CCLA

QUARTERLY BULLETIN

31 March 2021

Property Sector Review

The reaction of the sector to the COVID pandemic was understandably one of substantial caution, as participants reflected on a challenge which was unfamiliar, but which could have a deep and lasting impact on the sector. At the heart of a range of challenges was the impracticalities of lock down and restrictions on mobility and was manifested in two related ways; transaction volumes fell sharply, to barely a quarter of previous norms, and, in a defensive move, valuers marked down estimates of capital values. This was followed by warnings that valuation accuracy was uncertain, a development that led to the suspension of trading in sector funds until pricing clarity was restored in the early weeks of the autumn. Behind the headlines within the sector established trends continued. Areas of pre-existing weakness such as shops and shopping centres declined faster, a reflection of the increased threat from lock-down to rents and tenant viability. In contrast, winners emerged and demand for industrial assets, in particular distribution facilities, continued at a high level as shopping patterns were changing combined with a basic shortage of good quality supply.

The conditions also created a series of new challenges for fund managers, the first of which related to income. Most tenants had suffered a loss of cash flow and for some the loss had been both sudden and near total. Once again retail suffered badly, as did the hotel sector. Industrial assets were less impacted and indeed some areas actually saw activity increase. The impact on offices was more mixed and it became clear that staff working from home helped protect business revenues and so the ability to meet rent obligations. A past focus on strong tenants and strong tenant relationships proved helpful for rent collection, as did a sympathetic approach to those experiencing difficulty. Inevitably there was a small number of ' can't pays' and some ' won't pays' too, as businesses open for trading chose to use the government's temporary tenant protection regulations to withhold payments.

As the economy showed improved signs of stability so did the sector. Transaction volumes rose back near to historic averages and valuations overall stabilised. Trends at the sub-sector level however remained distinct. Rents in the retail sector continued to fall and this was mirrored in further declines in capital values. The sub-sector currently has a void rate of just 6% compared with 9% for the industry as a whole, but the real risk is tenanted outlets currently closed by lock-down simply do not reopen. A problem for the sector has been the homogeneity of high streets and domination of retail space by a small number of large companies. Failures and closures by this group have been reflected in communities across the country. Almost all the retail sector remained firmly under a cloud but there was one area of improvement as a recovery began for retail warehouses, reflecting the resilience of bulk goods and discount sales, to both the impact of lock-down and the threat of online competition. Offices have come more into focus on concerns that flexible working practices which had become commonplace during the year would lead to a permanent decline in demand for space. There was no significant impact on values and rents but there was a defensive increase in sector yields to reflect the uncertainty.

Looking forward, the trends which have dominated the sector over the past year will remain the principal influences on returns in the near term. Realistically values for shops, on the high street and in shopping centres, can't be expected to stabilise until lock down ends and the longer-term effects on the sector are understood. Yields on industrial assets have fallen to levels from which capital progress will be more difficult, but demand for good quality properties in strong locations will continue. The main area of uncertainty concerns offices. It seems clear that space requirements will change, but for the time being less obvious that they will fall. Our expectation is that prime offices will remain supported, with those in poor condition or poor locations most exposed to changes in demand. In terms of likely returns we are expecting a positive outcome in 2021, supported by the sector's exceptional income yield. We anticipate more in 2022, when higher capital values are expected to make a more substantial contribution. Asset allocation will be a key source of return, whilst in a changing market, active management will support both capital and income returns.

A path to better mental health in the workplace

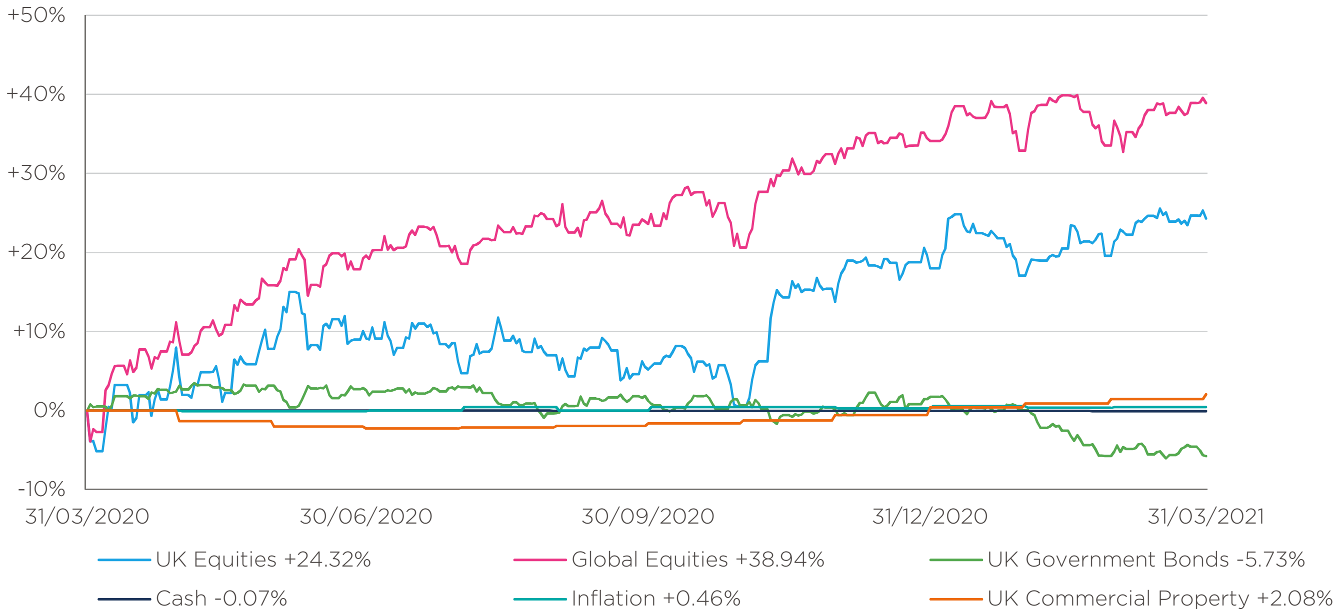
Our objective at CCLA is to invest in good companies. We want to find businesses that can grow and reward shareholders over time but to achieve this consistently our research must have a broad focus; we review companies not just on what they achieve but also on how they achieve it. In this we take into account a range of factors including how companies relate to the environment, to their suppliers and critically to their employees, with regard to their physical well being and also to their mental health. Too often the importance of good mental health has been overlooked and yet it is critical to efficiency and productivity. A study by ISO has revealed that, in 2018, 57% of days lost to long term absence were the result of mental health issues. Since that survey was completed the pressures on workers are likely to have increased. The practical pressures from business timetables and targets have continued but the economic environment in which they must be achieved has become less certain. Working environments have changed dramatically, with many employees now working remotely and alone.

