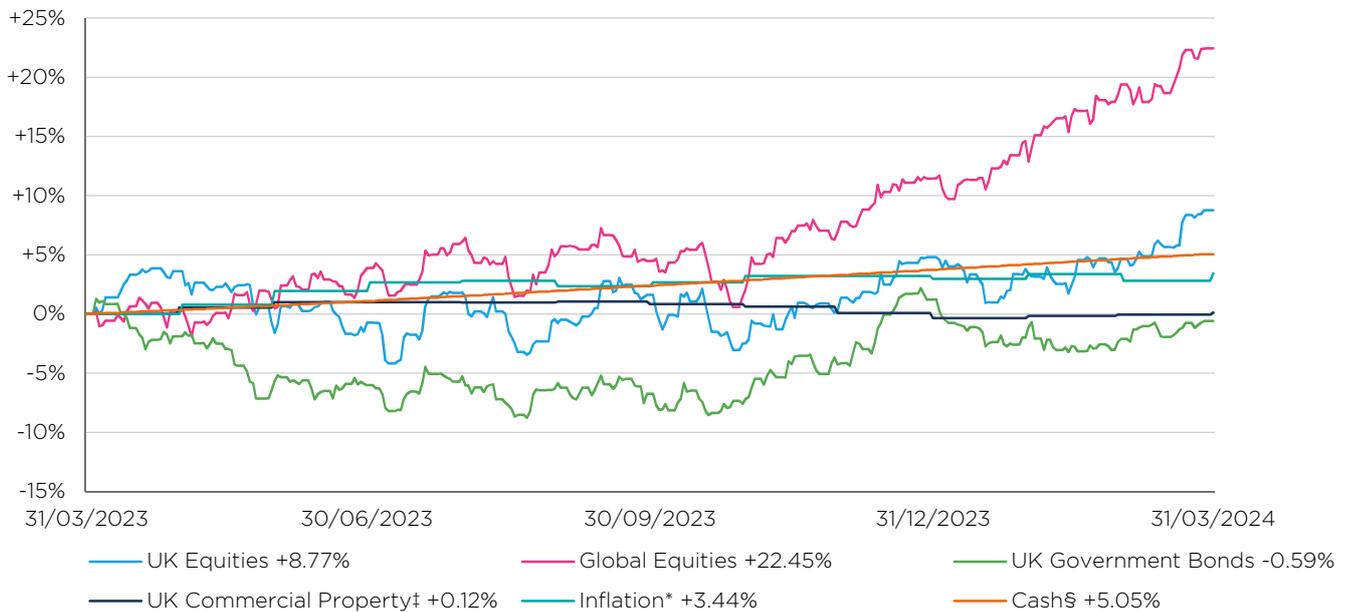

CCLA

QUARTERLY BULLETIN

31 March 2024

Market review and outlook



General Market Indices

| | Current quarter (%) | Last twelve months (%) | Last three years annualised (%) | Last five years annualised (%) |
|---|---------------------|------------------------|---------------------------------|--------------------------------|
| UK Equities (MSCI UK Investable Markets Index) | +3.79 | +8.77 | +8.64 | +5.15 |
| Global Equities (MSCI World Index) | +9.88 | +22.45 | +11.84 | +12.77 |
| Global Equities ex UK (MSCI World ex UK Index) | +10.11 | +23.07 | +11.87 | +13.14 |
| UK Govt. Bonds (Markit iBoxx £ Gilts Index) | -1.78 | -0.59 | -7.92 | -4.02 |
| Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index) | +0.06 | +6.11 | -3.33 | -0.39 |
| UK Commercial Property (AREF/MSCI™ All Prop Monthly) † | +0.48 | +0.12 | +1.92 | +1.70 |
| Inflation (CPI) * | +0.46 | +3.44 | +6.64 | +4.38 |
| Cash (SONIA) § | +1.29 | +5.05 | +2.46 | +1.57 |

Source: Bloomberg (Data shown is daily except for Inflation and UK Commercial Property where data shown is monthly)

§ SONIA (Sterling Overnight Index Average) is estimated for the most recent month. From 1/1/21: SONIA. Prior to 1/1/21: 7-Day London Interbank Sterling Bid Rate (7-Day LIBID).

* CPI (Consumer Price Index) is reported on a 1m lag.

† MSCI UK Monthly Property is estimated for the most recent month.

Equities made a strong start to 2024. Total returns from the global equity market as a whole were 9.9% in sterling terms over the first quarter of the year, marking a run of five consecutive months of gains and bringing total returns over the latest 12-month period to an impressive 22.5%.

Market sentiment was supported by growing confidence that official interest rates among the world’s leading economies, which increased sharply between late 2021 and mid-2023, had peaked and that central banks’ next move would be to

begin reducing rates. Equity markets generally benefit when borrowing costs are lower because they help to support consumer spending and business investment, making it easier for companies to generate earnings. Meanwhile as cash and other 'low risk' assets like bonds offer diminishing yields when interest rates decline, investing in riskier assets such as company shares can be more attractive to investors.

Whilst returns over the period as a whole were decidedly positive, the mood of the market fluctuated in response to

emerging economic news. At times, including the last days of the quarter, data indicating continued resilience in the US economy and the jobs market in particular gave investors pause for thought. Comments from key officials at the US central bank (the Fed) gave further weight to the view that borrowing costs would remain 'higher for longer', with rate cuts coming later and more gradually than previously anticipated, and equity market progress slowed markedly in response.

Communications services and information technology, the industry sectors which dominated returns in 2023, were once again the strongest performers in the global equity index over the first quarter of the new calendar year. However other sectors also made significant contributions, resulting in a broader base of returns than was the case last year. Some cyclical sectors, those whose fortunes tend to follow the economic cycle, fared well as confidence grew that growth in the US was on a firm footing and a recession would be avoided. Financial stocks, materials and energy stocks all did well, especially in the month of March when energy was the top-performing sector.

As with equities, fixed interest markets generally benefit when interest rates are expected to be lower rather than higher, because bond prices move in the opposite direction to yields. The shift in expectations towards a later, slower easing of monetary policy therefore held back returns for bond investors over the quarter. The UK government bond ('gilt') market as a whole gave negative total returns of -1.8% over the latest quarter, although the bulk of the pain was felt in the earlier part of the period with the month of March delivering positive returns of +1.8%. Meanwhile the broad corporate bond market as measured by the Bloomberg Barclays Sterling Non-Gilts index was more or less flat over the quarter as a whole, again with losses in January and February being matched by a recovery in March.

Elsewhere, UK commercial property continued in the lacklustre pattern of recent periods. Income returns have generally remained solid but capital values are still under pressure from higher interest rates. Based on the latest available data, as at the end of February 2024, total returns from UK commercial property over twelve months were +0.7%. Some alternative assets, notably infrastructure, also had a weak period. Among commodities, gold was a strong performer, rising over 8% over the quarter.

Outlook

In all the major western economies central bank officials and investment market commentators are united in their assumption that the interest rate cycle has peaked. The debate on monetary policy is now focused on when interest rate cuts may begin and how swiftly rates will fall.

