

COIF CHARITIES INVESTMENT FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 December 2018

**CCLA**

## CONTENTS

Report of the Board	03
Report of the Investment Manager*	06
Report of the Depositary	10
Independent Auditor's Report	11
Risk and reward profile	15
Comparative table	16
Operating charges analysis	18
Portfolio analysis	19
Portfolio statement*	20
Statement of total return**	28
Statement of change in net assets attributable to unitholders**	28
Balance sheet**	29
Notes to the financial statements**	30
Distribution tables**	49
Statement of Board, Trustee, Depositary and Manager responsibilities	50
AIFMD disclosures	55
Board and Manager*	56
Description of the COIF Charity Funds	57

\*Collectively, these comprise the Manager's Report.

\*\*Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

#### Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

## REPORT OF THE BOARD

for the year ended 31 December 2018

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Investment Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

### Structure and management of the Fund

The Fund is a Common Investment Fund established in 1962 and is now regulated by the Scheme dated 14 May 2008 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the Depositary of the Fund dated 13 May 2009, 21 July 2014, 22 July 2014, 5 December 2015 and 15 May 2017 (as amended or replaced from time to time). The Fund is managed by the Manager as an unregulated collective investment scheme and as an Alternative Investment Fund in accordance with the FCA Regulations and the Alternative Investment Fund Managers Directive (AIFMD) Legislation.

The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments, charities and the law. No Board member is required to be authorised by the FCA because the Board does not carry out regulated activities in relation to the Fund. The investment management, administration, registrar and secretarial functions of the Fund have been delegated to the Manager. The Board meets at least four times per annum to receive reports and monitor the progress of the Fund.

As at 31 December 2018, the Fund owns 22.37% of the ordinary share capital of the Manager's parent company, CCLA Investment Management Limited, a proportion of which are non-voting shares.

The Board is responsible for setting and subsequently reviewing the investment policy of the Fund, monitoring performance, appointing the Auditors to the Fund and agreeing the fees charged by the Depositary, the Manager and the Auditors.

The Trustee and Depositary, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and depositary functions provides an additional layer of protection for unitholders. The Board, Depositary and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 1993 (amended Charities Act 2011).

**REPORT OF THE BOARD**

for the year ended 31 December 2018

**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 Price 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.

**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.

**Suitability**

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

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

The Board met quarterly during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board monitored the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the Fund, which are included within these Financial Statements in the portfolio statement.

During the year, the Board also met quarterly with the Manager to review investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

**Responsible investment and stewardship**

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

**REPORT OF THE BOARD**

for the year ended 31 December 2018

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

**Ethical investment**

The Board's main purpose is to obtain the best return for unitholders, consistent with commercial prudence and the need to ensure adequate spread and diversification of assets.

In this spirit, the Board has adopted an ethical investment policy which reflects client priorities researched by the Manager. The Fund avoids investing in companies that have been identified by our third-party data provider (MSCI), through data feeds selected by the Manager, as:

- Being involved in the production of cluster munitions and land mines;
- A producer of tobacco products; and
- Generating more than 10% of revenue from online gambling or the production of pornography.

Companies that have not responded to persistent engagement on compliance with:

- The ILO Core Labour Standards;
- The UN Guiding Principles on Business and Human Rights; and
- Norms relating to Biodiversity, Toxic Waste and Climate Change disclosure;

are also restricted from investment.

**Controls and risk management**

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

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

N Morecroft  
Chairman  
21 May 2019

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2018

#### Performance

Over the year the Fund achieved a return before expenses of 1.21%. This compares with a return on the comparator of -3.50%. Relative performance was supported by the asset allocation of the portfolio and by stock

selection. The total return on an Income unit, after all costs and charges was 0.58%. The Accumulation unit, on the same basis, gave a return of 0.60%.

#### Annualised total capital and income return

To 31 December 2018	1 year %	5 years % p.a.	10 years % p.a.
<b>Performance against market indices (before expenses)</b>			
COIF Charities Investment Fund	1.21	8.91	10.14
Comparator <sup>#</sup>	-3.50	6.31	9.23
MSCI UK Investable Market Index	-9.70	3.82	8.91
MSCI World ex UK	-2.16	11.40	12.05
iBoxx £ Gilts	0.60	5.48	4.84
MSCI UK Monthly Property	7.45	10.78	9.13
<b>Performance after expenses</b>			
Income units <sup>*</sup>	0.58	8.20	9.51
Accumulation units <sup>*</sup>	0.60	8.23	9.54

<sup>#</sup> Comparator - composite: from 01.01.18 MSCI UK IMI 30%, MSCI World ex UK 45%, MSCI UK Monthly Property 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%. To 31.12.17 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%.

<sup>\*</sup> Mid to mid plus income re-invested.

Source: CCLA.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2018

### Economic and Market Review

The world economy grew over the year but at a moderating pace and one below that achieved in 2017. Activity remained robust in the United States, buoyed by tax cuts and increased government spending. It slowed, however, in Europe and in Japan it was restricted by an earthquake and a severe storm season. Output growth also slowed in China, a development which had important regional implications. Inflation remained at modest levels, easing in the final months to reflect weakness in the oil price. Partly as a consequence of the lack of upward pressure on prices, interest rates remained low, with an established uptrend only evident in the US.

Investment markets gave mixed returns over the year. Equities were the weakest performers. The major indices fell in February, consolidated over the summer and then lost ground again towards the end of the year. Investors became concerned about the strength of the economic uptrend and in particular the risk of a recession triggered by increases in US borrowing costs and US-Chinese trade friction. Of the major regional markets, the UK was the weakest, with a total return of -9.70%, but it was closely followed by Europe, -9.19%, Asia, -8.51% and Japan, -7.58%. In contrast to this broad pattern of weakness, the US performed positively, up 0.60% over the year although currency factors made an important contribution to the return. At the individual country index level, in Europe, only Finland was

positive, with a gain over the year of 3.41%. In contrast, 8 markets were down by more than 10% with Greece, -29.81%, the weakest. The picture was similar in Asia. New Zealand and Thailand made progress, the rest fell, with Pakistan, -26.09% the worst of the group. In contrast to the volatility and weakness in the equity sector, commercial property returns were stable; capital values rose for each of the first 10 months of the year before easing in November and December due to a weak performance by the retail sub-sector. Fixed interest asset prices were little changed over the year, a late sector rally pushed total returns for UK government bonds just positive. In currency markets sterling fell; against the US dollar by -5.62%, by -1.60% against the Euro and by -8.12% relative to the Yen.

### Strategy

The investment objective of the Fund is to aim to provide a long-term total return comprising growth in capital and income. To achieve these ends the Fund has exposure to a broad range of investments but is biased towards real assets such as global equities, domestic commercial property and infrastructure. There is currently only a modest exposure to fixed interest investments. In the second half of the year strategy was adjusted to reflect a more cautious view of potential returns. A shift to a more defensive stance resulted in profit taking on holdings in companies which had moved on to elevated valuations, reducing the exposure to cyclical investments and raising the cash allocation.

