CCLA

QUARTERLY BULLETIN
31 March 2018

Brexit and the investment markets

The prospect of the UK's departure from the EU, on terms which have yet to be agreed, is a prominent theme in many conversations about the outlook for the economy and for UK investment markets. What especially challenges investors is the significant uncertainty about what Brexit will mean in practice; nobody can say with confidence how the economy overall will be affected in the short or long term, or the extent to which different businesses and different investment assets will be affected, positively or negatively.

So, what key risks can we identify when thinking about Brexit, and how can these best be managed in investment portfolios? As ever, one key consideration will be inflation expectations. After years of post-recession stagnation, the UK has finally started to see a pickup in wages; and although the effect of sterling's sharp post-Referendum fall has now dropped out of the inflation data, upward pressure on prices is likely to continue in a trading environment of greater constraints on imported goods and labour. Therefore, unless economic activity in the UK unexpectedly turns down, the Bank of England is likely to maintain the path on which it has started towards higher interest rates.

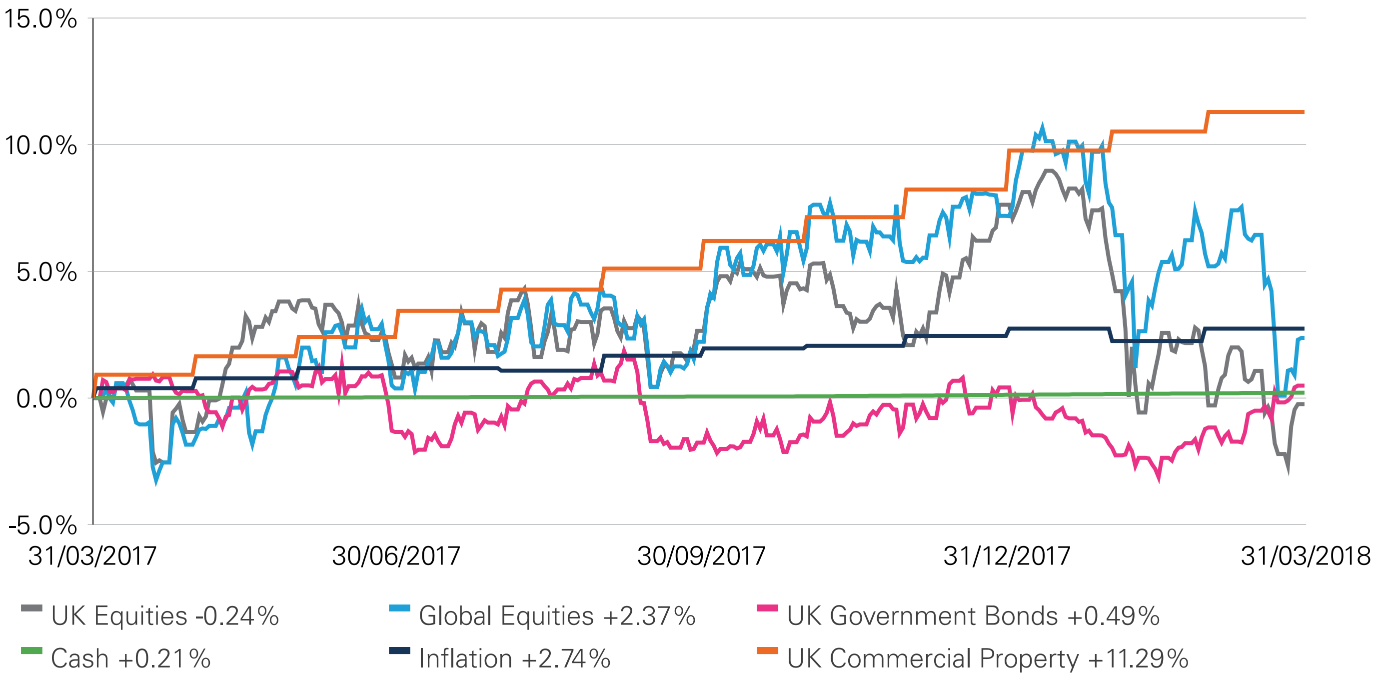
In the fixed interest markets, even relatively modest increases in yields from their current ultra-low levels will have a damaging effect on bond prices. With little if any potential upside to bonds and substantial risks to the downside, it is not surprising that many investors are currently avoiding this asset class. In any event, long-term investors will be more focused on real economic assets than on fixed interest, so what might be the impact of Brexit – whatever it looks like – on infrastructure, property and equities?

In the short term, the low rate of business investment that has been present for much of the post-recession era may well persist until the shape of the Brexit deal becomes clearer; and at least some of the investment that does take place in the medium term is likely to be focused on adapting to the new trading environment rather than on improving productivity. Most commentators believe that the UK's rate of economic growth will continue to lag the progress being made in other major economies.

This is already dampening global investors' appetite for shares in companies that rely for most of their profits on UK consumer demand, especially for 'cyclical' stocks which fare best when demand is in a growth phase. Fortunately, there are still many companies, some of which are listed in the UK, with strong and predictable earnings from a wider global market base; while even within the UK, there are investments which can be expected to perform relatively well in an environment of muted growth. Consumers may hold back on buying new cars or expensive holidays, but more 'defensive' companies supplying consumer basics may be better placed if their earnings are of sufficient quality. Beyond the listed equity sphere, commercial property and specialist vehicles investing in infrastructure offer the attraction of contractual income streams which are comparatively resilient throughout the economic cycle.

In fact, while the profound uncertainty associated with Brexit may be unsettling and disruptive, we should remember that uncertainty or 'risk' is always a feature of the investment world which must be addressed by investors seeking attractive returns over the long term. An investment process that favours long-term growth and concentrates on the fundamental characteristics of individual assets will be well placed to identify and manage the relevant risks, whether or not they are Brexit-related.

