CCLA

QUARTERLY BULLETIN
30 June 2019

Property sector update

The long uptrend in commercial property prices came to an end in the final months of 2018. Since then, capital values overall have dipped, but total returns have remained positive due to the high level of income the sector provides. In this note we review what's been happening in the property market and consider the outlook for returns in the period ahead.

The cause of the decline in prices was unusual in that it was not the result of a general fall in sector values, but instead weakness in one sub-sector; retail. In contrast, valuations elsewhere continued to rise, albeit at more modest rates. There was persistent demand for industrial assets, which benefit from the growth in internet shopping, for regional offices and for specialist areas such as hotels, which offer long-term, inflation-protected rental flows. Despite this progress, however, the fall in retail asset pricing was sufficiently severe to pull the overall sector indices into negative territory for the first time since the Referendum.

Retail asset values came under pressure from a series of specific factors. These included concerns over excess space, the long-term impact of internet-based competition, the weakness of retail tenants, and the pressure on profitability of flat sales volumes, higher wage costs and sharp rises in business rates. Initially pressure was concentrated in the high street and secondary shopping centres, but inevitably spread to related sectors, such as retail warehouses and then, beyond the boundaries of retail, to slow momentum in areas such as offices and industrials.

Compounding the problem was that these developments coincided with an increasingly challenging background of heightened Brexit concerns and weakening economic growth. Whilst these did not have a noticeable direct impact on property values, they did affect transaction volumes, which fell as investors chose to stand back from activity until the outlook became clearer. As dealing volumes fell, so valuers were forced to rely less on actual data and more on estimates and observations to provide valuations, conditions which tend to have a cautionary influence on prices.

A key comfort to investors has been that, despite the decline in capital values, total returns have remained positive due to the high level of reliable income the sector provides - property remains the highest yielding of the major asset classes.

Looking forward, we expect investment returns from property to continue along the path followed so far in 2019. The prospects for retail assets remain clouded, despite recent price weakness which has improved relative value. Finding new sources of performance within the sector will be difficult because, while there is strong underlying support for areas such as industrial assets and regional offices, in a relatively mature economic cycle, it is unlikely that any sub-sector has the potential to materially affect the prospects for the sector as a whole. This is an environment where the difference in returns between the various parts of the sector will remain wide, making asset allocation a key contributor to overall performance. With general market-sourced gains fading, active management too will be important, minimising voids and finding opportunities to create value in a fragmented and disjointed market. Income is likely to remain the dominant source of performance. An active strategy, underpinned by a secure and above average income, such as that provided by the COIF and CBF property funds, should support both absolute and relative returns in the period ahead.

A note from Michael Quicke, OBE

I retire as Chief Executive of CCLA in July and, as a result, this will be my last report to you. I wanted to thank you personally for the confidence that you have shown in CCLA by allowing us to manage these funds for you. It is a rare privilege to work with such a wide range of different charities, help you make the most of your money and contribute to the impact that you are making on society.

The world of charity investment has evolved considerably over my thirteen years as Chief Executive, with regular changes in political and economic conditions, and an ever-tightening regulatory environment. Our job, however, remains constant, to deliver the distributions you need and grow the real value of your capital whilst respecting your ethics.

Whilst different clients will have different ethical requirements, all our funds are run with the same engaged and responsible approach. This ensures that we are good stewards of your money and reflects our strongly held belief that this will deliver enhanced and more sustainable long-term returns. In an environment where high-quality financial data is available almost instantly to all investors, analysis of corporate strategy, philosophy and behaviour helps us to identify companies more likely to make mistakes and destroy shareholder value.

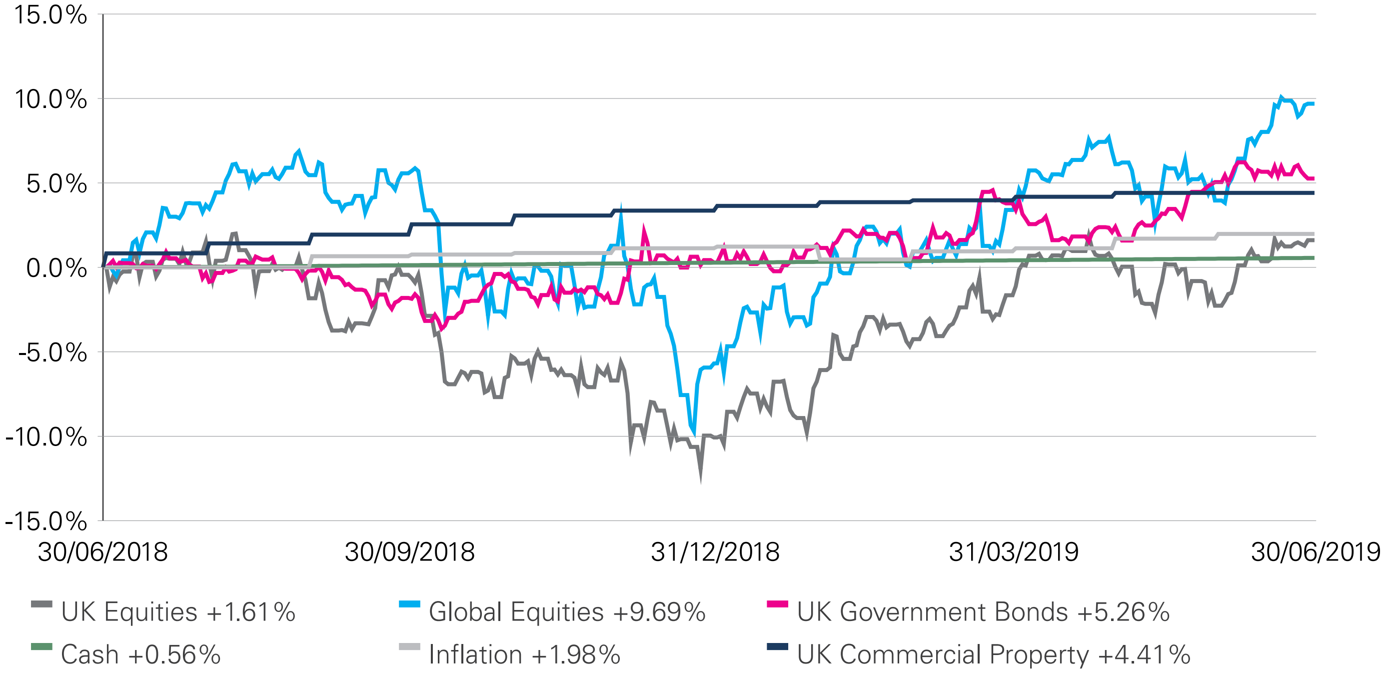
Following a very thorough recruitment process, we have appointed Peter Hugh Smith as CCLA's new Chief Executive. Peter has a wealth of experience in investment management, having held senior roles in the investment management industry both domestically and internationally. He has a strong empathy with the charity sector and is committed to continuing and improving the performance and service we provide to you and all our clients.

