



**THE DIOCESE OF MANCHESTER  
MAKING THE BEST USE  
OF YOUR FINANCIAL ASSETS**

**Generosity and Thankfulness Conference**

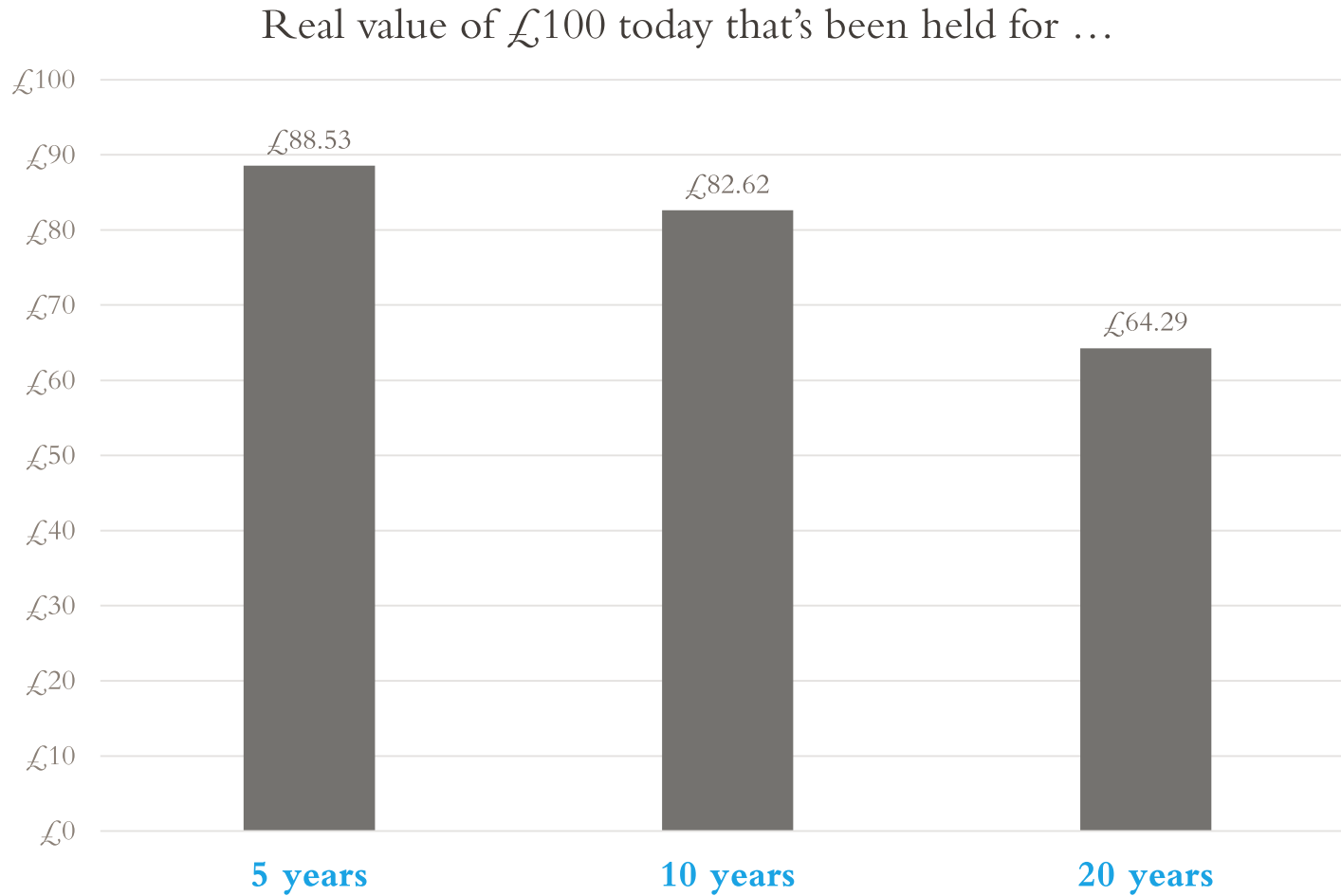
**Speaker: Heather Lamont  
Client Director, CCLA**