---

**REPORT OF THE INVESTMENT MANAGER**  
for the year ended 31 December 2018**Outlook**

We expect global growth to continue in 2019 but not at the pace experienced in the previous year; the boost to US activity from tax cuts will fade and there are factors which will act to keep growth in Europe and Japan relatively muted. A less robust rate of expansion will reduce the pressure on the authorities to normalise monetary policy, one effect of this will be a slower pace of rate increase in the US and probably no change in borrowing costs in Europe. An important positive is that recent measures by the Chinese government to support growth will bolster activity, particularly in the second half of the year.

Economic growth, albeit modest, should support equity valuations. Volatility however, is expected to remain at elevated levels. Returns in the property sector are expected to be dominated by the contribution from income, capital returns will be held back by the retail sub-sector where prospects look poor. Short term uncertainty may act to support fixed income asset prices, but we view the available yields as poor long-term value.

J Bevan  
Chief Investment Officer  
CCLA Fund Managers Limited  
21 May 2019

**REPORT OF THE INVESTMENT MANAGER**  
for the year ended 31 December 2018

**Top ten changes in portfolio composition**

	Cost £'000		Proceeds £'000
<b>Purchases:</b>		<b>Sales:</b>	
US Treasury 0.5% 2028	42,268	Apple	22,931
Heineken	30,021	Montreux Healthcare Fund D1	20,211
US Treasury 2.5% 2020	21,701	Facebook	18,090
NASDAQ OMX Group	20,692	Sartorius Stedim Biotech	17,590
Activision Blizzard	19,048	ING Groep	14,595
McDonald's	18,265	Samsonite International	14,165
Beiersdorf	14,958	Ferguson	13,638
Adobe	14,721	Deutsche Post	13,003
Sonic Healthcare	14,654	Home Depot	12,967
Nomura Research Institute	14,622	Anheuser-Busch InBev	12,902

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

**Risk warning**

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

The Fund's units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each weekly dealing day.

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 COIF Charities 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.

**REPORT OF THE DEPOSITARY**  
for the year ended 31 December 2018

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

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

HSBC Bank plc is authorised and regulated by  
the Financial Conduct Authority  
21 May 2019

## INDEPENDENT AUDITOR'S REPORT

to the Trustees of the COIF Charities Investment Fund

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

In our opinion, COIF Charities Investment Fund's financial statements (the "financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2018, of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of total return; the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements which include a summary of the significant accounting policies.

*Basis for opinion*

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

*Independence*

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

*Conclusions relating to going concern*

ISAs (UK) require us to report to you when:

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

## INDEPENDENT AUDITOR'S REPORT to the Trustees of the COIF Charities Investment Fund

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear and it is difficult to evaluate all of the potential implications on the Scheme's business and the wider economy.

### *Reporting on other information*

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

### *Statement of Board, Trustee, Depositary and Manager Responsibilities*

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Statement of Board, Trustee, Depositary and Manager Responsibilities is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

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

*Responsibilities of the Manager for the financial statements*  
As explained more fully in the Statement of Board, Depositary and Manager Responsibilities set out on page 53, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT to the Trustees of the COIF Charities Investment Fund

In preparing the financial statements, the Manager is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the charity's trustee as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### *Charities Act 2011 exception reporting*

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

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

**INDEPENDENT AUDITOR'S REPORT**  
to the Trustees of the COIF Charities Investment Fund

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London  
Riverside  
London  
21 May 2019

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

## RISK AND REWARD PROFILE

The European Union imposed legislation which sets out detailed guidelines for the calculation of the risk ratings to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the fund will lose money because of movements in markets.



We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level. The summary 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.

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. However, investors can request redemption at any time and the fund deals on a weekly basis. 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 Particulars document available on CCLA's website or by request.

## COMPARATIVE TABLE

## Change in net assets per unit

	Year to 31.12.2018 pence per unit	Income units Year to 31.12.2017 pence per unit	Year to 31.12.2016 pence per unit
Opening net asset value per unit	1,474.74	1,356.42	1,228.98
Return before operating charges*	20.72	178.62	185.35
Operating charges	(11.39)	(10.97)	(9.55)
Return after operating charges*	9.33	167.65	175.80
Distributions on Income units	(50.32)	(49.33)	(48.36)
Closing net asset value per unit	1,433.75	1,474.74	1,356.42
* after direct transaction costs of:	0.39	0.77	0.68

## Performance

Return after charges	0.63%	12.36%	14.30%
----------------------	-------	--------	--------

## Other information

Closing net asset value (£'000)	1,865,140	1,820,423	1,480,478
Closing number of units	130,087,911	123,440,496	109,146,345
Operating charges**	0.75%	0.74%	0.75%
Direct transaction costs	0.03%	0.05%	0.05%

## Prices (pence per unit)

Highest unit price (offer)	1,586.51	1,498.80	1,378.29
Lowest unit price (bid)	1,403.79	1,348.40	1,126.55

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and 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 year.

## COMPARATIVE TABLE

## Change in net assets per unit

	Accumulation units		
	Year to 31.12.2018 pence per unit	Year to 31.12.2017 pence per unit	Year to 31.12.2016 pence per unit
Opening net asset value per unit	15,355.23	13,647.21	11,909.78
Return before operating charges*	209.72	1,819.85	1,831.37
Operating charges	(120.05)	(111.83)	(93.94)
Return after operating charges*	89.67	1,708.02	1,737.43
Distributions on Accumulation units	(425.60)	(442.77)	(447.16)
Retained distributions on Accumulation units	425.60	442.77	447.16
Closing net asset value per unit	15,444.90	15,355.23	13,647.21
* after direct transaction costs of:	4.09	7.84	6.74
<b>Performance</b>			
Return after charges	0.58%	12.52%	14.59%
<b>Other information</b>			
Closing net asset value (£'000)	288,471	294,927	237,858
Closing number of units	1,867,744	1,920,691	1,742,907
Operating charges**	0.75%	0.74%	0.75%
Direct transaction costs	0.03%	0.05%	0.05%
<b>Prices (pence per unit)</b>			
Highest unit price (offer)	16,820.29	15,485.79	13,756.64
Lowest unit price (bid)	14,616.54	13,566.65	10,916.72

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 year.

## OPERATING CHARGES ANALYSIS

for the year ended 31 December 2018

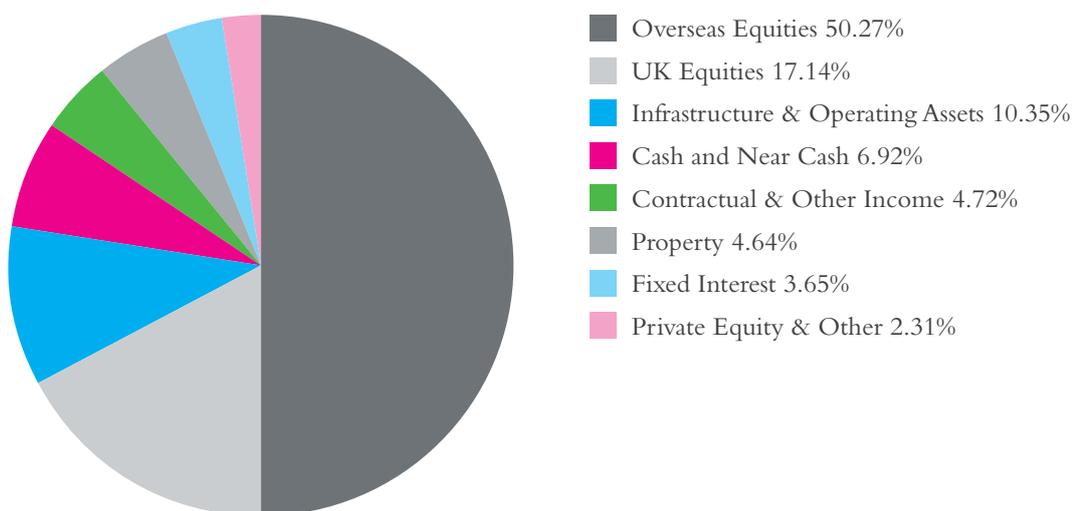
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges which are shown below as a percentage of average net assets of the Fund. The share of the Manager's periodic charge of the CCLA ACS – Diversified Income Fund does not form part of the total operating charges because they are offset by the rebates included in note 2.

