

THE CBF CHURCH OF ENGLAND UK EQUITY FUND
INTERIM REPORT AND
UNAUDITED FINANCIAL STATEMENTS

Half year ended 30 June 2018

CCLA

CONTENTS

Report of the Trustee	03
Report of the Investment Manager*	06
Statement of Ethical Investment Policy*	09
Risk and reward profile	11
Comparative table	12
Portfolio analysis	14
Portfolio statement*	15
Statement of total return	19
Statement of change in net assets attributable to shareholders	19
Balance sheet	20
Note to the financial statements	21
Distribution tables	22
Statement of Trustee and Manager responsibilities	23
Trustee and Manager*	25
Description of The CBF Church of England Funds	26

*Collectively, these comprise the Manager's Report.

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 Interim Report and Unaudited Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE**for the half year ended 30 June 2018 (unaudited)**

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

Structure and management

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 established on 1 December 2004. The Fund is neither a Collective Investment Scheme nor an Unregulated Collective Investment 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 September 2008.

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 growth in capital and income over the long-term.

REPORT OF THE TRUSTEE**for the half year ended 30 June 2018 (unaudited)****Investment policy**

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

Benchmark

The MSCI United Kingdom Investable Market Index (MSCI™ IMI UK) is the benchmark for the Fund.

Suitability

The Fund is suitable for the long-term funds of any Church of England charity seeking exposure to UK equities.

Responsibilities of the Trustee

CBFFT monitors the investment 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>.

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

REPORT OF THE TRUSTEE**for the half year ended 30 June 2018 (unaudited)**

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.

A Brookes, Chairman
CBF Funds Trustee Limited
10 September 2018

REPORT OF THE INVESTMENT MANAGER for the half year ended 30 June 2018 (unaudited)

Strategy

The investment objective of the Fund is to provide an attractive income with capital growth over the longer term. The portfolio is predominantly invested in a diversified list of UK companies although a limited amount may be invested in companies listed on overseas investment markets. The approach is ‘bottom-up’, that is selecting companies on their merits rather than by having a pre-set allocation to any sector.

Performance

In the first half of the year the Fund achieved a total return, before costs, of 3.34%. This compares to a return of 1.71% on the benchmark. Relative performance was supported by strong stock selection contributions in parts of the financial sector, industrials and IT. These were partly offset by an underweight position in the energy sector, which rallied strongly. The return on an Income Share, after all costs and charges, was 2.98% and that on an Accumulation Share 2.99%. The income distribution per share was 3.04p, unchanged on the equivalent payment in 2017. At the end of June, the income yield on the Fund was 3.51% which compares with a yield of 3.79% on the UK equity market.

Annualised total capital and income return

To 30 June 2018	6 months %	1 year %	5 years % p.a.	10 years % p.a.
Performance against market indices (before expenses)				
The CBF Church of England UK Equity Fund	3.34	9.00	10.94	9.19
Benchmark [#]	1.71	9.22	8.73	7.09
Performance after expenses				
Income shares [*]	2.98	8.24	10.01	8.43
Accumulation shares [*]	2.99	8.27	10.02	8.44

[#] Benchmark – From 01.01.16 MSCI UK IMI. To 31.12.15 MSCI UK All Cap, to 30.11.14 MSCI UK All Cap adjusted for EIAG Ethical Restrictions & to 31.12.11 FTSE All-Share Index adjusted for Ethical Restrictions.

^{*} Mid to mid plus income re-invested.

Source: CCLA.

REPORT OF THE INVESTMENT MANAGER for the half year ended 30 June 2018 (unaudited)

Market Review

The UK economy grew over the period but at a modest pace, as consumer expenditure came under pressure from higher inflation and activity suffered from the effects of a late burst of cold weather. Inflation eased from the highest levels but remained at sufficiently high rates to offset wage growth, thereby preventing any significant recovery in disposable income. Although a move to higher borrowing costs was expected, the Bank of England kept rates unchanged in May due to the disappointing growth position.

