

THE CBF CHURCH OF ENGLAND FIXED INTEREST
SECURITIES FUND
INTERIM REPORT AND
UNAUDITED FINANCIAL STATEMENTS

Half year ended 30 June 2018

CCLA

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*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 Fixed Interest Securities 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 and the Trustee Act 2000 (together the Measure). The Fund was established in 1977. 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 investors with an income yield and a total return in excess of the Benchmark.

Investment policy

The portfolio is an actively managed, diversified portfolio invested predominantly in sterling denominated fixed interest securities and will consist primarily of UK fixed interest securities, but may also include other asset classes.

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

The composite benchmark for the Fund is Markit iBoxx £ Gilts Index 50% and Markit iBoxx £ Non Gilts Index 50%.

Suitability

The Fund is suitable for the long-term funds of any Church of England charity seeking an income by investing in UK bonds.

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, interest rate policy, investment diversification and risk and to review the Fund's performance. In addition, CBFFT reviews the Annual Report and Financial Statements of the Fund prepared on its behalf by the Manager.

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.

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

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

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term shareholder returns. 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. 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 extra 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 exposure 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 Fund holds a diversified portfolio of domestic fixed interest stocks including government bonds (Gilts) and those issued by companies. As at 30 June the asset mix was; gilts 44.96%, corporate bonds 53.51% and cash 1.53%. The income yield on the portfolio is 4.03%, compared to 3.23% on the benchmark. The gross redemption yield is 1.49%. The portfolio has a modified duration of 7.4 years and the average term to maturity is 9.3 years. The Fund's superior income is achieved because of the corporate bond holdings which typically provide a higher income yield than the government alternatives. These can however be more volatile and carry a higher default risk, to control these risks the portfolio has a focus on good quality bonds,

diversification and by having a shorter average period to maturity.

Performance

The Fund achieved a return of -0.37% over the half year. This compares with a return on the benchmark of -0.47%. The return on an Income Share, after all costs and charges, was -0.50%. The return on an Accumulation Share on the same basis was also -0.50%. Over the period performance was supported by a defensive bias to strategy but this advantage was partially offset by a relatively high allocation to corporate bonds, which underperformed. The income payments to investors were 3.30p per Income Share, unchanged on the equivalent payment in 2017.

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 Fixed Interest Securities Fund				
	-0.37	1.69	5.32	6.19
Benchmark [#]	-0.47	1.32	5.43	6.51
iBoxx £ Gilts	0.36	2.00	5.22	6.31
iBoxx £ Non Gilts	-1.30	0.60	5.59	6.52
Performance after expenses				
Income shares*	-0.50	1.38	5.06	5.93
Accumulation shares*	-0.50	1.40	5.06	5.93

[#] Benchmark – Composite: From 01.01.16 iBoxx £ Gilt 50% and iBoxx £ Non Gilt 50%. To 31.12.15 Barcap £ Gilt 50% and £ Agg 100mm Non Gilt 50%. To 31.12.12 Barcap £ Gilt 80% and £ Agg 100mm Non Gilt 20%.

* 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 rate. Momentum was slowed by a continuing squeeze on consumer expenditure, caused by sticky inflation and only modest wage growth. Another important factor was a burst of cold weather which had some negative impact on consumers but a greater one on manufacturing, and in particular construction, activity. Inflation declined from the highest levels but remained above 2%, buoyed by rising oil prices and the impact on imported goods of sterling weakness.

Sector values traded within a relatively narrow band. Prices were supported generally by a continuing accommodative monetary environment and more specifically by an economic performance which failed to meet expectations set at the start of the year. Balancing these considerations was the expectation that borrowing costs would be increased by the Bank of England and the backcloth of uncertainty over the United Kingdom's exit from membership of the European Union and political threat which surfaced from time to time. Although conditions changed through the period, by the close the prevailing mood was cautious. Government bonds outperformed corporate bonds and there was a preference for the most defensive assets, shorter dated bonds and those with the highest credit ratings.

