

THE CBF CHURCH OF ENGLAND  
GLOBAL EQUITY INCOME FUND  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS

Year ended 31 December 2022

**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 TRUSTEE**

for the year ended 31 December 2022

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Financial Statements of The CBF Church of England Global Equity Income Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

**Structure and management of the Fund**

The Fund is an investment fund, administered as a common fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) Measure 2010 (together the “Measure”) and the Trustee Act 2000. The Fund was formed in September 2007. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time.

CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2007 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement.

Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

**Charitable status**

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Measure.

**Investment objective**

The Fund aims to provide income with long-term capital growth (defined as any rolling period of 5 years).

There is no guarantee that the objective of the Fund will be achieved over any time period. Capital is at risk.

**REPORT OF THE TRUSTEE**

for the year ended 31 December 2022

**Investment policy**

The Fund will invest at least 90% of its assets by value in units of the CCLA Better World Global Equity Fund. While it is envisaged that the Fund will normally be fully invested in the CCLA Better World Global Equity Fund, the Fund may also hold up to 10% of its assets by value in cash.

The CCLA Better World Global Equity Fund is an actively managed, diversified portfolio of global equities managed by CCLA Investment Management Limited. The CCLA Better World Global Equity Fund principally invests in UK and overseas equities but may also invest in other assets.

**Comparator benchmark**

The comparator benchmark for the Fund is the MSCI™ World Index. The comparator benchmark sets a standard against which the performance of the Fund can be assessed.

**Target investors**

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are affiliated with the Church of England and seeking exposure to an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived

income may fall as well as rise. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

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

The Trustee is ultimately responsible for The CBF Church of England Funds and receives reports on the published financial statements. The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided the Manager under the investment management agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund. The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

**Delegation of functions**

Following its regular meetings and consideration of the reports and papers it has received, the Trustee is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Measure and with the investment management agreement.

**REPORT OF THE TRUSTEE**

for the year ended 31 December 2022

**Controls and risk management**

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required.

The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee the Manager in respect of its activities related to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight provides an additional layer of comfort for Shareholders/Depositors.

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.

At its periodic audit committee meetings, the Trustee receives a report from the Chief Risk Officer of the Manager which covers the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines any operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

A Brookes, Chair  
CBF Funds Trustee Limited  
30 May 2023

## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

### Fund strategy

The portfolio is built on a 'bottom-up' basis, that is by selecting companies thought to be attractive rather than by having any pre-set allocations to any sector or region. Our preference is for companies with robust financial positions, resilient business models and growth prospects which are not dependent on trends in the broad economy. In terms of market exposures, this tends to result in relatively high weightings to companies in the technology and healthcare sectors and to some segments of the financial services and consumer sectors. In contrast there are normally low weightings to utilities and no holdings in oil and gas producers.

With effect from 8 April 2022 the Fund no longer holds individual securities directly.

Following approval from the CBF Trustees the Fund instead accesses the strategy by holding units in the CCLA Better World Global Equity Fund which is managed by CCLA regulated as a UK UCITS fund by the FCA.

### Economic and Market Review

2022 was a difficult year for investors with global equity markets, in common with all the major asset classes, experiencing losses. The downturn was prompted by an upsurge in the rate of inflation which had begun to rise in the later months of the previous year. From the early days of January 2022, central banks began to signal their concerns that inflation was likely to prove less transitory than they had previously anticipated, and that more aggressive monetary policy tightening would be required to address the challenge.

Market sentiment weakened further following Russia's invasion of Ukraine in late February 2022, with heightened geopolitical uncertainty being compounded by the war's exacerbating effect on supply chains and inflation affecting a range of key commodities such as oil and gas, aluminium, and food and fertilisers.

The implementation of higher interest rates and the expectation of further hikes aimed at tackling inflation caused significant damage to equity valuations as higher yields led investors to discount more heavily the present value of companies' future earnings. In sterling terms, the total return from the global equity index was -8%, and this result was cushioned considerably for sterling-based investors by the weakening of the domestic currency relative to the US dollar which was observed for much of the period: in dollar terms, global equity returns were -18% for the year.

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2022

The damage was greatest in those sectors such as information technology which are dominated by ‘growth’ businesses as opposed to ‘value’ stocks whose returns are less dependent on future prospects. The traditional energy sector, whose fortunes move largely in tandem with the volatile prices of oil and gas, was the only industry sector to produce positive returns for the year as a whole.

