CCLA

QUARTERLY BULLETIN
31 March 2019

Growth, markets and the impact of policy change

In the early months of 2018, expectations grew of a rise in international interest rates. Growth was broadly established in the global economy and the monetary authorities saw an increase in borrowing costs, as a prudent way to reduce the risk of future increases in inflation. Interest rates in the US had already been increased in 2017 and were increased a further four times in 2018. Other authorities signalled a similar path. The Bank of England raised rates, despite slowing growth and whilst it was felt premature to increase borrowing costs in Europe, the European Central Bank (ECB) closed its quantitative easing programme and signalled a possible rise in interest rates in the second half of the current year.

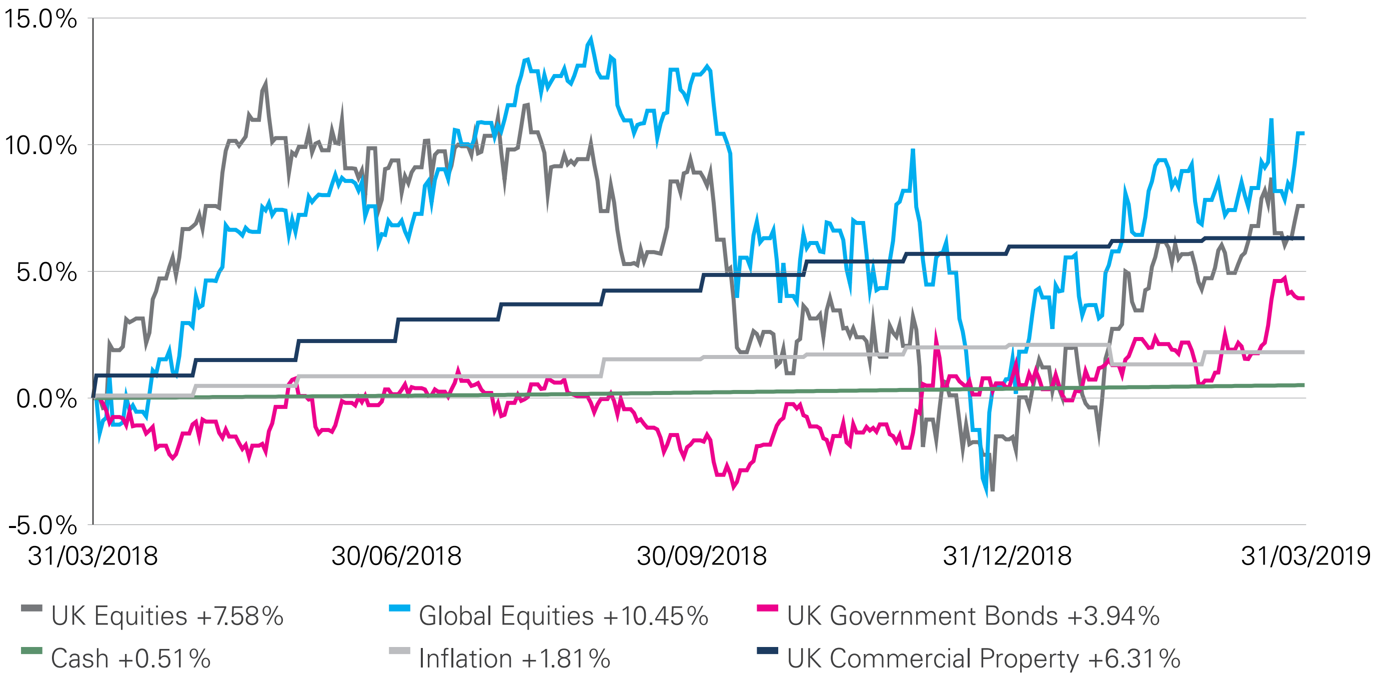
This all changed in the first quarter of 2019. The US Federal Reserve put rate increases on hold, commenting that it could be 2020 or later before they rise again. In addition, its strategy of unwinding the bond purchases, which were a critical component of the quantitative easing programme, was abandoned. In Europe, the ECB pushed back its timetable for interest rates increases, notionally until the year end, but potentially much later still. In the UK, The Bank of England put its policy on hold, driven by a lack of clarity in the underlying trends compounded by uncertainties associated with Brexit.

What caused this abrupt change of policy? The key factors were growing uncertainty over the strength of the global economy and concerns about the effects on financial markets, which were relatively highly valued. There were early signs that the economic upswing was faltering. Although headline growth in the US had remained robust, the strength was substantially a result of one-off tax cuts and spending increases, which would fade over time. Growth elsewhere had also not matched earlier expectations. Expansion had slowed in China, with a negative impact on the economies of South East Asia. In Europe too, progress had slowed and was under further threat from trade disputes and the uncertain impact of Brexit. Against this deteriorating backcloth, a policy of raising interest rates was increasingly seen, not as a prudent decision to pre-empt future price pressures, but instead as a policy mistake that threatened to trigger an unwanted and, with inflation near dormant, unnecessary recession. The weakness in equity markets in the final weeks of 2018 reflected these fears.

How likely is a recession in the medium term? The upswing is certainly long-standing; in July it will become the longest expansion in modern times. Regardless of the eventual success of recent initiatives, activity will remain under pressure in the first half of the year; realistically it will be some months before we know how much new momentum has been created by the changed policy environment. Clearly there are some substantial risks which, until cleared, are likely to keep day-to-day volatility high. On balance, however, we expect growth to continue, cushioned by the confirmed low interest rate environment and supported by increased consumer spending and a less austere approach by governments. Consumer spending will rise because of continued low levels of unemployment and wage growth above the inflation rate. For governments, there is clear evidence of increased willingness to spend after an extended period of budgetary restraint.

