

CCLA PUBLIC SECTOR  
INVESTMENT FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 March 2019

**CCLA**

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\*Collectively, these comprise the Authorised Corporate Director's Report.

^Audited.

**Disability Discrimination Act 1995**

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

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR for the year ended 31 March 2019

We are pleased to present the Annual Report and Financial Statements for the CCLA Public Sector Investment Fund (“Company”) for the year ended 31 March 2019. The Company is an umbrella company which currently has one Sub-Fund, The Public Sector Deposit Fund (“PSDF” or “Fund”).

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid.

The scheme property of the Company and PSDF will normally be valued at 12 noon on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed. The Authorised Corporate Director (“ACD”) reserves the right to revalue the Company or PSDF at any time, if it considers it desirable to do so.

PSDF is an Undertaking for Collective Investment in Transferable Securities Scheme (“UCITS” Scheme) constituting a Qualifying Money Market Fund (“QMMF”); investors should note the restrictions set out in the Prospectus and that the investment objectives and policies must meet the conditions specified in the Financial Conduct Authority’s (“FCA”) definition of a QMMF. PSDF is a short term, Low Volatility Net Asset Value Money Market Fund (“LVNAV MMF”).

The investment objective of PSDF is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality sterling denominated deposits and instruments. The primary objective is to maintain the price of the fund in all but extreme conditions at par. As an LVNAV MMF, shares in PSDF will be issued or redeemed at a price equal to par. Under extreme conditions, if the net asset value (NAV) deviates from par by more than 0.20%, subscriptions and redemptions will be based on the variable NAV (as calculated in accordance with Article 30 of The European Money Market Funds Regulation (“MMF” Regulation)).

Further details about the Company and PSDF are contained in the Prospectus which is available from the ACD and is also available on the Manager’s website, [www.ccla.co.uk](http://www.ccla.co.uk).

### Authorised status

The Company is an open ended investment company with variable capital under Regulation 14 (authorisation) of the Open Ended Investment Company Regulations 2001 (“OEIC Regulations”). The Company was incorporated in England and Wales on 6 December 2010 and is authorised and regulated by the FCA. The Company is classified as a UCITS Scheme constituting PSDF which is a QMMF and complies with the FCA’s Collective Investment Schemes Sourcebook

**REPORT OF THE AUTHORISED CORPORATE DIRECTOR**  
for the year ended 31 March 2019

(“COLL”). PSDF is also authorised by the FCA as a LVNAV MMF, which is a short term MMF, and is authorised as such in accordance with the provisions of the MMF Regulation.

**Risk and reward profile**

PSDF utilises a Synthetic Risk and Reward Indicator (“SRRI”) to provide investors with a meaningful indication of the overall risk and reward profile of the Fund. Further detail is set out in the Risk and Reward Profile section.

CCLA Investment Management Limited  
Authorised Corporate Director  
9 July 2019

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2019

### Fund objective and investment policy

The investment objective of PSDF is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality sterling denominated deposits and instruments. The primary objective is to maintain the price of the PSDF at par.

### New European Money Market

#### Fund Regulation

As previously communicated, compliance with the new MMF Regulation became a requirement on 21 March 2019 for existing money market funds.

The PSDF was authorised by the FCA on 12 February 2019 to adopt the LVNAV structure.

### Fund review

The Fund's AAAMmf rating was affirmed on 21 February 2019 by the credit rating agency, Fitch Ratings. The rating reflects the Fund's extremely strong capacity to achieve the investment objectives of preserving principal and providing shareholder liquidity through limiting credit, market and liquidity risk. The main drivers of the AAAMmf rating are the high credit quality of the portfolio, the limited range of invested security types and the Fund's highly conservative investment guidelines.

The value of the Fund at the end of this reporting period was £476.42 million, with a Weighted Average Maturity (WAM) of 52.18 days; a year ago on 31 March 2018, the value of the Fund was £326.09 million and had a WAM of 56.28 days. The asset allocation at 31 March 2019 was 66% invested in certificates of deposit, 0% in call accounts and the remaining 34% were overnight term deposits to meet the new LVNAV liquidity requirement; the allocation a year earlier was, 76%, 1%, and 23% respectively.

### Responsible investment policy

We monitor our counterparties' Environmental, Social and Governance risk management on a regular basis and take action if necessary. Our research process is based on the work of our Ethical and Responsible Investment Team and their data providers.

### Performance

Over the reporting period the Fund achieved a total return before management expenses of 0.76%; this was higher than the Fund's benchmark, the London Interbank Sterling 7 Day Bid Rate (7-day LIBID), which averaged 0.52%.

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2019

### Market review

As the period got underway, the economic impacts of the cold weather experienced during February and March 2018 became clear, this combined with a slowing rate of inflation convinced the Bank of England's ("BoE") Monetary Policy Committee ("MPC") to defer increasing its Bank Rate, the Official Bank Rate ("OBR"), to later in the year. However, as the quarter progressed, estimates of UK economic growth in the first quarter were revised to 0.2% from 0.1% following evidence of a more resilient performance from the dominant services sector. This, together with data suggesting a bounce in activity in April and May, was viewed as adding support to the suggestion that much of the blame for a weak start to the calendar year was weather related.

