

COIF CHARITIES ETHICAL INVESTMENT FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 December 2021

**CCLA**

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\*Collectively, these comprise the Manager's Report.

\*\*Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

#### Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

**REPORT OF THE BOARD****for the year ended 31 December 2021**

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Ethical Investment Fund (the Fund), which includes a separate report from CCLA Fund Managers Limited (the Manager) as Manager of the Fund.

**Structure and management of the Fund**

The Fund is a Common Investment Fund established and regulated by the Scheme dated 8 October 2009 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the charity trustees of the Fund dated 21 July 2014, 22 July 2014, 5 December 2015 and 15 May 2017 (the Scheme). The Fund is managed by the Manager as an unregulated collective investment scheme and as a UK alternative investment fund in accordance with the Financial Conduct Authority Regulations and the Alternative Investment Fund Managers Directive (AIFMD) Legislation.

The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments, charities and the law. No Board member is required to be approved by the Financial Conduct Authority because the Board does not carry out regulated activities in relation to the Fund. The investment management, administration, registrar and secretarial functions of the Fund have been delegated to the Manager. The Board meets at least four times per annum to receive reports and monitor the progress of the Fund.

The Board is responsible for setting and subsequently reviewing the investment policy of the Fund, monitoring performance, appointing the Auditors to the Fund and agreeing the fees charged by the Depositary, the Manager and the Auditors.

The Trustee and Depositary, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and Depositary functions provides an additional layer of protection for Unitholders. The Board, Depositary and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 2011.

**Investment objective**

The Fund aims to provide a long-term total return comprising growth in capital and income.

**Target Benchmark**

A long-term total return of 5% per annum net of inflation as measured by the increase in the Consumer Price Index.

**REPORT OF THE BOARD**

for the year ended 31 December 2021

**Investment policy**

The Fund is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It will have an emphasis on equities, but will also include property, bonds and other asset classes.

The Fund has a wide range of ethical restrictions and is advised by an ethical advisory group that assists in the development of the Fund's client-driven ethical investment policy.

**Distribution policy**

The Fund has the capacity to make distributions from both income and capital. The annual rate of distribution is approved by the Board in discussions with the Manager.

**Target investors**

The Fund is suitable for all of a charity's long-term funds where the charity is looking for a good level of distributions and long-term protection from inflation. The Fund is targeted at investors with an understanding or previous experience of investing in similar types of fund, with appropriate levels of risk tolerance and ability to bear loss.

Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor.

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

**Review of investment activities and policies of the Fund**

The Board met quarterly during the period to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to monitor investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board reviewed the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the Fund, which are included within the portfolio statement of these Financial Statements.

During the period, the Board also met quarterly with the Manager to review the investments, transactions and policies of the Fund. The Manager's report, which appears later, provides further details.

The Board evaluates the capability of the Manager (CCLA Fund Managers Limited) and is carefully monitoring its performance, resources and structure following the unexpected departure of the Chief Investment Officer in the second half of 2021. The Manager delegates the performance of its services to the Investment Manager (CCLA Investment Management Limited).

**REPORT OF THE BOARD**

for the year ended 31 December 2021

**Responsible investment and stewardship**

The Fund is managed in accordance with CCLA's responsible investment approach. This integrates environmental, social and governance issues into investment decision making and prioritises ongoing stewardship with investee companies. These activities are conducted with the aim of increasing the security of the Fund.

The Manager is a signatory to the United Nations backed Principles for Responsible Investment (PRI) and the Financial Reporting Council's Stewardship Code. The most recent PRI Assessment and the full response to the Stewardship Code are available at <https://www.ccla.co.uk/our-approach/how-we-approach-stewardship-and-ethics>.

**Ethical investment**

The Board's main purpose is to obtain the best return for Unitholders, consistent with commercial prudence and the need to ensure adequate spread and diversification of assets.

The Board has adopted an ethical investment policy that is designed to reflect the values of the Fund's Unitholders. It is set every three years following an extensive period of client consultation.

The policy incorporates a mix of ethical restrictions, engagement and positive investments.

Ethical restrictions are targeted on Unitholders' real concerns. They include companies that have been identified by our third party data provider, MSCI (unless otherwise noted), as:

- Producing landmines, cluster bombs, chemical/biological weapons, and/or nuclear weapons;
- Having significant involvement (>10% of turnover) in alcohol, gambling, pornography, tobacco, high interest rate lending (defined as any company, whose main business activity or focus (defined as exceeding 10% of Group turnover) is the provision of home-collected credit ('doorstep lending'), unsecured short-term loans ('payday loans') or pawnbroker loans, directly or through owned subsidiaries), non-military weapons, or strategic military sales;
- Testing cosmetics on animals (applies to companies in the 'Personal Products' Global Industry Classification Standard Sub-Industry. Due to regulatory requirements in some countries, exceptions will be made for companies that are identified as promoting alternatives to animal testing and which adopt a rigorous, responsible, animal testing policy);

## REPORT OF THE BOARD

for the year ended 31 December 2021

- Having fallen behind the transition to a low carbon economy. This is currently defined as any company that derives more than 5% of their revenue from the extraction of energy coal or tar sands;
- Companies, whose principal business is the generation of electricity, that have not demonstrated the ability to align their business with the Paris Climate Change Agreement (as determined by the Investment Manager);
- Extractive or utilities sector companies where productive engagement is not believed to be possible (at the discretion of the Investment Manager);
- Deriving more than 10% of their revenue from the extraction of oil and gas (this is defined as revenue derived from oil and gas extraction & production and oil and gas refining);
- That do not meet the FTSE4Good Index screen for baby milk substitutes or screening for single-use abortifacients. (These restrictions are implemented to reflect the Unitholders' wishes to co-operate with each other to meet the specific requirements of some Unitholder groups);
- That have an MSCI ESG Rating of B or below (or a data provider and score that the Manager may deem to be equivalent) and have failed a subsequent Manager's 'comply or explain' assessment. The Fund will not purchase sovereign debt from countries agreed by the Investment Manager and the Advisory Committee as being amongst the world's most oppressive. In addition, remaining companies who after persistent engagement, fail the Investment Manager's 'controversy process' on issues including:
  - ILO Core Labour Standards;
  - UN Guiding Principles on Business and Human Rights;
  - Biodiversity and Toxic Waste;
  - Climate Change Disclosure are excluded from investment.

The Fund has set an aspirational target to dedicate 5% of capital to investments that provide positive social or environmental objective.

A client advisory committee has been appointed to oversee the Fund's engagement activity and advise the Manager on any ethical investment issues that arise in between policy consultations.

**REPORT OF THE BOARD****for the year ended 31 December 2021**

In addition, the Fund will not purchase sovereign debt from countries agreed by the Manager and the Fund's Advisory Committee as being amongst the world's most oppressive.

The Fund benefits from engagement programmes that are prioritised to meet the needs of its Unitholders.

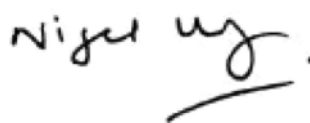
The Manager has an aspirational target to dedicate 5% of the Fund's capital to investments that provide a clear social or environmental benefit.

A client advisory committee has been appointed to oversee the Fund's engagement activity and advise the Manager on any ethical investment issues that arise in between policy consultations.

**Controls and risk management**

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

During the period, the Board, assisted by the Manager, reviewed the Fund's systems of internal controls and risk reporting.



