

COIF CHARITIES FIXED INTEREST 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 BOARD**for the year ended 31 December 2022**

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, Trustee and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 2011.

Investment objective

The Fund aims to generate a total return (income plus capital growth) of cash (represented by SONIA) plus 1.75% per annum (net of fees and expenses) when measured over a rolling three year period. There is no guarantee that the investment objective of the Fund will be achieved over any time period. Capital is at risk.

The Board agreed and approved a major re-structuring of the Fund in 2022: the benchmark was changed to Cash + and the day-to-day investment management was delegated to Federated Hermes.

REPORT OF THE BOARD

for the year ended 31 December 2022

Target Benchmark

The target benchmark for the Fund is SONIA plus 1.75% per annum after fees and expenses. The target benchmark sets a standard against which the performance of the Fund can be assessed.

Investment policy

The Fund will invest in a range of fixed and floating rate debt and/or debt related instruments issued by corporates and governments (government and public securities) including loans (which may be leveraged), inflation-linked securities, money market instruments and asset backed or other securitised products. Such instruments may be issued by issuers located in developed and emerging markets (as defined by MSCI for the purposes of its developed and emerging markets indices). Exposure to these assets may be via direct holdings or indirectly through investment in other funds (including those managed and operated by the Manager, the Sub-Investment Manager or their associates). Such funds may include exchange traded funds, closed-ended investment companies (including UK investment trusts) and open-ended funds. Investments made by the Fund may be either liquid or illiquid in nature.

The Fund is actively managed which means the Investment Manager/Sub-Investment Manager uses their discretion to pick investments to seek to achieve the investment objective.

The Fund will invest in instruments issued in a range of currencies and will hedge the

non-sterling denominated portion of the portfolio back to the Fund's Base Currency in a range of 95%–105% of the Net Asset Value of the Scheme Property, to reduce the risk of exposure to non-sterling currency fluctuations.

The Fund may invest in instruments that are either investment grade (credit rating of BBB- or above) or non-investment grade (credit rating less than BBB-) as rated by one of S&P Global Ratings or Fitch Rating Services, or instruments with a credit rating of Baa3 or above (investment grade) or a credit rating of less than Baa3 (non-investment grade), as determined by Moody's Investors Service. Where an instrument does not have an explicit rating from one of these agencies ("Unrated Securities"), the Investment Manager or Sub-Investment Manager is permitted to calculate a deemed rating.

The constraints set out below will apply to the Fund. During periods of rapid credit rating downgrades and/or market illiquidity however these constraints may be temporarily exceeded. Where this occurs steps will be taken to bring the Fund into compliance with the constraints stated below within a reasonable period of time.

- The maximum exposure to non-investment grade securities is 20% of the Net Asset Value of the Scheme Property. Credit ratings used for measuring compliance with this rule are the highest of S&P Global Ratings', Fitch Ratings' and Moody's Investor Service long-term ratings.

REPORT OF THE BOARD

for the year ended 31 December 2022

- The maximum exposure to securities rated less than BB- is 5% of the Net Asset Value of the Scheme Property.
- The maximum exposure to Unrated Securities (including securities that the Investment Manager and/or Sub-Investment Manager have given a deemed rating) is 5% of the Net Asset Value of the Scheme Property.
- The Fund will invest no more than 10% of its Net Asset Value in Collective Investment Schemes including In-House Funds.

The Fund may use derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management. Efficient portfolio management includes hedging (for example, reducing currency risk) and otherwise managing the Fund in a way that is designed to reduce risk or costs and/or to generate extra income or growth with a level of risk consistent with the risk profile of the Fund.

The Fund is managed in accordance with our ethical investment exclusions policy which is set out in further detail on our website at www.ccla.co.uk.

The Sub-Investment Manager

Hermes Investment Management Limited has been appointed by the Investment Manager as the SubInvestment Manager of the Fund. The SubInvestment Manager is a limited liability company incorporated in England and Wales with company registration number 02466043 whose address and details are shown in Appendix 1.

The Sub-Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under reference number 150000.

The Sub-Investment Manager provides portfolio management services to the Fund.

The Investment Manager is responsible for any fees payable to the Sub-Investment Manager.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least three 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).

REPORT OF THE BOARD

for the year ended 31 December 2022

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 also managed in accordance with the Investment Manager's responsible investment policy and takes a positive approach to stewardship as defined in the UK Stewardship Code for institutional investors. The Investment Manager's response to this code is available on its website (www.ccla.co.uk). The Investment Manager is also a signatory to the United Nations backed Principles for Responsible Investment (PRI). The annual PRI assessment is available on the Investment Manager's website.

Ethical investment

The Fund is managed in accordance with our ethical investment exclusions policy which is set out in further detail on our website at www.ccla.co.uk.

Controls and risk management

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

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

N Morecroft
Chair
6 June 2023

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2022

Strategy

The Fund is invested in an actively managed portfolio of fixed and floating rate debt and debt-related instruments issued by corporates and governments including loans, inflation-linked securities, money market instruments and asset backed or other securitised products. The focus is in securities with a short average life and limited interest rate risk. The use of derivatives is focused on hedging and any non-sterling exposure is hedged back to sterling. As at 31 December 2022 approximately 80% of the portfolio was in corporate bonds, predominantly investment grade but with a smaller allocation to high yield bonds, while 13.5% was in overseas government bonds and 2.6% in UK government bonds; the remainder was in cash and derivatives. The portfolio duration, a measure of exposure to interest rate risk, was 3 years.

This represents a change from the previous strategy which offered exposure to a more limited range of securities – UK government bonds and investment-grade, sterling denominated non-government bonds only – and carried significantly higher interest rate risk. The change of strategy, which was approved by the COIF Board, was effected on 27 July 2022. At the same time Federated Hermes was appointed as sub-manager of the Fund to implement the new investment strategy.

