CCLA

QUARTERLY BULLETIN

30 September 2018

The threat from trade friction

Trade friction and, in particular, the deteriorating relationship between the US and China, has become an increased concern for investors. We consider some of the implications of the dispute and the possible effects on investment markets.

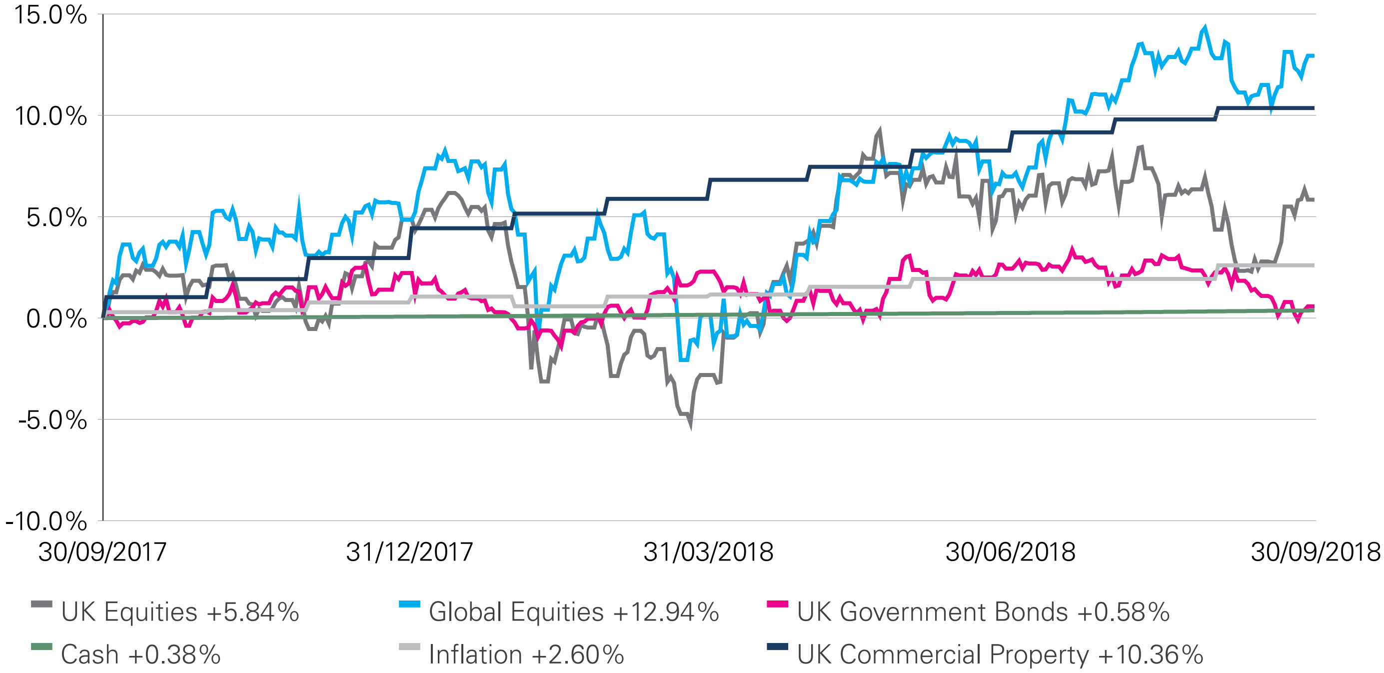
In his 2016 election campaign, Mr Trump pledged to improve the terms of trade for the US. It was a broadly aimed comment, but, within it, he made particular reference to China, singling it out because of the scale of the trade deficit between the two countries and what he described as unfair trade practices. Over the past few months, the threats to other trading partners have declined; a new deal has been agreed with Mexico and Canada and threats to impose duties on car imports from Europe have been postponed. In contrast, the dispute with China has worsened and the threat of tariffs has increased. The latest measures target an additional $250bn of imports and 6,000 additional products. They were imposed in September, initially at 10%, increasing to 25% at the end of the year. China has responded in two ways: one has been with conciliatory messages, recognising the trading imbalance and promising significant purchases of US goods; the other has been to impose tit-for-tat tariffs.

The implications of the dispute will be felt both directly and indirectly. For the US, tariff imposition is a marked change of strategy for an economy previously focussed on free trade. The average import levy on goods imported into the US is just 1.7% and even after the full implementation of the proposed programme, it will only rise to 6%, making clear the focus on China. For US consumers, the higher cost of imports will raise prices relatively quickly for complete products, more slowly for components. There will be some attempts by importers to source from elsewhere, but, given the sheer scale of the imports and the complexity of some products, dependence on Chinese imports will continue for at least the medium term. The extent of the price pass-through will be determined by market forces and it is very unlikely that the full effect will be felt by the consumer, nevertheless, there will be some inflationary impact. Estimates suggest that overall the pace of price increases will be about 0.2% over the year. At the same time, the Federal Reserve is currently on a path to normalise monetary policy, which will result in higher interest rates this year, in 2019 and in 2020. Increased inflationary pressure on this scale might influence the timing of rate rises, but not their extent. In trade terms, China is similarly tied to the US, with all the near-term inflexibility this implies. Economic growth is slowing, and the authorities have begun to loosen policy to support activity which will continue. Some pressure on the renminbi can be expected, which the Chinese authorities may quietly welcome.

The indirect effects are less easy to identify, but are likely to be more significant for the world economy as a whole. Global trade accounts for around 25% of world GDP and the IMF has estimated that the effect of the proposals so far, fully in place, would be to reduce activity by 0.25%. The real threat, however, is to sentiment. Increased uncertainly could result in reduced investor interest in emerging economies. We have already seen evidence of this, which has been combined with increased volatility in many markets. The risk is that these conditions could spread and deteriorate.

