CCLA AUTHORISED CONTRACTUAL SCHEME
INTERIM REPORT AND
UNAUDITED FINANCIAL STATEMENTS

Half year ended 30 June 2023

CCLA

CONTENTS

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

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 Interim Report and Unaudited Financial Statements are available in large print and audio formats.

REPORT OF THE ACS MANAGER
for the half year ended 30 June 2023 (unaudited)

The Financial Statements
We are pleased to present the Interim Report and Financial Statements for the CCLA Authorised Contractual Scheme (the Fund or Scheme) and its only Sub-Fund, the Diversified Income Fund for the period ended 30 June 2023.

The Fund
The Fund is an umbrella-type authorised contractual scheme (ACS) and is a Non-UCITS Retail Scheme (NURS). The Fund is managed as a UK Alternative Investment Fund (a UK AIF) in accordance with the UK Alternative Investment Fund Managers Directive (AIFMD) Measures as defined in the Prospectus. It is established by way of a Co-ownership Deed which is binding on each Unitholder, who is deemed to have notice of it.

Being an umbrella scheme, the Fund is capable of comprising various Sub-Funds and such Sub-Funds may be established from time to time by the ACS Manager with the approval of the Financial Conduct Authority. Each Sub-Fund is an UK AIF and a NURS as defined in the Regulations.

Each Sub-Fund is operated as a distinct fund with its own portfolio of investments. The assets of a Sub-Fund are beneficially owned by the Unitholders as tenants in common and must not be used to discharge the liabilities of, or meet any claims against, any person or body other than the Unitholders in that Sub-Fund (including the umbrella and other Sub-Funds).

Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Fund attributable to that Sub-Fund, and within each Sub-Fund, charges will be allocated between Unit Classes in accordance with the terms of issue of Units of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACS Manager in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-Funds.

The investment objective of the Fund is to invest the property of the Fund with the aim of spreading investment risk and giving Unitholders the benefit of the results of the management of that property. The investment objective and policy of each Sub-Fund will be formulated by the ACS Manager at the time of creation of the relevant Sub-Fund, which may be varied from time to time subject to the requirements regarding Unitholder approval and Financial Conduct Authority consent as set out in the Regulations.

Authorised Status
The Fund is an ACS in co-ownership form authorised by the Financial Conduct Authority with effect from 24 October 2016.

REPORT OF THE ACS MANAGER
for the half year ended 30 June 2023 (unaudited)

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

The Investment Manager is a signatory to the United Nations backed Principles for Responsible Investment (PRI) and the Financial Reporting Council's Stewardship Code. The most recent PRI Assessment and the full response to the Stewardship Code are available at https://www.ccla.co.uk/about-us/policies-and-reports.

Ethical Investment
The Diversified Income Fund follows the ethical investment policy that prohibits investment in companies identified by our third-party data provider (MSCI), as being involved in:

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

Diversified Income Fund implements a further restriction that prohibits the purchase of companies that derive more than 10% of their revenue from the extraction and/or refining oil or natural gas and/or the extraction of thermal coal.

CCLA Fund Managers Limited
ACS Manager
29 August 2023

STATEMENT OF THE ACS MANAGER'S RESPONSIBILITIES AND ACS MANAGER'S STATEMENT

for the half year ended 30 June 2023 (unaudited)

Statement of the ACS Manager's Responsibilities

The Collective Investment Schemes sourcebook of the Financial Conduct Authority requires the ACS Manager to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Fund at the period end and of the net income and net gains or losses of the Fund for the period then ended.

In preparing the financial statements the ACS Manager is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation for the foreseeable future; and
- comply with the Co-Ownership Deed and the Statement of Recommended Practice for UK Authorised Funds (SORP).

The ACS Manager is required to keep proper accounting records and to manage the Fund in accordance with the Regulations and the Co-Ownership Deed. The ACS Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACS Manager's Statement

We hereby approve the Interim Report and Unaudited Financial Statements of CCLA Authorised Contractual Scheme for the period ended 30 June 2023 on behalf of CCLA Fund Managers Limited in accordance with the requirements of the Collective Investment Schemes sourcebook of the Financial Conduct Authority.

D Sloper
Director
29 August 2023

E Sheldon
Director
29 August 2023

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES
for the half year ended 30 June 2023 (unaudited)

Statement of the Depositary's responsibilities in respect of the Scheme

The Depositary must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds sourcebook, the Financial Services and Markets Act 2000 (as amended), the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (together "the Regulations") and the Co-ownership Deed and Prospectus (together the "Scheme documents") as detailed below.

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

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Depositary must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked in 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 value of Units of the Scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme'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 Scheme is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Scheme.

ACCOUNTING POLICIES
for the half year ended 30 June 2023 (unaudited)

The following accounting policies apply to all Sub-Funds, where applicable.

