

COIF CHARITIES FIXED INTEREST FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2020

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 2020**

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Fixed Interest 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 in 1990 and is now regulated by the Scheme dated 29 November 2000 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 13 May 2009, 21 July 2014, 22 July 2014 and 17 November 2015 (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 investors with an income yield and a total return in excess of the benchmark.

Benchmark

The composite benchmark for the Fund is Markit iBoxx™ £ Gilts Index 50% and Markit iBoxx™ £ Non Gilts Index 50%.

REPORT OF THE BOARD

for the year ended 31 December 2020

Investment policy

The Fund is an actively managed, diversified portfolio invested predominantly in sterling denominated fixed interest securities and will consist primarily of UK fixed interest securities, but may also include other asset classes.

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 history 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 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 year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to review 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 year, 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.

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 diversification of assets.

REPORT OF THE BOARD

for the year ended 31 December 2020

The Board has adopted an ethical investment policy which reflects client priorities researched by the Manager. The Fund prohibits investment in companies that have been identified by our third-party data provider (MSCI), as being involved in:

- producing landmines, cluster bombs or chemical/biological weapons;
- producing tobacco products;
- having significant (>10%) turnover relating to online gambling or the production of pornography.

Companies that have not responded to persistent engagement on compliance with:

- The ILO Core Labour Standards;
- The UN Guiding Principles on Business and Human Rights; and
- Norms relating to Biodiversity, Toxic Waste and Climate Change disclosure;

are also restricted from investment.

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.

With the outbreak of the COVID-19 pandemic during the first quarter of 2020, the Board had additional informal meetings with the Manager during the first six months of 2020 to consider a broad range of relevant issues including investment strategy, performance, liquidity and client behaviours.

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

N Morecroft
Chairman
19 July 2021

Nigel

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2020

Performance

Over the year the Fund achieved a return after expenses of 6.66% on the Income units and 6.68% on the Accumulation units. This compares with a return of 8.42% on the benchmark. The main influence on relative performance was the defensive bias of the investment strategy in a rising fixed income market, in which longer dated and lower rated bonds achieved the best returns. At year end, the gross income yield on the portfolio was 3.12% and the gross redemption yield was 0.71%. When the income yield is higher than the redemption yield some of the income payment is being made at a cost to capital.

Market review

The UK fixed interest markets gave positive returns over the year, advancing in the early months and then trading within a narrow range for the rest of the period. The key support to valuations came from the changes in monetary policy introduced by the government in response to the pandemic and the severely negative impact it had on economic activity in the UK. Interest rates were cut to 0.01% and the Bank of England (BoE) undertook a substantial programme of quantitative easing which included a commitment to buy £875bn of government bonds, with an additional £20bn of corporate bonds also purchased.

Annualised total capital and income return

To 31 December 2020	1 year %	5 years % p.a.	10 years % p.a.
Performance against market indices (after expenses)			
COIF Charities Fixed Interest Fund			
Income Units*	6.66	5.04	5.31
Accumulation Units*	6.68	5.05	5.32
Benchmark [#]	8.42	5.91	6.04
iBoxx £ Gilts	8.83	5.74	5.76
iBoxx £ Non Gilts	7.80	6.01	6.29
Consumer Prices Index (CPI)	0.65	1.71	1.82

[#] Benchmark – Composite: From 01.01.16 iBoxx £ Gilt 50% and iBoxx £ Non Gilt 50%. To 31.12.15 Barcap £ Gilt 50% and £ Agg 100mm Non Gilt 50%. To 31.12.12 Barcap £ Gilt 80% and £ Agg 100mm Non Gilt 20%.

* Mid to mid plus income re-invested.

Source: CCLA.

REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2020

Further downward pressure on yields came from speculation that the BoE might introduce a negative interest rate regime. During the year a formal review of the implications of this policy commenced and although no results were published in the period, the possibility of such an action had an impact on interest rates, bringing them lower and into negative territory for some shorter dated gilt maturities. Within the sector, government bonds slightly outperformed their corporate alternatives, but there was a clear preference for longer dated issues and those on lower credit ratings.