Investors will therefore be watching closely as new data emerge – for example, on whether the jobs market is finally weakening, which would give central banks greater confidence that interest rates may be lowered without reigniting inflation.

In anticipation that the next news will be 'good news' in the shape of lower official bank rates, equity market valuations have risen substantially in recent months relative to the underlying company earnings. There is therefore still a significant risk that equity prices could take a hit if monetary policy shifts from that which the markets are currently assuming.

However while monetary policy remains important we see corporate earnings as increasingly prominent in investors' assessment of equity market prospects. Earnings reports released over the last quarter were encouraging but it is still possible that the effects of the post-pandemic inflation shock and the higher interest rates with which policy makers responded have yet to be felt fully by consumers and business.

Property investment – is recovery in sight?

Commercial property has played an enduring role in many charity portfolios. As an asset class, it offers the prospect of a regular income stream that can be more attractive than the income from competing assets such as bonds or equities (company shares). Unlike the interest from bonds, which is usually fixed in nominal terms, rental income from commercial property tends to rise over time and so helps the investor to keep pace with inflation. Meanwhile in contrast to the dividends which companies may or may not choose to pay to their equity investors, corporate tenants have a contractual obligation to pay the rent, making commercial property a more reliable source of income than equities.

However in recent periods investors have been reminded of some of the risks as well as the potential rewards available from property. Whilst over the long term property values tend to rise, this does not happen at an even pace and investors should be prepared to tolerate significant ups and downs in the market value of their assets over time. After rising strongly in 2021, commercial property valuations turned down sharply in the later months of 2022. The slide continued, albeit at a much more modest pace, throughout 2023 and there has not yet been any significant recovery.

The decline was driven directly by the steep increase in bond yields which came about when the Bank of England (in common with other central banks) hiked interest rates as it sought to combat surging inflation. When the income available from bond yields rises, some investors will be drawn to that asset class in preference to property, causing property assets to fall in value. At the same time, for those investors who use debt to purchase and develop properties, higher yields make it more difficult and expensive to raise funds, thus lowering the prices at which they are able and willing to acquire assets.

The rapid shift in the yield environment, combined with concerns about the outlook for the office sector in the face of changing work practices and rising environmental compliance costs, also caused a near-freeze in property transaction volumes as both buyers and sellers hesitated to act in a highly uncertain market. This stand-off served as a further reminder of a key risk associated with property as an investment class, namely illiquidity. This is the potential for difficulty in buying and selling assets at fair prices, especially at short notice.

Although most investors would access commercial property through pooled funds and problems with buying or selling individual properties may not affect them directly, a lack of transactions to inform professional valuers' view of market pricing will lead to greater caution in the values they assign to funds' property portfolios and thus feed through to lower valuations for pooled fund investors.

However there are signs that the market could be moving into a more positive phase. Transaction volumes, although still below the long-term average, began to pick up in the final quarter of last year; and 2024 began with the first month of positive total returns from UK commercial property since October 2022. Market consensus is firmly of the view that official interest rates have peaked and that they will start to come down at some point this year, which would be likely to mark the beginning of an upturn in property prices.

Meanwhile, throughout the many months of negative capital returns to property investors the sector's traditional pattern of reliable income flows has continued. Indeed in some parts of the market rental values have been growing consistently for more than two years. All the recent damage to total returns from property has been caused by the decline in capital values. As a result, the percentage income yield available from the sector has risen significantly: the same level of income in pounds can now be acquired for a lower level of capital investment.

For investors who are considering whether property may play a useful part in their portfolio, provided they are willing to take a long-term view which recognises the risks of illiquidity and fluctuations in capital value that property investors must accept, the sector may now seem more attractive than it has done for some time.

Advocating for mandatory scope 3 emissions disclosure

Within the alphabet soup of standards and emerging reporting disclosure frameworks, the UK government's Call for Evidence on 'Scope 3 Emissions in the UK Reporting Landscape' provided CCLA with the opportunity to press for clarity and certainty in companies' emission disclosure.

The Department for Energy Security and Net Zero called for input on the current streamlined energy and carbon reporting (SECR) framework as well as feedback to help decide whether to endorse International Sustainability Standards Board (ISSB) standards in the UK.

Scope 3 emissions are the indirect carbon emissions associated with a company's activities, ranging from supply chain intricacies to the use of products and services by end consumers. These emissions often make up most of a company's total carbon footprint and are challenging to tackle.

Responding to the Call for Evidence, issued last October, CCLA advocated for mandatory scope 3 emissions disclosure for UK listed companies. This aligns with moves globally promoting transparency and consistency in the information companies provide on their emissions and emission reduction activities.

Why support mandatory disclosure?

We support mandatory scope 3 disclosure because we need this level of data to understand, monitor and reduce climate risks in our investment portfolios. Without this data we are held back from a full understanding of the challenges companies face and where they should be best directing their attention.

Why does it matter?

We use all three scopes of company emissions to identify the largest absolute emitters in portfolios. Currently we rely in part on estimated scope 3 emissions, due to a lack of consistent disclosure from companies on scope 3 data. A more accurate and informed approach to scope 3 disclosure would help to ensure that our engagement is directed where we can better influence the most substantive corporate decarbonization initiatives.

How are companies progressing?

From our experience in engaging on this topic, most portfolio companies are taking steps to reduce their scopes 1 and 2 emissions. However, reductions in scope 3 emissions are more challenging. In some instances, companies tell us that they can't calculate their scope 3 emissions with any certainty.

Where should companies disclose?

Currently companies are required to report direct emissions data as part of their annual report. We consider this the most appropriate document for disclosure, given that it is put to shareholders at the annual general meeting. This approach also enables companies to signpost more comprehensive reporting that may be contained elsewhere, such as in a separate climate transition report.

What changes would we welcome?

Apart from disclosing total absolute emissions, companies can further break-down their disclosures. Where they can identify and disclose by emissions category, whether upstream (from production) or downstream (from product use) they are then much better placed to address them. In the same way, disclosure by type of greenhouse gas emission gives investors a far better understanding of the priorities of companies in tackling emission reductions. For example, methane is only one of about ten greenhouse gases but its warming potential over 20 years is said to be 80 times that of carbon dioxide.

Who is promoting mandatory disclosure?

The most recent legislative precedent is from California where scope 3 emission reporting will soon be made mandatory for companies over a certain revenue threshold. Regulatory requirements are already in place in the European Union, and Japan has signalled its intention to introduce mandatory scope 3 disclosures. Scope 3 reporting is also required by the International Sustainability Standards Board (ISSB).

Where and what comes next?

The Call for Evidence closed in mid-December and the government's response is expected imminently. The outcome will inform the decision as to whether the UK should endorse the ISSB standards for reporting. Mandatory corporate disclosure on scope 3 emissions would provide a great opportunity for investors, enabling more informed interactions with companies on their role in accelerating the transition to a low-carbon economy.

