

**CCLA**

**The CBF Church of England  
UK Equity Fund  
Scheme Information**

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# Scheme Information

## The CBF Church of England UK Equity Fund

Effective from May 2018

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## Definitions

In this Scheme Information, the following terms bear the following meanings:

**Accounts** mean the half-yearly and annual accounts of the Fund.

**Annual Management Charge** means the periodic charge applied to the Fund by the Manager.

**Annual Report** means the annual report of the Fund prepared by the Trustee.

**Applicant** means a Church Trust (or nominee company acting on its behalf) which is applying for shares in the Fund.

**Application Form** means the application form for shares in the Fund available from CCLA.

**Audit Committee** means the audit committee appointed by the Trustee to review the Fund's regular financial statements and reports.

**Auditor** means the firm specified in Appendix 1.

**Bid price** means the price at which shares in the Fund may be sold by investors.

**The Board** means the Board of Trustees of the Trustee as described in the paragraph entitled The Board of Trustees.

**Business Day** means any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, public or bank holiday in England.

**CCLA** means CCLA Investment Management Limited of Senator House, 85 Queen Victoria Street, London EC4V 4ET.

**Church Trust** means a trust established by the Church of England

**Custodian** means HSBC Bank plc.

**Data Protection Legislation** means Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, or any successor legislations thereto, and any associated codes, regulation or guidance (as may be amended or replaced from time to time) and any related regulations and guidance and all other laws concerning the processing of data relating to living persons.

**Dealing Day** means the day on which the Manager issues and/or redeems shares in the Fund as set out in the Scheme Information.

**Distribution Account** means the account which holds the income of the Fund prior to its distribution to Shareholders.

**Eligible Contributor** means a Church Trust (or nominee company acting on its behalf) which is a registered holder of shares in the Fund.

**Equalisation** means the income element, pertaining to income earned to date and included in the purchase price of a Share, which is returned as capital to the investor at the next

distribution point.

**FCA** means the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS or such regulatory authority or authorities as may succeed it from time to time.

**Fund** means the CBF Church of England UK Equity Fund.

**Income Reserve Account** means the account which is used to even out fluctuations in income from time-to-time as described in the paragraph entitled The Income Reserve.

**Income Shares** means those shares in the Fund which pay income to holders.

**Investment Policy** means the investment policy as decided in the Investment Policy Statement from time to time.

**Investment Policy Statement** means the investment policy statement set out in the Scheme Information as amended from time-to-time.

**Manager** means CCLA Investment Management Limited of Senator House, 85 Queen Victoria Street, London EC4V 4ET.

**MiFID II** means Directive 2014/65 EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and includes where applicable reference to any implementing or supporting regulations, directives or other legislative measures.

**Money Laundering Regulations** means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended, updated or replaced from time to time.

**Offer price** means the price at which shares in the Fund may be bought by investors.

**Reinvested dividends** mean income that is used to purchase additional income shares at the offer price after distribution.

**Scheme Information** means the Scheme's Information of the Fund as amended from time-to-time.

**Shareholders** mean Eligible Contributors who are registered as holders of shares in the Fund.

**Share(s)** means share(s) in the Fund.

**Trustee** means CBF Funds Trustee Limited of Senator House, 85 Queen Victoria Street, London EC4V 4ET.

## The Fund

This document sets out the Scheme Information for The CBF Church of England UK Equity Fund (the Fund). The Fund is a Common Fund established under the Church Funds Investment Measure 1958 as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000 and the Trustee Act 2000 (together the Measure). The Fund was established on 1 December 2004.

The Fund is neither a Collective Investment Scheme nor an Unregulated Collective Investment Scheme within the meaning of the Financial Services and Markets Act 2000 (FSMA).

In the event that the Measure and this Scheme Information are in conflict, the provisions of the Measure shall prevail.

## The Trustee and Operator

CBF Funds Trustee Limited (CBFFT), a company incorporated under the Companies Act 1985, is the Trustee and the Operator (the Trustee) of the Fund. It is a registered Charity No. 1116932 and is registered in England and Wales as a company limited by guarantee. Its Registered Office is at Senator House, 85 Queen Victoria Street, London EC4V 4ET. Under the provisions of the FSMA CBFFT, as Trustee, is not considered to be operating the Fund "by way of business". Consequently, it is not required to be regulated by the Financial Conduct Authority (FCA) and its members are not required to be authorised by the FCA for this purpose. CBFFT is ultimately responsible for The CBF Church of England Funds and receives reports on the published accounts. CBFFT holds at least five meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided by CCLA Investment Management Limited (CCLA or the Manager) under Management Agreements. CBFFT has appointed an Audit Committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund.

