Registered number: IC000839

CCLA PUBLIC SECTOR INVESTMENT FUND ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2023

CCLA

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*Collectively, these comprise the Authorised Corporate Director's Report.
^Audited.

Disability Discrimination Act 1995
Extracts from the Annual Report and Unaudited Financial Statements
are available in large print and audio formats.

REPORT OF THE AUTHORISED CORPORATE DIRECTOR
for the year ended 31 March 2023

We are pleased to present the Annual Report and Financial Statements for the CCLA Public Sector Investment Fund (the Company) for the year ended 31 March 2023. The Company is an umbrella company which currently has one Sub-Fund, The Public Sector Deposit Fund (PSDF or Sub-Fund).

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid.

The scheme property of the Company and PSDF will normally be valued at 12:00pm on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed. The Authorised Corporate Director (ACD) reserves the right to revalue the Company or PSDF at any time, if it considers it desirable to do so.

The Company is a UK Undertaking for Collective Investment in Transferable Securities Scheme (UK UCITS Scheme) constituting a Qualifying Money Market Fund (QMMF); investors should note the restrictions set out in the Prospectus and that the investment objectives and policies must meet the conditions specified in the Financial Conduct Authority's (FCA) definition of a QMMF. PSDF is a short term Low Volatility Net Asset Value Money Market Fund (LVNAV MMF).

The investment objective of PSDF is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality sterling denominated deposits and instruments. The primary objective is to maintain the net asset value of the Sub-Fund at par (net of earnings). As an LVNAV MMF, shares in PSDF will be issued or redeemed at a price equal to par. Under extreme conditions, if the net asset value (NAV) deviates from par by more than 0.20%, subscriptions and redemptions will be based on the variable NAV (as calculated in accordance with Article 30 of The UK Money Market Funds Regulation (MMF Regulation).

Further details about the Company and PSDF are contained in the Prospectus which is available from the ACD and on its website www.ccla.co.uk.

Authorised status
The Company is an open ended investment company with variable capital under Regulation 14 (authorisation) of the Open Ended Investment Company Regulations 2001 (OEIC Regulations). The Company was incorporated in England and Wales on 6 December 2010 and is authorised and regulated by the FCA. The Company is classified as a UK UCITS Scheme constituting PSDF which is a QMMF and complies with the FCA's Collective Investment Schemes Sourcebook (COLL Sourcebook).

REPORT OF THE AUTHORISED CORPORATE DIRECTOR
for the year ended 31 March 2023

PSDF is a Sub-Fund approved by the FCA as a LVNAV MMF, which is a short term MMF and is authorised as such in accordance with the provisions of the MMF Regulation.

Risk and reward profile
PSDF utilises a Synthetic Risk and Reward Indicator (SRRI) to provide investors with a meaningful indication of the overall risk and reward profile of the Sub-Fund. Further detail is set out in the Risk and Reward Profile section.

CCLA Investment Management Limited
Authorised Corporate Director
23 June 2023

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 March 2023

Fund Objective and Investment Policy
The investment objective of The Public Sector Deposit Fund (PSDF) is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high-quality sterling denominated deposits and instruments. The primary objective is to maintain the net asset value of PSDF at par (net of earnings), this was achieved throughout the reporting period. The shadow NAV, which is permitted by the Money Market Regulation to move within a collar of ± 20 basis points around the par value was also successfully managed through conditions, which at times this year, were extreme and challenging.

Fund Review
The Fund's AAAmmf rating was affirmed on the 6 February 2023 by the credit rating agency, Fitch Ratings. The rating reflects the Fund's extremely strong capacity to achieve the investment objectives of preserving principal and providing shareholder liquidity through limiting credit, market and liquidity risk. The main drivers of the 'AAAmmf' rating are the high credit quality of the portfolio, the limited range of invested security types and the Fund's highly conservative investment guidelines.

The value of the Fund at the end of this reporting period was £1.434 billion, with a weighted average maturity of 39.24 days; on 31 March 2022, the value of the Fund was £1.510 billion and had a duration of 42.59 days.

The asset allocation was 49% invested in certificates of deposit, 1% in call accounts and the remaining 50% were in overnight term deposits; the allocation a year earlier was, 50%, 0%, and 50% respectively.

Having to respond to some very significant market developments, including changes of Prime Ministers, bank failures, and continued monetary policy tightening, the weighted average maturity moved in a wide range of 22 to 54 days. The very short maturity reflected our precautionary stance taken after the September "fiscal event", while the longer maturity came when it was advantageous to secure higher yields offered by longer tenure investments. With regard to the bank failures, the Fund's credit policy meant that Credit Suisse had never been one of its Approved Financial Institutions and neither had any US regional banks, including Silicon Valley Bank (SVB).

Responsible Investment Policy
We monitor our counterparties' Environmental, Social and Governance risk management on a regular basis and take action if necessary. Our research process is based on the work of our Sustainability Team and their data providers.

Performance
The Fund's declared yield over the reporting period averaged 2.17% (an annual equivalent yield (AEY) of 2.19%); the Fund's comparator benchmark, the Sterling Overnight Index Average returned 2.25%. The Money Market

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 March 2023

Regulation's strong emphasis on security and liquidity means that after expenses, achieving opportunities to exceed the comparator benchmark are limited. Shareholders can ascertain the competitiveness of the Fund's daily yield by comparing it against the returns from other similar products, as well as alternative options such as savings and banking accounts. As of the 31 March the declared yield was 4.1223%, (4.2010% AEY).

Market Review
With the war in Ukraine, spiralling energy costs and global supply chain bottlenecks, 2022 delivered the biggest inflationary shock in 40 years.

