

THE CBF CHURCH OF ENGLAND
SHORT DURATION BOND FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended 31 December 2024

CCLA

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*Collectively, these comprise the Manager's Report.

**Audited.

References to "CCLA" refer to the CCLA Group, comprising CCLA Investment Management Limited and CCLA Fund Managers Limited.

Disability Discrimination Act 1995

Extracts from the Annual Report and Financial Statements are available in large print and audio formats.

REPORT OF THE TRUSTEE

for the year ended 31 December 2024

On behalf of the Trustee, I have pleasure in presenting the Annual Report and Unaudited Financial Statements of The CBF Church of England Short Duration Bond Fund (the “Fund”), which includes a separate report from CCLA Investment Management Limited (the “Manager”) as Manager of the Fund. The Manager is authorised and regulated by the Financial Conduct Authority (“FCA”).

Structure and management of the Fund

The Fund is an investment fund, administered as a common fund and is established under the Church Funds Investment Measure 1958, as amended by the Church of England (Miscellaneous Provisions) Measure 1995, the Church of England (Miscellaneous Provisions) Measure 2000, the Church of England (Miscellaneous Provisions) Measure 2006, the Church of England (Miscellaneous Provisions) Measure 2010 (together the “Measure”) and the Trustee Act 2000. The Fund was formed in 1977. The Fund is not a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 (“FSMA”) as amended or changed from time to time.

CBF Funds Trustee Limited (the “Trustee”) is the Trustee and Operator of the Fund. The Trustee is a company incorporated under the Companies Act 1985 (now Companies Act 2006). It is a registered charity (No. 1116932) and is incorporated in England and Wales as a company limited by guarantee.

The Manager has been appointed by the Trustee pursuant to the investment management agreement dated September 2008 to provide discretionary investment management services as well as administrative and registration services under the investment management agreement.

Under the provisions of FSMA, the Trustee is not considered to be operating the Fund “by way of business”. Consequently, it is not required to be authorised or regulated by the FCA and its members are not required to be approved by the FCA for this purpose.

As the Fund is structured as an unregulated fund, investments in the Fund are not covered by the Financial Services Compensation Scheme.

Charitable status

The Fund is entitled to charitable status by virtue of section 99(4) of the Charities Act 2011. In the administration of the Fund, the Trustee is exempt from the jurisdiction of the Charity Commission by virtue of section 5(1) of the Church Funds Investment Measure 1958.

Investment objective

The Fund aims to generate a total return (income plus capital growth) of cash (represented by SONIA) plus 1.75% per annum (net of fees and expenses) when measured over a rolling three year period.

There is no guarantee that the investment objective of the Fund will be achieved over any time period. Capital is at risk.

REPORT OF THE TRUSTEE**for the year ended 31 December 2024****Investment policy**

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

The Fund will be managed to ensure that the Fund's duration is less than 3.5 years, with the aim of reducing the effect of changes in interest rates on the Fund's value. The Fund's duration measures the sensitivity of the value of the Fund to a change in interest rates; the lower the Duration the less impact a change in interest rates will have on the Fund's value.

The Fund is managed in line with a faith-consistent investment policy, developed by the Manager, to meet Shareholders' desire to invest in a way that reflects Christian and Anglican teachings and is grounded in the advice produced by the Church of England's Ethical Investment Advisory Group. This can include restrictions from investment (or other implications for asset selection) and/or engagement activity that goes beyond CCLA's standard approach.

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

The Fund will invest in instruments issued in a range of currencies and will hedge the non-sterling denominated portion of the portfolio back to the Fund's Base Currency in a range of 95%-105% of the Net Asset Value of the Scheme Property, to reduce the risk of exposure to non-sterling currency fluctuations.

The Fund may invest in instruments that are either investment grade or non-investment grade as rated by a recognised credit rating agency. Where an instrument does not have an explicit rating from a recognised credit rating agency ("Unrated Securities"), the Manager or Sub-Investment Manager is permitted to calculate a deemed rating.

REPORT OF THE TRUSTEE**for the year ended 31 December 2024**

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

- The maximum exposure to non-investment grade securities is 20% of the Net Asset Value of the Scheme Property. Credit ratings used for measuring compliance with this rule are the highest long-term ratings of the recognised credit rating agencies used.
- The maximum exposure to non-investment grade securities with a rating assessed as being less than 'speculative' status is 5% of the Net Asset Value of the Scheme Property.
- The maximum exposure to Unrated Securities (including securities that the Manager and/or Sub-Investment Manager have given a deemed rating) is 5% of the Net Asset Value of the Scheme Property.
- The Fund will invest no more than 10% of its Net Asset Value in Collective Investment Schemes including In-House Funds.

The Fund uses derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management. Efficient portfolio management includes hedging (for example, reducing currency risk) and otherwise managing the

Fund in a way that is designed to reduce risk or costs and/or to generate extra income or growth with a level of risk consistent with the risk profile of the Fund.

Target benchmark

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

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are affiliated with the Church of England and seeking to invest in an actively managed fund that reflects the investment objective and investment policy of the Fund. Investors should be looking to invest for at least three years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise. Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor. Investors may be either retail or professional clients (both per se and elective).

REPORT OF THE TRUSTEE

for the year ended 31 December 2024

Review of investment activities and policies of the Fund

The Trustee is ultimately responsible for The CBF Church of England Funds and receives reports on the published financial statements. The Trustee holds at least four meetings each year and monitors the investment, property and cash management, administration, registration and company secretarial services provided by the Manager under the investment management agreement. The Trustee has appointed an audit committee to review the financial statements of the Fund and to receive and consider regular reports from the Manager on the management and administration of the Fund. The Trustee has appointed the custodian to hold the securities of the Fund in specially designated accounts in safe custody.

Delegation of functions

Following its regular meetings and consideration of the reports and papers it has received, the Trustee is satisfied that the Manager, to whom it has delegated the administration and management of the Fund, has complied with the terms of the Church Funds Investment Measure 1958 and with the investment management agreement.

Controls and risk management

The Trustee receives and considers regular reports from the Manager. Ad hoc reports and information are supplied as required. The Trustee has appointed HSBC Bank plc Trustee and Depositary Services to oversee the Manager in respect of its activities related

to the management, oversight, supervision and administration of the Fund, including the custody and safekeeping of the property of the Fund. HSBC Bank plc Trustee and Depositary Services also provide semi-annual reviews to the Trustee. This oversight provides an additional layer of comfort for Shareholders.

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

At its periodic audit committee meetings, the Trustee receives a report from the Chief Risk Officer of the Manager which covers the following areas amongst others:

- breaches and complaints recorded on the Fund during the reporting period;
- compliance monitoring reviews relevant to the Fund during the reporting period;
- a summary of the internal audit reviews carried out during the reporting period and any significant findings;
- an enterprise risk report which outlines any operational risk events which impacted the Fund; and
- an investment risk report on the Fund with relevant metrics as at the last month end prior to the audit committee meeting.

REPORT OF THE TRUSTEE

for the year ended 31 December 2024

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Short Duration Bond Fund would cease operations and be wound up, with the investors’ existing holdings in the CBF Church of England Short Duration Bond Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund. For existing and future investors the investment experience and service they receive will be unchanged, and the transfer will be undertaken with the minimum of disruption.

The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

The Archbishops’ Council supported the draft

legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2026, the Trustee has concluded that the financial statements should be prepared on a basis other than going concern.

A Brookes, Chair
CBF Funds Trustee Limited
21 May 2025

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2024

Strategy

The Fund aims to generate a total return (income plus capital growth) of cash (represented by the Sterling Overnight Index Average) plus 1.75% per year (after fees and expenses are deducted), when measured over a rolling three-year period.