## The Manager

The Manager is a company registered in England and Wales. The Manager is authorised and regulated by the Financial Conduct Authority and holds the necessary permissions to provide, amongst other things, discretionary investment management services. The Manager will provide discretionary investment management services as well as administrative and registration services under the Investment Management Agreement dated 15 November 2006. The contact details of the Manager and the FCA are contained in Appendix 1.

The Manager provides the Trustee with administrative and registration and company secretarial services where necessary for the operation of the Fund. These include the issue and redemption of shares in the Fund, the valuation of the Fund's assets, the operation of the Share Register, the payment of distributions and the maintenance of the accounting records of the Fund. The Fund's financial year ends on 31 December.

The Manager may not have a lien over, or security interest in, the property of the Fund, act as principal in any transaction with the Fund, or undertake stock lending on behalf of the Fund.

The Manager accepts responsibility for loss of the investments of the Fund to the extent that such loss is due to the negligence, wilful default or fraud of itself or any delegates. The Manager will not otherwise be liable for any loss to the investments of the Fund. No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of them) or that the investment objectives of the Fund will be successfully

accomplished.

The Manager may be replaced by the Trustee on the expiry of a 12 months' notice period.

## **The Administrator**

The Manager has appointed HSBC Bank plc, 8 Canada Square, Canary Wharf, London, E14 5HQ who undertake the Fund Pricing and Fund Accounting as the Administrator to carry out certain administrative tasks on behalf of the Fund. The Administrator has been appointed under an Agreement with the Manager and the Manager meets the fees of the Administrator from the Annual Management Charge it receives for its services to the Fund.

## **Investment Objective**

The Fund aims to provide growth in capital and income over the long-term.

## **Investment policy**

The Fund is an actively managed, diversified portfolio of UK equities. It will principally invest in UK equities, but may also invest in other assets.

The Fund is managed in accordance with the policies of the Church of England's Ethical Investment Advisory Group.

## **Benchmark**

MSCI™ IMI UK.

## **Target Investors**

The Fund is suitable for the long-term funds of any Church of England charity seeking exposure to UK equities. The Fund is targeted at investors with an understanding or previous history of investing in similar types of fund, with appropriate levels of risk tolerance and ability to bear loss. Please note that the Manager is not required to assess the suitability of the Fund against each investor.

Our investors may be either retail or professional clients (both per se and elective).

## **Ethical Investment Policy and Corporate Governance**

The Fund has regard to ethical investment considerations, both positive and negative, in selecting and retaining investments and is represented on the Church of England's Ethical Investment Advisory Group.

The Fund will take a proactive approach to proxy voting and vote routinely on all holdings within the Fund.

Further information on the Ethical Investment Policy and the Corporate Governance Policy are available from the Manager.

## Investment and Borrowing Powers

### Investment Powers and Policy

Not more than 15% in value of the Fund may be invested in units in common funds, authorised unit trust schemes and collective investment and deposit schemes. Investment may only be made in such schemes managed by the Manager, or an associate of the Manager, provided that there is no double charging of the management fee. The Fund may underwrite new issues of shares or other securities. The Fund does not invest in futures contracts or options but it may, subject to certain restrictions and as a protective measure, undertake forward currency transactions and may invest in subscription warrants in respect of securities which could be subject to stabilisation.

Cash awaiting investment by the Fund may be deposited with a deposit taker approved by the Trustee or in The CBF Church of England Deposit Fund.

Apart from exceptional circumstances, the liquidity of the Fund will remain below 5%.

The Manager has regard to the need for diversification and the suitability of investments. The Fund is designed to be suitable for a substantial proportion of a church charity's long-term capital, providing a return that is even-handed between present and future beneficiaries. It is believed that over the longer term this approach should protect capital from the effect of inflation and provide a growing income. The Fund invests mainly in UK Equities on recognised and designated investment exchanges as approved by the Board from time to time.

### Borrowing

The Manager, acting on behalf of the Fund may borrow for the purpose of meeting any payment properly to be made out of the Fund. The borrowing shall not exceed 10% of the value of the Fund.

### Execution Services

In accordance with MiFID II, the Manager must act in the best interests of the Fund when executing decisions to deal on behalf of the Fund and must establish and implement an Order Execution Policy to allow it to obtain the best possible result.

The Manager's Order Execution Policy sets out the basis upon which the Manager will effect transactions and place orders in relation to the Fund whilst complying with its obligations in relation to execution. Details of the Order Execution Policy are available on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk) A copy will also be made available on request.