To understand better the scale of the issues and to get an understanding of how businesses were responding to them, we created a set of practical 'good practice' guidelines which could be applied across a range of industries and employment situations. These included at their core the need for the company to have an integrated mental health plan which actively promoted mental health issues across the workforce, making visible pressures that otherwise could go unnoticed and building mental health awareness through the employment cycle, into job design and also into performance review and assessment. These were tested with a range of companies, but the survey revealed mixed results. Some businesses had recognised the critical importance of mental wellbeing and had established a support environment, but for others there was less progress and clear scope for improvement.

Is this a legitimate concern for a fund manager? We believe firmly that it is. Staff are a key asset of any business, employing them efficiently and minimising the risk of disruption will always be key influences on long term returns – exactly what a responsible fund manager should be focused on. Too often investors concentrate on short term financial issues to the exclusion of other factors of similar or greater significance. Our experience over many years of investing is that good quality companies with a high standard of business practices provide returns over time that are stronger, more predictable and more consistent.

An important positive development is that, as the importance of good mental health has become recognised more broadly, so it has been possible to build a coalition of investors interested in these issues, a group with total assets under management of £2.2trn. On their behalf we have written to the CEO of every FTSE 100 company urging them to take steps protect the mental well- being of their employees and asking them to tell us what they were doing to support it. We had 74 replies. Some were encouraging but there was too some evidence that at the senior level not all staff were as committed to the issues as we would have hoped. Overall, there is a need to do better and to create a path for progress we have developed a Corporate Mental Health Benchmark, a yardstick for comparison which allows mental health practices to be assessed in a relevant, systematic and credible manner. The intention is to provide a practical quantitative tool that can be used by investors to assess the progress companies are making and provide companies with a guide to best practice and a framework for achieving it. In the next few weeks, we will be piloting the assessment criteria with 20 – 30 companies and expect to launch the final version early in 2022.

Quarterly market review and outlook



Source: CCLA

The quarter began with rising forecasts for economic growth, as investors anticipated the impact of additional policy initiatives in the US and the benefits to mobility of an accelerating worldwide vaccination programme. Sentiment was boosted by evidence that the damage to activity from the most recent phase of restrictions, had been less than feared as the manufacturing sector in particular demonstrated a high level of resilience.

For equity markets the result was a strong start to the quarter although progress was tempered by concerns that valuations were already at extended levels relative to history. Within markets, the pattern which emerged in the final months of 2020, where relative returns were strongest for stocks and sectors most geared to a cyclical upturn, continued. The global equity index gave a total return to a Sterling based investor of 3.85% for the quarter and 38.94% over the year– a reflection of the sharp falls in equity values triggered by the initial shock of the pandemic. All the regional markets gave positive returns. The US was the strongest performer, up by 4.65%, followed by Europe, Asia and Japan. The UK outperformed its peers, up by 5.19%, reflecting relative gains in significant sectors such as energy and banking which had previously lagged the market overall. Over the past year the index is up by 24.32%. In contrast to the broad strength of equity markets, fixed interest asset prices fell. Expectations of accelerating economic growth pushed interest rates higher and the unavoidable impact on fixed income assets of higher yields was lower prices. Government bonds underperformed the corporate alternatives, but the main area of weakness was amongst the longer-dated maturities. The improved trend in the property sector evident in the closing months of 2020 continued, although the dispersion of returns at the sub-sector level, particularly between retail and industrial assets, remained wide. The office sector was in focus as investors considered how flexible working practices would impact on long term demand for space. In an uncertain environment, there was a modest defensive shift up in yields. Sterling rose relative to Dollar, Yen and Euro.

Expectations are that global economic output will rise sharply in the second quarter, led by the US where a natural rebound in activity is being supported by a set of aggressive pro-growth policies expected to spur the local recovery and more broadly across the world economy. Growth should be widespread but will not be even, with Europe a likely laggard reflecting a more conservative policy set and a vaccination programme which has not matched the pace achieved elsewhere. Despite the signs of strengthening growth central banks have promised to keep interest rates at current levels and to look through any near term rise in inflation. That is not to say however that longer term interest rates will not rise and indeed they are likely to move higher as economic recovery is completed and the need for very high levels of government support reduced.

Upward pressure on interest rates due to increased levels of economic activity can be a positive for equity investors as they are an indicator of future turnover growth and rising corporate profitability. Valuations are far from cheap, but we expect further progress in the period ahead. For fixed interest markets the position is less attractive. Higher interest rates must put downward pressure on prices while stronger growth will bring into question direct government support for the sector.

Ethical and responsible investment report

Our work has four 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. Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment (PRI).

Quarterly highlights
In January, we gathered a coalition of investors with a collective £3 trillion in assets under management or advice and wrote to the Chief Executive of Compass Group. Compass owns Chartwells, much in the headlines after the food parcels they were delivering to disadvantaged families in lieu of free school meals during the UK's winter lockdown were found woefully inadequate. We received a timely and encouraging response; Compass apologised and set out several immediate remedial actions.

We continued feeding into the Institutional Investor's Group on Climate Change Paris Aligned Investment Initiative, through our role as Co-Lead within the Initiative's Portfolio Reference Target Setting Working Group. We are working on technical guidance for investors on setting portfolio decarbonisation targets in line with the Paris Agreement. As Co-Lead, we will be instrumental in shaping the guidance that will be used as 'best practice' for the network's net-zero framework.

We closed a six-week public consultation that will inform the scope and design of the CCLA Corporate Mental Health Benchmark. We welcomed Paul Farmer (CEO, Mind) and Lord Dennis Stevenson (former Chair, HBOS), co-authors of the Thriving at Work review, along with Elena Espinoza (Acting Head of Social Issues, Principles for Responsible Investment) and Dr Richard Caddis (Chief Medical Officer, BT) onto our Mental Health Expert Advisory Panel. We convened the inaugural Panel meeting at the end of March.

