

CCLA PUBLIC SECTOR
INVESTMENT FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 March 2021

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 2021

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 2021. The Company is an umbrella company which currently has one Sub-Fund, The Public Sector Deposit Fund (PSDF or Sub-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 12:00pm 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.

The Company is a UK Undertaking for Collective Investment in Transferable Securities Scheme (UK 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 net asset value of the Sub-Fund at par (net of earnings). 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)).

On 2 March 2021, a letter was sent to all shareholders to provide our view of the potential future direction of Sterling interest rates and to advise of the changes we were making to the Fund.

With an increased possibility of negative interest rates, should a Negative Yield Environment occur in the future, the ACD may implement a Negative Yield Response Measure whereby holders of Income Shares are converted to Accumulation Shares in accordance with Paragraph 19.9 of the Fund's Prospectus.

Further details about the Company and PSDF are contained in the Prospectus which is available from the ACD and on its website www.ccla.co.uk.

**REPORT OF THE AUTHORISED CORPORATE DIRECTOR
for the year ended 31 March 2021****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 UK UCITS Scheme constituting PSDF which is a QMMF and complies with the FCA's Collective Investment Schemes Sourcebook (COLL Sourcebook).

PSDF is a Sub-Fund approved 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 Sub-Fund. Further detail is set out in the Risk and Reward Profile section.

CCLA Investment Management Limited
Authorised Corporate Director
23 June 2021

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2021

Sub-Fund objective and investment policy

The investment objective of The Public Sector Deposit Fund (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 net asset value of PSDF at par (net of earnings).

Fund Review

The Sub-Fund's AAmmf rating was affirmed on 11 November 2020 by the credit rating agency, Fitch Ratings. The rating reflects the Sub-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 'AAmmf' rating are the high credit quality of the portfolio, the limited range of invested security types and the Sub-Fund's highly conservative investment guidelines. The value of the Sub-Fund at the end of this reporting period was £1.15 billion, with a weighted average maturity of 47.52 days; on 31 March 2020, the value of the Sub-Fund was £570.08 million and had a duration of 48.48 days. The asset allocation was 46% invested in certificates of deposit, 0% in call accounts and the remaining 54% were in overnight term deposits; the allocation a year earlier was, 67%, 0%, and 33% 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 Sub-Fund achieved a total return after management expenses of 0.15%; this was higher than the Sub-Fund's benchmark, the London Inter-Bank Sterling 7-Day Bid rate (7-day LIBID) for the nine months to 31 December 2020 and the Sterling Overnight Interbank Average Rate (SONIA) for the three months to 31 March 2021, which averaged -0.04%.

Market Review

The period opened with some of the most challenging market conditions in over a decade and probably since the oil crisis of the 1970's. The events that occurred in the first half of the year have been very much focused on "the real economy", unlike the 2008/09 Great Financial Crisis (GFC) which was primarily caused by a breakdown in confidence within financial markets. In both cases though, those ultimately impacted are the people in our communities.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2021

While domestic and overseas banks are without question in a much better place from a capital perspective than they were in the 2008/09 GFC, the market at the start of the period showed little differentiation in pricing of credit risk. Indeed, we saw liquidity challenged in the Sterling Money Market, with it dysfunctional for a time. As a result, the yield curve steepened sharply; with the overnight rate just above zero, while longer tenures reached the highest yields in over a decade.

These volatile conditions eased as the market acknowledged that the Bank of England (BoE) response at the start of the COVID-19 crisis, coordinated with authorities overseas, was bigger, faster, and more comprehensive than ever before. Deposit rates have now fallen across the money market curve; the overnight rate is 0.05% and the one-year rate only a few basis points higher.