Developments like this inevitably raise investor concerns, not least because of the unpredictability of politics. For our portfolios, the focus on quality and growth means that we have little exposure to companies nearest the heart of this dispute. There is, however, the risk of general market weakness and whilst this uncertainty continues, we have adopted a more defensive portfolio structure, taking profits on holdings which have performed strongly, reducing the exposure to cyclical industries and increasing cash holdings.

Markets at a Glance - 12 Months to 30 September 2018



Source: CCLA

Quarterly Market Review & Outlook

Global equity markets rose over the period, buoyed by continued economic and earnings growth, and strong cash flows available for investment. Economic data suggested, that the second quarter was the eighth in succession, in which the global economy had grown at an annualised rate of over 3%. However, whilst this is encouraging, the sources of growth narrowed, with only the US, of the major economies, maintaining its rate of expansion. Trade fears challenged sentiment from time to time, but mainly in emerging economies. The global index gave a total return, to a sterling-based investor, of +5.65%; a gain which brings the total for 2018 to date to +7.92% and to +12.94% for the past 12 months. Of the major regional markets, the best returns were from the US, where positive local trends were boosted by currency factors. The US returned +8.77%, Japan gained +4.97% and Europe +3.23%. Asian returns were positive, but modestly so at 0.17%. Of the individual markets in Europe, Norway, Sweden and Switzerland all returned more than +8%, whilst Greece was -13.73% lower. In Asia, Thailand was +15.31% higher, but China fell by -6.12%. The UK underperformed the peer group and declined by -0.82%. The return for the year to date is just positive at +0.86%, over the past year it is +5.84%.

Domestic fixed interest markets lost ground, pushed lower by increased official interest rates and 'Brexit' uncertainties. Corporate bonds were more resilient than the government alternatives, returning -0.38% compared to -1.81% for Gilts. Longer dated securities fell faster than the market as a whole. Property values continued to improve, but at a slowing pace. Industrials were again the strongest performers; in contrast, retail values came under pressure from flat trading and the hit to sentiment of some highprofile store closures.

Sterling improved against the yen, but lost value against the euro and the US dollar.

We expect continued growth in the world economy, led by the US, where the natural momentum is being boosted by tax cuts and increased government spending. Inflation will stay at modest levels and interest rate increases in the major economies are likely only in the United States. Although interest rates will remain low in absolute terms, moves to normalise monetary policy will continue. The Federal Reserve in the US will continue to unwind its holdings and the ECB will bring its quantitative easing programme to a close at the end of the year.

A backcloth of growth, low interest rates and improving profitability is an environment which should continue to support global equity markets. Valuations have fallen from the peak-levels and although are not 'cheap' by the standards of history, they are not as extended as they were. We expect higher values over the medium term. That said, there is a real risk of a near-term correction and these concerns have been reflected in a slightly more defensive investment strategy, with an increased allocation to defensive assets and a maintained focus on quality.

The Market review, analysis, any any projections contained in this document are the opinion of the author only and should not be relied upon to form the basis of any investment decisions.

Distributions for the Quarter

COIF Charities Fund	Distribution per Income unit	Payment Date	
Investment Fund	11.97p	30/11/18	• The payment is 4.3% higher than that for the equivalent period of 2017. For the year, the expectation is that the payment will be 2% higher.
Ethical Investment Fund	1.96p	30/11/18	• The payment is 4.3% higher than that for the equivalent period of 2017. For the year, the expectation is that the payment will be 2% higher.
Global Equity Income Fund	1.64p	30/11/18	• The payment is unchanged on that paid for the equivalent period in 2017. The payment for the year is expected to be unchanged on that for 2017.
Property Fund	1.63p	30/11/18	• The payment is unchanged on that paid for the equivalent period in 2017. The payment for the year is expected to be unchanged on that for 2017.
Fixed Interest Fund	1.11p	30/11/18	• The payment is unchanged on that paid for the equivalent period in 2017. The payment for the year is expected to be unchanged on that for 2017.

