

THE CBF CHURCH OF ENGLAND INVESTMENT 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 Board, I have pleasure in presenting the Interim Report and Unaudited Financial Statements of The CBF Church of England Investment 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 in 1958. The Fund is not 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, registrar, 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.

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

The Fund aims to provide a long-term total return comprising growth in capital and income.

The objective is to provide a long-term total return of 5% per annum before expenses, but net of inflation as measured by the increase in the Consumer Prices Index. Within this total return, the Fund aims to deliver a consistent annual distribution to investors. The Fund aims to deliver these returns within a level of risk as measured by volatility which is no greater than 75% of the volatility of the UK equity market.

Investment policy

The portfolio is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It will have an emphasis on equities, but will also include property, bonds and other asset classes.

Suitability

The Fund is suitable for all of a Church of England charity's long-term funds where the charity is looking for a good level of distributions and long-term protection from inflation.

Distribution policy

From 1 January 2017, the Fund has the capacity to make distributions from capital, but at least three quarters of the distribution made will be sourced from the income earned on investments.

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 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.

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

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. 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.

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

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 the 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 has an actively managed and well diversified portfolio, but one with a clear bias to real assets as these are seen as the best match to the investment objective. Equities are selected on their merits, rather than with any pre-set weighting to any region or sector, the result of this currently is a high allocation to areas away from the UK and, within the domestic market, to companies with a strong international footprint. Although the Manager expects to see higher investment values in the future, it is recognised

too that the upcycle is increasingly mature and that ratings which are high by historic standards give little cushioning to disappointments or negative surprises. For this reason, there has been profit-taking on some of the strongest performing companies and exposure to cyclical areas have been reduced. In addition, there has been an initial investment in short-dated US government bonds which were viewed as a relatively attractive source of income against cash and as a diversifying asset.

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 Investment Fund	4.27	10.49	11.62	9.35
Comparator [#]	2.24	8.05	9.36	8.16
MSCI UK Investable Market Index	1.74	9.28	8.65	7.69
MSCI World ex UK	3.40	10.24	14.18	11.75
iBoxx £ Gilts	0.36	2.00	5.22	6.31
IPD All Properties Monthly*	4.53	10.93	11.84	6.74
Inflation (CPI)	0.86	2.42	1.48	2.19
Performance after expenses				
Income shares*	3.95	9.83	10.93	8.80
Accumulation shares*	3.96	9.85	10.95	8.82

[#] Comparator – Composite: From 01.01.2018 MSCI UK IMI 30%, MSCI World Ex UK 45%, AREF/IPD™ All Properties 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%. To 31.12.2017 MSCI UK IMI 45%, MSCI Europe Ex UK 10%, MSCI North America 10%, MSCI Pacific 10%, AREF/IPD™ All Properties 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%. To 31.12.15 MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, IPD™ All Properties 5%, BarCap Gilt 15% & 7 Day LIBID 5% and to 31.12.11 FTSE All-Share 60%, FTSE All-World Developed Ex UK 20%, IPD™ All Properties 10% and FTSE UK Government All Stocks 10%.

* Mid to mid plus income re-invested.

Source: CCLA.

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

Performance

Over the half year the Fund achieved a return of 4.27% before expenses, the return on the comparator was 2.24%. The return on an Income Share, net of all costs and changes, was 3.95%, that on an Accumulation Share 3.96%. The relative performance of the Fund was supported mainly by asset allocation, most substantially by the relatively high weighting to real assets and the low weighting to bonds. The income distribution to investors totalled 28.80p, unchanged on the payment for the first half of 2017. For the year as a whole the distribution is expected to be c.2% higher. As at 30 June the yield on the Fund was 3.21% compared with a yield of 3.79% on UK equities and 2.30% on the global equity index.