Continued growth will provide support to investment markets, but we expect a wide dispersion of returns between the asset classes. Real assets such as equities should see expansion reflected in sales and profits growth, which will provide support to valuations. In contrast, an enduring low interest rate environment will keep the yield on cash and most fixed income investments low and negative in real terms. In this environment, we expect to maintain a portfolio bias to real assets, controlling risk through diversification and maintaining a focus on good-quality companies with robust finances and growth potential independent of the economic cycle.

Markets at a Glance - 12 Months to 31 March 2019



Source: CCLA

Quarterly Market Review & Outlook

Global equity markets rose strongly in the quarter. An early bounce in prices, which followed the weakness experienced towards the end of 2018, was given fresh momentum by a change of monetary policy by the US Federal Reserve. Economic data showed global growth continuing, but at a modest rate. Consumer activity remained steady, buoyed by low unemployment and rising real wages, but manufacturing disappointed and business investment was held back by general fears of a maturing economic cycle and specific concerns over the risk of worsening trade friction. Global inflation remained subdued and interest rates stayed at extremely low levels. A key event of the period was the decision by the US Federal Reserve to put on hold their programme of monetary policy normalisation. Projected interest rate increases were postponed and the balance sheet reduction programme halted. This change gave a fillip to investor confidence which was soon reflected in both equity and fixed interest markets. Against this backcloth, the global equity market gave a total return of 9.62% to a sterling-based investor, a gain which took the return over the past 12 months to 10.45%. In this environment, all the major regional markets gave positive returns. The best performer was the US, with a gain of 11.24%, followed by Asia, 8.60%, Europe 8.06% and Japan, 4.47%. All the individual markets in Europe advanced, with six markets rising by 10% or more. In Asia, four markets rose by more than 10%. The UK market matched its peers, improving by 9.41%. The gain over the past year is 7.58%.

The domestic fixed interest sector also strengthened; in the early part of the period it moved in a narrow range, supported by weak economic data, but was held back by fears of higher inflation, should sterling weaken post Brexit. Prices moved higher later, with sentiment boosted by developments in the US. In the property sector, capital values edged down, pulled lower by weakness in the retail sub-sector, which offset gains made elsewhere. The contribution from income, however, continued to be strongly positive and this supported the overall sector total return. Sterling rallied against dollar, yen and euro, although it gave back some of the gains in the final weeks.

We expect growth in the world economy to continue at a moderate, but steady pace. Expansion in the US will fade as the boost from tax cuts and higher government spending declines, but an international environment of lower interest rates and a strengthening consumer, should support global activity near current levels. Inflation is expected to remain low, subduing pressure to raise borrowing costs in the medium term.

At the end of 2018, investors were concerned about the potential threat to valuations from higher interest rates and the reduction in central bank balance sheets. The change of US policy has materially reduced these fears and indeed created the potential for an extended economic upswing which could continue for some time. Uncertainties remain of course and this will keep volatility near recent elevated levels, but, overall, we expect asset prices to remain well supported. We continue to favour real assets, such as global equities, and look for companies that are fairly rated and which can grow profits independently of the broad economic environment.

Distributions for the Quarter

The CBF Church of England Fund	Distribution per Income Share	Payment Date	
Investment Fund	14.4	31/05/2019	• Maintained at the rate paid for the equivalent period in 2018.
Global Equity Income Fund	1.76	31/05/2019	• Maintained at the rate paid for the equivalent period in 2018.
UK Equity Fund	1.52	31/05/2019	• Maintained at the rate paid for the equivalent period in 2018.
Property Fund	1.77	31/05/2019	• Maintained at the rate paid for the equivalent period in 2018.
Fixed Interest Securities Fund	1.65p	31/05/2019	• Maintained at the rate paid for the equivalent period in 2018.

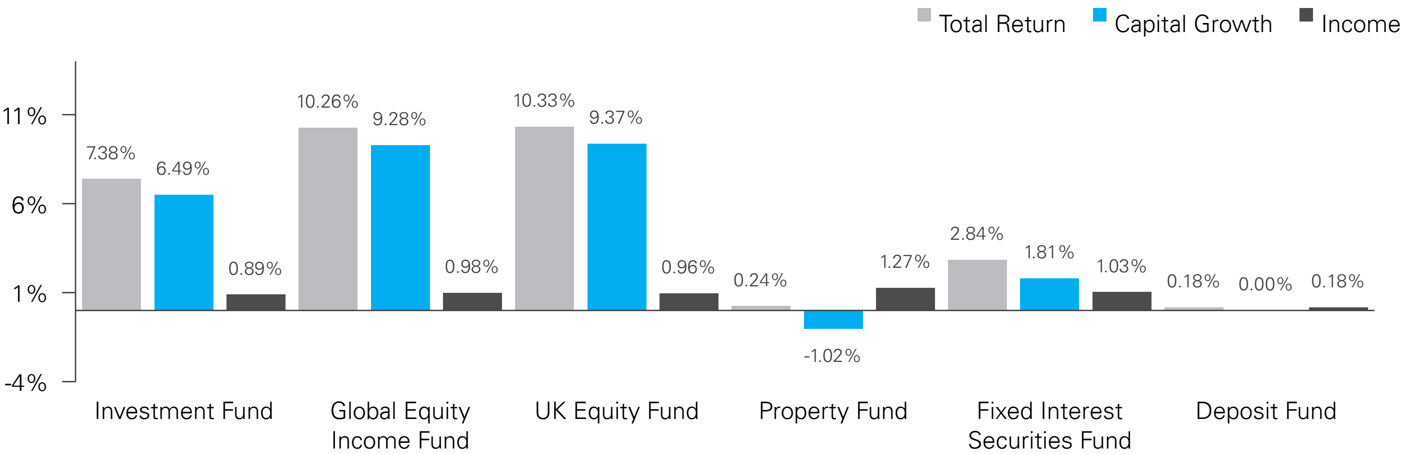
Rate for the Quarter

Interest rate at the quarter end	0.75% (0.75% A.E.R.)*	• The rate paid to investors is unchanged over the period.
Average interest rate over the quarter	0.75% (0.75% A.E.R.)*	• Interest payments will reflect those available from top-quality borrowers.
		• The Fund is rated AAAf/S1 by Fitch Ratings. AAAf/S1 is the highest fund 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)