At the August 2018 meeting of the MPC, a unanimous decision was made to increase OBR by 25 basis points to 0.75%, the second increase in the space of a year and only the second since 2009. Although it came as a surprise that there were no dissenting votes within the Committee, the market had fully expected an increase and had already adjusted accordingly. The rise, at a time of significant economic uncertainty, was justified by persistent above target inflation and concerns that growth, although modest, was still at a pace above the economy's long-term capacity.

In the months immediately following the OBR rise, both domestic and global economic data released continued to demonstrate a gradual improvement and, in the October Budget, the

Chancellor increased government spending and reduced tax for those employed. He was able to do this because of higher than expected tax receipts and lower spending which, together, provided a projected windfall of some £68 billion, over the next five years. The prospect of improved growth and fiscal easing led the MPC to communicate its preference for further increases in OBR; suggesting that a delay until May 2019 would bring risks of embedding higher inflation. Consequently, sterling money market rates moved up, and in January 2019 they reached their highest levels since 2012.

However, the BoE's forecasts were on the assumption of a smooth exit from the European Union (EU) and sterling money market rates moved lower from mid-January onwards as Brexit uncertainties intensified. Divisions within domestic politics reached a new level as MPs voted by 432 votes to 202 to reject Prime Minister May's Withdrawal Agreement, which set out the terms of Britain's planned exit from the EU on 29 March 2019. This was the largest defeat for a sitting government in parliamentary history and was immediately followed by Labour leader Jeremy Corbyn initiating a vote of no confidence, which was defeated the following day. In the weeks that ensued, a number of amendments to the Withdrawal Agreement were passed in Parliament including a non-binding resolution stating its opposition to a no-deal exit from the EU. Over the remainder of the quarter, Parliament subsequently rejected the Withdrawal Agreement in various semblances, on two occasions forcing the Prime Minister to

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2019

request an extension to Article 50 and delay the 29 March 2019 exit date, thereby risking leaving the UK economy in a state of paralysis.

With a solution still appearing to be a distant prospect, the market reduced the chances of an increase in OBR in the coming months, taking the view that the BoE is likely to delay any action until after an outcome over the UK's exit from the EU is reached. At their February meeting, the MPC cut its 2019 UK economic growth forecast from 1.7% to 1.2%, which if correct, would prove to be the slowest level of growth for 10 years. For 2020, growth was also cut from 1.7% to 1.5%, before being projected to pick up in 2021. The Bank pinpointed the slowdown as being caused by headwinds impacting growth in the US, China and particularly the eurozone, which was only about half as strong as it previously predicted, and the aforementioned uncertainty over the UK's withdrawal from the EU, with the Bank noting a sharp fall in business investment in the final quarter of 2018.

CPI Inflation trended lower over the period, after initially rising to 2.7% in August, it fell back to 1.8% in January and remained under the 2.0% target throughout the rest of the reporting period. This effect can be attributed to a slightly stronger sterling exchange rate as the prospect of a 'No Deal' exit from the EU receded, the effects of lower oil prices and an energy price cap which triggered a 5.8% fall in fuel costs. The benefit, although welcome, will be temporary as the cap

will rise by 10% in April. The UK labour market proved to be consistently strong. During March 2019, the employment rate rose to 76.1%, the highest since records began. Unemployment edged lower to 1.34 million or 3.9%, the first time it has been below 4% since 1975. Wages grew at the fastest rate in a decade as public sector pay settlements and the tight labour market appeared to be pushing up pay agreements. This combined with the falling level of inflation has resulted in some welcome real pay growth and has contributed to resilient retail sales data, as the consumer continues to show little regard over the UK's withdrawal from the EU and a willingness to take advantage of low interest rates and borrow.

### Outlook

At the time of writing, there had been no resolution to the Brexit impasse and Prime Minister May has resigned as Leader of the Conservative Party adding to the sense of confusion. Until the politicians are able to find a consensus on the way forward regarding Article 50, the majority of BoE's MPC members are likely to prefer to maintain their OBR at 0.75%. Therefore, despite the BoE outlook favouring a tightening in monetary policy, there is unlikely to be a hike in interest rates this year.

S Freeman  
Director, Investments (Cash)  
CCLA Investment Management Limited  
9 July 2019

**STATEMENT OF DEPOSITARY RESPONSIBILITIES  
AND REPORT OF THE DEPOSITARY**  
for the year ended 31 March 2019

**Depositary Responsibilities**

The depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("The Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations) and the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the company; and the investment and borrowing powers applicable to the Company.

**Report of the Depositary**

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC Bank plc  
Trustee and Depositary Services  
8 Canada Square  
London E14 5HQ  
HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority  
9 July 2019

## RESPONSIBILITIES OF AND CERTIFICATION OF THE FINANCIAL STATEMENTS BY THE AUTHORISED CORPORATE DIRECTOR

The ACD is responsible for managing and administering the Company's affairs in accordance with the OEIC Regulations, the FCA Rules, the UCITS Directive and the MMF Regulation (together "Regulations"). Under the terms of the ACD Agreement, the ACD is to provide investment management, administrative, accounting, company secretarial and registrar services to the Company.