Economic and Investment Market Review

The world economy grew over the period, although not quite at the pace experienced in the closing months of 2017. Whilst activity in the US, supported by tax cuts, remained buoyant, there was evidence of lost momentum in Europe, including the UK, and Japan. Inflation remained muted despite a rally in the oil price and low unemployment rates in many economies. Although the general retreat by central banks from very accommodative monetary policies continued, the US and the UK were the only major economies to increase interest rates. An important feature of the half year was increased threat of trade friction as the US introduced import surcharges on a wide range of goods and the supplying nations retaliated.

All the major asset classes achieved positive returns, the scale, however, was typically modest. Global equities, against a backdrop of elevated volatility, gave a total return of 2.14% to a Sterling-based investor, the performance boosted by the currency's weakness against the Dollar and Yen. The best gain came from the US, at 5.37%. The UK improved by 1.69% and Japan by 0.53%. Returns from Europe were negative, at -1.01%, whilst Asia was weaker still at -2.27%. There were some sharp moves at the single country level. Finland rose by 12.61%, but Greece was -6.65% lower. In Asia, gains were few, but there was noticeable weakness in Indonesia, -15.26%, and the Philippines, -18.44%. At the sector level the most significant features were the progress made by the 'tech' sector and the strength of oil companies as the price of crude oil rallied.

Commercial property values rose consistently over the half year, continuing the uptrend which began in the late months of 2016. Prices were supported by demand from both domestic and international investors but, although traded values remained high, transaction volumes eased, reflecting the relative scarcity of good quality assets. Within the sector there was a wide dispersion of returns. Industrial assets performed well, a reflection of strong demand and supply shortages, while the returns from retail assets were less strong, reflecting the various challenges facing the sector.

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

The domestic fixed income sector traded in a narrow band. Prices were supported by economic data, which suggested a poor economic growth rate, but were then held back by thoughts of increased borrowing costs in the future. The Bank of England is faced with a difficult conundrum; it would like to take steps to normalise its monetary stance and is concerned by continued signs of over-heating, but recognises too that the uptrend is frail and exposed to threats on trade and the United Kingdom's exit from Membership of the European Union. Overall, investors favoured the most defensive assets; government bonds outperformed corporate bonds and shorter-dated and stronger credit-rated proved to be the most resilient parts of the sector.

Outlook

We expect continued growth in the world economy at rates similar to those currently being experienced. Inflation may move slightly higher, a reflection of the reduced spare capacity on offer, but is unlikely to be a significant worry. The US is the only major economy where interest rates are in an established uptrend. Further increases are expected over the balance of the year. The August decision to increase interest rates by the Bank of England 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. An important feature of the period will be the continued moves to monetary policy normalization as central banks gradually reduce the flow of monies into the global economy.

Continued economic growth and the rising profits which result from it will continue to underpin equity valuations and support progress from current levels. In the property sector we expect most of the return to come from income, domestic fixed interest stocks remain expensive with yields still below current and expected rates of inflation. We expect to maintain the broad shape of the portfolio, but would consider increasing the holding in US bonds if appropriate yields become available.

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:	
US Treasury 2.5% 2020	13,669	Samsonite International	9,390
McDonald's	12,193	KDDI	7,761
NASDAQ OMX Group	9,773	Deutsche Post	7,420
The CBF Church of England		Valeo	6,932
Property Fund	9,479	Procter & Gamble	6,546
SS&C Technologies	8,347	Montreux Healthcare Fund D1	6,328
Recruit Holdings	8,188	Celgene	5,428
InterContinental Hotels Group	5,586	CatCo Reinsurance Opportunities Fund	4,426
Nomura Research Institute	4,918	FANUC	4,282
LG Household & Healthcare	4,392	Keyence	4,046
RELX	4,114		

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.

This Fund may invest in emerging market countries which could be subject to political and economic change.

The Fund may invest in collective investment schemes and other assets which may be illiquid. These include limited partnerships and other unquoted investments where valuations are open to substantial subjectivity. The Fund may also invest in The CBF Church of England Property Fund, which invests directly in property and property related assets which are valued by an independent valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market which could impact on the capital and/or income value of this Fund.