Market review

Fixed interest markets had one of the worst years in history with the UK government bond index, for example, giving negative returns of -25% over the course of 2022. The index for sterling denominated non-government bonds delivered -18%.

Annualised total capital and income return

To 31 December 2022	1 year %p.a	5 years % p.a.	10 years % p.a.
Performance against market indices (after expenses)			
COIF Charities Fixed Interest Fund			
Income Units*	-10.12	-0.52	2.03
Accumulation Units*	-10.12	-0.51	2.04
Benchmark [#]	-10.70	0.00	2.49
iBoxx £ Gilts	-25.02	-3.57	0.36
iBoxx £ Non Gilts	-17.73	-1.55	1.96
Consumer Price Index (CPI)	10.51	3.93	2.68

[#] Benchmark – From 27.07.22 SONIA + 1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50%. To 31.12.15 BarCap £ Gilt 50% & £ Agg 100mm Non Gilt 50%.

* Mid to mid plus income re-invested.

Source: CCLA.

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

Across all categories, expectations that the direction of monetary policy could only be towards tightening meant that long dated bonds, which are more sensitive to interest rate changes, fared worse than corresponding shorter dated instruments. This partially accounts for the particularly weak performance of UK government bonds (gilts), this being a sector characterised by a long average remaining life. Sensitivity to interest rate movement is also greater among lower-coupon bonds such as government issues and corporate bonds of high credit quality. The lower-quality 'high yield' bond index declined by a relatively modest 10% over the year.

The gilts market was further unsettled by the so-called 'mini budget' in late September 2022, although the resulting sharp spike up in yields began to subside following efforts by the new political leadership to stabilise policy and calm markets.

Performance

Over the year the Fund achieved a return after expenses of -10.12 % on the Income shares and -10.12 % on the Accumulation shares. This compares with a return of -10.70% on the benchmark. At year end the running yield on the portfolio was 4.77% while the gross redemption yield (yield to maturity) was 5.71%. The distribution yield, meanwhile, was 2.76%.

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.

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. This higher yield environment can be expected to present more opportunities in fixed interest markets than has been the case for a number of years and to increase the attractiveness of the bond market as a whole relative to competing asset classes.

J Ayre and C Ryland
Co Heads of Investment
CCLA Fund Managers Limited
6 June 2023

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2022

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
US Treasury 0.25% 2024	7,758	UK Treasury 6% 2028	6,696
UK Treasury 0.125% 2024	1,910	UK Treasury 5% 2025	6,123
US Treasury 0.125% 2023	1,894	UK Treasury 4.5% 2034	1,931
Cisco Systems 2.5% 2026	1,218	Royal Bank of Scotland 5.125% 2024	1,857
Apple 2.65% 2051	1,098	UK Treasury 2.25% 2023	1,815
SIG Combibloc 2.125% 2025	1,053	Nestlé Finance International 2.25% 2023	1,776
TMobile USA 2.25% 2031	1,043	UK Treasury 4.5% 2042	1,710
VMware 0.6% 2023	958	Assura 1.5% 2030	1,558
América Móvil 5% 2026	852	Affordable Housing Finance 3.8% 2044	1,509
AbbVie 4.55% 2035	846	Transport for London 3.625% 2045	1,460

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	21.2
AA	4.9
A	19.2
BBB	50.9
Non investment grade	1.3
Not rated (Debentures/Preference Shares)	2.5
Number of issues	217

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 medium-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 2022

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 Fund and as required by the AIFMD.

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

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
6 June 2023

INDEPENDENT AUDITOR'S 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 The COIF Charities Fixed Interest 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 Charities Act 2011 and Alternative Investment Fund Managers Directive (AIFMD).

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgement and estimates 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).

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 Trustees of COIF Charities Fixed Interest 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 Trustees of COIF Charities Fixed Interest 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. 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 charities regulations; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty.

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

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.

INDEPENDENT AUDITOR'S REPORT

to the Trustees of COIF Charities Fixed Interest Fund

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 the Charity Commission.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or

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

We have nothing to report in respect of these matters.

Use of our report

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

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
6 June 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 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 31.12.2022 pence per Unit	Income Units Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit
Opening net asset value per Unit	132.53	141.77	137.24
Return before operating charges*	(13.04)	(5.22)	9.40
Operating charges	(0.38)	(0.42)	(0.43)
Return after operating charges*	(13.42)	(5.64)	8.97
Distributions on Income Units	(3.22)	(3.60)	(4.44)
Closing net asset value per Unit	115.89	132.53	141.77
* after direct transaction costs of:	—	—	—

Performance

Return after charges	(10.13%)	(3.98%)	6.54%
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Other information

Closing net asset value (£'000)	60,395	65,897	77,831
Closing number of Units	52,115,975	49,724,190	54,898,707
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)	132.30	142.76	144.07
Lowest Unit price (bid)	112.42	131.29	132.64

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 31.12.2022 pence per Unit	Year to 31.12.2021 pence per Unit	Year to 31.12.2020 pence per Unit
Opening net asset value per Unit	932.60	971.32	911.09
Return before operating charges*	(91.95)	(35.82)	63.14
Operating charges	(2.73)	(2.90)	(2.91)
Return after operating charges*	(94.68)	(38.72)	60.23
Distributions on Accumulation Units	(24.47)	(26.72)	(28.16)
Retained distributions on Accumulation Units	24.47	26.72	28.16
Closing net asset value per Unit	837.92	932.60	971.32
* after direct transaction costs of:	0.01	–	–

Performance

Return after charges	(10.15%)	(3.99%)	6.61%
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Other information