The ACD is required to prepare Financial Statements for each accounting period which give a true and fair view of the financial affairs of the Company, its net revenue or expenditure and the net gains or losses on the property of the Company for the year.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies that are appropriate for PSDF and apply them on a consistent basis;
- comply with the Instrument of Incorporation and the requirements of the Statement of Recommended Practice: "Financial Statements of Authorised Funds", ("SORP"), issued by The Investment Management Association in May 2014 (and amended in June 2017);
- follow United Kingdom Generally Accepted Accounting Practices (UK accounting standards and applicable law);
- make judgements and estimates that are reasonable and prudent;

- keep proper accounting records which enable it to demonstrate that the Company complies with the Regulations; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that PSDF will continue in operation.

The financial statements should comply with the disclosure requirements of the FCA's OEIC Regulations, which should then comply with the COLL Sourcebook and any relevant provisions of the Company's Instrument of Incorporation.

The ACD is responsible for maintaining proper books of accounts which disclose, with reasonable accuracy at any time, the financial position of the Company. The ACD is responsible for maintaining an appropriate system of internal controls and for taking all reasonable steps for the prevention and detection of fraud and other irregularities.

### Certification of the financial statements by the ACD

This report is certified in accordance with the requirements of the COLL Sourcebook and was approved for publication on 9 July 2019 by the ACD.

E Sheldon  
Director  
9 July 2019

A Robinson MBE  
Director  
9 July 2019

## INDEPENDENT AUDITORS' REPORT

to the shareholders of the CCLA Public Sector Investment Fund

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

In our opinion, CCLA Public Sector Investment Fund's financial statements:

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 March 2019 and of the net revenue and the net capital gains on the scheme property of the Company and its sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

CCLA Public Sector Investment Fund (the "company") is an Open Ended Investment Company ('OEIC') with a single sub-fund. The financial statements of the company comprise the financial statements of its sub-fund. 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 March 2019; the statement of total return, the statement of change in net assets attributable to shareholders for the year then ended; the distribution table; and the notes to the financial statements, which include a description 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 company 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.

**INDEPENDENT AUDITORS' REPORT****to the shareholders of the CCLA Public Sector Investment Fund***Conclusions relating to going concern*

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

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or its sub-fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue. 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 company's business and the wider economy.

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 company's or the sub-fund'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 company'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 Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**INDEPENDENT AUDITORS' REPORT****to the shareholders of the CCLA Public Sector Investment Fund***Report of the Authorised Corporate Director*

In our opinion, the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

*Responsibilities for the financial statements and the audit**Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Responsibilities of and Certification of the Financial Statements by the Authorised Corporate Director set out on page 9, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and its sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or its sub-fund, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in 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.

**INDEPENDENT AUDITORS' REPORT****to the shareholders of the CCLA Public Sector Investment Fund***Use of this report*

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 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***Opinion on matter required by the Collective Investment Schemes sourcebook*

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

*Collective Investment Schemes sourcebook exception reporting*

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London  
Riverside  
London  
9 July 2019

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The maintenance and integrity of the CCLA's website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## THE PUBLIC SECTOR DEPOSIT FUND

### RISK AND REWARD PROFILE



PSDF utilises a Synthetic Risk and Reward Indicator (“SRRI”) to provide investors with a meaningful indication of the overall risk and reward profile of the Sub-Fund. The SRRI operates on a scale of 1 (lower risk/reward) to 7 (higher risk/reward).

The PSDF SRRI is 1; this is due to the objective of maintaining the share price at par and the low range and frequency of price movements (volatility) of the underlying investments that it targets.

Please refer to our Key Investor Information Document for further information on the SRRI.

A more detailed description of risk factors that apply to the PSDF is set out in the latest Prospectus available on CCLA’s website or by request.

THE PUBLIC SECTOR DEPOSIT FUND  
COMPARATIVE TABLE

Change in net assets per share

	Share Class 1		
	Year ended 31.03.2019 £ per share	Year ended 31.03.2018 £ per share	Year ended 31.03.2017 £ per share
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0076	0.0035	0.0043
Operating charges	(0.0002)	(0.0002)	(0.0002)
Return after operating charges*	0.0074	0.0033	0.0041
Distributions on income shares	(0.0074)	(0.0033)	(0.0041)
Closing net asset value per share	1.0000	1.0000	1.0000
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	0.74%	0.33%	0.41%
<b>Other information</b>			
Closing net asset value (£'000)	76,562	100,414	75,729
Closing number of shares	76,554,948	100,414,076	75,728,593
Operating charges**	0.02%	0.02%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices (pence per share)</b>			
Highest share price (offer)***	1.00	1.00	1.00
Lowest share price (bid)***	1.00	1.00	1.00

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

\*\* Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year.

\*\*\* The Fund does not have a dealing spread.

THE PUBLIC SECTOR DEPOSIT FUND  
COMPARATIVE TABLE

Change in net assets per share (continued)

	Share Class 2		
	Year ended 31.03.2019 £ per share	Year ended 31.03.2018 £ per share	Year ended 31.03.2017 £ per share
Opening net asset value per share	n/a	n/a	1.0000
Return before operating charges*	n/a	n/a	0.0021
Operating charges	n/a	n/a	(0.0008)
Return after operating charges*	n/a	n/a	0.0013
Distributions on income shares	n/a	n/a	(0.0013)
Net asset value transferred to Share Class 1**	n/a	n/a	(1.0000)
Closing net asset value per share	n/a	n/a	–
* after direct transaction costs of:	n/a	n/a	–

\*\* On 15 August 2016 all shares were transferred to Share Class 1. For the year ended 31 March 2017, the return after operating charges is for the period from 1 April 2016 to 15 August 2016.