STATEMENT OF ETHICAL INVESTMENT POLICY**to the Shareholders of The CBF Church of England Investment 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 Investment 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.

Direct investments in property: The NIBs apply to direct property investments, the investment exclusions applied to equities and corporate debt in the context of their Property Policy.

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 5 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 various asset classes invested in.



This year, based on the new legislative obligations, we have classified this fund as 3 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	1,636.85	1,501.65	1,350.12	1,337.39
Return before operating charges*	69.35	199.95	213.82	76.65
Operating charges	(5.64)	(10.94)	(9.54)	(9.25)
Return after operating charges*	63.71	189.01	204.28	67.40
Distributions on income shares	(28.80)	(53.81)	(52.75)	(54.67)
Closing net asset value per share	1,671.76	1,636.85	1,501.65	1,350.12
* after direct transaction costs of (pence per share):	0.19	0.78	0.63	0.52

Performance

Return after charges	3.89%	12.59%	15.13%	5.04%
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Other information

Closing net asset value (£'000)	1,291,602	1,251,477	1,095,879	965,936
Closing number of shares	77,259,814	76,456,235	72,978,458	71,544,463
Operating charges**	0.70%	0.69%	0.68%	0.70%
Direct transaction costs	0.01%	0.05%	0.04%	0.04%

Prices (pence per share)

Highest share price (offer)	1,709.71	1,664.60	1,528.36	1,429.84
Lowest share price (bid)	1,557.78	1,489.91	1,250.04	1,262.85

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

	Accumulation shares			
	Half year to 30.06.2018 pence per share	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	3,613.65	3,205.02	2,776.19	2,642.50
Return before operating charges*	155.62	432.33	448.86	152.24
Operating charges	(12.51)	(23.70)	(20.03)	(18.55)
Return after operating charges*	143.11	408.63	428.83	133.69
Distributions on accumulation shares	(53.56)	(106.11)	(107.31)	(115.89)
Retained distributions on accumulation shares	53.56	106.11	107.31	115.89
Closing net asset value per share	3,756.76	3,613.65	3,205.02	2,776.19

* after direct transaction costs of (pence per share): 0.43 1.70 1.31 1.05

Performance

Return after charges 3.96% 12.75% 15.45% 5.06%

Other information

Closing net asset value (£'000)	74,822	72,815	55,489	51,468
Closing number of shares	1,991,647	2,015,017	1,731,321	1,853,927
Operating charges**	0.70%	0.69%	0.68%	0.70%
Direct transaction costs	0.01%	0.05%	0.04%	0.04%

Prices (pence per share)

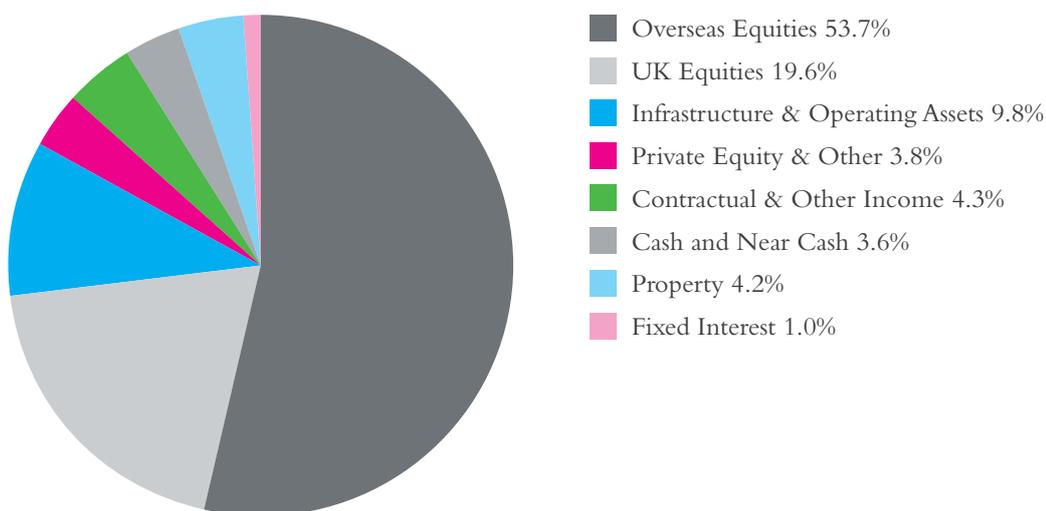
Highest share price (offer)	3,809.30	3,647.18	3,236.48	2,847.23
Lowest share price (bid)	3,439.06	3,179.97	2,570.41	2,455.68