The economic consequences of the pandemic have been stark and lasting scars are expected to remain. The corrosive effects of three national lockdowns as well as regional tiering led the UK to suffer the worst economic performance of any G7 nation in 2020. The Office of National Statistics (ONS) calculated a 9.9% year-on-year contraction, the biggest annual decline since the Great Frost of 1709. However, the nation has increasingly adapted to restrictions, preventing steeper falls in economic activity in the second and third lockdowns. With rapid progress in the deployment of the vaccine, the Office for Budget Responsibility (OBR) forecast that the UK economy would regain its pre-pandemic

size in the third quarter of 2022, six months earlier than its previous forecast. The International Monetary Fund (IMF) predicted that the UK economy will grow by 5.3% in 2021, and then by 5.1% in 2022, making it the fastest-growing G7 country at the end of the forecast period.

The strength of the labour market will determine the speed of the recovery. Job protection has been a clear priority for government, with employment support programmes being extended on a number of occasions. Average unemployment was hovering around 4% prior to the pandemic, but steadily increased to 5% by the end of the period. The number unemployed now totals 1.7 million, up 418,000 on a year ago. One factor helping control jobless totals is a fall in the number of foreign nationals working in the UK, unofficial data suggests that over one million may have left in the past year. The BoE retained its forecast of a peak in the jobless rate of 7%, but this looks too high unless the recovery stalls in a major way. Already there are some early positive signs of improvement, including a reduced rate of redundancies and a pick-up in vacancies. That said, there are still 5 million on the furlough scheme and the worry must be that many of them struggle to re-establish themselves in the workplace after a significant period of inactivity.

Inflation data has been erratic with outcomes impacted by timing differences brought on by virus related factors, thereby creating imperfect comparisons with a year earlier. At the start of

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2021

the period, we saw inflation move lower, mostly as a consequence of the various fiscal stimulus schemes designed to support the beleaguered hospitality sector. By August, inflation fell to 0.2%, a five-year low, only recovering to 0.4% by February 2021. Underlying inflationary pressures remain muted, but over the coming months a bounce from these exceptionally low levels is likely, when previous oil price weaknesses start to drop out of the comparative data and the effects of a 7% energy tariff increase are felt at the same time.

At the start of the period, the UK entered its first recession for 11 years. Despite a strong recovery in the following quarter as restrictions were partially lifted, further lockdowns in the final few months of 2020 and early 2021 meant that a double-dip recession was only narrowly avoided. The aforementioned support to the labour market, as well as other fiscal stimulus, has been funded by record levels of government borrowing with total debt exceeding the £2 trillion threshold for the first time. Public sector net borrowing in the first 10 months of the period is estimated to have been £270.6 billion, £222.0 billion more than in the same period last year and the highest public sector borrowing for that period since records began in 1993. This March, the Budget extended existing economic support programmes with an additional spend of £59 billion, equivalent to about 2.8% of Gross domestic product (GDP). The focus was on the continued protection of consumer incomes by extending employment support schemes. Tax increases are in the pipeline, but not

immediately, they are held back to give the recovery time to morph into an established period of growth.

On Christmas Eve 2020, a Brexit trade agreement was announced which will keep goods moving between the UK and EU tariff free. While the agreement is thin with regards to financial services, some form of certainty was welcomed by the market. The BoE has suggested that teething issues and inefficiencies, plus the gradual emergence of non-tariff barriers, will depress output by about 1% over the final quarter of the period.

Throughout the period, the BoE's Official Bank Rate has remained at the record low of 0.1%. The BoE's preferred monetary policy tool has been Quantitative Easing (QE). In June 2020, the BoE announced an increase of £100 billion and this was followed by a further tranche of £150 billion in November. This is enough to fund the current monthly buying programme until the end of 2021, or to accelerate support should conditions worsen. A consequence of the latest rounds of QE has seen the BoE's holding of UK government debt surpass overseas investors and pension/insurance companies, the two largest groups of private lenders to the government, according to the Debt Management Office. The BoE's share of the gilt market is now over 30% of total issuance. However, throughout the period there has been an important subplot to the monetary policy landscape. In an effort to address these issues and bolster their monetary policy toolbox, the BoE's

