

Diversified Income Fund Unit Class 2 - For local authorities and public sector organisations

Fact Sheet – 30 September 2020

Investment objective

To provide a balanced return from income and capital growth over time from a portfolio structured to control relative risk.

Investment policy

The portfolio will be actively managed and may invest in a wide range of potential assets. The control of relative risk will be an important influence on structure and strategy.

Target investors

The Fund is aimed at medium to long-term investors seeking a balanced return of income and capital growth and for whom control of relative risk is important.

Who can invest?

Any local authority and public sector investor in England, Wales, Scotland and Northern Ireland. Investors should note that there is a minimum investment in the Fund of £1million.

Responsible investment policy

Information about the ethical and responsible policies to be followed by the Diversified Income Fund is available from the Investment Manager's website www.ccla.co.uk.

Income

The Fund distributes income on a quarterly basis. As at 30 September 2020 the dividend yield on price was 3.31%. This is based on the last 12 months' dividend of 4.88p.

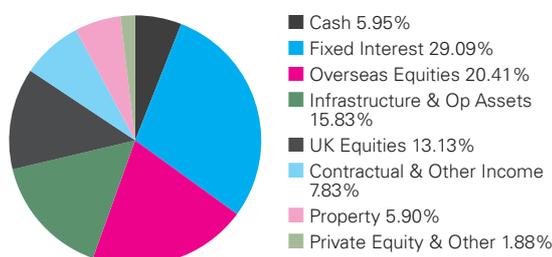
Fund update

The recovery in global economic activity continued in the period, supported by strong consumer demand and an improvement in manufacturing output. These trends were reflected in the UK, boosted by high levels of direct spending by the government, to support businesses and protect jobs. In the global economy, growth should continue over the balance of the year but prospects are less certain in the UK. This is because government support initiatives were powerful but finite and the main contribution will fade in the final quarter. In addition, unemployment is rising and there are concerns that Brexit will impact on confidence. Support will continue from the Bank of England with a policy of very low interest rates and more quantitative easing. Looking ahead into 2021, negative interest rates are a possibility and the Bank has begun a review of the implications of such a regime. Investment markets overall made progress in the period but not at the pace seen when recovery first got underway. Equity markets were the best performing asset class but the positive overall trend masks a wide dispersion of returns at the sector level.

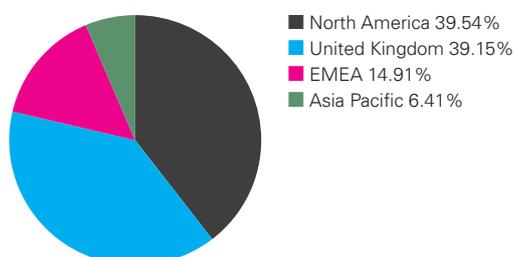
Companies with secure growth prospects did well whilst others, where prospects are less certain, made little or no progress.

The investment objective of the Fund is to provide long term capital growth and a relatively attractive income from a portfolio structured to constrain day to day volatility. A key part of this approach is prudent diversification into a broad range of assets including global equities and domestic fixed interest securities and also less traditional exposures such as student accommodation and music royalties. In the equity invested part of the portfolio, there is a bias towards companies where the growth prospects are not dependent on the broad trend of global growth. In the current climate this has resulted in relatively high weightings to the technology and health sectors and a low exposure to mainstream banks. The Fund does not invest in companies engaged in the production or refining of oil and gas.

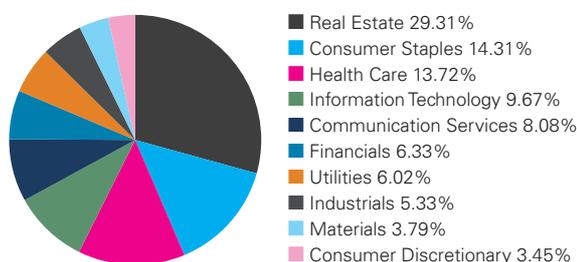
Asset allocation at 30 September 2020



Equity portfolio geographical breakdown at 30 September 2020



Equity portfolio sector breakdown at 30 September 2020



Discrete year total return performance

12 months to 30 September	2020	2019	2018
Diversified Income Fund - Unit Class 2	-2.60%	+6.37%	+3.62%
Benchmark	-0.93%	+9.19%	+3.58%

Annualised total return performance

Performance to 30 September 2020	1 year	3 years
Diversified Income Fund - Unit Class 2	-2.60%	+2.39%
Benchmark	-0.93%	+3.86%

Performance shown after management fees and other expenses with gross income reinvested. Benchmark – composite: from 02.12.16 MSCI UK IMI 20%, MSCI North America 6.67%, MSCI Europe ex UK 6.67%, MSCI Pacific 6.67%, Markit iBoxx £ Gilts 30% & Markit iBoxx £ Non-Gilts 30%. Past performance is not a reliable indicator of future results. Source: CCLA.

Top 10 equity holdings at 30 September 2020

Tritax Big Box REIT	1.94%	UK Commercial Property REIT	0.98%
Primary Health Properties	1.60%	Empiric Student Property	0.94%
Target Healthcare	1.28%	Pfizer	0.81%
Picton Property Income	0.99%	Telus	0.73%
Unilever	0.98%	Verizon Comms	0.72%

Key facts

Fund size	£173m
Number of holdings	173
Price	£1.46
Fund launch date	2 December 2016
Unit Class 2 launch date	24 March 2017
Minimum initial investment	£1m
Minimum subsequent investment	£25,000
Dealing	Daily*
Sedol number	BDS68Q2
ISIN number	GB00BDS68Q24
Dividend payment dates	End February, May, August & November
Annual management charge (taken 100% from capital)	0.60% **
Fund management fee (FMF)	0.69% ***
PRIIIPs other ongoing costs	1.38% ****

*The Dealing Deadline is normally 12 noon London time on a Dealing Day. The Valuation Point is normally 3pm on a Dealing Day.

** The annual management charge is deducted from capital which may restrict capital growth.

*** The FMF includes the Annual management charge and other costs and expenses of operating and administering the fund such as depositary, custody, audit and regulatory fees.

**** The PRIIPs other ongoing costs includes the FMF and where relevant, synthetic charges. Synthetic charges are the impact to the Fund of costs incurred in relevant underlying funds or similar investments. For more information on costs, refer to the Fund's Key Information Document.

Risk warning and disclosures

This document is 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 our product is suitable, please read the Key Information Document and Prospectus. Investors should consider the risk factors and the tax implications of investing in this fund identified in the Prospectus. 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. Investors in each Unit Class of the Fund must be Eligible Investors as defined in the Prospectus of CCLA Authorised Contractual Scheme. The ACS Manager participates in the Financial Services Compensation Scheme (FSCS). The Fund is a sub-fund of the CCLA Authorised Contractual Scheme which has been constituted as a co-ownership scheme. The fund is authorised in the UK and regulated by the Financial Conduct Authority. CCLA Fund Managers Limited (registered in England & Wales No. 8735639 at Senator House, 85 Queen Victoria Street, London, EC4V 4ET) is authorised and regulated by the Financial Conduct Authority. CCLA Fund Managers Limited is the Manager of the Diversified Income Fund. The Trustee is HSBC Bank plc (registered in England & Wales No. 14259 with its registered office at 8, Canada Square, London, England E14 5HQ). 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>.