(a) Basis of preparation
The Scheme's financial statements have been prepared on a basis other than going concern, in compliance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Ireland" and in accordance with the Statement of Recommended Practice for UK Authorised Funds (SORP) issued by the Investment Association in May 2014 (and amended in June 2017) and the Collective Investment Scheme sourcebook. Following a comprehensive review of the Fund, the ACS manager has concluded it appropriate to propose to investors that the fund be merged into another fund operated by CCLA. The merged fund would be available to a wider investor base and the ACS manager hopes that this might lead to an increased level of investment. The ACS manager considers this to be in the best interests of investors and a vote on the proposal will take place in the second half of 2023. The intention of the ACS manager on regulatory and unitholder approvals of any merger will be to transfer all the assets and liabilities to a new fund and wind up this fund. Accordingly, the going concern basis is no longer appropriate and the ACS manager has concluded to prepare the financial statements on a basis other than going concern. No adjustments have arisen as a result of this change in basis of preparation.

(b) Revenue recognition
Dividends on ordinary stocks, including special dividends where appropriate, distributions received on collective investment schemes, preference shares and unit trusts are accrued to revenue on the dates when the investments are first quoted ex-dividend, or otherwise on receipt of cash. Interest on Government and other fixed interest stocks and bank deposits are accrued on a daily basis.

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.

Where material, dividends received from US Real Estate Investment Trusts (US REITs) are allocated between revenue and capital for distribution purposes. The split is based on the year end tax reporting date issued by the US REIT. Where the split of revenue and capital has not been announced at the accounting date a provisional split will be used. The provision will be calculated on the prior year's aggregated dividend split for each US REIT.

ACCOUNTING POLICIES

for the half year ended 30 June 2023 (unaudited)

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

(c) Stock dividends

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

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

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

(e) Cash equivalents

Interest on deposits in The Public Sector Deposit Fund (PSDF) are reinvested in the PSDF on a monthly basis.

The ACS 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.

(f) Expenses

Please refer to the accounting policies section of each Sub-Fund.

(g) Distributions

Please refer to the accounting policies section for each Sub-Fund.

(h) Basis of valuation

Quoted investments are valued at bid-market values, at 3pm London time, on the last business day of the accounting period. The ACS Manager is satisfied that the resultant portfolio valuation is not materially different from a valuation carried out at close of business on the balance sheet date.

(i) Taxation

As the Fund is an umbrella co-ownership ACS, neither the Fund nor its Sub-Funds are subject to UK tax on income and capital gains.

ACCOUNTING POLICIES
for the half year ended 30 June 2023 (unaudited)

(j) **Foreign exchange**
Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Sub-funds), 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 3pm London time, 30 June 2023, the last valuation point in the accounting period.

DIVERSIFIED INCOME FUND
REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2023 (unaudited)

Unit Class 2
This class of units is restricted to local authority, public sector and other tax-exempt investors.

Over the period Unit Class 2 achieved a total return after expenses of 1.71%. This compares with a return of 0.44% on the benchmark. Income of 2.47p per unit was paid to Class 2 investors during the period. As at 30 June 2023 the income yield on Class 2 units was 3.17%.

Unit Class 3
This class of units is restricted to UK charity investors.

Over the period Unit Class 3 achieved a total return after expenses of 1.65%. This compares with a return of 0.44% on the benchmark. Income of 2.4p per unit was paid to Class 3 investors during the period. As at 30 June 2023 the income yield on Class 3 units was 3.04%.

Total capital and income return

To 30 June 2023	6 months %	1 year %	2 years % p.a.	3 years % p.a.
Performance against market indices (after expenses)				
Diversified Income Fund Unit Class 2*	**1.71**	**0.02**	**-1.73**	**1.84**
Diversified Income Fund Unit Class 3*	**1.65**	**-0.10**	**-1.82**	**1.77**
Comparator benchmark#	0.44	-3.03	-5.96	-1.96
MSCI UK Investable Market Index (IMI)	2.27	6.98	5.31	10.05
MSCI Europe ex UK	8.96	19.00	3.16	9.03
MSCI North America	10.16	13.09	5.84	12.49
MSCI Pacific	2.54	8.60	0.59	4.96
Markit iBoxx £ Gilts	-3.78	-15.39	-14.83	-12.14
Markit iBoxx £ Non-Gilts	-1.08	-6.93	-10.08	-6.30

Comparator benchmark – Composite: MSCI UK IMI 20%, MSCI North America 6.67%, MSCI Europe Ex UK 6.67%, MSCI Pacific 6.67%, Markit iBoxx £ Gilts 30% and Markit iBoxx £ Non-Gilts 30%.
* Net asset value to net asset value plus income re-invested.
Source: CCLA.

DIVERSIFIED INCOME FUND
REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2023 (unaudited)

Strategy and performance
The investment objective of the Diversified Income Fund is to provide income and the potential for capital growth over the long term from an actively managed diversified portfolio
.
The Fund is actively managed and it is common for performance to be either above or below that of the comparator benchmark in any given reporting period. During the period under review, both asset allocation and stock selection contributed to outperformance relative to the benchmark. The Fund's weighting in fixed interest assets (bonds) was lower than the benchmark weighting, at a time when returns from fixed interest markets were negative overall. Meanwhile within both fixed interest and equities, the Fund's holdings performed better than the respective benchmark components.