**24 September 2022**

**CCLA**

**GOOD INVESTMENT**

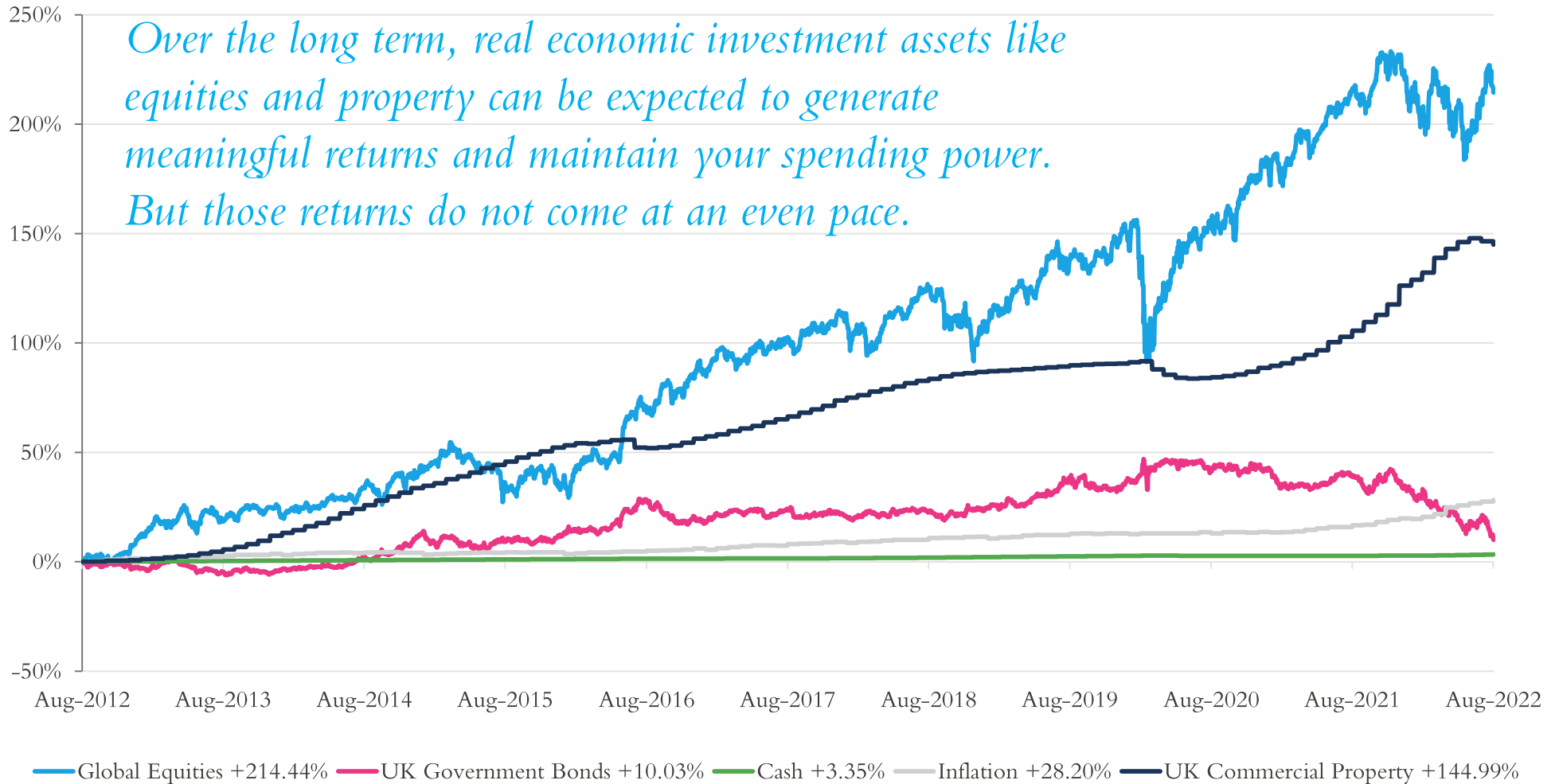




Source: CCLA & ONS. Based on CPI index December 2001-2021

- ‘We never know when we might need to spend it.’
  - *But you can insure against major unanticipated outgoings; most expenditure is fairly predictable.*
- ‘We wouldn’t know what else to do with it; we don’t have much investment knowledge.’
  - *1958 Church Funds Investment measure recognised this. You don’t need to be an expert.*
- ‘It’s not my money – investments are too risky. Safety first minimises criticism.’
  - *Security today vs security in the future. Will subsequent generations thank you?*