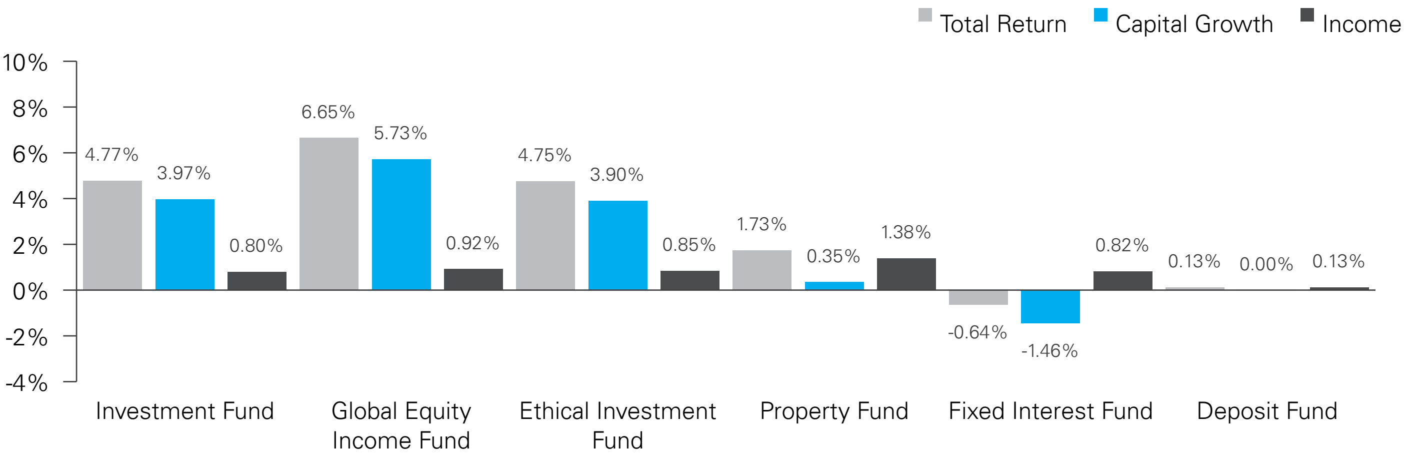
Interest for the Quarter

COIF Charities Deposit Fund

Average interest rate over the quarter	0.55% (0.55% A.E.R.)*	• The interest rate paid to investors rose over the period, reflecting higher money market rates.
Interest rate at the quarter end	0.53% (0.53% A.E.R.)*	• Interest payments will reflect those available from top-quality borrowers.
		• The Fund is rated AAAf/S1 by Fitch Ratings. AAAf is the highest credit rating available.

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

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



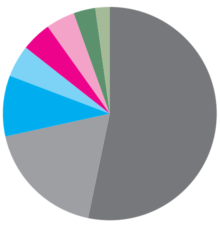
Source: CCLA Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed.

Fund Report
COIF Charities Investment Fund

- The global economy grew at a moderate pace over the period, supported by strong growth in the US, which offset some loss of momentum in Europe and Japan. Inflation remained at modest levels, despite some signs of stronger wage growth. Monetary policies were accommodative and interest rates increased only in the US and the UK. Most major equity markets made progress and returns were boosted for UK-based investors by domestic currency weakness. The strongest returns were from the US at 8.77%, but Europe, Japan and Asia all made headway. In contrast, returns from the UK were negative, a reflection of rising 'Brexit' concerns. These factors also influenced the domestic fixed interest markets, where returns were negative. Property values rose, but progress was modest, held back by weakness in the retail sector.

- On a gross basis, the Fund returned 4.93% during the quarter compared to a return on the comparator of 2.57%. Over the past 12 months the respective returns are 13.28% and 9.05%. Contributions to relative performance came from asset allocation and stock selection. The low weighting to fixed income assets was positive and there were helpful contributions from the non-traditional asset holdings. Stock selection in the health and consumer sectors was positive, although these gains were pared by the effect of a low weighting to energy.

*Asset Allocation



- Overseas Equities 53.25%
- UK Equities 18.31%
- Infrastructure & Operating Assets 9.22%
- Contractual & Other Income 4.85%
- Cash and Near Cash 4.53%
- Property 4.36%
- Fixed Interest 3.30%
- Private Equity & Other 2.18%

Overseas Equities	%
North America	35.24
Developed Europe	10.14
Asia Pacific ex Japan	3.80
Japan	3.69
Other Americas	0.38
Total	53.25

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) %

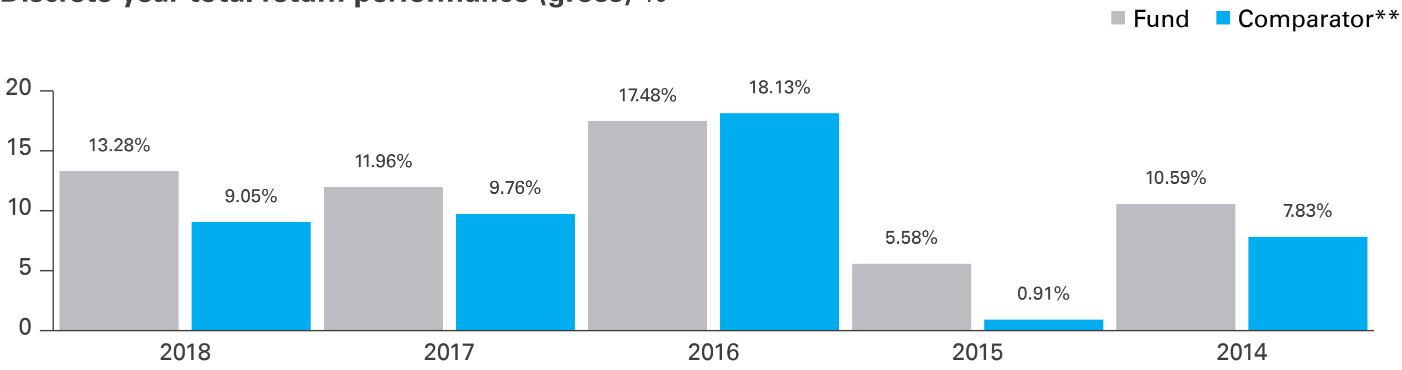
12 months to 30 September	2018	2017	2016	2015	2014
COIF Charities Investment Fund	13.28	11.96	17.48	5.58	10.59
Comparator**	9.05	9.76	18.13	0.91	7.83

Annualised total return performance (gross) %

Performance to 30 September 2018	1 year	3 years	5 years
COIF Charities Investment Fund	13.28	14.21	11.71
Comparator**	9.05	12.24	9.00

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

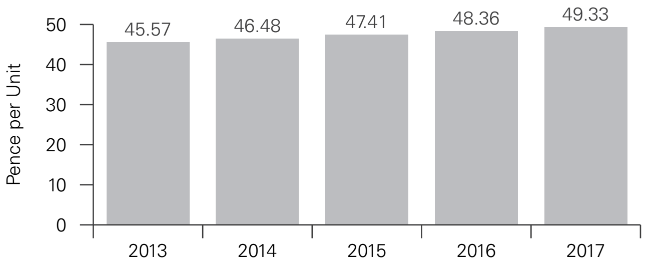
Discrete year total return performance (gross) %