The rising yield environment increased the attractiveness of fixed interest assets during the period, and we added to the portfolio's holdings of both government and non-government bonds. Exposure to non-government bonds was shifted from direct holdings in individual corporate securities, to access via specialist third party-managed pooled funds.

Economic and Market review
Fixed interest assets started the year on a positive note but faltered in the second quarter as inflation news and central bank commentary pointed to 'higher for longer' interest rate policies in the major western economies. Bond yields rose in response: the yield on the benchmark 10-year UK government bond (gilt) ended the period at 4.4%, close to the peak seen in the damaging aftermath of last year's so-called 'mini-budget', and indeed continued to rise after the end of June. Bond prices move in the opposite direction from yields, resulting in losses for fixed income investors. The UK government bond market as a whole gave total returns of -3.8% over the first half of the calendar year.

The rise in bond yields continued to depress valuations among alternative investments such as infrastructure assets. These are assets which support social and economic activity; they may include clean power generation, health and public service facilities, transport and social housing. As higher yields become available in the bond market the income stream that investors often expect from these alternative assets become less compelling, causing asset prices to fall. The UK commercial property sector also faced negative sentiment but was much steadier than during the savage devaluation experienced in late 2022, with only modest declines in capital values over the first half of 2023. Total returns from property, supported by continued resilience in occupier markets and income flows, were broadly flat for the six-month period.

DIVERSIFIED INCOME FUND
REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2023 (unaudited)

Equity markets had mixed fortunes over the first half of 2023 but made progress overall. The year got off to an encouraging start as investors began to anticipate a peak in interest rates. The mood changed, however, as the US Federal Reserve and other central banks signalled that they regarded the fight against inflation as having some way to go. This reinforced expectations that interest rates would move higher and stay there for longer than had been priced in by markets.

Financial stocks were especially volatile in the month of March as difficulties emerged at a handful of institutions including Credit Suisse and the specialist Silicon Valley Bank. Fortunately, swift action by regulators helped to reassure investors that the turmoil was not systemic to the banking system as a whole. More broadly, signs that labour markets were finally beginning to soften and that the peak of interest rate tightening was approaching – seen as even more likely if central banks concluded that a rising yield environment had contributed to banks' woes – improved support for equities as a whole.

Progress in global equity markets was dominated by a handful of technology companies, especially those benefiting from surging interest in artificial intelligence (AI), which advanced strongly. In contrast the majority of the market, and especially the traditional energy and materials sectors, languished as demand weakened and costs were impacted by inflation.

Over the six-month period under review the global equity index delivered total returns of +8.9% in sterling terms. 'Growth' stocks, which include most of those in the IT sector, once again outperformed the more defensive 'value' category. In the dominant US market, for example, the value index was down -11.1% (sterling terms) for the period compared with +10.4% from growth names.

The UK-listed equity market lagged its global peers, thanks mainly to the dominance in the domestic market of under-performing sectors such as traditional energy and mining stocks. Banks, which had a difficult period, are also heavily represented in the UK index. Returns from the broad UK equity market were +2.3% over the six-month period under review.

Outlook

Policy makers and market observers have been surprised by the continued resilience in economic activity, with the widespread recession that was expected by many having so far not materialised.

However growth is decidedly subdued and there are reasons to expect that recession will affect individual economies in coming periods, even if such downturns are relatively shallow and short lived and if at the global level growth remains positive. Activity has been supported by consumer demand for services in particular, and it is likely that this in turn has benefited from pandemic-era savings which are now being run down.

DIVERSIFIED INCOME FUND
REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2023 (unaudited)

The UK has joined the US in having an inverted yield curve, meaning that the yield on long-dated government debt is lower than on short-dated bonds. Historically this has been a very reliable indicator of an impending recession. The eurozone has already reported a modest technical recession; while in China, the expansion that followed the ending of most pandemic restrictions has already faltered. In all these economies, purchasing managers' index (PMI) indicators of activity levels have reported that manufacturing activity has been contracting while services activity, although still expanding, has been doing so at a slower rate than in recent periods.

Economic growth appears set to take some time to recover from the shock of surging inflation and the tighter monetary policy intended to control it. Earnings growth in equity markets will likely be limited. Furthermore, we can expect to see continued divergence between sectors and individual stocks as investors digest the prospects for different businesses in a higher inflation and higher yield environment. We find that some companies are better able than others to raise their own prices and thus protect revenues, and to control costs to support net earnings. The peak of the interest rate cycle, which currently appears set to be reached before too long, could mark the beginning of a more positive long-term trend. However now that we have left behind the era of ultra-loose monetary policy and the support that it provided for asset prices, markets are likely to remain volatile for the foreseeable future.