As part of our support for ShareAction's Healthy Markets Coalition, we co-signed letters to four investee food and drink manufacturing companies: Coca-Cola, PepsiCo, Nestle and Unilever. The letters asked these companies to engage with the initiative, which aims to tackle obesity levels in the UK by encouraging the development of healthier products. Plus, making them more affordable, available, and accessible.

Quarter three voting in 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 13% of the resolutions proposed by management at our investee companies this quarter (6% for the UK Equity Fund, 16% for the Global Equity Income Fund).

Disney has a recent history of poor shareholder support for its executive remuneration proposals. In 2021, 37% of shareholders voted against the package. This compares to 46% in 2020, 41% in 2019 and a failed vote in 2018.

This year, we were particularly concerned about Robert Iger's remuneration; despite stepping down as CEO, no adjustments were made to the structure or magnitude of his incentives. Given ongoing concerns and the poor response to our own, and wider shareholder engagement, we voted against the remuneration report and against every member seeking re-election to the board's remuneration committee.

CCLA Corporate Mental Health Benchmark - consultation
Voting on company resolutions is a key component of our stewardship work. Our voting guidelines are administered by proxy voting provider, ISS, who works to a bespoke CCLA template. Every vote that we cast is verified internally to ensure that it compliments and enhances the effectiveness of our engagement activity.

We state that we will vote against the re-election of a director if the company does not have adequate diversity at board and senior management levels. Historically, ISS has only provided gender data at board level; while board composition is important, promoting women at sub-board level is key to ensuring a balanced management pipeline.

We have been asking ISS to collect sub-board gender data for several years. In Q1, we received the welcome news that they will be collecting this data for the first time for UK reports (we hope moving global in due course). Until now, we had been gathering this data ourselves.

While we are told that ISS will not be changing its own voting recommendations, the new data does mean that other investors are now able to follow our lead on gender-diverse voting.

Ethical constraints
We confirm that the CBF Church of England Funds have been managed to their respective ethical exclusion policies this quarter. The EIAG's 'Big Tech' review continues.

The CBF Church of England Investment Fund

Performance comment

Economic activity in the quarter was adversely impacted by a surge in infection rates, consumer activity inevitably suffered most, but there was an encouraging degree of resilience in the manufacturing sectors, a reflection of improving underlying demand and companies learning to work in the new environment. Government and central banks maintained supportive policies reflected in low interest rates and large-scale activity to support consumer incomes and employment levels. The expected benefits of the vaccination programme and the cumulative contribution from government policies was reflected in investor expectations and in relative returns. Equity markets rose in anticipation of recovery and rising corporate profitability. The best performances came from those stocks and sectors which were most geared to the upturn and which had underperformed. In contrast to the improvements in equities, fixed interest markets fell, pulled lower by rises in long term interest rates. UK commercial property values, which stabilised in the final months of 2020, edged higher.

Over the quarter the Fund returned 0.32% compared with the comparator return of 1.88%. Over the last 12 months, the Fund returned 24.33% compared with the comparator return of 22.90%.

In the quarter the most significant contribution to relative performance has been equity stock selection. The portfolio has a strong bias to companies with consistent growth profiles and in the three months these lagged the more cyclical alternatives. Asset allocation, and in particular the low exposure to fixed income assets was a positive contributor.

Fund update

The investment objective of the Fund is to provide real long-term growth in capital and income from a portfolio managed within a clear and consistent risk framework. Ethical and responsible investment factors are an integral part of the investment process. We favour good quality companies with robust finances and growth potential which is not dependent on the broad trend in the economy, resulting in a low exposure to cyclical industries such as mining or those with long term structural challenges such as energy. Instead, these is a positive weighting to areas such as health and technology. In the quarter portfolio activity has been relatively high with a strong focus on valuations. Companies which have moved above our estimate of fair value have been sold in favour of cheaper alternatives. Quality standards have been carefully maintained but within this constraint the allocation to companies which benefit from higher growth rates have been increased.

Income

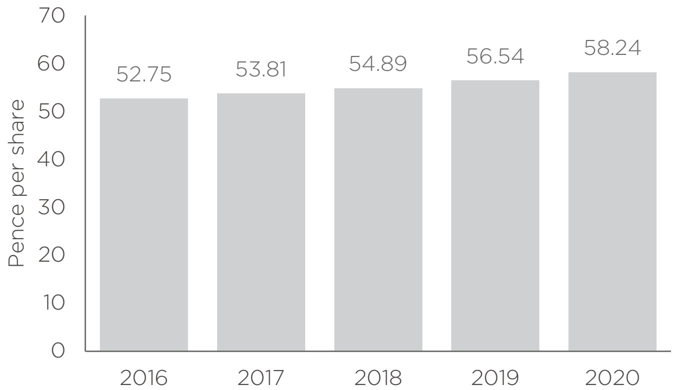
Gross dividend yield 2.94%*

MSCI $ UK IMI dividend yield 2.91%

MSCI $ World ex UK dividend yield 1.65%

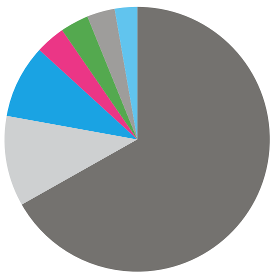
* Based upon the net asset value and an estimated annual dividend of 59.99p.

Past distributions



The accounting period for the Fund changed in 2015 and is now aligned with calendar quarters.