**Performance**

Return after charges	n/a	n/a	0.13%
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**Other information**

Closing net asset value (£'000)	n/a	n/a	–
Closing number of shares	n/a	n/a	–
Operating charges***	n/a	n/a	0.20%
Direct transaction costs	n/a	n/a	0.00%

**Prices (pence per share)**

Highest share price (offer)****	n/a	n/a	1.00
Lowest share price (bid)****	n/a	n/a	1.00

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

\*\*\* Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year.

\*\*\*\* The Fund does not have a dealing spread.

THE PUBLIC SECTOR DEPOSIT FUND  
COMPARATIVE TABLE

Change in net assets per share (continued)

	Share Class 3		
	Year ended 31.03.2019 £ per share	Year ended 31.03.2018 £ per share	Year ended 31.03.2017 £ per share
Opening net asset value per share	n/a	n/a	1.0000
Return before operating charges*	n/a	n/a	0.0020
Operating charges	n/a	n/a	(0.0006)
Return after operating charges*	n/a	n/a	0.0014
Distributions on income shares	n/a	n/a	(0.0014)
Net asset value transferred to Share Class 1**	n/a	n/a	(1.0000)
Closing net asset value per share	n/a	n/a	–
* after direct transaction costs of:	n/a	n/a	–

\*\* On 15 August 2016 all shares were transferred to Share Class 1. For the year ended 31 March 2017, the return after operating charges is for the period from 1 April 2016 to 15 August 2016.

**Performance**

Return after charges	n/a	n/a	0.14%
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**Other information**

Closing net asset value (£'000)	n/a	n/a	–
Closing number of shares	n/a	n/a	–
Operating charges***	n/a	n/a	0.15%
Direct transaction costs	n/a	n/a	0.00%

**Prices (pence per share)**

Highest share price (offer)****	n/a	n/a	1.00
Lowest share price (bid)****	n/a	n/a	1.00

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

\*\*\* Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year.

\*\*\*\* The Fund does not have a dealing spread.

THE PUBLIC SECTOR DEPOSIT FUND  
COMPARATIVE TABLE

Change in net assets per share (continued)

	Share Class 4		
	Year ended 31.03.2019 £ per share	Year ended 31.03.2018 £ per share	Year ended 31.03.2017 £ per share
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0076	0.0035	0.0043
Operating charges	(0.0008)	(0.0008)	(0.0008)
Return after operating charges*	0.0068	0.0027	0.0035
Distributions on income shares	(0.0068)	(0.0027)	(0.0035)
Closing net asset value per share	1.0000	1.0000	1.0000
* after direct transaction costs of:	–	–	–
<b>Performance</b>			
Return after charges	0.68%	0.27%	0.35%
<b>Other information</b>			
Closing net asset value (£'000)	399,856	225,672	237,366
Closing number of shares	399,816,470	225,671,897	237,366,204
Operating charges**	0.08%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices (pence per share)</b>			
Highest share price (offer)***	1.00	1.00	1.00
Lowest share price (bid)***	1.00	1.00	1.00

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

\*\* Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year.

\*\*\* The Fund does not have a dealing spread.

THE PUBLIC SECTOR DEPOSIT FUND  
COMPARATIVE TABLE

Change in net assets per share (continued)

	Share Class 5		
	Year ended 31.03.2019 £ per share	Year ended 31.03.2018 £ per share	Year ended 31.03.2017 £ per share
Opening net asset value per share	n/a	n/a	1.0000
Return before operating charges*	n/a	n/a	0.0021
Operating charges	n/a	n/a	(0.0008)
Return after operating charges*	n/a	n/a	0.0013
Distributions on income shares	n/a	n/a	(0.0013)
Net asset value transferred to Share Class 1**	n/a	n/a	(1.0000)
Closing net asset value per share	n/a	n/a	–
* after direct transaction costs of:	n/a	n/a	–

\*\* On 15 August 2016 all shares were transferred to Share Class 1. For the year ended 31 March 2017, the return after operating charges is for the period from 1 April 2016 to 15 August 2016.

**Performance**

Return after charges	n/a	n/a	0.13%
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**Other information**

Closing net asset value (£'000)	n/a	n/a	–
Closing number of shares	n/a	n/a	–
Operating charges***	n/a	n/a	0.20%
Direct transaction costs	n/a	n/a	0.00%

**Prices (pence per share)**

Highest share price (offer)****	n/a	n/a	1.00
Lowest share price (bid)****	n/a	n/a	1.00

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

\*\*\* Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year.

\*\*\*\* The Fund does not have a dealing spread.