N Morecroft Chair  
10 June 2022

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2021

#### Performance

Over the year the Fund achieved a return after costs and expenses of 16.76%. This compares with a return on the comparator of 17.02%. Over the period the prime positive contributor to relative returns was the asset allocation, specifically the bias away from fixed income and towards real asset exposures including global equities. The relative impact of stock selection was slightly negative over the period under review. As seen in the table below, the Fund's longer term performance history remains strong.

#### Economic and Market Review

2021 was a year of recovery for the global economy. Activity was supported by accommodative monetary policies, including very low interest rates and quantitative easing programmes, and fiscal spending to support consumer incomes and employment. Growth also benefitted from the gradual reduction in limits on mobility helped by the success of vaccination programmes in reducing transmission rates and the severity of infection. However progress was not smooth, held back, despite the success of

#### Annualised total capital and income return

To 31 December 2021	1 year %	5 years % p.a.	10 years % p.a.
<b>Performance against market indices (after expenses)</b>			
<b>COIF Charities Ethical Investment Fund</b>			
<b>Income Units*</b>	<b>16.76</b>	<b>11.96</b>	<b>11.77</b>
<b>Accumulation Units*</b>	<b>16.76</b>	<b>11.97</b>	<b>11.81</b>
Comparator <sup>#</sup>	17.02	8.76	9.61
MSCI UK Investable Market Index	18.66	4.79	7.26
MSCI World ex UK	23.00	13.42	14.79
iBoxx £ Gilts	-5.21	2.54	3.59
MSCI UK Monthly Property*	19.89	7.69	8.67
Consumer Price Index (CPI)	5.40	2.47	1.93

<sup>#</sup> Comparator – Composite: From 01.01.21 MSCI World 75%, MSCI UK Monthly Property 5%, Markit iBoxx £ Gilts 15% & Sterling Overnight Index Average 5%. To 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%, 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 15% & 7 Day LIBID 5% and to 31.12.11 FTSE All-Share 60%, FTSE All-World Developed Ex UK 20%, IPD™ All Properties 10% and FTSE UK Government All Stocks 10%.

\* Mid to mid plus income re-invested.

Source: CCLA.

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2021

vaccinations, by the disruptive effects of further waves of infection and unexpected shortages of key products as manufacturers struggled to support a sudden and substantial increase in demand. Inflation pressures increased over the period pushed higher by the effect on prices of goods shortages and higher food and energy costs. Initially central banks viewed the upward pressure on prices as one likely to be both temporary and modest, but signs that the uptrend was becoming more severe and more entrenched changed the rhetoric and, in some cases caused some policy adjustments. Interest rates were increased, notably by the Bank of England, whilst other central banks, including the Federal Reserve in the US, indicated that changes were probable in the period ahead.

Most investment markets gave positive returns over the period. Despite valuations which were already high on many historical measures, global equities rose strongly, buoyed by expectations of economic recovery and the reservoir of ample liquidity which the supportive monetary environment provided. The global index gave a total return to a Sterling based investor of 19.63%, led higher by a gain of 27.54% in the US and supported by gains of 18.66% in the UK and 16.73% in Europe. Of the major regional indices only Asia failed to improve. UK commercial property also enjoyed a strong performance. The best returns were produced by the industrials sub-sector, but, as the year progressed, so the improvement became more

broadly based and by the end of the year almost three quarters of the sector was experiencing higher capital values. The only persistent weakness was in parts of the retail sector where valuations of high street shops and shopping centres remained under the cloud of excess supply and falling rents. In contrast to the strength of real asset markets domestic fixed income assets lost value, with government bonds giving a return of -5.21% for the year. Prices weakened early in the period and remained flat, sentiment held back by concerns over inflation and the expectation that the pressure on prices from higher inflation was likely to result in increased borrowing costs.

### Strategy

There have been no changes to the investment objectives of the Fund or to the investment strategy. To achieve the target of real growth in capital values and a rising income, the portfolio has a structural bias to real assets, mainly global equities but also including domestic commercial property and infrastructure. Within the equity portfolio the emphasis is on good quality companies with high standards of governance and growth prospects that are not dependent on trends in the broad economy.

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2021

#### Outlook

We expect further growth in the world economy in the year ahead, although this will be modest relative to the progress seen in 2021. Subsequent to the period under review, Russia invaded Ukraine. In addition to its distressing humanitarian impact the war emerged as a key threat to the pace of economic recovery, compounded by the dampening effects of widespread Covid lockdowns in China and by the intensification of central banks' efforts to control surging inflation. Central banks however will still want to sustain growth and may moderate the pace of monetary policy tightening in an attempt to avoid recession, but the direction of travel is unlikely to be reversed. The change in policy focus and the uncertainties it will create mean that market volatility may remain elevated for some time. Equity market valuations can be expected to suffer as rising interest rates lead investors to discount more heavily the future corporate earnings which drive current share prices. This effect will be felt most keenly in 'growth' sectors of the market; while 'value' companies including those focused on the production and sale of physical commodities that are currently in short supply may fare relatively well for a period. We expect to continue to focus on good quality

companies with secure growth prospects. In contrast fixed income markets will see less buying support from government programmes and higher interest rates too. We expect continued upward pressure on yields and so some further erosion of capital values.

J Ayre & C Ryland  
Co Heads of Investment  
CCLA Fund Managers Limited  
9 June 2022

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2021

#### Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
<b>Purchases:</b>		<b>Sales:</b>	
COIF Charities Property Fund		The Blackstone Group	14,094
Income Units	21,061	Xylem	12,765
Nestle	17,688	Croda International	11,799
Kering	15,413	GCP Student Living	9,699
Union Pacific	14,344	Hermes	9,220
Ingersoll-Rand	13,831	SAP	9,109
Amazon.com	13,695	Prologis	8,151
Universal Music Group	13,664	Intuitive Surgical	8,101
Mastercard	13,414	Rockwell Automation	7,965
Microsoft	13,376	Merck & Co	7,484
Visa A	13,048		

When a stock has both purchases and sales in the year, these transactions have been netted and the net amount has been reflected as either a net purchase or net sale in the table above.

#### Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Units and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund's Units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. Units are realisable on each weekly dealing day only.

This Fund may invest in emerging market countries which could be subject to political and economic change.

The Fund may invest in collective investment schemes and other assets which may be illiquid. unquoted investments where valuations are open to substantial subjectivity. The Fund may also invest in the COIF Charities Property Fund, which invests directly in property and property related assets which are valued by an independent valuer and as such are open to substantial subjectivity. The performance of this Fund may be adversely affected by a downturn in the property market, which could impact on the capital and/or income value of this Fund.

## REPORT OF THE DEPOSITARY

for the year ended 31 December 2021

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the sourcebook, the Scheme Particulars of the Company and as required by the AIFMD.

HSBC Bank plc  
Trustee and Depositary Services  
8 Canada Square  
London  
E14 5HQ

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority  
9 June 2022

## INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

**Report on the audit of the financial statements**  
*Opinion*

In our opinion the financial statements of The COIF Charities Ethical Investment Fund ('the Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2021 and of the net revenue and the net capital gains on the property of the Fund for the year ended 31 December 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Alternative Investment Fund Managers Directive (AIFMD).

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the accounting policies, risk management policies and consolidated individual notes; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The

Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Charities Act 2011.

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Conclusions relating to going concern*

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

Our responsibilities and the responsibilities of the trustees and Manager with respect to going concern are described in the relevant sections of this report.

*Other information*

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

*Responsibilities of trustees and Manager*

As explained more fully in the trustees' responsibilities statement and the Manager's responsibilities statement, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

## to the Trustees of COIF Charities Ethical Investment Fund

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments.