Throughout the year markets continued to respond to emerging economic data and to the actions and words of central banks. Weaker economic and jobs news, or signs that inflation could be peaking, were often met with an easing in the market mood as investors anticipated that monetary policy tightening might be moderated sooner rather than later. The messaging from policy makers was typically more cautious, with the major central banks led by the US Federal Reserve emphasising that they were resolute in the fight against inflation and that they would persist with policy tightening until a return to target inflation levels was more clearly in sight.

On the whole, new data releases for the US in particular revealed generally resilient levels of economic activity, though there was a marked slowdown in housing activity. Meanwhile corporate earnings also held up relatively well, with quarterly results in the summer and again in the autumn bringing positive surprises and prompting partial, and usually short-lived, recovery in the equity markets.

### Portfolio activity

While the investment philosophy remains focused on assets with strong and rising free cash-flow returns to capital over the long term, we are active in responding to changing macroeconomic and market conditions and our view of how these affect the medium-term prospects for individual holdings. According we continued to reduce or exit positions in assets which we viewed as overvalued and/or less well placed to prosper in a lower growth/higher inflation environment, while taking opportunities to initiate or increase positions in businesses where we perceived greater potential to add value. Over the course of the year the portfolio shifted to a more defensive slant, with less reliance on sectors such as consumer discretionary and higher allocations to healthcare and other areas where company fortunes are relatively independent of broader economic prosperity.

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2022

#### Performance

Over the year the Fund achieved a total return after expenses of -11.60% on the Income Shares and -11.60% on the Accumulation Shares. The portfolio has a bias towards quality growth stocks, and the valuations of such businesses were relatively hard hit by the upsurge in bond yields over the year. Meanwhile we avoid investment in traditional energy stocks. This was the only industry sector to perform positively over the period, representing a further element of underperformance relative to the equity market as a whole.

The Fund maintains a total return policy on income distributions by which payments to investors can be sourced from both conventional income receipts and sustainable capital gains. This approach assists in the targeting of a reliable

annual distribution throughout the market cycle. Detailed analysis of the portfolio's underlying cash flows is conducted in order to confirm the sustainability of the distribution in pence per unit, which was increased from 7.34p in 2021 to 7.49p in 2022. For 2023 the expectation is to maintain the distribution at 7.49p.

#### Outlook

The outlook for economic growth remains uncertain. The risk of global recession is receding, for example with the world's dominant economy, the US, proving remarkably resilient and with China's relaxing of its draconian Covid restrictions promising a recovery in demand and activity levels. To the extent that individual economies may experience recession, this appears set to be relatively shallow and short lived.

#### Annualised total capital and income return

To 31 December 2022	1 year %	5 years % p.a.	10 years % p.a.
<b>Performance against market indices (after expenses)</b>			
<b>The CBF Church of England Global Equity Income Fund</b>			
<b>Income Shares*</b>	<b>-11.60</b>	<b>10.83</b>	<b>10.94</b>
<b>Accumulation Shares*</b>	<b>-11.60</b>	<b>10.83</b>	<b>10.93</b>
Comparator Benchmark <sup>#</sup>	-7.83	8.66	12.30
MSCI World	-7.83	8.66	12.17
MSCI UK Investable Market Index	1.60	2.59	6.20
Consumer Price Index (CPI)	10.51	3.93	2.68

<sup>#</sup> Comparator Benchmark – From 01.01.16 MSCI World. To 31.12.15 MSCI World (50% currency hedged) & to 31.12.11 FTSE All-Share Index.

\* Mid to mid plus income re-invested.

Source: CCLA.



## REPORT OF THE INVESTMENT MANAGER for the year ended 31 December 2022

Nevertheless economic growth is likely to remain subdued in the face of inflation, which although expected to fall significantly is likely to remain elevated by the standards of the pre-Covid decade, and the higher interest rates that are intended to bring inflation under control. With higher prices and higher borrowing costs keeping consumer and business demand in check, as well as the increased cost to companies of labour and goods, corporate earnings will remain under pressure there remains a distinct possibility of an earnings recession even if an economic recession can be avoided.

Disappointing news on corporate earnings, then, could prompt further setbacks for equity markets. In any event we believe that with the era of ultra-low inflation and supportive monetary policy behind us and a period of adjustment to the new environment ahead of us, heightened volatility could be a feature of market behaviour for some time.

Nevertheless, following the damage done to valuations in 2022 markets are now looking more reasonably priced relative to earnings; with the notable exception of the US, in fact, equities are looking decidedly cheap by historical standards. In due course, we would expect markets to anticipate the economic recovery that should follow the peak of the monetary policy tightening cycle, and to experience an improvement in sentiment as a result.