Strategy

The Fund is invested in a diversified portfolio of UK government bonds (gilts) and good quality corporate bonds. There is a bias towards corporate issues because these tend to provide investors with a higher income yield. At the end of December, the respective allocations were 60.29% in corporate issues, 37.43% in gilts, with a 2.28% exposure to cash. In terms of risk measures, the modified duration of the portfolio was 8.25 years compared to 10.53 years on the benchmark, the average term to maturity of the portfolio 10.12 years and 13.84 years on the benchmark. There was no exposure to sub-investment grade assets.

Outlook

No change in the supportive monetary environment is likely for the foreseeable future, interest rates will stay very low and central purchases under the quantitative easing programme will continue to support fixed interest security prices. We expect economic activity to begin a sustained improvement in the second quarter of this year and that by the summer a successful vaccination programme will have effectively broken the relationship between social mobility and infection rates. Growth should continue over the year and through 2022, although even by the end of that year output will still be appreciably below the levels reached at the end of 2019. Inflation is expected to rise near to the BoE's 2% target in the early part of the year but then to ease again; structural inflation pressures are modest, with excess capacity in the global economy and substantial increases in unemployment. Fixed interest asset prices will be supported by monetary policy, but yields are such that they offer little to investors. Indeed, if recovery happens as we hope, then we should expect yields to edge higher, putting pressure on capital values.

J Bevan
Chief Investment Officer
CCLA Fund Managers Limited
19 July 2021

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2020

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
UK Treasury 4.25% 2039	1,346	UK Treasury 2.25% 2023	2,135
Citigroup 5.15% 2026	1,222	AXA 5.453% Variable Perpetual	1,641
ENW Finance 1.415% 2030	1,011	UK Treasury 2.75% 2024	1,344
Assura Financing 1.5% 2030	1,009	Intercontinental Hotels Group	
GlaxoSmithKline Capital 1.625% 2035	998	3.875% 2022	1,285
UK Treasury 0.625% 2050	925	Eversholt Rail Group 5.831% 2020	1,145
Apple 3.05% 2029	891	British Telecom 8.625% 2020	1,065
BNP Paribas 1.875% 2027	498	Heathrow Funding 6% 2020	1,050
Scottish Hydro Electric		McDonald's 6.375% 2020	600
Transmission 2.25% 2035	442	Thames Water Utilities	
Southern Gas Network 3.1% 2036	359	Cayman Finance 2.375% 2023	546
		Telereal Secured Finance 4.01% 2033	512

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.

Portfolio composition by credit rating

Rating category	% Fund
AAA	11.5
AA	49.9
A	26.4
BBB	10.6
Non investment grade	—
Not rated (Debentures/Preference Shares)	1.6

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.

The gross redemption yield is an estimate of total return over the long term. The Fund's gross dividend yield and gross redemption yield are not guaranteed and will change over time. When the Fund's distribution yield is higher than the gross redemption yield, some revenue is being paid at the expense of capital.

REPORT OF THE DEPOSITARY

for the year ended 31 December 2020

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 and regulated by
the Financial Conduct Authority
19 July 2021

INDEPENDENT AUDITORS' REPORT

to the Trustees of COIF Charities Fixed Interest Fund

Report on the audit of the financial statements*Opinion*

In our opinion, the financial statements of COIF Charities Fixed Interest Fund (the "Fund"):

- give a true and fair view of the financial position of the Fund as at 31 December 2020 incoming resources and application of resources, for the year then ended and of the movements in the net assets of the Fund between their position as at 1 January 2020 and 31 December 2020; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of total return, the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the date on which the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT

to the Trustees of COIF Charities Fixed Interest Fund

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

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 based on these responsibilities.

Based on our work undertaken in the course of the audit, The Charities Act 2011 requires us to also report certain opinions and matters as described below.

Manager's Report

In our opinion, the information given in the Report of the Investment Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

*Responsibilities for the financial statements and the audit**Responsibilities of the Manager for the financial statements*

As explained more fully in the Statement of Board, Depositary and Manager Responsibilities, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

to the Trustees of COIF Charities Fixed Interest Fund

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 wind up or terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditors' 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.

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.