The Fund will invest in a range of fixed interest and variable-rate debt securities (also known as bonds) and other debt-related instruments issued in a range of currencies by companies (known as corporate bonds) and governments, including loans, inflation-linked securities, money-market instruments, and asset-backed or

other securitised products (financial instruments backed by assets that generate an income, for example, mortgages or student loans).

The Fund focuses on generating returns from credit risk, meaning that the manager aims to identify individual bonds that will deliver high returns, relative to the level of risk associated with a particular borrower at the corporate level. Conversely, the Fund has limited appetite for interest rate risk ('duration'), which describes how a bond's returns are likely to be affected by general changes in interest rates. For that reason, we manage the fund so that its duration is less than 3.5 years. The Fund avoids currency risk.

Annualised total capital and income return

To 31 December 2024	1 year %	5 years % p.a.	10 years % p.a.
Performance against benchmark (after expenses)			
CBF Church of England Short Duration Bond Fund			
Income Shares*	5.78	0.76	2.25
Accumulation Shares*	5.78	0.76	2.25
Target Benchmark[#]	6.88	1.09	2.69
Consumer Price Index (CPI)	2.57	4.56	3.08

[#] Target benchmark – Composite: From 27 July 2022, the target benchmark is the Sterling Overnight Index Average plus 1.75% a year. Before 27 July 2022, the target benchmark was 50% Markit iBoxx £ Gilts Index and 50% Markit iBoxx £ Non Gilts Index.

* Mid to mid plus income re-invested.

Past performance is not a reliable indicator of future results.

Source: CCLA, Bloomberg & HSBC.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2024

The Fund will be managed to ensure its duration is less than 3.5 years, with the aim of reducing the effect of changes in interest rates on the Fund's value. The Fund's duration measures the sensitivity of the value of the fund to a change in interest rates (the lower the duration the less impact a change in interest rates will have on the Fund's value).

The Fund may invest in instruments that are either investment grade or non-investment grade (up to a maximum of 20% of the fund) as rated by a recognised credit rating agency that the investment manager or sub-investment manager has determined meets appropriate regulatory standards.

The Fund uses derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management (for example, hedging to reduce currency risk). The Fund follows a set of client-driven, values-based investment restrictions

As of 31 December 2024, approximately 70% of the Fund's portfolio was in corporate bonds, predominantly investment grade but with a smaller allocation to high-yield bonds, while 28% was in government bonds (principally US Treasuries but also UK and other government bonds). The remainder was in cash or derivatives. The portfolio's modified duration, a measure of its exposure to interest rate risk, was 1.82 years.

Performance

Over the period under review, the Fund returned 5.78%, net of expenses, compared with the target benchmark's return of 6.90%.

The Fund is actively managed, and it is common for performance to be either above or below that of the benchmark over any given reporting period. At year end the weighted average gross redemption yield (yield to maturity) of the securities in the Fund was 5.39%. The gross redemption yield indicates what the total return would be if the Fund's investments were held to maturity, i.e. the aggregate of gross interest received and capital gain or loss at redemption, annualised.

Market review

At the start of 2024, many observers took into account that one or more major economies might fall into recessions during the year. Instead, central banks delivered 'soft landings', reducing inflation without triggering recessions.

At the start of the year, policy rates in most developed markets were at the peaks to which central banks had raised them to snuff out inflation. Inflation was falling in most countries, so investors were expecting central banks to start cutting rates.

Despite its downward trend, however, inflation didn't settle at central banks' target rates. As a result, central banks cut interest rates more cautiously during 2024 than investors had originally expected.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2024

In the UK, for example, consumer price (CPI) inflation fell from 4%, year on year, in January 2024 to 2% in May, the Bank of England's (BoE's) target. The BoE cut interest rates by 0.25% in August 2024, but warned that inflation 'was likely to rise temporarily'. The Bank's second and final rate cut of the year, in November, came with a warning that it would not 'cut interest rates too quickly or too much'. As the Bank had predicted, inflation rebounded to 2.6% in November and 2.5% in December, year on year.

Meanwhile, UK government bond yields rose during 2024, i.e. bond prices fell, despite the BoE's two rate cuts. That unusual combination – falling policy rates and rising bond yields – may have reflected concerns about the new government's October budget. Or it may have been investors rowing back their exaggerated expectations of fast and deep rate cuts.

Within the bond universe, long-dated UK government bond (gilt) yields rose more than short-dated gilt yields. As a result, the much talked about 'inverted yield curve' (with short-dated bond yields, untypically, higher than long-dated bond yields) dis-inverted.

Similar scenarios played out in the US and Eurozone.

In the US, personal consumption expenditure (PCE) inflation fell from 3.1% in January, year on year, to 2.6% in June, before rising to 2.8% in December. The Federal Reserve (Fed) cut interest rates by a larger-than-expected 0.5% and another 0.25% in both November and December. But the Fed's target rate for PCE inflation is 2%. So, in December, its rate setters reduced their forecast rate cuts for 2025, from 1% of cuts to just 0.5%.

Despite the Fed's rate cuts, yields on US Treasuries rose in 2024. That move was most pronounced in December 2024, when the Fed forecast a slower pace of rate cuts for 2025 than it had forecast in September. And as in the UK, the US Treasury yield curve went back to its customary, upward-sloping shape, with long-dated bond yields higher than short-dated ones.

In the Eurozone, inflation fell from 2.8% in January, year on year, to 1.7% in September, before rebounding to 2.4% in December. The European Central Bank (ECB) cut interest rates four times in 2024, by 1.00% in total. Short-dated (two-year) German Bund yields fell somewhat over the year, but long-dated (10-year) yields rose, leading the yield curve to dis-invert here as well.

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2024

Remarkably, the government bonds of many so-called ‘peripheral’ Eurozone countries outperformed those of core Eurozone nations. For example, Greek 10-year government bonds started 2024 yielding around 1.60% more than French 10-year government bonds, but both ended the year at about the same yield (3.20%).

Corporate bonds performed well in 2024, relative to government bonds. That was due to, on the one hand, strong corporate fundamentals and, on the other, modest volumes of corporate bond issuance, relative to investor demand. Corporate spreads (i.e. the extra yield that investors pay on corporate bonds) over government bonds narrowed to some of their lowest levels in 15 years. Bonds that have credit ratings below investment-grade level (‘high-yield bonds’) performed particularly well.

Outlook

The ‘soft landing’ scenario, in which central banks reduce inflation without triggering recessions, is now widely accepted as the most likely outcome of the current economic cycle. But other risks remain, such as uncertain growth, higher deficits, geopolitics and interest rates. Of those, our focus has turned from inflation towards growth. Growth is key to our outlook but, globally, continues to slow.

Despite slower growth, central banks are firmly in easing mode, which is supportive for fixed income assets. And market factors continue to be supportive, too: investor inflows are slowing, but they are, so far in 2025, absorbing the moderate level of bond issuance well.

Yields remain attractive, but we continue to favour high-quality bonds, rated investment-grade. As interest rate volatility continues to normalise, we expect the higher quality part of the credit market to outperform, so we only have selective exposure to credits below investment-grade. We continue to be positioned in defensive sectors.

In the UK, the Chancellor’s Spring Statement will take place on 26 March. This event will include an update by the Office of Budget Responsibility (OBR) but is not intended for tax announcements. The government will do everything it can to avoid breaching its fiscal rules. So, if yields rise again, it is likely to prefer spending cuts over more tax hikes.