Markets at a Glance - 12 Months to 31 March 2018



Source: CCLA

Quarterly Market Review & Outlook

Global equity markets began the year positively, but suffered bouts of weakness in both February and March and ended the quarter with negative returns. Economic growth data was supportive, but concerns rose over the likely consequences of growth; higher interest rates and higher inflation. Sentiment was hit too by trade friction concerns as protectionism in the past has been associated with lower growth and stagflation. In the quarter, the global index fell by -4.41% for a UK-based investor, returns for the past 12 months remained positive at 2.37%. All the major regional indices were lower. Europe was the weakest, giving a -4.57% return, but Asia, -4.44%, and the US, -4.18% were close behind and Japan, -2.63%, did little better. Few individual indices made progress. In Europe, Finland gained 4.23% and Italy and Portugal were also ahead. In Asia, Pakistan led the way, up by 5.24%, but Thailand, 4.95%, and Malaysia, +4.15% both made progress. The weakest performances came from Greece, -9.60% and the Philippines, -13.88%. The UK underperformed the international peers and fell by -6.87%. The return over the past 12 months is now also negative at -0.24%. A problem for the UK was the high weighting to sectors such as oil and banks, which underperformed.

There was a divergence of returns in the domestic fixed interest sector. Government bonds, which fell initially, rallied in the final weeks. In contrast, corporate bonds continued to weaken. Government bonds returned 0.07%, corporate issues of a comparable maturity, -1.26%.

Property values continued to improve, supported by capital growth and rising rental values. Industrials and parts of the 'other' sub-sector, including hotels, gave the best returns.

Sterling improved against the dollar, 3.71% and euro, 1.04%, but fell against the yen by -2.15%.

It is likely that the global economy will continue to grow at close to the current rate, but with only a modest increase in inflation. Monetary policy will be adjusted to reflect the pace of expansion which will lead ultimately to the end of current quantitative easing programmes, but interest rates are expected to increase only in the US and UK. Growth in the UK is not expected to match the international average, but should reach 1.5% or a little higher. Inflation will ease from current levels, but stay close to 2.5%. Interest rates are likely to be increased in May and could increase again in the Autumn.

Economic expansion and rising corporate profits should support the long-term uptrend in equity prices. We must recognise, however, that the uptrend is increasingly mature and that as a consequence, day-to-day volatility is likely to remain near current levels. Property markets remain well supported by income yields, but we expect more modest progress in capital values in the months ahead. In contrast to these positive expectations, we are concerned that valuations in the fixed income sector are full and that prices will come under pressure in the months ahead.

Distributions for the Quarter

The CBF Church of England Fund	Distribution per Income Share	Payment Date	
Investment Fund	14.40p	31/05/2018	• This payment is 9.3% higher than that for the equivalent period in 2017. This reflects the rebalancing of the payment profile and any increase for the year will not be at this level.
Global Equity Income Fund	1.76p	31/05/2018	• The payment is at the same value as the comparable payment in 2017.
UK Equity Fund	1.52p	31/05/2018	• The payment is unchanged on the equivalent payment for 2017.
Property Fund	1.77p	31/05/2018	• The payment is at the same value as the comparable payment in 2017.
Fixed Interest Securities Fund	1.65p	31/05/2018	• The payment is at the same value as the comparable payment in 2017.

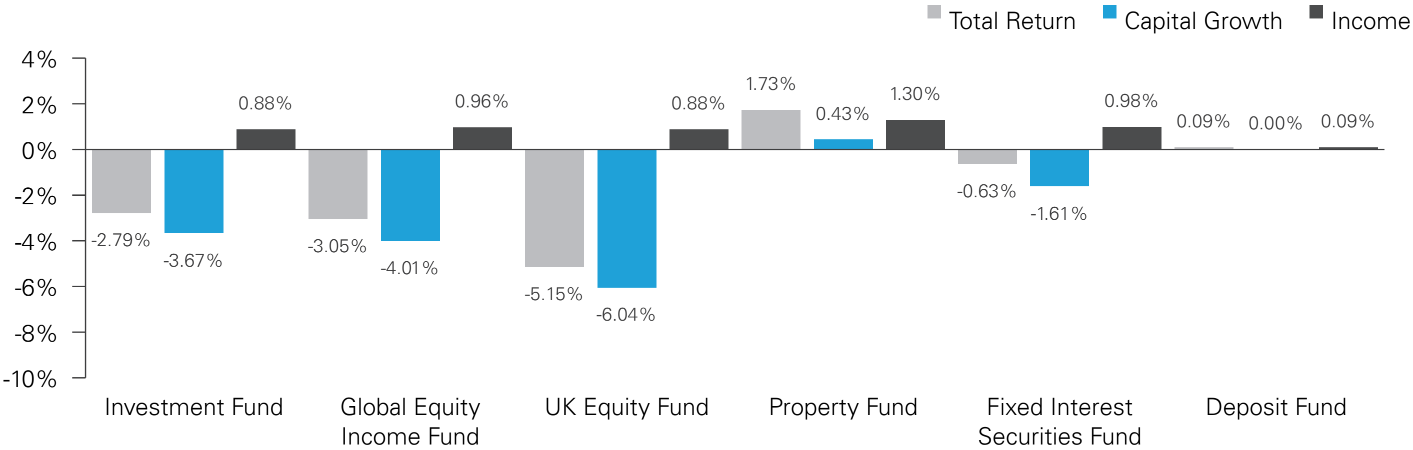
Interest for the Quarter

Interest rate at the quarter end	0.40% (0.40% A.E.R.)*	• The interest rate paid to investors rose slightly over the quarter, a reflection of higher money-market rates.
Average interest rate over the quarter	0.35% (0.35% A.E.R.)*	• Interest payments on the Fund will reflect the rates available from top-quality borrowers.
		• The Fund is rated AAAf/S1 by Fitch Ratings. AAAf is the highest credit rating available

**A.E.R. = Annual Equivalent Rate, which illustrates what the annual interest rate would be if the quarterly interest payments were compounded.