J Ayre and C Ryland  
Co Heads of Investment  
CCLA Investment Management Limited  
30 May 2023

## REPORT OF THE INVESTMENT MANAGER

### for the year ended 31 December 2022

#### Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
<b>Purchases:</b>		<b>Sales:</b>	
CCLA Better World Global		Microsoft	8,936
Equity Fund X Income	223,373	Alphabet Class C	7,731
Taiwan Semiconductor		Amazon.com	6,662
Manufacturing Company	163	UnitedHealth Group	5,675
		Nestlé	4,594
		Mastercard	4,545
		Visa Class A	4,392
		RELX	4,349
		Novo Nordisk Class B	3,943
		Intercontinental Exchange Group	3,885

When a stock has both purchases and sales in the reporting period, 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 Shares 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 Shares are intended only for long-term investment and are not suitable for money liable to be spent in the near future. Shares 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. These include limited partnerships and other unquoted investments where valuations are open to substantial subjectivity. The Fund may also invest in The CBF Church of England 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.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

**STATEMENT OF ETHICAL INVESTMENT POLICY**

to the Shareholders of The CBF Church of England Global Equity Income Fund

**Ethical investment**

The Fund is managed in accordance with ethical investment policies developed by the three National Investing Bodies (the Church Commissioners and Church of England Pensions Board being the other two) based on the advice of the Church's Ethical Investment Advisory Group (EIAG). Responsibility for accepting National Investing Bodies (NIBs) policy and EIAG recommendations rests with the Trustee. The Trustee is represented on the EIAG by C Chan, a director of the Trustee. The Ethical Investment Policy embraces stewardship, engagement and investment exclusions.

**Responsible investment and stewardship**

The Fund also implements CCLA's responsible investment policy, which we believe will improve long-term Shareholder returns. This includes policies to integrate Environmental, Social and Governance (ESG) factors into the investment decision making process and stewardship activities associated with the Fund's holdings, more details can be found at <https://www.ccla.co.uk/sustainability/corporate-governance/approach-esg>.

The Manager is a signatory to both the UK Stewardship Code and the United Nations Principles for Responsible Investment (PRI) and is a member of CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC) and UK Sustainable Investment and Finance Association (UKSIF).

**Engagement**

The NIBs expect companies in which they invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice. The NIBs engage with investee companies to seek improvement in ethical standards in these areas. There are specific policies on Executive Remuneration and Business and Engagement. From time to time, policies, papers and reports are also published to inform engagement on individual environmental and social issues.

## STATEMENT OF ETHICAL INVESTMENT POLICY

to the Shareholders of The CBF Church of England Global Equity Income Fund

**Investment exclusions**

The NIBs do not wish to directly profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions is therefore maintained. The EIAG or the NIBs may, exceptionally, recommend exclusion from investment of any individual company in any line of business on ethical grounds – normally if, after sustained dialogue, the company does not respond positively to concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The EIAG and NIBs expect a recognition of responsibility and a resolve to improve, rather than perfection.

**Direct investments in equities and corporate debt:** The NIBs do not invest in any company involved in indiscriminate weaponry. Moreover, they do not invest in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover. The NIBs do not invest in any company that derives more than 3% of revenues from the production or distribution of pornography or in any company, a major part of whose business activity or focus (defined as more than 10% of group revenues) is tobacco, gambling, non-military firearms, or high interest rate lending. The National Investing Bodies will exclude from their investments any

company deriving more than 25% of its turnover from the production or licensed sale of alcoholic drinks, except in the case of companies whose sole business is the provision of alcoholic drinks with food.

The climate change policy (2015) does not allow investments in companies that derive more than 10% of revenue from tar sands or thermal coal.

Individual policy documents are published separately – or are under development – setting out the criteria employed in each area to determine whether companies breach the Church's policy and to explain the theology, ethics and reasoning underlying the policies. More information can be found at <https://www.churchofengland.org/about/leadership-and-governance/ethical-investment-advisory-group/policies-and-reviews>.

**Direct investments in property:** The NIBs apply the same exclusions to direct property investments as are used for equities and corporate debt investments. To implement this policy, we seek to screen properties prior to investing in them. We do this by assessing the activities undertaken by the underlying tenants. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

**STATEMENT OF ETHICAL INVESTMENT POLICY**

to the Shareholders of The CBF Church of England Global Equity Income Fund

**Indirect investments via pooled funds:**

The NIBs are only able to invest in some assets, asset classes and investment strategies through pooled funds. Pooled funds are funds in which a number of different investors invest. Because the ethical investment policies of the EIAG and NIBs cannot be applied fully, or at all, in these investments, the Pooled Funds Policy gives detailed guidance on how the NIBs should ensure that their use of pooled funds is consistent with ethical investment. Full details on how the policy is applied can be found in our values based screening policy which can be accessed at <https://www.ccla.co.uk/about-us/policies-and-reports/policies/values-based-screening-policy>.