Outlook

The August decision to increase interest rates was a fine one given the modest growth environment, no further increases are expected in 2018. Notwithstanding near term increases in borrowing costs, the low interest rate environment is expected to persist throughout this business cycle. Inflation should ease a little from mid-year levels by the end of the year. From a sector perspective an important technical factor will be the international move to normalise monetary policy, which will lead to a reduction in and then a reversal of the quantitative easing strategies which have supported fixed interest markets for so long. Overall, we see the sector as fully valued, with a risk that yields move higher over time. On this basis we expect to maintain the cautious investment stance.

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:	
Treasury 0.5% 2022	3,139	Treasury 4.25% 2046	4,077
Treasury 2.25% 2023	1,782	Treasury 4.5% 2042	1,114
Treasury 1.625% 2028	808	Treasury 4.25% 2040	770
Yorkshire Water 3.625% 2029	568	Centrica 6.4% 2026	716
A2Dominion Housing Group 3.5% 2028	519	Treasury 6% 2028	582
Tritax Big Box REIT 2.625% 2026	496	Tesco 6.125% 2022	555
LVMH Moët Hennessy		Treasury 5% 2025	551
Louis Vuitton 1% 2022	495	Treasury 4.25% 2036	444
Prologis 2.25% 2029	490	Severn Trent 6% 2018	423
3i Group 6.875% 2023	179	United Utilities 5.375% 2018	395
Thames Water Utilities Cayman			
Finance 2.375% 2023	137		

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.

Portfolio asset allocation by credit rating

Rating category	% Fund
AAA	9.5
AA	49.9
A	12.8
BBB	18.6
Non investment grade	1.0
Not rated (Debentures/Preference Shares)	8.2

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's income yield is an indication of the expected level of income. The corresponding gross redemption yield is an estimate of total return over the long-term. The Fund's income yield and gross redemption yield are not guaranteed and will change over time. When the Fund's income yield is higher than the gross redemption yield, some revenue is being paid at the expense of capital.

STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Fixed Interest Securities 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.

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.

Direct investments in 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.

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England Fixed Interest Securities Fund**

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 three to 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 reducing its level. The risk indicator for this Fund in the 31 December 2017 annual report was 4 out of 7. Based on the revised legislative requirements, the risk indicator in last year's report would have been 3.

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 asset classes invested in.



This year, based on the new legislative obligations, we have classified this Fund as 3.

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	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	556.63	539.45	490.80	482.72
Return before operating charges*	(1.81)	19.11	50.50	10.28
Operating charges	(1.00)	(1.93)	(1.85)	(2.20)
Return after operating charges*	(2.81)	17.18	48.65	8.08
Distributions on accumulation shares	(9.31)	(20.51)	(19.91)	(23.45)
Retained distributions on accumulation shares	9.31	20.51	19.91	23.45
Closing net asset value per share	553.82	556.63	539.45	490.80

* after direct transaction costs of (pence per share):

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Performance

Return after charges	(0.50)%	3.18%	9.91%	1.67%
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Other information

Closing net asset value (£'000)	2,131	2,258	2,238	2,164
Closing number of shares	384,850	405,695	414,900	440,953
Operating charges**	0.35%	0.35%	0.35%	0.34%
Direct transaction costs	–	–	–	–

Prices (pence per share)

Highest share price (offer)	558.94	563.84	570.71	512.39
Lowest share price (bid)	540.58	528.84	494.94	459.50