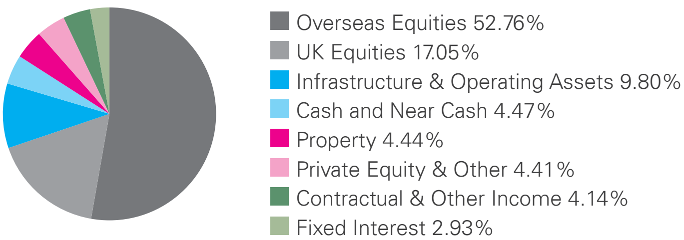
Source: CCLA Performance shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Fund Report

The CBF Church of England Investment Fund

- The global economy continued to expand over the period, but at a moderate pace. The rate of growth was adversely impacted by a slowing expansion in Europe and China and, in the US, by the fading of the surge in growth which followed earlier tax cuts and an increase in government spending. Inflation remained subdued and below target in most major economies other than the UK. The key economic development of the quarter was a change of stance by the US Federal Reserve, which put on hold its programme of monetary policy normalisation, by which interest rates were set to rise. This change sparked a major change of mood for investment markets. Expectations of low interest rates into the future supported fixed income sectors and hopes of an extended period of economic growth were the catalyst for equity market strength. Bond yields fell across the range, but with longer-dated and lower credit rated bonds the best performers. Equities rallied broadly, extending a bout of strength evident in the early days of the quarter. At the end of the period, all the major regional equity market indices had risen. The US gave the strongest return at 11.24%; the return from the UK was 9.41%.
- On a gross basis, the Fund returned 7.54% during the quarter compared to a return on the comparator of 7.96%. Over the past 12 months the respective returns are 13.14% and 8.54%. Relative performance was supported by stock selection in the equity portfolio. There were strong performances in health, industrials, I.T. and specialist financials. The low weighting to energy and mainstream banks was also helpful. Asset allocation was a negative factor due to the weighting in equities, which was below that of the comparator. The cash allocation, increased in the previous quarter, made a minor but negative contribution.

*Asset Allocation



Overseas Equities	%
North America	33.30
Developed Europe	12.10
Asia Pacific ex Japan	5.19
Japan	2.17
Total	52.76

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.
*Asset allocation as at end of period.

Discrete year total return performance (gross) %

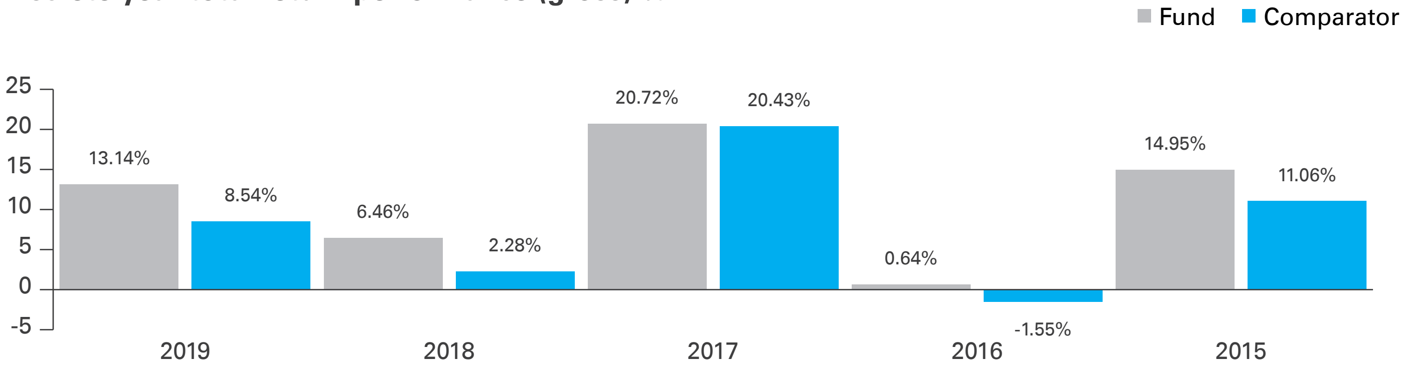
12 months to 31 March	2019	2018	2017	2016	2015
The CBF Church of England Investment Fund	13.14	6.46	20.72	0.64	14.95
Comparator	8.54	2.28	20.43	-1.55	11.06

Annualised total return performance (gross) %

Performance to 31 March 2019	1 year	3 years	5 years
The CBF Church of England Investment Fund	13.14	13.29	10.96
Comparator	8.54	10.17	7.89

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

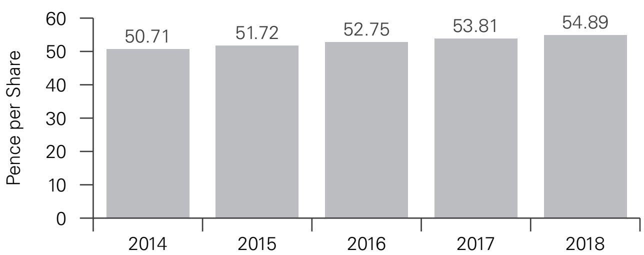
Discrete year total return performance (gross) %



Most overweight companies relative to equity indices

Nestle	2.54%	Fidelity Nat Info	1.50%
Unilever	2.07%	Stryker Corp	1.50%
AIA Group	1.69%	Nasdaq Inc	1.43%
Thermo Fisher Scientific	1.59%	London Stock Exchange	1.41%
Tencent Holdings	1.56%	Mastercard	1.36%

Past distributions

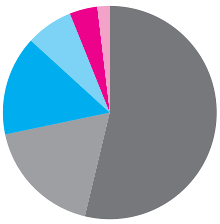


Source: CCLA
The annual management fee is 0.55% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. Holdings as at end of period.