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The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently

Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at [www.churchofengland.org/eiag](http://www.churchofengland.org/eiag).

**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Global Equity Income Fund

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

In our opinion the financial statements of  
The CBF Church of England Global Equity  
Income Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2022 and of the net revenue and the net capital loss on the property of the Fund for the year ended 31 December 2022;
- 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 Church Funds Investment Measure 1958 ('the Measure'), Trust Deed, and the Trustee Act 2000.

We have audited the financial statements which comprise for each fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgements and estimates applicable to all sub-funds and individual notes.

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), Church Funds Investment Measure 1958 ('the Measure') and the Trustee Act 2000.

***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.

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Global Equity Income Fund

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.

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.

### *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

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Global Equity Income Fund

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, including those that are specific to the Fund's business sector.

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. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.

We discussed among the audit engagement team, including relevant internal specialists such as financial instruments 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.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-funds. In response we have: 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.



**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')  
of The CBF Church of England Global Equity Income Fund

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;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

*Use of our report*

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the shareholders of the Fund 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 shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
30 May 2023

## 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 CBF Church of England Global Equity Income Fund as 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level and poor market conditions could 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 Information document available on CCLA's website or by request.

## COMPARATIVE TABLE

## Change in net assets per Share

	Year to 31.12.2022 pence per Share	Income Shares Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	306.24	263.52	221.40
Return before operating charges*	(33.72)	52.39	51.58
Operating charges**	(1.68)	(2.33)	(2.26)
Return after operating charges*	(35.40)	50.06	49.32
Distributions on Income Shares	(7.49)	(7.34)	(7.20)
Closing net asset value per Share	263.35	306.24	263.52
* after direct transaction costs of:	0.05	0.14	0.12

## Performance

Return after charges	(11.56%)	19.00%	22.28%
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## Other information

Closing net asset value (£'000)	198,184	233,616	200,418
Closing number of Shares	75,255,442	76,285,218	76,054,042
Operating charges**	0.64%***	0.82%	0.95%
Direct transaction costs	0.02%	0.05%	0.05%

## Prices (pence per Share)

Highest Share price (offer)	305.34	313.10	267.41
Lowest Share price (bid)	248.92	254.46	187.03

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. From 8 April 2022 the operating charges % is calculated on a synthetic basis which takes into account the Fund's own expenses and the expenses in the Fund's only holding, the CCLA Better World Global Equity Fund. For the year ended 31 December 2022, this % reflects these charges annualised and divided by the average net assets for the year.

\*\*\* Operating charges includes VAT reclaims received during the year. Operating charges as at 31 December 2022 include synthetic costs of 0.03%. Synthetic cost were not included in previous periods.

## COMPARATIVE TABLE

## Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2022 pence per Share	Year to 31.12.2021 pence per Share	Year to 31.12.2020 pence per Share
Opening net asset value per Share	556.80	467.08	380.73
Return before operating charges*	(61.32)	94.00	90.34
Operating charges**	(3.10)	(4.28)	(3.99)
Return after operating charges*	(64.42)	89.72	86.35
Distributions on Accumulation Shares	(5.71)	(5.01)	(5.04)
Retained distributions on Accumulation Shares	5.71	5.01	5.04
Closing net asset value per Share	492.38	556.80	467.08
* after direct transaction costs of:	0.10	0.25	0.22

## Performance

Return after charges	(11.57%)	19.21%	22.68%
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## Other information

Closing net asset value (£'000)	9,637	10,994	8,271
Closing number of Shares	1,957,219	1,974,511	1,770,782
Operating charges**	0.65%***	0.84%	0.95%
Direct transaction costs	0.02%	0.05%	0.05%

## Prices (pence per Share)

Highest Share price (offer)	555.16	565.87	470.71
Lowest Share price (bid)	455.50	450.98	321.62

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. From 8 April 2022 the operating charges % is calculated on a synthetic basis which takes into account the Fund's own expenses and the expenses in the Fund's only holding, the CCLA Better World Global Equity Fund. For the year ended 31 December 2022, this % reflects these charges annualised and divided by the average net assets for the year. The AMC within this % is the AMC from 8 April 2022.

\*\*\* Operating charges includes VAT reclaims received during the year. Operating charges as at 31 December 2022 include synthetic costs of 0.03%. Synthetic cost were not included in previous periods.