CCLA Investment Management Limited
21 May 2025

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2024

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
US Treasury 0% 2025	10,694	US Treasury 0% 2024	13,392
US Treasury 0% 2025	7,928	US Treasury 0.25% 2024	12,627
UK Treasury 5% 2025	812	Atlas Funding 2021-1 FRN 2058	748
Siemens Financieringsmaatschappij		UK Treasury 1% 2024	710
1.7% 2028	635	Koninklijke 5.75% 2029	523
HP 3% 2027	445	US Treasury 0% 2024	303
Koninklijke 3.875% 2036	426	Électricité de France 6% VRN Perpetual	300
SIG Combibloc PurchaseCo 2.125% 2025	377	Volvo Car 2.125% 2024	299
Nokia 4.375% 2031	369	Ford Motor Credit 6.86% 2026	276
Veolia Environnement 0.664% 2031	358	PVH Corporation 3.625% 2024	258
CNH Industrial 3.85% 2027	349		

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 Fund's Shares and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund's Shares are intended only for long-term investment and are not suitable for money liable to be spent in the near future. They are realisable only on each dealing day only.

The gross redemption yield is an estimate of total return over the long-term. The Fund's gross dividend yield and gross redemption yield are not guaranteed and will change over time. When the Fund's distribution yield is higher than the gross redemption yield, some revenue is being paid at the expense of capital.

Investments in the Fund are not covered by the Financial Services Compensation Scheme.

SUSTAINABILITY APPROACH

to the Shareholders of The CBF Church of England Short Duration Bond Fund

This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainable investment label because it does not have a sustainability goal. However, the Fund is managed in line with its faith-consistent investment policy which applies the following values-based investment restrictions:

- **Adult Entertainment:** companies that derive more than 3% of revenue from the production and/or distribution of adult entertainment.
- **Gambling:** companies that derive more than 10% of revenue from the operation of gambling establishments and the provision of key support services and products.
- **Alcohol:** companies that derive more than 10% of revenue from the production and/or retail of alcohol and related products or services.
- **Tobacco:** companies that have any involvement in the production of tobacco and/or derive more than 5% of revenue from the production and/or retail of tobacco and related products/services.
- **Cannabis:** companies that derive more than 10% of revenue from the production and/or retail of non-medicinal cannabis.
- **Controversial Weapons:** companies that have any involvement in the production of Controversial Weapons (core weapons and components). These are defined as landmines, cluster munitions, chemical and/or biological weapons.
- **Nuclear Weapons:** companies that have any involvement in the production of core weapons and/or components of nuclear weapons.
- **Military Weapons:** companies that derive more than 10% of revenue from the production of military weapons and equipment (core weapons, components and equipment/services) and/or the provision of key non-weapons related, tailor-made products for the defence industry.
- **Civilian Firearms:** companies that derive more than 10% of revenue from the production and/or retail of civilian firearms (including key components).
- **High Interest Rate Lending:** companies that derive more than 10% of their revenue from high interest rate lending.
- **Thermal Coal Extraction:** companies that derive more than 5% of revenue from the extraction of thermal coal and/or produce more than 10 million metric tonnes of coal (or have plans to expand their coal production).

SUSTAINABILITY APPROACH

to the Shareholders of The CBF Church of England Short Duration Bond Fund

- **Oil and Gas Extraction:** companies that derive more than 5% of revenue from the extraction of tar sands and/or companies that generate more than 10% of revenue from the extraction, production, and/or refining of oil and/or gas.
- **Generation of Electricity and Climate Change:** electrical utility and infrastructure companies that intend to expand their coal-fired generation capacity and/or businesses whose principal activity is the generation of electricity and have not demonstrated the ability to align their business with the Paris Climate Change Agreement (as defined by the Manager).
- **Sovereign Debt:** no direct investment in sovereign debt from countries identified by the Manager as being amongst the world's most oppressive.
- **Collective Investment Schemes:** Other investment funds that are assessed by the Manager as having any exposure to landmines, cluster munitions, chemical or biological weapons or exposures that materially contradict the above approach. This is defined as having more than 10% of Net Asset Value exposed to other precluded activity. As a final safeguard, we seek to ensure that the combined exposure to all restricted activities within such other investment fund holdings remains below 1% of the capital value of the Fund. Due to a lack of data this approach to assessing the eligibility of Collective Investment Schemes is implemented on a 'best-endendeavours' basis.

The Fund also applies the following further restrictions:

- **Breast Milk Substitutes:** companies that do not meet the Manager's minimum standards for breast milk substitutes, based on the Access to Nutrition BMS index.
- **Animal Testing on Cosmetics:** Companies in the Personal Products Global Industry Classification Standard Sub-Industry that have any involvement in testing cosmetics on animals. Due to regulatory requirements in some countries, exceptions will be made for companies that are identified as promoting alternatives to animal testing and which adopt a rigorous, responsible, animal testing policy.
- **Abortifacients:** companies that produce single-purpose abortifacients.

These restrictions are applied based upon data points agreed by CCLA. Full details of how these investment restrictions are implemented, and how they are monitored by CCLA, are set out in our values-based screening policy which is available at www.ccla.co.uk/about-us/policies-and-reports.

Recognising the importance of restrictions to Shareholders the Manager will disclose the percentage of the MSCI World Index that is restricted from investment by the Fund.

SUSTAINABILITY APPROACH

to the Shareholders of The CBF Church of England Short Duration Bond Fund

Climate-related financial disclosures

CCLA recognises that the investments within the Fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the Fund because healthy markets need a healthy planet and healthy communities.

CCLA produces a TCFD Product Report for each fund it manages, which are consistent with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD Product Reports are designed to help you understand how the Fund is exposed to climate-related risks.

These reports are available on the relevant fund page at www.ccla.co.uk/investments.

The EIAG was established in 1994 and includes representation from The Church Commissioners, The CBF Church of England Funds, the Church of England Pensions Board and up to seven independent members who are appointed by a dedicated Nominations Committee. It is currently

Chaired by Barbara Ridpath who took over from the Right Reverend David Walker, The Bishop of Manchester, on the 8 July 2020. More information about the EIAG is available at www.churchofengland.org/eiag.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The CBF Church of England Short Duration Bond Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2024 and of the net revenue and the net capital losses on the property of the Fund for the year ended 31 December 2024;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the related notes 1 to 17.

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), Church Funds Investment Measure 1958 ('the Measure') Scheme Information and the Trustee Act 2000.

Basis for opinion

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

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1a in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of trustees and Manager

As explained more fully in the Statement of Trustee and Manager Responsibilities, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the relevant tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included The Church Funds Investment Measure 1958 and Trustee Act 2000.

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

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 agreed the investment holdings to independent confirmations; and agreed investment valuations to reliable independent sources.

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders and the CBF Funds Trustee Ltd ('the Trustee')
of The CBF Church of England Short Duration Bond Fund

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

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

Use of our report

This report is made solely to the shareholders of the Fund, as a body, in accordance with paragraph 14 of the Schedule to the Church Investment Funds Measure 1958. Our audit work has been undertaken so that we might state to the shareholders of the Fund 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 shareholders of the Fund, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
21 May 2025

SUMMARY RISK INDICATOR

The UK PRIIPs Regulation requirements set out detailed guidelines for the calculation of the risk ratings of products to be portrayed through a summary risk indicator. It is intended to be a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Manager is not able to pay you. The risk of the product may be significantly higher than the one represented in the summary risk indicator where the product is not held for the Recommended Holding Period.



The Manager has classified The CBF Church of England Short Duration Bond Fund as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level and poor market conditions are unlikely to impact the Manager's capacity to pay you. This classification is not guaranteed and may change over time and may not be a reliable indication of the future risk profile of the Fund. The lowest category does not mean risk free.