Many thanks for your support in the past, and we look forward to working with you long into the future.

Michael Quicke, OBE

Chief Executive

Markets at a Glance - 12 Months to end June 2019



Source: CCLA

Quarterly Market Review & Outlook

Global equity markets rose over the quarter. Strong initial progress was pared-back in the middle of the period due to trade friction concerns, but sentiment gradually recovered as investors increasingly looked forward to lower interest rates, initially in the US, but more widely over time. Ironically, one factor supporting the expectation of lower borrowing costs to come was the disappointing lack of momentum in the world economy. Weak manufacturing volumes proved to be a particular challenge for Europe, whilst Asian economies were held back by slower growth in China and the concerns for future regional activity, if the trade dispute between China and the US should worsen. In the UK, economic data continued to reflect Brexit factors, which made an analysis of the underlying trends difficult. What is clear, however, is that underlying activity levels are flat, with little or no growth expected for the current period. Against this background, the global equity market gave a total return to a UK-based investor of 6.22%, a level boosted by currency factors following sterling's weakness. All the major regional indices rose, but progress was not even. Europe was the strongest performer, gaining 8.83%, followed by the US, 6.75% higher. Asia improved too, by 3.36% and in Japan the market was up by 2.88%. At the individual country level, four European markets returned more than 10%, with Greece, up by 22.83%, leading the way. In Asia only one country, Thailand, made double digit gains, improving by 12.18%. At the other end of the list, values in China dipped by -1.47% and prices fell more substantially in Pakistan, reflecting the financial crisis in that country. The UK indices rose by 3.26%, a gain which brings the return for 2019 to date to 12.97% and to 1.61% for the past 12 months.

The domestic fixed interest market also gave positive returns. In the early weeks of the period investors were unsettled by political issues, but prices then improved, reflecting the growing conviction that global interest rates would move lower. Government bonds rose, but the gains in corporate issues were greater as investors favoured longer-dated and lower credit-rated issues. Property values declined, due principally to the weakness in the retail sub-sector. Conditions were more stable elsewhere in the sector and this, together with the steady flow of income, kept overall returns positive. Sterling weakened, losing -2.60% against the dollar, -3.91% against the euro and -5.20% against the yen.

We expect the world economy to continue to expand for the balance of 2019, albeit at a moderate level. The rate of growth will slow in the US, as the benefits of tax cuts pass, but reduced trade concerns and the gradual benefits of lower interest rates should support activity, as will higher consumer expenditure, boosted by low unemployment and wages that are rising in real terms.

An environment of a supportive monetary policy and continued growth should provide a foundation for positive investment returns. Confidence will remain exposed to developments in issues such as trade and interest rates, which could result in periods of increased volatility, but economic growth, and the rising earnings it provides, should support equities over time. Fixed interest markets will also benefit from falling interest rates, but yields are too low to provide supportive returns for those seeking to protect real values from inflation.

Distributions for the Quarter

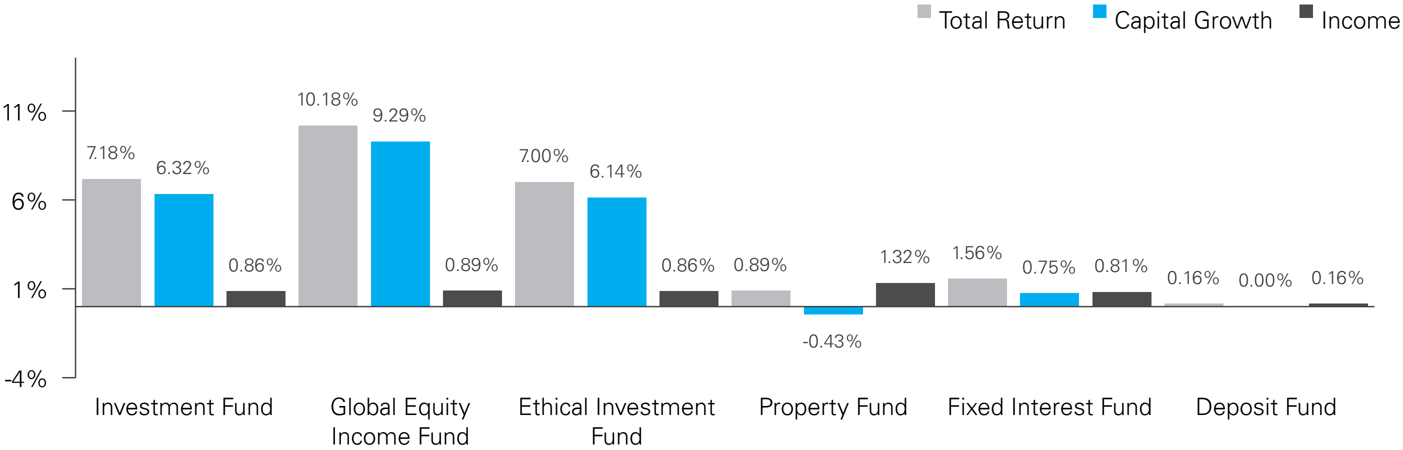
COIF Charities Fund	Distribution per Income unit	Payment Date	
Investment Fund	13.19p	30/08/19	• The payment has been maintained at the rate paid for the equivalent period in 2018.
Ethical Investment Fund	2.02p	30/08/19	• The payment has been maintained at the rate paid for the equivalent period in 2018.
Global Equity Income Fund	1.64p	30/08/19	• The payment has been maintained at the rate paid for the equivalent period in 2018.
Property Fund	1.57p	30/08/19	• The payment has been maintained at the rate paid for the equivalent period in 2018.
Fixed Interest Fund	1.11p	30/08/19	• The payment has been maintained at the rate paid for the equivalent period in 2018.