Closing net asset value (£'000)	13,038	15,004	21,339
Closing number of Units	1,555,917	1,608,815	2,196,946
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)	931.03	978.10	977.21
Lowest Unit price (bid)	807.66	917.67	880.54

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 2022

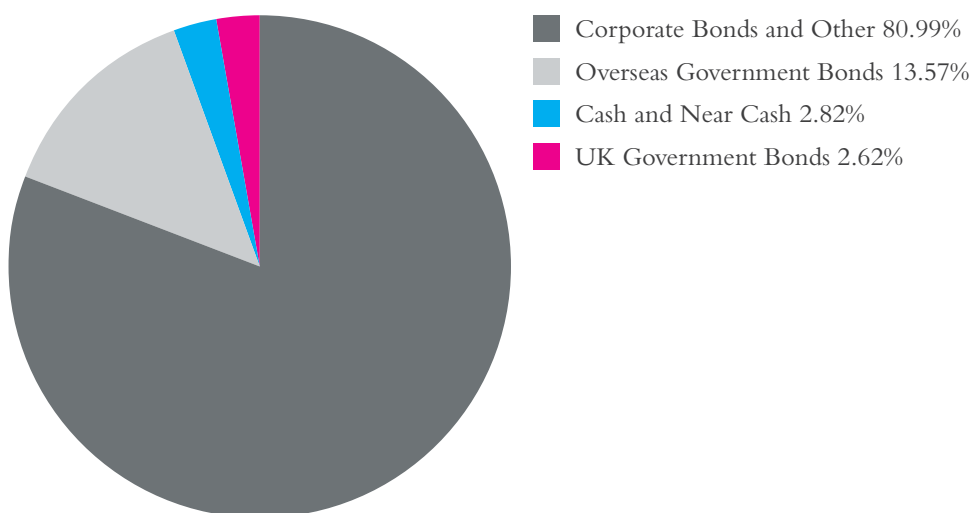
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2022 %	31.12.2021 %
Manager's annual management charge including VAT	0.26	0.26
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 2022

Portfolio Allocation



By term to maturity

Period	% Fund
0-5 years	54.6
5-10 years	30.2
10-15 years	2.8
Over 15 years	12.4
Duration (modified)	2.9 yrs
Average term to maturity	10.8 yrs

The portfolio analyses above differ 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
Government Bonds – 2.62% (31.12.2021 – 33.34%)			
UK Treasury 0.125% 2024	£2,000,000	1,926	2.62
Non-Government Bonds – 92.61% (31.12.2021 – 63.19%)			
AbbVie 4.55% 2035	\$1,000,000	778	1.06
ABN AMRO Bank 2.875% 2028	€200,000	177	0.24
ABN AMRO Bank 4.375% VRN Perpetual	€200,000	163	0.22
Altice Financing 2.25% 2025	€200,000	162	0.22
Altice France Holding 4% 2028	€300,000	170	0.23
América Móvil 5% 2026	£800,000	787	1.07
Anglo American Capital 3.25% 2023	€200,000	177	0.24
Apple 2.65% 2051	\$1,700,000	938	1.28
Arcelik 3% 2026	€200,000	160	0.22
Ardagh Metal Packaging Finance 3% 2029	€200,000	130	0.18
Ardagh Metal Packaging Finance 4.75% 2027	£200,000	137	0.19
Argentum Netherlands 4.625% VRN Perpetual	\$900,000	627	0.85
Ashland Services 2% 2028	€270,000	204	0.28
AstraZeneca 2.125% 2050	\$500,000	244	0.33
Atlas Funding 2021–1 FRN 2058	£450,000	437	0.60
Aviva 6.875% VRN Perpetual	£200,000	181	0.25
Ball Corporation 0.875% 2024	€470,000	401	0.55
Ball Corporation 4% 2023	\$150,000	122	0.17
Banco BPM 1.625% 2025	€250,000	206	0.28
Banco BTG Pactual 2.75% 2026	\$300,000	225	0.31
Banco Mercantil del Norte 6.625% VRN Perpetual	\$200,000	138	0.19
Banco Santander 1.722% VRN 2027	\$400,000	285	0.39
Bank of Ireland Group 1% VRN 2025	€100,000	83	0.11
Bank of Ireland Group 1.375% VRN 2031	€275,000	205	0.28
Barclays 3.75% VRN 2030	£500,000	455	0.62
Barclays 4.375% VRN Perpetual	\$200,000	127	0.17
Berry Global 1% 2025	€720,000	599	0.81
Bharti Airtel 4.375% 2025	\$400,000	322	0.44
BNP Paribas 2% VRN 2031	£500,000	426	0.58
BNP Paribas 4.5% VRN Perpetual	\$250,000	160	0.22
Caisse Nationale de Reassurance 0.75% 2028	€500,000	358	0.49
Caixa Geral de Depositos 0.375% VRN 2027	€400,000	296	0.40
CaixaBank 3.625% VRN Perpetual	€400,000	249	0.34
Catalent Pharma Solutions 2.375% 2028	€600,000	430	0.58