The summary risk indicator assumes investment in the Fund for the Recommended Holding Period of three 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 Fund deals on a daily basis. The Fund does not include any protection from future market performance, so you could lose some or all of your investment.

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

COMPARATIVE TABLE

Change in net assets per Share

	Year to 31.12.2024 pence per Share	Income Shares Year to 31.12.2023 pence per Share	Year to 31.12.2022 pence per Share
Opening net asset value per Share	144.23	136.68	157.99
Return before operating charges*	8.91	11.10	(17.05)
Operating charges**	(0.49)	(0.45)	(0.53)
Return after operating charges*	8.42	10.65	(17.58)
Distributions on Income Shares	(3.91)	(3.10)	(3.73)
Closing net asset value per Share	148.74	144.23	136.68
* after direct transaction costs of:	0.02	—	—

Performance

Return after charges	5.84%	7.79%	(11.13%)
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Other information

Closing net asset value (£'000)	69,543	68,114	25,717
Closing number of Shares	46,752,958	47,224,854	18,816,312
Operating charges**	0.34%	0.32%	0.37%
Direct transaction costs	0.02%	—	—

Prices (pence per Share)

Highest Share price (offer)	150.32	145.50	157.65
Lowest Share price (bid)	144.19	136.86	132.51

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

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

COMPARATIVE TABLE

Change in net assets per Share

	Accumulation Shares		
	Year to 31.12.2024 pence per Share	Year to 31.12.2023 pence per Share	Year to 31.12.2022 pence per Share
Opening net asset value per Share	577.21	535.09	602.32
Return before operating charges*	36.02	43.91	(65.21)
Operating charges**	(1.99)	(1.79)	(2.02)
Return after operating charges*	34.03	42.12	(67.23)
Distributions on Accumulation Shares	(15.76)	(12.15)	(15.02)
Retained distributions on Accumulation Shares	15.76	12.15	15.02
Closing net asset value per Share	611.24	577.21	535.09
* after direct transaction costs of:	0.09	0.02	0.01

Performance

Return after charges	5.90%	7.87%	(11.16%)
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Other information

Closing net asset value (£'000)	2,319	1,743	1,556
Closing number of Shares	379,465	301,990	290,790
Operating charges**	0.34%	0.32%	0.37%
Direct transaction costs	0.02%	—	—

Prices (pence per Share)

Highest Share price (offer)	613.63	579.27	601.02
Lowest Share price (bid)	577.03	535.82	515.64

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

** Operating charges comprise the Manager's annual management charge and other expenses, including VAT. Operating charges exclude any management fee rebates on investments in CCLA funds and other securities. Management fee rebates fully or partially offset charges incurred within the valuation of each of these underlying investments. The percentages above reflect these charges divided by average net assets for the year.

OPERATING CHARGES ANALYSIS

for the year ended 31 December 2024

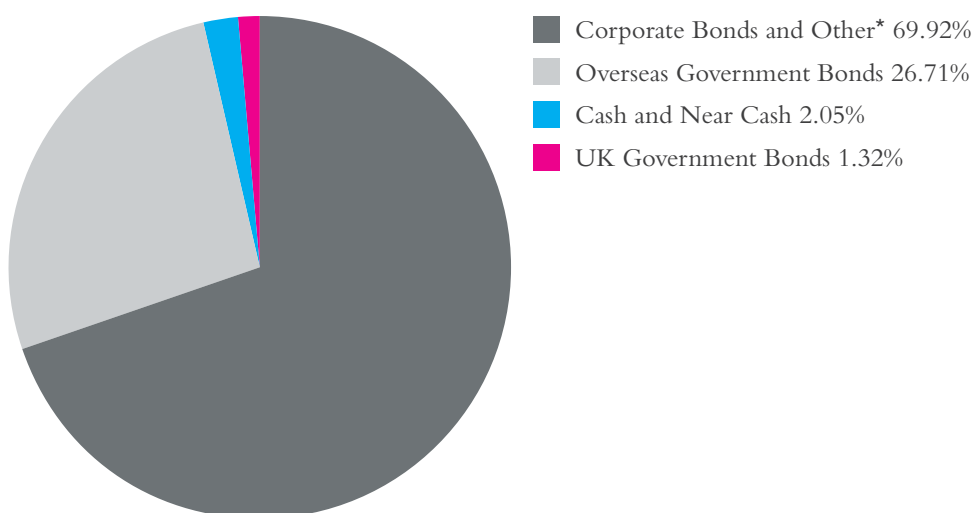
The table below analyses expenses in note 4 to the financial statements. These expenses also represent the total operating charges, which are shown below as a percentage of average net assets of the Fund.

	31.12.2024 %	31.12.2023 %
Manager's annual management charge including VAT	0.26	0.26
Safe custody fees and monitoring fee	0.03	0.01
Other expenses	0.05	0.05
Total operating charges	0.34	0.32

PORTFOLIO ANALYSIS

at 31 December 2024

Portfolio Allocation



By term to maturity

Period	Fund
0-5 years	68.21%
5-10 years	25.24%
10-15 years	2.17%
Over 15 years	4.38%
Duration (modified)	1.82 yrs
Average term to maturity	7.62 yrs

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

* Includes investments in derivatives.

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Government Bonds 27.50% (31.12.2023 – 37.90%)			
New Zealand Government Bond 2.75% 2025	NZD280,000	125	0.17
UK Treasury 5% 2025	£810,000	810	1.13
US Treasury 0% 2025	\$13,696,000	10,874	15.13
US Treasury 0% 2025	\$10,050,000	7,953	11.07
Non-Government Bonds 69.10% (31.12.2023 – 57.49%)			
AbbVie 4.55% 2035	\$560,000	421	0.59
ABN AMRO Bank 4.75% VRN Perpetual	€200,000	163	0.23
Air Lease 3.7% 2030	€205,000	172	0.24
Alcoa Nederland Holding 4.125% 2029	\$200,000	149	0.21
Allianz Finance II 0.5% 2031	€200,000	144	0.20
Ally Financial 4.7% VRN perpetual	\$70,000	49	0.07
Alpek SAB de CV 3.25% 2031	\$210,000	141	0.20
Alpha Bank 2.5% VRN 2028	€150,000	123	0.17
América Móvil 5% 2026	£290,000	290	0.40
American Express 5.625% VRN 2034	\$27,000	22	0.03
Anglo American Capital 2.875% 2031	\$360,000	250	0.35
Apple 2.65% 2051	\$620,000	306	0.43
Aptiv 3.1% 2051	\$275,000	127	0.18
Arcelik 3% 2026	€200,000	163	0.23
Ardagh Metal Packaging Finance 3% 2029	€100,000	70	0.10
Ashland 3.375% 2031	\$200,000	136	0.19
Assicurazioni Generali 1.713% 2032	€200,000	145	0.20
AstraZeneca 2.125% 2050	\$180,000	78	0.11
Australia & New Zealand Banking 0.75% 2026	€225,000	180	0.25
Auto ABS Italian Stella Loans 7.75% FRN 2039	€100,000	86	0.12
Auto ABS Italian Stella Loans 6.05% FRN 2039	€283,000	238	0.33
AutoFlorence 3 FRN 2046	€100,000	68	0.09
AXA 3.625% 2033	€180,000	155	0.22
AXA 6.375% VRN perpetual	€131,000	117	0.16
Ball Corporation 2.875% 2030	\$350,000	239	0.33
Banco 1.625% 2025	€500,000	412	0.57
Banco BTG Pactual SACayman Islan 2.75% 2026	\$200,000	154	0.21
Banco Mercantil del Norte 6.625% VRN Perpetual	\$200,000	143	0.20
Banco Santander 1.722% VRN 2027	\$200,000	151	0.21
Banco Santander 5% VRN 2034	€100,000	86	0.12
Banco Santander SA 7% VRN Perp	€200,000	175	0.24