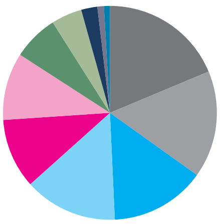
The CBF Church of England Global Equity Income Fund

- The global economy grew over the period, but at a moderating pace as expansion in China slowed and activity in the US reflected the reducing positive contributions from past tax cuts and increases in government spending. European growth disappointed as export volumes weakened. Inflation remained subdued and this, together with slowing growth momentum, were major factors influencing a change of policy by the US Federal Reserve which saw its policy of higher interest rates put on hold. The change was popular with investors and acted as a catalyst for higher markets. All the major equity indices advanced. The US was the strongest performer, giving a total return to a UK-based investor of +11.24%. Asia returned +8.60%, Europe +8.06% and Japan +4.47%. The UK indices were full participants in the rally and returned +9.41%. All the individual markets in Europe rose; Greece, +14.74%, was the strongest. In Asia, China was the best performer; +14.59% and only Malaysia failed to make progress.
- On a gross basis, the Fund returned 10.53% during the quarter compared to a return on the comparator of 9.94%. Over the past 12 months the respective returns are 16.57% and 11.98%. Relative performance was supported primarily by stock selection. There were strong gains by companies in the health, I.T. and real estate sectors. Consumer-related companies also performed well, including Nestle. The portfolio has no exposure to tobacco manufacturers, a sector which rallied strongly, but had a relatively low weighting to energy, which underperformed.

*Asset Allocation



*Sector Allocation



Discrete year total return performance (gross) %

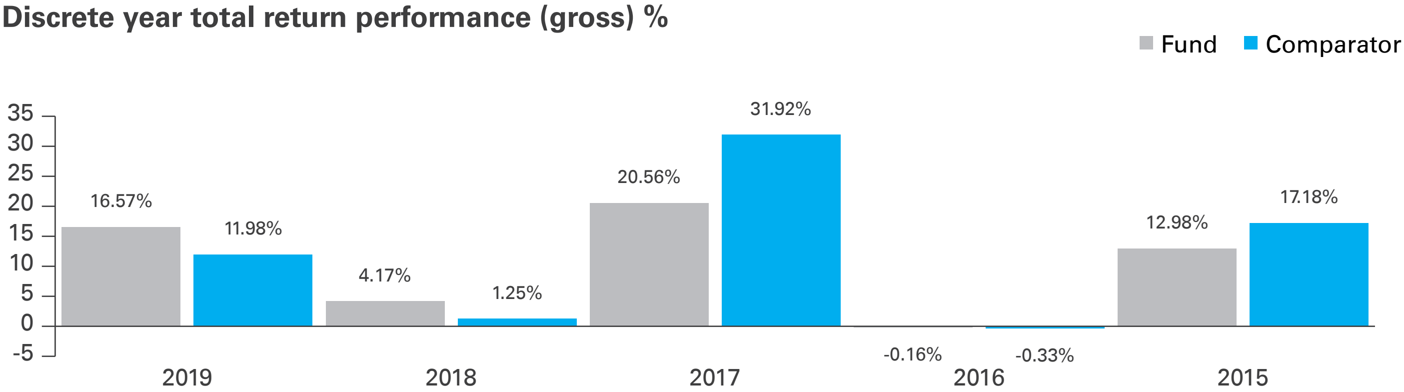
12 months to 31 March	**2019**	**2018**	**2017**	**2016**	**2015**
The CBF Church of England Global Equity Income Fund	16.57	4.17	20.56	-0.16	12.98
Comparator	11.98	1.25	31.92	-0.33	17.18

Annualised total return performance (gross) %

Performance to 31 March 2019	**1 year**	**3 years**	**5 years**
The CBF Church of England Global Equity Income Fund	16.57	13.55	10.55
Comparator	11.98	14.36	11.80

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

Discrete year total return performance (gross) %

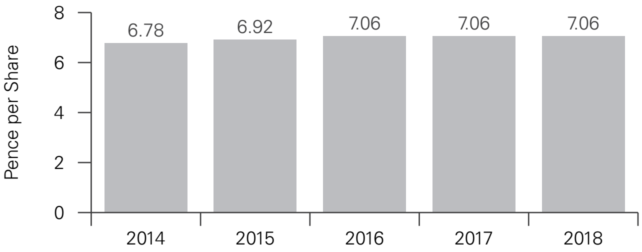


Source: CCLA
The annual management fee is 0.75% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period.