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
CCO Holdings 4.25% 2031	\$125,000	83	0.11
Cellnex Telecom 0.75% 2031	€500,000	320	0.44
Cemex 3.125% 2026	€250,000	213	0.29
Centene Corporation 2.625% 2031	\$1,000,000	653	0.89
Charter Communications 4.5% 2024	\$375,000	308	0.42
Cigna Corporation 2.375% 2031	\$1,000,000	681	0.93
Cisco Systems 2.5% 2026	\$1,500,000	1,163	1.58
Citigroup 4.125% 2028	\$300,000	232	0.32
Citigroup 5.15% 2026	£1,000,000	1,000	1.36
Commerzbank 1.375% VRN 2031	€300,000	215	0.29
Commerzbank 1.75% 2025	£300,000	273	0.37
Cooperatieve Rabobank 3.25% VRN Perpetual	€200,000	151	0.21
Credit Suisse Group 3.8% 2023	\$250,000	202	0.28
Credit Suisse Group 4.5% VRN Perpetual	\$400,000	186	0.25
Crown European Holdings 2.875% 2026	€710,000	598	0.81
Dell International 5.45% 2023	\$200,000	166	0.23
Deutsche Bank 4.5% VRN Perpetual	€200,000	138	0.19
Deutsche Postbank Funding Trust FRN Perpetual	€200,000	127	0.17
DNB Bank 1.125% VRN 2028	€250,000	220	0.30
DNB Bank 1.375% 2023	£200,000	197	0.27
DNB Bank 4.875% VRN Perpetual	\$200,000	156	0.21
Dowson 2021–2 FRN 2028	£400,000	374	0.51
Électricité de France 3.625% 2025	\$100,000	80	0.11
Électricité de France 6% VRN Perpetual	£300,000	268	0.37
Elis 1.625% 2028	€300,000	226	0.31
Elis 2.25% 2029	€100,000	95	0.13
Eurofins Scientific 0.875% 2031	€500,000	333	0.45
Eurofins Scientific 2.125% 2024	€100,000	87	0.12
Falabella 3.375% 2032	\$200,000	133	0.18
Faurecia 2.375% 2027	€280,000	207	0.28
First Citizens BancShares 5.8009% VRN Perpetual	\$400,000	332	0.45
Fresenius 0% 2024	€600,000	510	0.69
Fresenius Medical Care 3.875% 2027	€74,000	63	0.09
Gemgarto 2021–1 FRN 2067	£860,000	805	1.10
General Accident 7.875% Preference Shares	£490,000	554	0.75
GlaxoSmithKline Capital 1.625% 2035	£300,000	210	0.29
Goldman Sachs 3.102% VRN 2033	\$500,000	339	0.46
Goodyear Europe 2.75% 2028	€200,000	142	0.19

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Graphic Packaging International 2.625% 2029	€400,000	311	0.42
Greenko Power II 4.3% 2028	\$400,000	266	0.36
Grifols 1.625% 2025	€120,000	100	0.14
Grifols Escrow Issuer 3.875% 2028	€200,000	149	0.20
Hanesbrands 4.875% 2026	\$300,000	223	0.30
HCA 3.5% 2051	\$400,000	215	0.29
Hops Hill No 1 FRN 2054	£700,000	674	0.92
HSBC Bank FRN Perpetual	\$500,000	286	0.39
Huntsman International 4.25% 2025	€400,000	340	0.46
Ibercaja Banco 2.75% VRN 2030	€200,000	154	0.21
Iliad 1.875% 2028	€500,000	365	0.50
Infrastrutture Wireless Italian 1.625% 2028	€670,000	505	0.69
ING Groep 2% 2028	€500,000	396	0.54
ING Groep 4.25% VRN Perpetual	\$260,000	148	0.20
International Consolidated 1.125% 2028	€300,000	195	0.27
Intesa Sanpaolo 1.625% 2025	€332,000	278	0.38
IQVIA 2.25% 2029	€600,000	448	0.61
Itau Unibanco Holding 4.5% VRN 2029	\$400,000	318	0.43
JPMorgan Chase 4.625% VRN Perpetual	\$300,000	246	0.33
Klabn Austria 3.2% 2031	\$500,000	333	0.45
La Banque Postale 3% VRN Perpetual	€600,000	380	0.52
Lagardere 1.75% 2027	€600,000	491	0.67
Lanebrook Mortgage Transaction FRN 2058	£376,000	336	0.46
Level 3 Financing 3.4% 2027	\$200,000	140	0.19
Levi Strauss 3.5% 2031	\$600,000	396	0.54
Liberty Mutual Group 4.3% 2061	\$500,000	254	0.35
LKQ Italia Bondco 3.875% 2024	€320,000	283	0.38
Lloyds Bank 5.125% 2025	£1,700,000	1,708	2.33
Logicor Financing 1.5% 2026	€150,000	112	0.15
Lorca Telecom Bondco 4% 2027	€300,000	238	0.32
Macquarie Bank 3.052% VRN 2036	\$740,000	445	0.61
Marks Spencer 4.5% 2027	£300,000	257	0.35
Millicom International Cellular 4.5% 2031	\$550,000	385	0.52
Mondi Finance 1.625% 2026	€300,000	246	0.33
Mozart Debt Merger 3.875% 2029	\$300,000	201	0.27
NatWest Group 4.6% VRN Perpetual	\$200,000	119	0.16
Netflix 3.625% 2030	€750,000	606	0.83
Network i2i 5.65% VRN Perpetual	\$200,000	159	0.22