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Bank of Cyprus 2.5% VRN 2027	€100,000	82	0.11
Barclays 8.5% VRN perpetual	£200,000	207	0.29
Barclays Bank 3.75% VRN 2030	£180,000	177	0.25
Bath & Body Works 6.875% 2035	\$175,000	143	0.20
BAWAG Group 6.75% VRN 2034	€300,000	270	0.38
Berry Global 1% 2025	€460,000	380	0.53
Berry Global 1.5% 2027	€400,000	320	0.45
Berry Global 5.65% 2034	\$15,000	12	0.02
Bharti Airtel 4.375% 2025	\$600,000	477	0.66
BM European Value Retail 6.5% 2031	£180,000	179	0.25
BNP Paribas 2% VRN 2031	£100,000	95	0.13
BNP Paribas 4.625% VRN Perpetual	\$200,000	135	0.19
Caisse Nationale de Reassurance 0.75% 2028	€200,000	151	0.21
Caisse Nationale de Reassurance 6.5% VRN Perpetual	€100,000	84	0.12
CaixaBank 4.375% VRN 2036	€100,000	84	0.12
CaixaBank 5.875% VRN Perpetual	€200,000	170	0.24
Caixa Geral de Depositos 0.375% VRN 2027	€200,000	158	0.22
CANPACK SA Eastern PA Land 2.375% 2027	€100,000	80	0.11
CCO Holdings 4.25% 2031	\$213,000	148	0.21
Cellnex Telecom 0.75% 2031	€600,000	436	0.61
Cemex 3.125% 2026	€200,000	164	0.23
Centene 2.5% 2031	\$560,000	369	0.51
CF Industries 4.5% 01/12/2026	\$150,000	119	0.17
CF Industries 4.95% 2043	\$200,000	141	0.20
Charter Communications Operating 6.15% 2026	\$150,000	122	0.17
Cigna Corp 2.375% 2031	\$360,000	244	0.34
Cisco Systems 2.5% 2026	\$550,000	426	0.59
Citigroup 4.125% 2028	\$110,000	85	0.12
Citigroup 5.15% 2026	£500,000	502	0.70
ClevelandCliffs 4.625% 2029	\$88,000	65	0.09
ClevelandCliffs 7.375% 2033	\$12,000	9	0.01
CNH Industrial 3.85% 2027	\$460,000	359	0.50
Comcast Corporation 1.5% 2031	\$400,000	260	0.36
Commerzbank 1.375% VRN 2031	€200,000	159	0.22
Commerzbank 1.75% 2025	£200,000	200	0.28
Cooperatieve Rabobank 3.25% VRN Perpetual	€200,000	160	0.22
Credit Agricole 5.75% VRN 2027	£300,000	303	0.42
Crown Americas 4.25% 2026	\$122,000	95	0.13
Crown European Holdings 2.875% 2026	€100,000	82	0.12

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Crown European Holdings 4.5% 2030	€162,000	138	0.19
Dell International 5.4% 2034	\$365,000	291	0.41
Dell International 4.35% 2030	\$415,000	321	0.45
Deutsche Bank 4.5%VRN Perpetual	€200,000	157	0.22
Dow Chemical 1.875% 2040	€175,000	111	0.15
Dow Chemical 5.15% 2034	\$44,000	34	0.05
DS Smith 2.875% 2029	£236,000	213	0.30
Dutch Property Finance 2022-1 FRN 2059	€300,000	249	0.35
Elis 3.75% 2030	€100,000	84	0.12
Enel Finance International 0.875% 2034	€225,000	146	0.20
Engie 3.875% 2036	€100,000	84	0.12
Engie 5.625% 2034	\$200,000	160	0.22
Eurofins Scientific 0.875% 2031	€200,000	138	0.19
ExportImport Bank of India 2.25% 2031	\$200,000	135	0.19
Falabella 3.375% 2032	\$200,000	131	0.18
FCT Noria 2021 FRN 2049	€200,000	52	0.07
First Citizens BancShares 5.8009%VRN Perpetual	\$213,000	174	0.24
Ford Motor Credit 5.78% 2030	£250,000	246	0.34
Fresenius Medical Care US Finance 2.375% 2031	\$375,000	246	0.34
Fresenius SE and Co KGaA 0.375% 2026	€200,000	159	0.22
GAMMA Sociedade de Titularizacao FRN 2034	€100,000	83	0.12
General Accident 7.875% Preference Shares	£185,000	222	0.31
General Motors Financial 2.35% 2031	\$400,000	268	0.37
Gilead Sciences 2.6% 2040	\$275,000	152	0.21
GlaxoSmithKline Capital 1.625% 2035	£310,000	222	0.31
Goldman Sachs 3.102%VRN 2033	\$180,000	124	0.17
Goodyear Europe 2.75% 2028	€100,000	78	0.11
Graphic Packaging International 3.75% 2030	\$200,000	144	0.20
Graphic Packaging International 2.625% 01/02/2029	€140,000	110	0.15
Greenko Power II 4.3% 2028	\$200,000	125	0.17
Gruenenthal 4.625% 2031	€100,000	84	0.12
GUSAP III LP 4.25% 2030	\$200,000	149	0.21
Hanesbrands 4.875% 2026	\$110,000	86	0.12
HCA 2.375% 2031	\$415,000	275	0.38
HCA 3.5% 2051	\$150,000	77	0.11
HCA 5.375% 2025	\$75,000	60	0.08
Hermitage FRN 2033	£250,000	209	0.29
Hill FL 2023-1 FRN 2031	€400,000	250	0.35
Hops Hill No 2 FRN 2054	£100,000	102	0.14

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
HP 2.65% 2031	\$250,000	171	0.24
HP 3% 2027	\$600,000	459	0.64
HSBC Holdings 6.547% VRN 2034	\$200,000	165	0.23
Huntsman International 2.95% 2031	\$87,000	58	0.08
Huntsman International 4.25% 2025	€450,000	372	0.52
Huntsman International 5.7% 2034	\$13,000	10	0.01
Ibercaja Banco 2.75% VRN 2030	€100,000	82	0.11
Ibercaja Banco 4.375% VRN 2028	€100,000	85	0.12
Iberdrola Finanzas 4.871% VRN perpetual	€100,000	86	0.12
Iliad 1.875% 2028	€200,000	158	0.22
Iliad 5.375% 2029	€100,000	87	0.12
Informa 3.25% 2030	€100,000	82	0.11
Infrastrutture Wireless Italian 1.625% 2028	€240,000	187	0.26
Infrastrutture Wireless Italiane 1.75% 2031	€200,000	151	0.21
ING Groep 2% 2028	€100,000	80	0.11
ING Groep 4.25% VRN Perpetual	\$200,000	130	0.18
International Consolidated Airlines 3.75% 2029	€300,000	252	0.35
IQVIA 2.25% 2029	€480,000	379	0.53
Iron Mountain 4.5% 2031	\$202,000	147	0.20
Iron Mountain 5.25% 2030	\$54,000	41	0.06
Iron Mountain 6.25% 2033	\$44,000	35	0.05
JPMorgan Chase 4.625% VRN Perpetual	\$110,000	88	0.12
KB Home 4% 2031	\$100,000	71	0.10
KB Home 4.8% 2029	\$100,000	75	0.10
Klabn Austria 3.2% 2031	\$200,000	134	0.19
Koninklijke 3.875% 2036	€500,000	422	0.59
La Banque Postale 3% VRN Perpetual	€200,000	139	0.19
Lanebrook Mortgage Transaction FRN 2058	£125,000	124	0.17
Levi Strauss 3.5% 2031	\$320,000	223	0.31
Liberty Mutual Group 4.3% 2061	\$180,000	89	0.12
LKQ 5.75% 2028	\$300,000	243	0.34
LKQ Dutch Bond 4.125% 2031	€100,000	84	0.12
Lloyds Bank 5.125% 2025	£622,000	622	0.87
Lloyds Banking Group 8.5% VRN perpetual	£200,000	207	0.29
Logicor Financing 1.5% 2026	€100,000	81	0.11
London Cards No 2 FRN 2034	£150,000	152	0.21
Lorca Telecom Bondco 4% 2027	€200,000	165	0.23
Macquarie Bank 3.052% VRN 2036	\$400,000	273	0.38
Macys Retail Holdings LLC 6.125% 2032	\$150,000	112	0.16