Rates for the Quarter

COIF Charities Deposit Fund		
Yield at the quarter end	0.6361% (0.6380% A.Y.)*	• Market yields have been broadly unchanged over the period. The decline in the rate paid to holders reflects the impact of a more restrictive investment policy which is mandatory under new industry regulations.
Average yield over the quarter	0.6454% (0.6473% A.Y.)*	• Income payments will reflect those available from top-quality borrowers.
		• The Fund is rated AAAmmf by Fitch Ratings. AAAmmf is the highest fund rating available.

* A.Y. = Annualised Yield, which illustrates what the annual yield would be if the monthly income distributions were compounded over the year.

Fund Performance
The COIF Charity Funds over the quarter (net)



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

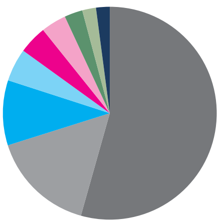
Fund Report

COIF Charities Investment Fund

- The economic backcloth to the period was one of growth, but at a moderating pace as the rate of expansion in the US slowed and activity continued below expected levels in Europe and China. Inflation remained subdued and expectations for interest rates changed to anticipate reductions, first in the US and then more widely. An environment of growth and falling borrowing costs proved to be supportive for investment markets and all the major asset classes achieved positive returns. Equities were the strongest performers. The global equity index gave a total return to a sterling-based investor of 6.22%; the domestic UK index, 3.26%. Fixed interest securities also proved popular, pushing bond yields lower in the process. In the UK, the sector suffered initially from political uncertainty, but rallied later to give positive returns overall. In the property sector, values eased back, but total returns were supported by the sector's high income.

- On a gross basis, the Fund returned 7.35% during the quarter compared to a return on the comparator of 4.22%. Over the past 12 months the respective returns are 12.97% and 6.21%. Asset allocation had a positive impact on relative returns, but the dominant contribution came from stock selection; there was broad investor support for good-quality growth companies, of the sort which dominate the portfolio. In particular, there were strong performances from holdings in the health, I.T., and consumer staples sectors. The low weighting to banks was also a positive, as this sector underperformed.

*Asset Allocation



- Overseas Equities 54.36%
- UK Equities 15.76%
- Infrastructure & Operating Assets 9.88%
- Property 4.99%
- Cash and Near Cash 4.29%
- Contractual & Other Income 3.82%
- Fixed Interest 2.75%
- Private Equity & Other 2.08%
- Multi Asset 2.07%

Overseas Equities	%
North America	31.03
Developed Europe	13.44
Asia Pacific ex Japan	4.62
Multi Geography	3.06
Japan	1.86
Other Americas	0.35
Total	54.36

The annual management fee is 0.60% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period

Discrete year total return performance (gross) %

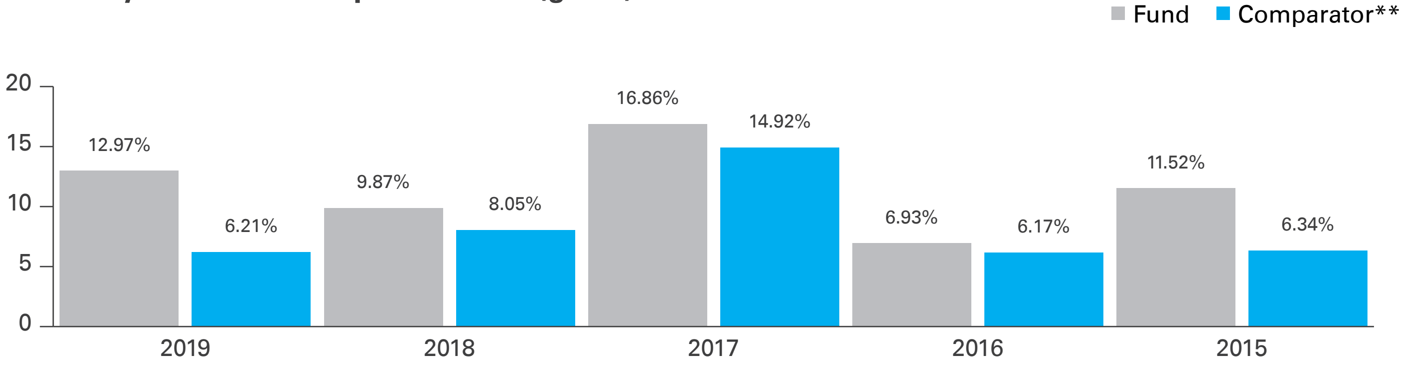
12 months to 30 June	2019	2018	2017	2016	2015
COIF Charities Investment Fund	12.97	9.87	16.86	6.93	11.52
Comparator**	6.21	8.05	14.92	6.17	6.34

Annualised total return performance (gross) %

Performance to 30 June 2019	1 year	3 years	5 years
COIF Charities Investment Fund	12.97	13.20	11.58
Comparator**	6.21	9.66	8.29