Most overweight companies relative to equity indices

Unilever	2.84%	Stryker Corp	1.70%
Kao Corp	2.24%	Nestle	1.65%
Tencent Holdings	1.87%	Adidas Ag	1.65%
London Stock Exchange	1.84%	Danaher Corp	1.59%
RELX	1.75%	Nasdaq Inc	1.58%

Past distributions



Source: CCLA
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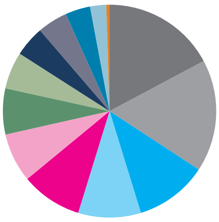
The CBF Church of England UK Equity Fund

- The UK economy grew over the quarter, but only modestly, held back by slower global growth and the impact on domestic activity of Brexit uncertainly. Low unemployment and wage growth above the rate of inflation underpinned consumer activity, but manufacturing was weak and corporate investment fell to very low levels. The Bank of England kept interest rates unchanged, taking the view that short-term data did not give a sufficiently clear picture of underlying trends to adjust policy. The domestic equity market rose strongly in the period. The early weeks saw some recovery in values after the weakness evident in the final weeks of 2018. The uptrend strengthened, following the policy change undertaken by the Federal Reserve in the US, which put on hold its programme of interest rate increases.
- On a gross basis, the Fund returned 10.52% during the quarter compared to a return on the benchmark of 9.79%. Over the past 12 months the respective returns are 11.88% and 6.47%. Relative performance was supported primarily by stock selection. There were strong performances from specialist financial companies such as the London Stock Exchange, from some of the industrial sector holdings and parts of the health sector portfolio. The absence of a tobacco sector exposure hindered returns, but the Fund has a long-term underweight holding in energy, which was a positive factor.

*Asset allocation



Financials 16.95%
Industrials 16.79%
Consumer Discretionary 10.84%
Consumer Staples 9.37%
Health Care 9.12%
Materials 7.34%
Real Estate 6.89%
Information Technology 5.54%
Infrastructure & Operating Assets 4.57%
Energy 4.50%
Communication Services 3.73%
Utilities 2.41%
Contractual & Other Income 0.48%

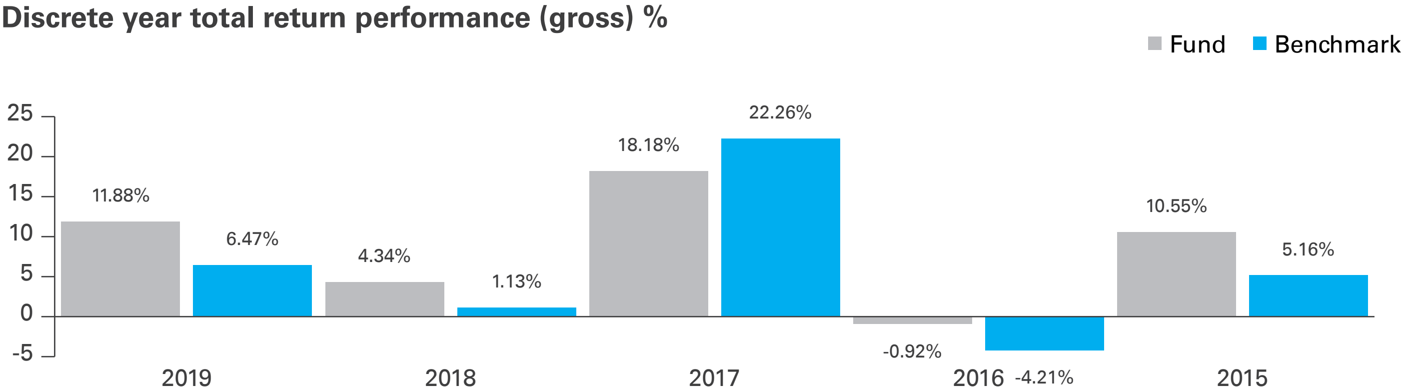
Discrete year total return performance (gross) %

12 months to 31 March	2019	2018	2017	2016	2015
The CBF Church of England UK Equity Fund	11.88	4.34	18.18	-0.92	10.55
Benchmark	6.47	1.13	22.26	-4.21	5.16

Performance to 31 March 2019	1 year	3 years	5 years
The CBF Church of England UK Equity Fund	11.88	11.32	8.61
Benchmark	6.47	9.59	5.80

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) %

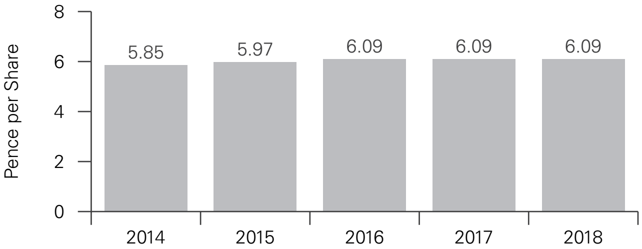


Source: CCLA
The annual management fee is 0.50% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period.

Most overweight companies relative to equity indices

Unilever	3.19%	Prudential	2.20%
London Stock Exchange	3.06%	Experian	2.17%
Moneysupermarket	2.39%	Intermediate Cap	2.12%
Safestore	2.33%	Abcam	2.08%
Bunzl	2.31%	Microsoft	2.01%

Past distributions



Source: CCLA

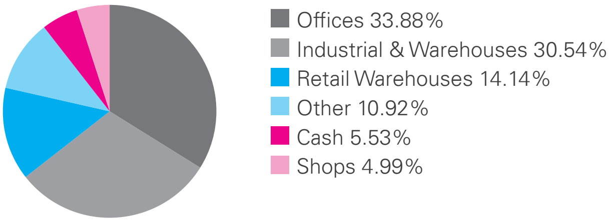
The annual management fee is 0.50% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. Holdings as at end of period.

The CBF Church of England Property Fund

- Sector valuations were under gentle pressure for most of the period, brought lower by persistent weakness in the retail sector, which offset progress in industrials and parts of the office sector. Despite this, overall returns remained positive because of the contributions from the sector's high-income flow. Transaction volumes were high for much of the quarter, but faded in the final weeks, due in part to economic uncertainty, but also due to a reduction in assets for sale. Sellers of retail assets withdrew stock in the face of poor interest and lower values; those with industrial assets held back in the hope of higher prices in the future. As inferred above, there was a very wide variation in returns from the different sub-sectors. Retail, already weak in 2018, saw the downtrend accelerate over the quarter. In contrast, support continued for industrial assets and for others with secure long-term income characteristics, such as hotels.
- On a net basis, the Fund returned 0.24% during the quarter compared to a return on the benchmark of 0.37%. Over the past 12 months the respective returns are 6.91% and 5.73%. Performance was supported by the broad portfolio structure, but these gains were offset by the shorter lease profile and expenses incurred on assets under improvement.