The UK Equity market weakened in the first part of the period and then rallied in the later months to end the half year with a positive total return of 1.71%. Sector and individual stock performances were volatile. Overall, companies with good growth dynamics performed best but there were sharp rallies too in energy, reflecting the strength of the oil price.

Outlook

We expect the economy to continue on a growth trend, to achieve an overall increase in output of about 1.5% for the year. Inflation should drop from current levels, but is not expected to decline below 2%. The modest growth background means that the decision on interest rates is a fine one. Following the August decision to increase interest rates, no further changes are expected in 2018. Notwithstanding near term increases in borrowing costs, the low interest rate environment is expected to persist throughout this business cycle.

We expect further growth in corporate profitability, supported by the exposure many UK companies have to economies overseas. However, whilst this is a supportive environment, investment ratings are already high and a failure to match growth expectations could lead to disappointment and the risk of de-rating. Overall, we anticipate higher prices and for the improvement to be led by good quality companies where there is growth potential independent of the broad trends of the economy. Valuations are not cheap, but neither are they so extended that good performances cannot be reflected in higher prices.

J Bevan
Chief Investment Officer
CCLA Investment Management Limited
10 September 2018

REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2018 (unaudited)

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
Tritax Big Box REIT	938	AstraZeneca	974
Taiwan Semiconductor Manufacturing	648	Pennon	818
Genus	615	Reckitt Benckiser	746
Ferguson	439	Vodafone	714
Just Eat	432	Orkla ASA	711
Direct Line Insurance	379	Saga	673
Microsoft	371	Shire	599
Informa	355	Procter & Gamble	452
London Stock Exchange	352	Roche	440
Halma	323	Pepsico	358

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 value of the Fund's shares and their revenue 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 share value will reflect fluctuations in share prices. The shares in the Fund are intended only for long term

investment and are not suitable for money liable to be needed in the near future. They are realisable only on each weekly dealing day. The Fund mainly invests in stocks from a single geographical area which can lead to risk of concentration.

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England UK Equity 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 UK Equity 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

RISK AND REWARD PROFILE

The European Union imposed regulations which sets out detailed guidelines for the calculation of the risk ratings to be portrayed through this summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products and how likely it is that the Fund will lose money because of movements in markets. The risk indicator assumes investment in the Fund for the recommended holding period of five years.

In practice, the risk of the Fund may be significantly higher than that represented in the summary risk indicator. This may include the effect of holding the Fund for less than the recommended holding period, or if market volatility in the future is higher than that experienced over the past.

With effect from 1 January 2018, new EU regulations changed the requirements for the calculation of the summary risk indicator, which has had the effect of significantly reducing its level. The risk indicator for this fund in the 31 December 2017 annual report was 6 out of 7. Based on the revised legislative requirements, the risk indicator in last year's report would have been 4 out of 7.

It is important that investors recognise that, whilst the classification has changed, there has been no change to the nature of the Fund or the risk associated with investing in the equity asset class.



This year, based on the new legislative obligations, we have classified this Fund as 4 out of 7.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. This product does not include any protection from future market performance, so you could lose some or all your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Information document available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per share

	Half year to 30.06.2018 pence per share	Income shares		13 months to 31.12.2015 pence per share
		Year to 31.12.2017 pence per share	Year to 31.12.2016 pence per share	
Opening net asset value per share	171.45	157.81	149.08	144.23
Return before operating charges*	5.64	20.86	15.86	12.11
Operating charges	(0.57)	(1.13)	(1.04)	(1.07)
Return after operating charges*	5.07	19.73	14.82	11.04
Distributions on income shares	(3.04)	(6.09)	(6.09)	(6.19)
Closing net asset value per share	173.48	171.45	157.81	149.08
* after direct transaction costs of (pence per share):	0.02	0.07	0.08	0.07

Performance

Return after charges	2.96%	12.50%	9.94%	7.65%
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Other information

Closing net asset value (£'000)	63,667	64,253	58,612	54,954
Closing number of shares	36,700,497	37,476,442	37,140,931	36,861,627
Operating charges**	0.67%	0.68%	0.70%	0.68%
Direct transaction costs	0.01%	0.04%	0.06%	0.05%

Prices (pence per share)

Highest share price (offer)	177.14	172.99	160.04	158.70
Lowest share price (bid)	159.42	156.02	129.43	136.30

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 may differ 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 period/year.