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Marks Spencer 3.25% 2027	£300,000	289	0.40
Marks Spencer 3.75% 2026	£300,000	295	0.41
Matterhorn Telecom 4% 2027	€100,000	83	0.12
Medline Borrower LPMedline 6.25% 2029	\$28,000	23	0.03
Meritage Homes 3.875% 2029	\$280,000	209	0.29
Metropolitan Life Global Funding 2.95% 2030	\$250,000	180	0.25
Millicom International Cellular 4.5% 2031	\$200,000	140	0.19
Molina Healthcare 6.25% 2033	\$92,000	73	0.10
Mondi Finance 1.625% 2026	€700,000	571	0.79
Mondi Finance 3.75% 2032	€192,000	163	0.23
Morgan Stanley 5.297% VRN 2037	\$356,000	276	0.38
Morgan Stanley 5.831% VRN 2035	\$22,000	18	0.03
Mortimer BTL 2021-1 FRN 2053	£500,000	320	0.45
Mortimer BTL 2023-1 FRN 2056	£200,000	204	0.28
Mortimer FRN 2056	£300,000	211	0.29
Mozart Debt Merger 3.875% 2029	\$110,000	81	0.11
Muenchener Rueckversicherun 5.875% VRN 2042	\$200,000	162	0.23
National Bank of Greece 5.875% VRN 2035	€100,000	89	0.12
National Grid 0.553% 2029	€300,000	220	0.31
NatWest Group 1.043% VRN 2032	€100,000	78	0.11
Nemak SAB de CV 3.625% 2031	\$200,000	124	0.17
Netflix 3% 2025	€100,000	83	0.12
Netflix 3.625% 2030	€570,000	485	0.67
Netflix 5.875% 2025	\$100,000	80	0.11
Network i2i 5.65% VRN Perpetual	\$200,000	159	0.22
NewDay Funding FRN 2031	£100,000	104	0.14
NewDay Funding FRN 2032	£100,000	102	0.14
Nexans 4.25% 2030	€400,000	338	0.47
Nexi SpA 0% 2028	€300,000	219	0.30
Next 3.625% 2028	£350,000	336	0.47
NGG Finance 2.125% VRN 2082	€100,000	79	0.11
NN Group 6.375% VRN perpetual	€200,000	173	0.24
Nokia 4.375% 2031	€430,000	371	0.52
Norsk Hydro 1.125% 2025	€201,000	165	0.23
Norsk Hydro 2% 2029	€175,000	138	0.19
Novelis Corporation 3.25% 2026	\$75,000	57	0.08
Novelis Corporation 3.875% 2031	\$140,000	96	0.13
Novo Banco 4.25% VRN 2028	€100,000	85	0.12
Nutrien 2.95% 2030	\$470,000	338	0.47

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
NXP Funding 2.7% 2025	\$410,000	325	0.45
Ocado Group 0.75% 2027	£100,000	85	0.12
OI European Group 4.75% 2030	\$200,000	142	0.20
Olympus Water US Holding Corporation 5.375% 2029	€150,000	118	0.16
OneMain Finance Corporation 3.875% 2028	\$70,000	52	0.07
Optics Bidco 2.375% 2027	€100,000	80	0.11
Orbia Advance Corporation 1.875% 2026	\$450,000	339	0.47
Orbia Advance Corporation 2.875% 2031	\$200,000	131	0.18
Orsted 1.5% VRN 3021	€250,000	173	0.24
Orsted 2.125% 2027	£250,000	234	0.33
Pension Insurance 3.625% 2032	£150,000	124	0.17
Pension Insurance 6.875% 2034	£100,000	100	0.14
Pepper Iberia Consumer FRN 2033	€100,000	83	0.12
Phoenix Group Holdings 5.625% 2031	£200,000	193	0.27
Pony Compartment German Auto FRN 2032	€100,000	84	0.12
Pony SA Compartment German Auto FRN 2032	€200,000	167	0.23
Post Holdings 4.5% 2031	\$133,000	95	0.13
Post Holdings 6.25% 2032	\$7,000	6	0.01
ProGroup 5.125% 2029	€100,000	81	0.11
Prudential 2.95% VRN 2033	\$200,000	145	0.20
PVH 4.125% 2029	€100,000	85	0.12
PVH 4.625% 2025	\$100,000	79	0.11
PVH Corporation 3.125% 2027	€200,000	165	0.23
QBE Insurance Group 2.5% VRN 2038	£100,000	89	0.12
Red & Black Auto Germany FRN 2032	€200,000	162	0.23
Red & Black Auto Italy FRN 2034	€100,000	81	0.11
Red & Black Auto Italy FRN 2036	€100,000	83	0.12
Ren Finance 0.5% 2029	€100,000	74	0.10
Rexel 2.125% 2028	€110,000	87	0.12
Rothsay Life 3.375% 2026	£510,000	495	0.69
Royal KPN 5% 2026	£100,000	100	0.14
Sally Holdings 6.75% 2032	\$187,000	150	0.21
Santander UK 5.75% 2026	£690,000	697	0.97
Sappi Papier Holding 7.5% 2032	\$25,000	21	0.03
SC Germany Compartment Consume FRN 2037	€200,000	149	0.21
SC Germany Compartment Leasing FRN 2032	€200,000	166	0.23
SC Germany SA Compartment Leasing FRN 2032	€200,000	166	0.23
Schaeffler 4.5% 2030	€200,000	166	0.23
Seagate HDD Cayman 4.091% 2029	\$283,000	211	0.29