As the period commenced, concerns around a tight labour market and higher wages leading to run-away inflation were mounting. Headline unemployment data released in April came in at 3.8% - returning to pre-pandemic levels; while KPMG's permanent staff survey showed the UK's hiring levels to be in the top 5% of all readings and job vacancies breaking record highs, suggesting that the tightness in the labour market was set to continue. Given the strong employment data, the Bank of England (BoE) raised its Official Bank Rate (OBR) for a third consecutive time, in April, to 0.75%. At that time, the average 3-month and 12-month inter-bank rates were 0.90%, and 1.80% respectively. Markets were pricing in the possibility of the OBR reaching 2.5% in a year's time – a rate not seen since before the 2008/09 financial crisis.

By June, the BoE had made two further changes to the OBR, in an attempt to limit medium term inflation, taking the rate to 1.25%. Two weeks later CPI inflation confirmed prices had increased by 9.1% compared to the previous year, marking the highest reading in 40 years and suggesting there could be further interest rate tightening to come.

Following months of political uncertainty and an eventual change of Prime Minister, the then Chancellor Kwasi Kwarteng used a 'fiscal event' to set out Prime Minister Truss' aims of stimulating growth. This was through a series of fiscally expansive policies across various mechanisms including income tax, stamp duty, corporation tax, and the Energy Price Guarantee scheme. All in all, a budget worth over £145bn of stimulus, which, crucially for the UK's economic credibility, was uncosted.

The announcement unsettled UK bond and currency markets. The UK 30-year gilt yield rose from 3.77% to 4.98%; two-and ten-year gilt yields rose over 100 basis points to 4.60% and 4.50% respectively. Sterling fell at one point to an intra-day low of $1.03, its lowest rate against the US dollar. With the economy facing unprecedented headwinds, the BoE, under its financial stability objective, intervened and become a buyer of last resort for gilts, at a time when it was in fact looking to reduce its gilt holdings as part of a drive to tighten monetary policy.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 March 2023

The aftermath led to the resignation of the Chancellor, followed by that of the Prime Minister, paving the way for Rishi Sunak to take the leadership position.

At this point the money markets were a very different place compared to just a few months prior. The average 3-month inter-bank rate was yielding over 3.30%, and the equivalent 12-month paper yielded close to 5.50%, the volatility increased in the forward money markets, which were now pricing in the prospect of the OBR exceeding 6% in a year's time.

The final two months of 2022 were more stable. The new Chancellor, Jeremey Hunt, calmed the markets with a more restrictive budget focused on balancing the books; the BoE increased the OBR to 3.5% helping inflation expectations to fall; and confidence started flowing back into the UK gilt markets. Such relief, however, had not yet made its way into the real economy, with average 2-year mortgage rates staying elevated, while the CPI reading for October was released at 11.1%, a 41-year high and the peak in this cycle, continuing to weigh down household disposable incomes.

As we moved into 2023, there was a growing consensus that markets were at, or very near, the top of this interest rate cycle on both sides of the Atlantic. As a result, one year cash yields settled around 4.5% in the UK for most of January and February. However, over the course of March, data releases were consistently pointing to stronger growth, inflation and labour. In response to this, the Chair of the US Federal Reserve stated that "The latest economic data have come in stronger than expected, and that the ultimate level of interest rates is likely to be higher than previously anticipated." Consequently, UK interest rate expectations moved higher again.

The implications of higher interest rate expectations surfaced within the US regional banking sector, most notably at SVB. Over the preceding year, SVB suffered large withdraw requests and in order to fund these outflows, SVB had to sell its investments at significant losses, prompting the bank to seek to raise capital to cover the booked losses, which spooked markets and ultimately resulted in a run on the bank and its very quick demise.

Following the subsequent interventions by authorities in the US, all depositors were offered protection while HSBC's take-over of the bank's UK subsidiary protected depositors in the UK. Market focus then switched to Credit Suisse which had been the subject of a number of controversies in recent years. In this case the bank's investors and customers had irreparably lost confidence in the bank and its operations. The eventual outcome was the Swiss Government endorsed take over by national rival UBS.

As the period drew to a close, a more conventional shock occurred – an unexpected pick-up in both core and services inflation, which had been widely expected to move lower.

REPORT OF THE INVESTMENT MANAGER
for the year ended 31 March 2023

CPI inflation moved higher again to 10.4% from 10.1% in January. Some of the jump was attributed to salad shortages, but critically core inflation rose to 6.2% from 5.8% and there was a sharp pick up in services inflation which will be of most interest to the BoE, as this is the component of the CPI basket that is more closely linked to the evolution of the domestic economy. Annual gains in the category rose by 0.6% to 6.6%. For context, the average between 2000-2019 was 3.3%. In response to this money market rates moved back above 5% after moving lower during the SVB collapse.

Following the CPI release came the BoE's final Monetary Policy Committee meeting of the period. At that meeting, the OBR was increased to 4.25% from 4%. That move represented the 11th consecutive increase, and at 4.25% the OBR was at the highest level in more than 14 years, although the margin of increase was the smallest since June. The Bank acknowledged that inflation is still firmly in the driving seat, with concerns over the global banking system set aside in favour of tackling persistent increases in the cost of living. Further concerns around the tightness of the labour market, a theme throughout the year, also remained a focus for the Bank.

Outlook

Since the end of the reporting period, the BoE has continued its monetary policy tightening; at its May 2023 MPC meeting the OBR was raised to 4.50%. While the MPC expects the rate of inflation to fall sharply in the coming months, it now sees CPI only down to 5% by the end of the year, which is higher than predicted in its February Monetary Report. The surprise in the May Monetary Report was the Bank's new set of economic growth projections, which were much more positive than they were in the February report. In one of the biggest upgrades to growth forecasts in the MPC history, the Bank no longer thinks the UK will enter a formal recession this year. It largely attributes this good news to falling energy prices and fiscal support in the Government's Spring Budget.