COMPARATIVE TABLE

Change in net assets per share

	Half year to 30.06.2018 pence 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	276.74	245.61	222.77	206.87
Return before operating charges*	9.34	32.91	24.44	17.43
Operating charges	(0.93)	(1.78)	(1.60)	(1.53)
Return after operating charges*	8.41	31.13	22.84	15.90
Distributions on accumulation shares	(5.24)	(8.98)	(8.45)	(7.84)
Retained distributions on accumulation shares	5.24	8.98	8.45	7.84
Closing net asset value per share	285.15	276.74	245.61	222.77
* after direct transaction costs of (pence per share):	0.04	0.11	0.13	0.10

Performance

Return after charges	3.04%	12.67%	10.25%	7.69%
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Other information

Closing net asset value (£'000)	1,616	1,496	1,194	1,124
Closing number of shares	566,803	540,653	486,077	504,653
Operating charges**	0.67%	0.68%	0.70%	0.68%
Direct transaction costs	0.01%	0.04%	0.06%	0.05%

Prices (pence per share)

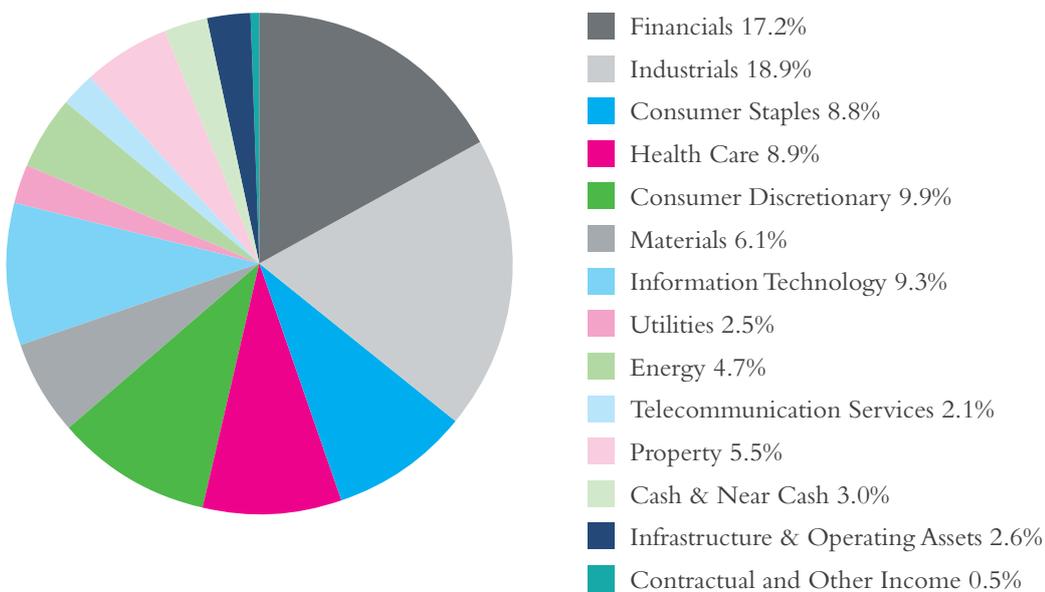
Highest share price (offer)	288.63	277.43	247.52	230.53
Lowest share price (bid)	257.32	242.82	193.44	195.56

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 may differ 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 period/year.