Full details of the brokers, costs of execution services are disclosed in the Fund's Annual Reports to investors.

### Research

Certain brokers may from time to time provide research services to the Manager. The Manager pays for such research services out of its own resources, which are used by the Manager in its management of the Fund.

## Inducements

In accordance with MiFID II, the Manager when executing orders or placing orders with other entities in relation to financial instruments on behalf of the Fund must not accept and retain any fees, commission or monetary benefits from a third party (**Third Party Payments**). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to CBFFT as soon as reasonably possible and will inform Shareholders of the amount received which will be set out in the annual reports.

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the Fund, except those which are capable of enhancing the quality of the service provided to the Fund, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

## Breach of Investment Limits of the Fund

A breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustee is obtained but, in the event of a breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits. The power to invest in direct property is among the wide investment powers of the Fund.

## Remuneration and Expenses of the Trustee

The Trustee is entitled to retain out of the income or capital of the Fund any costs or expenses incurred by it, including a due proportion of any overhead expenses of the Trustee, in administering or winding up the Fund. These include the costs of conducting the Trustee's business relating to the Fund; the attendance expenses of the Trustee's meetings; legal and other costs incurred in respect of the Fund. The certification of the Trustee as to the amount of any such costs or expenses shall be conclusive.

The expenses will include charges of the Trustee's nominees and agents. The duties of the Trustee for which reimbursement may be made, involve and include (without limitation):

- a) delivery of stock to the Trustee;
- b) custody of assets;
- c) collection of income;
- d) submission of tax returns;
- e) handling of tax claims;
- f) preparation of the Trustee's Annual Report;
- g) costs involved in maintaining the Register of Shareholders; and
- h) such other duties as the Trustee is required or empowered by law to perform.

Payments that may additionally be made out of the property of the Fund are as follows:

- a) brokers' commission, fiscal charges and other disbursements which are:
  - I. necessary or properly to be incurred in effecting transactions for the Fund;
  - II. normally shown in contract notes, confirmation notes, and margin accounts as appropriate;
- b) interest on borrowings permitted by the Fund and charges incurred in effecting or terminating such borrowing or in negotiating or varying the terms of such borrowing;
- c) taxation and duties payable in respect of the property of the Fund, the Scheme or the issue of shares, if applicable;
- d) any costs incurred in modifying the Scheme where modification is:
  - I. necessary to implement, or necessary as a direct consequence of, any changes in the law; or
  - II. expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interests of Shareholders; or
  - III. to remove from the Scheme obsolete provisions;
- e) liabilities on a unitisation, amalgamation or reconstruction arising in certain circumstances;
- f) the audit fee properly payable to the Auditor and any Value Added Tax that may be chargeable thereon and any proper expenses of the Auditor;
- g) the fees of any relevant regulatory authority in which shares are or may be marketed; and
- h) any costs incurred through purchasing and holding of third party funds.

## Remuneration and Expenses of the Manager

### **Annual Management Charge**

The Manager's Annual Management Charge is calculated monthly based upon a fixed percentage of the value of the Fund at the previous month end. The fee is accrued daily through the month and is charged to the Fund on or around the last business day of each month. The charge for the Fund is 0.50% p.a., (plus VAT, if applicable and if any), which is charged to capital. The policy of taking the Annual Management Charge to capital could lead to capital erosion. It should not however change the overall return on the Fund, i.e. taking capital and income together. Where applicable, to avoid double charging, rebates of charges on holdings in The CBF Church of England Deposit Fund are calculated and applied to the Income Account of the Fund.

Any increase in the rate of the Annual Management Charge made by the Manager shall be subject to:

- a) notice of at least 90 days being given to Shareholders; and
- b) the prior written agreement of the Trustee.

A fee for ethical and stewardship services is also charged by the Manager and is paid from the capital of the Fund.

## Preliminary Charge

The Manager may not make any preliminary charge. The introduction of a preliminary charge and any increase in the actual or maximum amount of a preliminary charge made by the Manager shall be subject to:

- a) notice of at least 90 days being given to Shareholders; and
- b) the prior written agreement of the Trustee.

## Participation in the Fund

### **Income and Accumulation Shares**

Contributors to the Fund may purchase either Income or Accumulation Shares or both. Income Shares of the Fund provide a regular income and each Share represents one undivided share in the property of the Fund. Holders of Income Shares receive distributions quarterly.

Holders of Accumulation Shares do not receive distributions of income. The income accumulates within the Fund and is reflected in the price of the shares. The effect of this accumulation of income is an increase in the price of an Accumulation Share relative to the price of an Income Share. An Accumulation Share represents an increasing undivided share in the property of the Fund. The right represented by the holding of a Share is that of a beneficial interest under a trust.

