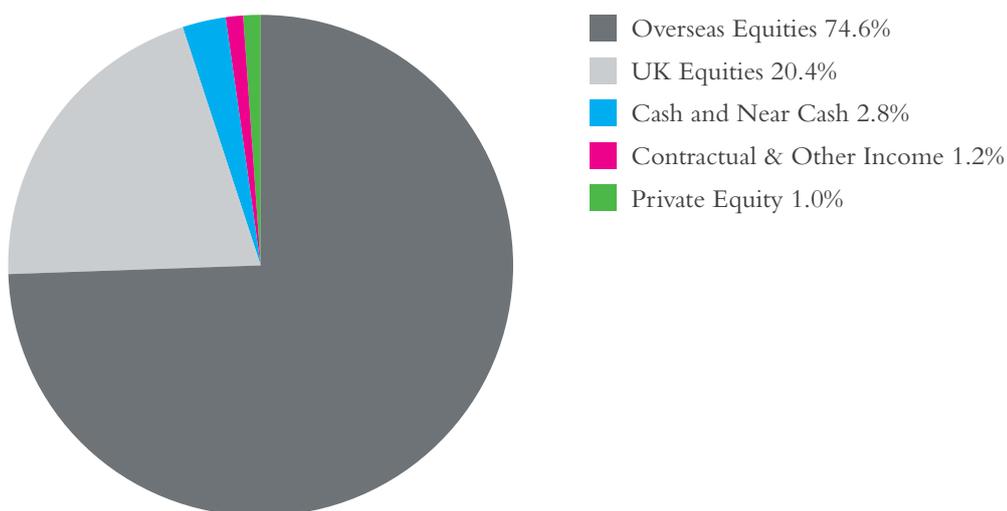
The table below analyses expenses in Note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets. These percentages are also shown in total in the comparative tables.

| | 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 | 0.03 | 0.02 |
| Total operating charges | 0.96 | 0.97 |

PORTFOLIO ANALYSIS

at 31 December 2017

Portfolio Allocation

Breakdown of Overseas Equities
by Geography

| | |
|-----------------------|--------------|
| North America | 46.7% |
| Developed Europe | 15.4% |
| Asia Pacific ex-Japan | 7.8% |
| Japan | 4.7% |
| | 74.6% |

Breakdown of Equities by Sector

| | |
|----------------------------|--------------|
| Financials | 18.4% |
| Information Technology | 16.7% |
| Consumer Staples | 14.6% |
| Consumer Discretionary | 11.8% |
| Industrials | 11.0% |
| Health Care | 10.8% |
| Materials | 4.2% |
| Utilities | 2.1% |
| Energy | 1.8% |
| Telecommunication Services | 1.8% |
| Property | 1.8% |
| | 95.0% |

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 |
|---|---------|------------------------|-----------------------------|
| UNITED KINGDOM 20.40% (31.12.2016, 29.03%) | | | |
| Consumer Discretionary 1.71% (31.12.2016, 1.97%) | | | |
| Compass Group | 86,678 | 1,387 | 0.95 |
| InterContinental Hotels Group | 23,495 | 1,109 | 0.76 |
| Consumer Staples 5.16% (31.12.2016, 3.64%) | | | |
| Reckitt Benckiser | 55,863 | 3,865 | 2.65 |
| Unilever | 88,698 | 3,658 | 2.51 |
| Energy 0.78% (31.12.2016, 2.67%) | | | |
| Royal Dutch Shell B | 45,691 | 1,144 | 0.78 |
| Financials 4.56% (31.12.2016, 6.20%) | | | |
| HSBC | 186,164 | 1,426 | 0.98 |
| London Stock Exchange | 55,431 | 2,099 | 1.44 |
| Prudential | 163,970 | 3,120 | 2.14 |
| Health Care 0.49% (31.12.2016, 4.40%) | | | |
| Genus | 28,383 | 718 | 0.49 |
| Industrials 4.44% (31.12.2016, 2.79%) | | | |
| Experian Group | 100,761 | 1,647 | 1.13 |
| Ferguson | 18,024 | 961 | 0.66 |
| Relx | 149,600 | 2,600 | 1.78 |
| Spirax-Sarco Engineering | 22,542 | 1,267 | 0.87 |
| Materials 2.27% (31.12.2016, 1.18%) | | | |
| Croda International | 42,756 | 1,891 | 1.30 |
| DS Smith | 274,146 | 1,419 | 0.97 |
| Real Estate 0.00% (31.12.2016, 0.95%) | | | |
| Telecommunication Services 0.99% (31.12.2016, 2.40%) | | | |
| Vodafone | 616,066 | 1,447 | 0.99 |
| Utilities 0.00% (31.12.2016, 2.83%) | | | |