PORTFOLIO ANALYSIS
at 30 June 2018 (unaudited)

Portfolio Allocation



The portfolio analysis above is 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 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
UNITED KINGDOM 85.79% (31.12.2017, 84.78%)			
Consumer Discretionary 9.91% (31.12.2017, 9.05%)			
Burberry	26,687	576	0.88
Compass Group	86,029	1,392	2.13
Domino's Pizza (UK & Ireland)	226,552	786	1.20
Greggs	75,121	748	1.15
Hostelworld Group	199,285	628	0.96
Informa	135,193	1,129	1.73
InterContinental Hotels Group	25,710	1,213	1.86
Consumer Staples 6.60% (31.12.2017, 8.08%)			
Reckitt Benckiser	24,794	1,547	2.37
Unilever	65,931	2,764	4.23
Energy 4.71% (31.12.2017, 4.31%)			
Royal Dutch Shell B	113,214	3,072	4.71
Financials 16.21% (31.12.2017, 17.01%)			
Beazley	150,905	884	1.35
Direct Line Insurance	264,303	906	1.39
HSBC	240,979	1,713	2.62
Intermediate Capital	125,814	1,385	2.12
Lloyds	1,541,921	972	1.50
London Stock Exchange	47,520	2,125	3.26
Prudential	149,566	2,594	3.97
Health Care 7.76% (31.12.2017, 7.82%)			
Abcam	105,261	1,404	2.15
Dechra Pharmaceuticals	41,833	1,163	1.78
Genus	26,893	708	1.08
GlaxoSmithKline	117,228	1,793	2.75

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
Industrials 18.90% (31.12.2017, 16.45%)			
Bunzl	63,328	1,453	2.23
Diploma	69,816	915	1.40
Experian	89,128	1,671	2.56
Ferguson	24,747	1,522	2.33
Homeserve	94,471	849	1.30
Intertek Group	16,797	960	1.47
Polypipe	252,719	972	1.49
RELX	122,062	1,980	3.03
RWS	242,965	1,042	1.60
Spirax Sarco Engineering	14,978	976	1.49
Information Technology 5.48% (31.12.2017, 3.67%)			
Auto Trader	110,304	470	0.72
Halma	71,559	980	1.50
Just Eat	54,642	426	0.65
moneysupermarket.com	374,881	1,179	1.81
Rightmove	9,875	524	0.80
Materials 6.13% (31.12.2017, 5.96%)			
Croda International	29,564	1,420	2.17
DS Smith	217,677	1,134	1.74
Rio Tinto	34,499	1,449	2.22
Real Estate 5.48% (31.12.2017, 3.65%)			
A&J Mucklow	128,824	709	1.09
Empiric Student Property	623,301	552	0.85
Safestore	236,939	1,302	1.99
Tritax Big Box REIT	652,131	1,015	1.55
Telecommunication Services 2.07% (31.12.2017, 3.86%)			
Vodafone	736,846	1,354	2.07
Utilities 2.54% (31.12.2017, 4.92%)			
National Grid	117,708	987	1.51
SSE	49,440	670	1.03

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
OVERSEAS EQUITIES 8.14% (31.12.2017, 9.55%)			
DEVELOPED EUROPE 0.88% (31.12.2017, 2.89%)			
Consumer Staples 0.88% (31.12.2017, 2.12%)			
Nestlé	9,771	573	0.88
Health Care 0.00% (31.12.2017, 0.77%)			
NORTH AMERICA 6.31% (31.12.2017, 6.66%)			
Consumer Staples 1.28% (31.12.2017, 2.80%)			
Coca Cola	18,025	599	0.92
Pepsico	2,854	235	0.36
Health Care 1.18% (31.12.2017, 1.14%)			
Pfizer	27,890	767	1.18
Financials 0.96% (31.12.2017, 0.80%)			
JP Morgan Chase	7,939	627	0.96
Information Technology 2.89% (31.12.2017, 1.92%)			
Microsoft	15,849	1,184	1.81
Visa A	6,989	702	1.08
ASIA PACIFIC EX JAPAN 0.95% (31.12.2017, 0.00%)			
Information Technology 0.95% (31.12.2017, 0.00%)			
Taiwan Semiconductor Manufacturing	22,489	623	0.95
INFRASTRUCTURE & OPERATING ASSETS 2.57% (31.12.2017, 1.78%)			
Energy Resources & Environment 1.58% (31.12.2017, 1.17%)			
Greencoat UK Wind	546,660	683	1.05
The Renewables Infrastructure Group	313,303	344	0.53
Social 0.99% (31.12.2017, 0.61%)			
MedicX Fund	795,900	648	0.99