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

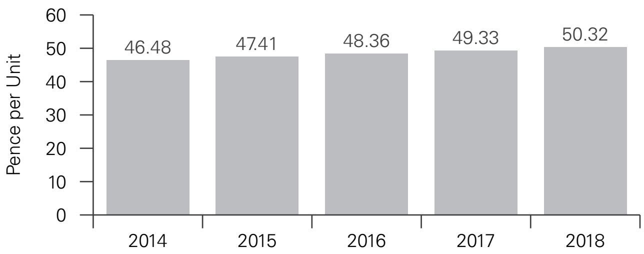
Discrete year total return performance (gross) %



Most overweight companies relative to equity indices as at 30 June 2019

Heineken NV	2.21%	RELX	1.51%
Nestle	1.94%	Nasdaq	1.48%
AIA Group	1.65%	Tencent Holdings	1.44%
Unilever	1.60%	London Stock Exchange	1.42%
Fidelity Nat Info	1.56%	SAP SE	1.40%

Past distributions



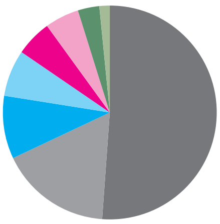
The annual management fee is 0.60% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

COIF Charities Ethical Investment Fund

- The economic backcloth to the period was one of growth, but at a moderating pace as the rate of expansion in the US slowed and activity continued below expected levels in Europe and China. Inflation remained subdued and expectations for interest rates changed to anticipate reductions, first in the US and then more widely. An environment of growth and falling borrowing costs proved to be supportive for investment markets and all the major asset classes achieved positive returns. Equities were the strongest performers. The global equity index gave a total return to a sterling-based investor of 6.22%; the domestic UK index, 3.26%. Fixed interest securities also proved popular, pushing bond yields lower in the process. In the UK, the sector suffered initially from political uncertainty, but rallied later to give positive returns overall. In the property sector, values eased back, but total returns were supported by the sector's high income.

- On a gross basis, the Fund returned 7.21% during the quarter compared to a return on the comparator of 4.22%. Over the past 12 months the respective returns are 12.68% and 6.21%. Asset allocation had a positive impact on relative returns, but the dominant contribution came from stock selection; there was broad investor support for good-quality growth companies, of the sort which dominate the portfolio. In particular, there were strong performances from holdings in the health, I.T., and consumer staples sectors. The low weighting to banks was also a positive, as this sector underperformed.

*Asset Allocation



- Overseas Equities 51.14%
- UK Equities 16.85%
- Infrastructure & Operating Assets 9.52%
- Cash and Near Cash 7.04%
- Property 5.46%
- Contractual & Other Income 5.17%
- Fixed Interest 3.25%
- Private Equity & Other 1.57%

Overseas Equities	%
North America	31.87
Developed Europe	12.15
Asia Pacific ex Japan	5.17
Japan	1.95
Total	51.14

Discrete year total return performance (gross) %

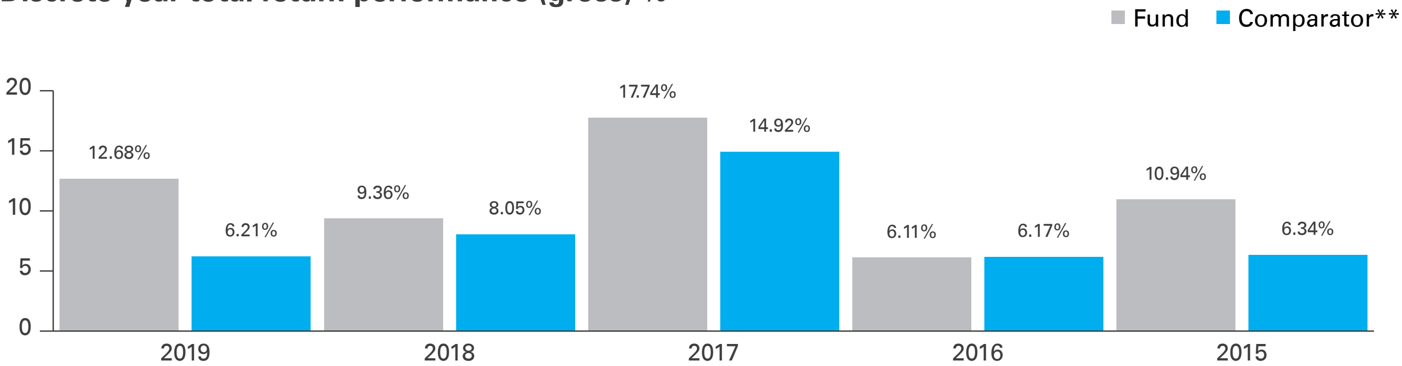
12 months to 30 June	**2019**	**2018**	**2017**	**2016**	**2015**
COIF Charities Ethical Investment Fund	12.68	9.36	17.74	6.11	10.94
Comparator**	6.21	8.05	14.92	6.17	6.34

Annualised total return performance (gross) %

Performance to 30 June 2019	**1 year**	**3 years**	**5 years**
COIF Charities Ethical Investment Fund	12.68	13.21	11.30
Comparator**	6.21	9.66	8.29

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

Discrete year total return performance (gross) %

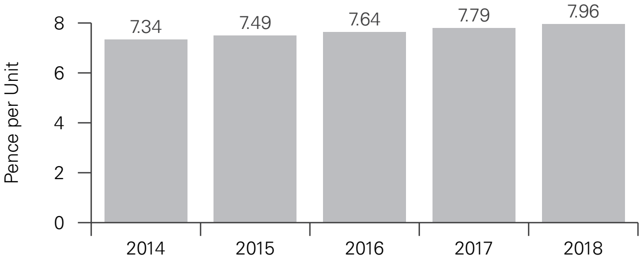


The annual management fee is 0.60% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period

Most overweight companies relative to equity indices as at 30 June 2019

Unilever	2.90%	RELX	1.61%
Nestle	2.63%	Sonic Healthcare	1.60%
Stryker Corp	1.70%	Fidelity Nat Info	1.58%
Experian	1.63%	PepsiCo	1.46%
AIA Group	1.62%	Roche Holding	1.46%