Most overweight companies relative to equity indices as at 30 September 2018

Thermo Fisher Scientific	1.73%	Taiwan Semiconductor	1.39%
AIA Group	1.57%	S&P Global	1.39%
Fidelity Nat Info	1.43%	Mastercard Inc - A	1.36%
UnitedHealth Group Inc	1.42%	Nasdaq Inc	1.35%
Nestle	1.40%	Stryker Corp	1.29%

Past distributions



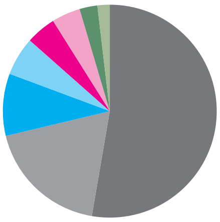
The annual management fee is 0.60% and is deducted from capital. Performance is shown before management fees and other expenses: net returns will differ. Past performance is not a guide to future performance and future returns are not guaranteed.Holdings as at end of period.

COIF Charities Ethical Investment Fund

- The global economy grew at a moderate pace over the period, supported by strong growth in the US, which offset some loss of momentum in Europe and Japan. Inflation remained at modest levels, despite some signs of stronger wage growth. Monetary policies were accommodative and interest rates increased only in the US and the UK. Most major equity markets made progress and returns were boosted for UK-based investors by domestic currency weakness. The strongest returns were from the US at 8.77%, but Europe, Japan and Asia all made headway. In contrast, returns from the UK were negative, a reflection of rising 'Brexit' concerns. These factors also influenced the domestic fixed interest markets, where returns were negative. Property values rose, but progress was modest, held back by weakness in the retail sector.

- On a gross basis, the Fund returned 4.92% during the quarter compared to a return on the comparator of 2.57%. Over the past 12 months the respective returns are 13.13% and 9.05%. Contributions to relative performance came from asset allocation and stock selection. The low weighting to fixed income assets was positive and there were helpful contributions from the non-traditional asset holdings. Stock selection in the health and consumer sectors was positive, although these gains were pared by the effect of a low weighting to energy.

*Asset Allocation



- Overseas Equities 52.69%
- UK Equities 18.57%
- Infrastructure & Operating Assets 9.44%
- Contractual & Other Income 5.86%
- Cash and Near Cash 4.54%
- Property 4.34%
- Fixed Interest 2.70%
- Private Equity & Other 1.86%

Overseas Equities	%
North America	35.40
Developed Europe	9.30
Asia Pacific ex Japan	4.62
Japan	3.31
Total	52.69

Discrete year total return performance (gross) %

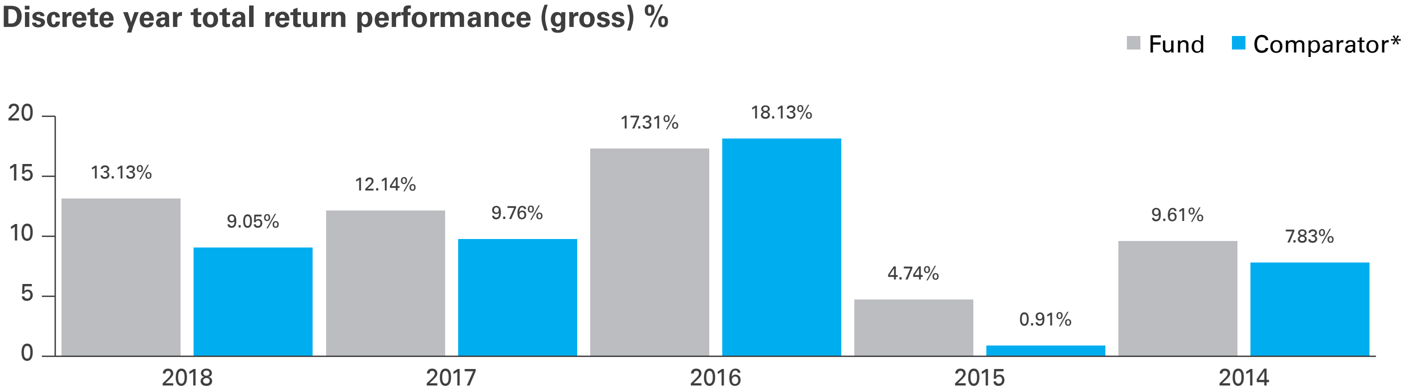
12 months to 30 September	**2018**	**2017**	**2016**	**2015**	**2014**
COIF Charities Ethical Investment Fund	13.13	12.14	17.31	4.74	9.61
Comparator**	9.05	9.76	18.13	0.91	7.83

Annualised total return performance (gross) %

Performance to 30 September 2018	**1 year**	**3 years**	**5 years**
COIF Charities Ethical Investment Fund	13.13	14.17	11.31
Comparator**	9.05	12.24	9.00

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

Discrete year total return performance (gross) %



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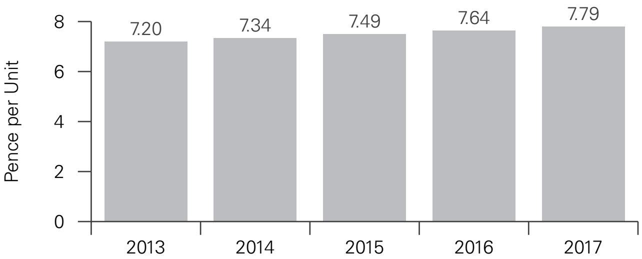
Most overweight companies relative to equity indices as at 30 September 2018

Nestle	1.87%	Mastercard Inc - A	1.48%
Thermo Fisher Scientific	1.85%	UnitedHealth Group Inc	1.48%
AIA Group	1.71%	Stryker Corp	1.46%
Unilever	1.57%	Ecolab Inc	1.39%
Fidelity Nat Info	1.53%	Kao Corp	1.38%