C Ryland
Head of Investment
CCLA Investment Management Limited
29 August 2023

DIVERSIFIED INCOME FUND
REPORT OF THE INVESTMENT MANAGER
for the half year ended 30 June 2023 (unaudited)

Top ten changes in portfolio composition

	Cost £'000
Purchases:	
Federated Hermes Sustainable Global Investment Grade Credit Fund	8,117
UK Treasury 4.5% 2042	6,181
UK Treasury 3.25% 2044	6,053
Candriam Sustainable Bond Emerging Markets	1,995
Pimco Climate Bond Fund	1,992
Lloyds Bank 4.69% CD 22/02/2023 – 22/02/2024	1,000
Bank of Montreal 5.05% CD 06/04/2023 – 08/04/2024	1,000
Nordea Bank 5.3% CD 28/04/2023 – 26/04/2024	1,000
Toronto Dominion Bank 5.28% CD 22/05/2023 – 21/05/2024	1,000
Greencoat Renewables	686

	Proceeds £'000
Sales:	
UK Treasury 1% 2032	5,267
CT Property Trust	1,148
Handelsbanken 3.04% CD 22/08/2022 – 03/04/2023	1,000
Royal Bank of Scotland 3.03% CD 22/08/2022 – 22/02/2023	1,000
Toronto Dominion Bank 3.3% CD 22/08/2022 – 22/05/2023	1,000
Den Norske Bank 3.63% CD 26/08/2022 – 26/06/2023	1,000
Nordea Bank 3.4% CD 30/08/2022 – 28/04/2023	1,000
UK Treasury 1.75% 2037	935
International Public Partnership	934
HICL Infrastructure	884

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

Risk warning
Past performance is not a reliable indicator of future results. The price of the Diversified Income 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 Diversified Income Fund's Units are intended only for long-term investment and are not suitable for money liable to be spent in the near future. Units are realisable on each dealing day.

The Diversified Income Fund may invest in countries which could be subject to political and economic change. The Diversified Income Fund may invest in collective investment schemes and other assets which may, on occasions, be illiquid, or invest in assets which are valued by an external valuer and as such are open to substantial subjectivity.

DIVERSIFIED INCOME FUND
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 ACS 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).

1	2	**3**	4	5	6	7

Lower risk ← → Higher risk

The ACS Manager has classified the Diversified Income 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 ACS 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 Sub-Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Sub-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.

Investors can request redemption at any time and the Sub-Fund deals on each business day. The Sub-Fund does not include any protection from future market performance, so you could lose some or all your investment.

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

DIVERSIFIED INCOME FUND
COMPARATIVE TABLE

Change in net assets per Unit

	Unit Class 1 – Income			
	Half year to 30.06.2023 £ per Unit	Year ended 31.12.2022 £ per Unit	Year ended 31.12.2021 £ per Unit	Year ended 31.12.2020 £ per Unit
Opening net asset value per Unit	–	–	1.54	1.63
Return before operating charges*	–	–	0.04	(0.03)
Operating charges***	–	–	–	(0.01)
Return after operating charges*	–	–	0.04	(0.04)
Distributions on Income Units	–	–	(0.01)	(0.05)
Cancellation price**	–	–	(1.57)	–
Closing net asset value per Unit	–	–	–	1.54
* After direct transaction costs of:	–	–	–	–
Performance				
Return after charges	–	–	2.60%	(2.45%)
Other information				
Closing net asset value (£'000)	–	–	–	51,490
Closing number of Units	–	–	–	33,333,334
Operating charges***	–	–	0.64%	0.65%
Direct transaction costs	–	–	–	0.06%
Prices (£ per Unit)				
Highest Unit price	–	–	1.59	1.65
Lowest Unit price	–	–	1.52	1.30

This class of Units is restricted for use by the COIF Charities Investment Fund.

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

** From 20 May 2021, the COIF Charities investment Fund divested their holding in Unit Class 1.

*** Operating charges comprise the ACS Manager's annual management charge and other expenses, but before taking account of rebates (if any), as these only offset charges incurred within the underlying funds. The percentages above reflect these charges annualised and divided by average net assets for the year/period. Operating charges per Unit is calculated based on the actual expenses from 1 January 2021 to 20 May 2021 when the sole investor fully divested. Operating charges % is an annualised % based on the actual expenses incurred from 1 January 2021 to 20 May 2021 assuming if there is an investor investing throughout the year.

DIVERSIFIED INCOME FUND
COMPARATIVE TABLE

Change in net assets per Unit

	Unit Class 2 – Income			
	Half year to 30.06.2023 £ per Unit	Year ended 31.12.2022 £ per Unit	Year ended 31.12.2021 £ per Unit	Year ended 31.12.2020 £ per Unit
Opening net asset value per Unit	**1.40**	1.59	1.49	1.57
Return before operating charges*	**0.02**	(0.14)	0.15	(0.02)
Operating charges**	**(0.00)**	(0.01)	(0.01)	(0.01)
Return after operating charges*	**0.02**	(0.15)	0.14	(0.03)
Distributions on Income Units	**(0.02)**	(0.04)	(0.04)	(0.05)
Closing net asset value per Unit	**1.40**	1.40	1.59	1.49
* After direct transaction costs of:	**0.00**	0.00	0.00	0.00
Performance				
Return after charges	**1.43%**	(9.43%)	9.40%	(1.91%)
Other information				
Closing net asset value (£'000)	**130,363**	132,210	144,382	120,276
Closing number of Units	**92,947,011**	94,263,553	90,529,253	80,869,711
Operating charges**	**0.85%*** **	0.92%***	0.64%	0.64%
Direct transaction costs	**0.01%**	0.03%	0.08%	0.06%
Prices (£ per Unit)				
Highest Unit price	**1.47**	1.60	1.61	1.59
Lowest Unit price	**1.40**	1.37	1.46	1.25

This class of Units is restricted to local authority, public sector and other tax exempt investors who meet the minimum investment criteria.