In response we have:

- obtained understanding of the relevant controls at the administrator over the valuation and existence of investments;
- involved our financial instruments specialists to assess the applied valuation methodologies;
- agreed investment holdings to independent confirmations; and
- agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

## INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Ethical Investment Fund

*Report on other legal and regulatory requirements**Matters on which we are required to report by exception*

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

*Use of our report*

This report is made solely to the Fund's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Fund's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP  
Statutory Auditor  
Glasgow  
10 June 2022

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006

## SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the recommended holding period (RHP).



The Manager has classified the COIF Charities Ethical Investment Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the RHP of five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The Fund should be considered illiquid as it is not admitted to trading on a secondary market and no alternative liquidity facility is promoted by the Manager or a third party. However, investors can request redemption at any time and the Fund deals on a weekly basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

A more detailed description of risk factors that apply to this product is set out in the latest Scheme Particulars, which is available on CCLA's website or by request.

## COMPARATIVE TABLE

## Change in net assets per Unit

	Year to 31.12.2021 pence per Unit	Income Units Year to 31.12.2020 pence per Unit	Year to 31.12.2019 pence per Unit
Opening net asset value per Unit	275.33	259.02	218.92
Return before operating charges*	47.80	26.50	50.04
Operating charges***	(2.11)	(1.92)	(1.83)
Return after operating charges*	45.69	24.58	48.21
Distributions on Income Units	(8.44)	(8.27)	(8.11)
Closing net asset value per Unit	312.58	275.33	259.02
* after direct transaction costs of:	0.15	0.12	0.09

## Performance

Return after charges	16.59%	9.49%	22.02%
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## Other information

Closing net asset value (£'000)	1,596,774	974,509	790,563
Closing number of Units	510,843,707	353,943,445	305,217,463
Operating charges**	0.72%	0.74%	0.74%
Direct transaction costs	0.05%	0.05%	0.03%

## Prices (pence per Unit)

Highest Unit price (offer)	318.16	279.86	264.45
Lowest Unit price (bid)	266.72	213.47	217.14

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

\*\* Operating charges comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year. These also include any VAT reclaims received during the year.

\*\*\* Operating charges includes VAT reclaims received during the year.

## COMPARATIVE TABLE

## Change in net assets per Unit

	Accumulation Units		
	Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit	Year to 31.12.2019 pence per Unit
Opening net asset value per Unit	424.69	386.88	316.55
Return before operating charges*	74.78	40.72	73.02
Operating charges***	(3.32)	(2.91)	(2.69)
Return after operating charges*	71.46	37.81	70.33
Distributions on Accumulation Units	(7.37)	(7.74)	(9.21)
Retained distributions on Accumulation Units	7.37	7.74	9.21
Closing net asset value per Unit	496.15	424.69	386.88
* after direct transaction costs of:	0.24	0.18	0.13

## Performance

Return after charges	16.83%	9.77%	22.22%
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## Other information

Closing net asset value (£'000)	428,407	233,389	163,515
Closing number of Units	86,346,158	54,955,318	42,265,370
Operating charges**	0.72%	0.74%	0.74%
Direct transaction costs	0.05%	0.05%	0.03%

## Prices (pence per Unit)

Highest Unit price (offer)	501.62	428.42	391.92
Lowest Unit price (bid)	411.41	318.85	313.97

The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' (SORP) prescribed calculation methodology. This is for financial statement reporting purposes only and may differ from the Fund's performance disclosed in the Report of the Investment Manager.

\*\* Operating charges comprise the Manager's annual management charge and other expenses, including VAT, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year. These also include any VAT reclaims received during the year.

\*\*\* Operating charges includes VAT reclaims received during the year.

## OPERATING CHARGES ANALYSIS

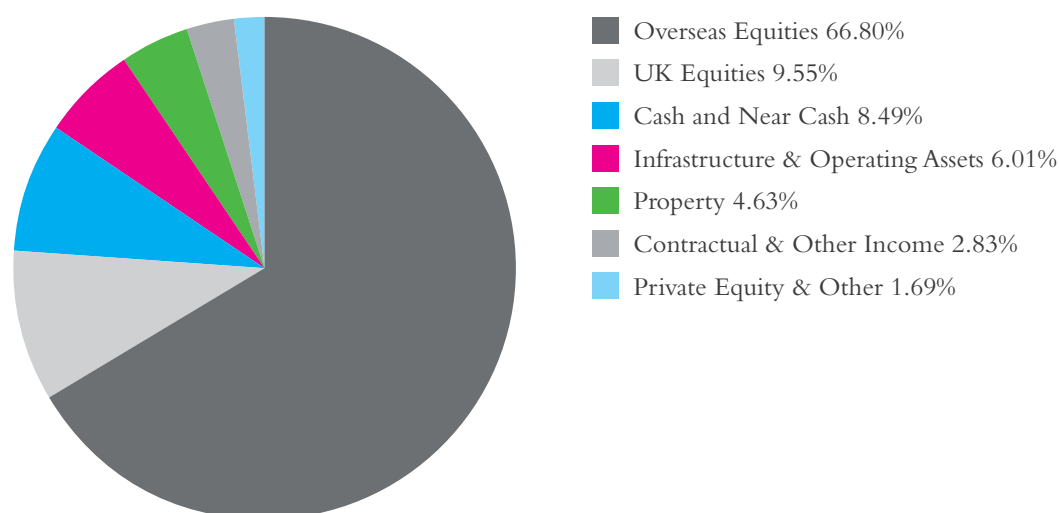
for the year ended 31 December 2021

The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2021 %	31.12.2020 %
Manager's annual management charge including VAT	0.70	0.72
Safe custody fees and depositary fee	0.01	0.01
Other expenses	0.01	0.01
<b>Total operating charges</b>	<b>0.72</b>	<b>0.74</b>

## PORTFOLIO ANALYSIS

at 31 December 2021

Breakdown of Overseas Equities  
by Geography

North America	47.46%
Developed Europe	12.52%
Asia Pacific ex Japan	5.35%
Japan	0.50%
Other	0.96%
	<hr/> 66.79%

## Breakdown of Equities by Sector

Information Technology	16.61%
Health Care	11.24%
Financials	11.23%
Industrials	10.71%
Consumer Discretionary	8.74%
Consumer Staples	6.25%
Communication Services	4.99%
Real Estate	4.32%
Utilities	1.76%
Materials	0.50%
	<hr/> 76.35%

The portfolio analyses above which differ from the following portfolio statement because: (i) prices used here are mid-market rather than bid; and (ii) allocations are adjusted on a 'look through' basis in respect of cross holdings in other CCLA funds (i.e. such funds are shown in a single category in the portfolio statement, but are analysed by their underlying holdings on this page).