Source: CCLA
Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Fund Performance
The CBF Church of England Funds over the quarter (net)



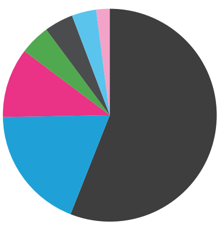
Source: CCLA Performance shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Fund Report

The CBF Church of England Investment Fund

- The global economy enjoyed a strong quarter, continuing the expansion evident in the final months of 2017. All the major economies participated in what was the first synchronised expansion since the financial crisis of a decade ago, but despite the breadth of the upturn, inflation remained at low levels and interest rates were in uptrends only in the US and UK.
- Investment markets made a positive start to the quarter, but, whilst bonds traded in a narrow range and property values advanced, equity prices declined. Interest rate fears and concerns over trade disputes spurred profit taking in markets which had risen for some time without a correction. All of the major regional markets declined; the UK was the weakest and Japan the most resilient.
- On a gross basis, the Fund returned -2.64% during the quarter compared to a return on the comparator of -4.06%. Over the past 12 months the respective returns are 6.46% and 2.24%. The relative return for the quarter was supported by strong contribution from stock selection. Areas of strength included IT and parts of the financial sector; the low weighting to energy was also helpful to returns. Asset allocation was unhelpful, particularly the absence of any significant weighting to fixed income investments, a sector which enjoyed broadly stable values.

Asset Allocation



- Overseas Equities 55.98%
- UK Equities 18.75%
- Infrastructure & Operating Assets 10.55%
- Contractual & Other Income 4.60%
- Private Equity & Other 4.37%
- Property 3.71%
- Cash and Near Cash 2.04%

Overseas Equities	%
North America	34.57
Developed Europe	12.45
Asia Pacific ex Japan	4.78
Japan	4.18
Total	55.98

Source: CCLA
The annual management fee is 0.55% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

Discrete year total return performance (gross) %

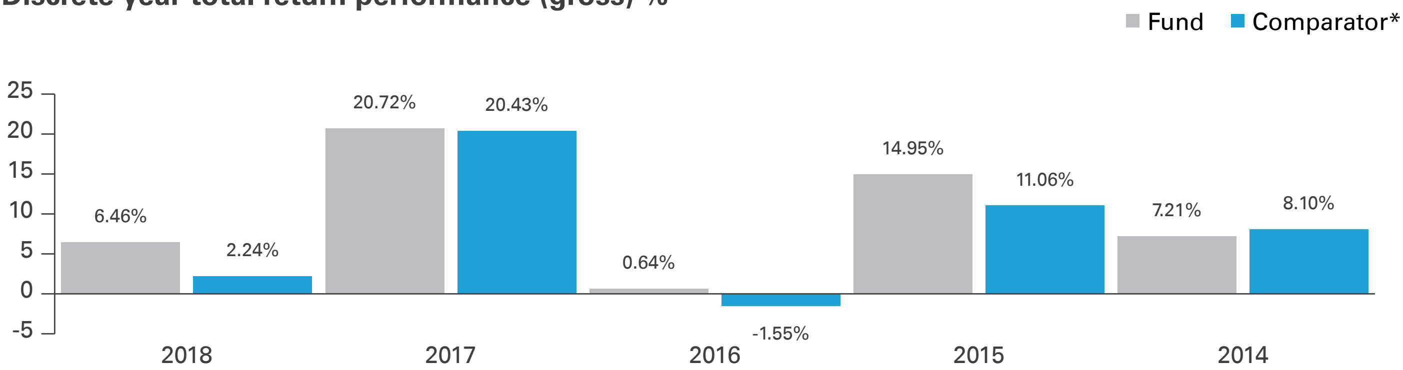
12 months to 31 March	2018	2017	2016	2015	2014
The CBF Church of England Investment Fund	6.46	20.72	0.64	14.95	7.21
Comparator*	2.24	20.43	-1.55	11.06	8.10

Annualised total return performance (gross) %

Performance to 31 March 2018	1 year	3 years	5 years
The CBF Church of England Investment Fund	6.46	29.34	59.38
Comparator*	2.24	21.22	45.53

Comparator - composite: from 01.01.18 MSCI UK IMI 30%, MSCI World ex UK 45%, AREF/IPD™ All Properties 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%.To 31.12.17 MSCI UK IMI 45%, MSCI Europe Ex UK 10%, MSCI North America 10%, MSCI Pacific 10%, AREF/IPD™ All Properties 5%, iBoxx £ Gilt 15% & 7 Day LIBID 5%. To 31.12.15 MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, IPD™ All Properties 5%, BarCap Gilt 15% & 7 Day LIBID 5% *(IPD is estimated for the last month)

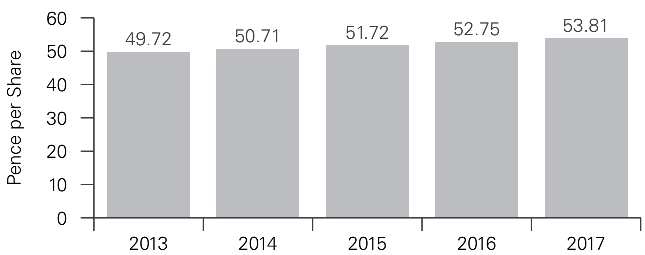
Discrete year total return performance (gross) %



Most overweight companies relative to equity indices

S&P Global	1.84%	Croda	1.51%
Thermo Fisher Scientific	1.80%	London Stock Exchange	1.44%
Taiwan Semiconductor	1.66%	Unilever	1.44%
Reckitt Benckiser	1.58%	Samsonite	1.40%
AIA Group	1.56%	Deutsche Boerse	1.35%

Past distributions



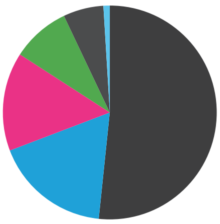
Source: CCLA

The annual management fee is 0.55% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