## THE PUBLIC SECTOR DEPOSIT FUND

## PORTFOLIO STATEMENT

at 31 March 2019

	Holding £'000	Value £'000	% of total net assets
<b>Certificates of Deposit 66.17% (31.03.2018, 76.40%)</b>			
Abbey National Treasury Services 0.92% 11/04/2019	9,000	9,000	1.89
Abbey National Treasury Services 0.86% 01/07/2019	10,000	10,001	2.10
ABN AMRO 1.06% 03/05/2019	1,000	1,000	0.21
Bank of America 0.98% 09/05/2019	2,000	2,000	0.42
Bank of Montreal 0.95% 04/04/2019	5,000	5,000	1.05
Bank of Montreal 1.20% 06/12/2019	1,000	1,001	0.21
Bank of Nova Scotia 0.94% 24/05/2019	5,000	5,000	1.05
Barclays Bank 0.93% 15/04/2019	10,000	10,000	2.10
Barclays Bank 0.93% 30/05/2019	9,000	9,000	1.89
Canadian Imperial Bank of Commerce 1.10% 16/10/2019	5,000	5,003	1.05
Citibank 0.00% 17/05/2019	2,000	1,998	0.41
Commonwealth Bank of Australia 0.93% 04/07/2019	1,000	1,000	0.21
Commonwealth Bank of Australia 1.00% 04/10/2019	1,000	1,000	0.21
Commonwealth Bank of Australia 1.13% 06/11/2019	3,000	3,003	0.63
Credit Industrial 0.97% 07/05/2019	3,500	3,500	0.73
Credit Industrial 0.945% 10/05/2019	9,000	9,001	1.89
Den Norske Bank London 0.95% 03/04/2019	10,000	10,000	2.10
Den Norske Bank London 0.95% 08/04/2019	9,000	9,000	1.89
Handelsbanken 0.94% 03/06/2019	10,000	10,000	2.10
Handelsbanken 1.00% 01/07/2019	2,000	2,001	0.42
Handelsbanken 0.90% 22/07/2019	2,000	2,000	0.42
Handelsbanken 0.99% 13/08/2019	5,000	5,002	1.05
HSBC Bank 0.94% 02/05/2019	8,000	8,000	1.68
HSBC Bank 0.97% 13/05/2019	3,000	3,000	0.63
HSBC Bank 1.00% 20/05/2019	5,000	5,000	1.05
HSBC Bank 1.15% 04/02/2020	4,000	4,004	0.84
ING Bank 0.87% 05/06/2019	1,750	1,750	0.36
Landesbank Hessen-Thüringen Girozentrale 0.88% 01/04/2019	10,000	10,000	2.10
Landesbank Hessen-Thüringen Girozentrale 0.95% 21/06/2019	2,000	2,001	0.42
Lloyds Bank 0.93% 28/06/2019	10,000	10,002	2.10
Lloyds Bank 0.93% 08/07/2019	5,000	5,001	1.05
Lloyds Bank 1.17% 04/03/2020	4,000	4,004	0.84
Mizuho Bank 0.99% 29/04/2019	9,000	9,000	1.89
Mizuho Bank 0.87% 20/06/2019	10,000	10,001	2.10
MUFG Bank 0.96% 02/04/2019	9,000	9,000	1.89
National Australia Bank 0.87% 30/04/2019	2,000	2,000	0.42
Nationwide Building Society 0.93% 01/04/2019	10,000	10,000	2.10
Nationwide Building Society 0.99% 16/09/2019	5,000	5,001	1.05

## THE PUBLIC SECTOR DEPOSIT FUND

## PORTFOLIO STATEMENT

at 31 March 2019

	Holding £'000	Value £'000	% of total net assets
Rabobank 1.01% 05/04/2019	1,000	1,000	0.21
Rabobank 0.90% 25/04/2019	3,000	3,000	0.63
Rabobank 0.98% 06/06/2019	5,000	5,000	1.05
Rabobank 1.00% 25/07/2019	1,000	1,000	0.21
Rabobank 1.18% 17/01/2020	2,000	2,002	0.42
Skandinaviska Enskilda Banken 0.90% 28/05/2019	5,000	5,000	1.05
Skandinaviska Enskilda Banken 1.19% 13/12/2019	2,000	2,003	0.42
Societe Generale 0.90% 07/05/2019	10,000	10,000	2.10
Societe Generale 0.85% 05/06/2019	9,000	9,000	1.89
Standard Chartered Bank 0.00% 23/07/2019	10,000	9,972	2.09
Standard Chartered Bank 1.01% 05/09/2019	9,000	9,003	1.89
Toronto Dominion Bank 0.93% 14/06/2019	8,000	8,002	1.68
Toronto Dominion Bank 0.98% 19/09/2019	1,000	1,000	0.21
Toronto Dominion Bank 1.00% 19/09/2019	3,000	3,004	0.63
Toronto Dominion Bank 1.02% 02/10/2019	3,000	3,001	0.63
Toronto Dominion Bank 1.18% 02/01/2020	3,000	3,001	0.63
UBS 1.00% 17/06/2019	2,000	2,001	0.42
UBS 0.92% 02/07/2019	2,000	2,000	0.42
UBS 0.93% 05/07/2019	1,000	1,000	0.21
UBS 1.00% 12/07/2019	1,000	1,000	0.21
UBS 1.03% 23/08/2019	3,000	3,001	0.63
United Overseas Bank 0.95% 04/04/2019	5,000	5,000	1.05
United Overseas Bank 0.99% 14/08/2019	5,000	5,002	1.05
United Overseas Bank 0.95% 27/08/2019	9,000	9,001	1.89
<b>Term Deposits 33.69% (31.03.2018, 23.01%)</b>			
DBS Bank 0.70% 01/04/2019	45,000	45,000	9.45
Landesbank Baden-Württemberg 0.72% 01/04/2019	45,000	45,000	9.45
Mizuho Bank 0.70% 01/04/2019	25,500	25,500	5.34
Royal Bank of Canada 0.71% 01/04/2019	45,000	45,000	9.45
<b>Call Accounts 0.02% (31.03.2018, 0.31%)</b>			
Santander UK	100	100	0.02
Lloyds Bank	3	3	0.00
<b>INVESTMENT ASSETS</b>		475,870	99.88
<b>NET OTHER ASSETS</b>		548	0.12
<b>TOTAL NET ASSETS</b>		476,418	100.00