**OPERATING CHARGES ANALYSIS**

for the year ended 31 December 2022

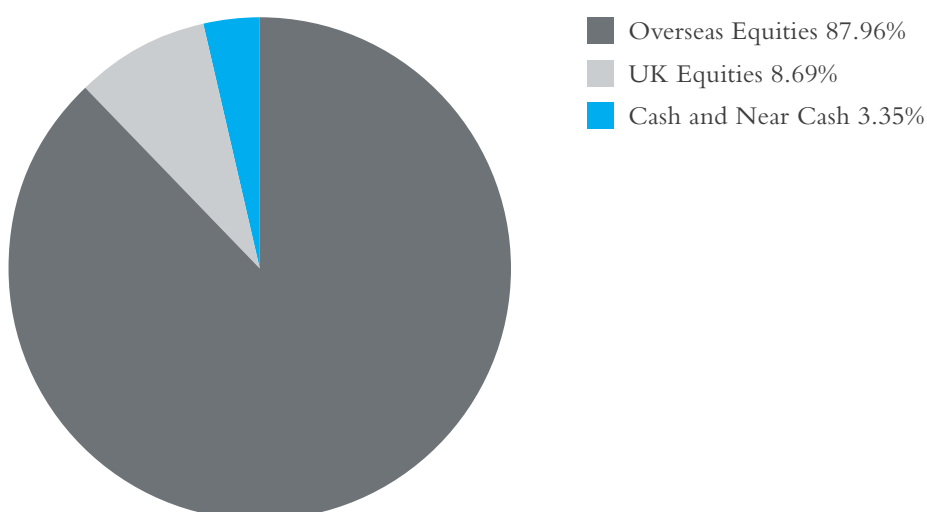
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2022 %	31.12.2021 %
Manager's annual management charge including VAT	0.59	0.79
Safe custody fees and depositary fee	0.01	0.02
Other expenses	0.02	0.01
<b>Total operating charges</b>	<b>0.62</b>	<b>0.82</b>

## PORTFOLIO ANALYSIS

at 31 December 2022

## Portfolio Allocation

Breakdown of Overseas Equities  
by Geography

North America	62.59%
Europe	18.54%
Asia Pacific ex Japan	4.48%
Other Countries	0.86%
Japan	1.49%
	<b>87.96%</b>

## Breakdown of Equities by Sector

Information Technology	25.83%
Health Care	23.15%
Financials	15.45%
Industrials	11.71%
Consumer Staples	7.90%
Consumer Discretionary	7.09%
Communication Services	3.57%
Utilities	1.02%
Real Estate	0.93%
	<b>96.65%</b>

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

**PORTFOLIO STATEMENT**

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
<b>UNITED KINGDOM 100.45% (31.12.2021 – 7.08%)</b>			
<b>Multi Asset 100.45%</b>			
CCLA Better World Global Equity Fund X Income*	148,859,673	208,764	100.45
<b>INVESTMENT ASSETS</b>		208,764	100.45
<b>NET OTHER LIABILITIES</b>		(943)	(0.45)
<b>TOTAL NET ASSETS</b>		207,821	100.00

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.

\* CCLA Better World Global Equity Fund is managed by the Manager and represents a related party transaction.

**STATEMENT OF TOTAL RETURN**  
for the year ended 31 December 2022

	<i>Note</i>	Year ended 31.12.2022		Year ended 31.12.2021	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(29,206)		39,381
Revenue	3	2,511		2,372	
Expenses	4	(1,321)		(1,853)	
Net revenue before taxation		1,190		519	
Taxation	5	(23)		(80)	
Net revenue after taxation			1,167		439
<b>Total (deficit)/return before distributions</b>			<b>(28,039)</b>		<b>39,820</b>
Distributions	6		(5,726)		(5,685)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>(33,765)</b>		<b>34,135</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**  
for the year ended 31 December 2022

	Year ended 31.12.2022		Year ended 31.12.2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>244,610</b>		<b>208,689</b>
Amounts receivable on issue of Shares	3,891		3,284	
Amounts payable on cancellation of Shares	(7,027)		(1,592)	
		(3,136)		1,692
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>(33,765)</b>		<b>34,135</b>
Retained distributions on Accumulation Shares		112		94
<b>Closing net assets attributable to Shareholders</b>		<b>207,821</b>		<b>244,610</b>

The notes on pages 26 to 40 and the distribution tables on page 41 form part of these financial statements.