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
New Zealand Government Bond 0.5% 2024	NZD750,000	371	0.51
Nexans 2.75% 2024	€300,000	262	0.36
Nexi 0% 2028	€400,000	254	0.35
Novelis Corporation 3.875% 2031	\$100,000	68	0.09
Nutrien 2.95% 2030	\$750,000	535	0.73
NXP Funding 2.7% 2025	\$1,000,000	777	1.06
Ocado Group 0.75% 2027	£200,000	133	0.18
OI European Group 3.125% 2024	€250,000	215	0.29
OneMain Finance Corporation 3.875% 2028	\$200,000	132	0.18
Orbia Advance Corporation 2.875% 2031	\$500,000	325	0.44
Orsted 1.5% VRN 3021	€690,000	455	0.62
Orsted 2.125% 2027	£690,000	618	0.84
Pension Insurance 3.625% 2032	£420,000	313	0.43
Phoenix Group Holdings 5.75% VRN Perpetual	£400,000	333	0.45
Post Holdings 4.5% 2031	\$100,000	70	0.09
Prudential 2.95% VRN 2033	\$470,000	320	0.44
PVH Corporation 3.625% 2024	€400,000	352	0.48
QBE Insurance Group 2.5% VRN 2038	£250,000	189	0.26
Rexel 2.125% 2028	€300,000	230	0.31
Rothsay Life 3.375% 2026	£300,000	270	0.37
Royal Bank of Scotland 2.359% VRN 2024	\$500,000	410	0.56
Santander UK 5.75% 2026	£1,850,000	1,911	2.60
Seagate HDD Cayman 9.625% 2032	\$382,500	349	0.48
Sealed Air Corporation 4% 2027	\$780,000	588	0.80
SIG Combibloc 1.875% 2023	€300,000	263	0.36
SIG Combibloc 2.125% 2025	€1,300,000	1,107	1.51
Smurfit Kappa Treasury 1% 2033	€850,000	526	0.72
Solvay 2.5% VRN Perpetual	€500,000	391	0.53
SPCM 3.375% 2030	\$600,000	402	0.55
SSE 4% VRN Perpetual	€500,000	404	0.55
Steel Dynamics 2.4% 2025	\$300,000	234	0.32
Stora Enso 7.25% 2036	\$300,000	261	0.36
Stora Enso Oyj 2.125% 2023	€130,000	115	0.16
Summit Digitel Infrastructure 2.875% 2031	\$400,000	255	0.35
Suzano Austria 3.125% 2032	\$400,000	259	0.35
Taylor Morrison Communities 5.125% 2030	\$200,000	144	0.20
TDC Net 5.056% 2028	€100,000	87	0.12
Telecom Italia Capital 6% 2034	\$200,000	128	0.17

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Telefonica Europe 2.376% VRN Perpetual	€300,000	199	0.27
Telia 2.75% VRN 2083	€200,000	155	0.21
Terna Rete Elettrica Nazionale 2.375% VRN Perpetual	€400,000	296	0.40
TerraForm Power Operating 4.75% 2030	\$500,000	362	0.49
Thames Water Utilities Finance 2.625% 2032	£700,000	552	0.75
TMobile USA 2.25% 2031	\$1,500,000	983	1.34
Together Asset-Backed Securitisation FRN 2063	£485,000	447	0.61
Toll Brothers Finance Corporation 3.8% 2029	\$400,000	284	0.39
Trivium Packaging Finance 3.75% 2026	€100,000	81	0.11
Turk Telekomunikasyon 4.875% 2024	\$200,000	156	0.21
Twin Bridges 2021-2 FRN 2055	£450,000	402	0.55
Unilever 1.5% 2026	£575,000	519	0.71
UnipolSai Assicurazioni 6.375% VRN Perpetual	€450,000	359	0.49
United Utilities Water Finance 0.875% 2029	£700,000	534	0.73
Universal Health Services 2.65% 2030	\$500,000	332	0.45
UPC Broadband Finco 4.875% 2031	\$400,000	277	0.38
US Treasury 0.125% 2023	\$2,250,000	1,814	2.47
US Treasury 0.25% 2024	\$9,898,300	7,801	10.62
Veolia Environnement 2.5% VRN Perpetual	€400,000	282	0.38
Vmed O2 UK Financing 4.5% 2031	£120,000	91	0.12
VMware 0.6% 2023	\$1,200,000	972	1.32
Volvo Car 2.125% 2024	€400,000	344	0.47
VZ Secured Financing 3.5% 2032	€400,000	277	0.38
Western Digital Corporation 2.85% 2029	\$560,000	360	0.49
Zurich Finance (Ireland) Designated 3% VRN 2051	\$1,200,000	764	1.04

Derivatives – (0.06%) (31.12.2021 – 0.00%)

Credit Default Swaps^ – 0.84% (31.12.2021 – 0.00%)

BNP Paribas 5% 20/12/2025	350,000	37	0.05
Goldman Sachs 1% 20/12/2025	1,000,000	9	0.01
Goldman Sachs 1% 20/12/2025	1,000,000	18	0.03
Goldman Sachs 1% 20/12/2025	1,500,000	1	0.00
Goldman Sachs 5% 20/06/2027	200,000	1	0.00
JPMorgan 1% 20/06/2025	100,000	(6)	(0.01)
JPMorgan 1% 20/12/2027	200,000	(20)	(0.03)
JPMorgan 1% 20/12/2025	800,000	5	0.01
JPMorgan 1% 20/12/2025	1,250,000	0	0.00