	31.12.2018	31.12.2017
	%	%
Manager's periodic charge including VAT	0.72	0.72
Manager's fee for ethical services	0.01	0.01
Safe custody fees and depositary fee	0.01	0.01
Other expenses	0.01	0.00
<b>Total operating charges</b>	<b>0.75</b>	<b>0.74</b>

## PORTFOLIO ANALYSIS

at 31 December 2018

### Portfolio Allocation



### Breakdown of Overseas Equities by Geography

North America	31.58%
Developed Europe	10.84%
Asia Pacific ex-Japan	4.83%
Japan	2.67%
Other Americas	0.35%
	<b>50.27%</b>

### Breakdown of Equities by Sector

Consumer Staples	11.30%
Financials	10.91%
Information Technology	9.59%
Health Care	9.24%
Industrials	7.38%
Consumer Discretionary	5.82%
Communication Services	3.91%
Real Estate	3.56%
Materials	3.32%
Energy	1.64%
Utilities	0.74%
	<b>67.41%</b>

The portfolio analyses above differ from the following portfolio statement because: (i) prices used here are mid-market, rather than bid; and (ii) 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 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>UNITED KINGDOM EQUITIES 16.40%</b>			
<b>(31.12.2017, 19.36%)</b>			
<b>Consumer Discretionary 1.42% (31.12.2017, 0.98%)</b>			
Compass Group	996,525	16,393	0.76
InterContinental Hotels Group	333,496	14,114	0.66
<b>Consumer Staples 4.03% (31.12.2017, 4.15%)</b>			
Diageo	1,216,621	34,005	1.58
Reckitt Benckiser	403,830	24,274	1.13
Unilever	695,466	28,573	1.32
<b>Energy 0.95% (31.12.2017, 1.25%)</b>			
Royal Dutch Shell A	727,497	16,783	0.78
Royal Dutch Shell B	157,890	3,690	0.17
<b>Financials 2.67% (31.12.2017, 3.10%)</b>			
HSBC	1,855,433	12,001	0.56
London Stock Exchange	538,801	21,875	1.01
Prudential	1,688,635	23,675	1.10
<b>Health Care 0.39% (31.12.2017, 0.41%)</b>			
Abcam	222,107	2,421	0.11
Genus	281,754	6,029	0.28
<b>Industrials 2.94% (31.12.2017, 3.62%)</b>			
Experian	919,709	17,516	0.81
Intertek Group	178,623	8,574	0.40
RELX	1,800,293	29,102	1.35
Spirax Sarco Engineering	131,180	8,166	0.38
<b>Materials 1.78% (31.12.2017, 2.28%)</b>			
Croda International	304,260	14,255	0.66
DS Smith	3,662,720	10,951	0.51
Rio Tinto	351,698	13,117	0.61

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>Real Estate 2.22% (31.12.2017, 2.25%)</b>			
Civitas Social Housing	9,124,978	9,718	0.45
Empiric Student Property	12,248,913	11,318	0.52
Primary Health Properties REIT	12,106,611	13,414	0.62
Tritax Big Box REIT	10,277,012	13,494	0.63
<b>Telecommunication Services 0.00% (31.12.2017, 0.65%)</b>			
<b>Utilities 0.00% (31.12.2017, 0.67%)</b>			
<b>OVERSEAS EQUITIES 50.63% (31.12.2017, 53.65%)</b>			
<b>DEVELOPED EUROPE 10.26% (31.12.2017, 11.85%)</b>			
<b>Consumer Discretionary 1.28% (31.12.2017, 1.43%)</b>			
Adidas	80,335	13,159	0.61
LVMH Moët Hennessy Louis Vuitton	62,618	14,512	0.67
<b>Consumer Staples 3.85% (31.12.2017, 2.29%)</b>			
Beiersdorf	187,845	15,397	0.72
Heineken	407,637	28,195	1.31
L'Oreal	68,947	12,433	0.58
Nestlé	422,574	26,852	1.24
<b>Energy 0.32% (31.12.2017, 0.00%)</b>			
Total	165,345	6,854	0.32
<b>Financials 0.51% (31.12.2017, 2.53%)</b>			
Deutsche Boerse	117,441	11,021	0.51
<b>Health Care 1.97% (31.12.2017, 2.32%)</b>			
Dia Sorin	137,873	8,749	0.41
Fresenius	273,552	10,389	0.48
Novartis	214,559	14,358	0.67
Roche	45,701	8,858	0.41
<b>Industrials 0.87% (31.12.2017, 1.94%)</b>			
Assa Abloy	830,204	11,591	0.54
Epiroc A	974,838	7,186	0.33

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>Information Technology 0.79% (31.12.2017, 0.74%)</b>			
SAP	216,793	16,970	0.79
<b>Materials 0.67% (31.12.2017, 0.60%)</b>			
Chr. Hansen	95,087	6,576	0.31
Sika	77,384	7,674	0.36
<b>NORTH AMERICA 29.86% (31.12.2017, 30.59%)</b>			
<b>Communication Services 2.17% (31.12.2017, 1.20%)</b>			
Activision Blizzard	360,886	13,204	0.61
Alphabet	28,718	23,382	1.08
Walt Disney	120,004	10,333	0.48
<b>Consumer Discretionary 2.78% (31.12.2017, 2.39%)</b>			
Amazon	11,933	14,085	0.66
Booking Holdings	13,276	17,959	0.83
McDonald's	154,348	21,519	1.00
Starbucks	123,257	6,234	0.29
<b>Consumer Staples 1.19% (31.12.2017, 2.46%)</b>			
Coca Cola	395,219	14,687	0.68
Colgate-Palmolive	232,590	10,870	0.51
<b>Energy 0.31% (31.12.2017, 0.50%)</b>			
Chevron	78,776	6,730	0.31
<b>Financials 5.97% (31.12.2017, 6.55%)</b>			
Bank of America	887,187	17,178	0.80
Blackstone	408,225	9,552	0.44
Chicago Mercantile Exchange	117,824	17,403	0.81
Citigroup	300,019	12,259	0.57
JP Morgan Chase	279,279	21,428	0.99
NASDAQ OMX Group	310,647	19,889	0.92
S&P Global	129,769	17,315	0.80
Schwab (Charles)	421,931	13,762	0.64