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Seagate HDD Cayman 4.125% 2031	\$55,000	40	0.06
Sealed Air Corporation 4% 2027	\$380,000	290	0.40
Siemens Financieringsmaatschappij 1.7% 2028	\$900,000	656	0.91
SIG Combibloc PurchaseCo 2.125% 2025	€1,120,000	920	1.28
Silgan Holdings 2.25% 2028	€250,000	197	0.27
Sixt 3.75% 2029	€165,000	140	0.19
SK Hynix 1.5% 2026	\$200,000	154	0.21
SK Hynix 2.375% 2031	\$200,000	134	0.19
Smurfit Kappa Treasury 1% 2033	€510,000	349	0.49
Smurfit Kappa Treasury 1.50% 2027	€100,000	80	0.11
Societe Generale 8.5% VRN perpetual	\$200,000	159	0.22
Solvay 2.5% VRN Perpetual	€300,000	244	0.34
SPCM 3.375% 2030	\$200,000	140	0.19
SSE 4% VRN Perpetual	€180,000	149	0.21
Steel Dynamics 2.4% 2025	\$160,000	126	0.18
Stellantis Finance US 2.691% 2031	\$400,000	262	0.36
Stora Enso 7.25% 2036	\$100,000	84	0.12
Summit Digital Infrastructure 2.875% 2031	\$400,000	269	0.37
Suzano Austria 3.125% 2032	\$400,000	264	0.37
TAGUS-Sociedade de Titularizacao FRN 2042	€100,000	83	0.12
Taylor Morrison Communities 5.125% 2030	\$367,000	280	0.39
TDC Net 5.186% 2029	€100,000	86	0.12
TDC Net 6.5% 2031	€200,000	184	0.26
Telefonica Europe 2.376% VRN Perpetual	€100,000	77	0.11
Telenet Finance Luxembourg 5.5% 2028	\$200,000	155	0.22
Telia 0.125% 2030	€100,000	70	0.10
Tenet Healthcare Corporation 4.375% 2030	\$200,000	148	0.21
TenneT Holding 2.374% VRN perpetual	€100,000	82	0.11
Terna Rete Elettrica Nazionale SpA 1% 2028	€150,000	116	0.16
TerraForm Power Operating 4.75% 2030	\$280,000	207	0.29
Thermo Fisher Scientific 2% 2031	\$52,000	35	0.05
TMobile USA 2.25% 2031	\$850,000	564	0.78
Turk Telekomunikasyon 7.375% 2029	\$200,000	163	0.23
UBS Group 4.375% VRN perpetual	\$200,000	137	0.19
UniCredit 2.731% VRN 2032	€225,000	183	0.25
Unilever 1.5% 2026	£410,000	391	0.54
UnipolSai Assicurazioni 3.875% 2028	€200,000	167	0.23
United Group 6.5% 2031	€110,000	93	0.13
UPC Broadband Finco 4.875% 2031	\$200,000	145	0.20

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Veolia Environnement 0.664% 2031	€500,000	356	0.50
Verallia 1.875% 2031	€400,000	296	0.41
Verbund 0.9% 2041	€100,000	56	0.08
VF 0.625% 2032	€300,000	190	0.26
Vmed O2 UK Financing 4.5% 2031	£350,000	298	0.41
VMware 1.4% 2026	\$625,000	473	0.66
Volvo Car 4.75% 2030	€100,000	86	0.12
VZ Secured Financing 3.5% 2032	€210,000	161	0.22
VZ Vendor Financing II 2.875% 2029	€100,000	76	0.11
Western Digital 3.1% 2032	\$300,000	200	0.28
Western Digital Corporation 4.75% 2026	\$150,000	119	0.17
Wizz Air Finance 1% 2026	€100,000	80	0.11
WPAP Telecom 3.75% 2029	€100,000	82	0.11
Youni Italy FRN 2034	€160,000	105	0.15
ZF Europe Finance 4.75% 2029	€100,000	80	0.11
ZF Finance 2.25% 2028	€200,000	152	0.21
Zurich Finance Ireland Designat 3% VRN 2051	\$300,000	205	0.29
Derivatives 0.35% (31.12.2023 – 0.59%)			
Credit Default Swaps 0.47% (31.12.2023 – 0.68%)			
Goldman Sachs 1% 20/12/2025	1,230,000	7	0.01
Morgan Stanley 1% 20/12/2025	950,000	5	0.01
Morgan Stanley 1% 20/12/2027	320,000	6	0.01
Morgan Stanley 1% 20/12/2027	125,000	1	0.00
Morgan Stanley 1% 20/12/2027	630,000	10	0.01
Morgan Stanley 1% 20/12/2027	920,000	15	0.02
Morgan Stanley 1% 20/12/2027	90,000	–	0.00
Morgan Stanley 1% 20/12/2029	190,000	2	0.00
Morgan Stanley 1% 20/12/2029	200,000	(1)	(0.00)
Morgan Stanley 1% 20/12/2029	130,000	(10)	(0.01)
Morgan Stanley 1% 20/12/2029	150,000	(9)	(0.01)
Morgan Stanley 1% 20/12/2029	70,000	(2)	(0.00)
Morgan Stanley 5% 20/12/2029	350,000	54	0.07
Morgan Stanley 5% 20/12/2029	80,000	13	0.02
Morgan Stanley 5% 20/12/2029	100,000	5	0.01
Morgan Stanley 5% 20/12/2029	14,000	–	0.00
Morgan Stanley 5% 20/12/2029	50,000	3	0.00
Morgan Stanley 5% 20/12/2029	155,000	2	0.00
Morgan Stanley 5% 20/12/2029	260,000	31	0.04

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
Morgan Stanley 5% 20/12/2029	100,000	14	0.02
Morgan Stanley 5% 20/12/2029	3,090,000	192	0.27
Morgan Stanley 5% 20/12/2029	70,000	(2)	(0.00)
Futures 0.30% (31.12.2023 – (0.33%))			
CBT US 10 Years Note (CBT) March 2025	(99)	154	0.21
CBT US 5 Years Note (CBT) March 2025	92	(69)	(0.10)
CBT US Ultra Bond (CBT) March 2025	(26)	142	0.20
EUX Euro-Bund Future March 2025	(7)	20	0.03
ICF Long Gilt Future March 2025	10	(24)	(0.03)
SFE Australia 10 Year Bond Future March 2025	18	(6)	(0.01)
Options 0.06% (31.12.2023 – 0.03%)			
iTraxx Europe Crossover 42 (4y) Default 12/20/2029 MLILUK 3.25	7,000,000	46	0.06
iTraxx Europe Crossover 42 (4y) Default 12/20/2029 MLILUK 3.5	7,600,000	6	0.01
iTraxx Europe Crossover 42 (4y) Default 12/20/2029 MLILUK 3.75	(7,000,000)	(19)	(0.03)
iTraxx Europe Crossover 42 (4y) Default 12/20/2029 MLILUK 4	(5,000,000)	(1)	(0.00)
iTraxx Europe Crossover 42(4y) Default 12/20/2029 GSILUK 3.25	6,500,000	14	0.02
iTraxx Europe Crossover 42(4y) Default 12/20/2029 GSILUK 3.75	(6,500,000)	(3)	(0.00)
Forward Foreign Exchange Contracts (0.48%) (31.12.2023 – 0.21%)			
GBP Forward Currency Contract 19/03/2025	GBP 21,186,132	57	0.08
EUR Forward Currency Contract 19/03/2025	(EUR 25,450,000)		0.00
GBP Forward Currency Contract 19/03/2025	GBP 40,254,019	(412)	(0.58)
USD Forward Currency Contract 19/03/2025	(USD 50,900,000)		0.00
GBP Forward Currency Contract 19/03/2025	GBP 68,470	1	0.00
NZD Forward Currency Contract 19/03/2025	(NZD 150,000)		0.00
USD Forward Currency Contract 19/03/2025	USD 1,150,000	13	0.02
GBP Forward Currency Contract 19/03/2025	(GBP 905,647)		0.00
GBP Forward Currency Contract 19/03/2025	GBP 797,433	(2)	(0.00)
USD Forward Currency Contract 19/03/2025	(USD 1,000,000)		

PORTFOLIO STATEMENT

at 31 December 2024

	Holding	Fair value £'000	% of total net assets
INVESTMENT ASSETS		69,668	96.95
NET OTHER ASSETS		2,194	3.05
TOTAL NET ASSETS		71,862	100.00

All investments, except Credit Default Swaps and Forward Foreign Exchange Contracts, are listed on recognised stock exchanges or traded on or under the rules of an eligible securities market.

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

The counterparty for the Futures Contracts is Morgan Stanley.

The counterparties for the Forward Foreign Exchange Contracts are RBC and State Street.

