

# Understanding our fund costs and charges

All funds are subject to management fees and costs incurred when investing. This document aims to make our charging structure transparent and easier to understand.

European legislation requires asset managers to provide details of the ongoing charges for their funds to help investors understand and compare charges as easily as possible.

While the largest component of costs is typically the annual management charge paid to the asset manager for the management of the fund, there are a number of other costs and charges borne by funds. These charges are deducted from the pooled assets of the fund and reflected in the fund's published price.

## What is the ongoing charges figure?

The ongoing charges figure (OCF) is a regulated industry standard way of measuring the total effect of a number of these charges. It provides you with the most complete picture of the charges deducted from a fund.

The OCF is the sum of two components: these are the fund management fee (FMF) and the cost of the underlying investments when investing in other funds. These are explained in the following paragraphs.

## What is the fund management fee?

The fund management fee (FMF) includes the annual management charge (AMC), VAT (if applicable), as well as other costs for services such as keeping a register of investors, calculating the price of the fund's units and keeping the fund's assets safe.

Specifically, the FMF consists of the following:

### Annual management charge (AMC)

CCLA charges a fee called an AMC for managing your investments. This is calculated as a percentage of the value of your portfolio.

### Value added tax (VAT)

The tax implications of our funds differ depending on the structure of the fund.

Our common investment funds, which are only available to UK charity investors, enjoy some tax benefits, such as no stamp duty and special tax status on United States dividends.

The COIF and CBF funds are subject to VAT on the AMC. However, VAT is recoverable on our property funds. The Diversified Income Fund is not subject to VAT.

## Other costs

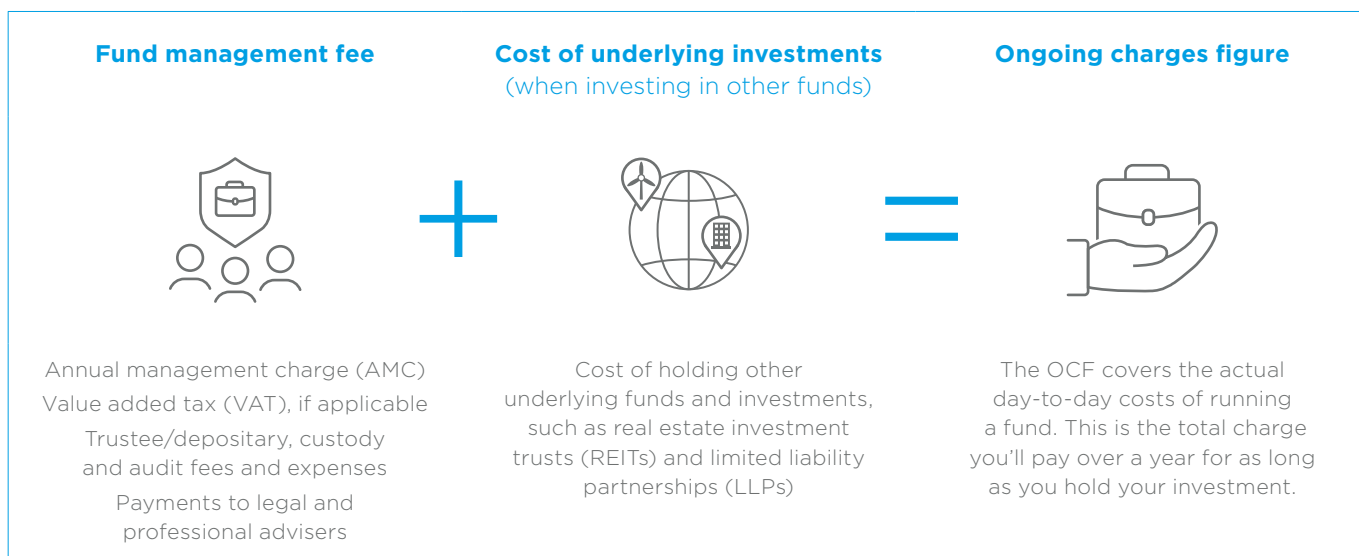
The main elements of these costs are associated with payments to the:

- trustee/depositary who has legal ownership of the fund's assets
- external and independent auditor who verifies the fund's accounts
- custodian who is responsible for safeguarding the fund's assets
- legal and professional advisers appointed.

## Cost of underlying investments

Some of our funds invest in specialist funds to obtain a greater level of diversification. This strategy allows investors to gain exposure to asset classes and investment types that they might otherwise be unable to access. These may include external funds and investments such as real estate investment trusts (REITs) and limited liability partnerships (LLPs).

For complete transparency, we include the AMC and ongoing charges associated with investing in these types of underlying funds and investments on a pro-rata basis. Including these costs in our OCF, gives you the best indication of the cost of investing in our funds.



### Are there any further costs apart from the OCF?

#### Performance fees

CCLA funds are not subject to fees based on the performance of funds.

#### Entry and exit charges

CCLA funds have no entry or exit charges. Instead there is a 'spread' between the transaction price and the balance sheet or 'mid' price of units in each of our dual-priced funds. This is to ensure that the administrative cost of buying and selling units is borne by the transacting investors, not by investors with unchanged unit holdings.

The dilution levy applied to the Diversified Income Fund has the same effect as the spread.

#### Portfolio transaction costs

Some of our funds incur costs associated with the purchase and sale of shares and other types of investments. These activities involve a level of trading and the costs that arise because of that trading are known as transaction costs.

Some transaction costs are explicit and some are implicit:

#### Explicit costs

These are directly observable costs which are charged to and paid by the fund. Costs may include:

- taxes and levies (such as stamp duty reserve tax)
- broker commissions (fees which are charged in order to buy and sell investments such as equities).