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>UNITED KINGDOM EQUITIES 9.25%</b>			
<b>(31.12.20 – 9.25%)</b>			
<b>Consumer Discretionary 1.70% (31.12.20 – 1.15%)</b>			
Compass Group	1,004,024	16,571	0.82
InterContinental Hotels Group	372,140	17,788	0.88
<b>Consumer Staples 1.22% (31.12.20 – 1.59%)</b>			
Unilever	625,712	24,684	1.22
<b>Financials 1.40% (31.12.20 – 0.88%)</b>			
London Stock Exchange Group	262,920	18,220	0.90
Prudential	792,399	10,099	0.50
<b>Health Care 0.00% (31.12.20 – 0.33%)</b>			
<b>Industrials 1.43% (31.12.20 – 1.22%)</b>			
RELX	1,204,831	28,892	1.43
<b>Materials 0.00% (31.12.20 – 0.72%)</b>			
<b>Real Estate 3.50% (31.12.20 – 3.36%)</b>			
Assura	14,055,695	9,804	0.48
Empiric Student Property	13,840,375	11,833	0.58
Primary Health Properties REIT	5,722,230	8,658	0.43
Target Healthcare REIT	7,517,988	8,856	0.44
Tritax Big Box REIT	8,391,806	20,862	1.03
Warehouse REIT	6,210,513	10,881	0.54
<b>OVERSEAS EQUITIES 66.82% (31.12.20 – 69.39%)</b>			
<b>DEVELOPED EUROPE 12.52% (31.12.20 – 13.12%)</b>			
<b>Communication Services 0.66% (31.12.20 – 0.00%)</b>			
Universal Music Group	645,915	13,438	0.66

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>Consumer Discretionary 1.71% (31.12.20 – 1.86%)</b>			
Adidas	74,522	15,871	0.78
Kering	31,938	18,929	0.93
<b>Consumer Staples 2.87% (31.12.20 – 2.60%)</b>			
Kerry Group	198,096	18,794	0.93
L'Oreal	31,574	11,051	0.55
Nestlé	272,883	28,179	1.39
<b>Financials 1.29% (31.12.20 – 1.58%)</b>			
Deutsche Börse	95,076	11,726	0.58
Partners Group	11,738	14,381	0.71
<b>Health Care 2.13% (31.12.20 – 2.02%)</b>			
Novo Nordisk 'B'	256,798	21,406	1.06
Roche Holdings	70,469	21,647	1.07
<b>Industrials 2.19% (31.12.20 – 1.64%)</b>			
Assa Abloy	662,980	14,949	0.74
Schneider	100,228	14,508	0.72
Wolters Kluwer	172,812	14,858	0.73
<b>Information Technology 1.67% (31.12.20 – 2.83%)</b>			
Amadeus IT Group	289,896	14,511	0.72
ASML Holding	14,451	8,574	0.42
Hexagon	921,818	10,779	0.53
<b>Materials 0.00% (31.12.20 – 0.59%)</b>			
<b>NORTH AMERICA 47.47% (31.12.20 – 46.05%)</b>			
<b>Communication Services 3.25% (31.12.20 – 4.61%)</b>			
Alphabet C	17,832	38,095	1.88
Electronic Arts	100,498	9,786	0.48
The Walt Disney Company	158,067	18,076	0.89

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>Consumer Discretionary 4.49% (31.12.20 – 4.64%)</b>			
Amazon.com	13,495	33,220	1.64
McDonald's	68,980	13,650	0.67
Nike B	111,761	13,753	0.68
Starbucks	114,004	9,845	0.49
The TJX Companies	366,628	20,553	1.01
<b>Consumer Staples 1.65% (31.12.20 – 1.01%)</b>			
Estée Lauder	42,231	11,545	0.57
PepsiCo	170,605	21,880	1.08
<b>Financials 6.58% (31.12.20 – 5.70%)</b>			
Bank of America	682,723	22,421	1.11
CME Group	119,737	20,196	1.00
Intercontinental Exchange	243,368	24,577	1.21
JP Morgan Chase & Co	149,613	17,489	0.86
Marsh & McLennan	114,100	14,638	0.72
S&P Global	60,422	21,046	1.04
The Blackstone Group	136,101	13,003	0.64
<b>Health Care 9.11% (31.12.20 – 9.61%)</b>			
Agilent Technologies	154,647	18,234	0.90
Danaher	115,479	28,052	1.39
Edwards Lifesciences	168,037	16,064	0.79
Humana	46,451	15,903	0.78
Illumina	18,864	5,299	0.26
Medtronic	181,015	13,826	0.68
Stryker	107,162	21,160	1.04
Thermo Fisher Scientific	36,130	17,804	0.88
UnitedHealth Group	85,710	31,772	1.57
Zoetis	92,346	16,632	0.82

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>Industrials 7.10% (31.12.20 – 5.72%)</b>			
Ametek	172,252	18,702	0.92
IDEX	87,945	15,337	0.76
Ingersoll-Rand	404,123	18,460	0.91
Masco	312,845	16,217	0.80
Roper Technologies	58,613	21,285	1.05
TransUnion	254,593	22,289	1.10
Union Pacific	92,645	17,229	0.85
Verisk Analytics	84,898	14,336	0.71
<b>Information Technology 12.53% (31.12.20 – 10.85%)</b>			
Accenture	50,582	15,481	0.76
Adobe	57,156	23,930	1.18
Broadcom	33,506	16,461	0.81
Fidelity National Information Services	188,835	15,223	0.75
Mastercard	93,929	24,919	1.23
Microsoft	190,373	47,256	2.33
NXP Semiconductors	93,616	15,744	0.78
PayPal Holdings	126,165	17,565	0.87
ServiceNow	15,023	7,203	0.36
Synopsys	74,243	20,198	1.00
Texas Instruments	95,122	13,236	0.65
Verisign	52,663	9,869	0.49
Visa A	167,216	26,751	1.32
<b>Materials 0.50% (31.12.20 – 0.40%)</b>			
Ecolab	58,066	10,053	0.50
<b>Real Estate 0.51% (31.12.20 – 1.78%)</b>			
American Tower	48,087	10,382	0.51
<b>Utilities 1.76% (31.12.20 – 1.73%)</b>			
Brookfield Renewable Partners	433,757	11,465	0.57
NextEra Energy	351,088	24,200	1.19

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>JAPAN 0.50% (31.12.20 – 1.15%)</b>			
<b>Industrials 0.00% (31.12.20 – 0.35%)</b>			
<b>Information Technology 0.50% (31.12.20 – 0.80%)</b>			
Keyence	21,900	10,149	0.50
<b>ASIA PACIFIC EX JAPAN 5.37% (31.12.20 – 8.24%)</b>			
<b>Communication Services 1.08% (31.12.20 – 2.03%)</b>			
Naver Corporation	41,302	9,709	0.48
NetEase	810,600	12,090	0.60
<b>Consumer Discretionary 0.84% (31.12.20 – 0.69%)</b>			
Yum China	460,663	16,951	0.84
<b>Consumer Staples 0.52% (31.12.20 – 1.09%)</b>			
LG Household & Healthcare	15,459	10,523	0.52
<b>Financials 1.97% (31.12.20 – 2.71%)</b>			
AIA Group	2,822,600	21,010	1.04
HDFC Bank	393,144	18,876	0.93
<b>Information Technology 0.96% (31.12.20 – 1.72%)</b>			
Taiwan Semiconductor Manufacturing Company	1,180,000	19,366	0.96
<b>OTHER 0.96% (31.12.20 – 0.83%)</b>			
<b>Information Technology 0.96% (31.12.20 – 0.83%)</b>			
Nice	87,272	19,523	0.96