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



**Breakdown of Overseas Equities
by Geography**

North America	35.3%
Developed Europe	11.0%
Asia Pacific ex-Japan	4.0%
Japan	3.4%
Other Americas	0.0%
	53.7%

Breakdown of Equities by Sector

Consumer Discretionary	7.4%
Consumer Staples	8.3%
Energy	1.8%
Financials	13.9%
Health Care	9.9%
Industrials	9.1%
Information Technology	15.1%
Materials	3.6%
Real Estate	3.5%
Telecommunication Services	0.3%
Utilities	0.4%
	73.3%

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; and allocations are adjusted on a 'look through' basis in respect of cross holdings in other CCLA funds (i.e. such funds are shown in a single category in the portfolio statement, but are analysed by their underlying holdings on this page).

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
UNITED KINGDOM EQUITIES 19.18%			
(31.12.2017, 18.89%)			
Consumer Discretionary 1.17% (31.12.2017, 0.70%)			
Compass Group	437,977	7,089	0.52
InterContinental Hotels Group	187,943	8,871	0.65
Consumer Staples 2.60% (31.12.2017, 2.89%)			
Reckitt Benckiser	232,857	14,528	1.06
Unilever	502,208	21,053	1.54
Energy 1.01% (31.12.2017, 0.96%)			
Royal Dutch Shell A	381,320	10,025	0.73
Royal Dutch Shell B	140,848	3,822	0.28
Financials 2.40% (31.12.2017, 2.33%)			
HSBC	638,488	4,538	0.33
London Stock Exchange	313,671	14,024	1.03
Prudential	817,877	14,186	1.04
Health Care 0.52% (31.12.2017, 0.42%)			
Abcam	95,829	1,278	0.09
Genus	220,869	5,818	0.43
Industrials 3.68% (31.12.2017, 3.12%)			
Experian	504,277	9,453	0.69
Ferguson	227,958	14,017	1.03
Intertek Group	128,844	7,365	0.54
RELX	888,813	14,421	1.06
Spirax Sarco Engineering	75,095	4,892	0.36
Materials 1.89% (31.12.2017, 1.94%)			
Croda International	262,044	12,583	0.92
DS Smith	1,381,763	7,199	0.53
Rio Tinto	143,824	6,041	0.44

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
Pooled Funds 3.75% (31.12.2017, 3.82%)			
The CBF Church of England UK Equity Fund*	29,537,477	51,214	3.75
Telecommunication Services 0.25% (31.12.2017, 0.33%)			
Vodafone	1,874,241	3,445	0.25
Utilities 0.00% (31.12.2017, 0.51%)			
Real Estate 1.91% (31.12.2017, 1.87%)			
Empiric Student Property	8,340,275	7,389	0.54
Primary Health Properties REIT	7,717,239	8,983	0.66
Tritax Big Box REIT	6,236,682	9,711	0.71
OVERSEAS EQUITIES 54.63% (31.12.2017, 54.44%)			
DEVELOPED EUROPE 10.20% (31.12.2017, 11.66%)			
Consumer Discretionary 0.97% (31.12.2017, 1.52%)			
LVMH	52,579	13,252	0.97
Consumer Staples 2.20% (31.12.2017, 1.97%)			
L'Oreal	58,284	10,798	0.79
Nestlé	328,612	19,256	1.41
Financials 1.65% (31.12.2017, 2.40%)			
Danske Bank	236,288	5,608	0.41
Deutsche Boerse	117,633	11,880	0.87
ING Groep	461,248	5,021	0.37
Health Care 2.86% (31.12.2017, 2.45%)			
DiaSorin	98,144	8,471	0.62
Fresenius	180,140	10,970	0.80
Novartis	106,424	6,111	0.45
Roche	34,348	5,777	0.42
Sartorius Stedim Biotech	98,968	7,824	0.57