PORTFOLIO STATEMENT

at 31 December 2017

| | Holding | Fair value £'000 | % of total net assets |
|---|---------|------------------------|-----------------------------|
| OVERSEAS EQUITIES 74.68% (31.12.2016, 62.98%) | | | |
| DEVELOPED EUROPE 15.41% (31.12.2016, 21.17%) | | | |
| Consumer Discretionary 1.95% (31.12.2016, 1.93%) | | | |
| LVMH | 8,372 | 1,824 | 1.25 |
| Valeo | 18,388 | 1,014 | 0.70 |
| Consumer Staples 3.04% (31.12.2016, 3.67%) | | | |
| L'Oreal | 11,935 | 1,959 | 1.34 |
| Nestlé | 38,964 | 2,475 | 1.70 |
| Financials 3.28% (31.12.2016, 5.59%) | | | |
| Danske Bank | 47,067 | 1,354 | 0.93 |
| Deutsche Boerse | 22,056 | 1,897 | 1.30 |
| ING Groep | 112,677 | 1,533 | 1.05 |
| Health Care 1.96% (31.12.2016, 3.00%) | | | |
| DiaSorin | 12,601 | 826 | 0.57 |
| Roche | 7,036 | 1,315 | 0.90 |
| Sartorius Stedim Biotech | 13,351 | 712 | 0.49 |
| Industrials 3.26% (31.12.2016, 2.17%) | | | |
| Assa Abloy | 63,349 | 974 | 0.67 |
| Deutsche Post | 29,397 | 1,038 | 0.71 |
| Legrand | 23,830 | 1,355 | 0.93 |
| SGS S.A. | 720 | 1,385 | 0.95 |
| Information Technology 0.87% (31.12.2016, 1.23%) | | | |
| SAP | 15,309 | 1,268 | 0.87 |
| Materials 1.05% (31.12.2016, 0.99%) | | | |
| Givaudan | 894 | 1,526 | 1.05 |
| Real Estate 0.00% (31.12.2016, 1.85%) | | | |
| Telecommunication Services 0.00% (31.12.2016, 0.74%) | | | |

PORTFOLIO STATEMENT

at 31 December 2017

| | Holding | Fair value £'000 | % of total net assets |
|---|---------|------------------------|-----------------------------|
| NORTH AMERICA 46.74% (31.12.2016, 30.45%) | | | |
| Consumer Discretionary 4.80% (31.12.2016, 2.01%) | | | |
| Amazon.com | 2,330 | 2,014 | 1.38 |
| Home Depot | 10,032 | 1,407 | 0.96 |
| Priceline Group | 1,270 | 1,631 | 1.12 |
| Starbucks | 13,902 | 590 | 0.40 |
| Walt Disney | 17,129 | 1,365 | 0.94 |
| Consumer Staples 4.23% (31.12.2016, 4.34%) | | | |
| Coca Cola | 54,200 | 1,841 | 1.26 |
| Colgate-Palmolive | 17,834 | 995 | 0.68 |
| Pepsico | 22,473 | 1,992 | 1.37 |
| Procter & Gamble | 19,813 | 1,348 | 0.92 |
| Energy 1.05% (31.12.2016, 2.78%) | | | |
| Chevron | 16,569 | 1,536 | 1.05 |
| Financials 9.37% (31.12.2016, 5.52%) | | | |
| Bank Of America | 89,885 | 1,962 | 1.35 |
| Blackstone | 56,249 | 1,331 | 0.91 |
| Chicago Mercantile Exchange | 29,819 | 3,220 | 2.21 |
| Citigroup | 13,023 | 716 | 0.49 |
| JP Morgan Chase | 42,481 | 3,366 | 2.31 |
| S&P Global | 15,927 | 1,995 | 1.37 |
| Schwab (Charles) | 28,181 | 1,070 | 0.73 |
| Health Care 7.35% (31.12.2016, 2.75%) | | | |
| Medtronic | 32,221 | 1,924 | 1.32 |
| Pfizer | 49,408 | 1,324 | 0.91 |
| Stryker | 17,056 | 1,953 | 1.34 |
| Thermo Fisher Scientific | 13,535 | 1,901 | 1.30 |
| UnitedHealth Group | 12,293 | 2,006 | 1.38 |
| Zoetis | 30,270 | 1,613 | 1.10 |