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>Health Care 5.79% (31.12.2017, 5.66%)</b>			
Medtronic	264,958	18,925	0.88
Pfizer	536,617	18,387	0.85
Stryker	151,308	18,622	0.86
Thermo Fisher Scientific	156,809	27,546	1.28
UnitedHealth Group	134,860	26,384	1.23
Zoetis	220,569	14,813	0.69
<b>Industrials 2.48% (31.12.2017, 2.57%)</b>			
3M Company	80,134	11,985	0.56
Canadian Pacific Railway	117,140	16,275	0.76
Danaher	88,887	7,195	0.33
Honeywell International	111,634	11,578	0.54
Rockwell Automation	53,327	6,301	0.29
<b>Information Technology 6.59% (31.12.2017, 7.16%)</b>			
Accenture	108,284	11,988	0.56
Adobe	82,536	14,670	0.68
Fidelity National Information Services	268,272	21,589	1.00
IPG Photonics	29,406	2,615	0.12
Mastercard	122,154	18,093	0.84
Microsoft	263,298	21,017	0.98
PayPal	238,457	15,755	0.73
SS&C Technologies	332,740	11,783	0.55
Texas Instruments	86,636	6,428	0.30
Visa A	172,511	17,875	0.83
<b>Materials 0.72% (31.12.2017, 0.61%)</b>			
Ecolab	133,428	15,437	0.72
<b>Real Estate 1.16% (31.12.2017, 1.16%)</b>			
Alexandria Real Estate Equities	132,757	12,012	0.56
Prologis	278,865	12,859	0.60
<b>Utilities 0.70% (31.12.2017, 0.33%)</b>			
Duke Energy	221,580	15,011	0.70

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>OTHER AMERICAS 0.34% (31.12.2017, 0.56%)</b>			
<b>Consumer Staples 0.34% (31.12.2017, 0.53%)</b>			
AmBev	2,349,300	7,320	0.34
<b>Funds 0.00% (31.12.2017, 0.03%)</b>			
<b>JAPAN 2.53% (31.12.2017, 3.65%)</b>			
<b>Consumer Discretionary 0.00% (31.12.2017, 0.68%)</b>			
<b>Consumer Staples 0.80% (31.12.2017, 0.72%)</b>			
Kao	295,077	17,194	0.80
<b>Industrials 0.73% (31.12.2017, 0.94%)</b>			
FANUC	53,734	6,391	0.30
Recruit Holdings	482,128	9,178	0.43
<b>Information Technology 1.00% (31.12.2017, 0.78%)</b>			
Keyence	23,053	9,184	0.43
Nomura Research Institute	425,877	12,389	0.57
<b>Telecommunication Services 0.00% (31.12.2017, 0.53%)</b>			
<b>ASIA PACIFIC EX JAPAN 4.59% (31.12.2017, 3.81%)</b>			
<b>Communication Services 1.52% (31.12.2017, 0.71%)</b>			
HKT Trust and HKT Ltd	12,038,000	13,594	0.63
Tencent Holdings	608,788	19,158	0.89
Tencent Holdings – Rights Issue	156	2	–
<b>Consumer Discretionary 0.00% (31.12.2017, 0.79%)</b>			
<b>Consumer Staples 0.58% (31.12.2017, 0.18%)</b>			
LG Household & Healthcare	16,176	12,521	0.58
<b>Financials 1.19% (31.12.2017, 1.14%)</b>			
AIA	3,935,641	25,655	1.19
<b>Health Care 0.63% (31.12.2017, 0.00%)</b>			
Sonic Healthcare	1,110,694	13,507	0.63

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>Information Technology 0.67% (31.12.2017, 0.99%)</b>			
Taiwan Semiconductor Manufacturing Company	496,471	14,380	0.67
<b>MULTI GEOGRAPHY 3.05% (31.12.2017, 3.19%)</b>			
<b>Pooled Funds 3.05% (31.12.2017, 3.19%)</b>			
COIF Charities Global Equity Income Fund Income units*	39,100,405	65,700	3.05
<b>PRIVATE EQUITY &amp; OTHER 2.28%</b>			
<b>(31.12.2017, 2.69%)</b>			
<b>CCLA Shares 0.89% (31.12.2017, 0.68%)</b>			
CCLA Investment Management – Ordinary**	28,167	8,168	0.38
CCLA Investment Management Ordinary Non Voting**	26,000	7,540	0.35
CCLA Investment Management – P Ordinary**	3,533,000	3,533	0.16
<b>Other 0.12% (31.12.2017, 0.62%)</b>			
Triodos Microfinance Fund	111,288	2,506	0.12
<b>Private Equity 1.27% (31.12.2017, 1.39%)</b>			
Blackstone Capital Partners Asia**	1	907	0.04
BMO Private Equity	3,216,073	10,163	0.47
Princess Private Equity	2,157,159	16,264	0.76
<b>INFRASTRUCTURE &amp; OPERATING ASSETS 9.97%</b>			
<b>(31.12.2017, 9.03%)</b>			
<b>Energy Resources &amp; Environment 3.03%</b>			
<b>(31.12.2017, 2.23%)</b>			
Bluefield Solar Income Fund	8,442,804	10,342	0.48
Foresight Solar Fund	9,239,656	9,933	0.46
Greencoat UK Wind	13,335,785	16,750	0.78
Gresham House Energy Storage Fund	5,929,693	6,048	0.28
SDCL Energy Efficiency Income Trust	8,850,686	8,806	0.41
The Renewables Infrastructure Group	10,113,611	11,428	0.53
The Forest Company**	557,164	1,969	0.09
UK Energy Efficiency Investment IA**	1	24	–

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
<b>General 2.78% (31.12.2017, 2.46%)</b>			
Infracapital Partners III**	1	1,604	0.07
Pan European Infrastructure Fund II**	1	13,582	0.63
RREEF Pan-European Infrastructure Fund**	1	40,757	1.89
Strategic Partners Offshore Real Assets – Infrastructure II**	1	4,092	0.19
<b>Social 4.16% (31.12.2017, 4.34%)</b>			
European Student Housing Fund**	1	8,241	0.38
GCP Student Living	10,755,539	15,961	0.74
Impact Healthcare REIT	3,396,234	3,464	0.16
MedicX Fund	19,159,327	14,178	0.66
Target Healthcare REIT	5,812,830	6,191	0.29
The Montreux Care Home Fund**	8,102	5,708	0.27
The Montreux Healthcare Fund D1**	7,959	15,800	0.73
Triple Point Social Housing REIT	20,423,516	20,097	0.93
<b>PROPERTY 4.31% (31.12.2017, 3.39%)</b>			
Aberdeen Standard European Logistics Income	5,099,558	5,176	0.24
COIF Charities Property Fund Income units*	68,975,619	81,336	3.78
Tritax EuroBox plc	6,708,979	6,172	0.29
<b>MULTI ASSET 2.33% (31.12.2017, 2.46%)</b>			
CCLA ACS-Diversified Income Fund Unit Class 1*	33,333,334	50,103	2.33
<b>CONTRACTUAL &amp; OTHER INCOME 4.43% (31.12.2017, 3.96%)</b>			
Alcentra European Floating Rate Income Fund	7,128,271	7,085	0.33
Blackstone Mortgage Trust	111,868	2,796	0.13
Blackstone/GSO Loan Financing	6,374,264	4,320	0.20
Chenavari Capital Solutions	2,707,241	2,071	0.10
DP Aircraft	12,515,745	10,024	0.46
Duet Real Estate Finance***	3,611,649	2	–
GCP Asset Backed Income Fund	17,244,990	17,935	0.83
GCP Infrastructure Investments	2,456,465	3,110	0.14
Hadrians Wall Secured Investments	5,246,657	4,958	0.23
Hipgnosis Songs Fund	10,730,205	11,428	0.53
KKR Global Infrastructure Investors III**	1	1,986	0.09