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
Industrials 1.21% (31.12.2017, 1.84%)			
Assa Abloy	516,360	8,348	0.61
Legrand Promesses	148,968	8,168	0.60
Information Technology 0.78% (31.12.2017, 0.76%)			
SAP	121,714	10,651	0.78
Materials 0.53% (31.12.2017, 0.72%)			
Chr. Hansen	104,298	7,291	0.53
NORTH AMERICA 32.29% (31.12.2017, 29.84%)			
Consumer Discretionary 3.95% (31.12.2017, 2.86%)			
Amazon	8,338	10,728	0.79
Booking Holdings	9,054	13,903	1.02
Home Depot	57,007	8,426	0.62
McDonald's	102,610	12,180	0.89
Starbucks	78,952	2,921	0.21
Walt Disney	72,440	5,756	0.42
Consumer Staples 1.24% (31.12.2017, 2.33%)			
Coca Cola	232,792	7,734	0.57
Colgate-Palmolive	133,855	6,571	0.48
Pepsico	32,080	2,646	0.19
Energy 0.50% (31.12.2017, 0.50%)			
Chevron	71,785	6,872	0.50
Financials 7.10% (31.12.2017, 6.49%)			
Bank of America	598,511	12,784	0.94
Blackstone	405,854	9,889	0.72
Chicago Mercantile Exchange	90,346	11,217	0.82
Citigroup	221,618	11,237	0.82
JP Morgan Chase	145,047	11,461	0.84
NASDAQ OMX Group	150,122	10,378	0.76
S&P Global	124,820	19,277	1.41
Schwab (Charles)	277,919	10,755	0.79

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
Health Care 5.50% (31.12.2017, 5.70%)			
Medtronic	155,442	10,079	0.74
Pfizer	213,686	5,874	0.43
Stryker	99,441	12,718	0.93
Thermo Fisher Scientific	115,602	18,140	1.33
UnitedHealth Group	92,643	17,221	1.26
Zoetis	170,749	11,022	0.81
Industrials 1.79% (31.12.2017, 1.97%)			
3M	61,397	9,149	0.67
Canadian Pacific Railway	62,951	8,714	0.64
Rockwell Automation	52,635	6,627	0.48
Information Technology 9.90% (31.12.2017, 7.88%)			
Accenture	74,671	9,254	0.68
Adobe	17,650	3,256	0.24
Alphabet	17,253	14,578	1.07
Apple	88,961	12,325	0.90
Facebook	89,682	13,198	0.97
Fidelity National Information	158,950	12,765	0.93
Mastercard	89,283	13,292	0.97
Microsoft	198,702	14,841	1.09
PayPal	160,759	10,141	0.74
SS&C Technologies	223,671	8,786	0.64
Texas Instruments	136,613	11,407	0.83
Visa A	113,669	11,422	0.84
Materials 0.76% (31.12.2017, 0.63%)			
Ecolab	98,061	10,424	0.76
Real Estate 1.25% (31.12.2017, 1.16%)			
Alexandria Real Estate Equities	84,234	8,050	0.59
Prologis	182,104	9,061	0.66
Utilities 0.30% (31.12.2017, 0.32%)			
Duke Energy	68,708	4,115	0.30