PORTFOLIO STATEMENT

at 31 December 2017

| | Holding | Fair value £'000 | % of total net assets |
|---|---------|------------------------|-----------------------------|
| Industrials 2.44% (31.12.2016, 3.87%) | | | |
| 3M Company | 11,276 | 1,965 | 1.35 |
| Rockwell Automation | 10,941 | 1,589 | 1.09 |
| Information Technology 12.64% (31.12.2016, 6.57%) | | | |
| Accenture | 16,360 | 1,852 | 1.27 |
| Alphabet | 3,186 | 2,465 | 1.69 |
| Apple | 20,469 | 2,562 | 1.76 |
| Facebook | 12,067 | 1,575 | 1.08 |
| MasterCard | 15,629 | 1,754 | 1.20 |
| Microsoft | 65,518 | 4,145 | 2.84 |
| Paypal Holdings | 11,438 | 623 | 0.43 |
| Texas Instruments | 26,088 | 2,015 | 1.38 |
| Visa Class A | 17,095 | 1,444 | 0.99 |
| Materials 0.90% (31.12.2016, 0.00%) | | | |
| Ecolab | 13,194 | 1,309 | 0.90 |
| Real Estate 1.83% (31.12.2016, 0.61%) | | | |
| Alexandria Real Estate | 14,543 | 1,404 | 0.96 |
| Prologis | 26,560 | 1,267 | 0.87 |
| Telecommunication Services 0.00% (31.12.2016, 0.97%) | | | |
| Utilities 2.13% (31.12.2016, 1.03%) | | | |
| Brookfield Infrastructure Partners | 54,545 | 1,807 | 1.24 |
| Duke Energy | 20,833 | 1,295 | 0.89 |
| JAPAN 4.68% (31.12.2016, 1.47%) | | | |
| Consumer Discretionary 0.53% (31.12.2016, 0.93%) | | | |
| Koito Manufacturing | 14,900 | 772 | 0.53 |
| Consumer Staples 1.83% (31.12.2016, 0.00%) | | | |
| Kao | 53,300 | 2,663 | 1.83 |
| Industrials 0.85% (31.12.2016, 0.00%) | | | |
| Fanuc | 7,000 | 1,243 | 0.85 |

PORTFOLIO STATEMENT

at 31 December 2017

| | Holding | Fair value £'000 | % of total net assets |
|---|---------|------------------------|-----------------------------|
| Information Technology 0.63% (31.12.2016, 0.00%) | | | |
| Keyence | 2,200 | 911 | 0.63 |
| Real Estate 0.00% (31.12.2016, 0.54%) | | | |
| Telecommunication Services 0.84% (31.12.2016, 0.00%) | | | |
| KDDI | 66,600 | 1,226 | 0.84 |
| ASIA PACIFIC EX JAPAN 7.85% (31.12.2016, 9.89%) | | | |
| Consumer Discretionary 2.80% (31.12.2016, 0.76%) | | | |
| Anta Sports | 601,000 | 2,015 | 1.38 |
| Samsonite International | 612,300 | 2,067 | 1.42 |
| Consumer Staples 0.30% (31.12.2016, 0.72%) | | | |
| LG Household & Health Care | 525 | 431 | 0.30 |
| Financials 1.18% (31.12.2016, 0.00%) | | | |
| AIA Group | 274,200 | 1,727 | 1.18 |
| Health Care 0.95% (31.12.2016, 1.83%) | | | |
| Sonic Healthcare | 104,526 | 1,381 | 0.95 |
| Industrials 0.00% (31.12.2016, 0.70%) | | | |
| Information Technology 2.62% (31.12.2016, 4.37%) | | | |
| Taiwan Semiconductor | 86,471 | 2,535 | 1.74 |
| Tencent Holdings | 33,600 | 1,290 | 0.88 |
| Telecommunication Services 0.00% (31.12.2016, 1.51%) | | | |
| OTHER 0.00% (31.12.2016, 0.80%) | | | |
| Telecommunication Services 0.00% (31.12.2016, 0.80%) | | | |
| PRIVATE EQUITY & OTHER 0.99% | | | |
| (31.12.2016, 1.09%) | | | |
| Private Equity 0.99% (31.12.2016, 1.09%) | | | |
| Princess Private Equity | 154,467 | 1,451 | 0.99 |