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

** Operating charges comprise the ACS Manager's annual management charge and other expenses, but before taking account of rebates (if any), as these only offset charges incurred within the underlying funds. The percentages above reflect these charges annualised and divided by average net assets for the year/period.

*** Operating charges as at 30 June 2023 include synthetic costs of 0.20% (31 December 2022: 0.26%). Synthetic cost were not included prior to year end 31 December 2022.

DIVERSIFIED INCOME FUND
COMPARATIVE TABLE

Change in net assets per Unit

	Unit Class 3 – Income			
	Half year to 30.06.2023 £ per Unit	Year ended 31.12.2022 £ per Unit	Year ended 31.12.2021 £ per Unit	Year ended 31.12.2020 £ per Unit
Opening net asset value per Unit	**1.41**	1.61	1.50	1.58
Return before operating charges*	**0.03**	(0.15)	0.16	(0.02)
Operating charges**	**(0.01)**	(0.01)	(0.01)	(0.01)
Return after operating charges*	**0.02**	(0.16)	0.15	(0.03)
Distributions on Income Units	**(0.02)**	(0.04)	(0.04)	(0.05)
Closing net asset value per Unit	**1.41**	1.41	1.61	1.50
* After direct transaction costs of:	**0.00**	0.00	0.00	0.00
Performance				
Return after charges	**1.42%**	(9.94%)	10.00%	(1.90%)
Other information				
Closing net asset value (£'000)	**3,116**	3,116	7,357	6,858
Closing number of Units	**2,207,449**	2,207,449	4,582,835	4,582,835
Operating charges**	**0.91%*** **	0.97%***	0.67%	0.65%
Direct transaction costs	**0.01%**	0.03%	0.08%	0.06%
Prices (£ per Unit)				
Highest Unit price	**1.48**	1.61	1.62	1.60
Lowest Unit price	**1.41**	1.38	1.47	1.26

This class of Units is restricted to UK charity investors who meet the minimum investment criteria.

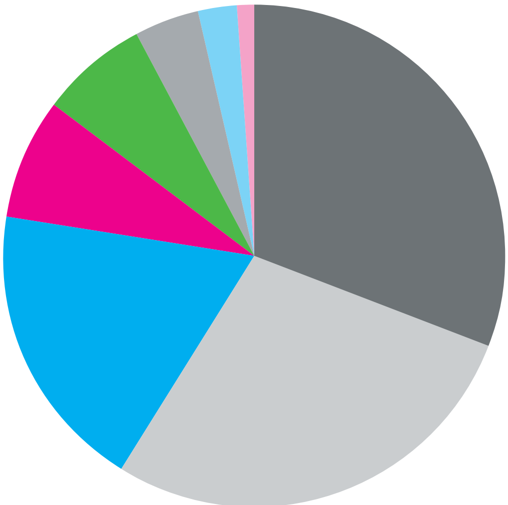
The return after charges has been calculated in accordance with the Statement of Recommended Practice for UK Authorised Funds' prescribed calculation methodology. This is for financial statement reporting purposes only and differs from the Diversified Income Fund's performance disclosed in the Report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

** Operating charges comprise the ACS Manager's annual management charge and other expenses, but before taking account of rebates (if any), as these only offset charges incurred within the underlying funds. The percentages above reflect these charges annualised and divided by average net assets for the year/period.

*** Operating charges as at 30 June 2023 include synthetic costs of 0.20% (31 December 2022: 0.26%). Synthetic cost were not included prior to year end 31 December 2022.

DIVERSIFIED INCOME FUND
PORTFOLIO ANALYSIS
at 30 June 2023 (unaudited)

Portfolio Allocation



Breakdown of Overseas Equities by Geography

North America	21.63%
EMEA	7.00%
Asia Pacific ex Japan	1.40%
Other Countries	0.48%
Japan	0.47%
	30.98%

Breakdown of Equities by Sector

Information Technology	7.69%
Health Care	6.82%
Financials	5.90%
Industrials	4.59%
Real Estate	4.51%
Consumer Staples	3.85%
Consumer Discretionary	2.64%
Communication Services	1.21%
Utilities	0.73%
	37.94%