PORTFOLIO STATEMENT

at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
OTHER AMERICAS 0.00% (31.12.2017, 0.04%)			
Funds 0.00% (31.12.2017, 0.04%)			
JAPAN 3.10% (31.12.2017, 3.49%)			
Consumer Discretionary 0.41% (31.12.2017, 0.68%)			
Koito Manufacturing	111,154	5,556	0.41
Consumer Staples 0.68% (31.12.2017, 0.60%)			
Kao	159,800	9,234	0.68
Industrials 1.06% (31.12.2017, 0.79%)			
FANUC	32,900	4,942	0.36
Recruit Holdings	456,300	9,560	0.70
Information Technology 0.95% (31.12.2017, 0.82%)			
Keyence	17,400	7,434	0.54
Nomura Research Institute	153,000	5,618	0.41
Telecommunication Services 0.00% (31.12.2017, 0.60%)			
ASIA PACIFIC EX JAPAN 3.58% (31.12.2017, 3.97%)			
Consumer Discretionary 0.00% (31.12.2017, 0.83%)			
Consumer Staples 0.58% (31.12.2017, 0.18%)			
LG Household & Healthcare	8,331	7,904	0.58
Financials 1.21% (31.12.2017, 1.18%)			
AIA	2,489,400	16,487	1.21
Information Technology 1.79% (31.12.2017, 1.78%)			
Taiwan Semiconductor Manufacturing	404,509	11,202	0.82
Tencent Holdings	350,300	13,311	0.97
MULTI GEOGRAPHY 5.46% (31.12.2017, 5.44%)			
Pooled Funds 5.46% (31.12.2017, 5.44%)			
The CBF Church of England Global Equity Fund*	39,259,989	74,638	5.46

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
PRIVATE EQUITY & OTHER 3.81% (31.12.2017, 4.53%)			
CCLA Shares 2.03% (31.12.2017, 2.10%)			
CCLA Investment Management Ordinary Shares**	130,000	26,315	1.93
CCLA Investment Management P Ordinary Shares**	1,417,000	1,417	0.10
Other 0.20% (31.12.2017, 0.75%)			
Triodos Microfinance	124,875	2,753	0.20
Private Equity 1.58% (31.12.2017, 1.68%)			
Blackstone Capital Partners	1	–	–
F&C Private Equity	2,538,746	8,708	0.64
Princess Private Equity	1,457,329	12,888	0.94
INFRASTRUCTURE & OPERATING ASSETS 9.74% (31.12.2017, 10.16%)			
Energy Resources & Environment 2.19% (31.12.2017, 2.35%)			
Bluefield Solar Income Fund	5,445,723	6,562	0.48
Foresight Solar Fund	2,678,433	2,906	0.21
Greencoat UK Wind	7,793,719	9,742	0.72
The Renewables Infrastructure Group	5,636,148	6,188	0.45
The Forest Company**	624,524	2,285	0.17
UK Energy Efficiency**	1	2,190	0.16
General 3.30% (31.12.2017, 3.40%)			
Infracapital Partners	1	–	–
RREEF Pan-European Infrastructure Fund**	1	43,502	3.18
Strategic Partners Offshore Real Assets Infrastructure II**	1	1,680	0.12