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>PRIVATE EQUITY &amp; OTHER 1.68%</b> (31.12.20 – 1.34%)			
<b>Private Equity 1.67% (31.12.20 – 1.32%)</b>			
Blackstone Capital Partners Asia**	1	3,447	0.17
BMO Private Equity Trust	1,964,838	9,510	0.47
Princess Private Equity Holding	1,455,615	17,660	0.87
Rubicon Partners**	1	3,183	0.16
<b>Other 0.01% (31.12.20 – 0.02%)</b>			
Triodos Microfinance Fund	13,587	310	0.01
<b>INFRASTRUCTURE &amp; OPERATING ASSETS 6.02%</b> (31.12.20 – 7.79%)			
<b>Energy Resources &amp; Environment 4.16%</b> (31.12.20 – 5.16%)			
Aquila European Renewables Income Fund	6,200,021	5,258	0.26
Bluefield Solar Income Fund	6,649,114	8,232	0.41
Clean Energy and Environment Fund**	1	1,539	0.08
Clean Growth Fund**	1	551	0.03
Foresight Solar Fund	10,011,524	10,152	0.50
Greencoat UK Wind	10,607,083	14,892	0.73
Gresham House Energy Storage Fund	5,570,637	7,214	0.36
JLEN Environmental Assets Group	5,934,986	6,232	0.31
NextPower III**	1	557	0.03
Octopus Renewables Infrastructure Trust	4,149,828	4,590	0.23
SDCL Energy Efficiency Income Trust	8,969,142	10,449	0.52
The Forest Company**	67,360	155	0.01
The Renewables Infrastructure Group	6,894,053	9,252	0.46
US Solar Fund	6,687,043	4,700	0.23
<b>General 1.66% (31.12.20 – 1.28%)</b>			
Infracapital Partners III**	1	3,702	0.18
KKR Global Infrastructure Investors III**	1	1,162	0.06
Macquarie Korea Infrastructure Fund	1,849,404	16,081	0.79
Pan-European Infrastructure Fund I**	1	2,576	0.13
Pan-European Infrastructure Fund II**	1	8,917	0.44
Strategic Partners Offshore Real Assets – Infrastructure II**	1	1,258	0.06

## PORTFOLIO STATEMENT

at 31 December 2021

	Holding	Fair value £'000	% of total net assets
<b>Social 0.20% (31.12.20 – 1.35%)</b>			
European Student Housing Fund**	1	2,869	0.14
KMG Wren Retirement Fund**	1,416	1,153	0.06
<b>PROPERTY 4.89% (31.12.20 – 4.23%)</b>			
Aberdeen Standard European Logistics Income	5,364,950	6,170	0.30
COIF Charities Property Fund Income Units*	57,059,214	71,004	3.51
PRS REIT	7,334,270	8,031	0.40
Tritax Eurobox REIT	11,701,011	13,690	0.68
<b>CONTRACTUAL &amp; OTHER INCOME 2.83% (31.12.20 – 3.34%)</b>			
Ares Capital	935,690	14,632	0.72
Duet Real Estate Finance***	549,085	–	–
GCP Asset Backed Income Fund	9,449,061	9,071	0.45
Hipgnosis Songs Fund	9,964,587	12,456	0.62
KKR Mezzanine Partners I**	1	289	0.01
KKR Private Credit Opportunities Partners II**	1	915	0.05
RM Infrastructure Income	2,611,283	2,455	0.12
Round Hill Music Royalty Fund	5,999,850	4,695	0.23
Round Hill Music Royalty Fund – C Shares	2,810,446	1,971	0.10
Sequoia Economic Infrastructure Income Fund	9,318,476	10,045	0.50
Social and Sustainable Housing**	1	675	0.03
<b>INVESTMENT ASSETS</b>		<b>1,852,956</b>	<b>91.50</b>
<b>NET OTHER ASSETS</b>		<b>172,225</b>	<b>8.50</b>
<b>TOTAL NET ASSETS</b>		<b>2,025,181</b>	<b>100.00</b>

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

\* The COIF Charities Property Fund is managed by the Manager and represents a related party transaction.

\*\* Unquoted investments.

\*\*\* Suspended quoted securities.

**STATEMENT OF TOTAL RETURN**  
for the year ended 31 December 2021

	<i>Note</i>	Year ended 31.12.2021		Year ended 31.12.2020	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		253,822		89,075
Revenue	3	29,626		22,228	
Expenses	4	(12,352)		(7,705)	
Net revenue before taxation		17,274		14,523	
Taxation	5	(1,817)		(1,537)	
Net revenue after taxation			15,457		12,986
<b>Total return before distributions</b>			<b>269,279</b>		<b>102,061</b>
Distributions	6		(45,649)		(30,992)
<b>Change in net assets attributable to Unitholders from investment activities</b>			<b>223,630</b>		<b>71,069</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
for the year ended 31 December 2021

	Year ended 31.12.2021		Year ended 31.12.2020	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Unitholders</b>		<b>1,207,898</b>		<b>954,078</b>
Amounts receivable on issue of Units	398,091		211,909	
Amounts payable on cancellation of Units	(212,171)		(37,340)	
In-specie transactions	402,604		4,317	
		588,524		178,886
<b>Change in net assets attributable to Unitholders from investment activities</b>		<b>223,630</b>		<b>71,069</b>
Retained distributions on Accumulation Units		5,129		3,865
<b>Closing net assets attributable to Unitholders</b>		<b>2,025,181</b>		<b>1,207,898</b>

The notes on pages 32 to 50 and distribution tables on page 51 form part of these financial statements.

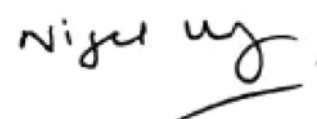
## BALANCE SHEET

at 31 December 2021

	Note	31.12.2021		31.12.2020	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			1,852,956		1,151,555
Current assets:					
Debtors	7	5,344		2,913	
Cash equivalents	8	152,217		56,831	
Cash and bank balances	8	26,854		4,796	
Total current assets			184,415		64,540
<b>Total assets</b>			<b>2,037,371</b>		<b>1,216,095</b>
<b>LIABILITIES</b>					
Creditors:					
Other creditors	9	1,360		764	
Distribution payable on Income Units		10,830		7,433	
Total creditors			12,190		8,197
<b>Total liabilities</b>			<b>12,190</b>		<b>8,197</b>
<b>Net assets attributable to Unitholders</b>			<b>2,025,181</b>		<b>1,207,898</b>

The financial statements on pages 30 to 50 have been approved by the Board.

Approved on behalf of the Board  
10 June 2022

  
N Morecroft, Chair

The notes on pages 32 to 50 and distribution tables on page 51 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 1. Accounting policies

#### *(a) Basis of preparation*

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and The Charities Accounts and reports regulations, 2008 and AIFM in so far as applicable. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 as substantially all of the Fund's investments are highly liquid, substantially all of the Fund's investments are carried at market value and the Fund provides a statement of change in net assets.

#### *(b) Revenue recognition*

Dividends on ordinary stocks, including special dividends where appropriate, distributions received on collective investment schemes, preference shares and unit trusts are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on government and other fixed interest stocks are accrued on a daily basis. Interest on bank deposits are accrued on a daily basis and interest on deposits in the COIF Charities Deposit Fund are credited to revenue on receipt of cash.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Dividends received from US real estate investment trusts (US REITs) are allocated between revenue and capital for distribution purposes. The split is based on the year-end tax reporting date issued by the US REIT. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior year's aggregated dividend split for each US REIT.

Revenue is stated net of irrecoverable tax credits. In the case where revenue is received after the deduction of withholding tax, the revenue is shown gross of taxation and the tax consequences are shown within the tax charge. Overseas tax recovered is recorded in the period it is received.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 1. Accounting policies (*continued*)

##### (c) *Stock dividends*

The ordinary element of stock received in lieu of cash dividends is recognised as revenue of the Fund. Any enhancement above the cash dividend is treated as capital.

##### (d) *Special dividends, share buy-back or additional share issue*

The underlying circumstances behind a special dividend, share buy-back or additional share issue are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature.