Both the inflation and economic growth numbers will ultimately change, but for now both highlight the mixed news, the economy is proving more resilient than originally predicted for this year, yet prospects for serious economic growth in the short and medium term remain limited and inflation is stubbornly high. The potential for further unexpected upside surprises in both services inflation and wages mean there remains uncertainty regarding where this interest rate cycle will peak and it's these data releases which will determine the BoE's path over the coming months.

CCLA Investment Management Limited
23 June 2023

STATEMENT OF DEPOSITARY RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

for the year ended 31 March 2023

Depositary Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation 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 Company and its investors.

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Report of the Depositary

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and

STATEMENT OF DEPOSITARY RESPONSIBILITIES AND REPORT OF THE DEPOSITARY
for the year ended 31 March 2023

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

The report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London E14 5HQ
HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
23 June 2023

RESPONSIBILITIES OF AND CERTIFICATION OF THE FINANCIAL STATEMENTS BY THE AUTHORISED CORPORATE DIRECTOR

The ACD is responsible for managing and administering the Company's affairs in accordance with the OEIC Regulations, the FCA Rules, the UCITS Directive and the MMF Regulation (together "Regulations"). Under the terms of the ACD Agreement, the ACD is to provide investment management, administrative, accounting, company secretarial and registrar services to the Company.

The ACD is required to prepare Financial Statements for each accounting period which give a true and fair view of the financial affairs of the Company, its net revenue or expenditure and the net gains or losses on the property of the Company for the year.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies that are appropriate for PSDF and apply them on a consistent basis;
- comply with the disclosure requirements of FRS 102;
- comply with the Instrument of Incorporation and the requirements of the Statement of Recommended Practice: "Financial Statements of Authorised Funds", (SORP), issued by The Investment Management Association in May 2014 (and amended in June 2017);
- follow United Kingdom Generally Accepted Accounting Practices (UK accounting standards and applicable law);
- make judgements and estimates that are reasonable and prudent;
- keep proper accounting records which enable it to demonstrate that the Company complies with the Regulations; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that PSDF will continue in operation.

The financial statements should comply with the disclosure requirements of the OEIC Regulations, which should then comply with the COLL Sourcebook and any relevant provisions of the Company's Instrument of Incorporation.

The ACD is responsible for maintaining proper books of accounts which disclose, with reasonable accuracy at any time, the financial position of the Company. The ACD is responsible for maintaining an appropriate system of internal controls and for taking all reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the financial statements by the ACD

This report is certified in accordance with the requirements of the COLL Sourcebook and was approved for publication on 23 June 2023 by the ACD.

P Hugh Smith	E Sheldon
Director	Director
23 June 2023	23 June 2023

INDEPENDENT AUDITORS' REPORT
to the shareholders of the CCLA Public Sector Investment Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CCLA Public Sector Investment Fund (the 'company'):

- give a true and fair view of the financial position of the sub-fund as at 31 March 2023 and of the net revenue and the net capital profits on the property of the sub-fund for the year ended 31 March 2023; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for the sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution table; and
- the individual notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT
to the shareholders of the CCLA Public Sector Investment Fund

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the authorised corporate director's (ACD's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of depositary and ACD
As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for the safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
to the shareholders of the CCLA Public Sector Investment Fund

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the ACD about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Open-Ended Investment Companies Regulations 2001.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITORS' REPORT
to the shareholders of the CCLA Public Sector Investment Fund

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments due to its significance to the net asset values of the sub-fund. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements
Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook
In our opinion:

- proper accounting records for the company and its sub-fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 31 March 2023 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
to the shareholders of the CCLA Public Sector Investment Fund

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
23 June 2023

The maintenance and integrity of the CCLA's website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE PUBLIC SECTOR DEPOSIT FUND
RISK AND REWARD INDICATOR

1	2	3	4	5	6	7

Typically lower rewards (lower risk)

Typically higher rewards (higher risk)

PSDF utilises a Synthetic Risk and Reward Indicator (SRRI) to provide investors with a meaningful indication of the overall risk and reward profile of the Sub-Fund. The SRRI operates on a scale of 1 (lower risk/reward) to 7 (higher risk/reward).

PSDF SRRI is 1; this is due to the objective of maintaining the share price at par and the low range and frequency of price movements (volatility) of the underlying investments that it targets.

Please refer to our Key Investor Information Document for further information on the SRRI.

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

THE PUBLIC SECTOR DEPOSIT FUND
COMPARATIVE TABLE

Change in net assets per share

	Share Class 1		
	Year ended 31.03.2023 £ per Share	Year ended 31.03.2022 £ per Share	Year ended 31.03.2021 £ per Share
Opening net asset value per Share	**1.0000**	1.0000	1.0000
Return before operating charges*	**0.0226**	0.0017	0.0025
Operating charges	**(0.0001)**	(0.0001)	(0.0001)
Return after operating charges*	**0.0225**	0.0016	0.0024
Distributions on income Shares	**(0.0225)**	(0.0016)	(0.0024)
Closing net asset value per Share	**1.0000**	1.0000	1.0000
* after direct transaction costs of:	**–**	–	–
Performance			
Return after charges	**2.25%**	0.16%	0.24%
Other information			
Closing net asset value (£'000)	**134,400**	118,791	78,089
Closing number of Shares	**134,410,855**	118,871,531	78,083,441
Operating charges**	**0.01%**	0.01%	0.01%
Direct transaction costs	**0.00%**	0.00%	0.00%
Prices (£ per Share)			
Highest Share price (offer)***	**1.00**	1.00	1.00
Lowest Share price (bid)***	**1.00**	1.00	1.00

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

** Operating charges comprises of other expenses. The percentages above reflect these charges divided by average net assets for the year.