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

*Underlying gross asset allocation



Property portfolio details
Top 5 properties: 28.6% of portfolio
Top 5 tenants: 19.7% of rental income
Weighted unexpired lease: 6.6 yrs
Void rate including developments in progress 8.2% (excl. 5.6%)

Discrete year total return performance (net) %

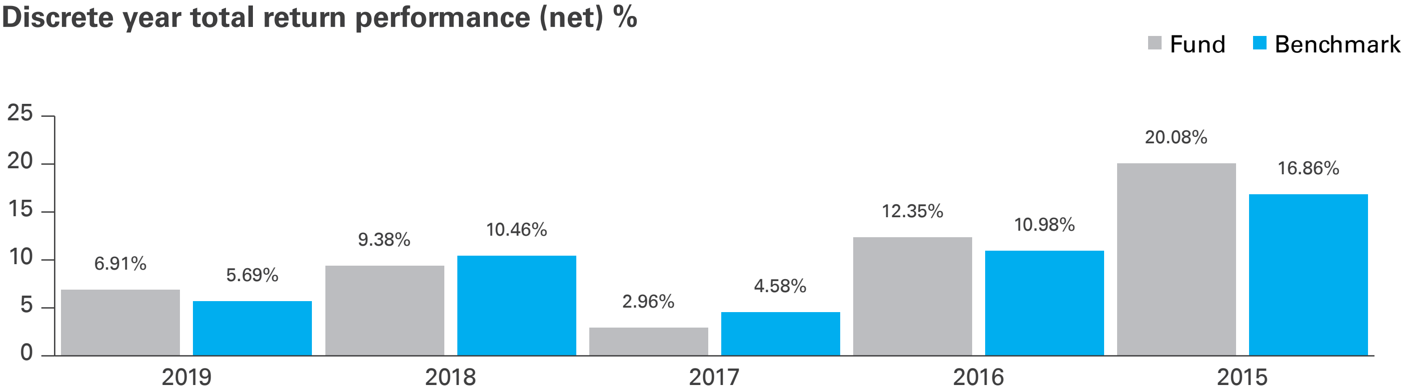
12 months to 31 March	2019	2018	2017	2016	2015
The CBF Church of England Property Fund	6.91	9.38	2.96	12.35	20.08
Benchmark	5.69	10.46	4.58	10.98	16.86

Annualised total return performance (net) %

Performance to 31 March 2019	1 year	3 years	5 years
The CBF Church of England Property Fund	6.91	6.38	10.19
Benchmark	5.69	6.88	9.63

Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net)

Discrete year total return performance (net) %

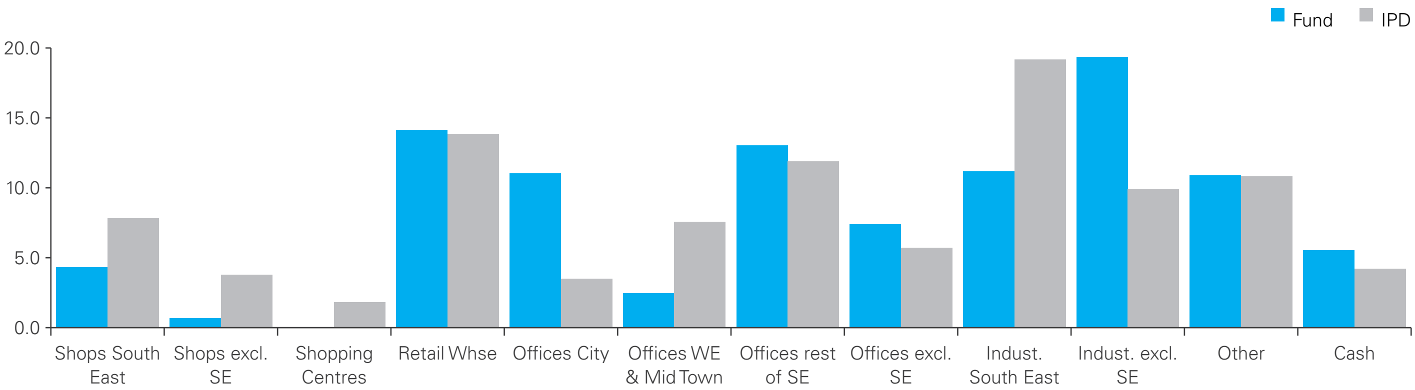


Source: CCLA
The annual management fee is 0.65% and is deducted from capital. Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period.

Top ten underlying property holdings – total 44.90%

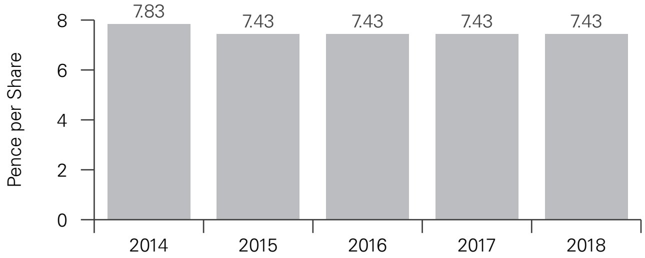
London, Cannon Street
Pavilion Centre Brighton
Bracknell, Arlington Sq.
Mendlesham, Ind. Est.
London, Fetter Lane
Bath, Westside Hotel
London, College Hill
Magna Park Lutterworth
Crawley, Manor Royal
Bristol, Aztec West

Underlying gross asset allocation



Fund Data as at end March 2019 and MSCI/AREF UK Other Balanced Quarterly Property Fund Index as at end December 2018.