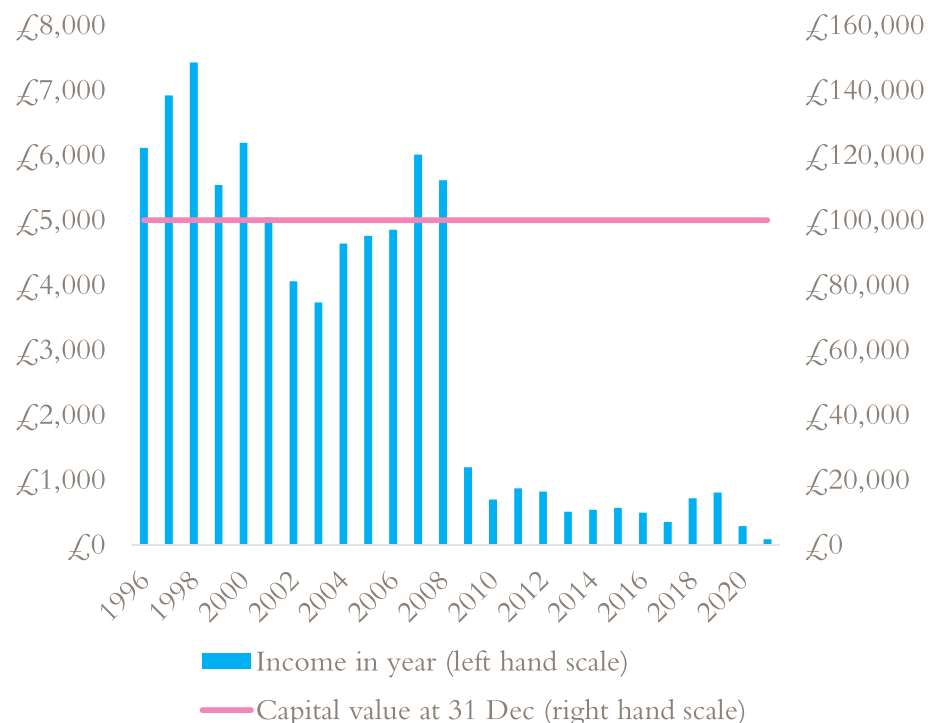
*Over the long term, real economic investment assets like equities and property can be expected to generate meaningful returns and maintain your spending power. But those returns do not come at an even pace.*



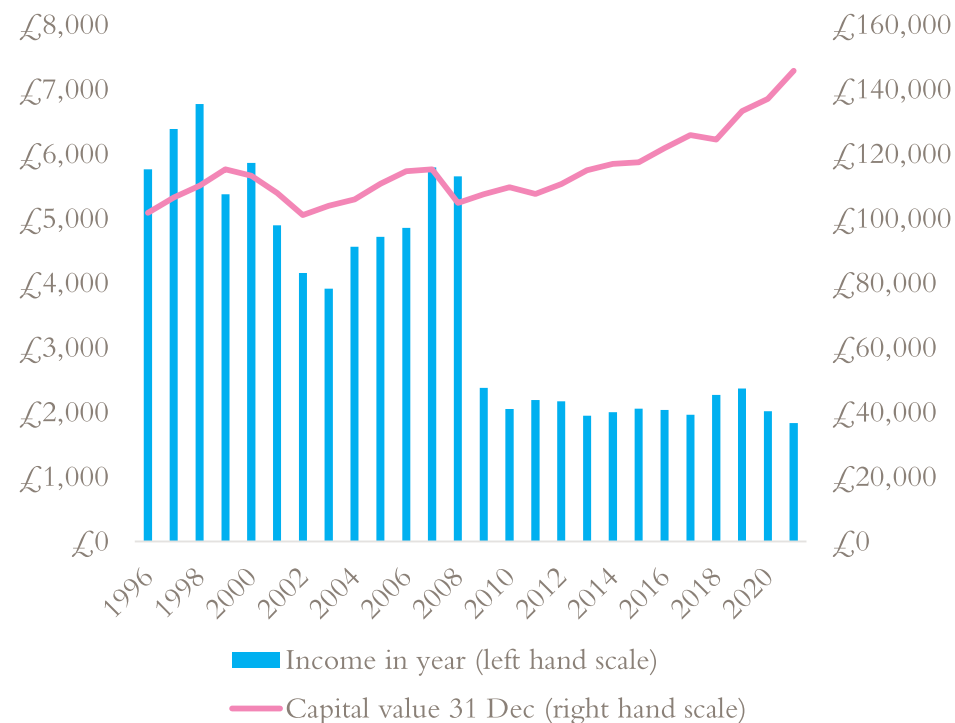
Source: Bloomberg as at 31 August 2022.  
 Past performance is not a reliable indicator of future results.