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

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
UNITED KINGDOM 6.95% (31.12.2022 -7.75%)			
Consumer Discretionary 0.39% (31.12.2022 – 0.25%)			
InterContinental Hotels Group	9,660	527	0.39
Consumer Staples 0.63% (31.12.2022 – 0.93%)			
Diageo	16,120	545	0.41
Unilever	7,002	287	0.22
Financials 0.69% (31.12.2022 – 0.66%)			
London Stock Exchange Group	7,382	618	0.46
Prudential	27,902	307	0.23
Health Care 0.46% (31.12.2022 – 0.41%)			
AstraZeneca	5,449	615	0.46
Industrials 0.90% (31.12.2022 – 0.71%)			
Experian	19,959	603	0.45
RELX	22,836	601	0.45
Real Estate 3.88% (31.12.2022 – 4.79%)			
Aberdeen Standard European Logistics Income	550,366	363	0.27
Assura	1,400,868	637	0.48
Empiric Student Property	487,123	413	0.31
PRS REIT	553,132	441	0.33
Segro REIT	35,144	253	0.19
Target Healthcare REIT	1,310,622	932	0.70
Tritax Big Box REIT	465,678	585	0.44
UK Commercial Property REIT	3,187,381	1,555	1.16

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
OVERSEAS EQUITIES 31.01% (31.12.2022 – 28.84%)			
DEVELOPED EUROPE 7.00% (31.12.2022 – 6.38%)			
Consumer Discretionary 0.55% (31.12.2022 – 0.43%)			
LVMH Moet Hennessy Louis Vuitton	990	732	0.55
Communication Services 0.45% (31.12.2022 – 0.46%)			
Universal Music Group	33,930	595	0.45
Consumer Staples 2.10% (31.12.2022 – 2.04%)			
Heineken	6,239	506	0.38
Kerry Group	6,960	535	0.40
L'Oreal	1,546	568	0.42
Nestle	5,907	560	0.42
Pernod Ricard	3,684	640	0.48
Financials 0.77% (31.12.2022 – 0.62%)			
Deutsche Boerse	3,040	442	0.33
Partners Group	798	590	0.44
Health Care 1.06% (31.12.2022 – 1.29%)			
Essilor International	3,940	584	0.44
Novo Nordisk 'B'	3,960	502	0.38
Roche Holdings	1,324	319	0.24
Industrials 0.74% (31.12.2022 – 0.77%)			
Schneider	3,638	521	0.39
Wolters Kluwer	4,580	460	0.34
Information Technology 0.88% (31.12.2022 – 0.77%)			
ASML Holding	1,057	603	0.45
Hexagon	59,350	574	0.43

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
Utilities 0.46% (31.12.2022 – 0.00%)			
Greencoat Renewables	702,836	611	0.46
NORTH AMERICA 21.66% (31.12.2022 – 17.33%)			
Communication Services 0.76% (31.12.2022 – 0.84%)			
Alphabet 'C'	7,879	753	0.56
BCE	7,561	271	0.20
Consumer Discretionary 1.70% (31.12.2022 – 1.35%)			
Amazon.com	7,885	808	0.61
McDonald's	1,374	320	0.24
Nike 'B'	5,805	507	0.38
Starbucks	8,016	627	0.47
Consumer Staples 1.13% (31.12.2022 – 0.84%)			
Estée Lauder	2,667	409	0.31
Pepsico	2,451	356	0.27
The Coca-Cola Company	7,612	359	0.27
Costco Wholesale	886	373	0.28
Financials 3.56% (31.12.2022 – 2.24%)			
CME Group	4,104	596	0.45
Intercontinental Exchange Group	8,776	783	0.59
Marsh & McLennan	2,335	344	0.26
Mastercard	1,951	600	0.45
S&P Global	2,535	799	0.60
The Blackstone Group	5,827	429	0.32
Tradeweb Markets	8,496	461	0.35
Visa 'A'	3,847	717	0.54

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
Health Care 5.31% (31.12.2022 – 4.68%)			
Abbott Laboratories	5,962	508	0.38
Agilent Technologies	4,413	413	0.31
Avantor	20,751	334	0.25
Danaher	2,744	519	0.39
Edwards Lifesciences	8,657	638	0.48
Humana	1,605	559	0.42
ICON	3,783	731	0.55
Illumina	1,264	187	0.14
Intuitive Surgical	1,468	395	0.30
Merck & Co	3,011	271	0.20
Stryker	2,447	587	0.44
Thermo Fisher Scientific	1,156	473	0.35
UnitedHealth Group	1,711	642	0.48
Veeva Systems 'A'	2,169	340	0.25
Zoetis	3,620	494	0.37
Industrials 2.96% (31.12.2022 – 2.06%)			
Ametek	3,281	416	0.31
Deere & Company	778	249	0.19
Honeywell International	2,224	364	0.27
IDEX	2,592	438	0.33
Ingersoll Rand	8,391	429	0.32
Trane Technologies	3,390	511	0.38
TransUnion	12,691	782	0.59
Union Pacific	1,650	266	0.20
Verisk Analytics	2,760	493	0.37