## PORTFOLIO STATEMENT

at 31 December 2018

	Holding	Fair value £'000	% of total net assets
KKR Mezzanine Partners I**	1	3,451	0.16
KKR Private Credit Opportunities Partners II**	1	4,767	0.22
Nimrod Sea Assets***	7,758,393	181	0.01
RM Secured Direct Lending	8,132,053	8,132	0.38
Sequoia Economic Infrastructure Income Fund	3,834,893	4,353	0.20
SQN Asset Finance Income Fund	3,847,727	3,426	0.16
SQN Asset Finance Income Fund C Shares	5,724,785	5,519	0.26
<b>FIXED INTEREST 3.04% (31.12.2017, 0.01%)</b>			
Land Securities Capital Markets 5.391% VRN 2027	194,000	230	0.01
US Treasury 2.5% 2020	28,418,600	22,296	1.03
US Treasury IL 0.5% 2028	55,972,500	42,996	2.00
<b>FORWARD CURRENCY CONTRACT (0.53%) (31.12.2017, 0.00%)</b>			
Buy GBP 203,099,059 & Sell USD 267,542,391		(6,499)	(0.30)
Buy GBP 203,957,821 & Sell USD 267,194,944		(5,369)	(0.25)
Buy GBP 113,460,543 & Sell EUR 129,765,589		(3,198)	(0.15)
Buy USD 277,975,849 & Sell GBP 216,770,655		1,002	0.05
Buy USD 256,761,486 & Sell GBP 199,596,926		1,555	0.07
Buy EUR 129,765,589 & Sell GBP 115,469,314		1,190	0.05
<b>INVESTMENT ASSETS</b>		<b>1,999,927</b>	<b>92.86</b>
<b>NET OTHER ASSETS</b>		<b>153,684</b>	<b>7.14</b>
<b>TOTAL NET ASSETS</b>		<b>2,153,611</b>	<b>100.00</b>

\* The COIF Charities Global Equity Income Fund, COIF Charities Property Fund and CCLA Authorised Contractual Scheme – Diversified Income Fund (“CCLA ACS – Diversified Income Fund”) are managed by the Manager and represent related party transactions.

\*\* Unquoted investments. CCLA Investment Management is a related party.

\*\*\* Suspended quoted securities.

During the period, certain holdings in the portfolio were reclassified due to GICS sector changes in the comparator.

STATEMENT OF TOTAL RETURN  
for the year ended 31 December 2018

	Note	Year ended 31.12.2018		Year ended 31.12.2017	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(30,759)		178,841
Revenue	3	61,350		60,612	
Expenses	4	(16,723)		(14,814)	
Interest payable and similar charges		(3)		–	
Net revenue before taxation		44,624		45,798	
Taxation	5	(1,385)		(2,094)	
Net revenue after taxation			43,239		43,704
<b>Total return before distributions</b>			<b>12,480</b>		<b>222,545</b>
Distributions	6		(72,101)		(65,539)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(59,621)</b>		<b>157,006</b>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
for the year ended 31 December 2018

	Year ended 31.12.2018		Year ended 31.12.2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>2,115,350</b>		<b>1,718,336</b>
Amounts receivable on issue of units	243,107		263,644	
Amounts payable on cancellation of units	(83,491)		(49,254)	
In-specie transactions	(69,937)		17,360	
		89,679		231,750
Change in net assets attributable to unitholders from investment activities		(59,621)		157,006
Retained distributions on Accumulation units		8,203		8,258
<b>Closing net assets attributable to unitholders</b>		<b>2,153,611</b>		<b>2,115,350</b>

The notes on pages 30 to 48 and distribution tables on page 49 form part of these financial statements.

In-specie transactions in the table above includes the switch offered to investors in July 2018 between the units they held in the COIF Charities Investment Fund and the COIF Charities Ethical Investment Fund.

**BALANCE SHEET**  
at 31 December 2018

	<i>Note</i>	31.12.2018		31.12.2017	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			2,014,993		2,000,061
Current assets:					
Debtors	7	6,103		4,902	
Cash equivalents	8	142,204		116,674	
Cash and bank balances	8	13,898		9,652	
Amounts held for forward contracts	8	11,430		–	
<b>Total current assets</b>			<b>173,635</b>		<b>131,228</b>
<b>Total assets</b>			<b>2,188,628</b>		<b>2,131,289</b>
<b>LIABILITIES</b>					
Investment liabilities			15,066		–
Creditors					
Other creditors	9	4,380		1,768	
Distribution payable on Income units		15,571		14,171	
<b>Total creditors</b>			<b>19,951</b>		<b>15,939</b>
<b>Total liabilities</b>			<b>35,017</b>		<b>15,939</b>
<b>Net assets attributable to unitholders</b>			<b>2,153,611</b>		<b>2,115,350</b>

The financial statements on pages 28 to 49 have been approved by the Board.

Approved on behalf of the Board  
21 May 2019

N Morecroft, Chairman

The notes on pages 30 to 48 and distribution tables on page 49 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

### 1. Accounting policies

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

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by The Investment Association in May 2014 (and amended in June 2017), the Charities Act 2011, and in accordance with the Scheme and the Collective Investment Scheme Sourcebook. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 as substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

#### *(b) Revenue recognition*

Dividends on ordinary stocks, including special dividends where appropriate, distributions received on collective investment schemes, preference shares and unit trusts are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on Government and other fixed interest stocks, bank deposits and interest on deposits in the COIF Charities Deposit Fund are accrued on a daily basis.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Dividends received from US real estate investment trusts (US REITs) are allocated between revenue and capital for distribution purposes. The split is based on the year-end tax reporting date issued by the US REIT. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior year's aggregated dividend split for each US REIT.

Revenue is stated net of irrecoverable tax credits. In the case where revenue is received after the deduction of withholding tax, the revenue is shown gross of taxation, and the tax consequences are shown within the tax charge. Overseas tax recovered is recorded in the period it is received.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

1. Accounting policies (continued)

(c) Stock dividends

The ordinary element of stock received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

(d) Special dividends, share buy-back or additional share issue

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature.

(e) Expenses

During the year, the Manager's periodic charge, paid to the Manager, was taken to the capital of the Fund before distribution. The fee is based on a fixed percentage of the value of the Fund and was 0.60% plus VAT during the year. The Fund received a management fee rebate credited to the capital of the Fund for its holdings in the COIF Charities Property Fund, COIF Charities Global Equity Income Fund and the CCLA ACS – Diversified Income Fund, where during the year, management fees of these funds were taken to capital. The Fund also received a management fee rebate credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund where management fees were charged to revenue. The Fund also received a management fee subsidy, credited to the capital of the Fund, for one quarter of the Manager's periodic charge on the CCLA ACS – Diversified Income Fund for two years from the date of investment, which was on 2 December 2016. On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the fee due. This fee covers the provision of investment services and other expenses incurred by the Manager. A fee for ethical and stewardship services is also charged by the Manager. The Depositary fee, audit, legal, safe custody fees and transaction charges and insurance fees are charged separately to the revenue of the Fund before distribution.