A Church of England Charitable Trust (Church Trust) may, subject to the terms of its governing instrument, convert Accumulation Shares into Income Shares of the corresponding value or vice versa on any Dealing Day free of charge.

The Measure allows the Trustee to subdivide the shares of the Fund at any time. Shareholders will receive notice of any proposed subdivision.

## Eligible Contributors to the Fund

Any charitable trust with objects connected with the work of the Church of England (Church Trust) may normally invest in the Fund. The Manager is required under the Measure and under the Money Laundering Regulations to satisfy itself as to the identity of participants. Any Church Trust (or a nominee company acting on behalf of the Church Trust) applying to participate must give a declaration of eligibility of the Church Trust to invest in the fund. Where a Contributor is found not to be eligible or becomes ineligible at a later date, it, or its nominee, must inform the Manager and disinvest. The Manager reserves the right to refuse to accept any application without giving any reason and to sell shares on behalf of Contributors if it reasonably believes that the Contributor is no longer eligible to invest in the Fund.

## Pricing of Shares

### **The Dealing Day**

Shares may be bought and sold weekly, normally on Tuesday (the Dealing Day) except when this is not a business day, that is, a day on which the London Stock Exchange (or any successor body) is not open for business, then the preceding business day becomes the Dealing Day. The Manager may, subject to the agreement of the Trustee, introduce additional or alternative regular Dealing Days and Valuation Points.

## Valuation

The Manager values the property of the Fund at the last closing price on the relevant exchange on the Business Day prior to the Dealing Day [see below] (the Valuation Point). The Fund is valued weekly for the issue and redemption of shares and at the end of each calendar month for performance and reporting purposes.

### Valuation of the Fund

The property of the Fund is valued in accordance with the requirements of the Measure and takes account of the provisions of the FCA Regulations. The valuation is carried out at mid-market prices at the Valuation Point.

The projected value of the income property of the Fund which has not been declared as a distribution or accumulated by the Fund on the Dealing Day is included in the price of both Income and Accumulation Shares.

The amount of income to be included is the amount of income received by the Fund up to and including the day before the Dealing Day, together with the amount of income accrued and including any UK tax which the Fund may be entitled to recover. All expenses, paid or accrued on the same basis as the income, will be deducted from the income other than the Annual Management Charge pertaining to the Fund, which is currently wholly deducted from capital.

Income so calculated is apportioned between Income and Accumulation Shares in proportion to each class's share of the capital value of the Fund following the deals of the preceding Dealing Day.

### Buying (Offer) and Selling (Bid) Prices

The buying and selling prices of the shares are based upon the mid-market valuation of the Fund, as described above. To this valuation is added or deducted a fixed percentage of the valuation, representing the estimated transaction costs incurred in purchasing or disposing of assets. These costs are principally the difference between the bid and offer prices on the sale and purchase of assets and any associated costs.

The Manager may vary the amount of these provisions to reflect their estimate of the costs associated with any transaction. The most recent estimate of the cost is shown on our website [www.ccla.co.uk](http://www.ccla.co.uk)

The offer and bid prices represent the buying and selling prices for Shareholders and also the creation and cancellation prices for the Trustee. No shares are held by the Manager or any other party involved in the management of the Fund other than in their capacity as a Custodian, Trustee or Nominee for an eligible investor.

## Securities Exchange

Quoted securities in which the Fund has power to invest may be offered to the Fund in exchange for the issue of shares on a Dealing Day. If accepted, securities are taken in at mid-market valuation. The Manager has absolute discretion as to the securities that will be accepted. The procedure for exchange is complex and may require some time for completion; further details are available upon request. Neither the Trustee nor the Manager accepts any responsibility for the fluctuation in asset values during the transition into shares.

## Registration of Shares

Shares are registered in the name of the Church Trust (or where applicable holdings may be registered in the name of the nominee company or a Trustee acting on behalf of the Church Trust, with the name of the Church Trust separately recorded in the Register). They cannot be registered in the names of individual trustees. No certificates are issued and the Register of Shareholdings is the definitive evidence of title. The shares have no par value and entitle the holder to a proportionate interest in the Fund. Shares cannot be assigned or transferred except from one Church Trust to another. The number of shares held will be certified on written request for audit or other purposes.

The Manager will treat all Shareholders' records as confidential and so reserve the right to provide copies of your particular record, rather than allow access to files which may contain information about other Shareholders.