Ethical and responsible investment report

Our work has four strands:

1. Engagement focused on social and environmental issues in the context of Christian mission and witness.
2. Setting appropriate constraints on investment and exposure to activities considered unacceptable by the Church of England's Ethical Investment Advisory Group (EIAG) and the CBF Funds Trustee.
3. Proxy voting on corporate governance issues to protect shareholder value and address excessive remuneration.
4. Responsibilities under the UK Stewardship Code and the UN Principles for Responsible Investment (PRI).

Quarterly highlights

We are co-lead investor for Nestlé on behalf of Climate Action 100+. In Q1, the company published a new sustainability report. There are three improvements that align clearly with our asks. Nestlé now benchmarks its emissions trajectory against a 2018 baseline; discloses the relative contribution of each decarbonization lever to its annual total emissions reductions; and has introduced a 2023 Performance Share Unit Plan with greenhouse gas emissions reductions as a fourth pillar.

Empiric Student Properties told us that it intends to put its key ESG targets for 2024 and 2025 to vote at its May annual general meeting (AGM) saying, 'it would then be our intention to bring these back to shareholders every other year'. This is good news as we have been engaging on accountability to shareholders at the AGM for some time.

CCLA joined the new collaborative investor initiative, Nature Action 100 in 2023. We will be engaging with AstraZeneca, McDonald's and Zoetis on behalf of the group; preparatory investor meetings took place in Q1.

In Q1, letters were sent to the five Tier 4 modern slavery companies that we own in portfolios. Meetings were held with Sage Group, Croda, London Stock Exchange Group (LSEG), Sarco Group. Sage has now published an improved modern slavery statement, LSEG has hired a new Human Rights lead, and the benchmark has been discussed at executive level at Sarco Group.

During the quarter, we met a modern slavery representative from the National Crime Agency to discuss modern slavery risks in the construction and care sectors. We also hosted a roundtable on modern slavery in the care sector.

CCLA's Dame Sara Thornton gave evidence to the House of Lords Review of the Modern Slavery Act. We also submitted written evidence on behalf of CCLA and Rathbones and a group of signatories.

In Q1, we met Mark Spencer MP, DEFRA Minister for Farming, along with a group of investors, to discuss the problematic Seasonal Worker Scheme, which leaves migrant workers vulnerable to forced labour.

Meetings were held in Q1 to discuss workplace mental health with T-Mobile, Experian, International Distributions Services (formerly Royal Mail), SAP, Intuit, Prudential, Travis Perkins, Vodafone, ServiceNow, Spirax Group, Associated British Foods, Philip Morris and Barclays. Two investors joined the mental health investor coalition, which now comprises 54 investors with \$9.5 trillion in assets under management.

We presented at the Nutrient Profile Model Alignment Initiative roundtable hosted by the Access to Nutrition Foundation. The aim is to develop a widely accepted reporting standard to measure and compare the healthiness of product portfolios.

We received notification from the Financial Reporting Council that we have been accepted as a signatory to the Stewardship Code. Our response is available on our website.

Quarter one voting in detail

CCLA aims to vote at all UK and overseas company meetings where we have holdings. The CBF Church of England Investment Fund did not support 23% of management resolutions at investee companies this quarter (15% for the UK Equity Fund, 27% for the Better World Global Equity Fund). We also supported five of the 10 shareholder proposals tabled at the companies in which we invest.

We aim to support all pro-active shareholder proposals and in Q1 added a dedicated voting pre-declaration section on our website. This substantiates our long-held practice of writing to all companies directly to explain our voting position prior to an AGM. Our first pre-disclosed vote relates to a shareholder proposal at Nestlé, for 'an amendment to the Articles of Association regarding sales of healthier and less healthy foods', which we intend to support.

Living Wage

In early 2023 we commenced engagement with four UK-listed companies that we invest in with the aim of persuading them to become Living Wage accredited. We chose companies in sectors where there is a high proportion of low paid workers, namely hospitality and retail, as well as businesses with large UK call centres.

Since our engagement began, Admiral Group has become an accredited Living Wage employer. In Q1 2024, Watches of Switzerland shared the good news that it has also now achieved Living Wage accreditation. A second meeting was held with Greggs in Q1 to discuss this topic.

Ethical constraints

We confirm that the CBF Funds have been managed to their respective ethical exclusion policies this quarter.

The CBF Church of England Investment Fund

Performance comment

Over the quarter the Fund returned 3.63% compared with the comparator return of 7.16%. Over the last 12 months, the Fund returned 12.14% compared with the comparator return of 16.72%.

Equity markets rose over the period as company earnings held up well on average. Investors also became more confident that official interest rates would soon begin to decline, although market progress slowed markedly late in the quarter amid signals that rates would fall more slowly than previously thought. Lower interest rates are generally helpful for investment market returns.

However returns from the fund's equities portfolio have lagged those of the wider equity market. The fund's allocation to the technology stocks which have dominated equity market returns over the last year or more is lower than the sizeable weight of these companies in the market. Thus, although the portfolio's technology holdings contributed significantly to absolute returns, these gains were lower than those of the sector as a whole. Meanwhile over the latest quarter, the fund's absence from the traditional energy sector and mining sectors and its low exposure to other cyclical stocks such as banks detracted from relative performance as these companies benefited from a positive turn in sentiment on the outlook for global economic growth.

Equities make up the major part of the portfolio but the shift in interest rate expectations meant that some other asset classes such as renewable energy did not fare so well. Underperformance relative to the comparator benchmark has stemmed partly from weakness in these and other alternative assets which are represented in the Fund but not in the comparator.

Fund update

As is often the case most portfolio activity during the quarter was incremental, taking advantage of gains in some of the best-performing stocks to realise profits and reinvest in others which we considered to be better placed to add value in the coming periods. Among the companies in which we reduced the Fund's holdings were Novo Nordisk, the healthcare company behind weight-loss drugs which have surged in popularity; microchip makers Nvidia and ASML; and software providers Intuit (maker of QuickBooks accounting software), Adobe and Ansys. However we did exit our position in personal care brands business Estee Lauder. Proceeds from these 'trims' and outright sales were used to add to several existing holdings and we also introduced two new companies to the portfolio: O'Reilly (US autoparts) and Unite, the UK's largest developer and operator of purpose built student housing.

Income

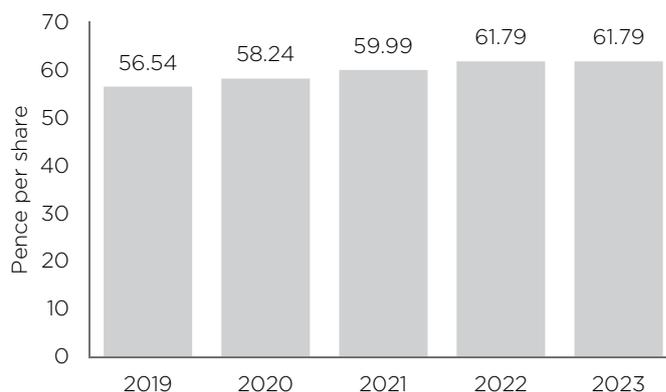
Gross dividend yield 2.67%*

MSCI \$ UK IMI dividend yield 3.81%

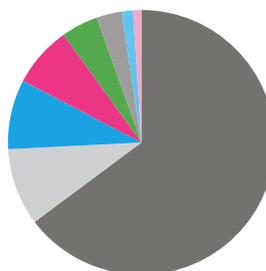
MSCI \$ World ex UK dividend yield 1.74%

* Based upon the net asset value and an estimated annual dividend of 62.13p.