**BALANCE SHEET**

at 31 December 2022

	<i>Note</i>	31.12.2022		31.12.2021	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Fixed assets:					
Investments			208,764		241,554
Current assets:					
Debtors	7	529		147	
Cash equivalents	8	–		4,077	
Cash and bank balances	8	88		443	
Total current assets			617		4,667
<b>Total assets</b>			<b>209,381</b>		<b>246,221</b>
<b>LIABILITIES</b>					
Creditors:					
Other creditors	9	123		207	
Distribution payable on Income Shares		1,437		1,404	
<b>Total liabilities</b>			<b>1,560</b>		<b>1,611</b>
<b>Net assets attributable to Shareholders</b>			<b>207,821</b>		<b>244,610</b>

The financial statements on pages 24 to 41 have been approved by the Trustee.

Approved on behalf of the Trustee  
30 May 2023

A Brookes, Chair  
CBF Funds Trustee Limited

The notes on pages 26 to 40 and the distribution tables on page 41 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1. Accounting policies

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

The financial statements have been prepared on a going concern basis, in compliance with FRS 102, the Trust Deed, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

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 and the Church Funds Investment Measures Act 1958 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 investments are accrued to revenue on the dates when the investments are first quoted ex-dividend or otherwise, on receipt of cash. Interest on bank deposits are accrued on a daily basis and interest on deposits in The CBF Church of England Deposit Fund are credited to revenue on receipt of cash.

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 2022

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

##### (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 is 0.75% per annum plus VAT up to 7 April 2022. From 8 April 2022 the AMC is 0.60% per annum and no VAT.

The Fund also received AMC rebates credited to the revenue of the Fund for its deposits in the CBF Church of England Deposit Fund, where the AMC is charged to revenue.

On a daily basis, the 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 and can also be supported by the Fund's capital.

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 net revenue in determining the distributions. The income reserve was £nil as at 31 December 2022. There was no change in the income reserve balance during the current and prior reporting period.

##### (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 2022

2. Net capital (losses)/gains

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
The net capital (losses)/gains during the year comprise:		
Realised gains on non-derivative securities*	62,140	21,781
Unrealised (losses)/gains on non-derivative securities*	(91,298)	17,565
Currency (losses)/gains	(48)	35
Total net capital (losses)/gains	(29,206)	39,381

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

3. Revenue

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Overseas dividends	582	2,130
UK dividends	1,920	235
Interest on The CBF Church of England Deposit Fund	3	1
Bank interest	5	4
Manager's annual management charge rebate*	1	2
Total revenue	2,511	2,372

\* This amount represents the annual management charge rebates credited to the Fund's revenue. This is for the Fund's deposits in The CBF Church of England Deposit Fund where the annual management charge is charged to revenue.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2022

4. Expenses

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(e)	1,264	1,785
	1,264	1,785
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	16	15
Safe custody fees	7	23
	23	38
Other expenses:		
Audit fee	9	8
Insurance fee	3	3
Other fees	22	19
	34	30
<b>Total expenses</b>	<b>1,321</b>	<b>1,853</b>

Audit fee net of VAT is £8,320 (31.12.2021, £9,600)

The above expenses include VAT where applicable.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 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 Shareholders 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.

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Overseas taxation suffered in the year	5	22
Overseas recoverable withholding tax written off in the year	18	58
Total taxation	23	80

#### 6. Distributions

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

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
31 March – interim distribution	1,401	1,415
30 June – interim distribution	1,380	1,426
30 September – interim distribution	1,484	1,422
31 December – final distribution	1,461	1,424
	5,726	5,687
Add: revenue deducted on cancellation of Shares	5	2
Deduct: revenue received on issue of Shares	(5)	(4)
Net distribution for the year	5,726	5,685

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 6. Distributions (*continued*)

	Year ended 31.12.2022 £'000	Year ended 31.12.2021 £'000
Net revenue after taxation for the year	1,167	439
Distributions from capital	3,287	3,461
Manager's periodic charge – see note 1(e)	1,272	1,785
Net distribution for the year	5,726	5,685

Details of the distribution per Share are set out in the distribution tables on page 41.

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

There were unclaimed distributions as at 31 December 2022 of £662 (31.12.2021, £nil).

#### 7. Debtors

	31.12.2022 £'000	31.12.2021 £'000
Accrued revenue	528	145
Prepayments	1	1
Annual management charge rebate receivable	–	1
Total debtors	529	147

#### 8. Cash equivalents, cash and bank balances

	31.12.2022 £'000	31.12.2021 £'000
Cash equivalents – cash in The CBF Church of England Deposit Fund	–	4,077
Cash and bank balances – cash at bank	88	443

#### 9. Other creditors

	31.12.2022 £'000	31.12.2021 £'000
Accrued expenses	123	207
Total other creditors	123	207

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

## 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 Shareholders should they wish to sell their Shares. 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*

The underlying fund, The Better World Global Equity Fund, is an actively managed Fund which invests mainly in UK and overseas equities. 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 Share price from time to time, although there will generally be a positive correlation in the movement of the Share 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 2022, 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 Shareholders, and profit or loss, would increase or decrease respectively by approximately £10,438,000 (31 December 2021, £12,078,000).