## The Issue and Redemption of Shares in the Fund

Dealing in shares takes place on a forward price basis. All instructions to buy and sell shares in the Fund must be received prior to the Valuation Point on the business day before the Dealing Day. Instructions received after the Valuation Point will be held over to the next Dealing Day.

The Manager will execute purchases or redemptions on the instructions of the Shareholder at the published offer or bid price at the relevant Valuation Point. Shares can only be created or liquidated through CBFFT on behalf of the Fund.

## Buying Shares

### General Applications

Generally, applications to buy shares must be made using a completed Application Form and appropriate payment must be made at the same time as the submission of the application form. Cheques, if used, must be drawn on an account in the name of the applicant.

Except as specified below, applications to purchase shares can only be actioned on a particular Dealing Day if, by 5.00pm on the Business Day prior to that Dealing Day:

- correctly completed application form has been received by the Manager; and
- the Manager is in receipt of cleared funds.

Please note: When monies are received early they will be banked in a "fund transfer agency account" in the name of the Fund for investment on the next Dealing Day.

## Provisions applicable to all applications

The account should be held with a European Economic Area (EEA) banking institution and made payable in pounds sterling.

Applications to purchase, once made, are irrevocable. However, subject to its obligations under applicable law and regulation, the Manager has the right to reject, on reasonable grounds relating to the circumstances of the prospective investor (or nominee company, where applicable), any application for shares in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant.

The Manager may also, at its discretion, suspend the issue of new shares if any such new issue would prevent the orderly investment of monies by the Fund.

The application to buy shares must be received by the Manager by 5pm on the business day before the Dealing Day. When monies are received early they will be banked in a "fund intake in advance account" in the name of the Fund for investment on the next Dealing Day. The Manager complies with FCA requirements with regard to holding customer monies awaiting a purchase of shares in the Fund. Interest will not be payable on these accounts.

The Manager reserves the right not to execute a transaction until the charitable status and eligibility of the applicant has been demonstrated.

On acceptance of an application, shares will be issued at the relevant offer price. A contract note will normally be despatched by the end of the next business day following the Dealing Day. The contract note will show inter alia, the number of shares and the issue price. Shares are issued to two decimal places.

## Top Ups or Additional Investments

The original application to create a new account needs to be accompanied by a cheque drawn on an account in the name of the applicant, see above. Funds may be sent via CHAPs or BACs for additional investments or top ups. For further details please contact Client Services, Freephone 0800 022 3505.

## Conditional Orders

The Manager cannot accept conditional purchase or sale instructions from clients. A conditional order is one where the instruction specifically states that a purchase or sale may only proceed at a specified price, e.g. purchase £50,000 worth of CBF Investment Fund shares if the offer price is less than £5.

## Selling Shares

All instructions to sell shares must be on a completed Renunciation Form duly signed by the Authorised Signatories and received by the Manager by 5pm on the business day prior to the Dealing Day to obtain that day's price. A contract note detailing the transaction will normally be sent out by the close of business on the next business day.

Proceeds of sales can be paid direct to a CBF Church of England Deposit Fund account held in its name or be sent by cheque to the correspondent, made payable to the Church Trust or charity. Settlement cheques are sent out within four business days of the Dealing Day.

Proceeds that are transferred to a CBF Church of England Deposit account are credited with effect from the Dealing Day.

## Switches

Switches between CBF funds are permitted although switches involving the Property Fund can only be undertaken on the monthly Property Fund Dealing Day.

## Large Deals

Deals of any size can normally be completed without delay, and there is normally no restriction on the carrying out of transactions. For the purpose of this Scheme Information, a 'large deal' is one of £1,000,000. The Manager may, at its discretion, elect to settle such deals by way of a transfer of securities from the assets of the Fund to the seller (in specie transfer) and may be applied at the discretion of the Manager and subject to the agreement of the Trustee.

## Suspension of Dealing

In exceptional circumstances, the Manager may, if the Trustee agrees, or shall, if the Trustee requires, suspend at any time for a period of up to 28 days the buying and selling of shares. The Manager or the Trustee must be of the opinion that there is good and sufficient reason to do so having regard to the interests of the Shareholders. No shares can be bought or sold during this period. The Manager will notify Shareholders immediately if it is decided to suspend trading in the Fund.

## Minimum Investment

The normal initial minimum investment in the shares of the Fund is £1,000. Any amount may be invested thereafter.