It is likely that where the receipt of a special dividend, share buy back, additional share issues results in a significant reduction in the capital value of the holding, then the special dividend, share buy back, additional share issue is treated as capital in nature so as to ensure the matching principle is applied to gains and losses. Otherwise, the special dividend, share buy back, traditional share issue is treated as revenue.

##### (e) *Expenses*

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund and was 0.60% p.a. plus VAT during the year.

The Fund received AMC rebates credited to the capital of the Fund for its holdings during the year in the COIF Charities Property Fund. The Fund also received AMC rebates credited to the revenue of the Fund for its deposits in the COIF Charities Deposit Fund, where the AMC is charged to revenue.

On a daily basis, the net asset value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before distribution.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 1. Accounting policies (*continued*)

##### (f) *Distributions*

Distributions are paid quarterly and can also be supported by the Fund's capital.

It is the Fund's policy to calculate the distribution based on the revenue on debt securities which is computed on a coupon basis. A reconciliation of the net distribution to the net income of the Fund as reported in the statement of total return is shown in note 6.

The Fund can utilise an income reserve to even out the fluctuations in revenue which arise over the years. Movements in the income reserve are therefore adjustments made to the net revenue in determining the distributions. The income reserve balance was £nil as at 31 December 2021. There was no change in the income reserve balance during the current and prior year.

##### (g) *Basis of valuation*

Quoted investments are valued at bid-market values at the close of business on the last business day of the accounting period. Any unquoted, unlisted, delisted or suspended investments are stated at valuation by the Manager and reviewed by the Board.

The Manager's valuation is based upon valuations supplied by the Manager of the underlying investments. The Manager satisfies itself that these valuations can be relied on by valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity. The estimates and assumptions underlying the valuations are kept under review by the Manager and judgements are reviewed, considering all factors affecting the investments.

For unquoted investments, the latest valuation point may be prior to the year end, but the Manager is satisfied that the resultant portfolio valuation would not be materially different from a valuation carried out as at the year end.

Suspended securities are valued by the Manager having regard to the last traded price on or before the date of suspension and subsequent available information. Suspended securities are written off after they have been carried at nil value for two years.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 1. Accounting policies (*continued*)

##### (h) Foreign exchange

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the accounting date. Transactions in foreign currencies are translated into sterling at the exchange rates ruling on the transaction dates.

The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates. Fluctuations in the value of such forward currency contracts are recorded as unrealised gains or losses. Realised gains or losses include net gains or losses on transactions that have terminated by settlement or by the Fund entering into offsetting commitments.

##### (i) Cash equivalents

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

#### 2. Net capital gains

	31.12.2021 £'000	31.12.2020 £'000
The net capital gains during the year comprise:		
Unrealised gains on non-derivative securities*	121,160	78,784
Realised gains on non-derivative securities*	130,616	40,411
Manager's annual management charge rebate – see note 1(e)**	436	383
VAT reclaim	1,502	–
Currency gains	107	5,278
Realised gains/(losses) on forward currency contracts*	1	(35,781)
	<b>253,822</b>	<b>89,075</b>

\* Where net realised gains include gains/(losses) arising in previous years, a corresponding (loss)/gain is included in unrealised gains/(losses).

\*\* This amount represents the annual management charge rebates credited to the Fund's capital. This is for the Fund's deposit in the COIF Charities Property Fund where the annual management charge is charged to capital.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

3. Revenue

	31.12.2021 £'000	31.12.2020 £'000
Overseas dividends	18,404	13,775
UK dividends	5,544	4,185
Franked dividend distributions	2,699	2,033
Property income distributions	2,238	1,539
Interest on the COIF Charities Deposit Fund	75	268
Franked dividends on unquoted stocks	469	218
Manager's annual management charge rebate*	163	192
Interest on debt securities	7	9
Bank interest	11	7
VAT reclaim	16	–
Other income	–	2
	<b>29,626</b>	<b>22,228</b>

\* This amount represents the annual management charge rebates credited to the Fund's revenue. This is for the Fund's deposit in the COIF Charities Deposit Fund where the annual management charge is charged to revenue.

4. Expenses

	31.12.2021 £'000	31.12.2020 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(e)	12,021	7,484
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	125	74
Depositary fee	84	60
	<b>209</b>	<b>134</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

4. Expenses (*continued*)

	31.12.2021 £'000	31.12.2020 £'000
Other expenses:		
Audit fee	18	14
Insurance fee	17	9
Other fees	87	64
	122	87
Total expenses	12,352	7,705

The above expenses include VAT where applicable.

Audit fee net of VAT is £18,000 (31.12.2020, £12,000).

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid, and reinvested revenue credited gross to Unitholders on the basis that all recoverable UK taxation has been reclaimed.

Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	31.12.2021 £'000	31.12.2020 £'000
Overseas taxation suffered in the year	1,503	1,348
Tax on capital special dividends	(4)	11
Overseas recoverable withholding tax (windfall)/written off in the year	318	178
Total taxation	1,817	1,537

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 6. Distributions

Distributions take account of revenue received on the issue of Units and revenue deducted on the cancellation of Units, and comprise:

	31.12.2021 £'000	31.12.2020 £'000
31 March – interim distribution	10,177	7,397
30 June – interim distribution	10,472	7,842
30 September – interim distribution	12,895	7,755
31 December – final distribution	12,457	8,348
	<b>46,001</b>	<b>31,342</b>
Add: revenue deducted on cancellation of Units	126	98
Deduct: revenue received on in-specie transactions	180	–
Deduct: revenue received on issue of Units	(658)	(448)
Net distribution for the year	<b>45,649</b>	<b>30,992</b>
Net revenue after taxation for the year	15,457	12,986
Manager's annual management charge – see note 1(e)	12,021	7,484
Distribution from capital	18,175	10,511
Tax on capital special dividends	(4)	11
Net distribution for the year	<b>45,649</b>	<b>30,992</b>

Details of the distribution per Unit are set out in the distribution tables on page 51.

The Manager's annual management charge is charged to capital, so this amount above is added back in the table above to the net distribution for the year and deducted from capital.

There were no unclaimed distributions as at 31 December 2021 (31.12.2020, £7,518).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

7. Debtors

	31.12.2021 £'000	31.12.2020 £'000
Accrued revenue	2,435	1,422
Amounts receivable on creation of Units	2,754	1,370
Sales awaiting settlement	85	78
Prepayments	70	43
	5,344	2,913

8. Cash equivalents, cash and bank balances

	31.12.2021 £'000	31.12.2020 £'000
Cash equivalents – cash in the COIF Charities Deposit Fund	152,217	56,831
Cash and bank balances – cash at bank	26,854	4,796

9. Other creditors

	31.12.2021 £'000	31.12.2020 £'000
Purchases awaiting settlement	107	–
Accrued expenses	1,253	764
	1,360	764

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

### 10. Financial instruments

#### *Fair value*

Securities held by the Fund are valued at bid-market value (see note 1(g)). Bid-market value is considered to be a fair representation of the amount repayable to Unitholders should they wish to sell their Units. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

#### *Market price risk*

This is an actively managed Fund which invests mainly in UK and overseas equities, UK Property and fixed interest investments. Investors are thus exposed to market price risk, which can be defined as the uncertainty about future price movements of the financial instruments the Fund is invested in. Market price risk arises mainly from economic factors, including investor confidence and is not limited to interest rate and currency movements. This exposure to market price risk may result in substantial fluctuations in the Unit price from time to time, although there will generally be a positive correlation in the movement of the Unit price to the markets the Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

At 31 December 2021, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Unitholders, and profit or loss, would increase or decrease respectively by approximately £92,648,000 (31.12.2020: £57,578,000).