Based on our understanding of the Fund/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements, we also considered those laws and regulations that have a direct impact on the financial statement. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Fund and assumptions and judgements made by management in their significant accounting estimates. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and

INDEPENDENT AUDITORS' REPORT

to the Trustees of COIF Charities Fixed Interest Fund

- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Fund's Managers as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 24 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting*Charities Act 2011 exception reporting*

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 July 2021

SUMMARY RISK INDICATOR

The European Union imposed legislation which sets 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 Fixed Interest 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 three to 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 31.12.2020 pence per Unit	Income Units Year to 31.12.2019 pence per Unit	Year to 31.12.2018 pence per Unit
Opening net asset value per Unit	137.24	133.05	138.29
Return before operating charges*	9.40	9.06	(0.39)
Operating charges	(0.43)	(0.43)	(0.41)
Return after operating charges*	8.97	8.63	(0.80)
Distributions on Income Units	(4.44)	(4.44)	(4.44)
Closing net asset value per Unit	141.77	137.24	133.05
* after direct transaction costs of:	—	—	—

Performance

Return after charges	6.54%	6.49%	(0.58%)
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Other information

Closing net asset value (£'000)	77,831	78,591	80,630
Closing number of Units	54,898,707	57,266,335	60,602,371
Operating charges**	0.31%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%

Prices (pence per Unit)

Highest Unit price (offer)	144.07	143.28	138.79
Lowest Unit price (bid)	132.64	132.99	132.02

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.

COMPARATIVE TABLE

Change in net assets per Unit

	Accumulation Units		
	Year to 31.12.2020 pence per Unit	Year to 31.12.2019 pence per Unit	Year to 31.12.2018 pence per Unit
Opening net asset value per Unit	911.09	855.39	860.40
Return before operating charges*	63.14	58.47	(2.40)
Operating charges	(2.91)	(2.77)	(2.61)
Return after operating charges*	60.23	55.70	(5.01)
Distributions on Accumulation Units	(28.16)	(28.54)	(29.58)
Retained distributions on Accumulation Units	28.16	28.54	29.58
Closing net asset value per Unit	971.32	911.09	855.39

* after direct transaction costs of:

— — —

Performance

Return after charges	6.61%	6.51%	(0.58%)
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Other information

Closing net asset value (£'000)	21,339	20,569	19,200
Closing number of Units	2,196,946	2,257,666	2,244,581
Operating charges**	0.31%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%

Prices (pence per Unit)

Highest Unit price (offer)	977.21	936.23	866.39
Lowest Unit price (bid)	880.54	855.05	835.32

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.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2020

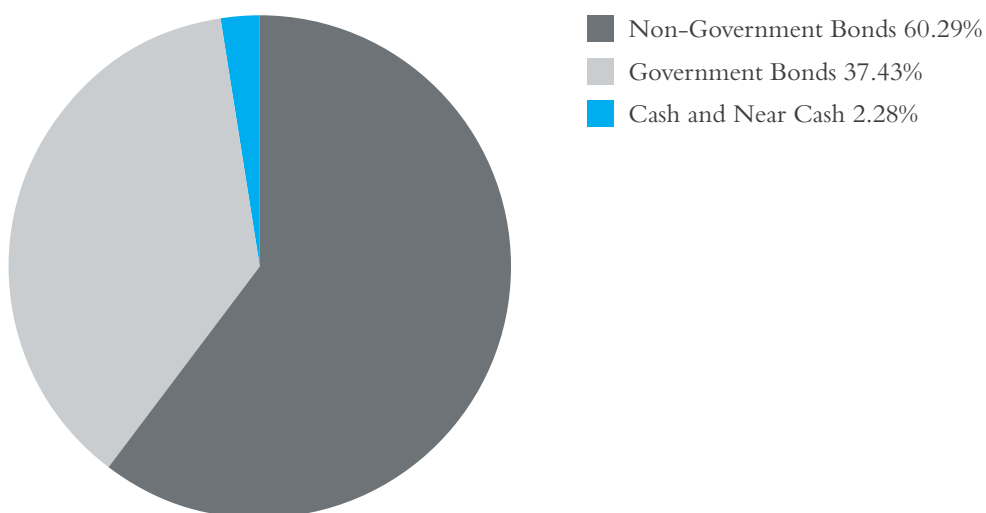
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2020 %	31.12.2019 %
Manager's annual management charge including VAT	0.26	0.26
Manager's fee for ethical services	0.00	0.00
Safe custody fees and depositary fee	0.02	0.02
Other expenses	0.03	0.03
Total operating charges	0.31	0.31

PORTFOLIO ANALYSIS

at 31 December 2020

Portfolio Allocation



By term to maturity

Period	% Fund
0-5 years	33.5
5-10 years	26.6
10-15 years	13.4
Over 15 years	26.5
Duration (modified)	8.3
Average term to maturity	10.0

The portfolio analysis above differ from the following portfolio statement because prices used here are mid-market rather than bid.