Past distributions



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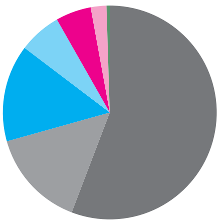
COIF Charities Global Equity Income Fund

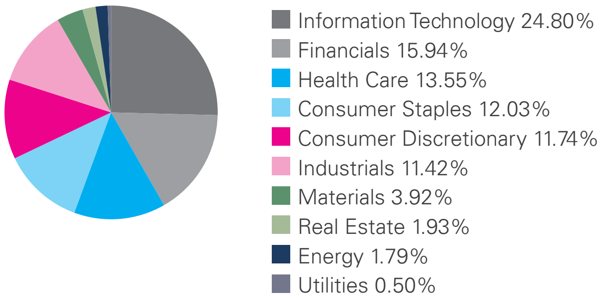
- The world economy continued to expand in the period, although the pace of expansion moderated in Europe and Japan. Momentum remained strong in the US, boosted by tax cuts and increased government spending. Despite the longevity of the upturn, inflation continued at modest levels, allowing monetary policy to remain accommodative. In the major economies, interest rates were increased only in the US and the UK. Against this background, global equities achieved positive returns with almost all the major markets contributing. For UK-based investors, international returns were boosted by currency factors. The strongest of the major markets was the US, which returned 8.77%. Of the other regional indices, Japan gained 4.97%, Europe 3.23% and Asia 0.17%. The UK market underperformed its peers, with a return of -0.82%, held back by higher interest rates and increased 'Brexit' uncertainly. Individual market returns showed a wide level of disparity. In Europe, Norway gained 8.56%, whilst Greece lost -13.73%. In Asia, Thailand improved by 15.31%, whilst China was -6.12% lower.

- On a gross basis, the Fund returned 6.87% during the quarter compared to a return on the comparator of 6.28%. Over the past 12 months the respective returns are 17.54% and 14.44%. The geographical mix of the portfolio supported returns, but the main source of outperformance was stock selection, where the I.T., materials and consumer discretionary area performed well. Offsetting this, in part, was the low weighting to energy.

*Asset Allocation



*Sector Allocation



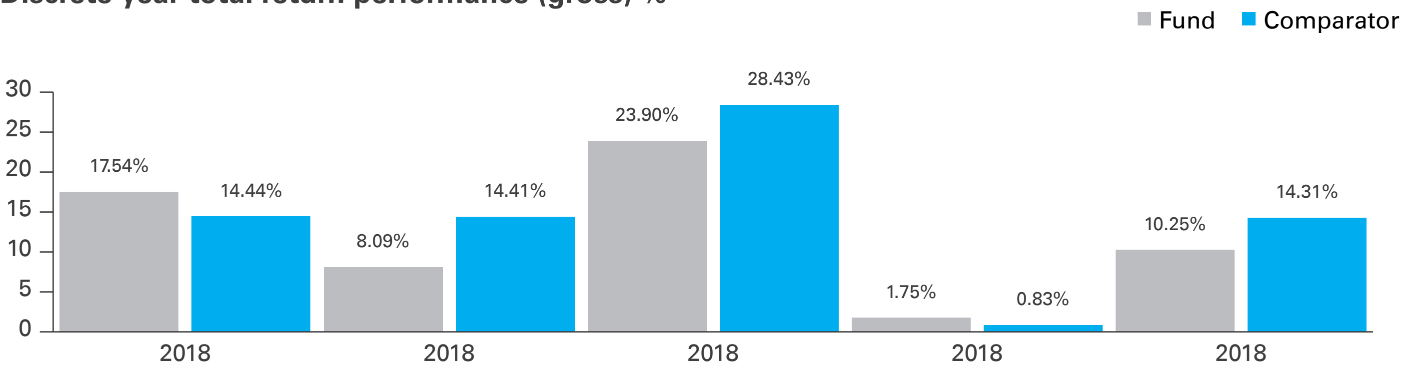
Discrete year total return performance (gross) %

12 months to 30 September	**2018**	**2017**	**2016**	**2015**	**2014**
COIF Charities Global Equity Income Fund	17.54	8.09	23.90	1.75	10.25
Comparator	14.44	14.41	28.43	0.83	14.31

Performance to 30 September 2018	**1 year**	**3 years**	**5 years**
COIF Charities Global Equity Income Fund	17.54	16.33	12.04
Comparator	14.44	18.92	14.15

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

Discrete year total return performance (gross) %

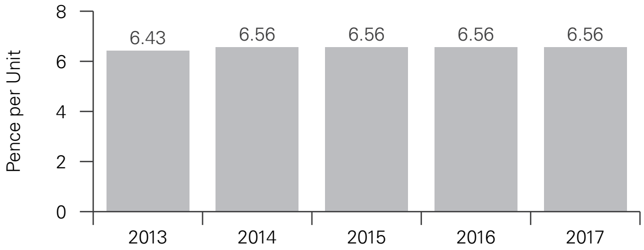


Most overweight companies relative to equity indices as at 30 September 2018

Unilever	2.02%	Stryker Corp	1.52%
Taiwan Semiconductor	1.70%	AIA Group	1.50%
Thermo Fisher Scientific	1.67%	London Stock Exchange	1.43%
Kao Corp	1.61%	Fidelity Nat Info	1.40%
Nasdaq Inc	1.54%	CME Group	1.39%

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 allocations as at end of period.