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 10. Financial instruments (*continued*)

##### *Credit risk*

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase, the cash for a sale or the settlement amounts for forward currency contracts. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager. Depending on the counterparty, the Fund may employ collateral arrangements for forward currency contracts.

##### *Liquidity risk*

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, fixed interest securities, pooled funds and sterling and overseas cash deposits. These assets are generally liquid (except for the Unit trusts, which are realisable only on their weekly or monthly dealing dates, and the holdings in the unquoted investments, which are not readily realisable) and enable the Fund to meet the payment of any redemption of Units that Unitholders may wish to make.

##### *Currency risk*

The Fund is exposed to fluctuations in foreign currencies as some of its assets and revenue are denominated in currencies other than sterling, the base currency of the Fund. The Fund may enter into forward currency contracts to protect the sterling value of the underlying portfolio of securities against the effect of possible adverse movements in foreign exchange rates on investments and revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2021, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Unitholders, and profit or loss, would decrease or increase respectively by approximately £14,445,000 (31.12.2020: £8,892,000).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 10. Financial instruments (continued)

*Currency risk (continued)*

The Fund held derivatives relating to forward currency contracts with a net value of £nil as at 31 December 2021 (31.12.2020, £nil).

The total foreign currency exposure at 31 December was:

Currency	Monetary exposures £'000	31.12.2021 Non- monetary exposures £'000	Total £'000	Monetary exposures £'000	31.12.2020 Non- monetary exposures £'000	Total £'000
Australian dollar	–	–	–	–	2,177	2,177
Canadian dollar	–	–	–	74	6,190	6,264
Danish krona	–	–	–	–	12,752	12,752
Euro	191	180,455	180,646	242	123,406	123,648
Hong Kong dollar	–	33,100	33,100	–	–	–
Indonesian rupiah	–	–	–	–	32,294	32,294
Japanese yen	–	10,149	10,149	–	13,904	13,904
Korean won	341	36,313	36,654	–	4,358	4,358
Malaysian ringgit	–	–	–	–	10,073	10,073
Mexican peso	–	–	–	–	13,124	13,124
Swedish krona	–	25,728	25,728	–	–	–
Swiss franc	–	64,207	64,207	–	42,643	42,643
South African rand	–	21,406	21,406	–	–	–
Taiwan dollar	68	19,366	19,434	67	18,594	18,661
US dollar	1,121	1,052,065	1,053,186	508	608,775	609,283
Total	1,721	1,442,789	1,444,510	891	888,290	889,181

*Interest rate risk*

The majority of the Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in fixed interest securities and cash deposits, the revenue of which may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

10. Financial instruments (continued)

*Interest rate risk (continued)*

A sensitivity analysis for interest rate risk is not shown as the impact is unlikely to be significant.

The total exposure at 31 December 2021 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	178,901	—	413,960	592,861
Euro	91	—	180,555	180,646
Japanese yen	—	—	10,149	10,149
US dollar	79	—	1,053,107	1,053,186
Other	—	—	200,529	200,529
Total	179,071	—	1,858,300	2,037,371

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	(12,190)	(12,190)
Total	—	—	(12,190)	(12,190)

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

10. Financial instruments (continued)

*Interest rate risk (continued)*

The total exposure at 31 December 2020 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	61,625	—	265,289	326,914
Euro	—	—	123,648	123,648
Japanese yen	—	—	13,904	13,904
US dollar	2	—	609,281	609,283
Other	—	—	142,346	142,346
Total	61,627	—	1,154,468	1,216,095

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	(8,197)	(8,197)
Total	—	—	(8,197)	(8,197)

\* The floating rate financial assets of the Fund earn interest at rates based on either SONIA or base rate.

All financial liabilities are due to be settled within one year or on demand.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 11. Commitments and contingent liabilities

Undrawn commitments at 31 December were:

	31.12.2021	31.12.2020
	£	£
Rubicon Partners V	3,482,053	1,665,231
Clean Growth Fund	2,846,243	3,038,938
KKR Private Credit Opportunities Partners II	2,557,396	2,817,809
Strategic Partners Offshore Real Assets – Infrastructure II	1,056,821	923,787
Pan-European Infrastructure II	1,046,218	1,903,647
Social and Sustainable Housing	979,671	1,302,105
KKR Global Infrastructure Investors III	910,784	1,227,578
NextPower III	868,133	739,197
Blackstone Capital Partners Asia	858,525	1,083,523
Infracapital Partners III	765,095	1,217,940
Clean Energy and Environment Fund	463,623	1,090,627
Pan-European Infrastructure Fund I	163,985	174,823
KKR Mezzanine Partners I	36,976	36,638

There were no other commitments or contingent liabilities as at 31 December 2021 (31.12.2020, £nil).

#### 12. Unquoted and other investments

At 31 December 2021, 3.51% (31.12.2020, 3.53%) of the value of the Fund was held in Units in the COIF Charities Property Fund.

At 31 December 2021, the Fund held 9.53% (31.12.2020, 7.29%) of the value of the COIF Charities Property Fund. The investment in the COIF Charities Property Fund may not be readily realisable, as the Manager may impose a period of notice or delay which is currently 90 days notice, not exceeding six months, before carrying out a redemption of Units in that Fund, if it is deemed to be necessary to protect the interests of Unitholders of the Fund or to permit properties to be sold to meet a redemption.

All unquoted investments are listed in the Portfolio Statement.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2021

#### 13. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds.

#### 14. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of these charges are disclosed in note 4. Please see note 1(e) for further information. An amount of £1,148,096 was due to the Manager at 31 December 2021 (31.12.2020, £692,115). There were no other transactions entered into with the Manager during the year (31.12.2020, £nil).

At 31 December 2021 a cash balance of £152,217,115 (31.12.2020, £56,830,526) was held in The COIF Charities Deposit Fund. During the year, the Fund received interest of £74,813 (31.12.2020, £268,409) from the COIF Charities Deposit Fund.

Further details of the Fund's holdings in CCLA IM and other COIF Charities Funds are disclosed in note 12.

There is no individual investor holding more than 20% of the Fund.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 15. Portfolio transaction costs

For the year ended 31 December 2021

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	697,127	308	0.04	196	0.03	697,631
Fund transactions	3,113	—	—	—	—	3,113
In-specie transactions	457,724	—	—	—	—	457,724
Corporate actions	12,132	—	—	—	—	12,132
<b>Total</b>	<b>1,170,096</b>	<b>308</b>		<b>196</b>		<b>1,170,600</b>

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	635,001	(312)	0.05	(81)	0.01	634,608
In-specie transactions	54,939	—	—	—	—	54,939
Corporate actions	209	—	—	—	—	209
<b>Total</b>	<b>690,149</b>	<b>(312)</b>		<b>(81)</b>		<b>689,756</b>

Commissions and taxes as a percentage of average net assets

Commissions 0.03%

Taxes 0.02%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2021 was 0.25%.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2021

15. Portfolio transaction costs (*continued*)

For the year ended 31 December 2020

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	425,411	193	0.05	100	0.02	425,704
Fund transactions	335	—	—	—	—	335
In-specie transactions	4,317	—	—	—	—	4,317
Corporate actions	7,075	—	—	—	—	7,075
Total	437,138	193		100		437,431

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	296,546	(147)	0.05	(29)	0.01	296,370
Corporate actions	294	—	—	—	—	294
Total	296,840	(147)		(29)		296,664

Commissions and taxes as a percentage of average net assets

Commissions 0.04%

Taxes 0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2020 was 0.36%.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

**15. Portfolio transaction costs (continued)**

For the current year and the comparative year, in the case of equities, commissions and taxes are paid by the Fund on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, the majority of other types of investments (such as bonds, funds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

**16. Unitholders' funds – reconciliation of Units**

	31.12.2021	
	Income Units	Accumulation Units
Opening number of Units at beginning of year	353,943,445	54,955,318
Units issued in year	237,972,404	36,293,763
Units cancelled in year	(77,684,448)	(7,065,164)
Units converted in year	(3,387,694)	2,162,241
Closing number of Units at end of year	510,843,707	86,346,158

All Units carry the same rights.