**Illustration:** £100,000 invested 1 January 1996: annual income and capital value movement

**(a) Cash only**



**(b) £75,000 in cash, £25,000 in multi-asset fund for long term charitable investors**



Source: CCLA, ONS; data as at 31 December 2021. Based on returns from COIF Charities Investment Fund income units and annual average 3 mth sterling LIBOR. Past performance is not a reliable indicator of future returns.

***If cash balances are likely to persist, a modest allocation to real investments can make good sense***

- Almost all Church (and other charity) investors need to delegate investment decision-making
- The usual starting point is a fund where investors with similar requirements pool their money
- The fund's manager takes responsibility for asset allocation and the selection of individual investments, in pursuit of an explicit set of investment objectives
  - Many funds also follow explicit policies on ethical and responsible investment

### **The attractions of pooled funds include:**

- Control of risk
  - For example by allowing diversification (spread of individual investments)
- Efficient cost structure
  - Benefits of scale
  - Specialist funds for charity and Church investors can have additional tax benefits
- Administratively simple

- **Heads up!** - We are now changing the conversation from generalities to include company specific material
- CCLA is a leading manager of Church and charity assets in the UK
- We allocate all our resources to the needs of the sector
- We are predominantly owned by our clients

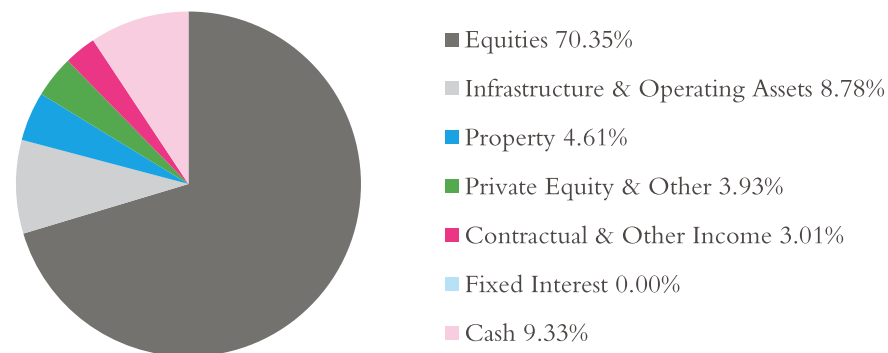


- Common investment funds: specialist pooled funds available to charities
  - Charities in their own right
  - Board of trustees gives extra level of oversight
  
- The CCLA CBF funds are designed specifically for use by Church of England bodies
  
  
- CBF funds all follow Church ethical guidelines

- Core Funds
  - CBF Deposit Fund (deals daily)
  - CBF Investment Fund (deals weekly-Tuesday)
- Specialist Funds
  - CBF Fixed Interest Securities Fund (deals weekly-Tuesday)
  - CBF Global Equity Income Fund (deals weekly-Tuesday)
  - CBF Property Fund (deals monthly- last Tuesday)
  - CBF UK Equity Fund (deals weekly-Tuesday)
- Most funds have choice of income and accumulation units
- Client Service team 0800 022 3505

- A multi-asset, long-term fund suitable for eligible charity investors
- Designed to help meet growth and income requirements
- Seeks to provide highly diversified and well-balanced spread of investments
- Willing to take robust strategic views e.g. zero gilt-edged holdings
- Use of alternative asset types providing contractual cashflows
- Fund size £1,910m

**Asset Allocation**



Source: CCLA as at 30 June 2022. Asset allocation is subject to change.

Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows (e.g. energy-related and social). Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

<b>Net annualised returns % to 30 June 2022</b>	<b>The CBF Church of England Investment Fund</b>	<b>Inflation*</b>	<b>Difference</b>
Since launch	10.91	4.87	6.05
50 years	10.70	5.09	5.60
40 years	10.57	2.93	7.64
30 years	8.76	2.23	6.54
20 years	8.13	2.48	5.65
10 years	10.53	2.46	8.07

Source: CCLA and ONS as at 30 June 2022.