PORTFOLIO STATEMENT

at 31 December 2017

| | Holding | Fair value £'000 | % of total net assets |
|---|---------|------------------------|-----------------------------|
| INFRASTRUCTURE & OPERATING ASSETS 0.00% (31.12.2016, 1.65%) | | | |
| General 0.00% (31.12.2016, 0.96%) | | | |
| Social 0.00% (31.12.2016, 0.69%) | | | |
| CONTRACTUAL & OTHER INCOME 1.18% (31.12.2016, 2.70%) | | | |
| Blackstone Mortgage | 72,663 | 1,728 | 1.18 |
| FORWARD CURRENCY CONTRACTS 0.00% (31.12.2016, (0.02%)) | | | |
| INVESTMENT ASSETS | | 141,824 | 97.25 |
| NET OTHER ASSETS | | 4,017 | 2.75 |
| TOTAL NET ASSETS | | 145,841 | 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 | | 9,477 | | 15,461 |
| Revenue | 3 | 5,350 | | 5,976 | |
| Expenses | 4 | (1,370) | | (1,197) | |
| Net revenue before taxation | | 3,980 | | 4,779 | |
| Taxation | 5 | (178) | | (248) | |
| Net revenue after taxation | | | 3,802 | | 4,531 |
| Total return before distributions | | | 13,279 | | 19,992 |
| Distributions | 6 | | (5,543) | | (5,334) |
| Change in net assets attributable to shareholders from investment activities | | | 7,736 | | 14,658 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
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 shareholders | | 134,164 | | 115,922 |
| Amounts receivable on issue of shares | 8,644 | | 4,662 | |
| Amounts payable on cancellation of shares | (4,787) | | (1,160) | |
| | | 3,857 | | 3,502 |
| Change in net assets attributable to shareholders from investment activities | | 7,736 | | 14,658 |
| Retained distributions on accumulation shares | | 84 | | 82 |
| Closing net assets attributable to shareholders | | 145,841 | | 134,164 |

The notes on pages 28 to 42 and 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 |
| ASSETS | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 141,824 | | 131,819 |
| Current assets: | | | | | |
| Debtors | 7 | 275 | | 316 | |
| Cash equivalents | 8 | 2,740 | | 1,940 | |
| Cash and bank balances | 8 | 2,516 | | 1,134 | |
| Total current assets | | | 5,531 | | 3,390 |
| Total assets | | | 147,355 | | 135,209 |
| LIABILITIES | | | | | |
| Investment liabilities | | | – | | 26 |
| Creditors | | | | | |
| Other creditors | 9 | 134 | | 123 | |
| Distribution payable on income shares | | 1,380 | | 896 | |
| Total creditors | | | 1,514 | | 1,019 |
| Total liabilities | | | 1,514 | | 1,045 |
| Net assets attributable to shareholders | | | 145,841 | | 134,164 |

The financial statements on pages 26 to 43 have been approved by the Trustee.