*** The Sub-Fund does not have a dealing spread.

THE PUBLIC SECTOR DEPOSIT FUND
COMPARATIVE TABLE

Change in net assets per share (continued)

	Share Class 4		
	Year ended 31.03.2023 £ per Share	Year ended 31.03.2022 £ per Share	Year ended 31.03.2021 £ per Share
Opening net asset value per Share	**1.0000**	1.0000	1.0000
Return before operating charges*	**0.0226**	0.0017	0.0025
Operating charges	**(0.0008)**	(0.0006)	(0.0008)
Return after operating charges*	**0.0218**	0.0011	0.0017
Distributions on income Shares	**(0.0218)**	(0.0011)	(0.0017)
Closing net asset value per Share	**1.0000**	1.0000	1.0000
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	**2.18%**	0.11%	0.17%
Other information			
Closing net asset value (£'000)	**1,299,772**	1,391,615	1,072,127
Closing number of Shares	**1,299,929,633**	1,392,506,781	1,072,050,281
Operating charges**	**0.08%**	0.06%	0.08%
Direct transaction costs	**0.00%**	0.00%	0.00%
Prices (£ per Share)			
Highest Share price (offer)***	**1.00**	1.00	1.00
Lowest Share price (bid)***	**1.00**	1.00	1.00

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

** Operating charges comprise the ACD's periodic charge and other expenses. The percentages above reflect these charges divided by average net assets for the year. From 1 April 2022, the annual management charge (AMC) reverted to 0.08% per annum. The AMC is inclusive of all other ongoing charges.

*** The Sub-Fund does not have a dealing spread.

On 15 August 2016, all Shares from Class 2 Shares – Income, Class 3 Shares – Income and Class 5 Shares – Income were transferred to Class 1 Shares – Income. These Share classes remain open with no Shareholders during the the year. Class 6 Shares – Income is open with no shareholders during the year.

THE PUBLIC SECTOR DEPOSIT FUND
PORTFOLIO STATEMENT
at 31 March 2023

	Holding £'000	Value £'000	% of total net assets
Certificates of Deposit – 49.15% (31.03.2022, 50.04%)			
ABN Amro Bank 0% CD 11/01/2023 – 11/04/2023	800	799	0.05
ABN Amro Bank 0% CD 11/01/2023 – 12/04/2023	10,000	9,990	0.69
ABN Amro Bank 0% CD 12/01/2023 – 03/07/2023	5,000	4,942	0.34
Bank of Montreal 4.95% CD 09/12/2022 – 08/12/2023	5,000	4,999	0.35
Bank of Nova Scotia 0% CD 17/02/2023 – 19/06/2023	10,000	9,905	0.69
Bank of Nova Scotia 4.06% CD 27/01/2023 – 27/04/2023	5,000	5,000	0.35
Bank of Nova Scotia 4.125% CD 02/02/2023 – 09/05/2023	10,000	10,000	0.70
Bank of Tokyo 4.1% CD 09/02/2023 – 26/04/2023	20,000	20,000	1.39
Bank of Tokyo 0% CD 24/03/2023 – 26/06/2023	10,000	9,893	0.69
Bank of Tokyo 4.37% CD 31/03/2023 – 26/05/2023	5,000	5,000	0.35
Barclays Bank 4.47% CD 07/02/2023 – 07/08/2023	10,000	10,000	0.70
Barclays Bank 4.5% CD 02/02/2023 – 02/08/2023	10,000	10,002	0.70
Barclays Bank 4.8% CD 01/02/2023 – 01/02/2024	5,000	4,999	0.35
Barclays Bank 4.94% CD 05/01/2023 – 29/12/2023	5,000	5,006	0.35
BNP Paribas 4.35% CD 06/01/2023 – 14/07/2023	10,000	9,995	0.69
BNP Paribas 4.52% CD 13/02/2023 – 13/11/2023	5,000	4,989	0.35
BNP Paribas 4.64% CD 17/02/2023 – 16/02/2024	5,000	4,985	0.35
BNP Paribas 4.98% CD 09/03/2023 – 08/03/2024	5,000	4,998	0.35
Canadian Imperial Bank 4.81% CD 31/03/2023 –29/09/2023	5,000	5,000	0.35
Citibank 4.18% CD 13/02/2023 – 13/06/2023	5,000	5,000	0.35
Citibank London 4.17% CD 08/02/2023 – 09/06/2023	10,000	10,000	0.69
Citibank London 4.2% CD 03/02/2023 – 02/06/2023	10,000	10,000	0.69
Cooperatieve Rabobank 4.3% CD 15/12/2022 – 15/06/2023	5,000	4,998	0.35
Cooperatieve Rabobank 4.35% CD 14/02/2023 –14/08/2023	5,000	4,994	0.35
Cooperatieve Rabobank 4.8% CD 06/03/2023 – 05/03/2024	1,000	998	0.07
Cooperatieve Rabobank 4.4% CD 16/02/2023 – 16/08/2023	5,000	4,994	0.35
Credit Agricole 3.9% CD 03/01/2023 – 05/04/2023	20,000	20,000	1.39
Credit Agricole 4.05% CD 10/01/2023 – 04/05/2023	15,000	15,000	1.04
Credit Industrial et Commercial 4.05% CD 17/11/2022 – 17/04/2023	10,000	10,000	0.69
Danske Bank 3.98% CD 16/01/2023 – 24/04/2023	20,000	20,000	1.39
Danske Bank 4.04% CD 16/01/2023 – 15/05/2023	10,000	10,000	0.70
Handelsbanken 4.18% CD 07/02/2023 – 14/06/2023	15,000	15,000	1.04