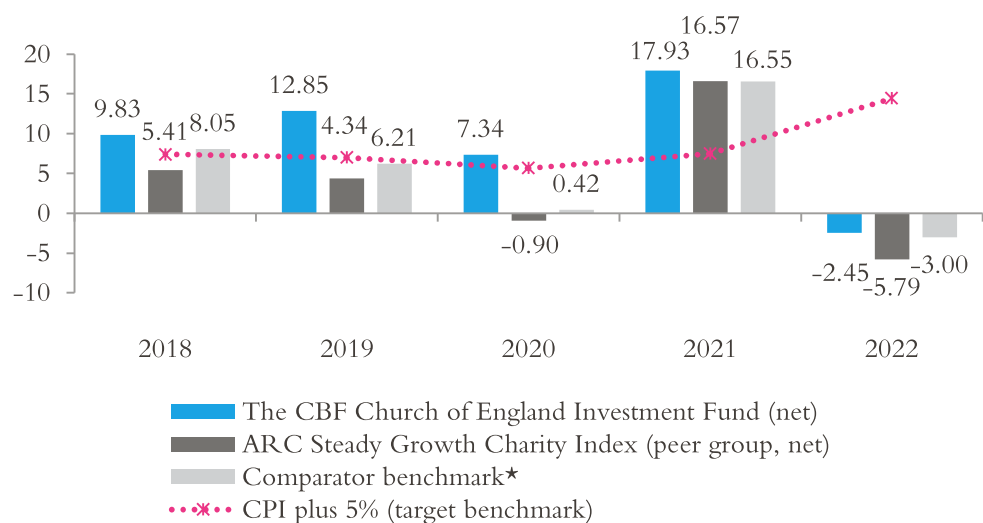
Since launch date: May 1958.

Performance is shown net of management fees and expenses on a mid price basis.

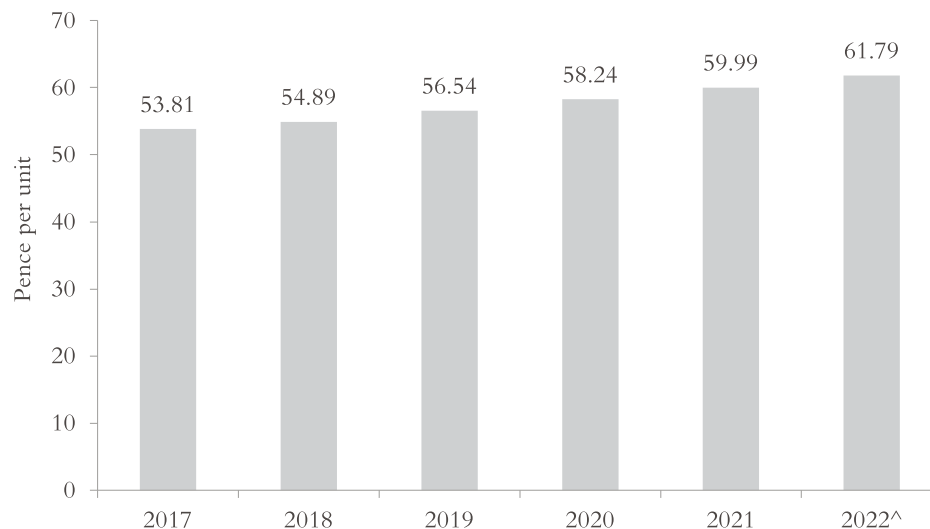
\*Inflation is measured by CPI from 1988 and RPI from 1958 to 1988

Past performance is not a reliable indicator of future results.

**Discrete year total return performance %**  
12 months to 30 June



**Historical and projected annual distribution**



**Current yield 2.98%\*\***

Source: CCLA as at 30 June 2022

\*Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and Sterling Overnight Index Average (5%).

Please refer to the appendix for a detailed description.

Total return performance shown net of management fees and expenses on a mid-price basis with gross income reinvested.

^Projected annual distribution. Projections for annual distributions are subject to change.