PORTFOLIO STATEMENT

at 31 December 2020

	Holding	Fair value £'000	% of total net assets
Government Bonds – 37.30% (31.12.2019 – 37.61%)			
UK Treasury 0.625% 2050	£1,000,000	966	0.97
UK Treasury 0.875% 2029	£500,000	532	0.54
UK Treasury 1.625% 2028	£200,000	224	0.23
UK Treasury 1.75% 2037	£850,000	1,007	1.02
UK Treasury 2.25% 2023	£1,811,790	1,926	1.94
UK Treasury 3.25% 2044	£884,000	1,359	1.37
UK Treasury 4.25% 2032	£1,500,000	2,166	2.18
UK Treasury 4.25% 2039	£802,000	1,319	1.33
UK Treasury 4.25% 2040	£2,589,375	4,335	4.37
UK Treasury 4.5% 2034	£1,542,000	2,382	2.40
UK Treasury 4.5% 2042	£1,374,000	2,442	2.46
UK Treasury 5% 2025	£6,475,000	7,857	7.92
UK Treasury 6% 2028	£5,638,885	8,265	8.34
UK Treasury 8% 2021	£2,139,000	2,212	2.23
Non-Government Bonds 59.28% (31.12.2019 – 59.22%)			
3i Group 6.875% 2023	£351,000	395	0.40
Affordable Housing Finance 3.8% 2044	£1,350,000	2,073	2.09
Apple 3.05% 2029	£800,000	975	0.98
Pacific National Finance 5% 2023	£850,000	926	0.93
Assura 1.5% 2030	£1,000,000	1,047	1.06
AT&T 4.25% 2043	£330,000	437	0.44
BNP Paribas 1.875% 2027	£500,000	531	0.53
Brown-Forman 2.6% 2028	£870,000	977	0.98
Bupa Finance 2% 2024	£500,000	524	0.53
Citigroup 5.15% 2026	£1,000,000	1,227	1.24
Community Finance Company 1 5.017% 2034	£700,000	978	0.99
Coöperatieve Rabobank 2.25% 2022	£700,000	718	0.72
Coöperatieve Rabobank 4% 2022	£100,000	106	0.11
Coventry Building Society 1.875% 2023	£1,055,000	1,093	1.10
Deutsche Bahn Finance 1.875% 2026	£850,000	913	0.92
Deutsche Bahn Finance 2.75% 2022	£157,000	163	0.16
E.ON 6.75% 2039	£650,000	1,152	1.16
East Japan Railway Company 4.875% 2034	£1,100,000	1,616	1.63
ENW Finance 1.415% 2030	£1,000,000	1,039	1.05
Fidelity International 7.125% 2024	£830,000	981	0.99
Friends Life Holdings 12% 2021	£672,000	700	0.71
Friends Life Holdings 8.25% 2022	£100,000	110	0.11