REPORT OF THE INVESTMENT MANAGER for the year ended 31 March 2021

Monetary Policy Committee (MPC) set up a review to consider the relative merits of negative interest rates and the implications for the UK economy of such a regime. As recently as last May, Governor Andrew Bailey confirmed that the preferred position was one of low rates, close to zero but still positive. The position has now changed. Observing that negative interest rates had been employed in the EU and Japan for some years with no apparent disadvantage and some economic benefits, within its August Monetary Policy Report, the BoE published a detailed analysis into the potential issues of negative policy rates. This analysis focused on how these issues could impact the effectiveness of negative rates as a monetary policy tool. As a result of this review, Governor Bailey has said on numerous occasions that negative rates are now, in his words, “in the toolbox”, but the BoE is not yet in a position to use them.

The September 2020 MPC minutes revealed that the Committee had been briefed on how to implement a negative policy rate. Additionally, the BoE began “structured engagements” with commercial banks on the operational details of this policy tool. In the February 2021 Monetary Policy Report, we were made aware of the outcomes of that consultation. The key conclusion was that it would take at least six months for the industry to update systems and processes. Policymakers are now asking banks to prepare for a possible implementation beyond that timeframe.

Even though any change is not imminent, the possibility of change has already had an impact on money markets where the interest rates available on longer term deposits have fallen, reducing significantly the pick-up in income available to those lending for longer tenures. While the successful vaccination programme has stemmed the fall in yields and allowed for the return of a mildly positive money market yield curve, we still look to be in a period of sustained low returns which will persist for some time to come.

Outlook

Amid rising vaccination rates and receding COVID-19 transmission, the BoE has upgraded its domestic economic assessment for the current and following year. The BoE now expects the economy to meet, and possibly exceed, its pre-virus level later this year, while the unemployment rate is now expected to rise considerably less than previously thought. Despite this, the BoE has implied that any tightening in its Official Bank Rate will not come until the economic recovery has proven to be a sustainable one. Therefore, the Sub-Fund’s yield is likely to stay at its historically low level for the remainder of the year, but the likelihood of negative interest rates has reduced markedly.

CCLA Investment Management Ltd
23 June 2021

**STATEMENT OF DEPOSITARY RESPONSIBILITIES
AND REPORT OF THE DEPOSITARY**
for the year ended 31 March 2021

Depositary Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

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

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;

- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to 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 AFM:

- (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 Regulations and the Scheme documents of the Company; and

**STATEMENT OF DEPOSITARY RESPONSIBILITIES
AND REPORT OF THE DEPOSITARY**
for the year ended 31 March 2021

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

The report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

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
23 June 2021

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 UK 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 23 June 2021 by the ACD.

A Robinson MBE
Director
23 June 2021

E Sheldon
Director
23 June 2021

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, the financial statements of CCLA Public Sector Investment Fund (the "Company"):

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 March 2021 and of the net revenue and the net capital losses 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 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 2021; the Statement of Total Return, and 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT

to the shareholders of the CCLA Public Sector Investment Fund

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

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.

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, 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.

INDEPENDENT AUDITORS' REPORT

to the shareholders of the CCLA Public Sector Investment Fund

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

INDEPENDENT AUDITORS' REPORT

to the shareholders of the CCLA Public Sector Investment Fund

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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 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
23 June 2021

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.

THE PUBLIC SECTOR DEPOSIT FUND RISK AND REWARD INDICATOR



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).