**17. Fair value of financial assets and financial liabilities**

In respect of financial assets and liabilities other than investments (including investment liabilities), there is no material difference between their value, as shown on the balance sheet, and their fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

17. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 December 2021

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,748,694	71,004	33,258	1,852,956
	1,748,694	71,004	33,258	1,852,956

For the year ended 31 December 2020

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,083,329	42,583	25,643	1,151,555
	1,083,329	42,583	25,643	1,151,555

For financial instruments which have quoted prices for identical instruments in active markets, those prices are taken to be fair value.

For financial instruments for which the Manager uses valuation techniques using observable market data, the inputs include: prices of recent transactions for identical instruments in inactive markets; broker quotes; evaluated pricing data from data providers; or prices quoted for closely similar (but not identical) instruments.

For financial instruments for which the Manager uses valuation techniques using non-observable data, the inputs include: valuations from independent experts (which may include discounted cash flow calculations, or prices based upon income yield); or net asset values which the Manager considers reliable, based upon audit reports and the Manager's own knowledge of the investee entity.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

## DISTRIBUTION TABLES

for the year ended 31 December 2021

Period ended	Date payable/paid		Dividends payable/paid pence per Unit	
	2021	2020	2021	2020
<b>Income Units</b>				
31 March	28 May	29 May	2.10	2.04
30 June	31 August	28 August	2.10	2.04
30 September	30 November	30 November	2.12	2.09
31 December	28 February	26 February	2.12	2.10
			8.44	8.27

Period ended	Revenue accumulated pence per Unit	
	2021	2020
<b>Accumulation Units</b>		
31 March	1.59	2.12
30 June	2.31	2.20
30 September	1.59	1.76
31 December	1.88	1.66
	7.37	7.74

The distributions for Income Units were paid in the same year, apart from the distribution declared on 31 December which is payable on 28 February in the subsequent year.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;

- making representations to the Trustee on the winding up of the Fund: provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

- the duty to inform the Financial Conduct Authority promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Participating Charities.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the creation and cancellation of Units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);

- making distributions or allocations to Participating Charities in proportion to their respective Units in the property of the Fund;
- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to secure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attaching to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the Regulations;

- the assets under management and the net asset value per Unit of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- that the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Scheme Particulars in relation to the investment and borrowing powers applicable to the Fund.

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

### Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under this Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of Units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the Units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of Units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Charity Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Charity Commission a half- yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by The Investment Association in May 2014 (and amended in June 2017);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

## STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

## AIFMD DISCLOSURES

**Manager Remuneration**

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA Investment Management Limited.

Recharges for these services of CCLA Investment Management Limited to the Manager are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2021 was £30,000,000. A recharge of £28,700,000 was levied in the year to 31 March 2020.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2021 was 145 (year ended 31 March 2020, 137).

During the year ended 31 December 2021 and the prior year, remuneration was paid to CCLA Investment Management Limited staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Fund ("identified staff") are shown separately.

	Year to 31 December 2021		
	Fixed remuneration £'000	Variable remuneration £'000	Total £'000
Identified staff	1,380	1,827	3,207
Other staff	12,659	5,327	17,986
<b>Total</b>	<b>14,039</b>	<b>7,154</b>	<b>21,193</b>

	Year to 31 December 2020		
	Fixed remuneration £'000	Variable remuneration £'000	Total £'000
Identified staff	1,355	1,870	3,225
Other staff	11,605	4,422	16,027
<b>Total</b>	<b>12,960</b>	<b>6,292</b>	<b>19,252</b>

Remuneration above is the total remuneration for CCLA Investment Management Limited; it is not possible to separate the element of that relating only to this fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Fund.

(Charity Registration No. 1132054)

## DIRECTORY

**Board**

N Morecroft, ASIP (Chair)  
 K Corrigan, FCCA  
 J Hobart, MA  
 G Newson, MRICS – resigned on 22 November 2021  
 S Niven, CFA  
 C Ong, MBA  
 A Watson, CBE

**Secretary**

J Fox

**Manager and Alternative Investment Fund  
 Manager (AIFM)**

CCLA Fund Managers Limited

**Investment Manager and Registrar**

CCLA Investment Management Limited  
*Both CCLA Fund Managers Limited and CCLA Investment  
 Management Limited are authorised and regulated by the  
 Financial Conduct Authority*  
 Senator House, 85 Queen Victoria Street  
 London  
 EC4V 4ET  
 Telephone: 0207 489 6000  
 Client Service:  
 Freephone: 0800 022 3505  
 Email: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)  
[www.ccla.co.uk](http://www.ccla.co.uk)

**Administrator**

HSBC Bank plc  
 8 Canada Square  
 Canary Wharf  
 London  
 E14 5HQ  
*HSBC Bank plc is authorised by the Prudential Regulation  
 Authority and regulated by the Financial Conduct Authority  
 and the Prudential Regulation Authority*

**Executive Directors of the Manager**

P Hugh Smith (Chief Executive Officer) –  
 resigned on 17 November 2021  
 J Bevan (Chief Investment Officer) –  
 resigned on 1 June 2021  
 E Sheldon (Chief Operating Officer)  
 A Robinson, MBE (Director Market Development) –  
 resigned on 1 June 2021  
 D Sloper (Chief Executive Officer) –  
 appointed on 17 November 2021

**Non-Executive Directors of the Manager**

R Horlick (Chair)  
 J Jesty  
 C Johnson – resigned on 1 June 2021  
 G Newson – resigned on 1 June 2021  
 A Roughead

**Fund Manager (CCLA Investment Management Limited)**

J Bevan – resigned on 8 September 2021  
 C Ryland – appointed on 8 September 2021  
 J Ayre – appointed on 8 September 2021

**Company Secretary**

J Fox

**Chief Risk Officer**

JP Lim

**Head of Sustainability**

J Corah

**Third Party Advisors****Custodian, Trustee and Depositary**

HSBC Bank plc  
 8 Canada Square  
 Canary Wharf  
 London  
 E14 5HQ

**Banker**

HSBC Bank plc  
 60 Queen Victoria Street  
 London  
 EC4N 4TR

**Solicitor**

Farrer & Co LLP  
 66 Lincoln's Inn Fields  
 London  
 WC2A 3LH

**Independent Auditor**

Deloitte LLP  
 110 Queen Street  
 Glasgow  
 G1 3BX – appointed on 15 February 2022

## ABOUT CCLA

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Founded in 1958, CCLA is one of the UK's largest charity fund managers.  
Managing investments for charities, religious organisations  
and the public sector is all that we do.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to all organisations, irrespective of their size.



### **CCLA Fund Managers Limited**

Senator House, 85 Queen Victoria Street, London EC4V 4ET  
T: 0800 022 3505 E: [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk)

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

CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088)  
and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639).

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: Senator House, 85 Queen Victoria Street, London EC4V 4ET.

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