Past distributions



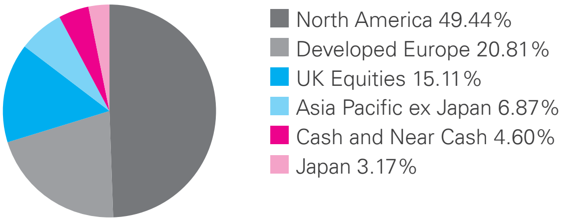
The annual management fee is 0.60% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

COIF Charities Global Equity Income Fund

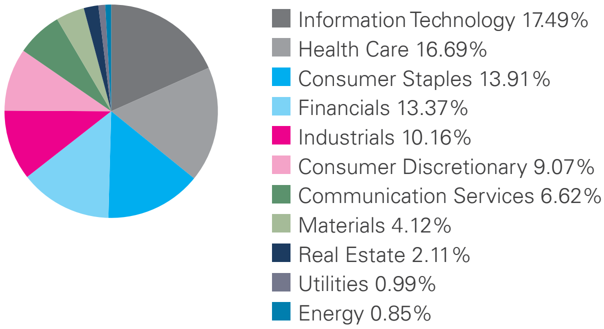
- The global economy grew over the period, but at a pace which did not match earlier, optimistic, expectations. Growth in the US moderated as the boost from tax cuts and increased government spending passed, while activity levels in Europe, including the UK, disappointed. Inflation remained subdued and, against this background, investors increasingly discounted moves to lower interest rates, initially in the US and then more widely. Expectations of lower borrowing costs and optimism for an easing of the trade tension between China and the US, gave strong support to equity prices and all the major indices achieved progress. Europe gave the strongest returns to a UK-based investor, at 8.83%; the return from the US was 6.75%, from Asia 3.36% and from Japan, 2.88%. Returns from the UK totalled 3.67%. At the individual country level, Greece led the way in Europe, up by 22.83%. Four other markets were up by 10% or more. Most Asian markets also moved ahead with Thailand, 12.18% higher, the best performer.

- On a gross basis, the Fund returned 10.48% during the quarter compared to a return on the comparator of 6.48%. Over the past 12 months the respective returns are 18.32% and 10.30%. Relative performance was primarily supported by stock selection, with strong returns from companies in I.T. and health industries, parts of the financial sector and consumer staples related stocks.

*Asset Allocation



*Sector Allocation



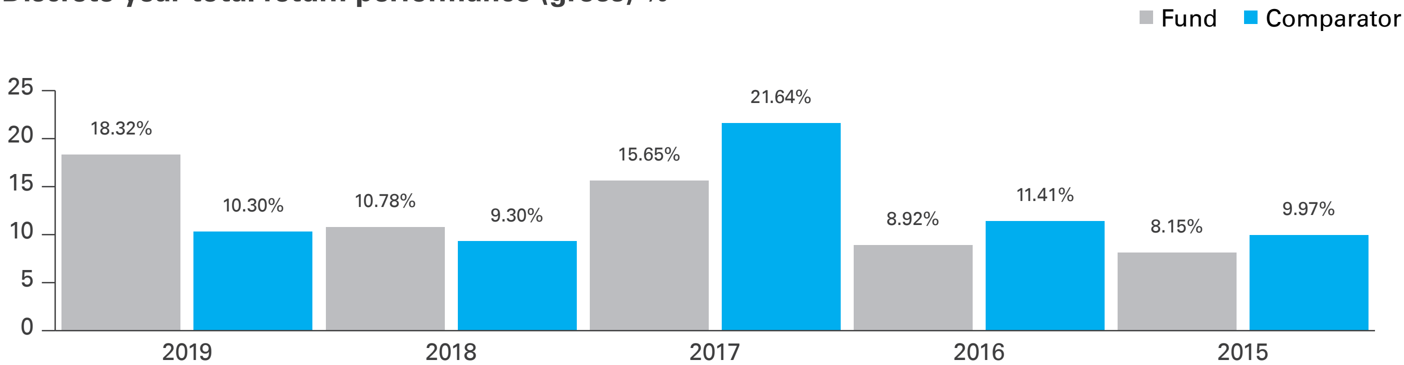
Discrete year total return performance (gross) %

12 months to 30 June	2019	2018	2017	2016	2015
COIF Charities Global Equity Income Fund	18.32	10.78	15.65	8.92	8.15
Comparator	10.30	9.30	21.64	11.41	9.97

Performance to 30 June 2019	1 year	3 years	5 years
COIF Charities Global Equity Income Fund	18.32	14.87	12.30
Comparator	10.30	13.61	12.43

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

Discrete year total return performance (gross) %

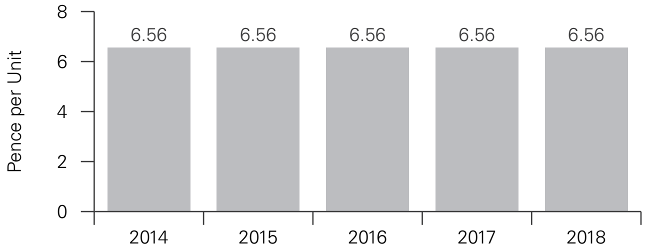


The annual management fee is 0.75% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset and Sector allocation as at end of period.

Most overweight companies relative to equity indices as at 30 June 2019

Unilever	2.76%	London Stock Exchange	1.73%
Heineken NV	2.14%	Nasdaq	1.73%
RELX	1.92%	AIA Group	1.71%
Danaher Corp	1.82%	Adidas	1.70%
Tencent Holdings	1.81%	CME Group	1.67%

Past distributions



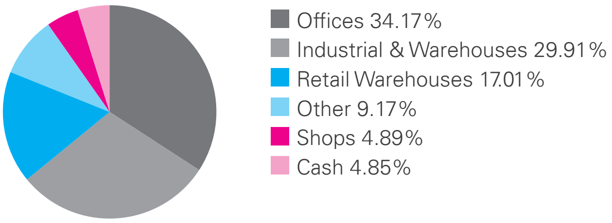
The annual management fee is 0.75% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.