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 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 31.03.2021 £ per share	Year ended 31.03.2020 £ per share	Year ended 31.03.2019 £ per share
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0025	0.0080	0.0076
Operating charges	(0.0001)	(0.0002)	(0.0002)
Return after operating charges*	0.0024	0.0078	0.0074
Distributions on income shares	(0.0024)	(0.0078)	(0.0074)
Closing net asset value per share	1.0000	1.0000	1.0000
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	0.24%	0.78%	0.74%
Other information			
Closing net asset value (£'000)	78,089	78,082	76,562
Closing number of shares	78,083,441	78,052,921	76,554,948
Operating charges**	0.01%	0.02%	0.02%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per share)			
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 (SORP) 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 Sub-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 31.03.2021 £ per share	Year ended 31.03.2020 £ per share	Year ended 31.03.2019 £ per share
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0025	0.0080	0.0076
Operating charges	(0.0008)	(0.0008)	(0.0008)
Return after operating charges*	0.0017	0.0072	0.0068
Distributions on income shares	(0.0017)	(0.0072)	(0.0068)
Closing net asset value per share	1.0000	1.0000	1.0000
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	0.17%	0.72%	0.68%
Other information			
Closing net asset value (£'000)	1,072,127	492,002	399,856
Closing number of shares	1,072,050,281	491,816,515	399,816,470
Operating charges**	0.08%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per share)			
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 (SORP) 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 Sub-Fund does not have a dealing spread.

On 15 August 2016, all shares from Class 2 Shares – Income, Class 3 Shares – Income and Class 5 Shares – Income were transferred to Class 1 Shares – Income. These share classes remain open. Class 6 Shares – Income is open with no shareholders during the year. Classes 1–6 Shares – Accumulation are not currently available for investment and will only be activated in conditions where the ACD considers it is in the best interests of Shareholders to implement the Negative Yield Response Measure.

THE PUBLIC SECTOR DEPOSIT FUND

PORTFOLIO STATEMENT

at 31 March 2021

	Holding £'000	Value £'000	% of total net assets
Certificates of Deposit – 45.96% (31.03.2020, 66.69%)			
Bank of Montreal 0.05% CD 04/11/2020 – 05/08/2021	1,000	1,000	0.09
Barclays Bank 0.57% CD 03/08/2020 – 03/08/2021	4,000	4,007	0.35
Barclays Bank 0.71% CD 14/07/2020 – 14/07/2021	2,200	2,204	0.19
Barclays Bank 0.86% CD 12/06/2020 – 11/06/2021	7,000	7,011	0.61
Barclays Bank 0.86% CD 19/06/2020 – 18/06/2021	2,000	2,004	0.17
Barclays Bank 0.9% CD 27/05/2020 – 27/05/2021	7,000	7,010	0.61
Barclays Bank 1.04% CD 12/05/2020 – 12/05/2021	8,000	8,009	0.70
Barclays Bank 1.12% CD 01/05/2020 – 30/04/2021	12,000	12,000	1.04
Barclays Bank 1.12% CD 14/04/2020 – 14/04/2021	1,000	1,000	0.09
BNP Paribas 0.03% CD 13/01/2021 – 05/05/2021	30,000	30,000	2.61
BNP Paribas 0.07% CD 19/10/2020 – 19/04/2021	1,000	1,000	0.09
Citibank 0.07% CD 16/03/2021 – 16/07/2021	5,000	5,000	0.43
Credit Industriel et Commercial 0.735% CD 12/05/2020 – 12/05/2021	1,100	1,101	0.10
Credit Industriel et Commercial 0.08% CD 08/03/2021 – 08/06/2021	5,000	5,000	0.43
Handelsbanken 0.085% CD 31/03/2021 – 07/07/2021	2,000	2,000	0.17
HSBC Bank 0.18% CD 11/09/2020 – 10/09/2021	5,000	5,002	0.43
HSBC Bank 0.2% CD 03/09/2020 – 03/09/2021	5,000	5,003	0.43
HSBC Bank 0.25% CD 06/08/2020 – 06/08/2021	5,000	5,003	0.43
HSBC Bank 0.25% CD 10/08/2020 – 10/08/2021	5,000	5,003	0.43
HSBC Bank 0.25% CD 11/08/2020 – 11/08/2021	5,000	5,003	0.43
HSBC Bank 0.28% CD 10/07/2020 – 09/07/2021	5,000	5,003	0.43
HSBC Bank 0.32% CD 16/06/2020 – 16/06/2021	3,000	3,002	0.26
HSBC Bank 0.6% CD 20/05/2020 – 20/05/2021	2,600	2,602	0.23
Landesbank Hessen 0.04% CD 03/02/2021 – 06/04/2021	40,000	40,000	3.48
Landesbank Hessen 0.54% CD 26/05/2020 – 26/05/2021	1,000	1,000	0.09
Lloyds Bank 0% CD 30/06/2020 – 30/06/2021	8,000	7,999	0.70
Lloyds Bank Corporate Markets 0.1% CD 03/02/2021 – 03/02/2022	5,000	4,999	0.43
Lloyds Bank Corporate Markets 0.12% CD 04/11/2020 – 04/11/2021	5,000	5,001	0.43
Lloyds Bank Corporate Markets 0.12% CD 15/02/2021 – 05/01/2022	8,000	8,000	0.70
Lloyds Bank Corporate Markets 0.14% CD 01/12/2020 – 01/12/2021	5,000	5,001	0.43
Lloyds Bank Corporate Markets 0.21% CD 14/09/2020 – 14/09/2021	2,000	2,001	0.17