PORTFOLIO STATEMENT

at 31 December 2020

	Holding	Fair value £'000	% of total net assets
General Accident 7.875% Preference Shares	£1,215,000	1,652	1.67
GlaxoSmithKline Capital 1.625% 2035	£1,000,000	1,050	1.06
GlaxoSmithKline Capital 3.375% 2027	£1,100,000	1,309	1.32
KFW 5.55% 2021	£1,000,000	1,024	1.03
Lloyds Banking Group 5.125% 2025	£2,118,000	2,542	2.56
LVMH Moët Hennessy Louis Vuitton 1% 2022	£225,000	227	0.23
Myriad Capital 4.75% 2043	£1,375,000	2,069	2.09
Nestlé Finance International 2.25% 2023	£1,780,000	1,886	1.90
Notting Hill Genesis 3.75% 2032	£1,000,000	1,227	1.24
Ørsted 2.125% 2027	£1,000,000	1,087	1.10
Pfizer 2.735% 2043	£908,000	1,137	1.15
Places for People Treasury 2.875% 2026	£1,430,000	1,567	1.58
OP Corporate Bank plc 2.5% 2022	£800,000	826	0.83
Prologis 2.25% 2029	£400,000	446	0.45
NatWest Group 5.125% 2024	£1,793,000	2,055	2.07
Santander UK 5.75% 2026	£2,050,000	2,611	2.63
Scottish Hydro Electric Transmission 2.25% 2035	£1,400,000	1,585	1.60
Scottish Widows 5.5% 2023	£1,060,000	1,173	1.18
SGN 3.1% 2036	£1,300,000	1,586	1.60
Sovereign Housing Capital 2.375% 2048	£200,000	237	0.24
SSE 5.875% 2022	£134,000	147	0.15
Svenska Handelsbanken 1.625% 2022	£800,000	817	0.82
Swedbank 1.25% 2021	£350,000	354	0.36
Swedbank 1.625% 2022	£700,000	720	0.73
Thames Water Utilities Finance 2.625% 2032	£2,000,000	2,237	2.25
The Procter & Gamble Company 1.8% 2029	£727,000	805	0.81
THFC (Funding No.3) 5.2% 2043	£620,000	1,009	1.02
Transport for London 3.625% 2045	£1,600,000	2,280	2.30
Tritax Big Box REIT 2.625% 2026	£1,300,000	1,434	1.45
Unilever 1.5% 2026	£575,000	611	0.62
University of Cambridge 3.75% 2052	£680,000	1,174	1.18
Verizon Communications 1.875% 2030	£700,000	749	0.75
Western Power Distribution (West Midlands) 3.875% 2024	£425,000	473	0.48
INVESTMENT ASSETS		95,779	96.58
NET OTHER ASSETS		3,391	3.42
TOTAL NET ASSETS		99,170	100.00

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2020

	<i>Note</i>	Year ended 31.12.2020		Year ended 31.12.2019	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		4,457		4,206
Revenue	3	2,139		2,447	
Expenses	4	(304)		(313)	
Net revenue before taxation		1,835		2,134	
Taxation	5	–		–	
Net revenue after taxation			1,835		2,134
Total return before distributions			6,292		6,340
Distributions	6		(3,080)		(3,255)
Change in net assets attributable to Unitholders from investment activities			3,212		3,085

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 December 2020

	Year ended 31.12.2020		Year ended 31.12.2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		99,160		99,830
Amounts receivable on issue of Units	3,709		7,071	
Amounts payable on cancellation of Units	(7,529)		(11,458)	
		(3,820)		(4,387)
Change in net assets attributable to Unitholders from investment activities		3,212		3,085
Retained distributions on Accumulation Units		618		632
Closing net assets attributable to Unitholders		99,170		99,160

The notes on pages 25 to 34 and distribution tables on page 35 form part of these financial statements.

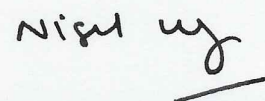
BALANCE SHEET
at 31 December 2020

		31.12.2020		31.12.2019	
	Note	£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			95,779		96,012
Current assets:					
Debtors	7	1,123		1,320	
Cash equivalents	8	1,634		2,313	
Cash and bank balances	8	1,280		187	
Total current assets			4,037		3,820
Total assets			99,816		99,832
LIABILITIES					
Creditors:					
Other creditors	9	37		36	
Distribution payable on Income Units		609		636	
Total creditors			646		672
Total liabilities			646		672
Net assets attributable to Unitholders			99,170		99,160

The financial statements on pages 21 to 35 have been approved by the Board.

Approved on behalf of the Board
19 July 2021

N Morecroft, Chairman



The notes on pages 25 to 34 and distribution tables on page 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by The Investment Association in May 2014 (and amended in June 2017), the Charities Act 2011, the Scheme and the Collective Investment Scheme sourcebook. 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

Interest on government stocks, sterling eurobonds 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.

Dividends on preference shares are accrued to revenue on the dates when the Units are first quoted ex-dividend, or otherwise, 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.

Revenue is stated net of irrecoverable tax credits.

(c) 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 0.22% p.a. plus VAT during the year.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting policies (*continued*)

(c) Expenses (*continued*)

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.

(d) Distributions

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 10). Movements in the income reserve are therefore adjustments made to the net revenue in determining the distributions.