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
Information Technology 5.34% (31.12.2022 – 4.66%)			
Accenture	2,081	509	0.38
Adobe	1,963	755	0.57
Ansys	2,292	603	0.45
Broadcom	668	459	0.34
Intuit	1,984	713	0.53
Microsoft	4,872	1,307	0.98
NXP Semiconductors	3,798	609	0.46
Roper Technologies	1,567	589	0.44
ServiceNow	1,314	577	0.43
Synopsys	1,758	602	0.45
Texas Instruments	2,929	415	0.31
Utilities 0.27% (31.12.2022 – 0.39%)			
NextEra Energy	6,199	359	0.27
Real Estate 0.63% (31.12.2022 – 0.27%)			
Alexandria Real Estate Equities	4,722	423	0.32
American Tower	2,699	412	0.31
JAPAN 0.47% (31.12.2022 – 0.31%)			
Information Technology 0.47% (31.12.2022 – 0.31%)			
Keyence	1,700	628	0.47
ASIA PACIFIC EX JAPAN 1.40% (31.12.2022 – 1.24%)			
Financials 0.89% (31.12.2022 – 0.96%)			
AIA Group	72,600	577	0.43
HDFC Bank	11,127	612	0.46
Information Technology 0.51% (31.12.2022 – 0.28%)			
Taiwan Semiconductor Manufacturing Company	8,530	680	0.51
OTHER 0.48% (31.12.2022 – 0.42%)			
Information Technology 0.48% (31.12.2022 – 0.42%)			
Nice	3,961	644	0.48

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
PRIVATE EQUITY & OTHER 2.45% (31.12.2022 – 2.00%)			
Private Equity 2.45% (31.12.2022 – 2.00%)			
BMO Private Equity Trust	184,127	871	0.65
NB Private Equity Partners 'A'	68,136	1,029	0.77
Princess Private Equity Holding	155,602	1,371	1.03
INFRASTRUCTURE & OPERATING ASSETS 7.65% (31.12.2022 – 16.92%)			
Energy Resources & Environment 4.54% (31.12.2022 – 8.74%)			
Aquila European Renewables Income Fund	620,597	472	0.35
Bluefield Solar Income Fund	501,132	597	0.45
Foresight Solar Fund	1,129,581	1,106	0.83
Greencoat UK Wind	758,197	1,090	0.82
SDCL Energy Efficiency Income Trust	691,346	514	0.39
The Renewables Infrastructure Group	1,309,589	1,506	1.13
US Solar Fund	1,433,174	767	0.57
General 3.08% (31.12.2022 – 7.47%)			
Brookfield Infrastructure Partners	68,433	1,939	1.45
International Public Partnership	215,172	279	0.21
Macquarie Korea Infrastructure Fund	250,589	1,902	1.42
Macquarie Korea Infrastructure Fund Rights	19,148	2	0.00
Social 0.03% (31.12.2022 – 0.71%)			
HICL Infrastructure	28,614	39	0.03
PROPERTY 1.09% (31.12.2022 1.76%)			
BMO Real Estate Investments	1,450,539	1,087	0.81
Tritax Eurobox	721,050	369	0.28

DIVERSIFIED INCOME FUND
PORTFOLIO STATEMENT
at 30 June 2023 (unaudited)

	Holding	Fair value £'000	% of total net assets
CONTRACTUAL & OTHER INCOME 4.10% (31.12.2022 – 4.94%)			
Ares Capital	87,240	1,301	0.97
Blackstone Mortgage Trust	28,493	465	0.35
GCP Asset Backed Income Fund	1,513,955	957	0.72
Hipgnosis Songs Fund	1,743,808	1,390	1.04
RM Infrastructure Income Fund	425,579	289	0.22
Round Hill Music Royalty Fund	1,791,704	1,045	0.78
Sequoia Economic Infrastructure Income Fund	39,751	31	0.02
FIXED INTEREST 28.07% (31.12.2022 – 19.81%)			
Government Bonds 9.06% (31.12.2022 – 6.22%)			
UK Treasury 3.25% 2044	£7,250,000	6,004	4.50
UK Treasury 4.5% 2042	£6,119,000	6,086	4.56
Funds 19.01% (31.12.2022 – 0.00%)			
Federated Hermes Climate High Yield Credit Fund	5,113,142	4,304	3.22
Federated Hermes Sustainable Global Credit Fund	8,116,029	8,103	6.07
Pimco Global Investor Series Climate Bond Fund	815,014	5,751	4.31
Candriam Sustainable Bond Emerging Markets Fund	11,442	7,221	5.41
Non Government Bonds 0.00% (31.12.2022 – 9.16%)			
Certificate of Deposit 2.96% (31.12.2022 – 4.43%)			
Bank of Montreal 5.05% CD 06/04/2023 – 08/04/2024	£1,000,000	994	0.74
Lloyds Bank 4.69% CD 22/02/2023 – 22/02/2024	£1,000,000	990	0.74
Nordea Bank 5.3% CD 28/04/2023 – 26/04/2024	£1,000,000	991	0.74
Toronto Dominion Bank 5.28% CD 22/05/2023 – 21/05/2024	£1,000,000	989	0.74
INVESTMENT ASSETS		112,499	84.28
NET OTHER ASSETS		20,980	15.72
TOTAL NET ASSETS		133,479	100.00

All investments are listed on recognised stock exchanges or traded on or under the rules of an eligible securities market.