THE PUBLIC SECTOR DEPOSIT FUND

PORTFOLIO STATEMENT

at 31 March 2021

	Holding £'000	Value £'000	% of total net assets
Lloyds Bank Corporate Markets 0.25% CD 01/09/2020 – 01/09/2021	5,000	5,004	0.44
Lloyds Bank Corporate Markets 0.48% CD 03/07/2020 – 02/07/2021	5,000	5,006	0.44
Lloyds Bank Corporate Markets 0.58% CD 09/06/2020 – 09/06/2021	4,000	4,004	0.35
Lloyds Bank Corporate Markets 1% CD 01/05/2020 – 29/04/2021	5,000	5,000	0.43
Mizuho Bank 0% CD 14/01/2021 – 14/04/2021	6,000	6,000	0.52
MUFG Bank 0.05% CD 09/02/2021 – 10/05/2021	10,000	10,000	0.87
MUFG Bank 0.06% CD 12/03/2021 – 12/04/2021	25,000	25,000	2.17
MUFG Bank 0.07% CD 22/02/2021 – 07/06/2021	10,000	10,000	0.87
NatWest Bank 0.08% CD 05/01/2021 – 04/01/2022	10,000	9,995	0.87
NatWest Bank 0.08% CD 19/01/2021 – 19/01/2022	10,000	9,994	0.87
NatWest Bank 0.12% CD 02/10/2020 – 01/10/2021	9,000	8,999	0.78
NatWest Bank 0.12% CD 30/09/2020 – 30/09/2021	4,000	4,000	0.35
NatWest Bank 0.13% CD 23/11/2020 – 23/11/2021	10,000	9,999	0.87
NatWest Bank 0.24% CD 01/09/2020 – 01/09/2021	5,000	5,002	0.44
NatWest Bank 0.29% CD 04/08/2020 – 04/08/2021	3,000	3,002	0.26
NatWest Bank 0.45% CD 29/06/2020 – 29/06/2021	1,000	1,001	0.09
Nationwide Building Society 0.07% CD 13/10/2020 – 13/04/2021	5,000	5,000	0.44
Nordea Bank 0.06% CD 19/10/2020 – 08/04/2021	13,000	13,000	1.13
Nordea Bank 0% CD 02/11/2020 – 04/05/2021	20,000	19,999	1.74
Overseas Chinese Bank 0.065% CD 17/03/2021 – 17/06/2021	2,000	2,000	0.17
Santander UK 0.01% CD 15/12/2020 – 01/04/2021	20,000	20,000	1.74
Skandinaviska Enskilda Bank 0.1% CD 09/12/2020 – 09/12/2021	2,000	2,000	0.17
Skandinaviska Enskilda Bank 0.1% CD 30/11/2020 – 29/11/2021	1,000	1,000	0.09
SMBC 0.06% CD 18/02/2021 – 18/05/2021	15,000	15,000	1.30
SMBC International 0.06% CD 25/11/2020 – 01/04/2021	10,000	10,000	0.87
SMBC International 0.1% CD 18/03/2021 – 18/06/2021	10,000	10,000	0.87
SMBC International 0.1% CD 23/03/2021 – 23/06/2021	7,000	7,000	0.61
Standard Chartered 0.13% CD 26/10/2020 – 26/10/2021	5,000	5,000	0.44
Standard Chartered 0.14% CD 16/11/2020 – 16/11/2021	12,000	12,001	1.04
Standard Chartered 0.15% CD 18/02/2021 – 17/02/2022	12,000	11,999	1.04
Standard Chartered 0.21% CD 07/09/2020 – 03/09/2021	2,000	2,001	0.17