Asset allocation as at 31 March 2021



- Overseas Equities 66.78%
- UK Equities 11.06%
- Infrastructure & Operating Assets 8.95%
- Property 3.65%
- Cash & Near Cash 3.45%
- Private Equity & Other 3.38%
- Contractual & Other Income 2.73%

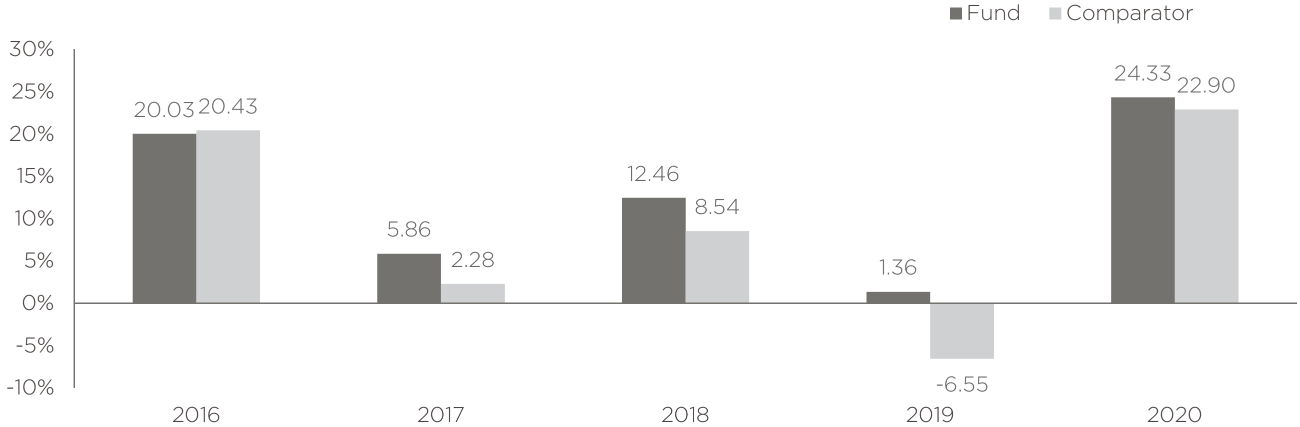
Overseas Equities	**%**
North America	43.45
Developed Europe	12.79
Asia Pacific ex Japan	9.50
Other	0.54
Japan	0.45
Unclassified	0.05
	66.78

Total return performance

Performance* to 31 March 2021	3 months	1 year	3 years p.a.	5 years p.a.
Investment	+0.32%	+24.33%	+12.33%	+12.49%
Comparator	+1.88%	+22.90%	+7.62%	+8.96%

Discrete year total return performance

12 months to 31 March	2017	2018	2019	2020	2021
Investment	+20.03%	+5.86%	+12.46%	+1.36%	+24.33%
Comparator	+20.43%	+2.28%	+8.54%	-6.55%	+22.90%



Comparator - composite: From 01/01/21, MSCI World 75%, MSCI UK Monthly Property 5%, iBoxx £ Gilts 15% & SONIA 5%. 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%. From 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%. Source: CCLA

Top 10 holdings as at 31 March 2021

The CBF Church of England Property Fund	2.8%	Microsoft Com NPV	1.4%
CCLA Inv Mgmt Ltd Ord GBP1	2.7%	JP Morgan Chase & Company Com USD1	1.3%
Alphabet Inc C Com NPV	2.0%	Bank Of America Com USD0.01	1.3%
Pan European Infrastructure I	1.6%	Mastercard Com USD0.0001	1.3%
Visa Com - Class A Shares USD0.0001	1.5%	Adobe Inc Com USD0.0001	1.2%

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Global Equity Income Fund

Performance comment

Global economic activity was subdued in the early months of the year, reduced by a surge in infection rates and the mobility limits introduced to reduce them. Government activity continued to support output and central banks maintained accommodative monetary policies, reflected in low interest rates and quantitative programmes aimed at maintaining liquidity and keeping long term borrowing costs down. Although the economic performance was disappointing investor confidence improved, boosted by a growing conviction that activity would recover and rise on a sustained basis. Growth would be supported by continued action from the authorities but also by the increasing impact of the international vaccination programme which was expected to reduce substantially the link between mobility and infection rates. The new optimism was reflected in markets by a strong relative performance from cyclical companies and those expected to be most exposed to the uptrend. These included energy, mining and the banking sector.

Over the quarter the Fund returned 0.37% compared with the comparator return of 3.95%. Over the last 12 months, the Fund returned 33.78% compared with the comparator return of 38.43%.

The main contributor to relative returns over the quarter was stock selection. The portfolio has a bias towards consistent growth companies which have performed well over time, but which have lagged in the recent rally.

Fund update

The holdings in the portfolio are selected on a 'bottom up' basis, investing in companies on their perceived merits rather than to meet a predetermined allocation to any region or industry sector. We look for robust companies with strong free cash flows with which they can grow the business and with long term growth prospects which are not dependent on broad economic trends. Over time this has resulted in relatively high weightings to sectors such as health and technology and a low exposure to cyclical industries and those with long term structural challenges such as energy. Activity in the quarter has been at a relatively high level. The overall focus on growth has been maintained but companies which have risen to our estimate of fair value, such as Hermes and Remy Cointreau, have been reduced, to be replaced by issues of similar quality but on less demanding ratings. There has also been additional investment in companies which will benefit from the gradual normalisation of consumer activity such as Visa and Mastercard.

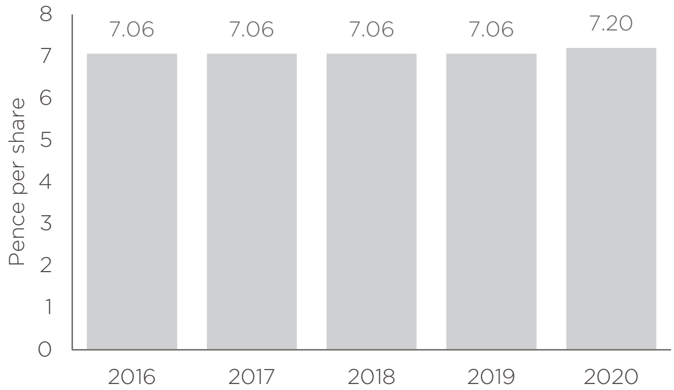
Income

Gross dividend yield 2.79%*

MSCI $ World dividend yield 1.72%

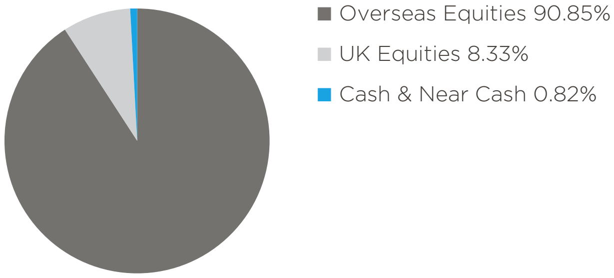
* Based upon the net asset value and an estimated annual dividend of 7.34p.

Past distributions



The accounting period for the Fund changed in 2015 and is now aligned with calendar quarters.