Past distributions



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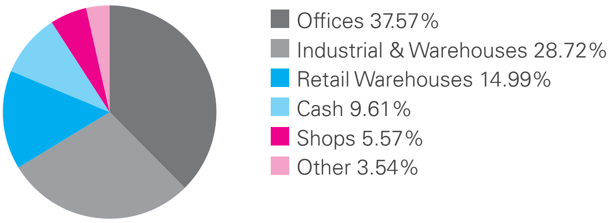
COIF Charities Property Fund

- Property sector valuations continued to improve, extending the positive trend which began at the end of 2016. The economic environment was supportive and despite increasingly evident 'Brexit' uncertainty, it did not prevent continued interest from overseas investors. Although the sector progressed, there were marked differences in performance at the sub-sector level. Industrial assets, typically the distribution centres that benefit from growth in internet shopping, remained in demand and saw strong rental growth. In contrast, parts of the retail sector experienced difficult conditions exacerbated by some highprofile store closures and rents came increasingly under pressure. Office values were mixed, but there was support for assets in the 'other' category, including hotels.

- On a net basis, the Fund returned 1.73% during the quarter compared to a return on the benchmark of 1.61%. Over the past 12 months the respective returns are 8.33% and 9.38%. Support to performance came from the low retail weighting and strong representation in the industrial sector. The current busy programme of activity, however, was a short-term negative factor, as the resultant higher voids reduced revenue, and spending on asset improvements increased outgoings. The benefits

*Gross asset allocation



Property portfolio details
Top 5 properties: 28.87% of portfolio
Top 5 tenants: 21.4% of rental income
Weighted unexpired lease: 5.1 yrs
Vacancy rate: 9.0%
The Fund has credit facilities which, at quarter end, were not utilised.

Discrete year total return performance (net) %

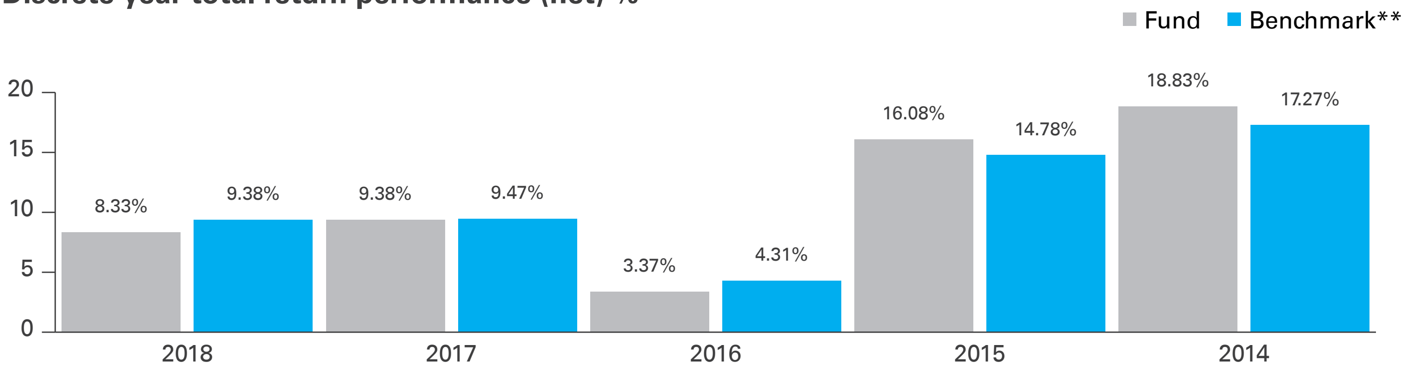
12 months to 30 September	2018	2017	2016	2015	2014
COIF Charities Property Fund	8.33	9.38	3.37	16.08	18.83
Benchmark**	9.38	9.47	4.31	14.78	17.27

Annualised total return performance (net) %

Performance to 30 September 2018	1 year	3 years	5 years
COIF Charities Property Fund	8.33	7.00	11.06
Benchmark**	9.38	7.69	10.95

Benchmark – AREF/IPD™ Other Balanced 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 42.2% as at 30 September 2018

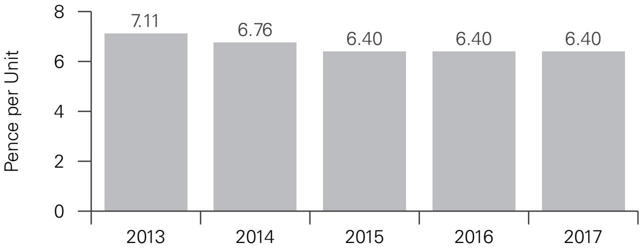
London, Cannon Street
Bracknell, Arlington Sq.
Mendlesham, Ind. Est.
London, Fetter Lane
London, College Hill
Chertsey, Syward Place
Bristol, Aztec West
Uxbridge, Stockley Park
Crawley, Manor Royal
Northampton, B'Mills

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 September 2018 and AREF/IPD™ Other Balanced Property Fund Index as at end June 2018.

Past distributions



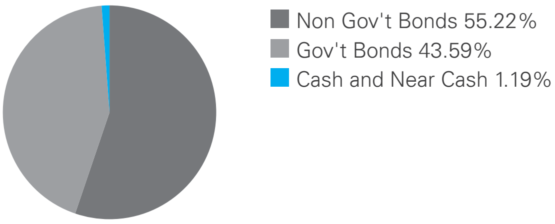
The annual management fee is 0.65% and is deducted from capital. Performance is shown after management fees and other expenses. Past performance is not a guide to future performance and future returns are not guaranteed. Holdings as at end of period.