THE PUBLIC SECTOR DEPOSIT FUND

PORTFOLIO STATEMENT

at 31 March 2021

	Holding £'000	Value £'000	% of total net assets
Standard Chartered 0.26% CD 17/08/2020 – 17/08/2021	10,000	10,006	0.87
Standard Chartered 0.29% CD 21/07/2020 – 21/07/2021	3,000	3,002	0.26
Standard Chartered 0.69% CD 15/05/2020 – 17/05/2021	1,000	1,001	0.09
Standard Chartered 1.2% CD 27/04/2020 – 27/04/2021	1,000	1,000	0.09
Toronto Dominion Bank 0% CD 08/03/2021 – 06/09/2021	3,000	2,999	0.26
Toronto Dominion Bank 0.09% CD 16/02/2021 – 09/11/2021	5,000	4,999	0.44
Toronto Dominion Bank 0.09% CD 17/02/2021 – 10/11/2021	5,000	4,999	0.44
UBS 0% CD 18/06/2020 – 17/06/2021	2,500	2,500	0.22
UBS 0.11% CD 07/10/2020 – 07/10/2021	5,000	5,001	0.44
UBS 0.11% CD 07/12/2020 – 07/12/2021	10,000	10,000	0.87
UBS 0.11% CD 13/10/2020 – 11/10/2021	5,000	5,001	0.44
UBS 0.4% CD 01/07/2020 – 01/07/2021	2,000	2,002	0.17
UBS 0.56% CD 28/05/2020 – 27/05/2021	4,000	4,000	0.35
UBS 0.63% CD 20/05/2020 – 19/05/2021	2,000	2,000	0.17
UBS 0.74% CD 11/05/2020 – 10/05/2021	1,000	1,001	0.09
UBS 1.12% CD 20/04/2020 – 19/04/2021	3,000	3,000	0.26
United Overseas Bank 0.06% CD 29/10/2020 – 22/04/2021	5,000	5,000	0.44
United Overseas Bank 0.07% CD 23/02/2021 – 23/08/2021	5,000	5,000	0.44
Term Deposits – 53.89% (31.03.2020, 33.16%)			
Coventry Building Society 0.05% 01/04/2021	114,000	114,000	9.91
DBS Bank 0.04% 01/04/2021	100,000	100,000	8.69
LBBW 0.07% 01/04/2021	114,000	114,000	9.91
National Bank of Canada 0.05% 01/04/2021	114,000	114,000	9.91
Nationwide Building Society 0.05% 01/04/2021	64,000	64,000	5.56
Rabobank 0.05% 01/04/2021	114,000	114,000	9.91
Call Accounts – 0.01% (31.03.2020, 0.02%)			
Santander UK		150	0.01
INVESTMENT ASSETS		1,148,635	99.86
NET OTHER ASSETS		1,581	0.14
TOTAL NET ASSETS		1,150,216	100.00

THE PUBLIC SECTOR DEPOSIT FUND
STATEMENT OF TOTAL RETURN
for the year ended 31 March 2021