#### Implicit costs

These costs are not an actual discrete cost charged to a fund.

An example of such a cost would be where a large trade is placed which moves the market, meaning that the price achieved is different than expected. Asset managers must calculate the difference between the price at which the asset is valued immediately before an order is placed and the price at which it is actually traded. This approach also aims to capture other less readily identifiable costs, such as the impact the trade has on the price of the asset when it enters the market.

### How are fees charged?

Ongoing charges are automatically taken from the fund; they are not charged directly to you.

The AMC is accrued daily or monthly depending on the fund, and is based on a fixed percentage of the value of the fund at the previous valuation.

### Do I have to subtract the fees from the fund performance numbers?

No. Our fund performance is provided net of all fees. Therefore, the fees are factored into the returns you see.

### How much will I pay to invest in a CCLA fund?

Here's an example. It is just an estimate and to keep things simple, we have not included any investment growth.

If you have £10,000 of capital invested in the COIF Charities Investment Fund, we estimate it will cost you £101 in ongoing charges per year to invest with us.

**£10,000 x 1.01% = £101**

# Costs and charges for our funds

<b>September 2020</b>	Annual management charge (AMC)	Value added tax (VAT) <sup>1</sup>	Other costs	<b>Fund management fee (FMF)<sup>2</sup></b>	Cost of underlying investments (when investing in other funds) <sup>3</sup>	<b>Ongoing charges figure (OCF)</b>	Portfolio transaction costs <sup>4</sup>
<b>Multi-asset funds</b>							
COIF Charities Ethical Investment Fund	0.60%	0.12%	0.02%	<b>0.74%</b>	0.30%	<b>1.04%</b>	0.19%
COIF Charities Investment Fund	0.60%	0.12%	0.02%	<b>0.74%</b>	0.27%	<b>1.01%</b>	0.18%
CBF Church of England Investment Fund	0.55%	0.11%	0.02%	<b>0.68%</b>	0.26%	<b>0.94%</b>	0.18%
Diversified Income Fund	0.60%	0.00%	0.09%	<b>0.69%</b>	0.69%	<b>1.38%</b>	0.18%
<b>Equity funds</b>							
COIF Charities Global Equity Income Fund	0.75%	0.15%	0.05%	<b>0.95%</b>	0.00%	<b>0.95%</b>	0.16%
CBF Church of England Global Equity Income Fund	0.75%	0.15%	0.05%	<b>0.95%</b>	0.00%	<b>0.95%</b>	0.14%
CBF Church of England UK Equity Fund	0.50%	0.10%	0.07%	<b>0.67%</b>	0.17%	<b>0.84%</b>	0.13%
<b>Fixed interest funds</b>							
COIF Charities Fixed Interest Fund	0.22%	0.04%	0.05%	<b>0.31%</b>	0.00%	<b>0.31%</b>	0.00%
CBF Church of England Fixed Interest Fund	0.22%	0.04%	0.10%	<b>0.36%</b>	0.00%	<b>0.36%</b>	0.00%
<b>Cash funds</b>							
COIF Charities Deposit Fund	0.19%	0.04%	0.01%	<b>0.24%</b>	0.00%	<b>0.24%</b>	0.00%
CBF Church of England Deposit Fund	0.20%	0.04%	0.02%	<b>0.26%</b>	0.00%	<b>0.26%</b>	0.00%
Public Sector Deposit Fund	0.07%	0.00%	0.01%	<b>0.08%</b>	0.00%	<b>0.08%</b>	0.00%
<b>Property funds</b>							
COIF Charities Property Fund	0.64%	0.00%	0.04%	<b>0.68%</b>	0.00%	<b>0.71%</b>	0.36%
CBF Church of England Property Fund	0.65%	0.00%	0.01%	<b>0.66%</b>	0.00%	<b>0.66%</b>	0.36%
Local Authorities Property Fund	0.64%	0.00%	0.07%	<b>0.71%</b>	0.00%	<b>0.71%</b>	0.40%

1 VAT charged to the property funds is recoverable.

2 The fund management fee (FMF) includes CCLA's annual management charge (AMC), trustee/depositary costs, audit, custody, legal and professional, other fees (such as Fitch ratings).

3 The underlying investment costs are the pro-rata amount of charges of relevant underlying investments (e.g. funds, REITs, LLPs).

4 Portfolio transaction costs include direct fund transaction costs (such as commissions/taxes and market impact/slippage) plus the pro-rata amount of portfolio transaction costs of relevant underlying investments (e.g. funds, REITs, LLPs).

## Disclosures

This document is not a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. To ensure you understand whether a CCLA product is suitable, please read the fund fact sheet document and the scheme particulars. CCLA strongly recommends you seek independent professional advice prior to investing. Investors should consider the risk factors identified in the scheme particulars.

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 CCLA's current opinions, expectations and projections. CCLA undertakes no obligations to update or revise these. Actual results could differ materially from those anticipated.

Some of the CCLA funds are not covered by the Financial Services Compensation Scheme (FSCS). CCLA Investment Management Limited (registered in England & Wales No. 2183088 at Senator House, 85 Queen Victoria Street, London, EC4V 4ET) is authorised and regulated by the Financial Conduct Authority.

## WANT TO KNOW MORE?

Please contact:

**Sharika Sharma**

Head of Business Development

[sharika.sharma@ccla.co.uk](mailto:sharika.sharma@ccla.co.uk)

020 7489 6102

# CCLA

BECAUSE GOOD IS BETTER