Past distributions



Asset allocation as at 31 March 2024



- Overseas Equities 64.73%
- Infrastructure & Operating Assets 9.45%
- Fixed Interest 8.49%
- UK Equities 7.44%
- Property 4.44%
- Private Equity & Other 3.08%
- Contractual & Other Income 1.37%
- Cash & Near Cash 0.97%
- Derivatives 0.02%

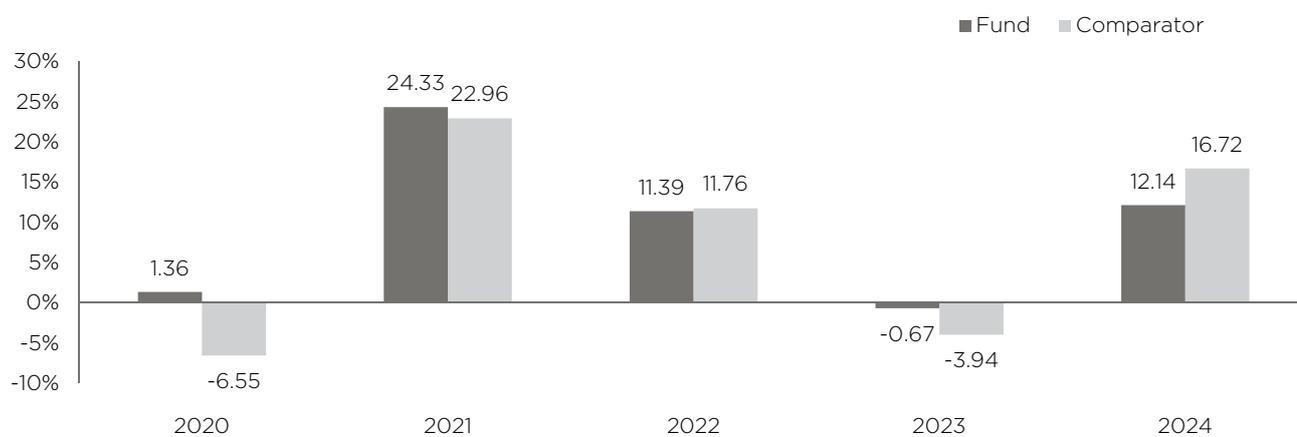
| Overseas Equities | % |
|--------------------------------|--------------|
| North America | 47.71 |
| Developed Europe | 11.89 |
| Asia Pacific ex Japan | 2.95 |
| Other | 1.29 |
| Japan | 0.90 |
| Total Overseas Equities | 64.73 |

Total return performance

| Performance* to 31 March 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-------------------------------|----------|---------|--------------|--------------|
| Investment | +3.63% | +12.14% | +7.46% | +9.35% |
| Comparator | +7.16% | +16.72% | +7.81% | +7.56% |

Total return performance by year

| 12 months to 31 March | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|--------|---------|---------|--------|---------|
| Investment | +1.36% | +24.33% | +11.39% | -0.67% | +12.14% |
| Comparator | -6.55% | +22.96% | +11.76% | -3.94% | +16.72% |



Comparator - composite: From 01/01/21, MSCI WORLD 75%, MSCI UK Monthly Property 5%, iBoxx E Gilts 15% & SONIA 5%. From 01/01/18, MSCI UK IMI 30%, MSCI World ex UK 45%, MSCI UK Monthly Property 5%, iBoxx E Gilt 15% & 7 Day LIBID 5%. Source: CCLA

Top 10 holdings as at 31 March 2024

| | | | |
|---|------|------------------------|------|
| UK Treasury 4.5% 07/12/2042 | 2.8% | Amazon.Com Com USD0.01 | 1.6% |
| UK Treasury Gilt 3.25% 22/01/2044 | 2.8% | Alphabet Inc C Com NPV | 1.4% |
| The CBF Church of England Property Fund | 2.2% | ICON Plc Com NPV | 1.3% |
| Microsoft Com NPV | 2.1% | Nice Ltd | 1.3% |
| CCLA Inv Mgmt Ltd Ord GBP1 | 2.1% | TransUnion Com USD0.01 | 1.2% |

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Global Equity Fund

Performance comment

Over the quarter the Fund returned 7.04% compared with the comparator return of 9.88%. Over the last 12 months, the Fund returned 20.99% compared with the comparator return of 22.45%.

Equity markets rose over the period as company earnings held up well on average and as investors became more confident that official interest rates would begin to decline in the coming months, although this progress slowed markedly in the later part of the quarter in response to signals that monetary policy would ease more slowly than previously thought. Lower interest rates are generally supportive of equity market returns, firstly because cheaper money helps companies to generate earnings and secondly because when yields in the cash and bond markets fall, investors' appetite for the riskier equity market tends to increase.

The fund's holdings in technology businesses and communications services were once again among the leading contributors to returns. However the rally in the equity market as a whole was broader than has been the case in most recent periods, with cyclical sectors – those whose fortunes tend to be linked to the wider economic cycle – joining in as investor optimism grew about the outlook for growth in the US economy in particular. Banks, energy and mining companies were among those to benefit from this development. The fund has little exposure to these sectors, which largely accounted for the fund's returns being lower than those of the benchmark over the quarter. Among other sectors, the Fund's returns from industrials and utilities were ahead of those from the corresponding sectors in the comparator index.

Fund update

As is often the case most portfolio activity during the quarter was incremental, taking advantage of gains in some of the best-performing stocks to realise profits and reinvest in others which we considered to be better placed to add value in the coming periods. Among the companies in which we reduced the Fund's holdings were Novo Nordisk, the healthcare company behind weight-loss drugs which have surged in popularity; microchip makers Nvidia and ASML; and software providers Intuit (maker of QuickBooks accounting software), Adobe and Ansys. However we did exit our positions in Heineken and in personal care brands business Estee Lauder. Proceeds from these 'trims' and outright sales were used to add to several existing holdings and we also introduced two new companies to the portfolio: O'Reilly (US autoparts) and Unite, the UK's largest developer and operator of purpose built student housing.