	Note	Year ended 31.03.2021		Year ended 31.03.2020	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(132)		168
Revenue	3	2,655		4,543	
Expenses	4	(958)		(417)	
Net revenue before taxation		1,697		4,126	
Taxation	5	–		–	
Net revenue after taxation			1,697		4,126
Total return before distributions			1,565		4,294
Distributions	6		(1,697)		(4,126)
Change in net assets attributable to shareholders from investment activities			(132)		168

THE PUBLIC SECTOR DEPOSIT FUND
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 March 2021

	Year ended 31.03.2021		Year ended 31.03.2020	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		570,084		476,418
Amounts receivable on issue of shares	2,746,644		3,473,382	
Amounts payable on cancellation of shares	(2,166,380)		(3,379,884)	
		580,264		93,498
Change in net assets attributable to shareholders from investment activities		(132)		168
Closing net assets attributable to shareholders		1,150,216		570,084

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 2021

	Note	31.03.2021		31.03.2020	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			1,148,635		569,358
Current assets:					
Debtors	7	726		976	
Cash and bank balances	8	1,016		80	
Total current assets			1,742		1,056
Total assets			1,150,377		570,414
LIABILITIES					
Creditors					
Other creditors	9	106		46	
Distribution payable		55		284	
Total creditors			161		330
Total liabilities			161		330
Net assets attributable to shareholders			1,150,216		570,084

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

Approved on behalf of the
Authorised Corporate Director
23 June 2021

A Robinson MBE, Director
CCLA Investment Management Limited

Approved on behalf of the
Authorised Corporate Director
23 June 2021

E Sheldon, 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 2021

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. In December 2020 the capital assets of the Fund exceeded £1.5 billion. Following this, Seed Funders were invited to decide if they wished their Qualifying Amount to be charged at a zero management fee.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

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 Depository 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 Depository for 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 2021

2. Net capital (losses)/gains

	31.03.2021 £'000	31.03.2020 £'000
Unrealised (losses)/gains on assets	(132)	168
	(132)	168

3. Revenue

	31.03.2021 £'000	31.03.2020 £'000
Interest on debt securities	2,287	3,307
Interest from money market deposits	368	1,236
	2,655	4,543

4. Expenses

	31.03.2021 £'000	31.03.2020 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge – see note 1 (d)	833	322
	833	322

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

Depositary fee	73	40
Safe custody fee	22	14
	95	54

Other expenses:

Fitch ratings fee	14	14
Fund administration fee	5	7
Audit fee	10	10
Other	1	10
	30	41
Total expenses	958	417

THE PUBLIC SECTOR DEPOSIT FUND
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2021

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

	31.03.2021 £'000	31.03.2020 £'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	1,697	4,126
Corporation tax at 20%	339	825
Effects of:		
Tax deductible interest distributions	(339)	(825)
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 2021

6. Distributions

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

	31.03.2021 £'000	31.03.2020 £'000
April	274	330
May	282	342
June	249	329
July	198	325
August	160	352
September	133	342
October	104	369
November	72	351
December	69	378
January	55	383
February	50	331
March	51	294
Total distributions	1,697	4,126

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

7. Debtors

	31.03.2021 £'000	31.03.2020 £'000
Accrued revenue	720	969
Prepayments	6	7
	726	976

8. Cash and bank balances

	31.03.2021 £'000	31.03.2020 £'000
Cash at bank	1,016	80

THE PUBLIC SECTOR DEPOSIT FUND
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2021

9. Creditors

	31.03.2021 £'000	31.03.2020 £'000
Accrued ACD periodic charge	72	24
Accrued audit fee	20	10
Accrued depositary fee	13	11
Accrued safe custody fee	1	1
	106	46

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 2021 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 17 to 18. 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 is currently 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 2021

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 2021, 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 £57,418,250 (31.03.20, £28,468,000).

(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 2021

11. Financial instruments (continued)

(c) Interest rate risk

On 2 March 2021, a letter was sent to all shareholders to provide our view of the potential future direction of Sterling interest rates and to advise of the changes the ACD was making to the Fund. For further information, please refer to the Report of the ACD, letter sent to shareholders on 2 March 2021, prospectus and CCLA website.