Approved on behalf of the Trustee
21 May 2018

R Williams, Chairman
CBF Funds Trustee Limited

The notes on pages 28 to 42 and 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 and the Trust Deed 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, are credited 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 CBF Church of England Deposit Fund are accrued on a daily basis. Revenue from fixed rate securities is recognised on an effective yield 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 year's 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

The Manager's periodic charge and fees for ethical and stewardship service, paid to the Manager, are charged to the capital of the Fund. During the year, the fee was based on a fixed percentage of the value of the Fund, 0.75% plus VAT. The Fund receives a management fee rebate credited to the revenue of the Fund for its deposits in The CBF Church of England Deposit Fund where the management fees are charged 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. Audit, legal, custodian fees and transaction charges, insurance, direct property expenses and monitoring fees are charged separately to the revenue of the Fund before distribution. The Trustee's administration fee is charged to the revenue of the Fund.

(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 the net revenue in determining the distributions.

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

| | Year ended 31.12.2017 £'000 | Year ended 31.12.2016 £'000 |
|--|-----------------------------------|-----------------------------------|
| The net capital gains during the year comprise: | | |
| Unrealised (losses)/gains on non-derivative securities* | (3,681) | 10,416 |
| Realised gains on non-derivative securities* | 13,080 | 5,818 |
| Transaction costs | – | 3 |
| Unrealised gains/(losses) on forward currency contracts* | – | (26) |
| Currency gains/(losses) | 57 | (78) |
| Realised gains/(losses) on forward currency contracts* | 21 | (672) |
| | 9,477 | 15,461 |

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

3. Revenue

| | Year ended 31.12.2017 £'000 | Year ended 31.12.2016 £'000 |
|--|-----------------------------------|-----------------------------------|
| Overseas dividends | 3,590 | 3,590 |
| UK dividends | 1,702 | 2,362 |
| Interest on The CBF Church of England Deposit Fund | 9 | 16 |
| Property income distributions | 37 | – |
| Bank interest | 3 | 4 |
| Manager's periodic charge rebate* | 9 | 4 |
| | 5,350 | 5,976 |

* 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

| | Year ended 31.12.2017 £'000 | Year ended 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) | 1,279 | 1,104 |
| Manager's fee for ethical services | 19 | 19 |
| | 1,298 | 1,123 |
| Payable to the Trustee, associates of the Trustee and agents of either of them: | | |
| Safe custody fees | 16 | 20 |
| Monitoring fee | 12 | 11 |
| | 28 | 31 |
| Other expenses: | | |
| Audit fee | 12 | 16 |
| Insurance fee | 1 | 1 |
| Other fees | 31 | 26 |
| | 44 | 43 |
| Total expenses | 1,370 | 1,197 |

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

The above expenses include VAT where applicable.

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 Tax 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.

| | Year ended 31.12.2017 £'000 | Year ended 31.12.2016 £'000 |
|--|-----------------------------------|-----------------------------------|
| Overseas taxation suffered in the year | 163 | 248 |
| Overseas recoverable withholding tax written off in the year | 15 | – |
| Total taxation | 178 | 248 |

6. Distributions

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

| | Year ended 31.12.2017 £'000 | Year ended 31.12.2016 £'000 |
|---|-----------------------------------|-----------------------------------|
| 31 March – interim distribution | 1,365 | 1,441 |
| 30 June – interim distribution | 1,403 | 1,711 |
| 30 September – interim distribution | 1,404 | 1,278 |
| 31 December – final distribution | 1,394 | 911 |
| | 5,566 | 5,341 |
| Add: revenue deducted on cancellation of shares | 10 | 9 |
| Deduct: revenue received on issue of shares | (33) | (16) |
| Net distribution for the year | 5,543 | 5,334 |
| Net revenue after taxation for the year | 3,802 | 4,531 |
| Transfer from/(to) income reserve – see note 10 | 443 | (323) |
| Transaction costs | – | 3 |
| Manager's periodic charge – see note 1(e) | 1,298 | 1,123 |
| Net distribution for the year | 5,543 | 5,334 |

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

6. Distributions (*continued*)

Details of the distribution per share 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 | 31.12.2016 |
|-----------------|------------|------------|
| | £'000 | £'000 |
| Accrued revenue | 275 | 316 |

8. Cash and bank balances and Cash equivalents

| | 31.12.2017 | 31.12.2016 |
|--|------------|------------|
| | £'000 | £'000 |
| Cash in The CBF Church of England Deposit Fund | 2,740 | 1,940 |
| Cash and bank balances: cash at bank | 2,516 | 1,134 |