THE PUBLIC SECTOR DEPOSIT FUND
PORTFOLIO STATEMENT
at 31 March 2023

	Holding £'000	Value £'000	% of total net assets
KBC Bank 3.88% CD 10/01/2023 – 14/04/2023	10,000	10,000	0.70
KBC Bank 4% CD 13/02/2023 – 21/04/2023	10,000	10,000	0.70
Lloyds Bank 3.19% CD 10/08/2022 – 10/08/2023	5,000	4,975	0.34
Lloyds Bank 4.19% CD 30/01/2023 – 30/05/2023	5,000	5,000	0.35
Lloyds Bank 4.26% CD 08/02/2023 – 10/07/2023	5,000	4,997	0.35
Lloyds Bank 4.28% CD 20/01/2023 – 19/06/2023	10,000	9,997	0.70
Lloyds Bank 4.36% CD 05/01/2023 – 06/07/2023	10,000	9,997	0.70
Lloyds Bank 4.69% CD 22/02/2023 – 22/02/2024	5,000	4,984	0.35
Lloyds Bank 4.72% CD 21/12/2022 – 21/09/2023	5,000	5,002	0.35
Mizuho Bank 3.92% CD 05/01/2023 – 04/04/2023	10,000	10,000	0.70
Mizuho Bank 4.08% CD 10/01/2023 – 11/05/2023	5,000	5,000	0.35
Mizuho Bank 4.16% CD 09/02/2023 – 17/05/2023	10,000	10,000	0.70
Mizuho Bank 4.5% CD 24/03/2023 – 23/06/2023	10,000	9,999	0.70
National Australia Bank 4.32% CD 28/12/2022 – 28/06/2023	10,000	9,996	0.70
National Australia Bank 4.35% CD 05/01/2023 – 05/07/2023	10,000	9,996	0.70
National Bank of Canada 3.84% CD 04/01/2023 – 06/04/2023	15,000	15,000	1.04
National Bank of Canada 4.1% CD 09/12/2022 – 10/05/2023	10,000	10,000	0.70
National Westminster Bank 0% CD 19/01/2023 – 19/05/2023	10,000	9,949	0.69
National Westminster Bank 0% CD 05/01/2023 – 05/05/2023	10,000	9,965	0.69
Nordea Bank 0% CD 16/12/2022 – 13/04/2023	10,000	9,990	0.70
Nordea Bank 0% CD 17/01/2023 – 17/07/2023	5,000	4,935	0.34
Nordea Bank 0% CD 22/02/2023 – 01/09/2023	5,000	4,905	0.34
Nordea Bank 2.06% CD 20/05/2022 – 22/05/2023	5,000	4,983	0.35
Nordea Bank 4.36% CD 03/01/2023 – 03/07/2023	5,000	4,998	0.35
Oversea Chinese Banking 4.05% CD 06/01/2023 – 02/05/2023	20,000	20,000	1.39
Oversea Chinese Banking 0% CD 22/03/2023 – 22/06/2023	5,000	4,950	0.34
Overseas Chinese Banking 3.85% CD 03/01/2023 – 03/04/2023	10,000	10,000	0.70

THE PUBLIC SECTOR DEPOSIT FUND
PORTFOLIO STATEMENT
at 31 March 2023

	Holding £'000	Value £'000	% of total net assets
Overseas Chinese Banking 0% CD 30/01/2023 – 12/05/2023	10,000	9,956	0.69
Royal Bank of Scotland 0% CD 11/01/2023 – 13/07/2023	10,000	9,873	0.69
Royal Bank of Scotland 4.34% CD 31/01/2023 – 30/06/2023	5,000	4,998	0.35
Santander 4.05% CD 23/01/2023 – 03/05/2023	10,000	10,000	0.70
Santander 4.17% CD 14/02/2023 – 01/06/2023	10,000	10,000	0.70
Santander 4.5% CD 09/03/2023 – 15/09/2023	5,000	4,999	0.35
Skandinav Enskilda 4.72% CD 27/03/2023 – 27/09/2023	5,000	4,997	0.35
SMBC Bank 4.02% Cd 13/01/2023 – 18/04/2023	10,000	10,000	0.70
SMBC Bank 4.39% CD 29/03/2023 – 31/05/2023	10,000	10,000	0.70
SMBC Bank 4.4% CD 13/03/2023 – 12/06/2023	10,000	10,000	0.70
SMBC Bank 4.42% CD 08/03/2023 – 18/07/2023	5,000	4,998	0.35
SMBC Bank 4.5% CD 28/03/2023 – 29/06/2023	10,000	9,999	0.70
Standard Chartered 4.68% CD 15/02/2023 – 15/02/2024	5,000	4,987	0.35
Sumitomo Trust & Banking 4.4% CD 13/03/2023 – 12/06/2023	10,000	10,000	0.70
Toronto Dominion Bank 4.12% CD 14/09/2022 – 14/09/2023	9,000	8,967	0.62
Toronto Dominion Bank 4.14% CD 04/11/2022 – 09/05/2023	5,000	5,000	0.35
Toronto Dominion Bank 3.83% CD 06/12/2022 – 05/04/2023	10,000	10,000	0.70
Toronto Dominion Bank 3.83% CD 06/12/2022 – 06/04/2023	10,000	10,000	0.70
Toronto Dominion Bank 4.55% CD 21/02/2023 – 21/11/2023	10,000	9,975	0.69
United Overseas Bank 3.85% CD 03/01/2023 – 04/04/2023	10,000	10,000	0.70
United Overseas Bank 4.06% CD 16/01/2023 – 16/05/2023	10,000	10,000	0.70
United Overseas Bank 4.08% CD 27/01/2023 – 27/04/2023	5,000	5,000	0.35
United Overseas Bank 4.08% CD 27/01/2023 – 28/04/2023	10,000	10,000	0.70
United Overseas Bank 4.55% CD 21/03/2023 – 21/09/2023	10,000	9,988	0.70