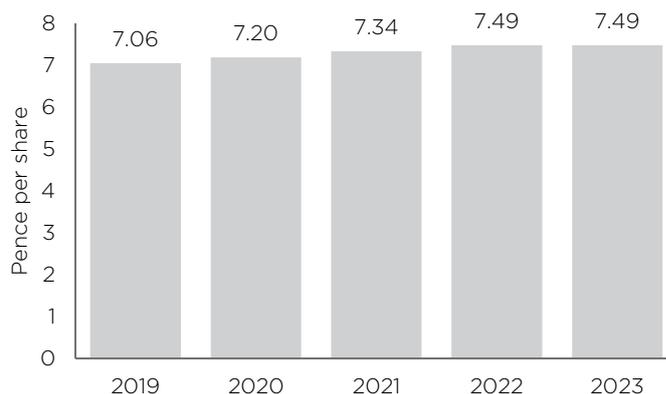
Income

Gross dividend yield 2.35%*

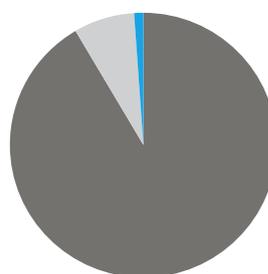
MSCI \$ World dividend yield 1.82%

* Based upon the net asset value and an estimated annual dividend of 7.56p.

Past distributions



Asset allocation as at 31 March 2024



- Overseas Equities 91.51%
- UK Equities 7.37%
- Cash & Near Cash 1.12%

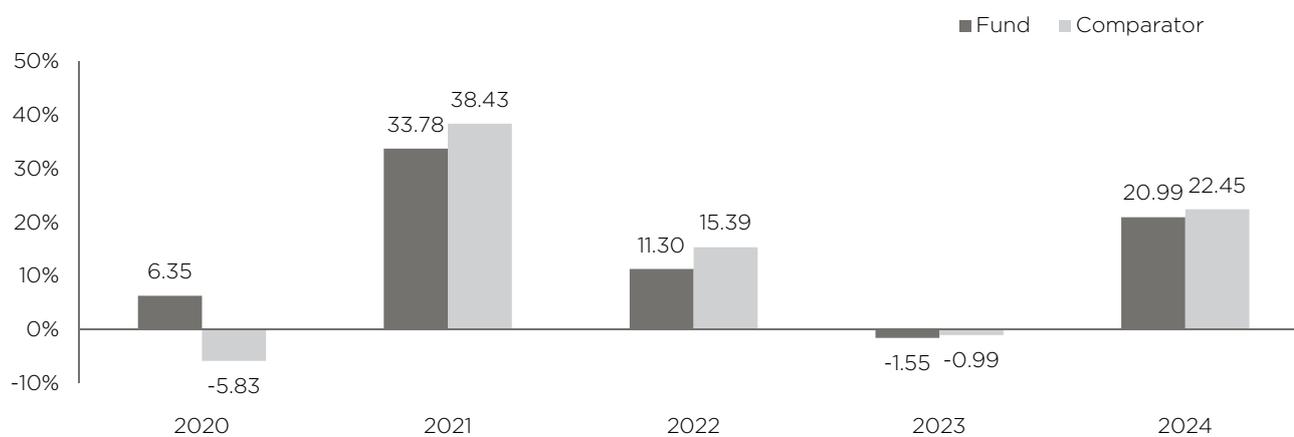
| Overseas Equities | % |
|-----------------------|--------------|
| North America | 67.73 |
| Developed Europe | 16.75 |
| Asia Pacific ex Japan | 4.09 |
| Other | 1.91 |
| Japan | 1.02 |
| Total | 91.51 |

Total return performance

| Performance* to 31 March 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-------------------------------|----------|---------|--------------|--------------|
| Global Equity | +7.04% | +20.99% | +9.85% | +13.53% |
| Comparator | +9.88% | +22.45% | +11.84% | +12.77% |

Total return performance by year

| 12 months to 31 March | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|--------|---------|---------|--------|---------|
| Global Equity | +6.35% | +33.78% | +11.30% | -1.55% | +20.99% |
| Comparator | -5.83% | +38.43% | +15.39% | -0.99% | +22.45% |



Comparator - MSCI £ World. Source: CCLA

Top 10 holdings as at 31 March 2024

| | | | |
|-------------------------------------|------|--|------|
| Microsoft Com NPV | 3.9% | Thermo Fisher Scientific Inc COM USD 1 | 1.9% |
| Amazon.Com Com USD0.01 | 2.4% | ICON Plc Com NPV | 1.9% |
| Taiwan Semiconductor SP ADR(V5 Ord) | 2.1% | Nice Ltd | 1.9% |
| Visa Com - Class A Shares USD0.0001 | 2.1% | Mastercard Com USD0.0001 | 1.7% |
| Alphabet Inc C Com NPV | 1.9% | TransUnion Com USD0.01 | 1.7% |

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Deposit Fund

Performance comment

The yield on the Fund tends to move in line with changes in the Bank of England’s official borrowing rate (OBR), as more or less attractive interest rates become available from the carefully screened institutions with which the Fund places cash. There was no change in the OBR which stood at 5.25% throughout the latest quarter. Current market consensus is that the Bank will begin to reduce rates during 2024 in response to recent sharp falls in headline inflation. However core inflation, which strips out the volatile food and energy components, is proving stickier. The Bank does not want to risk appearing soft on inflation and has signalled that it will take a cautious approach to any rate cuts.

Fund update

The prime focus of the investment strategy is to provide capital security with excellent liquidity and a competitive yield. The portfolio is invested only in cash and near cash assets diversified across a number of approved, high-quality counterparties.

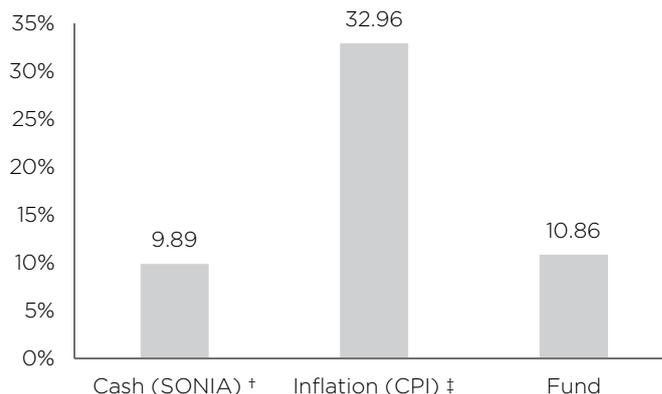
In the expectation that rates have peaked and any forthcoming change in the OBR will be downwards, the Fund is positioned to take advantage of the higher rates currently available for slightly longer term lending. This should provide some degree of protection for the Fund’s yield from the immediate effect of any reduction in the Bank of England’s policy rate.

Income

Average interest rate over the quarter 5.27% (5.37% AER)*

Interest rate over the quarter end 5.25% (5.35% AER)*

Cumulative total return over last 10 years



Deposit rate as at 31 March 2024

5.37% AER*

* AER = Annual Equivalent Rate, which illustrates what the annual interest rate would be if the quarterly interest payments were compounded.