COIF Charities Property Fund

- Commercial property valuations fell over the period, due mainly to weakness in the retail sub-sectors where over supply, poor trading and increased costs all combined to put pressure on profitability. Elsewhere in the sector, although support continued at a high level for industrials and sectors providing assured long-term income, such as hotels, the overall rate of value growth slowed and the pace of rental increases also reduced. Transaction volumes, which fell in the previous quarter, remained at the lower levels as potential sellers, particularly of retail assets, withdrew instructions in unhelpful conditions. The reduced flow of market data made valuations more subjective and increased volatility at the individual asset level.

- On a net basis, the Fund returned 0.89% during the quarter compared to a return on the benchmark of 0.52%. Over the past 12 months the respective returns are 5.60% and 3.93%. Performance was supported by the portfolio's structural bias towards industrials and away from traditional shops and shopping centres.

*Gross asset allocation



Property portfolio details
Top 5 properties: 28.1% of portfolio
Top 5 tenants: 18.6% of rental income
Weighted unexpired lease: 6.4 yrs
Void rate including developments in progress 6.6% (excl. 4.9%)
The Fund has credit facilities which, at quarter end, were not utilised.

Discrete year total return performance (net) %

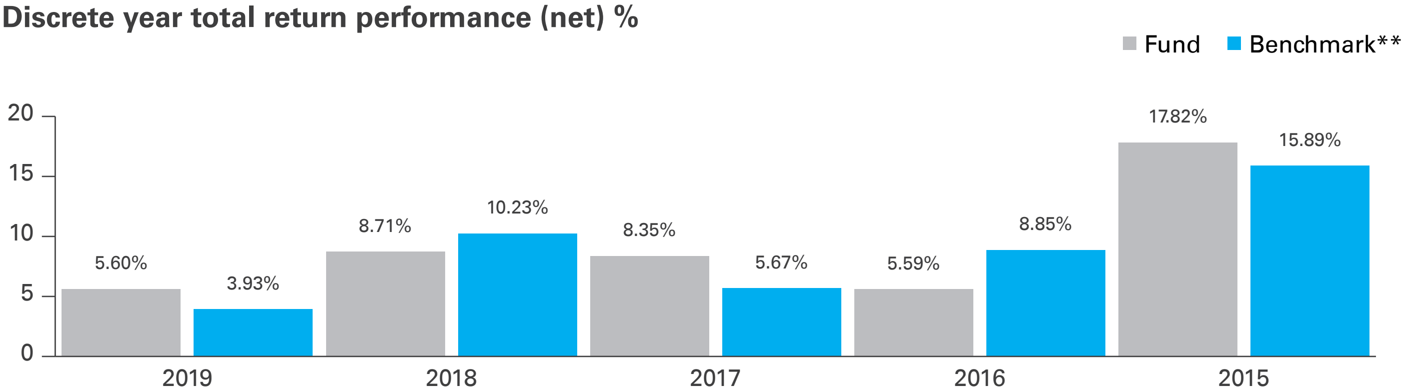
12 months to 30 June	2019	2018	2017	2016	2015
COIF Charities Property Fund	5.60	8.71	8.35	5.59	17.82
Benchmark**	3.93	10.23	5.67	8.85	15.89

Annualised total return performance (net) %

Performance to 30 June 2019	1 year	3 years	5 years
COIF Charities Property Fund	5.60	7.55	9.13
Benchmark**	3.93	6.58	8.84

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

Discrete year total return performance (net) %



Top ten property holdings – total 43.19% as at 30 June 2019

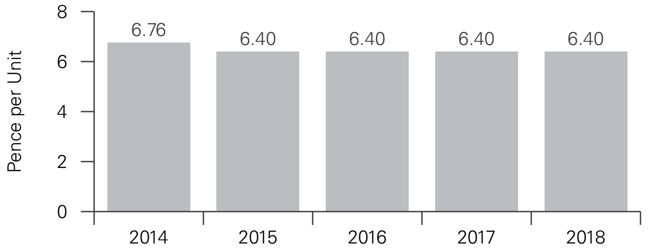
London, Cannon Street	Bath, Westside Hotel
Pavilion Centre Brighton	London, College Hill
Bracknell, Arlington Sq.	Magna Park Lutterworth
Mendlesham, Ind. Est.	Solihull, Gate Retail Park
London, Fetter Lane	Bristol, Aztec West

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

Asset allocation by region and category

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

Past distributions



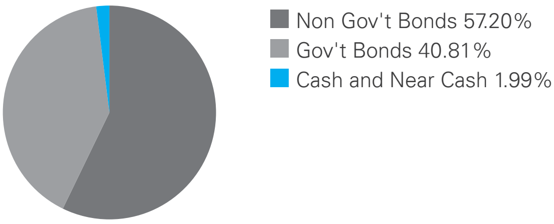
The annual management fee is 0.65% and is deducted from capital. Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

COIF Charities Fixed Interest Fund

- UK economic activity slowed in the quarter, under the influence of Brexit-related uncertainty and the impact of shutdowns in the car industry. Inflation bobbed higher initially, but dipped as Easter-related factors fell out of the comparisons. The Bank of England warned of future interest rate rises, but these were largely ignored by investors. Fixed interest markets fell at the start of the period, but values improved later as the sector rallied on expectations of falling international interest rates. In this environment, corporate bonds outperformed gilts, with longer dated and lower credit rated bonds giving the strongest returns.

- On a gross basis, the Fund returned 1.62% during the quarter compared to a return on the benchmark of 1.70%. Over the past 12 months the respective returns are 4.68% and 5.58%. The key driver of relative performance was the relatively cautious strategy, in place to protect from the negative impact of increased borrowing costs.