9. Other creditors

| | 31.12.2017 | 31.12.2016 |
|------------------|------------|------------|
| | £'000 | £'000 |
| Accrued expenses | 134 | 123 |

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 shareholders.

| | Year ended 31.12.2017 £'000 | Year ended 31.12.2016 £'000 |
|---|-----------------------------------|-----------------------------------|
| Income reserve at the start of the year | 1,921 | 1,550 |
| Equalisation of the income reserve | 63 | 48 |
| Transfer (from)/to income reserve | (443) | 323 |
| Income reserve at the end of the year | 1,541 | 1,921 |

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 shareholders should they wish to sell their shares. 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. 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 share price from time to time, although there will generally be a positive correlation in the movement of the share 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 shareholders, and profit or loss, would increase or decrease respectively by approximately £7,091,000 (31.12.2016, £6,590,000).

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 stocks, sterling and overseas cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of shares that shareholders 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 seek to minimise this risk through the use of forward currency contracts denominated in the same currency as the underlying investments.

The Fund does not seek to avoid currency risk on revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2017, the Fund's foreign currency exposure was predominantly from the overseas equities it was invested in, which are detailed in the portfolio statement.

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 shareholders, and profit or loss, would decrease or increase respectively by approximately £1,123,000 (31.12.2016, £842,000).

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 2017 and 31 December 2016 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 | – | 1,381 | 1,381 | – | 6,258 | 6,258 |
| Canadian dollar | – | – | – | – | 2,032 | 2,032 |
| Danish krona | – | 1,354 | 1,354 | – | 1,291 | 1,291 |
| Euro | 55 | 14,877 | 14,932 | 47 | 6,347 | 6,394 |
| Hong Kong dollar | – | 7,099 | 7,099 | – | 3,036 | 3,036 |
| Israeli shekel | – | – | – | – | 1,075 | 1,075 |
| Japanese yen | 17 | 6,815 | 6,832 | – | 1,979 | 1,979 |
| New Zealand dollar | – | – | – | – | 1,962 | 1,962 |
| Norwegian krone | – | – | – | – | 2,431 | 2,431 |
| South Korean won | – | 431 | 431 | 25 | 1,292 | 1,317 |
| Swedish krona | – | 974 | 974 | – | 3,230 | 3,230 |
| Swiss franc | – | 6,701 | 6,701 | – | 9,549 | 9,549 |
| US dollar | 175 | 72,434 | 72,609 | 143 | 43,513 | 43,656 |
| Total | 247 | 112,066 | 112,313 | 215 | 83,995 | 84,210 |

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 interest rate profile of the Fund's financial assets and liabilities at 31 December 2017 was as set out below:

| Currency | Floating rate financial assets* £'000 | Fixed rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|--------------|---|---|---|----------------|
| Sterling | 5,256 | — | 29,786 | 35,042 |
| Euro | — | — | 14,932 | 14,932 |
| Japanese yen | — | — | 6,832 | 6,832 |
| US dollar | — | — | 72,609 | 72,609 |
| Other | — | — | 17,940 | 17,940 |
| Total | 5,256 | — | 142,099 | 147,355 |

| Currency | Floating rate financial liabilities £'000 | Fixed rate financial liabilities £'000 | Financial liabilities not carrying interest £'000 | Total £'000 |
|--------------|--|---|---|----------------|
| Sterling | — | — | 1,514 | 1,514 |
| Total | — | — | 1,514 | 1,514 |

The interest rate profile of the Fund's financial assets and liabilities at 31 December 2016 was as set out below:

| Currency | Floating rate financial assets* £'000 | Fixed rate financial assets £'000 | Financial assets not carrying interest £'000 | Total £'000 |
|--------------|---|---|---|----------------|
| Sterling | 3,074 | — | 47,899 | 50,973 |
| Euro | — | — | 6,420 | 6,420 |
| Japanese yen | — | — | 1,979 | 1,979 |
| US dollar | — | — | 43,656 | 43,656 |
| Other | — | — | 32,181 | 32,181 |
| Total | 3,074 | — | 132,135 | 135,209 |

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 | – | – | 1,019 | 1,019 |
| Euro | – | – | 26 | 26 |
| Total | – | – | 1,045 | 1,045 |

* 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 derivatives relating to forward currency contracts valued at £nil as at 31 December 2017 (31.12.2016, (£26,271)).