THE PUBLIC SECTOR DEPOSIT FUND
PORTFOLIO STATEMENT
at 31 March 2023

	Holding £'000	Value £'000	% of total net assets
Term Deposits – 50.20% (31.03.2022, 49.89%)			
Landesbank 4.22% 3 Apr 2023	140,000	140,000	9.76
DBS Bank 4.18% 3 Apr 2023	100,000	100,000	6.97
Yorkshire Building Society 4.2% 3 Apr 2023	140,000	140,000	9.76
Cooperatieve Rabobank 4.15% 3 Apr 2023	60,000	60,000	4.19
Royal Bank of Canada 4.18% 3 Apr 2023	140,000	140,000	9.76
Nationwide Building Society 4.18% 3 Apr 2023	140,000	140,000	9.76
Call Accounts – 0.07% (31.03.2022, 0.01%)			
Santander UK		1,000	0.07
INVESTMENT ASSETS		1,425,841	99.42
NET OTHER ASSETS		8,331	0.58
TOTAL NET ASSETS		1,434,172	100.00

All holdings are ordinary shares or stock units admitted to an official stock exchange, unless otherwise stated.

THE PUBLIC SECTOR DEPOSIT FUND
STATEMENT OF TOTAL RETURN
for the year ended 31 March 2023

		Year ended 31.03.2023		Year ended 31.03.2022	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	*2*		854		(1,104)
Revenue	*3*	30,969		2,879	
Expenses	*4*	(1,001)		(956)	
Net revenue before taxation		29,968		1,923	
Taxation	*5*	–		–	
Net revenue after taxation			29,968		1,923
Total return before distributions			30,822		819
Distributions	*6*		(29,968)		(1,923)
Change in net assets attributable to Shareholders from investment activities			854		(1,104)

THE PUBLIC SECTOR DEPOSIT FUND
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 March 2023

	Year ended 31.03.2023		Year ended 31.03.2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		1,510,356		1,150,216
Amounts receivable on issue of Shares	8,778,843		3,482,628	
Amounts payable on cancellation of Shares	(8,855,881)		(3,121,384)	
		(77,038)		361,244
Change in net assets attributable to Shareholders from investment activities		854		(1,104)
Closing net assets attributable to Shareholders		1,434,172		1,510,356

The notes on pages 27 to 36 and distribution table on page 37 form part of these financial statements.

THE PUBLIC SECTOR DEPOSIT FUND
BALANCE SHEET
at 31 March 2023

	Note	31.03.2023 £'000	31.03.2023 £'000	31.03.2022 £'000	31.03.2022 £'000
ASSETS					
Fixed assets:					
Investments			1,425,841		1,509,432
Current assets:					
Debtors	7	4,863		804	
Cash and bank balances	8	8,320		974	
Total current assets			13,183		1,778
Total assets			1,439,024		1,511,210
LIABILITIES					
Creditors					
Other creditors	9	103		113	
Distribution payable		4,749		741	
Total creditors			4,852		854
Total liabilities			4,852		854
Net assets attributable to Shareholders			1,434,172		1,510,356

The financial statements on pages 25 to 36 have been approved and authorised for issue by the Authorised Corporate Director.

Approved on behalf of the
Authorised Corporate Director
23 June 2023

P Hugh Smith, Director
CCLA Investment Management Limited

Approved on behalf of the
Authorised Corporate Director
23 June 2023

E Sheldon, Director
CCLA Investment Management Limited

The notes on pages 27 to 36 and distribution table on page 37 form part of these financial statements.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. Accounting policies

(a) Basis of preparation

The financial statements of the Company which comprise the financial statements of its Sub-Fund have been prepared on a going concern basis, in compliance with UK GAAP 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), the Scheme and the COLL Sourcebook. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, where applicable.

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

(b) Valuation of investments

The Sub-Fund's investments are valued on a mark to market basis whenever possible, in which case the relevant asset will be valued at the more prudent side of bid and offer unless the asset can be closed out at mid-market using good quality data; or on a mark to model basis when using the mark to market basis is not possible or the market data is not of sufficient quality.

In addition to the above methods, the Sub-Fund's investments may be valued using the amortised cost method provided that the relevant assets have a residual maturity of up to 75 days; and the price of the asset valued by using the amortised cost method does not vary from the mark to market or mark to model valuation by more than 10 basis points.

(c) Recognition of revenue

Interest on bank, building society and QMMF deposits are accrued on a daily basis. The revenue on debt securities is recognised on the effective yield basis which takes account of 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.

(d) Expenses

The annual management charge ("AMC") accrues daily and is calculated by daily reference to the NAV of the Sub-Fund. It is payable monthly within 10 business days after the last business day in each month and is exclusive of VAT (which, if payable, will apply in addition). It is calculated by reference to the NAV of the relevant share class.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

1. Accounting policies (continued)

(d) Expenses (continued)

The AMC covers the provision of investment services and other expenses incurred by the ACD. Audit fees, insurance, bank charges, monitoring fee, FCA fee, credit rating fee and the custody fee are charged separately to the revenue of the Sub-Fund before calculation of the interest distribution.

For all share classes except Share Class 1 where no AMC is charged, the AMC is inclusive of all other Sub-Fund expenses.

The Depositary receives for its own account a periodic fee which accrues daily on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within 10 business days after the last business day in each month. The rate of the periodic fee is agreed between the ACD and the Depositary for the PSDF.