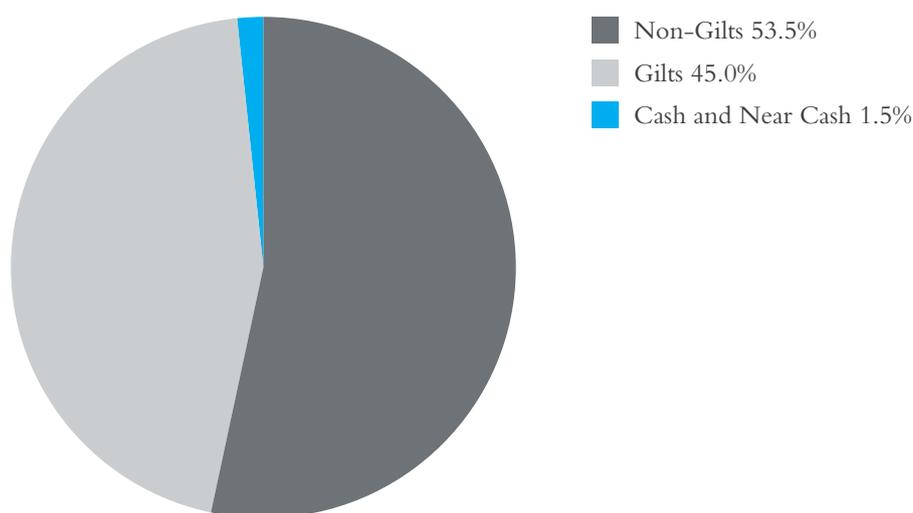
The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment 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

for the half year ended 30 June 2018 (unaudited)

Portfolio Allocation



By term to maturity

Period	% Fund
0-5 years	32.2
5-10 years	29.7
10-15 years	16.9
Over 15 years	21.3
Duration (modified)	7.4 years
Average term to maturity	9.3 years

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
Gilts – 44.78% (31.12.17, 46.50%)			
Treasury 8% 2021	£920,000	1,114	2.58
Treasury 0.5% 2022	£3,216,000	3,166	7.33
Treasury 2.25% 2023	£2,568,000	2,727	6.31
Treasury 2.75% 2024	£800,000	879	2.04
Treasury 5% 2025	£2,630,000	3,289	7.62
Treasury 1.625% 2028	£800,000	815	1.89
Treasury 6% 2028	£2,400,000	3,480	8.06
Treasury 4.25% 2032	£50,000	67	0.15
Treasury 4.5% 2034	£585,000	822	1.90
Treasury 4.25% 2036	£85,000	119	0.28
Treasury 4.25% 2040	£1,110,000	1,629	3.77
Treasury 4.5% 2042	£579,000	896	2.07
Treasury 3.25% 2044	£257,000	335	0.78
Non-Gilts – 52.77% (31.12.17, 50.18%)			
3i Group 6.875% 2023	£149,000	179	0.41
A2Dominion Housing Group 3.5% 2028	£500,000	511	1.18
Affordable Housing Finance 3.8% 2044	£650,000	850	1.97
Asciano Finance 5% 2023	£350,000	390	0.90
AT&T 4.25% 2043	£170,000	178	0.41
AXA Variable Perpetual	£570,000	599	1.39
British Telecom 8.625% 2020	£450,000	504	1.17
Citigroup 5.125% 2018	£529,000	538	1.25
Community Finance 5.017% 2034	£330,000	433	1.00
Coventry 6% 2019	£447,000	474	1.10
Digital Stout 4.75% 2023	£175,000	194	0.45
E.ON 6.75% 2039	£250,000	372	0.86
East Japan Railway 4.875% 2034	£550,000	720	1.67
Eversholt 5.831% 2020	£475,000	522	1.21
Fidelity 7.125% 2024	£370,000	445	1.03
Friends Life 12% 2021	£294,000	374	0.87
GE Capital UK Funding 8% 2039	£236,000	388	0.90
General Accident 7.875% Preference Shares	£460,000	616	1.43
Heathrow 6% 2020	£500,000	538	1.25
Intercontinental Hotels 3.875% 2022	£425,000	458	1.06
John Lewis 6.125% 2025	£60,000	70	0.16