The CBF Church of England Global Equity Income Fund

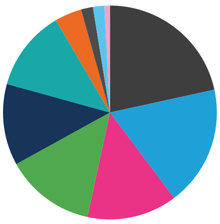
- The global economy grew over the quarter, in a synchronised expansion which embraced all the major economies. Despite this, inflation remained low in most developed areas and only one, the US, increased interest rates although the UK had moved rates higher in the previous quarter. Global equity markets began the period well, but early progress was soon reversed as concerns surfaced over future interest rate trends and the threat of protectionism. By the end of March all the major regional indices were lower. The UK was the weakest performer; Japan the most resilient. For UK-based investors, the declines were exacerbated by currency factors, as sterling moved higher.
- On a gross basis, the Fund returned -2.81% during the quarter compared to a return on the comparator of -4.80%. Over the past 12 months the respective returns are 4.17% and 1.25%. Stock selection was the main influence on the relative performance. The Fund benefited from a low exposure to energy companies and mainstream banks, both of which underperformed. There was a positive contribution from holdings in the IT sector and specialist financial companies.

Asset Allocation



- North America 51.65%
- UK Equities 17.56%
- Developed Europe 14.92%
- Asia Pacific ex Japan 8.82%
- Japan 6.09%
- Cash and Near Cash 0.96%

Sector Allocation



- Information Technology 21.37%
- Financials 18.00%
- Consumer Staples 13.50%
- Consumer Discretionary 13.47%
- Industrials 12.20%
- Health Care 12.14%
- Materials 4.05%
- Real Estate 1.78%
- Energy 1.71%
- Utilities 0.82%

Discrete year total return performance (gross) %

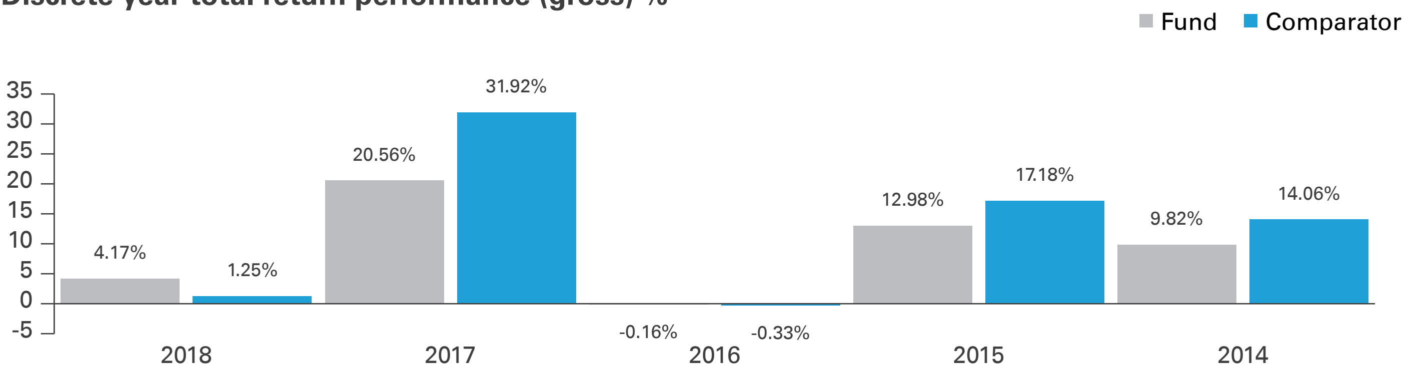
12 months to 31 March	**2018**	**2017**	**2016**	**2015**	**2014**
The CBF Church of England Global Equity Income Fund	4.17	20.56	-0.16	12.98	9.82
Comparator	1.25	31.92	-0.33	17.18	14.06

Annualised total return performance (gross) %

Performance to 31 March 2018	**1 year**	**3 years**	**5 years**
The CBF Church of England Global Equity Income Fund	4.17	25.39	55.58
Comparator	1.25	33.13	77.94

Comparator – from 01.01.16 MSCI £ World. To 31.12.15 MSCI World 50% Currency Hedged

Discrete year total return performance (gross) %

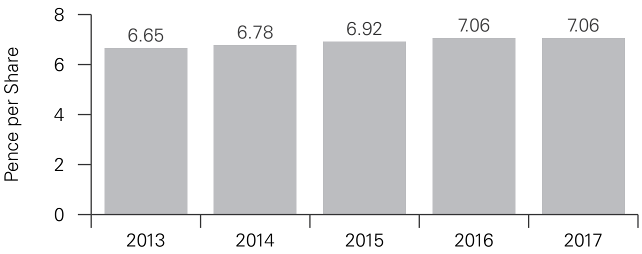


Source: CCLA
The annual management fee is 0.75% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

Most overweight companies relative to equity indices

Reckitt Benckiser	2.30%	Prudential	1.62%
Unilever	1.98%	AIA Group	1.59%
Kao Corp	1.97%	Samsonite	1.56%
Taiwan Semiconductor	1.95%	RELX	1.53%
London Stock Exchange	1.76%	Thermo Fisher Scientific	1.52%

Past distributions

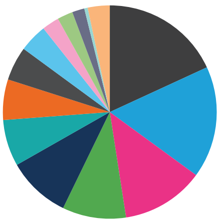


Source: CCLA
The annual management fee is 0.75% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

The CBF Church of England UK Equity Fund

- The UK economy grew over the period, but at a slower pace to that enjoyed earlier in the recovery due to the impact on consumer spending of higher inflation. Inflation eased from the highest levels of late 2017, as currency effects began to drop out of the comparative data, but it remained high by international standards. Interest rates were unchanged, but Bank of England comments that future increases in borrowing costs would be 'gradual and limited' increased expectations of rate rises in May and probably November.
- The UK equity market made a steady start to the quarter, but the early stability soon faded and prices weakened. All the major regional equity markets declined, but the UK was the weakest of the international peer group. The apparent catalysts for the price falls were trade concerns and worries over the pace of interest rate rises in the US, but the falls must be considered in the context of a market which had risen for some time without a material correction.
- On a gross basis, the Fund returned -4.98% during the quarter compared to a return on the benchmark of -6.95%. Over the past 12 months the respective returns are 4.34% and 1.13%. Performance over the quarter was supported by stock selection, in particular the allocation to non-UK holdings, and the below-average weighting to weak sectors including energy and mainstream banks.