THE PUBLIC SECTOR DEPOSIT FUND  
STATEMENT OF TOTAL RETURN  
for the year ended 31 March 2019

	Note	Year ended 31.03.2019		Year ended 31.03.2018	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		47		–
Revenue	3	3,529		1,430	
Expenses	4	(331)		(263)	
Net revenue before taxation		3,198		1,167	
Taxation	5	–		–	
Net revenue after taxation			3,198		1,167
<b>Total return before distributions</b>			<b>3,245</b>		<b>1,167</b>
Distributions	6		(3,198)		(1,167)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>47</b>		<b>–</b>

THE PUBLIC SECTOR DEPOSIT FUND  
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS  
for the year ended 31 March 2019

	Year ended 31.03.2019		Year ended 31.03.2018	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>326,086</b>		<b>313,095</b>
Amounts receivable on issue of shares	2,058,048		1,686,463	
Amounts payable on cancellation of shares	(1,907,763)		(1,673,472)	
		150,285		12,991
Change in net assets attributable to shareholders from investment activities		47		–
<b>Closing net assets attributable to shareholders</b>		<b>476,418</b>		<b>326,086</b>

The notes on pages 24 to 33 and distribution table on page 34 form part of these financial statements.

THE PUBLIC SECTOR DEPOSIT FUND  
BALANCE SHEET  
at 31 March 2019

	Note	31.03.2019		31.03.2018	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			475,870		325,169
Current assets:					
Debtors	7	810		286	
Cash and bank balances	8	107		795	
Total current assets			917		1,081
<b>Total assets</b>			<b>476,787</b>		<b>326,250</b>
<b>LIABILITIES</b>					
Creditors					
Other creditors	9	39		27	
Distribution payable		330		137	
Total creditors			369		164
<b>Total liabilities</b>			<b>369</b>		<b>164</b>
<b>Net assets attributable to shareholders</b>			<b>476,418</b>		<b>326,086</b>

The financial statements on pages 22 to 33 are approved by the Authorised Corporate Director.

Approved on behalf of the  
Authorised Corporate Director  
9 July 2019

E Sheldon, Director  
CCLA Investment Management Limited

Approved on behalf of the  
Authorised Corporate Director  
9 July 2019

A Robinson MBE, Director  
CCLA Investment Management Limited

The notes on pages 24 to 33 and distribution table on page 34 form part of these financial statements.

THE PUBLIC SECTOR DEPOSIT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. Accounting policies

*(a) Basis of preparation*

The financial statements of the Company which comprise the financial statement of its Sub-Fund have been prepared on a going concern basis, in compliance with UK GAAP including 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 Scheme and the COLL Sourcebook. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, where applicable.

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

*(b) Valuation of investments*

The Sub-Fund's investments are valued on a mark to market basis whenever possible, in which case the relevant asset will be valued at the more prudent side of bid and offer unless the asset can be closed out at mid-market using good quality data; or on a mark to model basis when using the mark to market basis is not possible or the market data is not of sufficient quality.

In addition to the above methods, the Sub-Fund's investments may be valued using the amortised cost method provided that the relevant assets have a residual maturity of up to 75 days; and the price of the asset valued by using the amortised cost method does not vary from the mark to market or mark to model valuation by more than 10 basis points.

*(c) Recognition of revenue*

Interest on bank, building society and QMMF deposits are accrued on a daily basis. The revenue on debt securities is recognised on the effective yield basis which takes account of 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.

*(d) Expenses*

The annual management charge ("AMC") accrues daily and is calculated by daily reference to the NAV of the Sub-Fund. It is payable monthly within 10 business days after the last business day in each month and is exclusive of VAT (which, if payable, will apply in addition). It is calculated by reference to the NAV of the relevant share class.

THE PUBLIC SECTOR DEPOSIT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

1. Accounting policies (continued)

*(d) Expenses (continued)*

The AMC covers the provision of investment services and other expenses incurred by the ACD. Audit fees, insurance, bank charges, monitoring fee, FCA fee, credit rating fee and the custody fee are charged separately to the revenue of the Sub-Fund before calculation of the interest distribution.

For all share classes except Share Class 1 where no AMC is charged, the AMC is inclusive of all other Sub-Fund expenses.

The Depositary receives for its own account a periodic fee which accrues daily on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within 10 business days after the last business day in each month. The rate of the periodic fee is agreed between the ACD and the Depositary for the PSDF.

*(e) Distributions*

In relation to Class 1 to 5 Shares, the ACD intends to declare all net revenue of the PSDF on each Dealing Day as an interest distribution to shareholders on the register of members as at the close of business on the relevant Dealing Day. All distributions by the Sub-Fund are deemed to be payments of yearly interest. The Sub-Fund is then entitled to deduct as an expense distributions paid from revenue received when computing its own tax liability. Distributions will be declared daily and payable monthly on or around the first working day of the following month. The daily net revenue before the ACD charge is distributed based on the proportionate holding of each share class net of the relevant direct share class expense.