(e) Distributions

In relation to Class 1 to 5 Shares, the ACD intends to declare all net revenue of the PSDF on each Dealing Day as an interest distribution to shareholders on the register of members as at the close of business on the relevant Dealing Day. All distributions by the Sub-Fund are deemed to be payments of yearly interest. The Sub-Fund is then entitled to deduct as an expense distributions paid from revenue received when computing its own tax liability. Distributions will be declared daily and payable monthly on or around the first working day of the following month. The daily net revenue before the ACD charge is distributed based on the proportionate holding of each share class net of the relevant direct share class expense.

In accordance with regulations, costs and expenses are accrued at Sub-Fund level with allocations for any Company costs made on a pro rata basis in accordance with the value of the Sub-Fund at the time of allocation. Due to the daily allocation of revenue by the Sub-Fund, no element of revenue is included in the calculation of the price of a share and hence no equalisation is applied.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

2. Net capital gains/(losses)

	31.03.2023 £'000	31.03.2022 £'000
Unrealised gains/(losses) on assets	**854**	(1,104)
	854	(1,104)

3. Revenue

	31.03.2023 £'000	31.03.2022 £'000
Interest on debt securities	**17,099**	1,653
Interest from money market deposits	**13,870**	1,226
	30,969	2,879

4. Expenses

	31.03.2023 £'000	31.03.2022 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge – see note 1 (d)	**858**	805
	858	805
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fee	**80**	89
Safe custody fee	**29**	32
	109	121
Other expenses:		
Fitch ratings fee	**13**	14
Fund administration fee	**8**	6
Audit fee	**13**	10
	34	30
Total expenses	**1,001**	956

The above expenses include VAT, where applicable. Audit fee net of VAT is £8,650 (31.03.2022, £9,920).

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

5. Taxation

(a) Analysis of tax charge for the year

There is no provision for corporation tax as taxable revenue is fully covered by allowable expenses and deductible interest distributions.

(b) Factors affecting current tax charge for the year

	31.03.2023 £'000	31.03.2022 £'000
The taxation assessed during the year is lower than the standard rate of corporation tax in the UK for an open ended investment company:		
Net revenue before taxation	**29,968**	1,923
Corporation tax at 20%	**5,994**	385
Effects of:		
Tax deductible interest distributions	**(5,994)**	(385)
Total taxation	**–**	–

(c) Deferred tax

At the balance sheet date the Sub-Fund had no excess ACD expenses. Were there to be excess ACD expenses, a potential deferred tax asset would arise.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

6. Distributions

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

	31.03.2023 £'000	31.03.2022 £'000
April	840	40
May	1,134	41
June	1,011	42
July	1,110	36
August	1,724	40
September	1,694	34
October	1,940	41
November	2,468	59
December	3,253	131
January	4,898	259
February	5,147	459
March	4,749	741
Total distributions	29,968	1,923

Details of the distribution per Share are set out in the distribution table on page 37.

7. Debtors

	31.03.2023 £'000	31.03.2022 £'000
Accrued revenue	4,830	798
Prepayments	33	6
	4,863	804

8. Cash and bank balances

	31.03.2023 £'000	31.03.2022 £'000
Cash at bank	8,320	974

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

9. Creditors

	31.03.2023 £'000	31.03.2022 £'000
Accrued ACD periodic charge	**77**	75
Accrued audit fee	**10**	20
Accrued depositary fee	**15**	15
Accrued safe custody fee	**1**	3
	103	113

10. Share Classes

The Sub-Fund currently has five Share classes in issue. The AMC as a percentage of the daily net asset value at 31 March 2023 is as follows:

Share class 1 – income	No AMC
Share class 2 – income	AMC of 0.20%
Share class 3 – income	AMC of 0.15%
Share class 4 – income	AMC of 0.08%*
Share class 5 – income	AMC of 0.20%

The net asset value of each Share class, the net asset value per Share and the number of Shares in each class are given in the comparative tables on pages 19 to 20. The distribution per Share class is given in the distribution table on page 37.

On 15 August 2016, all shares in Share Class 2, Share Class 3 and Share Class 5 were transferred to Share Class 1. These Share Classes remain open.

* The AMC for Share Class 4 was reduced from 0.08% per annum to 0.06% per annum from 12 May 2021. It was reverted to 0.08% from 1 April 2022.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

11. Financial instruments

(a) Market price risk

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

At 31 March 2023, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £71,292,050 (31.03.2022, £75,471,613).

(b) Liquidity risk

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

(c) Interest rate risk

The Sub-Fund invests in fixed and floating rate securities and cash deposits. The revenue may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns following the disposal or redemption of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. A 1% rise or fall in all interest rates will result in a 0.12% movement in the opposite direction in the overall NAV of the Sub-Fund (31.03.2022, 0.13%).

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

11. Financial instruments (continued)

(c) Interest rate risk (continued)

The total exposure at 31 March 2023 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	9,320	1,424,841	4,863	1,439,024
Total	9,320	1,424,841	4,863	1,439,024

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	4,852	4,852
Total	–	–	4,852	4,852

The total exposure at 31 March 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	1,124	1,509,282	804	1,511,210
Total	1,124	1,509,282	804	1,511,210

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	–	–	854	854
Total	–	–	854	854

* Changes in the base rate will cause movements in the interest rate applied to cash balances.

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

11. Financial instruments (continued)

(d) Credit risk

The Sub-Fund is exposed to risk regarding the repayment of deposits from counterparties. To minimise this, the assets of the Sub-Fund are strictly placed within agreed limits with a diversified list of quality counterparties in order to achieve a very low overall level of risk and high security of capital. The list of approved counterparties is constantly monitored and credit limits immediately amended following credit rating upgrades and downgrades. All deposits and instruments were rated at investment grade at the time of purchase.

(e) Fair value of financial assets and financial liabilities

There are no material differences between the value of the financial assets and liabilities as shown in the balance sheet and their fair value.

There were no derivatives held by the Sub-Fund during the current or prior accounting period.