Asset allocation



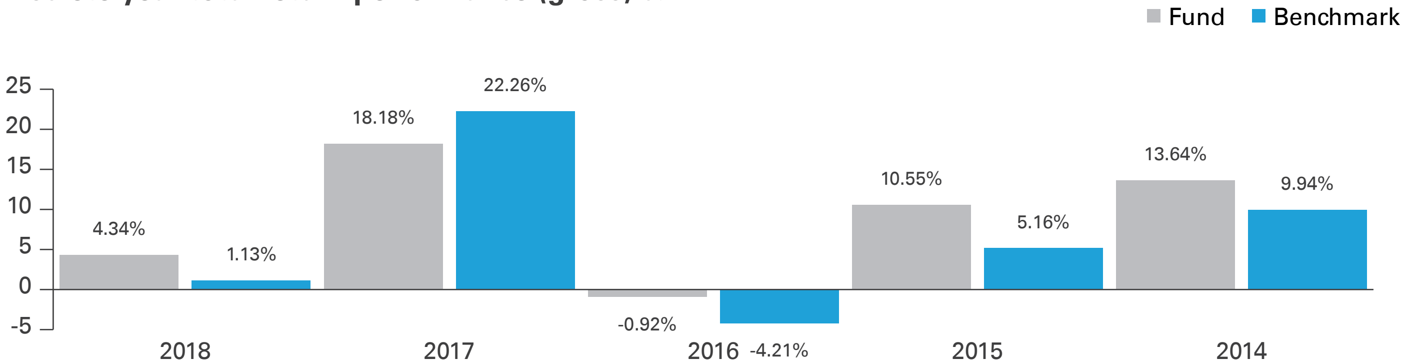
Discrete year total return performance (gross) %

12 months to 31 March	**2018**	**2017**	**2016**	**2015**	**2014**
The CBF Church of England UK Equity Fund	4.34	18.18	-0.92	10.55	13.64
Benchmark	1.13	22.26	-4.21	5.16	9.94

Performance to 31 March 2018	**1 year**	**3 years**	**5 years**
The CBF Church of England UK Equity Fund	4.34	22.18	53.50
Benchmark	1.13	18.43	36.92

Benchmark - from 01.01.16 MSCI UK IMI. To 31.12.15 MSCI UK All Cap. To 30.11.14 MSCI UK All Cap adjusted for EIAG Ethical Restrictions.

Discrete year total return performance (gross) %

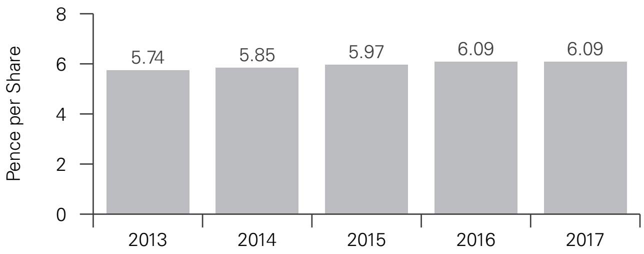


Source: CCLA
The annual management fee is 0.50% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

Most overweight companies relative to equity indices

London Stock Exchange	2.91%	Experian	2.17%
Prudential	2.62%	RELX	2.17%
Unilever	2.39%	Reckitt Benckiser	2.16%
Croda	2.32%	Dechra Pharmaceuticals	2.09%
Intermediate Cap	2.28%	Bunzl	2.04%

Past distributions



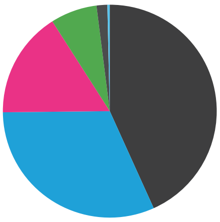
Source: CCLA
The annual management fee is 0.50% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

The CBF Church of England Property Fund

- Valuations in the property sector rose over the quarter, maintaining the uptrend which began in the final months of 2016. Prices were supported by continued buying interest from domestic and overseas investors and by further increases in rental values. Returns in the sector, however, were uneven. Industrial assets continued to enjoy strong support in an environment where the supply of good quality assets was low and there was continued demand for assets with secure long-term income. In contrast, retail assets remained under pressure, with sentiment weakened by company closures and poor trading news from the 'High Street'.
- On a net basis, the Fund returned 1.73% during the quarter compared to a return on the benchmark of 2.02%. Over the past 12 months the respective returns are 9.38% and 10.50%. The high weighting to industrial assets has supported returns, as has the low exposure to shops. Offices, however, have been mixed and there has been an impact on returns from the Fund's busy asset management programme, which has resulted in increased costs and a temporary rise in the void rate.

The Fund invests via a holding in the COIF Charities Property Fund.

Underlying gross asset allocation



Property portfolio details
Top 5 properties: 29.1% of portfolio
Top 5 tenants: 21.0% of rental inc
Weighted unexpired lease: 5.3 yrs
Vacancy rate: 9.2%