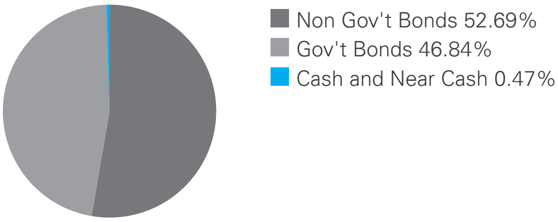
Past distributions



The CBF Church of England Fixed Interest Securities Fund

- The UK economy grew slowly over the period, held back by Brexit-related concerns. Inflation remained subdued and official interest rates were unchanged. Conflicting swings in sentiment resulted in rangebound fixed interest markets early in the quarter. However, the US Federal Reserve moved to effectively put interest rates on hold, buoying bond prices internationally. In this environment, longer-dated and lower-credit rated bonds gave the strongest returns.
- On a gross basis, the Fund returned 2.94% during the quarter compared to a return on the benchmark of 3.81%. Over the past 12 months the respective returns are 3.25% and 3.82%. The main driver was the defensiveness of the portfolio; in place to protect investors from a shift higher in yields, which resulted in a lower exposure to longer-dated and lower-rated securities.

*Asset Allocation



By term to maturity Period	% Fund
0 - 5 years	39.56
5 - 10 years	29.78
10 - 15 years	7.17
Over 15 years	23.5
Duration (modified)	7.5 yrs
Ave term to maturity	9.4 yrs

Discrete year total return performance (gross) %

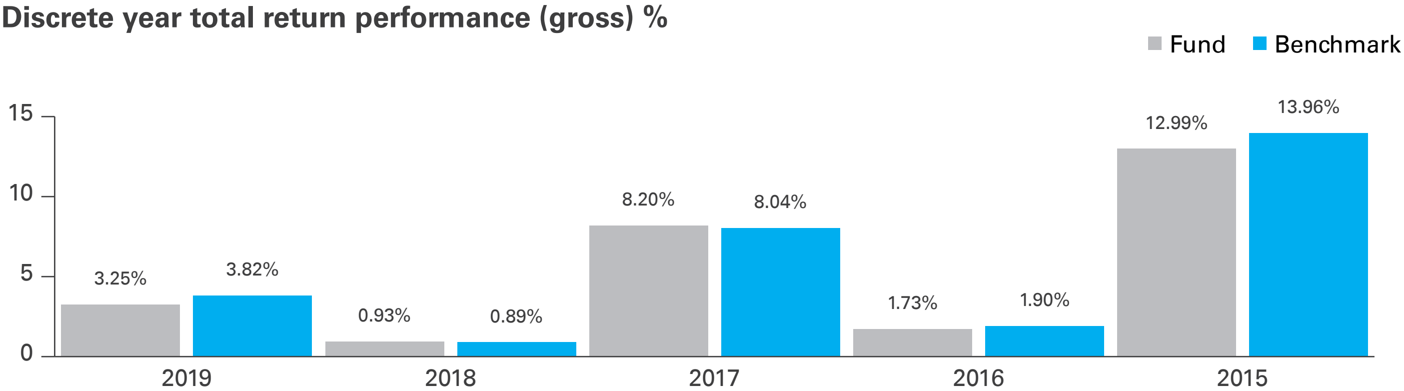
12 months to 31 March	2019	2018	2017	2016	2015
The CBF Church of England Fixed Interest Sec Fund	3.25	0.93	8.20	1.73	12.99
Benchmark	3.82	0.89	8.04	1.90	13.96

Annualised total return performance (gross) %

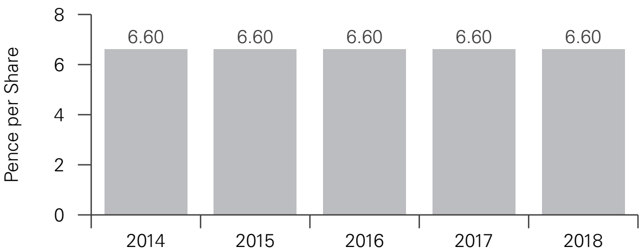
Performance to 31 March 2019	1 year	3 years	5 years
The CBF Church of England Fixed Interest Sec Fund	3.25	4.08	5.33
Benchmark	3.82	4.21	5.61

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%.

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. *Asset allocation as at end of period.

The CBF Church of England Deposit Fund

- The domestic economy expanded in the quarter, but modestly, held back by the increasing levels of uncertainty associated with Brexit and slowing growth overseas. Consumer activity held up quite well, supported by low unemployment and wage growth rates, which rose above the rate of inflation. In contrast, the contribution from manufacturing and investment was weak.
- Official interest rates were unchanged. The Bank of England took the view that short-term economic data may be affected by Brexit issues and do not give a realistic picture of underlying trends.