*Credit risk*

The Fund has an indirect credit risk exposure through its investment in The Better World Global Equity Fund. The underlying 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 underlying Fund only deals with an approved list of brokers maintained by the Manager.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

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

#### *Liquidity risk*

Financial instruments held by the underlying Fund, excluding short-term debtors and creditors, are made up of UK and overseas equities, sterling and overseas cash deposits. These assets are generally liquid and enable the underlying Fund to meet the payment of any redemption of Shares that Shareholders may wish to make.

#### *Currency risk*

The underlying 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 underlying Fund. The underlying 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.

The underlying Fund does not seek to avoid currency risk on revenue accrued, but not yet received. In respect of revenue, receipts are converted to sterling shortly after receipt.

At 31 December 2022, 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 Shareholders, and profit or loss, would decrease or increase respectively by £nil (31 December 2021, increase or decrease respectively by £2,244,000).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2022

10. Financial instruments (*continued*)

*Currency risk (continued)*

The total foreign currency exposure at 31 December 2022 and 31 December 2021 was:

Currency	Monetary exposures £'000	31.12.2022 Non- monetary exposures £'000	Total £'000	Monetary exposures £'000	31.12.2021 Non- monetary exposures £'000	Total £'000
Danish krona	—	—	—	—	3,586	3,586
Euro	—	—	—	—	26,469	26,469
Hong Kong dollar	—	—	—	—	5,351	5,351
Indian rupee	—	—	—	—	—	—
Japanese yen	—	—	—	—	1,575	1,575
Korean won	—	—	—	—	3,495	3,495
Swedish krona	—	—	—	—	3,713	3,713
Swiss franc	—	—	—	—	10,659	10,659
Taiwanese dollar	—	—	—	12	3,463	3,475
US dollar	—	—	—	133	165,930	166,063
Total	—	—	—	145	224,241	224,386

*Interest rate risk*

The majority of the underlying Fund's financial assets are equities which neither receive interest nor have maturity dates. The Fund also invests in cash deposits, the revenue of which may be affected by changes to interest rates relevant to cash deposit or as a result of the Manager being unable to secure similar returns following the withdrawal of the cash deposits.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 10. Financial instruments (continued)

#### Interest rate risk (continued)

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	88	—	209,293	209,381
<b>Total</b>	<b>88</b>	<b>—</b>	<b>209,293</b>	<b>209,381</b>

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	1,560	1,560
<b>Total</b>	<b>—</b>	<b>—</b>	<b>1,560</b>	<b>1,560</b>

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	4,520	—	17,315	21,835
Euro	—	—	26,469	26,469
Japanese yen	—	—	1,575	1,575
US dollar	—	—	166,063	166,063
Other	—	—	30,279	30,279
<b>Total</b>	<b>4,520</b>	<b>—</b>	<b>241,701</b>	<b>246,221</b>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 10. Financial instruments (continued)

##### Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	1,611	1,611
Total	—	—	1,611	1,611

\* 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.

#### 11. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 December 2022 (31.12.2021, £nil).

#### 12. 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 inclusive of annual management charge rebates are disclosed in note 4. Please see note 1(e) for further information. An amount of £107,144 was due to the Manager at 31 December 2022 (31.12.2021, £187,115). There were no other transactions entered into with the Manager during the year (31.12.2021, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2022 (31.12.2021, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2021, £nil).

At 31 December 2022, a cash balance of £nil (31.12.2021, £4,076,448) was held in The CBF Church of England Deposit Fund. During the year the Fund received interest of £2,784 (31.12.2021: £1,320) from the The CBF Church of England Deposit Fund.

At 31 December 2022 the Fund held 98.33% of the value of The Better World Global Equity Fund.

At 31 December 2022, CBF Church of England Investment Fund held 49.75% (31.12.2021, 49.13%) of the value of the Fund.