Asset allocation as at 31 March 2021



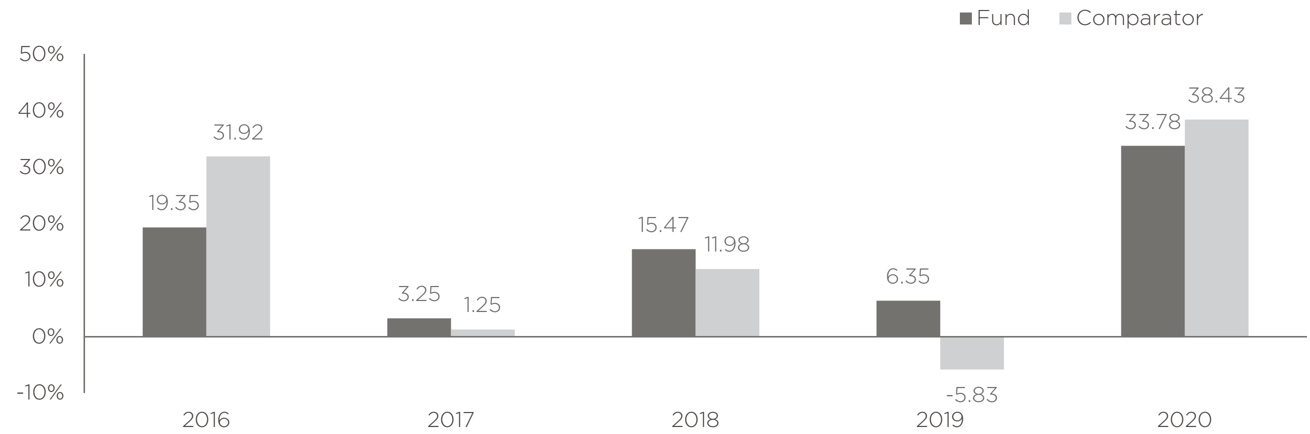
Overseas Equities	**%**
North America	60.05
Developed Europe	17.18
Asia Pacific ex Japan	12.16
Other	0.85
Japan	0.60
	90.85

Total return performance

Performance* to 31 March 2021	3 months	1 year	3 years p.a.	5 years p.a.
Global Equity Income	+0.37%	+33.78%	+17.99%	+15.15%
Comparator	+3.95%	+38.43%	+13.44%	+14.29%

Discrete year total return performance

12 months to 31 March	2017	2018	2019	2020	2021
Global Equity Income	+19.35%	+3.25%	+15.47%	+6.35%	+33.78%
Comparator	+31.92%	+1.25%	+11.98%	-5.83%	+38.43%



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

Top 10 holdings as at 31 March 2021

Alphabet Inc C Com NPV	3.3%
Microsoft Com NPV	3.0%
Amazon.Com Com USD0.01	2.2%
Adobe Inc Com USD0.0001	2.0%
Mastercard Com USD0.0001	2.0%
Visa Com - Class A Shares USD0.0001	1.9%
JP Morgan Chase & Company Com USD1	1.8%
BlackStone Group Inc A Com USD0.00001	1.6%
Bank Of America Com USD0.01	1.6%
L'Oreal EUR0.20	1.6%

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Deposit Fund

Performance comment

Economic activity declined in the early months of the year reflecting the effect of the lockdown on activity and the disruption to trade of the early months of the post Brexit environment. Government policies remained supportive and included a new phase of support for consumer incomes at an estimated cost of £59bn, almost 3% of GDP. Monetary conditions also remained accommodative, reflected in interest rates maintained at very low levels and a quantitative easing programme intended to support market liquidity and keep longer term interest rates low. Increasingly however the key influence on money markets was not the prevailing economic conditions but rather those anticipated and in particular the likely impact on activity of a successful vaccination programme and a gradual easing of the lockdown regime. In anticipation of faster growth in the UK and the world economy longer term interest rates flipped higher. And although the Bank of England maintained that rates would stay low for the foreseeable future, any lingering expectations for lower rates or the adoption of a negative interest rate regime fell away, and these seem likely now only in the event of another substantial and unexpected hit to growth. The Bank of England has hinted that it will provide fresh guidance on policy and expectations following its meeting in early May.

Fund update

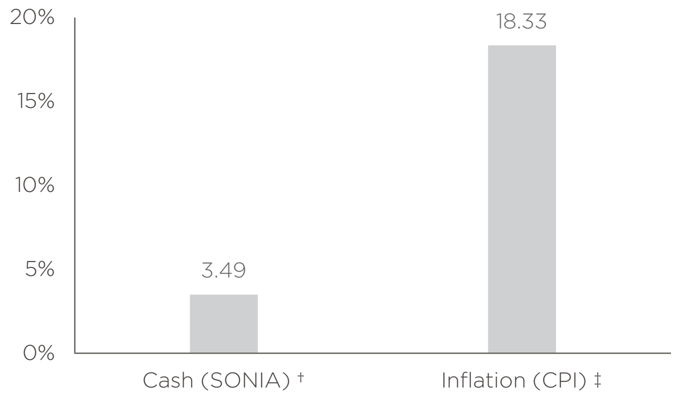
The prime focus of the strategy is to provide capital security with excellent liquidity and a competitive rate of interest. The portfolio is invested only in cash and near cash assets with a managed list of approved, high quality counterparties. The overall profile of the holdings is relatively short although some rate volatility in the period allowed some longer term deposits to be made at attractive rates.

Income

Average interest rate over the quarter 0.12%
(0.12% AER)*

Interest rate over the quarter end 0.09%
(0.09% AER)*

Cumulative total return over last 10 years



The accounting period for the Fund changed in 2015 and is now aligned with calendar quarters.