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Morgan Stanley 1% 20/12/2025	430,000	1	0.00
Morgan Stanley 1% 20/12/2027	400,000	(17)	(0.02)
Morgan Stanley 1% 20/12/2027	200,000	(24)	(0.03)
Morgan Stanley 1% 20/12/2027	200,000	(5)	(0.01)
Morgan Stanley 1% 20/12/2027	150,000	(10)	(0.01)
Morgan Stanley 1% 20/12/2027	800,000	5	0.01
Morgan Stanley 1% 20/12/2027	6,600,000	189	0.26
Morgan Stanley 1% 20/12/2027	800,000	(14)	(0.02)
Morgan Stanley 1% 20/12/2027	280,000	(47)	(0.06)
Morgan Stanley 1% 20/12/2027	700,000	(12)	(0.02)
Morgan Stanley 1% 20/12/2027	3,050,000	148	0.20
Morgan Stanley 5% 20/12/2027	500,000	62	0.09
Morgan Stanley 5% 20/12/2027	520,000	74	0.10
Morgan Stanley 5% 20/12/2027	200,000	25	0.03
Morgan Stanley 5% 20/12/2027	130,000	13	0.02
Morgan Stanley 5% 20/12/2027	4,650,000	(41)	(0.06)
Morgan Stanley 5% 20/12/2027	100,000	(18)	(0.02)
Morgan Stanley 5% 20/12/2027	262,000	2	0.00
Morgan Stanley 5% 20/12/2027	200,000	11	0.01
Morgan Stanley 5% 20/12/2027	600,000	83	0.11
Morgan Stanley 5% 20/12/2027	400,000	40	0.05
Morgan Stanley 5% 20/12/2027	500,000	64	0.09
Morgan Stanley 5% 20/12/2027	400,000	38	0.05
Morgan Stanley 5% 20/12/2027	1,400,000	(7)	(0.01)
Morgan Stanley 5% 20/12/2027	350,000	14	0.02
Futures – 0.12% (31.12.2021 – 0.00%)			
CBT US 10 Years Note (CBT) March 2023	(72)	36	0.05
CBT US Ultra Bond CBT March 2023	(10)	12	0.01
EUX Euro-Bund Future March 2023	(6)	42	0.06
Options – 0.04% (31.12.2021 – 0.00%)			
CDX.NA.HY.39 (4Y) Default 20/12/2027 JCPLUK 92.5	5,200,000	3	0.00
CDX.NA.HY.39 (4Y) Default 20/12/2027 MLILUK 96	4,500,000	4	0.01
iTraxx Europe Crossover 38 (4Y) 20/12/2027 JCPLUK 6	3,650,000	27	0.03
iTraxx Europe Crossover 38 (4Y) 20/12/2027 JCPLUK 7	(2,340,000)	(11)	(0.01)
iTraxx Europe Crossover 38 (4Y) 20/12/2027 MSLNUK 5.75	7,300,000	4	0.01
iTraxx Europe Crossover 38 (4Y) 20/12/2027 MSLNUK 6.75	(7,300,000)	(1)	0.00

PORTFOLIO STATEMENT

at 31 December 2022

	Holding	Fair value £'000	% of total net assets
Forward Foreign Exchange Contracts[^]–			
(1.07%) (31.12.2021 – 0.00%)			
GBP Forward Currency Contract 15/03/2023	GBP20,328,033		
EUR Forward Currency Contract 15/03/2023	(EUR23,250,000)	(368)	(0.50)
GBP Forward Currency Contract 15/03/2023	GBP32,448,484		
USD Forward Currency Contract 15/03/2023	(USD39,600,000)	(411)	(0.56)
GBP Forward Currency Contract 15/03/2023	GBP392,171		
NZD Forward Currency Contract 15/03/2023	(NZD750,000)	(2)	0.00
GBP Forward Currency Contract 15/03/2023	GBP824,980		
USD Forward Currency Contract 15/03/2023	(USD1,000,000)	(5)	(0.01)
INVESTMENT ASSETS		69,879	95.16
NET OTHER ASSETS		3,554	4.84
TOTAL NET ASSETS		73,433	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.

[^] Unlisted

The counterparties for the Credit Default Swaps are BNP Paribas, Goldman Sachs, JPMorgan and Morgan Stanley.

The counterparties for the Options Contracts are JPMorgan, Merrill Lynch and Morgan Stanley.

The counterparty for the Futures Contracts is Morgan Stanley.

The counterparties for the Forward Foreign Exchange Contracts are JPMorgan, Lloyds Bank and Royal Bank of Canada.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2022

		Year ended 31.12.2022		Year ended 31.12.2021	
	<i>Note</i>	£'000	£'000	£'000	£'000
Income					
Net capital losses	2		(10,595)		(5,478)
Revenue	3	2,349		1,922	
Expenses	4	(244)		(281)	
Net revenue before taxation		2,105		1,641	
Taxation	5	(2)		–	
Net revenue after taxation			2,103		1,641
Total deficit before distributions			(8,492)		(3,837)
Distributions	6		(2,069)		(2,456)
Change in net assets attributable to Unitholders from investment activities			(10,561)		(6,293)

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

	Year ended 31.12.2022		Year ended 31.12.2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		80,901		99,170
Amounts receivable on issue of Units	10,186		1,787	
Amounts payable on cancellation of Units	(7,481)		(14,313)	
		2,705		(12,526)
Change in net assets attributable to Unitholders from investment activities		(10,561)		(6,293)
Retained distributions on Accumulation Units		388		550
Closing net assets attributable to Unitholders		73,433		80,901

The notes on pages 29 to 45 and distribution tables on page 46 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
ASSETS					
Fixed assets:					
Investments			70,898		78,092
Current assets:					
Debtors	7	757		975	
Cash equivalents	8	–		2,000	
Cash and bank balances	8	4,245		327	
Total current assets			5,002		3,302
Total assets			75,900		81,394
LIABILITIES					
Investment liabilities			1,019		–
Creditors:					
Other creditors	10	35		45	
Bank overdraft	9	1,022		–	
Distribution payable on Income Units		391		448	
Total creditors			1,448		493
Total liabilities			2,467		493
Net assets attributable to Unitholders			73,433		80,901

The financial statements on pages 27 to 46 have been approved and authorised for issue by the Board.

Approved on behalf of the Board
6 June 2023

N Morecroft, Chair

The notes on pages 29 to 45 and distribution tables on page 46 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 United Kingdom Generally Accepted Accounting Practice including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), the Charities Act 2011, and Alternative Investment Fund Managers Directive (AIFMD). The financial statements have been prepared under historical 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, other fixed interest stocks and credit default swaps 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 revenue 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 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 2022

1. Accounting policies (*continued*)

(c) Expenses (*continued*)

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. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 11). Movements in the income reserve are therefore adjustments made to 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 amount determined on an accrual of coupon basis and 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 revenue 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.