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
<hr/>			
CONTRACTUAL & OTHER INCOME 0.48% (31.12.2017, 0.48%)			
RM Secured Direct Lending	311,698	312	0.48
INVESTMENT ASSETS		63,310	96.98
NET OTHER ASSETS		1,973	3.02
TOTAL NET ASSETS		65,283	100.00

STATEMENT OF TOTAL RETURN
for the half year ended 30 June 2018 (unaudited)

	Period ended 30.06.2018		Period ended 30.06.2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		882		3,157
Revenue	1,255		1,398	
Expenses	(215)		(206)	
Net revenue before taxation	1,040		1,192	
Taxation	(20)		(32)	
Net revenue after taxation		1,020		1,160
Total return before distributions		1,902		4,317
Distributions		(1,146)		(1,157)
Change in net assets attributable to shareholders from investment activities		756		3,160

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the half year ended 30 June 2018 (unaudited)

	Period ended 30.06.2018		Period ended 30.06.2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		65,749		59,806
Amounts receivable on issue of shares	546		553	
Amounts payable on cancellation of shares	(1,798)		(72)	
		(1,252)		481
Change in net assets attributable to shareholders from investment activities		756		3,160
Retained distributions on accumulation shares		30		29
Closing net assets attributable to shareholders		65,283		63,476

The note on page 21 and distribution tables on page 22 form part of these financial statements.

The above statement shows the comparative closing net assets at 30 June 2017, whereas the opening net assets for the current accounting period commenced on 1 January 2018.

BALANCE SHEET

at 30 June 2018 (unaudited)

	30.06.2018		31.12.2017	
	£'000	£'000	£'000	£'000
ASSETS				
Fixed assets:				
Investments		63,310		63,504
Current assets:				
Debtors	469		147	
Cash equivalents	1,939		2,493	
Cash and bank balances	173		228	
Total current assets		2,581		2,868
Total assets		65,891		66,372
LIABILITIES				
Creditors				
Other creditors	50		50	
Distribution payable on income shares	558		573	
Total creditors		608		623
Total liabilities		608		623
Net assets attributable to shareholders		65,283		65,749

The financial statements on pages 19 to 22 have been approved by the Trustee.

Approved on behalf of the Trustee
10 September 2018

A Brookes, Chairman
CBF Funds Trustee Limited

The note on page 21 and distribution tables on page 22 form part of these financial statements.

NOTE TO THE FINANCIAL STATEMENTS
for the half year ended 30 June 2018 (unaudited)

1. Accounting policies

Basis of preparation

The interim 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 change in net assets.

Unless otherwise stated, all other accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017 and are described in those financial statements.

DISTRIBUTION TABLES

for the half year ended 30 June 2018 (unaudited)

Period ended	Date paid/payable	Dividends paid/payable pence per share	
		2018	2017
Income shares			
31 March	31 May	1.52	1.52
30 June	31 August	1.52	1.52
		3.04	3.04
		Revenue accumulated pence per share	
		2018	2017
Accumulation shares			
31 March		1.94	2.38
30 June		3.30	3.17
		5.24	5.55

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 Church Funds Investment Measure 1958 (as amended from time to time) and the Trustee Act 2000 (together the Measure) 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 Manager in accordance with the Measure 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. 1116932)

Trustee Directors

R Williams (Chairman resigned 21 May 2018)
A Brookes (appointed Chairman 21 May 2018)
Rev Canon E Carter
S Chan*
C Johnson
N Lewis*
G Pollard
P Read*
S Steele* (resigned 26 February 2018)
Rev Dr R Turnbull* (resigned 21 May 2018)
M Woodmore*

* *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)
R Norris
T Salmon, OBE
J Tattersall
R Williams (resigned 8 June 2018)
C Johnson (from 8 June 2018)

Fund Manager

J Bevan

Company Secretary

J Fox

Head of 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 and Depositary

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
- Steady 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 from Fitch Ratings

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

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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.

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