Deposit rate as at 31 March 2021

0.09% AER*

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

** Source: CCLA - Performance is shown gross of management fees and other expenses; net returns will be lower after the deduction of fees and other expenses. The daily rate on the Fund will fluctuate and past performance is not a reliable indicator of the future results. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

† Source: CCLA

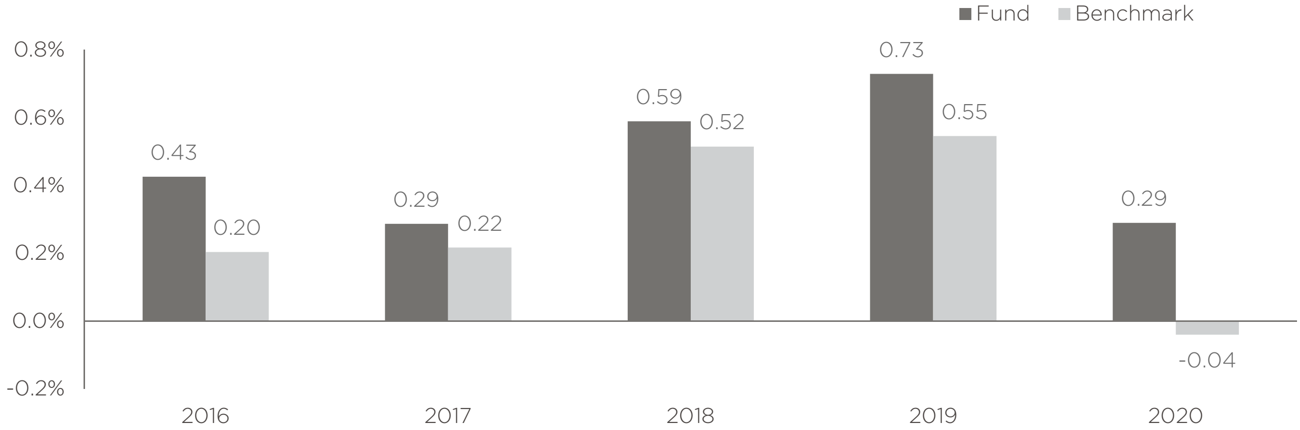
‡ CPI is estimated for the last month of the quarter.

Total return performance

Performance* to 31 March 2021	3 months	1 year	3 years p.a.	5 years p.a.
Deposit	+0.04%	+0.29%	+0.54%	+0.46%
Benchmark	+0.01%	-0.04%	+0.34%	+0.29%

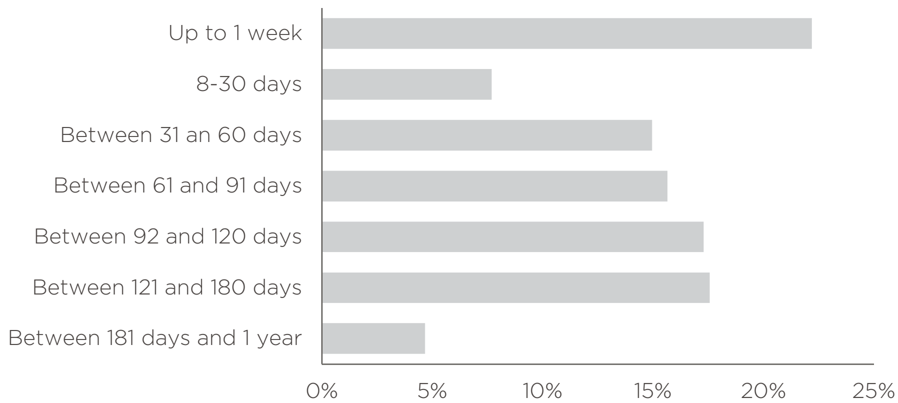
Discrete year total return performance

12 months to 31 March	2017	2018	2019	2020	2021
Deposit	+0.43%	+0.29%	+0.59%	+0.73%	+0.29%
Benchmark	+0.20%	+0.22%	+0.52%	+0.55%	-0.04%



Benchmark – From 1/1/21: Sterling Overnight Index Average (SONIA). Intial BM: 7-Day London Interbank Sterling Bid Rate (7-Day LIBID). Source: CCLA

The Fund's maturity profile



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The CBF Church of England Fixed Interest Securities Fund

Performance comment

UK economic activity slowed in the early months of the year as a renewed lockdown restricted mobility and forced many consumer outlets to close. Output was further impacted by Brexit which had a negative influence on both import and export volumes. The government continued programmes aimed at supporting consumer incomes with a new set of initiatives which extended the furlough scheme and the uplifted universal credit payment. The estimated cost of the package of measures is £59bn or 2.8% of GDP. Monetary policy also remained supportive reflected in very low interest rates and a quantitative easing programme intended to support liquidity in an environment of high government spending and keep longer term borrowing costs down. Despite what appears to be a supportive investment environment fixed income asset values fell over the period as investors looked beyond the current flat economic conditions to the expected recovery to come. Any lingering hopes of lower interest rates faded, and real yields were seen to come under pressure from higher inflation. Looking further ahead there were questions over the justification for such an extraordinary monetary environment if underlying economic conditions were gradually returning to normal.

Over the quarter the Fund returned -4.62% compared with the benchmark return of -5.73%. Over the last 12 months, the Fund returned 1.79% compared with the benchmark return of 0.46%.

In the most recent period relative returns have been supported by the defensive bias to portfolio construction in a period of weak asset values. The bias towards corporate bonds and away from government issues was also helpful.

Fund update

The defensive bias to the portfolio is a strategy intended to provide some relative protection to values in a period of rising long term interest rates. The duration of the portfolio is COIF 7.82 years CBF 7.78 years compared with a duration on the benchmark of 10.0. The average term to maturity is COIF 12.11 years CBF 12.11 years compared to 13.38 on the benchmark. The portfolio also has a bias towards corporate bonds relative to gilts to benefit from the higher income they can provide. At the end of March the allocation to corporate issues was COIF 60.69% CBF 60.71%.

Income

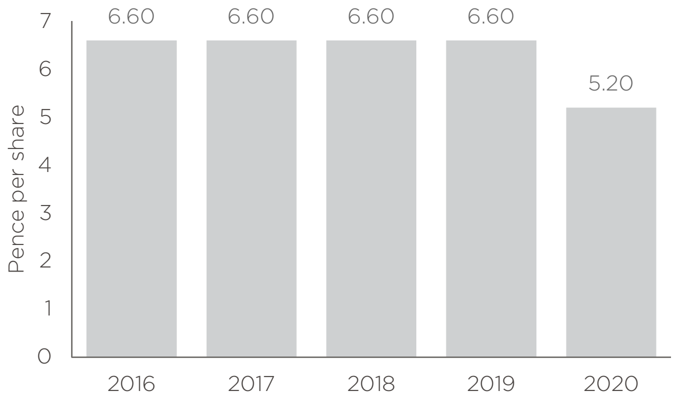
Gross dividend yield 2.61%*

Gross redemption yield 1.23%

* Based upon the net asset value and an estimated annual dividend of 4.20p.