PORTFOLIO STATEMENT

at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
KFW 5.5% 2021	£200,000	226	0.52
Lloyds TSB 5.125% 2025	£622,000	754	1.75
LVMH Moët Hennessy Louis Vuitton 1% 2022	£500,000	494	1.14
Marks and Spencer 3% 2023	£273,000	277	0.64
McDonalds 6.375% 2020	£300,000	323	0.75
Myriad Capital 4.75% 2043	£325,000	412	0.95
National Grid North America 1.875% 2018	£390,000	390	0.90
Old Mutual 8% 2021	£291,000	321	0.74
Pfizer 2.735% 2043	£412,000	403	0.93
Places for People 2.875% 2026	£560,000	549	1.27
Procter & Gamble 1.8% 2029	£273,000	264	0.61
Prologis 2.25% 2029	£500,000	473	1.10
Prudential 11.375% VRN	£202,000	219	0.51
Royal Bank of Scotland 5.125% 2024	£857,000	1,014	2.35
Santander 5.75% 2026	£790,000	1,010	2.34
Scottish Widows 5.5% 2023	£440,000	482	1.12
Segro 5.625% 2020	£575,000	629	1.46
Statoil 6.875% 2031	£350,000	515	1.19
Swedbank 1.25% 2021	£150,000	148	0.34
Telereal Secured Finance 4.01% 2033	£350,000	295	0.68
Tesco 6.125% 2022	£97,000	110	0.25
Thames Water Utilities Cayman Finance 2.375% 2023	£140,000	137	0.32
Thames Water Utilities Cayman Finance 2.625% 2032	£340,000	322	0.75
THFC Funding 5.2% 2043	£280,000	369	0.85
Transport for London 3.625% 2045	£700,000	847	1.96
Tritax Big Box REIT 2.625% 2026	£500,000	496	1.15
TSB Banking Group 5.75% 2026	£480,000	505	1.17
University of Cambridge 3.75% 2052	£320,000	425	0.98
Vodafone 8.125% 2018	£462,000	475	1.10
Yorkshire Water 3.625% 2029	£500,000	551	1.28
INVESTMENT ASSETS		42,126	97.55
NET OTHER ASSETS		1,056	2.45
TOTAL NET ASSETS		43,182	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 (losses)/gains		(784)		75
Revenue	567		657	
Expenses	(83)		(85)	
Net revenue before taxation	484		572	
Taxation	–		–	
Net revenue after taxation		484		572
Total (deficit)/return before distributions		(300)		647
Distributions		(900)		(971)
Change in net assets attributable to shareholders from investment activities		(1,200)		(324)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the half year ended 30 June 2018 (unaudited)

	Year ended 30.06.2018		Year ended 30.06.2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		46,102		51,330
Amounts receivable on issue of shares	2,579		826	
Amounts payable on cancellation of shares	(4,336)		(3,848)	
		(1,757)		(3,022)
Change in net assets attributable to shareholders from investment activities		(1,200)		(324)
Retained distributions on accumulation shares		37		43
Closing net assets attributable to shareholders		43,182		48,027

The note on page 19 and the distribution tables on page 20 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		30.06.2018	
	£'000	£'000	£'000	£'000
ASSETS				
Fixed assets:				
Investments		42,126		44,570
Current assets:				
Debtors	407		654	
Cash equivalents	1,049		1,259	
Cash and bank balances	43		79	
Total current assets		1,499		1,992
Total assets		43,625		46,562
LIABILITIES				
Creditors:				
Other creditors	28		28	
Distribution payable on income shares	415		432	
Total creditors		443		460
Total liabilities		443		460
Net assets attributable to shareholders		43,182		46,102

The financial statements on pages 17 to 20 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 19 and the distribution tables on page 20 form part of these financial statements.

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

1. Accounting policies

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 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	1.65	1.65
30 June	31 August	1.65	1.65
		3.30	3.30
<hr/>			
		Revenue accumulated pence per share	
		2018	2017
Accumulation shares			
31 March		4.87	5.19
30 June		4.44	5.05
		9.31	10.24

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:

- 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;

- make judgements 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 Advisers**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
- 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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