Derivatives are valued as at close of business on the last business day of the accounting period.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. Accounting policies (*continued*)

(f) *Foreign exchange*

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business on 30 December 2022, the last valuation point in the accounting period.

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

(g) *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

	31.12.2022 £'000	31.12.2021 £'000
The net capital losses during the year comprise:		
Realised (losses)/gains on non-derivative securities*	(2,100)	952
Unrealised losses on non-derivative securities*	(7,007)	(6,430)
Unrealised losses on forward currency contracts*	(786)	—
Realised losses on forward currency contracts*	(1,831)	—
Currency gains	633	—
Gains on derivative contracts	496	—
	(10,595)	(5,478)

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

3. Revenue

	31.12.2022 £'000	31.12.2021 £'000
UK dividends	39	67
Interest on debt securities	2,279	1,852
Interest on the COIF Charities Deposit Fund	8	—
Income on derivative contracts	12	—
Bank interest	8	—
Manager's annual management charge rebate*	3	3
	2,349	1,922

* 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.

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

4. Expenses

	31.12.2022 £'000	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)	203	242
	203	242
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	9	6
Depositary fee	7	9
	16	15
Other expenses:		
Audit fee	18	15
Insurance fee	1	1
Other fees	6	8
	25	24
Total expenses	244	281

The above expenses include VAT where applicable.

Audit fee net of VAT is £12,480 (31.12.2021, £14,400).

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 Unitholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	31.12.2022 £'000	31.12.2021 £'000
Overseas taxation suffered in the year	2	–
Total taxation	2	–

6. Distributions

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

	31.12.2022 £'000	31.12.2021 £'000
31 March – interim distribution	549	640
30 June – interim distribution	591	607
30 September – interim distribution	451	596
31 December – final distribution	477	551
	2,068	2,394
Add: revenue deducted on cancellation of Units	25	67
Deduct: revenue received on issue of Units	(24)	(5)
Net distribution for the year	2,069	2,456
Net revenue after taxation for the year	2,103	1,641
Bank Interest charged to capital	(1)	–
Transfer from income reserve – see note 11	(117)	(137)
Amortisation under coupon accounting	84	952
Net distribution for the year	2,069	2,456

Details of the distribution per Unit are set out in the distribution tables on page 46.

There were unclaimed distributions as at 31 December 2022 of £4,670 (31.12.2021, £nil)

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

7. Debtors

	31.12.2022 £'000	31.12.2021 £'000
Accrued revenue	756	974
Amounts receivable on creation of Units	1	–
Prepayments	–	1
	757	975

8. Cash equivalents, cash and bank balances

	31.12.2022 £'000	31.12.2021 £'000
Cash equivalents – cash in the COIF Charities Deposit Fund	–	2,000
Cash and bank balances	1,364	327
Amounts held at futures clearing houses	784	–
Swaps collateral	2,097	–
Cash and bank balances – cash at bank	4,245	327

9. Bank overdraft

	31.12.2022 £'000	31.12.2021 £'000
Cash and bank balances	–	–
Amounts held at futures clearing houses	638	–
Swaps collateral	384	–
Bank overdraft	1,022	–

10. Other creditors

	31.12.2022 £'000	31.12.2021 £'000
Accrued expenses	35	35
Amount payable on cancellation of Units	–	10
	35	45

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

11. Income reserve

The income reserve is accumulated out of undistributed revenue and 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. The income reserve is distributable and is included within Cash and bank balances in the Balance Sheet.

	31.12.2022 £'000	31.12.2021 £'000
Income reserve at the start of the year	1,211	1,074
Transfer from income reserve	117	137
Income reserve at the end of the year	1,328	1,211

12. 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.

Market price risk

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments

Market price risk (continued)

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 Unitholders, and profit or loss, would increase or decrease respectively by approximately £3,494,000 (31 December 2021: £3,905,000).

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	31.12.2022 % Fund	31.12.2021 % Fund
AAA	21.2	10.8
AA	4.9	47.6
A	19.2	26.3
BBB	50.9	14.5
Non investment grade	1.3	—
Not rated (Debentures/Preference Shares)	2.5	0.8

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (continued)

Currency risk (continued)

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 Unitholders, and profit or loss, would decrease or increase respectively by approximately £2,000 (31 December 2021: £nil).

The Fund held derivatives relating to forward currency contracts with a net value of £785,819 as at 31 December 2022 (31.12.2021, £nil)

The total foreign currency exposure at 31 December 2022 was:

Currency	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Canadian dollar	4	—	4
Euro	13	(270)	(257)
New Zealand dollar	31	(23)	8
US dollar	1,258	(1,140)	118
Total	1,306	(1,433)	(127)

Derivatives

Derivative transactions may be used by the Fund for the purposes of meeting its investment objectives and also for hedging. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. The use of derivatives for investment purposes means that the net asset value of the Fund may at times have high volatility, although derivatives will not be used with the intention of raising the risk profile of the Fund. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used exchange traded futures to hedge the value of those assets denominated in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (*continued*)

Derivatives (continued)

The Manager has used forward foreign currency contracts to hedge the currencies which are physically owned during the year. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a movement in the value of exchange rates.

At 31 December 2022, the value of the portfolio hedged back to base currency was 99.97% of the Net Asset Value of the Scheme Property.

Credit default swaps have been used to hedge the default risk of holding bonds during the year.

The derivative counterparties are shown at the bottom of the Portfolio of investments on page 26.