(f) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10).

It is the Fund's policy to calculate the distribution based on the revenue on debt securities which is computed on a coupon basis. A reconciliation of the net distribution to the net income of the Fund as reported in the statement of total return is shown in note 6.

From 1 January 2017, distributions can also be supported by the Fund's capital. On an annual basis, at least 75% of the distribution must come from income.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

1. Accounting policies (*continued*)

(g) *Basis of valuation*

Quoted investments are valued at bid-market values, at the close of business, on the last business day of the accounting period. Any unquoted, unlisted, delisted or suspended investments are stated at valuation by the Manager, and reviewed by the Board.

The Manager's valuation is based upon valuations supplied by the manager of the underlying investments. The Manager satisfies itself that these valuations can be relied on by valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity. The estimates and assumptions underlying the valuations are kept under review by the Manager, and judgements are reviewed, considering all factors affecting the investments.

For unquoted investments, the latest valuation point may be prior to the year end, but the Manager is satisfied that the resultant portfolio valuation would not be materially different from a valuation carried out as at the year end.

Suspended securities are valued by the Manager having regard to the last quoted price on or before the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

(h) *Foreign exchange*

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

1. Accounting policies (continued)

(h) Foreign exchange (continued)

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

(i) Cash equivalents

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital (losses)/gains

	31.12.2018 £'000	31.12.2017 £'000
The net capital (losses)/gains during the year comprise:		
Realised gains on non-derivative securities*	95,893	74,507
Unrealised (losses)/gains on non-derivative securities*	(117,333)	100,489
Unrealised losses on forward currency contracts*	(11,319)	–
Realised gains on forward currency contracts*	11	1,731
Manager's periodic charge rebate – see note 1(e)**	1,594	1,559
Manager's periodic charge subsidy – see note 1(e)***	77	84
Currency gains	318	580
Other capital losses	–	(109)
	<b>(30,759)</b>	<b>178,841</b>

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

\*\* This amount includes the rebates credited to the capital of the Fund for its holding in the COIF Charities Property Fund, COIF Charities Global Equity Income Fund and the CCLA ACS – Diversified Income Fund where, in all these Funds, management fees are taken to capital.

\*\*\* This is the management fee subsidy credited to the capital of the Fund for its holding in the CCLA ACS – Diversified Income Fund.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

3. Revenue

	31.12.2018 £'000	31.12.2017 £'000
Overseas dividends	32,139	30,521
UK dividends	11,248	15,695
Franked dividend distributions	8,257	7,362
Franked dividends on unquoted stocks	4,370	3,920
Interest on debt securities	1,463	1,147
Interest on the COIF Charities Deposit Fund	478	212
Property income distributions	3,099	1,578
Manager's periodic charge rebate*	226	142
Other income	1	15
Bank interest	69	20
	<b>61,350</b>	<b>60,612</b>

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

4. Expenses

	31.12.2018 £'000	31.12.2017 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge – see note 1(e)	15,818	13,963
Manager's periodic charge – share of the CCLA ACS – Diversified Income Fund – see note 1(e)	310	313
Manager's fee for ethical services	102	102
	<b>16,230</b>	<b>14,378</b>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	140	144
Depositary fee	142	138
	<b>282</b>	<b>282</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

4. Expenses (*continued*)

	31.12.2018 £'000	31.12.2017 £'000
Other expenses:		
Audit fee	21	23
Insurance fee	17	20
Other fees	173	111
	211	154
Total expenses	16,723	14,814

Audit fee net of VAT for the COIF Charities Investment Fund is £10,455 (31.12.2017, £10,151).

The above expenses include VAT where applicable.

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid, and reinvested revenue credited gross to unitholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	31.12.2018 £'000	31.12.2017 £'000
Overseas taxation suffered in the year	1,767	1,826
Overseas recoverable withholding tax (windfall)/written off in the year	(382)	268
Total taxation	1,385	2,094

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

6. Distributions

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

	31.12.2018 £'000	31.12.2017 £'000
31 March – interim distribution	18,688	15,685
30 June – interim distribution	19,345	18,927
30 September – interim distribution	17,011	15,796
31 December – final distribution	17,401	15,782
	<b>72,445</b>	<b>66,190</b>
Add: revenue deducted on cancellation of units	257	186
Deduct: revenue received on in-specie transactions	(15)	(145)
Deduct: revenue received on issue of units	(586)	(692)
Net distribution for the year	<b>72,101</b>	<b>65,539</b>
Net revenue after taxation for the year	43,239	43,704
Transfer from income reserve – see note 10	9,784	7,092
Amortisation under effective yield	(201)	365
Manager's periodic charge – see note 1(e)	16,230	14,378
Expenses charged to capital	68	–
Distribution from capital	2,981	–
Net distribution for the year	<b>72,101</b>	<b>65,539</b>

Details of the distribution per unit are set out in the distribution tables on page 49.

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

There were unclaimed distributions as at 31 December 2018 of £131,524 (31.12.2017, £71,126).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

7. Debtors

	31.12.2018 £'000	31.12.2017 £'000
Accrued revenue	3,640	4,183
Amounts receivable on creation of units	2,398	674
Sales awaiting settlement	33	33
Prepayments	10	12
Income tax recoverable	22	–
	<b>6,103</b>	<b>4,902</b>

8. Cash equivalents, cash and bank balances

	31.12.2018 £'000	31.12.2017 £'000
Cash equivalents – cash in the COIF Charities Deposit Fund	142,204	116,674
Cash and bank balances – cash at bank	13,898	9,652
Amounts held for forward currency contracts	11,430	–

9. Other creditors

	31.12.2018 £'000	31.12.2017 £'000
Accrued expenses	1,396	1,343
Amount payable on cancellation of units	2,984	425
	<b>4,380</b>	<b>1,768</b>

10. Income reserve

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

	31.12.2018 £'000	31.12.2017 £'000
Income reserve at the start of the year	9,518	14,795
Equalisation of the income reserve	266	1,815
Transfer from income reserve	(9,784)	(7,092)
Income reserve at the end of the year	–	9,518

---

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

**11. Financial instruments**

*Fair value*

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to unitholders should they wish to sell their units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

*Market price risk*

This is an actively managed Fund which invests mainly in UK and overseas equities and UK property. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the unit price from time to time, although there will generally be a positive correlation in the movement of the unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

At 31 December 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders, and profit or loss, would increase or decrease respectively by approximately £99,996,000 (31.12.2017, £100,003,000).

*Credit risk*

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

---

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

11. Financial instruments (*continued*)

*Liquidity risk*

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest stocks, pooled funds and sterling and overseas cash deposits. These assets are generally liquid (except for the unit trusts, which are realisable only on their weekly or monthly dealing dates, and the holdings in the unquoted investments, which are not readily realisable) and enable the Fund to meet the payment of any redemption of units that unitholders may wish to make.