*Asset Allocation



By term to maturity

Period	% Fund
0 - 5 years	33.4
5 - 10 years	33.2
10 - 15 years	7.7
Over 15 years	25.7
Duration (modified)	7.9 yrs
Ave term to maturity	10.1 yrs

Discrete year total return performance (gross) %

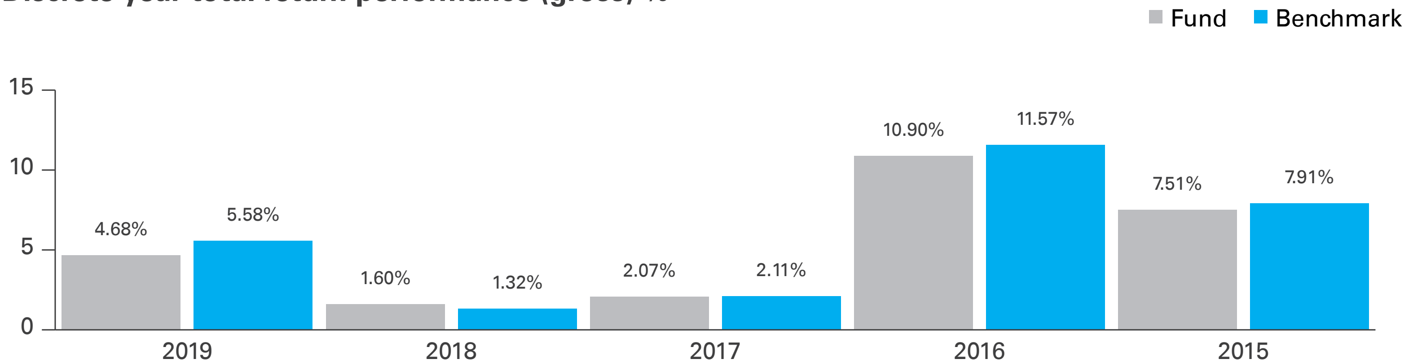
12 months to 30 June	2019	2018	2017	2016	2015
COIF Charities Fixed Interest Fund	4.68	1.60	2.07	10.90	7.51
Benchmark	5.58	1.32	2.11	11.57	7.91

Annualised total return performance (gross) %

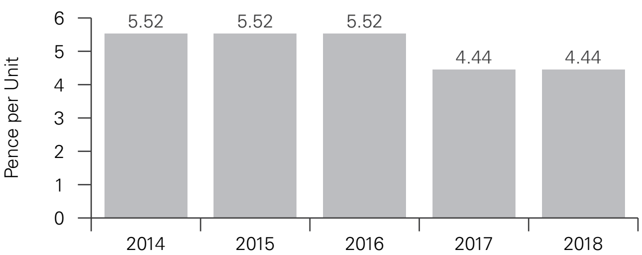
Performance to 30 June 2019	1 year	3 years	5 years
COIF Charities Fixed Interest Fund	4.68	2.77	5.29
Benchmark	5.58	2.99	5.63

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

Discrete year total return performance (gross) %



Past distributions



The annual management fee of the Fixed Interest Funds is 0.22% and is deducted from income. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed. *Asset allocation as at end of period.

COIF Charities Deposit Fund

- UK economic growth faltered in the quarter, held back by Brexit uncertainty and a slowing of growth rates globally. Consumer expenditure was supported by high employment and real wage growth, but investment fell and manufacturing activity weakened significantly.
- Official interest rates were unchanged, despite repeated warnings from the Bank of England that borrowing costs should be expected to rise at some point. In fact, investors, considering the low current level of growth and continued Brexit uncertainties, increasingly took the view that the next move in borrowing costs would be down rather than up.

Discrete year total return performance (gross) %

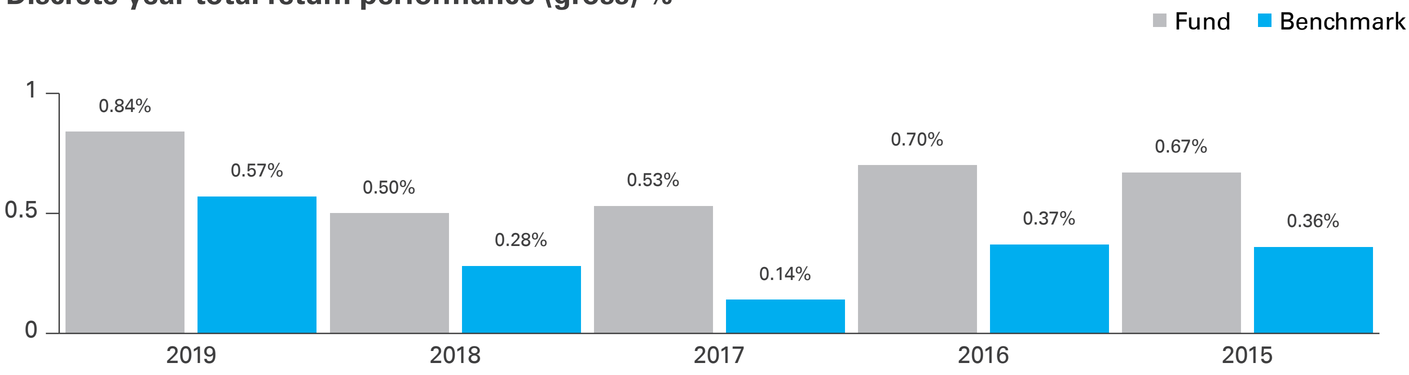
12 months to 30 June	2019	2018	2017	2016	2015
COIF Charities Deposit Fund	0.84	0.50	0.53	0.70	0.67
Benchmark	0.57	0.28	0.14	0.37	0.36