Discrete year total return performance (net) %

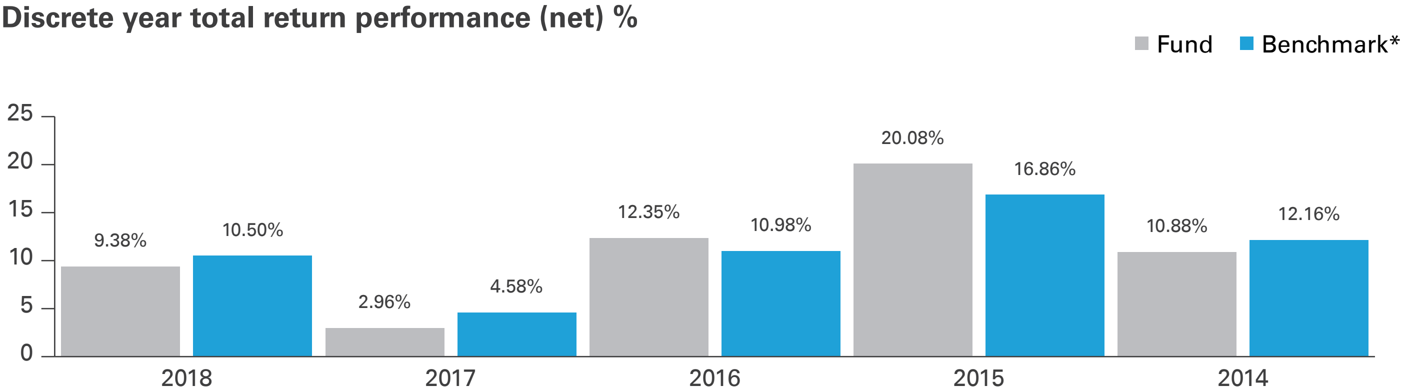
12 months to 31 March	2018	2017	2016	2015	2014
The CBF Church of England Property Fund	9.38	2.96	12.35	20.08	10.88
Benchmark*	10.50	4.58	10.98	16.86	12.16

Annualised total return performance (net) %

Performance to 31 March 2018	1 year	3 years	5 years
The CBF Church of England Property Fund	9.38	26.52	68.45
Benchmark*	10.50	28.25	68.09

Benchmark – AREF/IPD™ Other Balanced Property Fund Index *(estimated for the last quarter). Property performance is shown after management fees and other expenses (net)

Discrete year total return performance (net) %

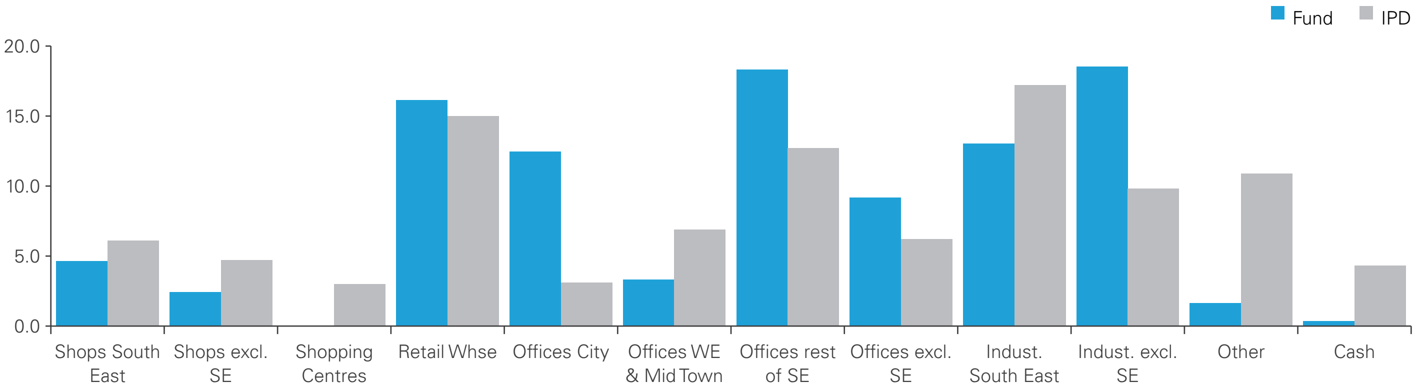


Source: CCLA
The annual management fee is 0.65% and is deducted from capital. Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Top ten underlying property holdings – total 42.95%

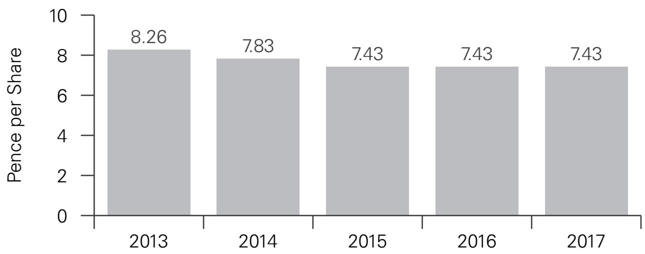
London, Cannon Street
Bracknell, Arlington Sq.
Mendlesham, Ind. Est.
London, Fetter Lane
London, College Hill
Chertsey, Syward Place
Bristol, Aztec West
Uxbridge, Stockley Park
Northampton, B'Mills
Aberdeen, Arnhall

Underlying gross asset allocation



Fund Data as at end March 2018 and AREF/IPD™ Other Balanced Property Fund Index as at end December 2017.

Past distributions

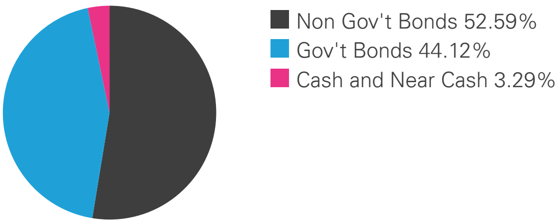


Source: CCLA
The annual management fee is 0.65% and is deducted from capital. Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

The CBF Church of England Fixed Interest Securities Fund

- The fixed interest investment markets began the quarter cautiously, but recovered later, supported by safe-haven buying by investors concerned at equity volatility and also by data which suggested that government borrowing requirements could be below previous expectations. Interest rates were unchanged, but comments by the Bank of England raised expectations of increases in the future, with most observers focussed on May and November as the likely dates.
- On a gross basis, the Fund returned -0.58% during the quarter compared to a return on the benchmark of -0.47%. Over the past 12 months the respective returns are 0.93% and 0.89%. The portfolio has a modest underweight allocation to government bonds, the part of the sector which gave the best returns. This was the cause of the slight underperformance over the quarter.