*Currency risk*

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2018, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders, and profit or loss, would decrease or increase respectively by approximately £12,040,000 (31.12.2017, £12,034,000).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

11. Financial instruments (continued)

*Currency risk (continued)*

The total foreign currency exposure at 31 December was:

Currency	31.12.2018			31.12.2017		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	–	13,507	13,507	–	–	–
Brazilian real	–	7,320	7,320	–	11,136	11,136
Canadian dollar	37	16,275	16,312	23	11,166	11,189
Danish krona	–	6,576	6,576	–	28,571	28,571
Euro	81	225,610	225,691	740	253,530	254,270
Hong Kong dollar	–	58,409	58,409	–	55,902	55,902
Japanese yen	114	54,336	54,450	97	77,105	77,202
Korean won	–	12,521	12,521	–	3,775	3,775
Swedish krona	–	18,777	18,777	–	12,162	12,162
Swiss franc	–	57,742	57,742	–	41,123	41,123
US dollar	910	731,735	732,645	4,686	703,395	708,081
<b>Total</b>	<b>1,142</b>	<b>1,202,808</b>	<b>1,203,950</b>	<b>5,546</b>	<b>1,197,865</b>	<b>1,203,411</b>

The Fund held derivatives relating to forward currency contracts valued at (£11,319,471) as at 31 December 2018 (31.12.2017, £nil).

*Interest rate risk*

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in fixed interest securities and cash deposits, the revenue of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

11. Financial instruments (continued)

Interest rate risk (continued)

The total exposure at 31 December 2018 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	167,762	–	1,333,687	1,501,449
Euro	–	–	342,350	342,350
Japanese yen	–	–	54,450	54,450
US dollar	42,996	22,296	1,086,278	1,151,570
Other	–	–	191,164	191,164
<b>Total</b>	<b>210,758</b>	<b>22,296</b>	<b>3,007,929</b>	<b>3,240,983</b>

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	551,788	551,788
Euro	–	–	116,659	116,659
US dollar	–	–	418,925	418,925
<b>Total</b>	<b>–</b>	<b>–</b>	<b>1,087,372</b>	<b>1,087,372</b>

The total exposure at 31 December 2017 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	122,831	–	805,047	927,878
Euro	59	–	254,211	254,270
Japanese yen	–	–	77,202	77,202
US dollar	3,677	–	704,404	708,081
Other	–	–	163,858	163,858
<b>Total</b>	<b>126,567</b>	<b>–</b>	<b>2,004,722</b>	<b>2,131,289</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

11. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	15,939	15,939
Total	–	–	15,939	15,939

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

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

12. Commitments and contingent liabilities

Undrawn commitments at 31 December were:

	31.12.2018 £	31.12.2017 £
RREEF Pan-European Infrastructure Fund	2,131,969	2,108,453
KKR Mezzanine Partners I	1,558,558	1,467,366
UK Energy Efficiency 1A	1,859,860	1,946,326
Pan-European Infrastructure II	9,837,606	13,444,743
European Student Housing Fund	–	–
KKR Private Credit Opportunities Partners II	12,902,778	16,898,251
Strategic Partners Offshore Real Assets – Infrastructure II	17,337,754	16,717,070
KKR Global Infrastructure Investments III	27,038,560	–
Infracapital Partners III	34,375,541	–
Blackstone Capital Partners Asia	15,648,315	–

There were no other commitments or contingent liabilities as at 31 December 2018 (31.12.2017, £nil).

13. Unquoted and other investments

Unquoted investments include the Fund's holding of 22.37% (31.12.2017, 22.37%) of the issued share capital of the parent company of the Manager, CCLA Investment Management Limited (CCLA IM), which provides investment management and administrative services to the COIF Charity Funds. The valuation of £39,117,000 (31.12.2017, £27,731,600) is based on a discounted market value calculation, prepared yearly by an independent valuer.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2018

#### 13. Unquoted and other investments *(continued)*

At 31 December 2018, 3.05% (31.12.2017, 3.19%) of the value of the Fund was held in units in the COIF Charities Global Equity Income Fund, 3.78% (31.12.2017, 3.14%) of the value of the Fund was held in units in the COIF Charities Property Fund, 6.60% (31.12.2017, 5.52%) of the value of the Fund was held in the COIF Charities Deposit Fund and 2.33% (31.12.2017, 2.46%) of the value of the Fund was held in the CCLA ACS – Diversified Income Fund.

At 31 December 2018, the Fund held 45.79% (31.12.2017, 43.57%) of the value of the COIF Charities Global Equity Income Fund, 13.61% (31.12.2017, 12.79%) of the value of the COIF Charities Property Fund and 39.83% (31.12.2017, 70.53%) of the value of the CCLA ACS – Diversified Income Fund. The investment in the COIF Charities Property Fund may not be readily realisable, as the Manager may impose a period of notice or delay, not exceeding six months, before carrying out a redemption of units in that Fund, if it is deemed to be necessary to protect the interests of unitholders of the Fund or to permit properties to be sold to meet a redemption.

#### 14. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds. Mrs R Norris was a director of the Manager's parent company, CCLA Investment Management Limited (CCLA IM) from 1 January 2018 through to her resignation on 17 October 2018 and received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements. Mr Glenn Newson was appointed a Director of CCLA IM on 29 October 2018 and received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

#### 15. Related party transactions

The Manager's periodic charge and fee for ethical and stewardship services is paid to the Manager, a related party to the Fund. The amounts paid in respect of these charges are disclosed in note 4. During the year, the Fund received rebates of management fees for its holding in the COIF Charities Property Fund, COIF Charities Global Equity Income Fund and the CCLA ACS – Diversified Income Fund where, in all these funds, management fees are taken to capital as disclosed in note 2. The Fund also received management fee subsidy for its holding in the CCLA ACS – Diversified Income Fund as disclosed in note 2. An amount of £1,183,553 was due to the Manager at 31 December 2018 (31.12.2017, £1,143,850). There were no other transactions entered into with the Manager during the year.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

15. Related party transactions (*continued*)

CCLA IM is also a related party to the Fund. During the year, the Fund received dividends of £755,994 from CCLA IM (31.12.2017, £593,493).

At 31 December 2018 a cash balance of £142,203,646 (31.12.2017, £116,673,498) was held in the COIF Charities Deposit Fund. During the year, the Fund received interest of £478,276 (31.12.2017, £226,804) from the COIF Charities Deposit Fund.

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

Further details of the Fund's holdings in CCLA IM and other COIF Charities Funds are disclosed in note 13.

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

16. Portfolio transaction costs

For the year ended 31 December 2018:

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	469,496	228	0.05	66	0.01	469,790
Fund transactions	18,289	–	0.00	–	0.00	18,289
Bond transactions	64,735	–	0.00	–	0.00	64,735
In-specie transactions	7,180	–	0.00	–	0.00	7,180
Corporate actions	32,776	–	0.00	–	0.00	32,776
<b>Total</b>	<b>592,476</b>	<b>228</b>		<b>66</b>		<b>592,770</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

16. Portfolio transaction costs (*continued*)

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	489,249	(255)	0.05	(21)	0.00	488,973
Corporate actions	63,708	–	0.00	–	0.00	63,708
<b>Total</b>	<b>552,957</b>	<b>(255)</b>		<b>(21)</b>		<b>552,681</b>

Commissions and taxes as a percentage of average net assets

Commissions 0.02%

Taxes 0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at the 31 December 2018 was 0.35%.