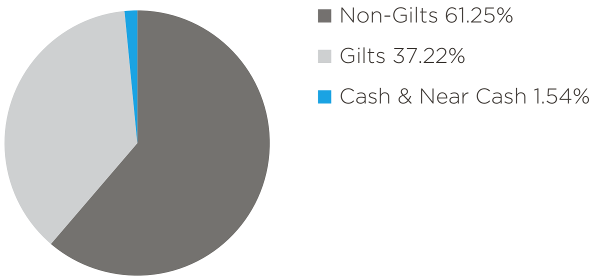
The gross redemption yield indicates what the total return would be if the Fund's current investments were held to maturity, in other words, the aggregate of gross interest received and the capital gain or loss at redemption, annualised.

Past distributions



The accounting period for the Fund changed in 2015 and is now aligned with calendar quarters.

Asset allocation as at 31 March 2021

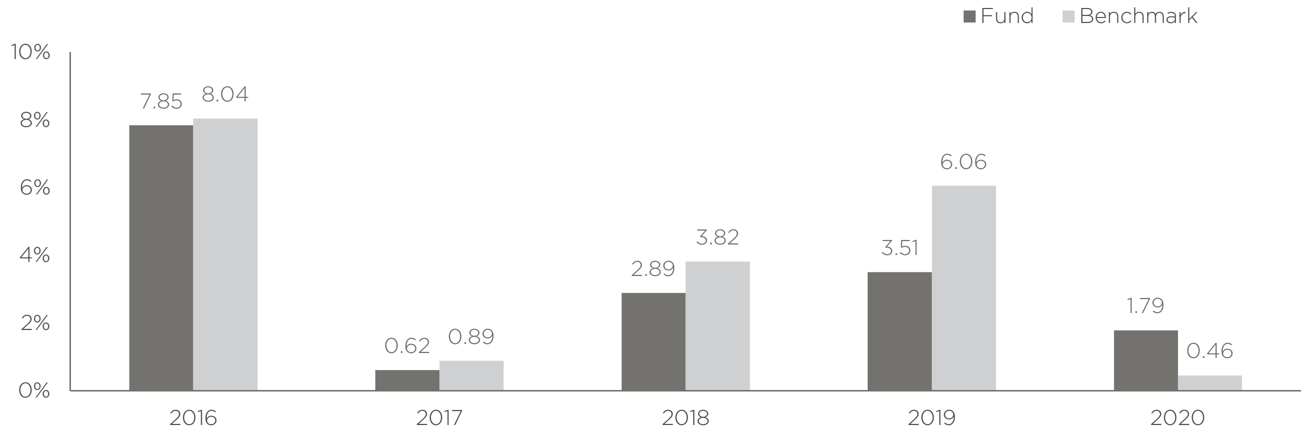


Total return performance

Performance* to 31 March 2021	3 months	1 year	3 years p.a.	5 years p.a.
Fixed Interest	-4.62%	+1.79%	+2.73%	+3.30%
Benchmark	-5.73%	+0.46%	+3.42%	+3.81%

Discrete year total return performance

12 months to 31 March	2017	2018	2019	2020	2021
Fixed Interest	+7.85%	+0.62%	+2.89%	+3.51%	+1.79%
Benchmark	+8.04%	+0.89%	+3.82%	+6.06%	+0.46%



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%.
Source: CCLA

Portfolio asset allocation

By credit rating

Rating Category	*% Fund*
AAA	10.2
AA	47.3
A	29.6
BBB	11.2
Non Investment Grade	0.0
Not rated (Debentures/Prefs)	1.7

By term to maturity

Period	*% Fund*
0 - 5 years	35.9
5 - 10 years	26.6
10 - 15 years	11.8
Over 15 years	25.8
Duration (yrs)	7.9
Average term to maturity (yrs)	9.6

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Property Fund

Performance comment

The trends which dominated sector returns in the final months of 2020 remained the principal influences in the first quarter of the current year. The recovery in transaction volumes continued, which improved valuer confidence and supported a modest increase in capital values for the sector as a whole. The dispersion between the various sub-sector returns remained wide. Industrial assets stayed in favour and despite the increases in capital values and yields achieved in recent years, continued to make headway. In contrast, retail assets remained out of favour, with real uncertainty over the investment environment once the lockdown ends and shops can open again. The void rate, currently estimated at just 6%, is below that of the market as a whole and is likely to rise. One relative bright spot in this part of the sub-sector was retail warehouses, reflecting resilient trading and some alternative use of assets like conversion to in-town distribution bases to support next day delivery requirements. Office sector assets gave a mixed return but with some upward pressure on yields due to the uncertainty over long term space requirements. Sector income flows have held up well albeit that owners have had to work hard with tenants to maintain rent receipts. Risks remain but the hope must be that the period of greatest threat to income is drawing to a close.

Over the quarter the Fund returned 3.41% compared with the benchmark return of 1.61%. Over the last 12 months, the Fund returned 2.51% compared with the benchmark return of 1.89%.

Relative performance was supported by sector allocation and in particular by the low weighting to traditional retail assets. The active management of the assets also made a helpful contribution.

Fund update

The portfolio has a strong bias to industrial assets and to offices and away from the retail sector. Within the retail part of the portfolio, the most important allocation is to retail warehouses. The Fund has an active approach to asset management by which the managers seek undervalued but good quality assets which can make a positive contribution to both capital values and income growth. Activity in the quarter included the sale of an industrial asset in Stoke at a price above valuation. New leases were secured on an industrial asset at Aztec West, on a retail outlet in Newcastle and a retail warehouse in Northampton. The refurbishment and improvement work on the Fund's largest asset at 80 Cannon Street in London continued, resulting in an increase in the available space in the building.