## Publication of Share Prices

The latest offer and bid prices of the shares in the Fund will be published in the Financial Times. Month end prices for valuation purposes and daily bid and offer prices are displayed on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk)

## Taxation

The Fund has charitable status and is recognised as a Charity for UK tax purposes. As a Charity, the Fund should not be subject to UK tax on gains (provided such gains are applied for charitable purposes) or income from investments (provided such income is applied to charitable purposes). Tax suffered on investment income from UK equity dividends is not recoverable. To the extent that the Fund invests overseas, it may not be possible for the Manager to recover withholding tax suffered. As a Charity, the Fund is exempt from UK Stamp Duty.

This is our understanding of the tax position as of the date of the Scheme Information. The tax position may change in the future. Investors should obtain their own tax advice in respect of their own position. Any changes to the tax position of the Fund will be notified on the CCLA website.

## Corporate Actions

The Fund will take an active policy with regard to corporate actions and voting. Please see the comments on the Ethical Investment Policy of the Fund.

## Distributions to Shareholders

Income Share distributions are calculated and declared quarterly at the end of March, June, September and December. The distribution is based upon the undistributed income received and receivable for each quarter less the associated costs and expenses for the period and after adjustment for any transfer to or from the Income Reserve (see below). Distributions in respect of the preceding quarter are paid at the end of February, May, August and November (or if this should not be a business day, the prior business day).

Distributions can be paid either directly to a bank account held in the name of the Church Trust or charity, or a nominee company acting on behalf of that Church Trust or charity, or to a CBF Church of England Deposit Fund account in the name of the investing Church Trust or charity.

Holders of Accumulation Shares do not receive distributions of income as explained under "Income and Accumulation Shares."

Distributions are declared and reinvested income credited gross to Shareholders on the basis that all relevant UK taxation has been recovered or is recoverable. The Manager is responsible for the collection of income. Changes in tax law and regulations may affect the basis of calculation and the payment of distributions.

## The Income Reserve

Each quarter up to half of the distributable income for the period may be transferred to an Income Reserve, thereby reducing the distribution for that quarter, or income can be transferred from the Income Reserve to the Distribution Account, which increases the distribution. The Income Reserve is used to even out fluctuations in income which arise from time to time. The balance on the Income Reserve of the Fund forms part of the capital of the Fund and is included in the price of Income Shares. The Income Reserve applies to Income Shares only.

## Equalisation

The first allocation of income to which a Shareholder is entitled, following the purchase of shares, is calculated as if the purchase had been made at the beginning of the quarter. The distribution will therefore include that part of the purchase price consisting of income from the beginning of the quarter to the date of purchase. The Manager is able to supply a breakdown of the amount of accrued income in the purchase price.

## Regular Statements

Shareholders will be provided with a Valuation statement every six months, normally to the end of June and December, unless instructed to the contrary. Quarterly Valuation Statements are available to Shareholders upon request. In addition, Certificates of Balance at any date will be provided upon Shareholder's written request to the Manager.

CCLA reserve the right to charge reasonable expenses in relation to printing and postage of any additional documentation required by the client.

## **Custody of Assets**

The Trustee has appointed a Custodian to hold the securities of the Fund as Custodian in specially designated accounts. The name of the Custodian can be found in Appendix 1.

## **Accounts of the Fund**

The Report and Accounts of the Fund are normally prepared for the half year to 30 June (unaudited) and the year to 31 December (audited).

The Manager will make available, free of charge on its website, [www.ccla.co.uk](http://www.ccla.co.uk), Annual Report and Accounts for the period to 31 December (the accounting reference date) and half-yearly Reports and Accounts for the period to 30 June (the interim accounting date).

If a hard copy or an email of a report is required, please contact customer services telephone helpline on 0800 022 3505.

## **Regulatory Position**

The Fund, being constituted as a Common Fund under the Measure (as amended or replaced from time to time), is not regulated by the Financial Conduct Authority (FCA) or other regulatory bodies under the Financial Services and Markets Act 2000 (FSMA). CBFFT, as Trustee and Operator of the Fund, is not considered to be operating the Fund "by way of business". Consequently, it is not required to be regulated by the FCA and its Trustees are not required to be authorised by the FCA for this purpose. This extends to CCLA in respect of its administrative, registrar and company secretarial functions for The CBF Church of England Funds.

Investment in the Fund is not covered by the Financial Services Compensation Scheme.

The Manager is authorised and regulated by the FCA and holds the necessary permissions to provide discretionary investment management services which it provides in relation to the Fund. The Manager is subject to the requirements of MiFID II in its management of the investments of the Fund.

## **Changes to Authorised Signatories**

Changes to the Authorised Signatories for a Church Trust's holding of shares in the Fund must be made on a duly completed Mandate Form by the Church Trust (or the nominee company or Custodian Trustee acting on behalf of the Church Trust) signed by Authorised Signatories. Where an existing Authorised Signatory is removed by way of a Mandate Form, the Correspondent shall receive notification of the removal by the Manager.