Asset Allocation



By term to maturity Period	% Fund
0 - 5 years	32.3
5 - 10 years	25.9
10 - 15 years	15.8
Over 15 years	26.0
Duration (modified)	8.0 yrs
Ave term to maturity	10.4 yrs

Discrete year total return performance (gross) %

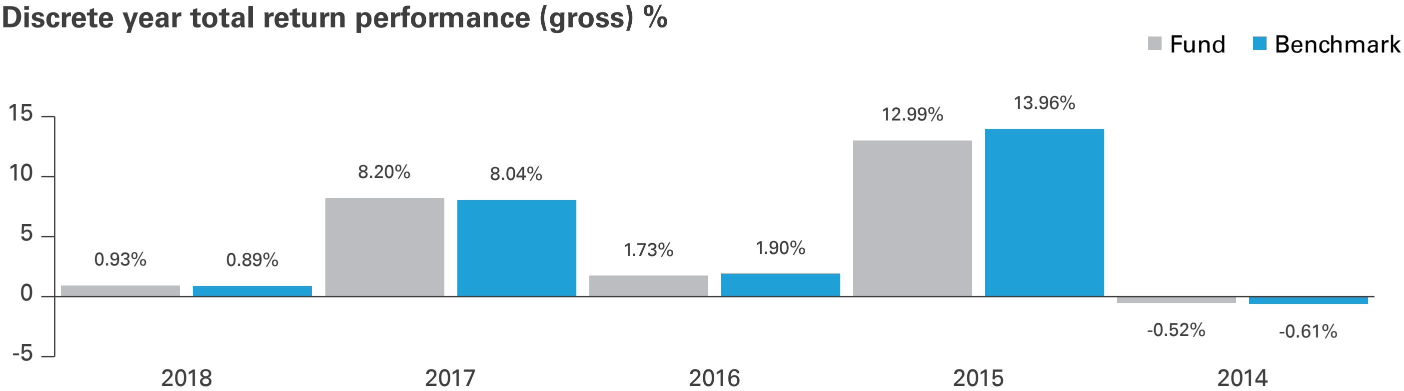
12 months to 31 March	2018	2017	2016	2015	2014
The CBF Church of England Fixed Interest Sec Fund	0.93	8.20	1.73	12.99	-0.52
Benchmark	0.89	8.04	1.90	13.96	-0.61

Annualised total return performance (gross) %

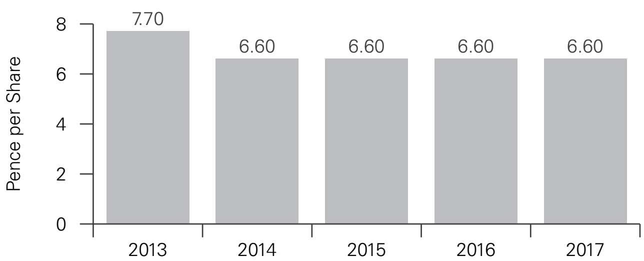
Performance to 31 March 2018	1 year	3 years	5 years
The CBF Church of England Fixed Interest Sec Fund	0.93	11.10	24.89
Benchmark	0.89	11.07	25.80

Benchmark – composite: from 01.01.16 iBoxx £ Gilt 50% and iBoxx £ Non Gilt 50%. To 31.12.15 Barcap £ Gilt 50% and £ Agg 100mm Non Gilt 50%. To 31.12.12 Barcap £ Gilt 80% and £ Agg 100mm Non Gilt 20%

Discrete year total return performance (gross) %



Past distributions



Source: CCLA
The annual management fee of the Fixed Interest Securities Fund is 0.22% and is deducted from income. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

The CBF Church of England Deposit Fund

- The UK economy grew over the period, but at a moderate pace reflecting the pressure on consumer expenditure from higher inflation and the continued uncertainties associated with the Brexit negotiations. Inflation declined from the highest levels reached in the final quarter of 2017, but remained above wage growth. Estimates of economic capacity and productivity suggested that an expansion rate of 1.5% would result in strains developing. As a result, the Bank of England reiterated its guidance that interest rates were likely to be increased.
- The expectation of higher official rates in the months ahead caused the interest rates available in the money markets to rise in anticipation. As a result, it was possible to increase the rate payable on the Fund.

Discrete year total return performance (gross) %

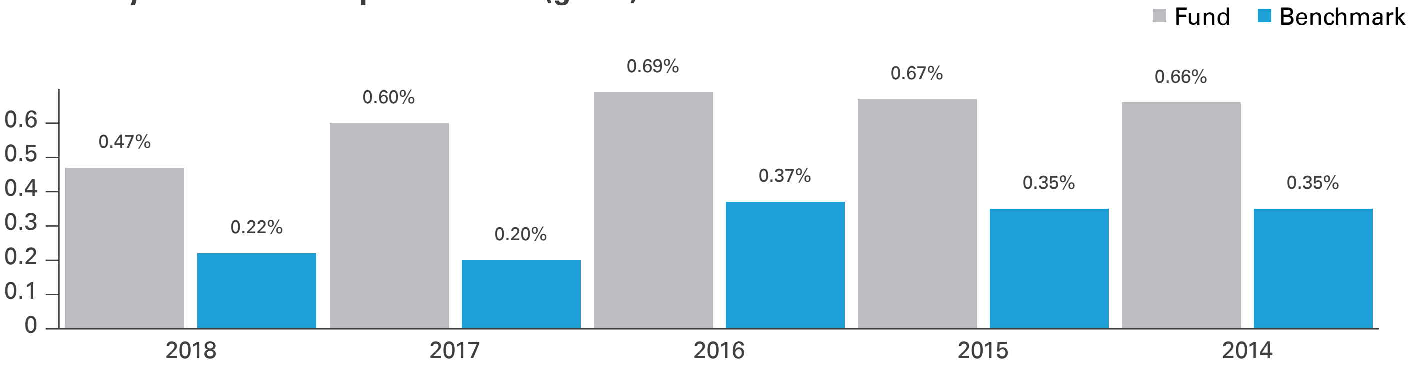
12 months to 31 March	**2018**	**2017**	**2016**	**2015**	**2014**
The CBF Church of England Deposit Fund	0.47	0.60	0.69	0.67	0.66
Benchmark	0.22	0.20	0.37	0.35	0.35