** Source: CCLA - Performance is shown gross of management fees and other expenses; net returns will be lower after the deduction of fees and other expenses. The daily rate on the Fund will fluctuate and past performance is not a reliable indicator of the future results. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

† Source: CCLA

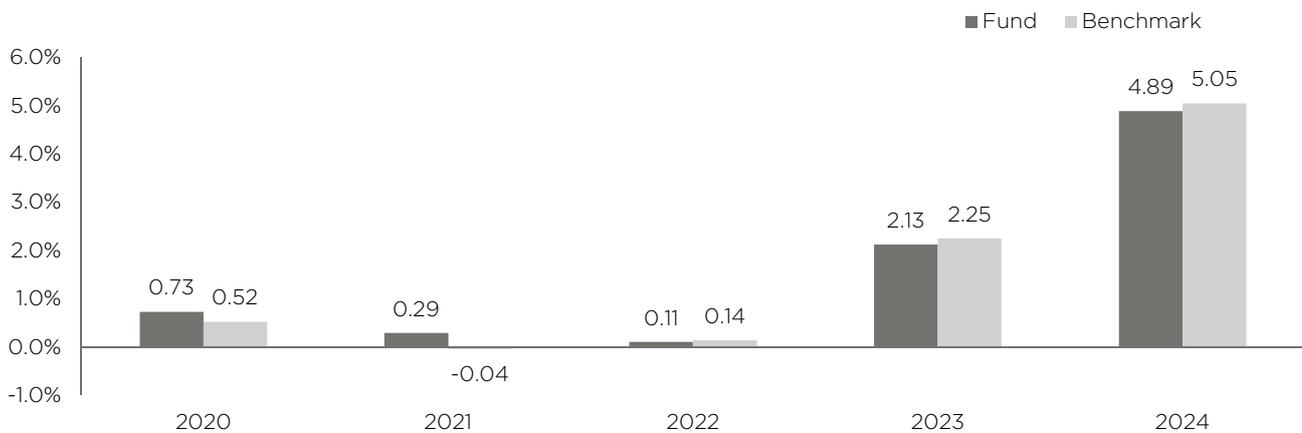
‡ CPI is reported on a 1m lag.

Total return performance

| Performance* to 31 March 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-------------------------------|----------|--------|--------------|--------------|
| Deposit | +1.29% | +4.89% | +2.36% | +1.61% |
| Benchmark | +1.29% | +5.05% | +2.46% | +1.57% |

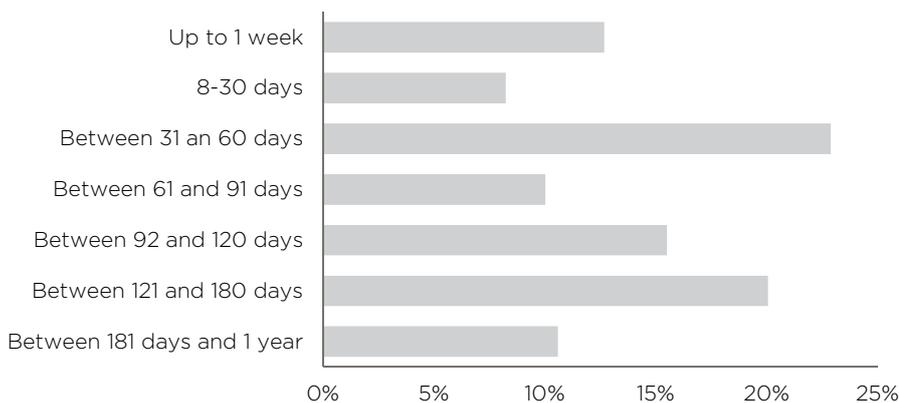
Total return performance by year

| 12 months to 31 March | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|--------|--------|--------|--------|--------|
| Deposit | +0.73% | +0.29% | +0.11% | +2.13% | +4.89% |
| Benchmark | +0.52% | -0.04% | +0.14% | +2.25% | +5.05% |



Benchmark – From 1/1/21: Sterling Overnight Index Average (SONIA). Initial BM: 7-Day London Interbank Sterling Bid Rate (7-Day LIBID). Source: CCLA

The Fund's maturity profile



* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Short Duration Bond Fund

Performance comment

Over the quarter the Fund returned 1.07% compared with the benchmark return of 1.67%. Over the last 12 months, the Fund returned 6.85% compared with the benchmark return of 6.76%.

The Fund uses a wide range of fixed interest securities (bonds) and risk management techniques to pursue a target return of cash plus 1.75% p.a. (net of fees and expenses) over a rolling 3-year period. There is a focus on generating returns from credit risk, meaning that the manager aims to identify individual bonds which will deliver good returns relative to the level of risk associated with a particular borrower at the corporate level. Conversely there is limited appetite for interest rate risk ('duration'), which describes how a bond's returns are likely to be affected by general changes in interest rates. Currency risk is avoided.

Bond markets in general slipped back slightly over the period as investors' expectations for the timing and pace of interest rate reductions became less optimistic. Bond prices move inversely to yields, so the prospect of interest rates remaining 'higher for longer' is associated with lower valuations for bond portfolios. This is especially true of the lowest-risk end of the market, government bonds, where returns are driven almost entirely by changing interest rate expectations. The Bloomberg Barclays Gilts index for UK government bonds gave total returns of -1.8% over the quarter. In contrast the riskiest sub-sector, 'sub-investment grade' market as measured by the Bloomberg Barclays £ High Yield ex Financials index, provided positive returns of 2.3%. With its limited appetite for risk, the fund has little exposure to these riskier bonds.

Fund update

A sizeable proportion of the portfolio is held in US government bonds which are delivering attractive yields at low risk. For the Fund's holdings in individual corporate bonds the emphasis remains on high quality businesses whose progress is not dependent on wider economic growth. However over the latest quarter positions in the more economically sensitive sectors such as banks, insurance companies and basic materials were among the positive contributors to the fund's performance relative to the benchmark. Meanwhile the policy of hedging against the effects of currency movement, along with relative weakness in bonds issued by healthcare businesses, detracted from relative returns over the latest quarter.

Income

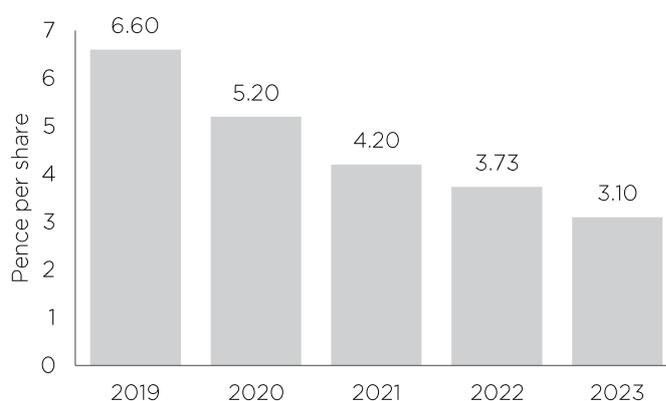
Gross dividend yield 2.20%*

Gross redemption yield 5.64%

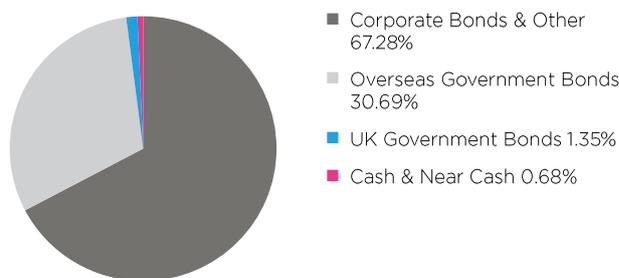
* Based upon the net asset value and an estimated annual dividend of 3.20p.