## **Changes in Correspondents**

A Shareholder must notify the Manager of any change in the Authorised Correspondent for its Fund Account.

## Anti-Money Laundering

The Manager is required by law to maintain procedures to combat money laundering. In order to implement these procedures, proof of identity may sometimes be required either when buying or when selling Shares from time to time, even of existing Shareholders. We may freeze or return your investments and/or subscription amounts unless or until the necessary evidence of identity can be obtained. In the case where Shares are being sold, the remittance of proceeds may be delayed until proof of identity has been obtained. Electronic identity checks may be undertaken on the persons named within the Application Form.

## Charitable Status of the Fund

The Fund is entitled to charitable status by virtue of section 24(9) of the Charities Act 1993 as amended or replaced from time to time. In the administration of the Fund CBFFT is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Measure (as amended or replaced from time to time).

## Auditor

The Auditor of the Fund is shown in Appendix 1 to this document.

## Complaints

CCLA has established a complaint handling procedure to investigate all complaints received.

Any complaints regarding the operation of the Fund, or the Manager, should be addressed in writing to: The Head of Client Services, CCLA Investment Management Limited or to: The Secretary, CBFFT at the address shown in Appendix 1.

## Compensation

As the Fund is not an Authorised Unit Trust within the meaning of the FSMA 2000, investments or deposits in the Fund are not covered by the Financial Services Compensation Scheme. The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund.

## Risk Warning

The value of the Fund's shares and their income can fall as well as rise and an investor may not get back the amount originally invested. Past performance is no guarantee of future returns. The Fund's share value will reflect fluctuations in share prices. The shares in the Fund are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each weekly Dealing Day. The Fund mainly invests in stocks from a single geographical area which can lead to risk of concentration.

## Material Interests and Conflicts

The Fund has power to invest in The CBF Church of England Deposit Fund and a rebate of charges is made to ensure no double charging of the management fee. The Manager operates a client relationship management service to offer suitable support to Church Trusts. It should be noted that this service is associated with The CBF Church of England Funds and that The CBF Church of England Investment Fund owns 56% of the share capital of the

Manager.

## Conflicts of Interest Policy

CCLA operates a Conflicts of Interest Policy to ensure that its clients are treated fairly. Our policy seeks to avoid circumstances which we consider may give rise to potential conflicts of interest and materially disadvantage our clients. It describes the controls and arrangements for preventing CCLA and its staff from:

- favouring one client above another;
- market abuse and disclosing confidential information;
- giving or receiving gifts and entertainment, monetary or otherwise that would be in breach of our Conflicts of Interest Policy;
- favouring one of CCLA's owners, The CBF Church of England Investment Fund (56%), COIF Charities Investment Fund (23%), the Local Authorities' Mutual Investment Trust (14%) and the Executive Directors of CCLA (7%) at the disadvantage of its clients;
- not disclosing CCLA's close association with The CBF Church of England Funds, COIF Charity Funds and the Local Authorities' Property Fund or its ownership (above); and
- not disclosing any remaining conflicts of interest to our clients before we advise or transact on their behalf.

Full details of CCLA's Conflicts of Interest Policy are available on request and on the website [www.ccla.co.uk](http://www.ccla.co.uk)

## Winding Up

The Trustee has the power to wind up the Fund in accordance with the Church Funds Investment Measure 1958 (as amended or replaced from time to time).

## Acceptance of Terms and Conditions

By completing the Application Form to purchase shares, the Shareholder acknowledges and accepts the terms and conditions of the shareholding and agrees to be bound by the provisions of this Scheme Information and of the Church Funds Investment Measure 1958 (as amended or replaced from time to time).

## Amendments

The Trustee and Manager reserve the right to amend these terms and conditions at any time. Shareholders will receive notice of any amendment material to them. All current schemes are available on [www.ccla.co.uk](http://www.ccla.co.uk) or by request please contact our Client Services department on 0800 022 3505.

## Applicable Law

Any agreement to invest in the Fund is governed by English law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules, the latter shall prevail.

This Scheme Information summarises the terms on which the Fund operates. For further information as to the terms on which shares of the Fund are issued, reference should be made to the Church Funds Investment Measure 1958 (as amended or replaced from time to time). Copies are available on request from the Manager and the Trustee.