In accordance with regulations, costs and expenses are accrued at Sub-Fund level with allocations for any Company costs made on a pro rata basis in accordance with the value of the Sub-Fund at the time of allocation. Due to the daily allocation of revenue by the Sub-Fund, no element of revenue is included in the calculation of the price of a share and hence no equalisation is applied.

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

2. Net capital gains

	31.03.2019 £'000	31.03.2018 £'000
Unrealised gain on assets	47	–
	47	–

3. Revenue

	31.03.2019 £'000	31.03.2018 £'000
Interest on debt securities	2,620	1,076
Interest from money market deposits	909	354
	3,529	1,430

4. Expenses

	31.03.2019 £'000	31.03.2018 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge – see note 1 (d)	247	183
	247	183

Amounts payable to the Depositary, associates  
of the Depositary and agents of either of them:

Depositary fee	37	33
Safe custody fee	13	10
	50	43

Other expenses:

Fitch ratings fee	13	13
Fund administration fee	6	5
Audit fee	11	10
Other	4	9
	34	37
Total expenses	331	263

Audit fee net of VAT is £8,716 (31.03.2018: £8,462).

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

5. Taxation

(a) Analysis of tax charge for the year

There is no provision for corporation tax as taxable revenue is fully covered by allowable expenses and deductible interest distributions.

(b) Factors affecting current tax charge for the year

	31.03.2019 £'000	31.03.2018 £'000
The taxation assessed during the year is lower than the standard rate of corporation tax in the UK for an open ended investment company:		
Net revenue before taxation	3,198	1,167
Corporation tax at 20%	640	233
Effects of:		
Tax deductible interest distributions	(640)	(233)
Total taxation	–	–

(c) Deferred tax

At the balance sheet date the sub-fund had no excess ACD expenses. Were there to be excess ACD expenses, a potential deferred tax asset would arise.

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

6. Distributions

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

	31.03.2019 £'000	31.03.2018 £'000
April	179	66
May	229	78
June	210	65
July	237	81
August	252	89
September	260	90
October	294	86
November	284	104
December	306	105
January	329	145
February	288	121
March	330	137
Total distributions	3,198	1,167

Details of the distribution per share are set out in the distribution table on page 34.

7. Debtors

	31.03.2019 £'000	31.03.2018 £'000
Accrued revenue	803	279
Prepayments	7	7
	810	286

8. Cash and bank balances

	31.03.2019 £'000	31.03.2018 £'000
Cash at bank	107	795

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

9. Creditors

	31.03.2019 £'000	31.03.2018 £'000
Accrued ACD periodic charge	22	14
Accrued audit fee	10	10
Accrued depositary fee	6	3
Accrued safe custody fee	1	–
	39	27

10. Share Classes

The sub-fund currently has five share classes in issue. The AMC as a percentage of the daily net asset value at 31 March 2019 is as follows:

Share Class 1 – income	No AMC
Share Class 2 – income	AMC of 0.20%
Share Class 3 – income	AMC of 0.15%
Share Class 4 – income	AMC of 0.08%*
Share Class 5 – income	AMC of 0.20%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative tables on pages 15 to 19. The distribution per share class is given in the distribution table on page 34.

On 15 August 2016, all shares in Share Class 2, Share Class 3 and Share Class 5 were transferred to Share Class 1. These Share Classes remain open.

\* The AMC for Share Class 4 was temporarily reduced from 0.10% per annum to 0.08% per annum from 2 November 2015.

THE PUBLIC SECTOR DEPOSIT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2019

11. Financial instruments

*(a) Market price risk*

This is an actively managed fund, which invests in sterling fixed interest securities. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Sub-Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the share price from time to time, although there will generally be a positive correlation in the movement of the share price to the markets the Sub-Fund is invested in. The Sub-Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Sub-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 March 2019, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £23,794,000.

*(b) Liquidity risk*

Financial instruments held by the Sub-Fund, excluding short-term debtors and creditors, are made up of sterling fixed interest securities and sterling cash deposits. These assets are generally liquid and enable the Sub-Fund to meet the payment of any redemption of shares that Shareholders may wish to make.

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

11. Financial instruments (continued)

(c) Interest rate risk

The Sub-Fund invests in fixed and floating rate securities and cash deposits. The revenue may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. A 1% rise or fall in all interest rates will result in a 0.16% movement in the opposite direction in the overall NAV of the Sub-Fund (31.03.2018, 0.16%).

The total exposure at 31 March 2019 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	210	462,797	12,780	475,787
<b>Total</b>	<b>210</b>	<b>462,797</b>	<b>12,780</b>	<b>475,787</b>

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	369	369
<b>Total</b>	<b>–</b>	<b>–</b>	<b>369</b>	<b>369</b>

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

11. Financial instruments

(c) Interest rate risk (continued)

The total exposure at 31 March 2018 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,798	324,166	286	326,250
<b>Total</b>	<b>1,798</b>	<b>324,166</b>	<b>286</b>	<b>326,250</b>

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	164	164
<b>Total</b>	<b>–</b>	<b>–</b>	<b>164</b>	<b>164</b>

\* Changes in the base rate will cause movements in the interest rate applied to cash balances.