Discrete year total return performance (gross) %

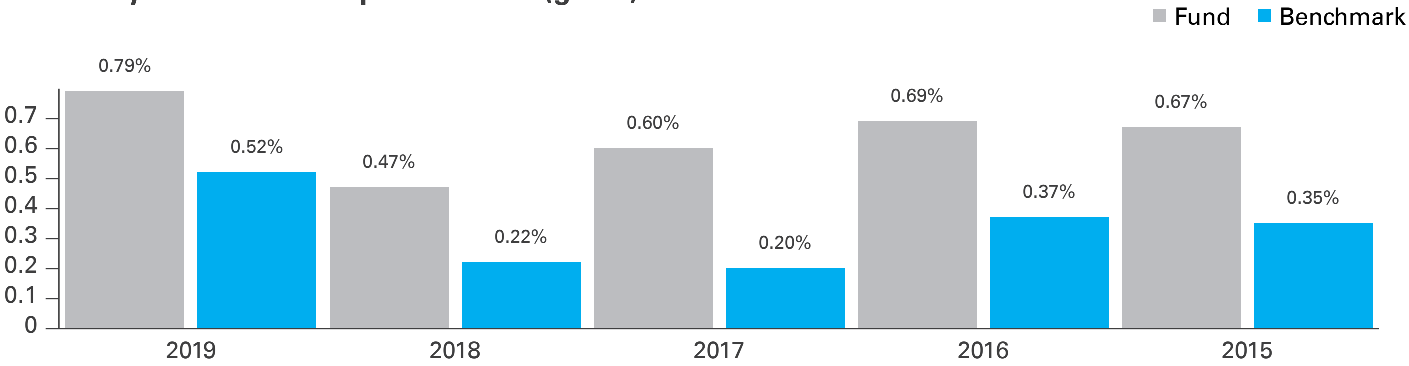
12 months to 31 March	2019	2018	2017	2016	2015
The CBF Church of England Deposit Fund	0.79	0.47	0.60	0.69	0.67
Benchmark	0.52	0.22	0.20	0.37	0.35

Annualised total return performance (gross) %

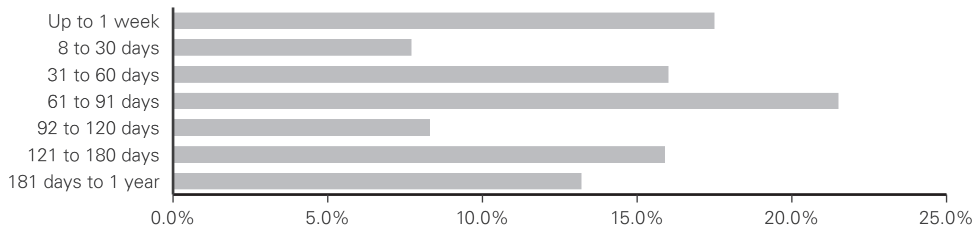
Performance to 31 March 2019	1 year	3 years	5 years
The CBF Church of England Deposit Fund	0.79	0.62	0.64
Benchmark	0.52	0.31	0.33

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:

- During the quarter, we updated the CCLA climate change and investment policy. This supplemented our existing approach in several areas, including introducing a maximum carbon footprint for our portfolios and testing 'fossil fuel' and other key companies' business plans against the Paris Climate Agreement. The full policy is available on our website.
- We hosted the launch of the 2018 Business Benchmark on Farm Animal Welfare. This rates food companies on their approach to animal welfare issues.
- We submitted our annual response to the Principles of Responsible Investment Assessment process. Achieving an 'A' Grade in all areas is a CCLA KPI.

Voting 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 16.6% of the resolutions proposed by management of our investee companies this quarter (12.1% for the UK Equity Fund, 22.7% for the Global Equity Income Fund).
- We continued our longstanding focus on addressing inappropriate executive remuneration. During the quarter, the CBF Church of England Investment Fund did not support 89% of Remuneration Reports and Policies.
- We were particularly concerned about the Remuneration Report issued by The Walt Disney Company. This awarded the Chief Executive with stock worth over $138m and additional performance incentives with a value of over $18m. Sadly, despite widescale dissent, the proposal was passed by 57% of shareholders.
- We also voted against the re-election of the Nomination Committee Chair at Compass Group due to a lack of gender diversity on the board and the re-election of the Chair of the Audit Committee at Novartis due to concerns about the independence of the audit function.

Ethical investment:

- We confirm that the CBF Funds have been managed to their ethical exclusion policies this quarter.

Public policy and climate change
In Summary:

- As shareholders, we have the right to vote at company meetings and we aim to vote at all of our holdings.
- Most companies hold their Annual General Meetings during the second quarter of the year. Ahead of voting season, we have updated our voting policy to better reflect our engagement priorities. This includes a strengthened approach to considering gender diversity and tax transparency.

Our approach to proxy voting

- As shareholders, we seek to use our votes at company meetings to encourage positive changes in corporate behaviour.
- Our voting policy seeks to promote best practice corporate governance and promote our wider engagement priorities. For this reason, we regularly vote against management.
- To strengthen our impact, we write to the Company Secretary to inform them of our concerns before lodging a dissenting vote. This gives us a further opportunity to push for improvements in company practice through engagement.

What are we doing in 2019

- To align our voting with our engagement activity better, we have redeveloped our approach to climate change, corporate tax, gender diversity and inequality.
- In 2019, we will vote against the re-election of the Board Chair, if we consider a company to be taking insufficient steps to transition to a low carbon future.
- We also vote against the re-election of the Chair, if the company is amongst the worst rated on their approach to corporate tax transparency and vote against the Chair of the Nomination Committee if there are inadequate levels of diversity in senior management.
- We have also strengthened our rigorous approach to considering executive pay proposals. In 2019, we will not support any pay policy, tabled by a FTSE 350 constituent company, if they have not disclosed the ratio between the CEO and average worker's pay.

Next steps

- Most companies hold their Annual General Meetings in the second quarter of the year. We will highlight key votes in next quarter's report.

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 in the Funds is only available to charitable trusts with objects closely connected with the work of the Church of England. Past performance is not a reliable indicator of future results. 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 and are not Alternative Investment Funds. Investments in The CBF Church of England Funds and 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).

GDPR

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CCLA Investment Management Limited
Senator House, 85 Queen Victoria Street, London EC4V 4ET
Client Service, Freephone: 0800 022 3505
www.ccla.co.uk