For the year ended 31 December 2017:

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	653,189	488	0.07	155	0.02	653,832
Fund transactions	4,744	–	0.00	–	0.00	4,744
In-specie transactions	17,505	–	0.00	–	0.00	17,505
Corporate actions	19,004	–	0.00	–	0.00	19,004
<b>Total</b>	<b>694,442</b>	<b>488</b>		<b>155</b>		<b>695,085</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

16. Portfolio transaction costs (*continued*)

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	502,669	(389)	0.08	(6)	0.00	502,274
Bond transactions	5,612	–	0.00	–	0.00	5,612
Fund transactions	7,363	–	0.00	–	0.00	7,363
Corporate actions	15,998	–	0.00	–	0.00	15,998
<b>Total</b>	<b>531,642</b>	<b>(389)</b>		<b>(6)</b>		<b>531,247</b>

Commissions and taxes as a percentage of average net assets

Commissions	0.04%
Taxes	0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2017 was 0.31%.

For the current year and the comparative year, in the case of equities, commissions and taxes are paid by the Fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, the majority of other types of investments (such as bonds, funds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

17. Unitholders' funds – reconciliation of units

	31.12.2018	
	Income units	Accumulation units
Opening number of units at beginning of year	123,440,496	1,920,691
Units issued in year	11,351,137	465,626
Units cancelled in year	(8,933,243)	(122,596)
Units converted in year	4,229,521	(395,977)
<b>Closing number of units at end of year</b>	<b>130,087,911</b>	<b>1,867,744</b>

All units carry the same rights.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

**18. Fair value of financial assets and financial liabilities**

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

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2018

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,679,035	211,140	124,818	2,014,993
Investment liabilities	–	(15,066)	–	(15,066)
	1,679,035	196,074	124,818	1,999,927

For the year ended 31 December 2017

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,678,797	196,658	124,606	2,000,061
	1,678,797	196,658	124,606	2,000,061

For financial instruments which have quoted prices for identical instruments in active markets, those prices are taken to be fair value.

---

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

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

For financial instruments for which the Manager uses valuation techniques using observable market data, the inputs include: prices of recent transactions for identical instruments in inactive markets; broker quotes; evaluated pricing data from data providers; or prices quoted for closely similar (but not identical) instruments.

For financial instruments for which the Manager uses valuation techniques using non-observable data, the inputs include: valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

## DISTRIBUTION TABLES

for the year ended 31 December 2018

Period ended	Date paid/payable	Dividends paid/payable pence per unit	
		2018	2017
<b>Income units</b>			
31 March	31 May	13.19	12.09
30 June	31 August	13.19	14.28
30 September	30 November	11.97	11.48
31 December	28 February	11.97	11.48
		<b>50.32</b>	<b>49.33</b>
<b>Accumulation units</b>			
		Revenue accumulated pence per unit	
		2018	2017
31 March		101.76	117.11
30 June		122.97	141.24
30 September		102.93	100.53
31 December		97.94	83.89
		<b>425.60</b>	<b>442.77</b>

The distributions for Income units were paid in the same year, apart from the distribution declared on 31 December which is payable on the 28 February in the subsequent year.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;
- making representations to the Trustee on the winding up of the Fund: provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

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

---

**STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND  
MANAGER RESPONSIBILITIES****Responsibilities of the Trustee**

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
  - the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
  - the custody and control of the property of the Fund and the collection of all income due to the Fund;
  - the creation and cancellation of units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
  - making distributions or allocations to Participating Charities in proportion to their respective units in the property of the Fund;
- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
  - winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to secure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.

## STATEMENT OF BOARD, DEPOSITARY AND MANAGER RESPONSIBILITIES

**Responsibilities of the Depositary**

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per unit of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;

- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Commission a half-yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association in May 2014 (amended in June 2017);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

---

**STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND  
MANAGER RESPONSIBILITIES**

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

## AIFMD DISCLOSURES

**Manager Remuneration**

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA IM.

Recharges for these services of CCLA IM to the Manager are levied in respect of CCLA IM's year ending on 31 March each year. The recharge for the year to 31 March 2018 was £22,700,000. A recharge of £17,157,000 was levied in the year to 31 March 2017.

The average number of full time equivalent staff of CCLA IM, including temporary staff, for the year ended 31 March 2018 was 121 (year ended 31 March 2017: 110).

During the year ended 31 December 2018 and the prior year, remuneration was paid to CCLA IM staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 December 2018		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,155	1,267	2,422
Other staff	8,744	3,113	11,857
<b>Total</b>	<b>9,899</b>	<b>4,380</b>	<b>14,279</b>

	Year to 31 December 2017		
	Fixed	Variable	Total
	remuneration	remuneration	
	£'000	£'000	£'000
Identified staff	1,174	960	2,134
Other staff	8,274	2,632	10,906
<b>Total</b>	<b>9,448</b>	<b>3,592</b>	<b>13,040</b>

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

(Charity Registration No. 218873)

#### Board

R Norris, MSc (Chairman) – retired 17 October 2018  
 N Morecroft, ASIP (Chairman)  
 K Corrigan, FCCA  
 A Daws, Solicitor  
 J Hobart, MA  
 G Newson, MRICS  
 J West, FCA

#### Secretary

J Fox

#### Manager

CCLA Fund Managers Limited

#### Investment Manager and Registrar

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

#### Administrator

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

#### Executive Directors of the Manager

M Quicke, OBE (Chief Executive)  
 J Bevan (Chief Investment Officer)  
 A McMillan (Chief Operating Officer) –  
 retired 19 November 2018  
 E Sheldon (Chief Operating Officer) –  
 appointed 19 November 2018  
 FCA approval granted 4 December 2018  
 A Robinson, MBE (Director Market Development)

#### Non-Executive Directors of the Manager

R Horlick (Chairman)  
 C Johnson (from 8 June 2018)  
 G Newson (from 29 October 2018)  
 R Norris (resigned 17 October 2018)  
 T Salmon, OBE (resigned 1 January 2019)  
 J Tattersall  
 R Williams (resigned 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 Advisor

*Custodian, Trustee and Depositary*  
 HSBC Bank plc  
 8 Canada Square  
 London  
 E14 5HQ

#### Banker

HSBC Bank plc  
 60 Queen Victoria Street  
 London  
 EC4N 4TR

#### Solicitor

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

#### Independent Auditor

PricewaterhouseCoopers LLP  
 7 More London Riverside  
 London  
 SE1 2RT

## CCLA COIF Charity Funds

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

### A choice of Funds

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

#### Investment Fund

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

#### Ethical Investment Fund

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

#### Global Equity Income Fund

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

#### Fixed Interest Fund

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

#### Property Fund

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

#### Deposit Fund

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

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

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

## ABOUT CCLA

---

Founded in 1958, CCLA is one of the UK's largest charity fund managers.  
Managing investments for charities, religious organisations  
and the public sector is all that we do.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to all organisations, irrespective of their size.

# CCLA

### **CCLA Fund Managers Limited**

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

T: 0800 022 3505 E: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

[www.ccla.co.uk](http://www.ccla.co.uk)

CCLA is the trading name for CCLA Investment Management Limited (Registered in England No. 2183088)  
and CCLA Fund Managers Limited (Registered in England No. 8735639).

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.  
Printed on 100% post consumer waste and is certified by the Forest Stewardship Council (FSC).