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
Social 4.25% (31.12.2017, 4.41%)			
Civitas Social Housing REIT	6,621,882	6,311	0.46
European Student Housing	1	797	0.06
GCP Student Living	7,129,571	10,480	0.77
Impact Healthcare REIT	2,220,108	2,264	0.16
MedicX Fund	11,818,619	9,620	0.70
Wren Retirement Living**	4,996	9,458	0.69
Target Healthcare REIT	3,889,173	4,298	0.31
Wren Retirement Fund**	6,479	4,436	0.33
Triple Point Social Housing REIT	6,052,134	6,385	0.47
Triple Point Social Housing REIT – P Ordinary	4,034,756	4,136	0.30
PROPERTY 4.13% (31.12.2017, 3.54%)			
Aberdeen Standard European Logistics Income	3,300,000	3,416	0.25
Nazeing Park Farm**	1	2,630	0.19
The CBF Church of England Property Fund*	37,233,758	50,439	3.69
CONTRACTUAL & OTHER INCOME 4.21% (31.12.2017, 4.33%)			
Alcentra European Floating Rate Income Fund	5,218,736	5,219	0.38
Blackstone Mortgage Trust	103,080	2,453	0.18
Blackstone/GSO Loan Financing	8,468,152	6,590	0.48
Chenavari Capital Solutions	2,287,690	1,807	0.13
DP Aircraft	8,090,028	6,557	0.48
Duet Real Estate Finance***	3,026,355	1	–
Fair Oaks Income Fund	8,792,728	6,327	0.46
GCP Asset Backed Income Fund	7,542,202	7,731	0.57
GCP Infrastructure Investments	1,604,960	1,920	0.14
Hadrians Wall Secured	3,324,641	3,325	0.25
KKR Private Credit Opportunities Partners II**	1	1,284	0.09
KKR Mezzanine**	1	3,764	0.28
Nimrod Sea Assets***	6,020,340	11	–
RM Secured Direct Lending	5,387,467	5,387	0.40
SQN Asset Finance Income Fund	4,763,972	4,240	0.31
SQN Asset Finance Income C shares	901,906	821	0.06

PORTFOLIO STATEMENT
at 30 June 2018 (unaudited)

	Holding	Fair value £'000	% of total net assets
FIXED INTEREST 0.99% (31.12.2017, 0.00%)			
US Treasury 2.5% 2020	17,905,600	13,554	0.99
INVESTMENT ASSETS		1,321,248	96.69
NET OTHER ASSETS		45,176	3.31
TOTAL NET ASSETS		1,366,424	100.00

* The CBF Church of England UK Equity Fund, The CBF Church of England Global Equity Income Fund and The CBF Church of England Property Fund are managed by the Manager and represent related party transactions.

** Unquoted investments.

*** Suspended quoted securities.

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		37,088		59,543
Revenue	20,653		22,504	
Expenses	(4,587)		(4,105)	
Interest payable and similar charges	(1)		–	
Net revenue before taxation	16,065		18,399	
Taxation	(911)		(729)	
Net revenue after taxation		15,154		17,670
Total return before distributions		52,242		77,213
Distributions		(23,244)		(22,471)
Change in net assets attributable to shareholders from investment activities		28,998		54,742

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		1,324,292		1,151,368
Amounts receivable on issue of shares	26,424		58,784	
Amounts payable on cancellation of shares	(15,176)		(8,215)	
In Specie Transaction	817		–	
		12,065		50,569
Change in net assets attributable to shareholders from investment activities		28,998		54,742
Retained distributions on accumulation shares		1,069		1,127
Closing net assets attributable to shareholders		1,366,424		1,257,806

The note on page 27 and distribution tables on page 28 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		1,321,248		1,269,805
Current assets:				
Debtors	21,066		3,049	
Cash equivalents	56,371		53,473	
Cash and bank balances	4,222		8,525	
Total current assets		81,659		65,047
Total assets		1,402,907		1,334,852
LIABILITIES				
Creditors:				
Other creditors	25,358		996	
Distribution payable on income shares	11,125		9,564	
Total creditors		36,483		10,560
Total liabilities		36,483		10,560
Net assets attributable to shareholders		1,366,424		1,324,292

The financial statements on pages 25 to 28 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 27 and distribution tables on page 28 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	14.40	13.18
30 June	31 August	14.40	15.62
		28.80	28.80
		Revenue accumulated pence per share	
		2018	2017
Accumulation shares			
31 March		23.84	27.73
30 June		29.72	31.81
		53.56	59.54

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 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 half year and year end valuation date. The net revenue for the period, 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 a 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

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

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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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