The gross redemption yield indicates what the total return would be if the Fund's current investments were held to maturity, in other words, the aggregate of gross interest received and the capital gain or loss at redemption, annualised.

Past distributions



Asset allocation as at 31 March 2024

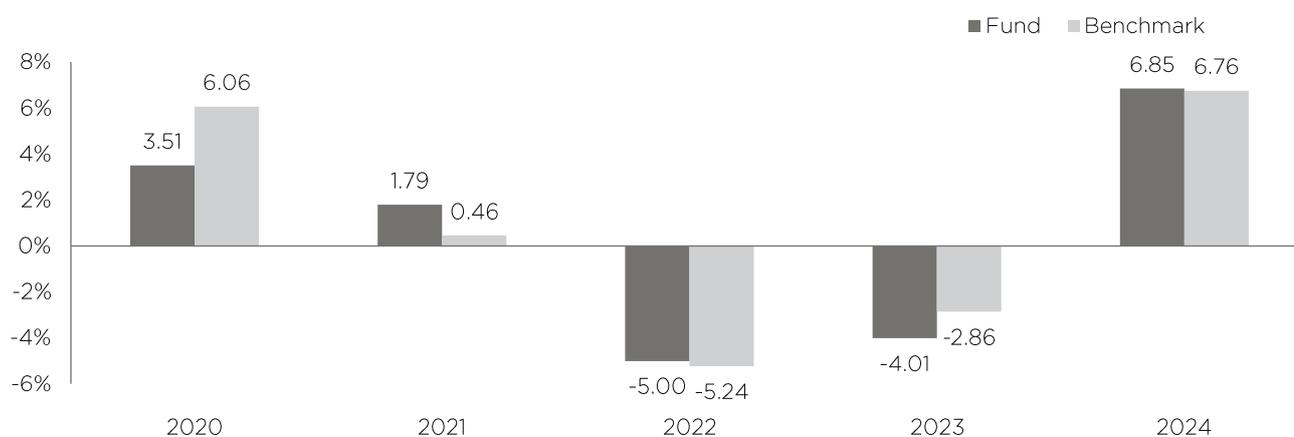


Total return performance

| Performance* to 31 March 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-------------------------------|----------|--------|--------------|--------------|
| Short Duration Bond | +1.07% | +6.85% | -0.87% | +0.52% |
| Benchmark | +1.67% | +6.76% | -0.58% | +0.92% |

Total return performance by year

| 12 months to 31 March | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|--------|--------|--------|--------|--------|
| Short Duration Bond | +3.51% | +1.79% | -5.00% | -4.01% | +6.85% |
| Benchmark | +6.06% | +0.46% | -5.24% | -2.86% | +6.76% |



Benchmark - From 27.07.22 SONIA + 1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50% Source: CCLA

Portfolio asset allocation

By credit rating

| Rating Category | % Fund |
|------------------------------|--------|
| AAA | 16.5 |
| AA | 21.9 |
| A | 11.0 |
| BBB | 39.7 |
| Non Investment Grade | 11.7 |
| Not rated (Debentures/Prefs) | -0.7 |

By term to maturity

| Period | % Fund |
|--------------------------------|--------|
| 0 - 5 years | 64.3 |
| 5 - 10 years | 26.6 |
| 10 - 15 years | 2.3 |
| Over 15 years | 6.7 |
| Duration (yrs) | 2.0 |
| Average term to maturity (yrs) | 8.6 |

* Performance of the funds is shown net of management fees and other expenses with income reinvested. Comparator performance is based on market indices which are not adjusted for any management fees or investment expenses. Past performance is not a reliable indicator of future results.

The CBF Church of England Property Fund

Performance comment

Over the quarter the Fund returned 0.63% compared with the benchmark return of 0.09%. Over the last 12 months, the Fund returned 0.03% compared with the benchmark return of -1.75%.

Occupier and rental markets remained solid, supporting the income flows which make up a sizeable part of long term total returns to property investors. Capital markets are still very subdued, however, with transaction volumes at near-record low levels. The associated lack of 'price discovery' – observable prices paid for properties in actual transactions – has left prospective buyers and sellers, as well as property fund valuers, in a cautious mood and property valuations slipped slightly further down over the period. Offices remained the most troubled sector in a challenging market, due to a combination of changing working practices and more stringent environmental standards adding to landlords' costs.

Fund update

The portfolio has a bias towards industrial assets, and retail warehouses are also well represented; whereas there is little exposure to high street shops. Recent activity has included the sale of three properties: a retail warehouse in Southampton, and offices in Glasgow and St Albans. Meanwhile a number of lease renewals, rent reviews and new lettings were completed, helping to secure future income flows.

Valuations are likely to remain under pressure until bond yields fall significantly – this will restore some of the yield premium necessary to attract larger volumes of investors back to the property market. For the time being income will continue to be the key driver of total returns from property. Investors in the office sector face particular challenges and active, selective management will be especially important in this part of the property market.

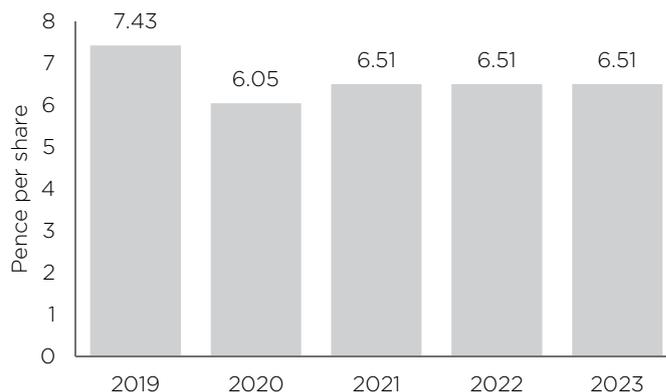
Income

Gross dividend yield 5.36%*

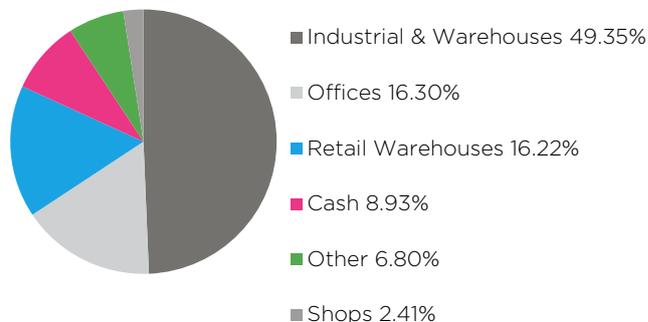
MSCI/AREF Other Balanced Property Fund Index Yield † 4.07%

* Based upon the net asset value and an estimated annual dividend of 6.51p.