(d) Credit risk

The sub-fund is exposed to risk regarding the repayment of deposits from counterparties. To minimise this, the assets of the sub-fund are strictly placed within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored and credit limits immediately amended following credit rating upgrades and downgrades.

(e) Fair value of financial assets and financial liabilities

There are no material differences between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

There were no derivatives held by the sub-fund during the current or prior accounting period.

(f) Currency risk

As this is a sterling fund, there is no currency risk.

THE PUBLIC SECTOR DEPOSIT FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 March 2019

**12. Commitments and contingent liabilities**

There were no commitments or contingent liabilities as at 31 March 2019 (31.03.2018, £nil).

**13. Related party transactions**

The AMC is paid to the ACD. The amounts paid in respect of the AMC are disclosed in note 4 and any amounts owing are disclosed in note 9.

**14. Portfolio transaction costs**

The purchases and sales of securities incurred no transaction costs during the year (31.03.2018, £nil).

**15. Shareholders' funds – reconciliation of shares**

	Share Class 1		Share Class 4	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening number of shares				
at beginning of year	100,414,076	75,728,593	225,671,897	237,366,204
Shares issued in year	259,775,000	290,900,000	1,797,117,971	1,395,171,981
Shares cancelled in year	(283,875,000)	(266,300,000)	(1,623,887,601)	(1,407,172,342)
Shares converted in year	240,872	85,483	914,203	306,054
Closing number of shares				
at end of year	76,554,948	100,414,076	399,816,470	225,671,897

On 15 August 2016, all shares from Share Classes 2, 3 and 5 were transferred to Share Class 1.

These Share Classes remain open.

THE PUBLIC SECTOR DEPOSIT FUND  
DISTRIBUTION TABLE  
for the year ended 31 March 2019

Period ended	Share Class 1 £	Share Class 4 £	Total £
April 2018	45,491	133,155	178,646
May 2018	58,148	171,050	229,198
June 2018	43,215	166,994	210,209
July 2018	36,051	201,357	237,408
August 2018	40,039	211,375	251,414
September 2018	45,776	214,680	260,456
October 2018	57,414	236,532	293,946
November 2018	54,724	228,891	283,615
December 2018	52,728	253,458	306,186
January 2019	41,080	288,123	329,203
February 2019	33,275	255,007	288,282
March 2019	51,646	278,248	329,894
	559,587	2,638,870	3,198,457

The PSDF accrues distributions on a daily basis and funds are paid out on a monthly basis on or around the first working day of the following month. Distributions are paid gross.

## AUTHORISED CORPORATE DIRECTOR REMUNERATION

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2019 was 124 (year ended 31 March 2018, 121).

During the year ended 31 March 2019 and the prior year, remuneration was paid to CCLA Investment Management Limited's staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Sub-Fund ("identified staff") are shown separately.

	Year to 31 March 2019			Year to 31 March 2018		
	Fixed remuneration £000	Variable remuneration £000	Total £000	Fixed remuneration £000	Variable remuneration £000	Total £000
Identified staff	1,190	1,651	2,841	1,155	910	2,065
Other staff	8,876	3,412	12,288	8,564	3,113	11,677
<b>Total</b>	<b>10,066</b>	<b>5,063</b>	<b>15,129</b>	<b>9,719</b>	<b>4,023</b>	<b>13,742</b>

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

## THE PUBLIC SECTOR DEPOSIT FUND

**The Advisory Board**

An Advisory Board for PSDF has been established by CCLA to represent the interests of depositors and the public sector as a whole. The Advisory Board meets regularly with CCLA, the Manager of PSDF, to provide guidance and monitor the management and development of the Fund. The Board operates on an advisory basis only.

T Salmon OBE (Chairman) –  
resigned 1 January 2019  
R Kemp CBE (Acting Chairman) –  
appointed 2 January 2019  
T Beattie  
P Clokie OBE  
E Eyre  
P Findlow  
A Naylor  
S Pickup OBE  
S Timoney – resigned 21 March 2019  
J Turnbull  
L Webster

**Secretary**

J Fox

**Authorised Corporate Director, Investment Manager and Registrar**

CCLA Investment Management Limited  
Senator House, 85 Queen Victoria Street  
London EC4V 4ET  
Telephone: 0207 489 6000  
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Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)

*Authorised and regulated by the Financial Conduct Authority*

**Administrator**

*Third party administrator appointed by CCLA*

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

**Directors of the ACD***Directors responsible for the PSDF*

M Quicke OBE (Chief Executive) – retired 8 July 2019  
P Hugh Smith (Chief Executive) – appointed 9 July 2019  
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 4 December 2018  
A Robinson MBE (Director Market Development)

*Non-Executive Directors of the ACD*

R Horlick (Chairman)  
C Johnson  
R Norris – resigned 17 October 2018  
G Newson – appointed 29 October 2018  
T Salmon – resigned 1 January 2019  
J Tattersall

*Fund Managers*

S Freeman  
R Evans

*Company Secretary*

J Fox

*Head of Operational Risk, Internal Audit and Compliance*

R Plumridge

*Head of Ethical and Responsible Investment*

J Corah

**Third Party Advisors***Depositary*

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

*Banker*

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

*Legal Advisors*

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

*Independent Auditors*

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

## ABOUT CCLA

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Founded in 1958, CCLA manages investments for the public sector, charities and religious organisations.

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 Investment Management Limited**

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

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