(f) Currency risk

As this is a sterling fund, there is no currency risk.

12. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 March 2023 (31.03.2022, £nil).

13. Related party transactions

The AMC is paid to the ACD. The amounts paid in respect of the AMC are disclosed in note 4 and any amounts owing are disclosed in note 9.

14. Portfolio transaction costs

The purchases and sales of securities incurred no transaction costs during the year (31.03.2022, £nil).

THE PUBLIC SECTOR DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

15. Shareholders' funds – reconciliation of Shares

	Share Class 1 – income		Share Class 4 – income	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Opening number of Shares at beginning of year	**118,871,531**	78,083,441	**1,392,506,781**	1,072,050,281
Shares issued in year	**96,750,000**	101,750,000	**8,674,425,767**	3,380,544,909
Shares cancelled in year	**(81,850,000)**	(61,000,000)	**(8,774,031,213)**	(3,060,384,236)
Shares converted in year	**639,324**	38,090	**7,028,298**	295,827
Closing number of Shares at end of year	**134,410,855**	118,871,531	**1,299,929,633**	1,392,506,781

16. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liabilitiy.

For the year ended 31 March 2023

Category	**1**	**2**	**3**	**Total**
Investment Assets	**£'000**	**£'000**	**£'000**	**£'000**
Deposits	**1,425,841**	**–**	**–**	**1,425,841**
	1,425,841	**–**	**–**	**1,425,841**

For the year ended 31 March 2022

Category	1	2	3	Total
Investment Assets	£'000	£'000	£'000	£'000
Deposits	1,509,432	–	–	1,509,432
	1,509,432	–	–	1,509,432

THE PUBLIC SECTOR DEPOSIT FUND
DISTRIBUTION TABLE
for the year ended 31 March 2023

Period ended	Share Class 1 £	Share Class 4 £	Total £
April 2022	73,051	767,038	840,089
May 2022	101,207	1,032,728	1,133,935
June 2022	109,297	902,182	1,011,479
July 2022	128,181	981,970	1,110,151
August 2022	174,600	1,549,165	1,723,765
September 2022	176,702	1,517,099	1,693,801
October 2022	221,223	1,718,735	1,939,958
November 2022	269,101	2,199,290	2,468,391
December 2022	346,694	2,905,955	3,252,649
January 2023	440,703	4,456,883	4,897,586
February 2023	391,276	4,755,606	5,146,882
March 2023	441,827	4,307,052	4,748,879
	2,873,862	27,093,703	29,967,565

The PSDF accrues distributions on a daily basis and funds are paid out on a monthly basis on or around the first working day of the following month. Distributions are paid gross.

AUTHORISED CORPORATE DIRECTOR REMUNERATION

The average number of full time equivalent staff of CCLA Investment Management Limited, including temporary staff, for the year ended 31 March 2023 was 175 (year ended 31 March 2022, 155).

During the year ended 31 March 2023 and the prior year, remuneration was paid to CCLA Investment Management Limited's staff as shown below. Totals for staff whose actions have a material impact on the risk profile of the Sub-Fund ("identified staff") are shown separately.

	Year to 31 March 2023			Year to 31 March 2022		
	Fixed remuneration £000	**Variable remuneration £000**	**Total £000**	Fixed remuneration £000	Variable remuneration £000	Total £000
Identified staff	1,035	1,287	2,322	1,166	1,552	2,718
Other staff	15,918	7,135	23,053	13,289	6,678	19,967
Total	16,953	8,422	25,375	14,455	8,230	22,685

Remuneration above is the total remuneration for CCLA Investment Management Limited; it is not possible to separate the element of that relating only to this Sub-Fund. The components of remuneration are appropriately balanced and do not create a conflict of interest for the Sub-Fund.

DETAILS OF THE BOARD

The Advisory Board
An Advisory Board for PSDF has been established by CCLA to represent the interests of shareholders and the public sector as a whole. The Advisory Board meets regularly with CCLA, the ACD of PSDF, to provide guidance and monitor the management and development of PSDF. The Board operates on an advisory basis only.

R Kemp CBE (Acting Chairman)
D Donnelly
R Love
G Macgregor
S Pickup – resigned on 27 March 2023
K Stevens
J Turnbull
C Weaver
L Webster
C West
R Woodley
B Ingram – appointed on 27 March 2023

Secretary
J Fox

Manager and Registrar
CCLA Investment Management Limited
Registered Office Address (prior to 25 July 2022):
Senator House, 85 Queen Victoria Street
London
EC4V 4ET
Registered Office Address (current):
One Angel Lane
London
EC4R 3AB
Telephone: 0207 489 6000
Client Service:
Freephone: 0800 022 3505
Email: clientservices@ccla.co.uk
www.ccla.co.uk
Authorised and regulated by the Financial Conduct Authority

Administrator
Third party administrator appointed by CCLA
HSBC Securities Services (UK) Limited
1-2 Lochside Way
Edinburgh Park
Edinburgh
EH12 9DT
Authorised and regulated by the Financial Conduct Authority

Officers of the ACD
Directors responsible for PSDF
P Hugh Smith (Chief Executive Officer)
E Sheldon (Chief Operating Officer)
A Robinson MBE (Director Market Development)

Non-Executive Directors of the ACD
R Horlick (Chairman)
J Hobart
J Jesty
C Johnson
A Roughead
C West

Fund Managers
S Freeman
R Evans
S Mehta

Company Secretary
J Fox

Chief Risk Officer
J-P Lim

Head of Sustainability team
J Corah

Third Party Advisors
Depositary
HSBC Bank plc
8 Canada Square
London E14 5HQ

Banker
HSBC Bank plc
8 Canada Square
London E14 5HQ

Independent Auditors
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 all organisations, irrespective of their size.

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