Past distributions



Asset allocation as at 31 March 2024

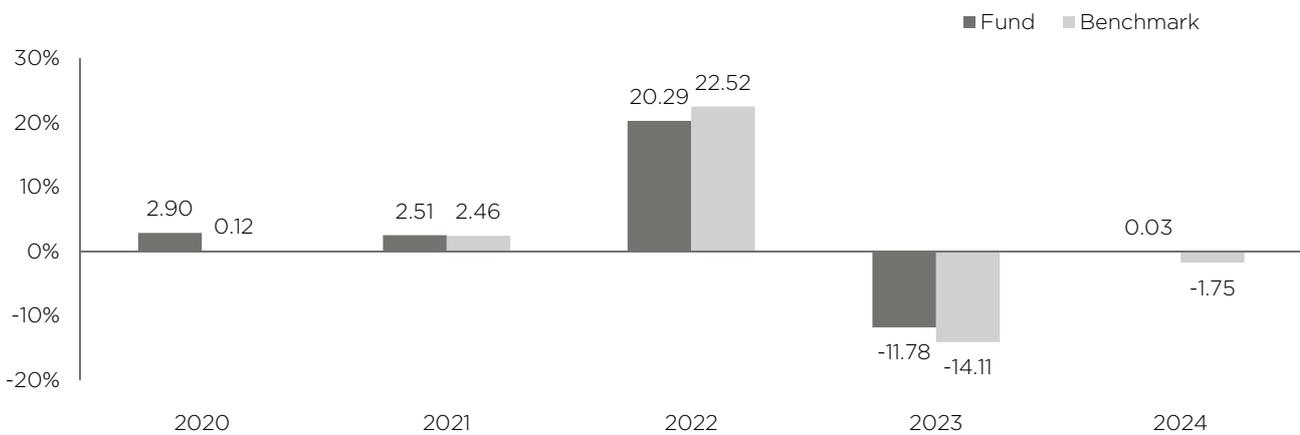


Total return performance

| Performance* to 31 March 2024 | 3 months | 1 year | 3 years p.a. | 5 years p.a. |
|-------------------------------|----------|--------|--------------|--------------|
| Property | +0.63% | +0.03% | +2.01% | +2.29% |
| Benchmark | +0.09% | -1.75% | +1.12% | +1.18% |

Total return performance by year

| 12 months to 31 March | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|--------|--------|---------|---------|--------|
| Property | +2.90% | +2.51% | +20.29% | -11.78% | +0.03% |
| Benchmark | +0.12% | +2.46% | +22.52% | -14.11% | -1.75% |



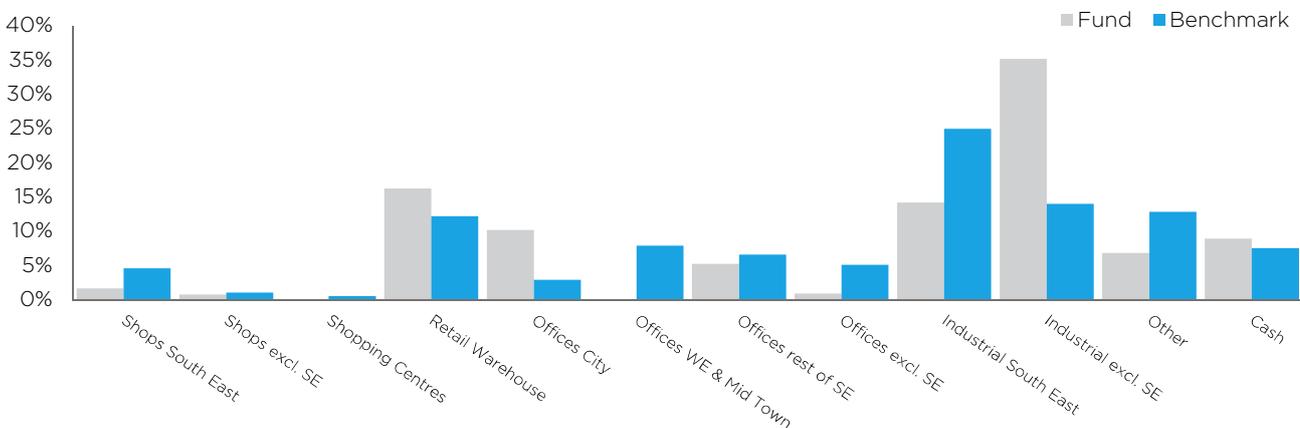
Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 53.85%

- London, 80 Cannon Street
- Mendlesham, Mendlesham Industrial Estate
- Brighton, Pavilion Retail Park
- Zorro 238, Coalfield Way, Ashby-de-la-Zouch
- Lutterworth 3320 Magna Park

- Bath, Rossiter Road, Waterside Travelodge
- 1400-1600 Aztec West Business Park
- Lutterworth 3220 Wellington Parkway, Magna Park
- Solihull Gate Retail Park, Solihull
- 7 St Andrew's Way, Bow

Asset allocation by region and category



* Performance of the Property Fund and its benchmark are shown after management fees and other expenses with income reinvested. Past performance is not a reliable indicator of future results.

IMPORTANT INFORMATION

This document is issued for information purposes only. It does not provide financial, investment or other professional advice.

To make sure you understand whether our product is suitable for you, please read the key information document and scheme information and consider the risk factors identified in those documents. We strongly recommend you get independent professional advice before investing.

Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise. You may not get back the amount you originally invested and may lose money.

The fund can invest in different currencies. Changes in exchange rates will therefore affect the value of your investment. Investing in emerging markets involves a greater risk of loss as such investments can be more sensitive to political and economic conditions than developed markets. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries. The annual management charge is paid from capital (except for the Fixed Income Securities Fund and the Deposit Fund). Where charges are taken from capital rather than income, capital growth will be constrained and there is a risk of capital loss.

Any forward-looking statements are based on our current opinions, expectations and projections. We do not have to update or amend these. Actual results could be significantly different than expected.

Investment in a CBF fund is only available to charitable trusts with objects closely connected with the work of the Church of England. The CBF funds are Common Funds established under The Church Funds Investment Measure 1958 (as amended or replaced from time to time). The funds are not authorised by the Financial Conduct Authority.

The properties within the CBF Property Fund are valued by an external property valuer; any such valuations are a matter of opinion rather than fact. The performance of the CBF Property Fund may be negatively affected by a deterioration in the property market which could reduce the value of the fund.

If interest rates on sterling deposits and instruments become negative, depositors may be charged these negative interest rates which will reduce the value of your investment.

We, CCLA Investment Management Limited (registered in England and Wales, number 2183088 at One Angel Lane, London EC4R 3AB), are authorised and regulated by the Financial Conduct Authority. We manage the Church of England Funds.

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