\*\*Based upon mid-market price as at 30 June 2022 and a projected annual distribution of 61.79p per unit. Forecast income yields are not guaranteed.

Past performance and distributions are not a reliable indicator of future results.

- Funds for expenditure? Cash is king. Keep it safe.
- Long term reserves? If you're not going to spend them, they should be working for your parish
  - Generating income
  - Growing in value to maintain spending power
- Even a modest investment in a suitable portfolio can boost your income noticeably
- The longer you invest, the more confident you can be that your spending power will grow
- You don't have to be a financial expert to take advantage of investment opportunities
  - You just need to be clear about the risk priorities for different elements of your funds.



*Matthew 25: 14-30*

A photograph of a garden path leading through a stone archway. The archway is covered in lush green foliage and clusters of small white flowers. The path is dirt and leads towards a hedge and a black metal gate. In the foreground, there are various plants, including purple and pink flowers. The text "QUESTIONS & DISCUSSION" is overlaid in the center of the image.

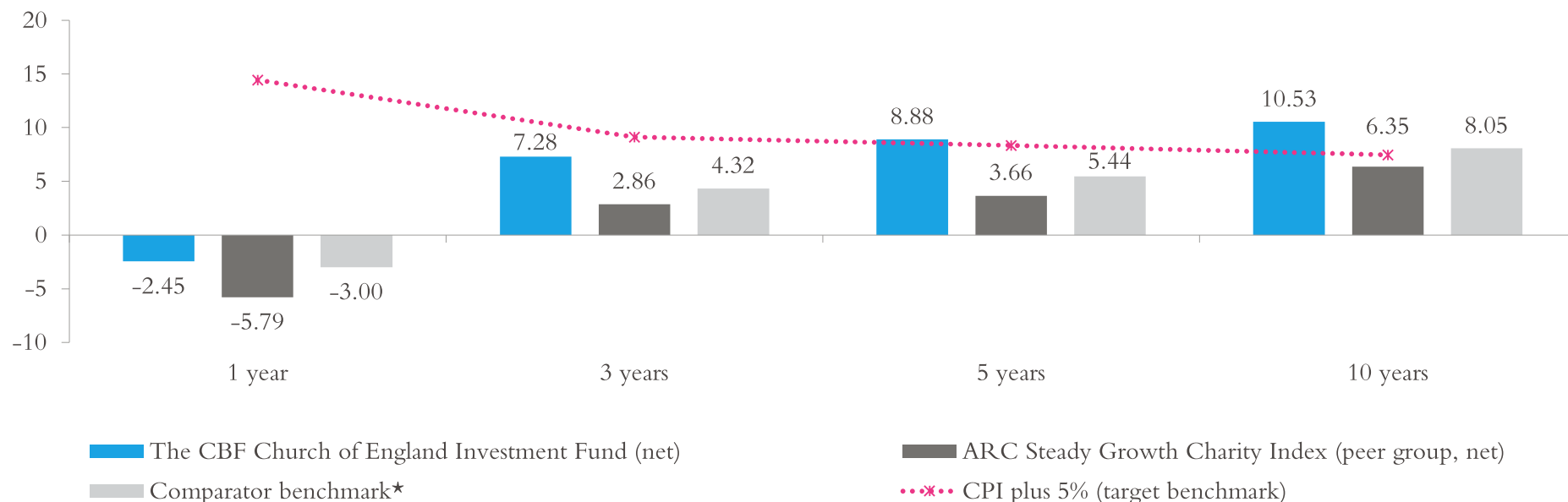
QUESTIONS  
& DISCUSSION

# Reference material



- If you are aiming for returns (regular income, and/or growth in value), you need to invest in assets such as company shares ('equities') and other investments that profit from real economic activity
- In common with economic activity as a whole, returns from these assets generally grow over time, but not at an even pace
  - there will be periods when profits are lower and asset prices fall
  - resulting in a **fall in the value of investors' portfolios**. This is what most people mean by 'investment risk'.
- This risk would probably be considered unacceptable for that part of your funds which you expect to spend in the foreseeable future, especially if you have known commitments.
- **But** for enduring reserves which are unlikely to be spent, fluctuations in capital value present no practical threat to your long-term spending power.
- So it may be wiser to accept some of this 'risk' in order to address other challenges that do make a real difference to your parish:
  - Taking opportunities to generate more income each year
  - Combatting the damaging effects of inflation on your spending power

Annualised total returns % as at 30 June



Source: CCLA as at 30 June 2022

\*Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and Sterling Overnight Index Average (5%).