It is the Fund's policy to calculate the distribution based on the revenue on debt securities which is computed as the higher of the amount determined on an accrual of coupon basis and an effective yield basis. The Fund has therefore adopted a distribution policy that follows the coupon basis for recognising revenue. 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.

(e) 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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

2. Net capital gains

	31.12.2020 £'000	31.12.2019 £'000
The net capital gains during the year comprise:		
Unrealised gains on non-derivative securities*	3,573	3,892
Realised gains on non-derivative securities*	884	314
	4,457	4,206

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

3. Revenue

	31.12.2020 £'000	31.12.2019 £'000
Interest on debt securities	2,033	2,330
UK dividends	96	96
Interest on the COIF Charities Deposit Fund	5	15
Manager's annual management charge rebate*	5	5
Bank interest	–	1
	2,139	2,447

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

4. Expenses

	31.12.2020 £'000	31.12.2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(c)	261	267
Manager's fee for ethical services	–	3
	261	270

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

4. Expenses (*continued*)

	31.12.2020 £'000	31.12.2019 £'000
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	7	6
Depositary fee	9	9
	16	15
Other expenses:		
Audit fee	13	12
Insurance fee	1	1
Other fees	13	15
	27	28
Total expenses	304	313

The above expenses include VAT where applicable.

Audit fee net of VAT is £11,000 (31.12.2019, £10,369).

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

6. Distributions

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

	31.12.2020 £'000	31.12.2019 £'000
31 March – interim distribution	784	846
30 June – interim distribution	760	794
30 September – interim distribution	763	811
31 December – final distribution	758	795
	3,065	3,246
Add: revenue deducted on cancellation of Units	28	41
Deduct: revenue received on issue of Units	(13)	(32)
Net distribution for the year	3,080	3,255
Net revenue after taxation for the year	1,835	2,134
Transfer from income reserve – see note 10	136	32
Amortisation under coupon accounting	1,109	1,089
Net distribution for the year	3,080	3,255

Details of the distribution per Unit are set out in the distribution tables on page 35.

There were unclaimed distributions as at 31 December 2020 of £11,050 (31.12.2019, £2,388).

7. Debtors

	31.12.2020 £'000	31.12.2019 £'000
Accrued revenue	1,121	1,319
Amounts receivable on creation of Units	2	–
Prepayments	–	1
	1,123	1,320

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

8. Cash equivalents, cash and bank balances

	31.12.2020 £'000	31.12.2019 £'000
Cash equivalents – cash in the COIF Charities Deposit Fund	1,634	2,313
Cash and bank balances: cash at bank	1,280	187

9. Other creditors

	31.12.2020 £'000	31.12.2019 £'000
Accrued expenses	37	36
	37	36

10. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations in the revenue received in the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Unitholders.

	31.12.2020 £'000	31.12.2019 £'000
Income reserve at the start of the year	1,210	1,242
Transfer from income reserve	(136)	(32)
Income reserve at the end of the year	1,074	1,210

11. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(e)). 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. Financial instruments (continued)

Market price risk

This is an actively managed Fund which invests mainly in sterling fixed interest securities. 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 2020, 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 £4,789,000 (31.12.2019, £4,801,000).

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager. The corporate bond holdings in the Fund are also exposed to the risk of issuer default; however, we mitigate this risk by purchasing investment grade bonds.

Portfolio asset allocation by credit rating

Rating category	31.12.2020 % Fund	31.12.2019 % Fund
AAA	11.5	9.62
AA	49.9	52.61
A	26.4	17.76
BBB	10.6	15.68
Non investment grade	—	—
Not rated (Debentures/Preference Shares)	1.6	4.33

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. Financial instruments (continued)

Liquidity risk

Financial instruments held by the Fund, excluding short-term debtors and creditors, are made up of sterling fixed interest securities and sterling cash deposits. These assets are generally liquid and enable the Fund to meet the payment of any redemption of Units that Unitholders may wish to make.

Currency risk

There is no exposure to foreign currency fluctuations as all investments, revenue and short-term debtors and creditors are denominated in sterling.

Interest rate risk

The Fund invests in fixed and floating rate securities and cash deposits. The revenue 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.

As at 31 December 2020, it is estimated that a 1% movement in interest rates would result in an opposite movement of £7,950,000 (31.12.2019, £7,354,000) in net assets attributable to Unitholders and profit or loss.