Annualised total return performance (gross) %

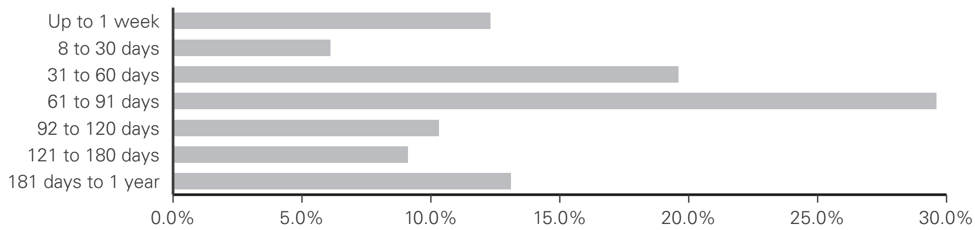
Performance to 31 March 2018	**1 year**	**3 years**	**5 years**
The CBF Church of England Deposit Fund	0.47	1.77	3.14
Benchmark	0.22	0.79	1.50

Benchmark – London Interbank Sterling 7 Day Bid Rate

Discrete year total return performance (gross) %



The Fund's maturity profile



Source: CCLA
The annual management fee of the Deposit Fund is 0.20% and is deducted from income. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

Ethical and Responsible Investment Report

Our work has five strands:

1. Engagement focused on social and environmental issues in the context of Christian mission and witness.
2. Setting appropriate constraints on investment and exposure to activities considered unacceptable by the Church of England's Ethical Investment Advisory Group (EIAG) and the CBF Funds Trustee.
3. Proxy voting on corporate governance issues to protect shareholder value and address excessive remuneration.
4. Selecting investments that deliver social or environmental benefits plus market-level, risk-adjusted returns.
5. Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment.

Quarterly highlights:

- As part of our aim of building an international network of faith investors, we spoke at the launch of 'Die Neue Beurskoers'. This is a church investor network in the Netherlands that focuses on responsible investment.
- We have completed our annual assessment process, as required by the Principles of Responsible Investment. This rates our approach to stewardship and integrating environmental, social and governance factors. The results will be released at the end of Q2 and made available on our website.
- We have published our 2018 proxy voting policy. This brings together the four largest church investors in the UK to address excessive executive pay and encourage high standards of corporate governance.

Voting and Corporate Governance in more detail:

- CCLA aims to vote at all UK and overseas company meetings where we have portfolio holdings.
- The CBF Church of England Investment Fund did not support 17% of the resolutions proposed by management at our investee companies this quarter (17.4% for the UK Equity Fund, 28% for the Global Equity Income Fund).
- We joined 48% of investors in Safestore, the UK's largest storage provider and a holding in the UK Equity Fund, in opposing the proposed executive Remuneration Policy. This followed a £14m share award to the top two executive directors. Due to the strength of our concerns, we also voted against the re-election of members of the Remuneration Committee. We will continue to engage with the company on this issue.
- We have continued our engagement with French luxury goods company LVMH. We are asking the company to increase the number of independent members on their Audit Committee.

Ethical investment:

- We confirm that the CBF Funds have been managed to their ethical exclusion policies this quarter.
- We continue to collaborate with the other National Investing Bodies on engagement and developing ethical investment policy.

The Church's Climate Change Investment Policy In Summary:

- The National Investing Bodies (NIBs) adopted a new Climate Change Investment Policy in 2015. This committed the NIBs to being at the forefront of institutional investor action on climate change.
- CCLA continue to recognise that climate change poses a significant threat to long-term shareholder value.

About the Climate Change Policy

- Following advice from the Church's Ethical Investment Advisory Group, the NIBs adopted a new Climate Change Investment Policy in April 2015.
- The policy followed a significant period of work and committed the NIBs to divesting from companies that generated more than 10% of their revenue from energy coal or tar sands, engaging with businesses with high-carbon footprints, promoting progressive public policy on climate change and increasing investments in businesses that would accelerate the low-carbon transition.

Our Approach to Implementing the Policy

- At CCLA we see climate change as a critical investment challenge. The CBF Funds have a significant underweight exposure to the energy sector and we have an extensive engagement programme with companies exposed to the low carbon transition.
- During the past quarter we met with the Company Chairmen at Rio Tinto and Royal Dutch Shell and played an active role in the new, international Carbon Action 100+ initiative. This brings together investors with assets under management of more than $28 trillion to engage with carbon intensive businesses.
- Alongside the other NIBs, we co-fund the Transition Pathway Initiative. This ranks the quality of climate change management and assess companies' positioning against the Paris Climate Agreement.

The way ahead

- We will continue to report our engagement with companies on climate change and the NIBs will assess progress in 2020, ahead of possible further divestments.

Risk Warning

Performance is shown before management fees and other expenses: net returns will differ, except the Property Fund which is shown net and the graph on the Fund Performance page. Exchange rate changes may have an adverse effect on the value, price or income of investments. Nothing in this document should be deemed to constitute the provision of financial, investment or other professional advice. All sources are CCLA, unless otherwise indicated.

Disclosures

Investment is only available to charities with objects connected with the work of the Church of England. Past performance is not an indicator of future performance. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Any forward-looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated. Depositors in The CBF Church of England Deposit Fund should note that CCLA may change the fund documentation to allow for negative interest rates to be passed on to depositors. This means that in the event that interest rates on sterling deposits and instruments become negative, depositors may be charged these negative interest rates instead of earning interest. The CBF Church of England Funds are Common Funds established under The Church Funds Investment Measure 1958 (as amended or replaced from time to time). The Funds are not regulated Funds nor recognised as an Alternative Investment Fund. Investments in the Funds and Investments or Deposits in The CBF Church of England Deposit Funds and the Funds are not covered by the Financial Services Compensation Scheme (FSCS). However, the Manager may pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Funds.

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