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

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 13. Portfolio transaction costs

For the year ended 31 December 2022

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	20,889	8	0.04	—	—	20,897
Fund transactions	2,803	—	—	—	—	2,803
In-specie transactions	225,181	—	—	—	—	225,181
<b>Total</b>	<b>248,873</b>	<b>8</b>		<b>—</b>		<b>248,881</b>

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	26,844	(14)	0.05	(20)	0.07	26,810
Fund transactions	4,611	—	—	—	—	4,611
Corporate actions	8	—	—	—	—	8
In-specie transactions	221,081	—	—	—	—	221,081
<b>Total</b>	<b>252,544</b>	<b>(14)</b>		<b>(20)</b>		<b>252,510</b>

Commissions and taxes as a percentage of average net assets

Commissions 0.01%

Taxes 0.01%

The average portfolio dealing spread, including the effect of foreign exchange, as at 31 December 2022 was 0.00%

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 13. Portfolio transaction costs (*continued*)

For the year ended 31 December 2021

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total purchases costs</b>						
Equity transactions	71,400	36	0.05	23	0.03	71,459
Total	71,400	36		23		71,459

	Value £'000	Commissions £'000	%	Taxes £'000	%	Total £'000
<b>Analysis of total sales costs</b>						
Equity transactions	76,165	(39)	0.05	(12)	0.02	76,114
Corporate actions	33	—	—	—	—	33
Total	76,198	(39)		(12)		76,147

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 0.07%.

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 equities, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2022

#### 14. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.2022	
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	76,285,218	1,974,511
Shares issued in year	1,341,044	51,511
Shares cancelled in year	(2,370,820)	(68,803)
Closing number of Shares at end of year	75,255,442	1,957,219

All Shares carry the same rights.

#### 15. 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.

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	–	208,764	–	208,764
	–	208,764	–	208,764

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

15. 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	241,554	—	—	241,554
	241,554	—	—	241,554

For financial instruments which have quoted prices for identical instruments in active markets, or for which there are prices of recent transactions for identical instruments, 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 derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

With effect from 8 April 2022 the Fund no longer holds individual securities directly. The Fund holds units in the CCLA Better World Global Equity Fund which is considered to be a level 2 investment.



## DISTRIBUTION TABLES

for the year ended 31 December 2022

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2022	2021	2022	2021
<b>Income Shares</b>				
31 March	31 May	28 May	1.84	1.83
30 June	31 August	31 August	1.84	1.83
30 September	30 November	30 November	1.90	1.84
31 December	28 February	28 February	1.91	1.84
			7.49	7.34

Period ended	Revenue accumulated pence per Share	
	2022	2021
<b>Accumulation Shares</b>		
31 March	1.35	1.28
30 June	0.11	1.71
30 September	3.03	1.01
31 December	1.22	1.01
	5.71	5.01

The distributions for Income Shares 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 TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Scheme of the Charity Commission made under the Charities Act 1993 (amended Charities Act 2011), dated 14 May 2008, for the Fund to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Trustee and the Manager in accordance with the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Measure and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Measure and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Measure;
- make distributions to investors holding Income Shares and make allocations to investors holding Accumulation Shares in proportion to their respective share in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

## STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

### Preparation of financial statements

The Trustee of the Fund is required, by the Measure, to prepare financial statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per Share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Measure. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the financial statements, as prepared, comply with the above requirements;

- makes judgments and estimates that are prudent and reasonable; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Measure and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Measure.

### Manager responsibilities

The Manager is required to carry out these duties in accordance with the Measure and take reasonable steps for the prevention and detection of fraud and other irregularities.

**CBF Funds Trustee Limited**  
(Charity Registration No. 1116932)

## DIRECTORY

### Trustee Directors

A Brookes (Chair)  
C Chan\*  
P Chandler  
G Dixon\*  
C Johnson  
N Lewis\*  
D Rees\*

*\* Members of the Audit Committee*

### Secretary

J Fox

### Manager and Registrar

CCLA Investment Management Limited  
Registered Office Address (prior to 25 July 2022):  
Senator House, 85 Queen Victoria Street  
London

EC4V 4ET  
Registered Office Address (current):  
One Angel Lane  
London

EC4R 3AB

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)

*Authorised and regulated by the Financial Conduct Authority*

### 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)  
E Sheldon (Chief Operating Officer)  
A Robinson, MBE (Director Market Development)

### Non-Executive Directors of the Manager

R Horlick (Chair)  
J Jesty  
C Johnson  
A Roughead  
C West  
J Hobart

### Fund Managers

J Ayre  
C Ryland

### Company Secretary

J Fox

### Chief Risk Officer

J-P Lim

### Head of Sustainability

J Corah

### Third Party Advisers

#### Banker

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

#### Custodian

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

#### Independent Auditor

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

## ABOUT CCLA

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Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

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 our clients, irrespective of their size.



**CCLA Investment Management Limited**  
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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: One Angel Lane, London EC4R 3AB.

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