The fund’s objective is to provide a long-term total return comprising growth in both capital and income, with a long-term total return benchmark of inflation (Consumer Price Index) plus 5% p.a. The comparator benchmark, which is not a target or a constraining benchmark, is intended to help investors understand the effects of the fund’s active management in different market circumstances, and to see how the fund’s returns vary in the shorter term from those that might be experienced by a more passive investor. The comparator benchmark is subject to change. Please refer to the appendix for a detailed description.

Total return performance is shown net of management fees and expenses on a mid-price basis with gross income reinvested.

Past performance is not a reliable indicator of future results.

The CBF Church of England funds	Fund management fee (% p.a.)			Ongoing charges figure (% p.a.)	
	AMC	Other expenses	Total	Cost of underlying investments	Total
Investment Fund	0.55	0.12	<b>0.67</b>	0.17	<b>0.84</b>
Global Equity Income Fund	0.60	0.03	<b>0.63</b>	0.04	<b>0.67</b>
UK Equity Fund	0.50	0.15	<b>0.65</b>	0.05	<b>0.70</b>
Fixed Interest Securities Fund	0.22	0.14	<b>0.36</b>	–	<b>0.36</b>
Property Fund	0.65	0.03	<b>0.68</b>	–	<b>0.68</b>
Deposit Fund	0.20	0.04	<b>0.24</b>	–	<b>0.24</b>

Source: CCLA.

The annual management charge is deducted from capital which may restrict capital growth. The FMF includes the annual management charge and other costs and expenses of operating and administering the fund such as depositary, custody, audit and regulatory fees. The costs of underlying investments are the impact to the fund of costs incurred in relevant underlying funds or similar investments (e.g. investment funds, REITs, LLPs). The ongoing charges figure (OCF) includes the FMF and where relevant, the costs of any underlying investments. It does not include transaction costs.

For more information on costs, including transaction costs, please refer to the fund's key information document.

- CCLA's multi-asset funds are actively managed to achieve practical objectives such as protecting the real value of capital and income and controlling volatility, but success in achieving these aims can only be measured over the longer term.
- To give our clients insight into the progress of their investments over shorter periods we have created the market comparator. This is not a formal target or a constraining benchmark but is intended as a reasonable guide to how the total return of the actively-managed Funds differs from that of more passive portfolios. It is based on established investment market indices, weighted in proportions which reflect the return objectives of the Fund.
- To keep the information relevant the market comparator is adjusted from time to time to reflect changes in long term return expectations and any structural changes in the Fund. These alterations are reviewed and approved by the CBF Board before they are implemented.
- Current market comparator (summary): 45% non-UK equities, 30% UK equities, 15% UK government bonds (gilts), 5% UK commercial property, 5% cash.
- Market comparator detail and history are as follows:
  - From 1.1.18:* MSCI World ex UK Index, 45%; MSCI UK Investable Market Index, 30%; MSCI UK Monthly Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7 day LIBID, 5%.
  - From 1.1.16 to 31.12.17:* MSCI UK Investable Market Index, 45%; MSCI Europe ex UK Index, 10%; MSCI North America Index, 10%; MSCI Pacific Index, 10%; IPD All Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7 day LIBID, 5%.
  - From 01.01.12 to 31.12.2015:* MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, IPD All Property Index 5%, BarCap Gilt 15% & 7 Day LIBID 5%.

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Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Any forward looking statements are based upon our current opinions, expectations and projections. We undertake no obligations to update or revise these. Actual results could differ materially from those anticipated.

Investment in the Fund is only available to charitable trusts with objects closely connected with the work of the Church of England.

The Fund is a Common Fund established under The Church Funds Investment Measure 1958 (as amended or replaced from time to time). The Fund is not a regulated Fund.

CCLA Investment Management Limited (registered in England & Wales No. 2183088 at Senator House, 85 Queen Victoria Street, London, EC4V 4ET) is authorised and regulated by the Financial Conduct Authority and is the manager of The CBF Church of England Funds. The CBF Funds Trustee Limited, is a Registered Charity No. 1116932 and is registered in England & Wales as a company limited by guarantee (No. 5957490).

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