Counterparty exposure

At 31 December 2022, the Fund had nil counterparty exposure on open Forward Foreign Exchange Contracts:

At 31 December 2022, the Fund had the following counterparty exposure on Credit default swaps:

BNP Paribas	£36,973
Goldman Sachs	£28,915
JP Morgan	£5,037
Morgan Stanley	£769,089

At 31 December 2022, the Fund had the following counterparty exposure on options contracts:

JPMorgan	£29,834
Merrill Lynch	£4,128
Morgan Stanley	£4,243

The economic exposure of future derivative contracts is equal to the market value.

The value of exposure and the related counterparty are disclosed in the Portfolio of investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. Financial instruments (continued)

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 2022, it is estimated that a 1% movement in interest rates would result in an opposite movement of £2,096,000 (31.12.2021, £5,654,000) in net assets attributable to Unitholders and profit or loss.

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	9,148	11,181	301	20,630
Euro	5,017	15,271	688	20,976
US dollar	6,256	26,896	736	33,888
Other	35	371	—	406
Total	20,456	53,719	1,725	75,900

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	638	—	426	1,064
Euro	384	—	521	905
US dollar	—	—	496	496
Other	—	—	2	2
Total	1,022	—	1,445	2,467

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

12. Financial instruments (continued)

Interest rate risk (continued)

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	2,959	77,460	975	81,394

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	—	—	493	493

* 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.

13. Commitments and contingent liabilities

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

14. Board remuneration

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

15. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund. The amounts incurred in respect of these charges are disclosed in note 4. Please see note 1(c) for further information. An amount of £16,675 was due to the Manager at 31 December 2022 (31.12.2021, £18,969). There were no other transactions entered into with the Manager during the year (31.12.2021, £nil).

At 31 December 2022 a cash balance of £nil (31.12.2021, £2,000,000) was held in The COIF Charities Deposit Fund. During the year, the Fund received interest of £8,249 (31.12.2021, £151) from the COIF Charities Deposit Fund.

During the year the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund where the management fees were charged to revenue as disclosed in note 3.

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

16. Portfolio transaction costs

For the year ended 31 December 2022

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

The Fund has paid £1,087 as commission on purchases and sales of derivatives transactions for the year ended 31.12.2022.

The average portfolio dealing spread, as at 31 December 2022 was 0.62%.

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 2022

16. Portfolio transaction costs (continued)

For the year ended 31 December 2021

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

The Fund has paid £nil as commission on purchases and sales of derivatives transactions for the year ended 31.12.2021.

The average portfolio dealing spread, as at 31 December 2021 was 0.46%. 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.

17. Unitholders' funds – reconciliation of Units

	31.12.2022	
	Income Units	Accumulation Units
Opening number of Units at beginning of year	49,724,190	1,608,815
Units issued in year	8,150,091	14,548
Units cancelled in year	(5,758,306)	(67,446)
Closing number of Units at end of year	52,115,975	1,555,917

All Units carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. 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	682	70,216	–	70,898
Investment liabilities	(12)	(1,007)	–	(1,019)
	670	69,209	–	69,879

For the year ended 31 December 2021

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	632	77,460	–	78,092
	632	77,460	–	78,092

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

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

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

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.

DISTRIBUTION TABLES

for the year ended 31 December 2022

Period ended	Date payable/paid		Dividends payable/paid pence per Unit	
	2022	2021	2022	2021
Income Units				
31 March	31 May	28 May	0.90	0.90
30 June	31 August	31 August	0.90	0.90
30 September	30 November	30 November	0.67	0.90
31 December	28 February	28 February	0.75	0.90
			3.22	3.60

Period ended	Revenue accumulated pence per Unit	
	2022	2021
Accumulation Units		
31 March	6.57	7.09
30 June	6.42	6.65
30 September	5.96	6.52
31 December	5.52	6.46
	24.47	26.72

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

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Board

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

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

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

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

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

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Trustee

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

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

- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and

- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to ensure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attached 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 the Scheme and with section 130 of the Charities Act 2011 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 Share 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 the 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 FRS 102;
- 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 2022 was £34,700,000. A recharge of £30,000,000 was levied in the year to 31 March 2021.

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2022 was 155 (year ended 31 March 2021, 145).

During the year ended 31 December 2022 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 2022		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,032	1,373	2,405
Other staff	15,365	7,029	22,394
Total	16,397	8,402	24,799

	Year to 31 December 2021		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,380	1,827	3,207
Other staff	12,659	5,32	17,986
Total	14,039	7,154	21,193

Remuneration above is the total remuneration for CCLA Investment Management Limited; it is not possible to separate the element of that relating only to the 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 (Chair)
 K Corrigan, FCCA
 J Hobart, MA
 S Niven, CFA (resigned wef 31 August 2022)
 C Ong, MBA
 A Watson, CBE

Secretary

J Fox

Manager, Alternative Investment Fund Manager (AIFM), and Registrar
 CCLA Fund Managers Limited

Investment Manager

CCLA Investment Management Limited
Both CCLA Fund Managers Limited and CCLA Investment Management Limited are authorised and regulated by the Financial Conduct Authority
 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
www.ccla.co.uk

Sub-Investment Manager

Hermes Investment Management Limited
 150 Cheapside
 London
 EC2V 6ET
 Appointed on 1 April 2022, and investment policy effective 27 July 2022

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

E Sheldon (Chief Operating Officer)
 D Sloper (Chief Executive Officer)

Non-Executive Directors of the Manager

R Horlick (Chair)
 J Jesty
 A Roughead

Fund Manager (CCLA Investment Management Limited)

C Ryland
 J Ayre

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

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

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

Banker

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

Independent Auditor

Deloitte LLP
 110 Queen Street
 Glasgow
 G1 3BX

ABOUT CCLA

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.



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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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