DIVERSIFIED INCOME FUND
STATEMENT OF TOTAL RETURN
for the half year ended 30 June 2023 (unaudited)

	Period ended 30.06.2023		Period ended 30.06.2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		436		(13,728)
Revenue	2,432		2,107	
Expenses	(443)		(481)	
Net revenue before taxation	1,989		1,626	
Taxation	(41)		(53)	
Net revenue after taxation		1,948		1,573
Total return/(deficit) before distributions		2,384		(12,155)
Distributions		(2,356)		(2,003)
Change in net assets attributable to Unitholders from investment activities		28		(14,158)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the half year ended 30 June 2023 (unaudited)

	Period ended 30.06.2023		Period ended 30.06.2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		135,326		151,739
Amounts receivable on issue of Units	–		4,986	
Amounts payable on cancellation of Units	(1,881)		(6,050)	
		(1,881)		(1,064)
Dilution levy		6		30
Change in net assets attributable to Unitholders from investment activities		28		(14,158)
Closing net assets attributable to Unitholders		133,479		136,547

The note on page 29 and distribution tables on page 30 form part of these financial statements.

The above statement shows the comparative closing net assets at 30 June 2022, whereas the opening net assets for the current accounting period commenced on 1 January 2023.

DIVERSIFIED INCOME FUND
BALANCE SHEET
at 30 June 2023 (unaudited)

	30.06.2023		31.12.2022	
	£'000	£'000	£'000	£'000
ASSETS				
Fixed assets:				
Investments		**112,499**		110,999
Current assets:				
Debtors	**702**		775	
Cash equivalents	**19,706**		22,665	
Cash and bank balances	**2,139**		1,974	
Total current assets		**22,547**		25,414
Total assets		**135,046**		136,413
LIABILITIES				
Creditors:				
Other creditors	**99**		100	
Distribution payable on Income Units	**1,468**		987	
Total creditors		**1,567**		1,087
Total liabilities		**1,567**		1,087
Net assets attributable to Unitholders		**133,479**		135,326

The financial statements on pages 27 to 30 have been approved by the ACS Manager.

Approved on behalf of the ACS Manager
29 August 2023

D Sloper, Director
CCLA Fund Managers Limited

Approved on behalf of the ACS Manager
29 August 2023

E Sheldon, Director
CCLA Fund Managers Limited

The note on page 29 and distribution tables on page 30 form part of these financial statements.

DIVERSIFIED INCOME FUND
NOTE TO THE FINANCIAL STATEMENTS
for the half year ended 30 June 2023 (unaudited)

1. Accounting policies

Please see pages 7 to 9 for accounting basis and policies applicable to all Sub-Funds. Please see below for accounting basis and policies applicable to the Diversified Income Fund only.

Following a comprehensive review of the Fund, the ACS manager has concluded it appropriate to propose to investors that the fund be merged into another fund operated by CCLA. The merged fund would be available to a wider investor base and the ACS manager hopes that this might lead to an increased level of investment. The ACS manager considers this to be in the best interests of investors and a vote on the proposal will take place in the second half of 2023. The intention of the ACS manager on regulatory and unitholder approvals of any merger will be to transfer all the assets and liabilities to a new fund and wind up this fund. Accordingly, the going concern basis is no longer appropriate and the ACS manager has concluded to prepare the financial statements on a basis other than going concern. No adjustments have arisen as a result of this change in basis of preparation.

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

Unless otherwise stated, all other accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 and are described in those financial statements.

DIVERSIFIED INCOME FUND
DISTRIBUTION TABLES
for the half year ended 30 June 2023 (unaudited)

Period ended	Date payable/paid		Dividends payable/paid £ per Unit	
	2023	2022	**2023**	2022
Unit Class 2 – Income				
31 March	**31 May**	31 May	**0.00927**	0.00757
30 June	**31 August**	31 August	**0.01544**	0.01353
			0.02471	0.02110

Period ended	Date payable/paid		Dividends payable/paid £ per Unit	
	2023	2022	**2023**	2022
Unit Class 3 – Income				
31 March	**31 May**	31 May	**0.00882**	0.00728
30 June	**31 August**	31 August	**0.01522**	0.01343
			0.02404	0.02071

DIRECTORY

ACS Manager and Alternative Investment Fund Manager
CCLA Fund Managers Limited
Both CCLA Fund Managers Limited and CCLA Investment Management Limited have the same address

Investment Manager and Registrar
CCLA Investment Management Limited
Registered Office Address:
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
Both CCLA Fund Managers Limited and CCLA Investment Management Limited are authorised and regulated by the Financial Conduct Authority

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

Executive Directors of the ACS Manager
E Sheldon (Chief Operating Officer)
D Sloper (Chief Executive Officer)
J Berens (Head of Client Relationships and Distributions) – appointed 13 February 2023

Non-Executive Directors of the ACS Manager
R Horlick
J Jesty
A Roughead

Fund Manager
C Ryland
J Ayre

Company Secretary
J Fox

Chief Risk Officer
J-P Lim

Head of Sustainability
J Corah

Third Party Advisors
Custodian and Depositary
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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.

CCLA Fund Managers Limited
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www.ccla.co.uk

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

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: One Angel Lane, London EC4R 3AB.

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