COIF Charities Fixed Interest Fund

- Inflation remained above the Bank of England's target level and unemployment, already at multi-decade lows, continued to decline. Fixed interest markets moved in a relatively narrow band over the early months of the quarter, before losing ground in the final weeks; the increase in interest rates had been fully discounted by investors and did not have a noticeable effect on sentiment. More significant was the reduced pace of progress on budget deficit improvement and, importantly, increased 'Brexit' uncertainty. Within the sector, corporate bonds outperformed the government issued alternatives. Longerdated issues were the weakest area.

- On a gross basis, the Fund returned -0.57% during the quarter compared to a return on the benchmark of -1.07%. Over the past 12 months the respective returns are 1.02% and 0.38%. The relative performance was supported by a portfolio bias towards corporate bonds and a cautious overall strategy.

*Asset Allocation



By term to maturity

Period	% Fund
0 - 5 years	38.7
5 - 10 years	26.3
10 - 15 years	12.3
Over 15 years	22.8
Duration (modified)	7.3 yrs
Ave term to maturity	9.2 yrs

Discrete year total return performance (gross) %

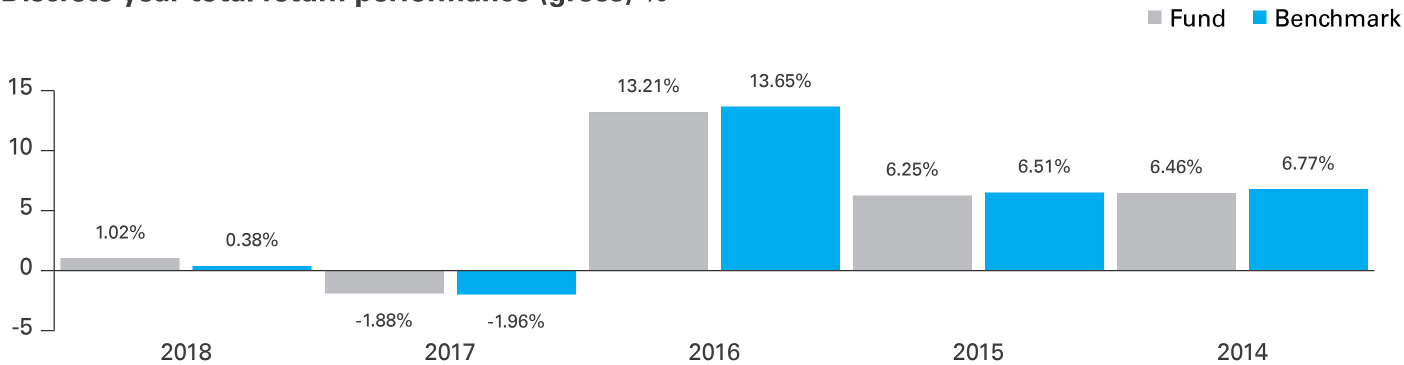
12 months to 30 September	2018	2017	2016	2015	2014
COIF Charities Fixed Interest Fund	1.02	-1.88	13.21	6.25	6.46
Benchmark	0.38	-1.96	13.65	6.51	6.77

Annualised total return performance (gross) %

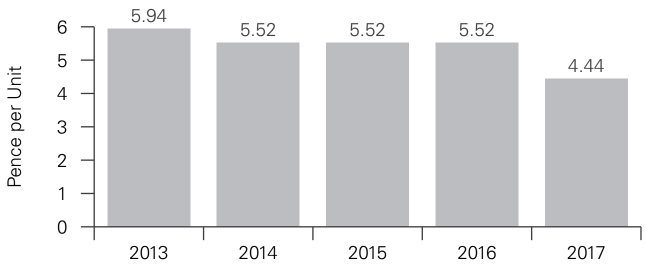
Performance to 30 September 2018	1 year	3 years	5 years
COIF Charities Fixed Interest Fund	1.02	3.92	4.88
Benchmark	0.38	3.80	4.93

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

- The UK economy grew over the period at a moderate pace, but one slightly stronger than that achieved in the early months of the year. Inflation remained above the Bank of England's target level and this, together with a continued reduction in unemployment, convinced the Bank that a rise in Official Bank Rate was justified; the level was increased by 0.25% to 0.75%.
- The expectation of an increase in borrowing costs supported the rates available in money markets. As a result, it was possible to increase rate payable to investors.

Discrete year total return performance (gross) %

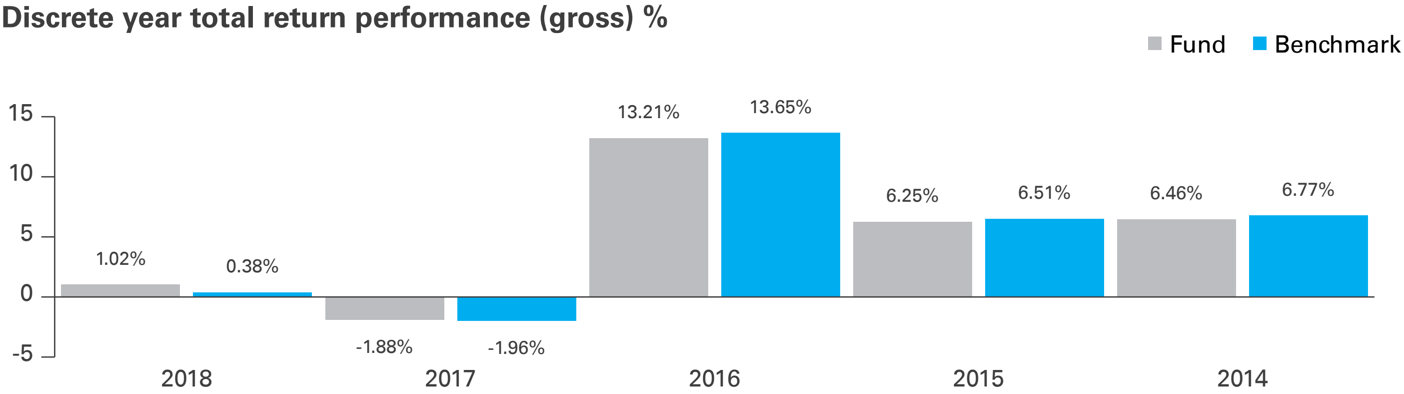
12 months to 30 September	2018	2017	2016	2015	2014
COIF Charities Deposit Fund	0.59	0.47	0.67	0.69	0.62
Benchmark	0.38	0.12	0.33	0.36	0.35