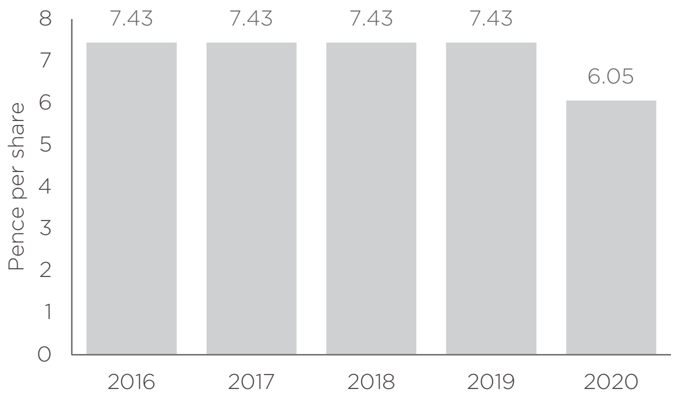
Income

Gross dividend yield 4.58%*

MSCI/AREF Other Balance Property Fund Index Yield † 3.40%

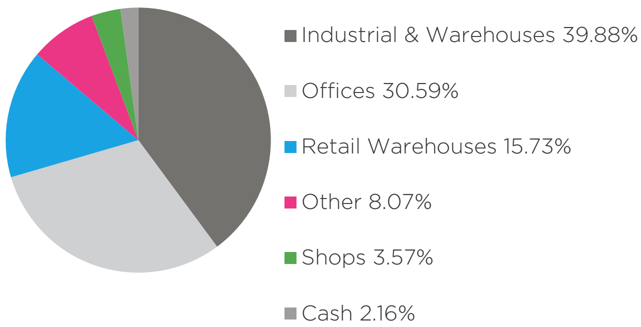
* Based upon the net asset value and an estimated annual dividend of 6.05p.

Past distributions



The accounting period for the Fund changed in 2015 and is now aligned with calendar quarters.

Underlying asset allocation as at 31 March 2021

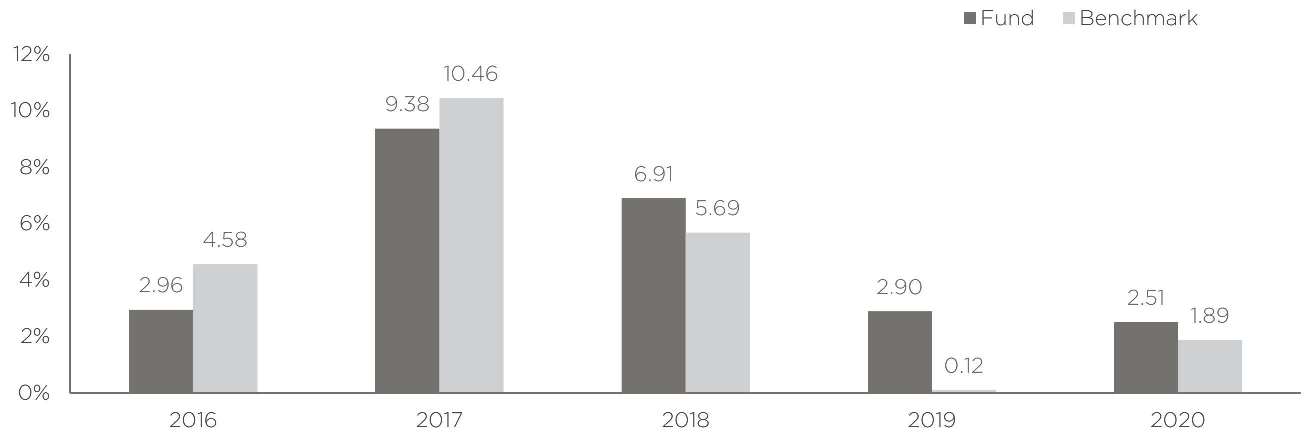


Total return performance

Performance* to 31 March 2021	3 months	1 year	3 years p.a.	5 years p.a.
Property	+3.41%	+2.51%	+4.09%	+4.90%
Benchmark	+1.61%	+1.89%	+2.54%	+4.49%

Discrete year total return performance

12 months to 31 March	2017	2018	2019	2020	2021
Property	+2.96%	+9.38%	+6.91%	+2.90%	+2.51%
Benchmark	+4.58%	+10.46%	+5.69%	+0.12%	+1.89%

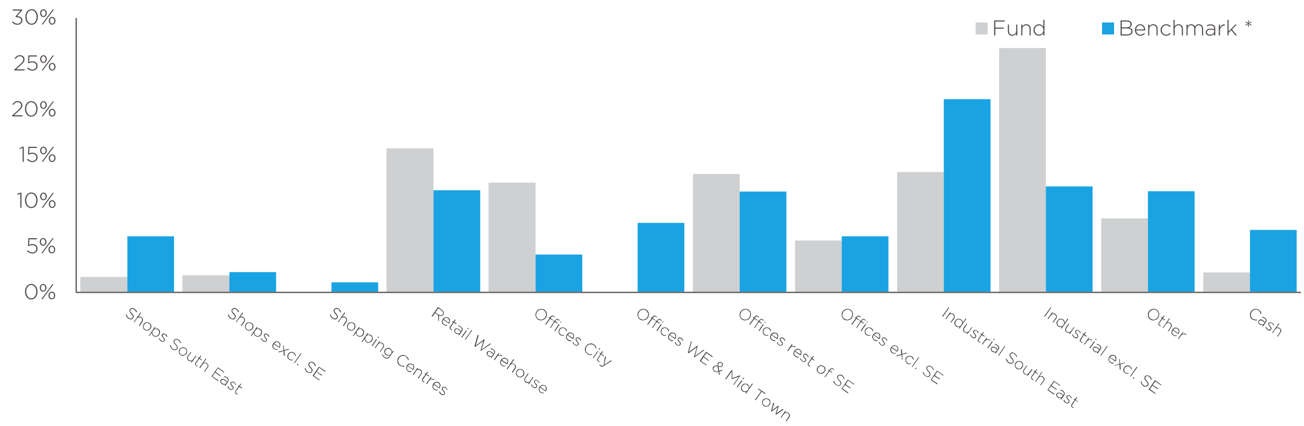


Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 44.81%

London, 80 Cannon Street	1400-1600 Aztec West Business Park Bristol
Brighton, Pavilion Centre	Rossiter Road Bath
Mendlesham, Mendlesham Industrial Estate	1-3 College Hill London EC4
Bracknell, 5 Arlington Sq	Lutterworth 3220 Magna Park
Lutterworth 3320 Magna Park	Crawley, Manor Gate

Underlying asset allocation by region and category



Performance of the Property Fund and its benchmark are shown after management fees and other expenses with income reinvested. Past performance is not a reliable indicator of future results.

Risk Warning

Performance is shown net of management fees. 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