## Data Protection

The Manager is a data controller in accordance with the Data Protection Legislation and will hold personal data about each Unitholder's representatives (referred to below as "representatives") that has been supplied to the Manager (whether by the representative, a Unitholder or otherwise) as set out in CCLA's Privacy Notice. Each Unitholder agrees to ensure that the contact details and other personal data provided for it and its representatives to the Manager remains up to date at all times.

The Unitholder acknowledges that the Fund may invest in investment schemes operated and managed by the Manager and/or by third parties (referred to below as "investment schemes") and that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes. The Manager will not pass on any personal data to any other third party or permit the investment schemes to pass the personal data to third parties except: (i) where, in relation to the performance of its services to the Unitholder, the Manager (or the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder; or (iii) where required to do so for legal or regulatory purposes as set out in CCLA's Privacy Notice.

The Manager (and the investment schemes) may keep records of all business transactions for at least five years. Unitholders have a right to inspect copies of contract notes and entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under applicable data protection legislation, including the right to access copies of their personal data and change the permissions given in respect of the processing of it. The Manager will treat all Unitholders' records as confidential and so reserves the right to provide copies of the Unitholder/representative's particular record, rather than allow access to files which may contain information about other Unitholders. Requests to access the above records/personal data or to exercise any other rights under applicable data protection legislation should be directed to The Data Protection Adviser at the Manager's office, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

## Telephone and electronic communications

The Manager, in accordance with the Regulatory Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Regulations.

## Scheme Information

Any person relying on the information contained in this document which was current at the date shown, should check with the Manager that the document is the most current version and that no revisions or corrections have been made to the information contained herein. Copies of this document are available free of charge.

## Additional Information

A Shareholder is entitled to request an unaudited periodic report to be provided within 25 days after the end of the period to which it relates.

The Manager will make available copies of the Scheme Information, Factsheets, current Investment Policy and annual and half yearly report and accounts, free of charge, on its website [www.ccla.co.uk](http://www.ccla.co.uk)

If a hard copy or an email copy of any of these documents or the Scheme Rules is required, please contact customer services on telephone helpline 0800 022 3505.

## Appendix 1

### The Board of CBFFT

The members of the CBFFT Board are:

R. Williams (Chairman and Non-Executive Director of CCLA)

A. Brookes

Rev. Canon E. Carter

S. Chan

C. Johnson

N. Lewis

G. Pollard

P. Read

Rev. Dr R. Turnbull

M. Woodmore

### Address of the Trustee and Operator

The Registered Office of the Trustee and Operator of the Fund is at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

### Oversight

CBFFT has appointed HSBC Bank plc Trustee and Depositary Services to oversee CCLA in respect of its activities related to the management and administration of the Fund and to provide semi-annual reviews of its findings to CBFFT.

### The Manager

The Manager, CCLA Investment Management Limited, is a limited liability company registered in England and Wales with its Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET. Incorporated on 26 October 1987.

The directors of CCLA are:

R. Horlick (Chairman)\*

J. Bevan

A. McMillan

R. Norris\*

M. Quicke

A. Robinson

T. Salmon\*

J. Tattersall\*

R. Williams\*

(\* indicates a Non-Executive Director)

The Manager also manages The CBF Church of England Global Equity Income Fund, The CBF Church of England Fixed Interest Securities Fund, The CBF Church of England Property Fund, The CBF Church of England Investment Fund and The CBF Church of England Deposit Fund.

CCLA's Customer Telephone Helpline Number is 0800 022 3505. Please note telephone calls may be recorded.

### **Registrar**

The Registrar of the Fund is CCLA Investment Management Limited. The Register of Depositors may be inspected at the Registered Office of CCLA Investment Management Limited.

### **Custodian**

The Custodian to the Fund is HSBC Bank plc, 8 Canada Square, London, E14 5HQ.

### **Regulator**

CCLA Investment Management Limited is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS.

### **Administrator**

HSBC Bank Plc, 8 Canada Square, Canary Wharf, London, E14 5HQ, who undertake the Fund Pricing and Fund Accounting activities.

### **Auditor**

The Auditor of the Fund is PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

### **Address for Complaints**

Complaints regarding the operation of the Fund or the Manager should be addressed to The Head of Client Services, CCLA Investment Management Limited is located at Senator House, 85 Queen Victoria Street, London EC4V 4ET or The Company Secretary, CBFFT, Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Shareholders who are eligible complainants may have the right to complain directly to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR. (Telephone 0845 0801800).

# **CCLA**

CCLA Investment Management Limited

Client Services:

Freephone: 0800 022 3505

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

CCLA Investment Management Limited registered in England No. 2183088 – whose registered office is Senator House, 85 Queen Victoria Street, London EC4V 4ET is authorised and regulated by the Financial Conduct Authority.