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 0.14% movement in the opposite direction in the overall NAV of the Sub-Fund (31.03.2020, 0.14%)

The total exposure at 31 March 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,166	1,148,485	726	1,150,377
Total	1,166	1,148,485	726	1,150,377

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	161	161
Total	–	–	161	161

THE PUBLIC SECTOR DEPOSIT FUND
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2021

11. Financial instruments

(c) Interest rate risk (continued)

The total exposure at 31 March 2020 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	180	569,258	976	570,414
Total	180	569,258	976	570,414

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	330	330
Total	–	–	330	330

* 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 2021

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 March 2021 (31.03.2020, £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 (31.03.2020, £nil).

15. Shareholders' funds – reconciliation of shares

	Share Class 1 – income		Share Class 4 – income	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Opening number of shares				
at beginning of year	78,052,921	76,554,948	491,816,515	399,816,470
Shares issued in year	23,954,980	145,500,000	2,722,151,278	3,326,584,484
Shares cancelled in year	(24,000,000)	(144,300,000)	(2,142,379,765)	(3,235,583,576)
Shares converted in year	75,540	297,973	462,253	999,137
Closing number of shares				
at end of year	78,083,441	78,052,921	1,072,050,281	491,816,515

THE PUBLIC SECTOR DEPOSIT FUND
DISTRIBUTION TABLE
for the year ended 31 March 2021

Period ended	Share Class 1 £	Share Class 4 £	Total £
April 2020	29,824	244,444	274,268
May 2020	23,685	258,505	282,190
June 2020	17,660	231,599	249,259
July 2020	13,120	185,245	198,365
August 2020	10,581	148,794	159,375
September 2020	8,989	123,419	132,408
October 2020	7,687	96,326	104,013
November 2020	6,044	66,218	72,262
December 2020	6,002	63,049	69,051
January 2021	6,323	48,469	54,792
February 2021	6,648	43,068	49,716
March 2021	7,493	43,686	51,179
	144,056	1,552,822	1,696,878

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 2021 was 145 (year ended 31 March 2020, 137).

During the year ended 31 March 2021 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 2021			Year to 31 March 2020		
	Fixed remuneration £000	Variable remuneration £000	Total £000	Fixed remuneration £000	Variable remuneration £000	Total £000
Identified staff	1,283	2,040	3,323	1,264	3,346	4,610
Other staff	12,117	5,126	17,243	10,159	4,298	14,457
Total	13,400	7,166	20,566	11,423	7,644	19,067

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 PSDF. The Board operates on an advisory basis only.

R Kemp CBE (Acting Chairman)
 T Beattie
 C Clement-Williams – appointed 14 January 2021
 P Clokie OBE
 D Donnelly – appointed 12 January 2021
 G Macgregor – appointed 17 February 2021
 A Naylor
 C Noble – appointed 27 April 2020
 S Pickup OBE
 J Turnbull
 L Webster
 C West – appointed 18 January 2021

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

Client Service:

Freephone: 0800 022 3505

Email: clientservices@ccla.co.uk

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

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

P Hugh Smith (Chief Executive)
 J Bevan (Chief Investment Officer)
 E Sheldon (Chief Operating Officer)
 A Robinson MBE (Director Market Development)

Non-Executive Directors of the ACD

R Horlick (Chairman)
 J Jesty – appointed 24 April 2020
 C Johnson
 G Newson
 A Roughead – appointed 24 April 2020
 J Tattersall – resigned 8 July 2020
 C West – appointed 8 March 2021

Fund Managers

S Freeman
 R Evans

Company Secretary

J Fox

Chief Risk Officer

JP Lim – appointed 1 May 2020

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

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

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

T: 0800 022 3505 E: clientservices@ccla.co.uk

www.ccla.co.uk

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

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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