Annualised total return performance (gross) %

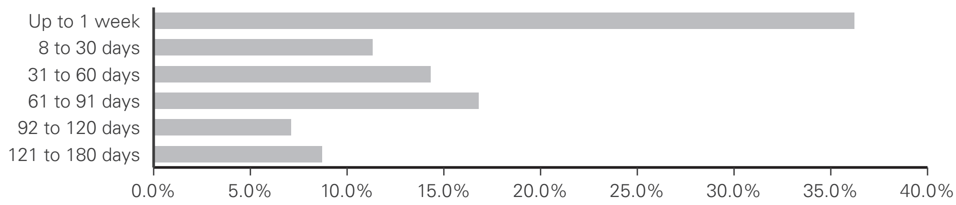
Performance to 30 June 2019	1 year	3 years	5 years
COIF Charities Deposit Fund	0.84	0.62	0.65
Benchmark	0.57	0.33	0.34

Benchmark – London Interbank Sterling 7 Day Bid Rate

Discrete year total return performance (gross) %



The Fund's maturity profile



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

Ethical and Responsible Investment Report

Our work has four strands:

1. Engagement focused on social and environmental issues that are a priority for our clients.
2. Voting and engagement on governance issues to protect shareholder value and address excessive remuneration.
3. Setting constraints on investments and exposure to activities considered unacceptable by our clients.
4. Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment.

Quarterly highlights

- We met the Chairman of Rio Tinto to discuss issues relating to carbon intensity and climate lobbying and to thank the company for their decision to cease involvement in coal extraction. We also continued our support for the UK Government's 'Powering Past Coal Alliance' and supported an investor letter to G20 leaders that called them to take steps to limit temperature rises.

- Alongside an expert advisory committee, we finalised our Mental Health engagement principles. This engagement will encourage large UK employers to take further steps to safeguard their staff's health and safety.

- We spoke about the importance of voting rights at the Cambridge Endowment for Research in Finance's annual 'In the City' event.

Voting in more detail:

- CCLA aims to vote at all UK and overseas company meetings where we have portfolio holdings.

- The COIF Charities Investment Fund did not support 18.5% of the resolutions proposed by management at our investee companies this quarter (18.6% for the Ethical Fund, 22% for the Global Equity Income Fund).

- We were pleased to see an increase in the level of opposition to 'say on pay' resolutions at US companies. Data from ISS, our proxy voting provider, suggested that one in ten resolutions were opposed by at least 20% of shareholders.

- We were particularly concerned about the remuneration report issued by JP Morgan Chase, due to the discretion exercised by the company's Remuneration Committee in awarding the CEO total compensation of over $31m.

- We also supported shareholder-filed resolutions calling on Adobe, Alphabet, Amazon, Bank of America, JP Morgan Chase and Mastercard to publish a gender pay report.

Ethical investment:

- We confirm that the COIF Funds have been managed in accordance with their ethical investment policies during the quarter.

Climate change: our approach, your options
In Summary:

- Climate change, and the associated transition to a low carbon economy, will affect the ability of many companies to deliver sustainable returns to shareholders. Therefore, we consider its impacts when assessing all investments.

- We recognise that charities wish to take different approaches to the fossil fuel sector. To give charities a 'fossil free option' we have decided to divest the COIF Charities Ethical Investment Fund from 'fossil fuels'.

Our approach to addressing climate change

- Climate change, and anticipated regulation to promote a low carbon future, will impact upon the ability of many companies to deliver sustainable shareholder returns. For this reason, we promote steps to limit temperature rises and integrate climate concerns into all investment decisions.

- Because of our concerns, CCLA portfolios are currently 'low-carbon', underweight 'non-renewable energy sources' and have exposure to 'climate positive' investments.

- To encourage further action, we engage with and vote at our few holdings in high-carbon sectors and work with policymakers to promote proactive regulation.

Addressing fossil fuels: your options

- We believe that there is a causal link between the burning of fossil fuels and climate change. However, we recognise that charities wish to take a variety of different approaches to addressing this issue.

- Our standard approach is that, subject to a meaningful programme of engagement and voting, transition to a low-carbon economic system can involve continued investment in those 'fossil fuel' companies that recognise the need, and have taken steps, to adapt.

- However, we recognise that some charities no longer wish to derive profit from the extraction of fossil fuels.

- For this reason, from the 1st December 2019, the COIF Charities Ethical Investment Fund will not invest in any company that derives more than 10% of its revenue from producing fossil fuels. This will be calculated based upon the revenue such companies derive from extraction and refining of coal, oil and gas.

Next steps

- Further information is available on our website. If you have any questions or concerns, please contact your relationship manager or CCLA's Client Services Team.

RiskWarning

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

Disclosures

Investment in the COIF Charity Funds is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011. 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. The properties within the COIF Charities Property Fund are valued by an external property valuer; any such valuations are a matter of opinion rather than fact. The performance of the Fund may be adversely affected by a downturn in the property market which could impact on the value of the Fund. The COIF Charity Funds are approved by the Charity Commission as Common Investment Funds under section 24 of the Charities Act 1993 and are Unregulated Collective Investment Schemes and unauthorised Alternative Investment Funds., The COIF Charities Deposit Fund is approved by the Charity Commission as a Common Deposit Fund under section 25 of the Charities Act 1993 and is categorised as a short-term LVNAV Money Market Fund under the EU Money Market Fund Regulation 2017/1131. Investments in the COIF Charity Funds and the Funds, and Investments and Deposits in the COIF Charities Deposit Fund and COIF Charities Property Fund are not covered by the Financial Services Compensation Scheme (FSCS).

GDPR

For information about how we obtain and use your personal data, please see our Privacy Notice at https://www.ccla.co.uk/our-policies/data-protection-privacy-notice.

CCLA Fund Managers Limited (registered in England No. 8735639 at Senator House, 85 Queen Victoria Street, London EC4V 4ET) is authorised and regulated by the Financial Conduct Authority and is the manager of The COIF Charity Funds (Registered Charity Nos. 218873, 803610, 1046249, 1093084, 1121433 and 1132054).

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