Annualised total return performance (gross) %

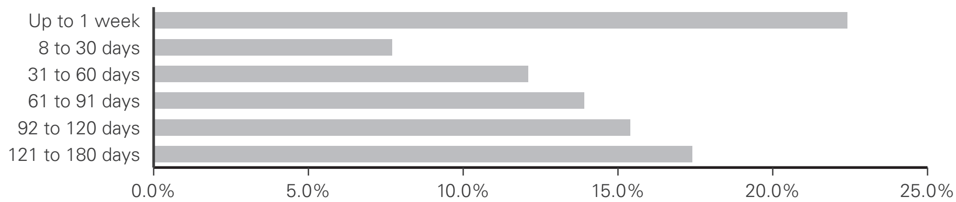
Performance to 30 September 2018	1 year	3 years	5 years
COIF Charities Deposit Fund	0.59	0.58	0.61
Benchmark	0.38	0.28	0.31

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 five 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 investment and exposure to activities considered unacceptable by our clients.
4 Selecting investments that deliver social or environmental benefits, plus market-level, risk-adjusted returns.
5 Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment.

Quarterly highlights

- We published our 2018 Responsible Investment Report. This provides details on our approach to integrating environmental, social and governance (ESG) factors into our investment process and the progress of all our engagements with companies.

- We made a submission to the Home Affairs Select Committee Inquiry into the Modern Slavery Act. Through this, we called upon government to encourage better corporate reporting on supply-chain due diligence and the number of instances of slavery found.

- We continued our focus on protecting invested value through the transition to a low-carbon economy. During the quarter, we met with the Chair of Rio Tinto and senior management at Shell, Chevron and SSE.

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 8% of the resolutions proposed by management at our investee companies this quarter (8.5% for the Ethical Fund, 10.2% for the Global Equity Income Fund).

- We joined 19% of investors in opposing the approval of the executive remuneration plan at Experian. This was due to concerns that the balance between salary, annual bonus and long-term variable pay incentivised short-term performance at the expense of sustainable growth.

- We believe that diverse boards allow for better decision making. For this reason, we also voted against the reelection of the Chair of Experian's Nomination Committee, George Rose, as the company's board does not meet our target for gender diversity.

- We have begun the process to set our new proxy voting guidelines for 2019. Following several high-profile scandals during the year, this will strengthen our approach to considering the independence of the audit function.

Ethical investment:

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

Focus on 'plastics'
In Summary:

- Plastics help reduce food waste and act as an effective packaging tool. However, concerns are rising about the negative impacts and costs associated with plastic waste.

- We have joined a working group of 29 leading investors to address the negative impacts of plastic. This is led by the UN-backed Principles of Responsible Investment (PRI).

About plastics

- Plastics provide numerous benefits, particularly by reducing food waste by increasing the useable life span. For this reason, the amount of plastic used has grown; production was 15 million tonnes in 1964 and is forecast to reach 620 million tonnes by 2037*.

- However, this growth has caused severe concerns about the impact of plastic waste. The United Nations Development Programme estimate that there are now 13,000 pieces of plastic litter in every square kilometre of the ocean. Furthermore, micro-plastics (from sources such as synthetic clothing materials) are entering the water system, where they are ingested by animals and get integrated into the food chain.

What are the implications for investors

- Due to increasing levels of concern, companies will have to respond to new regulation and changing consumer habits. The United Nations Environment Programme Finance Initiative believe that these changes could have a significant negative impact upon company revenue. They estimate that, whilst all companies will be affected by the changes, the biggest impact will be upon manufacturers and retailers of toys (23% of revenue at risk), electronics (10.5%), footwear (10%) and soft drinks (9%).

- For this reason, CCLA are founder members of the PRI's Investor Working Group on Plastics. This is a group of 29 PRI signatories, with collective investment assets of over $6 trillion, which are committed to better understanding, and then addressing, these risks to company performance.

- In the first phase of the work, the group will analyse the financial effects of acting on plastic, before moving on to benchmark company activity and conduct collaborative engagement.

*Source: Ellen MacArthur Foundation

Risk Warning

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

Disclosures

Investment is only available to charities within the meaning of section 96 or 100 of the Charities Act 2011. Past performance is not an indicator of future performance. 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. 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. Any forward-looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated. Depositors in the COIF Charities Deposit Fund should note that CCLA may change the fund documentation to allow for negative interest rates to be passed on to depositors. This means that in the event that interest rates on sterling deposits and instruments become negative, depositors may be charged these negative interest rates instead of earning interest. The COIF Charity Funds are approved by the Charity Commission as Common Investment Funds under section 24 of the Charities Act 1993, 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 are Unregulated Collective Investment Schemes and Alternative Investment Funds. Investments in the Funds and Investments and Deposits in the COIF Charities Deposit Fund and COIF Charities Property Fund and the Funds are not covered by the Financial Services Compensation Scheme (FSCS). However, the Manager may pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Funds.

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.

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