12. Commitments and contingent liabilities

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

13 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 £112,215 was due to the Manager at 31 December 2017 (31.12.2016, £102,045). There were no other transactions entered into with the Manager during the year (31.12.2016, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2017 (31.12.2016, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2016, £nil).

At 31 December 2017 a cash balance of £2,739,681 (31.12.2016, £1,939,681) was held in The CBF Church of England Deposit Fund. During the year, the Fund received interest of £8,578 (31.12.2016, £16,403) from The CBF Church of England Deposit Fund.

At 31 December 2017, The CBF Church of England Investment Fund held 44.46% (31.12.2016, 50.93%) of the shares of the Fund.

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

14. Portfolio transaction costs

For the year ended 31 December 2017:

| | Value £'000 | Commissions £'000 | % | Taxes £'000 | % | Total £'000 |
|--|----------------|----------------------|------|----------------|------|----------------|
| Analysis of total purchases costs | | | | | | |
| Equity transactions | 92,366 | 64 | 0.07 | 27 | 0.03 | 92,457 |
| Total | 92,366 | 64 | | 27 | | 92,457 |

| | Value £'000 | Commissions £'000 | % | Taxes £'000 | % | Total £'000 |
|--------------------------------------|----------------|----------------------|------|----------------|------|----------------|
| Analysis of total sales costs | | | | | | |
| Equity transactions | 91,793 | (71) | 0.08 | (8) | 0.01 | 91,714 |
| Total | 91,793 | (71) | | (8) | | 91,714 |

Commissions and taxes as a percentage of average net assets

| | |
|-------------|-------|
| Commissions | 0.10% |
| Taxes | 0.02% |

The average portfolio dealing spread, including the effect of foreign exchange, as at the balance sheet date was 0.09%.

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

14. Portfolio transaction costs (continued)

For the year ended 31 December 2016

| | Value £'000 | Commissions £'000 | % | Taxes £'000 | % | Total £'000 |
|--|----------------|----------------------|------|----------------|---|----------------|
| Analysis of total purchases costs | | | | | | |
| Equity transactions | 74,231 | 41 | 0.06 | 3 | – | 74,275 |
| Corporate actions | 84 | – | – | – | – | 84 |
| Total | 74,315 | 41 | | 3 | | 74,359 |

| | Value £'000 | Commissions £'000 | % | Taxes £'000 | % | Total £'000 |
|--------------------------------------|----------------|----------------------|------|----------------|---|----------------|
| Analysis of total sales costs | | | | | | |
| Equity transactions | 71,808 | (63) | 0.09 | (2) | – | 71,743 |
| Fund transactions | 1,316 | – | – | – | – | 1,316 |
| Corporate actions | 40 | – | – | – | – | 40 |
| Total | 73,164 | (63) | | (2) | | 73,099 |

Commissions and taxes as a percentage of average net assets

| | |
|-------------|-------|
| Commissions | 0.07% |
| 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 is 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

15. Shareholders' funds – reconciliation of shares

| | 31.12.2017 | |
|---|---------------|---------------------|
| | Income shares | Accumulation shares |
| Opening number of shares at beginning of year | 75,959,769 | 789,699 |
| Shares issued in year | 4,588,003 | 116,370 |
| Shares cancelled in year | (2,556,913) | (43,073) |
| Closing number of shares at end of year | 77,990,859 | 862,996 |

All shares carry the same rights.

16. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments, there is no material difference between their value, as shown on the balance sheet, and fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive 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 | 141,824 | – | – | 141,824 |
| | 141,824 | – | – | 141,824 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

16. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2016

| Category | 1 £'000 | 2 £'000 | 3 £'000 | Total £'000 |
|------------------------|----------------|-------------|------------|----------------|
| Investment Assets | 131,819 | – | – | 131,819 |
| Investment Liabilities | – | (26) | – | (26) |
| | 131,819 | (26) | – | 131,793 |

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 share | |
|----------------------------|-------------------------|---|--------------|
| | | 2017 | 2016 |
| Income shares | | | |
| 31 March | 31 May | 1.76 | 1.92 |
| 30 June | 31 August | 1.76 | 2.27 |
| 30 September | 30 November | 1.77 | 1.69 |
| 31 December | 28 February/29 February | 1.77 | 1.18 |
| | | 7.06 | 7.06 |
| Revenue accumulated | | | |
| | | pence per share | |
| | | 2017 | 2016 |
| Accumulation shares | | | |
| 31 March | | 3.49 | 3.03 |
| 30 June | | 3.15 | 3.82 |
| 30 September | | 1.94 | 2.51 |
| 31 December | | 1.55 | 1.86 |
| | | 10.13 | 11.22 |

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee 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 14 May 2008, for the Fund to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of this Scheme;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Measure;
- make distributions to investors holding income shares and make allocations to investors holding accumulation shares in proportion to their respective shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES**Preparation of financial statements**

The Trustee of the Fund is required, by the Measure, to prepare financial statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Management Association in May 2014;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the financial statements, as prepared, comply with the above requirements;

- makes judgments and estimates that are prudent and reasonable; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure.

Manager responsibilities

The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

CBF Funds Trustee Limited
(Charity Registration No. 1132054)

Trustee Directors

R Williams (Chairman)
Rev Canon E Carter
N Lewis*
G Pollard
P Read*
S Steele* (resigned 26 February 2018)
Rev Dr R Turnbull*
M Woodmore*
A Brookes (appointed 6 November 2017)
S Chan (appointed 6 November 2017)
C Johnson (appointed 6 November 2017)
* *Members of the Audit Committee*

Secretary

J Fox

Manager and Registrar

CCLA Investment Management Limited
Senator House, 85 Queen Victoria Street
London EC4V 4ET
Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk
Authorised and regulated by the Financial Conduct Authority

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 (Chairman) (appointed 1 January 2017)
R Norris
T Salmon, OBE
J Tattersall
R Williams

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

Banker

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Solicitors

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

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

The CBF Church of England Funds

The CBF Church of England Funds provide Church of England parishes, dioceses and other church charitable trusts with a ready-made service to look after their money and investments. These Funds aim to provide prudent management of Church money avoiding unnecessary risks, but at the same time seeking to deliver satisfactory investment results.

A choice of Funds

The six CBF Church of England Funds aim to meet most of the investment and deposit needs of a church trust.

Investment Fund

- A suitable 'all-in-one' long-term fund for most church organisations
- Highly diversified and well-balanced spread of investments
- Designed to help meet growth and income requirements
- Focus on delivering attractive, growing income
- Working with the EIAG to reflect appropriately ethical values in your investments

Global Equity Income Fund

- Attractive income
- Rising income in the future
- Strong growth opportunities from the global economy

UK Equity Fund

- The only UK equity fund managed to reflect Church ethical values
- High quality, well-diversified portfolio
- Designed to help meet growth and income requirements
- Usually held with other investments such as overseas equities, bonds and cash to give a broad spread of assets and achieve overall objectives

Fixed Interest Securities Fund

- Long-term investment focused on income
- Gross income paid quarterly
- 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

- Investing in high quality, well-diversified commercial and industrial property
- Focus on delivering attractive income
- Actively managed to add value

Deposit Fund

- An attractive rate
- Interest paid gross
- No minimum balance
- Easy access
- Simple operation
- Excellent service
- Free BACS transfers
- AAAf/S1 Fund rating*

* The Deposit Fund is rated AAAf/S1 by Fitch Ratings. This reflects the high credit quality of the portfolio.

The Funds are common funds established under the Church Funds Investment Measure 1958 (as amended from time to time). CBF Funds Trustee Limited, a company incorporated under the Companies Act, is the Trustee and Operator of the Funds. CCLA Investment Management Limited manages the investment 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

Senator House, 85 Queen Victoria Street, London EC4V 4ET

T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

CCLA Fund Managers Limited (Registered in England No. 8735639) and CCLA Investment Management Limited (Registered in England No. 2183088) are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Printed on 100% post consumer waste and is certified by the Forest Stewardship Council (FSC).