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	4,566	94,127	1,123	99,816
Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	646	646

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. Financial instruments (continued)

Interest rate risk (continued)

The total exposure at 31 December 2019 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	5,789	92,723	1,320	99,832

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	672	672

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

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

There were no derivatives held by the Fund at 31 December 2020 (31.12.2019, £nil)

12. Commitments and contingent liabilities

There were no other commitments or contingent liabilities as at 31 December 2020 (31.12.2019, £nil).

13. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds. Mr Glenn Newson was appointed a Director of CCLA Investment Management Limited (CCLA IM) on 29 October 2018 and received remuneration from CCLA IM, which is disclosed in CCLA IM's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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 this are disclosed in note 4. Please see note 1(c) for further information. An amount of £21,962 was due to the Manager at 31 December 2020 (31.12.2019, £22,072). There were no other transactions entered into with the Manager during the year. (31.12.2019, £nil).

At 31 December 2020 a cash balance of £1,633,690 (31.12.2019, £2,313,051) was held in the COIF Charities Deposit Fund. During the year, the Fund received interest of £5,147 (31.12.2019, £14,934) from the COIF Charities Deposit Fund.

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

15. Portfolio transaction costs

For the year ended 31 December 2020

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread, as at 31 December 2020 was 0.60%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, 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.

For the year ended 31 December 2019

The purchases and sales of securities incurred no direct transaction costs during the year.

The average portfolio dealing spread, as at 31 December 2019 was 0.47%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

16. Unitholders' funds – reconciliation of Units

	31.12.2020	
	Income Units	Accumulation Units
Opening number of Units at beginning of year	57,266,335	2,257,666
Units issued in year	2,304,833	47,271
Units cancelled in year	(5,051,570)	(51,219)
Units converted in year	379,109	(56,772)
Closing number of Units at end of year	54,898,707	2,196,946

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 2020

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

For the year ended 31 December 2020

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,652	94,127	–	95,779
	1,652	94,127	–	95,779

For the year ended 31 December 2019

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	44,243	51,769	–	96,012
	44,243	51,769	–	96,012

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.

DISTRIBUTION TABLES

for the year ended 31 December 2020

Period ended	Date payable/paid		Dividends payable/paid pence per Unit	
	2020	2019	2020	2019
Income Units				
31 March	29 May	31 May	1.11	1.11
30 June	28 August	30 August	1.11	1.11
30 September	30 November	29 November	1.11	1.11
31 December	26 February	28 February	1.11	1.11
			4.44	4.44

Period ended	Revenue accumulated pence per Unit	
	2020	2019
Accumulation Units		
31 March	7.41	7.14
30 June	6.75	6.75
30 September	7.26	7.59
31 December	6.74	7.06
	28.16	28.54

The distributions for Income Units were paid in the same year, apart from the distribution declared on 31 December which is payable on the 26 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 2020 was £28,700,000. A recharge of £24,000,000 was levied in the year to 31 March 2019.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2020 was 137 (year ended 31 March 2019, 124).

During the year ended 31 December 2020 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 2020		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,355	1,870	3,225
Other staff	11,605	4,422	16,027
Total	12,960	6,292	19,252

	Year to 31 December 2019		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,212	3,394	4,606
Other staff	9,824	3,412	13,236
Total	11,036	6,806	17,842

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. 803610)

DIRECTORY

Board

N Morecroft, ASIP (Chairman)
 K Corrigan, FCCA
 J Hobart, MA
 G Newson, MRICS
 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
www.ccla.co.uk

Administrator

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ
Authorised and regulated by the Financial Conduct Authority

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)
 J Bevan (Chief Investment Officer)
 E Sheldon (Chief Operating Officer)
 A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)
 J Jesty – appointed 24 April 2020
 C Johnson
 G Newson
 A Roughead – appointed 24 April 2020
 J Tattersall – retired 8 July 2020

Fund Managers

J Bevan

Company Secretary

J Fox

Chief Risk Officer

R Plumridge – resigned 31 January 2020
 JP Lim – appointed 1 May 2020

Head of Ethical and Responsible Investment

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

PricewaterhouseCoopers LLP
 7 More London Riverside
 London
 SE1 2RT

ABOUT CCLA

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

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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