The counterparties for the Credit Default Swaps are Goldman Sachs and Morgan Stanley.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2024

		Year ended 31.12.2024		Year ended 31.12.2023	
	Note	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		576		1,423
Revenue	3	3,732		3,099	
Expenses	4	(238)		(199)	
Interest payable and similar charges		–		(6)	
Net revenue before taxation		3,494		2,894	
Taxation	5	(4)		(3)	
Net revenue after taxation			3,490		2,891
Total return before distributions			4,066		4,314
Distributions	6		(1,891)		(1,370)
Change in net assets attributable to Shareholders from investment activities			2,175		2,944

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2024

	Year ended 31.12.2024		Year ended 31.12.2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Shareholders		69,857		27,273
Amounts receivable on issue of Shares	947		40,916	
Amounts payable on cancellation of Shares	(1,167)		(1,312)	
		(220)		39,604
Change in net assets attributable to Shareholders from investment activities		2,175		2,944
Retained distributions on Accumulation Shares		50		36
Closing net assets attributable to Shareholders		71,862		69,857

The notes on page 37 to 53 and the distribution tables on page 54 form part of these financial statements.

BALANCE SHEET
at 31 December 2024

	<i>Note</i>	31.12.2024		31.12.2023	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			70,228		67,593
Current assets:					
Debtors	7	652		571	
Cash and bank balances	8	2,672		3,262	
Total current assets			3,324		3,833
Total assets			73,552		71,426
LIABILITIES					
Investment liabilities			560		545
Creditors:					
Other creditors	10	39		35	
Bank overdraft	9	628		602	
Distribution payable on Income Shares		463		387	
Total creditors			1,130		1,024
Total liabilities			1,690		1,569
Net assets attributable to Shareholders			71,862		69,857

The financial statements on pages 35 to 54 have been approved by the Trustee.

Approved on behalf of the Trustee
21 May 2025

A Brookes, Chair
CBF Funds Trustee Limited

The notes on page 37 to 53 and the distribution tables on page 54 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a basis other than that of a going concern, as a result of the intention to transition the CBF Church of England Short Duration Bond Fund into new Charity Authorised Investment Fund (“CAIF”) in 2026. This basis includes, where applicable, writing the Fund’s assets down to net realisable value. As of the reporting date, no assets have been written down, and they continue to be reflected at their fair value. No provision has been made for the future cost of terminating the Fund unless such costs were committed at the reporting date. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements and applicable accounting standards have been followed.

The financial statements have been prepared in compliance with FRS 102, the Scheme Information, The Church Funds Investment Measures Act 1958 and the Trustee Act 2000.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and investment liabilities.

The Fund is exempt from preparing a statement of cash flows under FRS 102 and the Church Funds Investment Measure Act 1958 substantially all of the Fund’s investments are highly liquid, substantially all of the Fund’s investments are carried at market value and the Fund provides a statement of change in net assets.

The Manager is currently considering the launch of a Charity Authorised Investment Fund (“CAIF”), a new investment vehicle which has specifically been designed by the FCA for the charity sector, to which the assets and liabilities of this entity could be transferred. Any such change of structure would be subject to Trustee and investor approval. Should this be approved, on completion of the transfer, the CBF Church of England Short Duration Bond Fund would cease operations and be wound up, with the investors’ existing holdings in the CBF Church of England Short Duration Bond Fund being replaced with their equivalent in the new CAIF fund. This change in structure will result in VAT savings on the Annual Management Charge (AMC) and increased regulatory protection for holders of the fund.

The going concern principle applies simply to the vehicle in which the investments are packaged and not to the continuance of the investment offering to investors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. Accounting policies (*continued*)

(a) *Basis of preparation (continued)*

The Archbishops' Council supported the draft legislation that went to Synod. The legislation has received Royal Assent, enabling the future conversion of the funds. Although the timetable is still to be determined following the completion of Trustee approvals, given the intention is to transition the CBF funds into new CAIF funds in 2026, the Trustee has concluded that the financial statements should be prepared on a basis other than that of a going concern.

(b) *Revenue recognition*

Interest on government stocks, sterling eurobonds and other fixed interest stocks are accrued on a daily basis. Interest on bank deposits are accrued on a daily basis and interest on deposits in the Public Sector Deposit Fund are credited to revenue on receipt of cash.

Dividends on preference shares are accrued to revenue on the dates when the Shares are first quoted ex-dividend or otherwise, on receipt of cash.

Revenue on debt securities is recognised on the effective yield basis which takes into account the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security. Accrued interest purchased or sold is excluded from the cost of the security and is recognised as revenue of the Fund.

Revenue is stated net of irrecoverable tax credits.

(c) *Expenses*

During the year, the annual management charge (AMC), paid to the Manager, was taken to the capital of the Fund. The AMC is based on a fixed percentage of the value of the Fund and was 0.22% p.a. plus VAT during the year.

On a daily basis, the value of the Fund at the end of the previous day is taken to calculate the AMC due. The Manager charges an AMC for the provision of managing investments. From 1 October 2019, the Manager ceased charging the fee for ethical and stewardship services.

The depositary fee, audit fee, legal fees, safe custody fees and transaction charges, insurance fees and other fees are charged separately to the revenue of the Fund before distribution.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. Accounting policies (*continued*)

(d) *Distributions*

Distributions are paid quarterly. The Fund utilises an income reserve to even out the fluctuations in revenue which arise over the years (see note 11). Movements in the income reserve are therefore adjustments made to net revenue in determining the distributions.

A reconciliation of the net distribution to the net revenue of the Fund as reported in the statement of total return is shown in note 6.

(e) *Basis of valuation*

Quoted investments including investments with market observable prices, are valued at bid-market values as at close of business on the last business day of the accounting period.

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

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

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

(f) *Foreign exchange*

Transactions in foreign currencies during the period are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling as at close of business on 31 December 2024, the last business day in the accounting period.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

1. Accounting policies (*continued*)

(g) *Cash equivalents*

The Manager has treated some assets as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Net capital gains

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
The net capital gains during the year comprise:		
Realised gains/(losses) on non-derivative securities*	162	(184)
Unrealised gains/(losses) on non-derivative securities*	75	(1,101)
Currency (losses)/gains	(424)	365
Gains/(losses) on derivative contracts	64	(29)
Realised gains on forward currency contracts*	1,042	2,229
Unrealised (losses)/gains on forward currency contracts*	(343)	143
	576	1,423

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

3. Revenue

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
UK dividends	15	15
Interest on debt securities	3,432	2,903
Bank interest	41	25
Income on derivative contracts	244	156
	3,732	3,099

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

4. Expenses

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(c)	187	164
	187	164
	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Monitoring fee	6	6
Safe custody fees	13	2
	19	8
	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Other expenses:		
Audit fee	16	15
Insurance fee	1	1
Other fees	15	11
	32	27
Total expenses	238	199

Audit fee net of VAT is £13,500 (31.12.2023, £13,150).

The above expenses include VAT where applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

5. Taxation

The Fund has charitable status and is exempt from UK Income and Capital Gains Tax pursuant to Part 11 Chapter 3 of the Corporation Tax Act 2010. Distributions are paid and reinvested revenue credited gross to Shareholders on the basis that all recoverable UK taxation has been reclaimed. Overseas withholding tax is deducted in full from overseas revenue. Recoverable withholding tax is credited to revenue, on receipt.

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Overseas taxation suffered in the year	4	3
Total taxation	4	3

6. Distributions

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

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
31 March – interim distribution	436	391
30 June – interim distribution	515	341
30 September – interim distribution	457	379
31 December – final distribution	479	397
	1,887	1,508
Add: revenue deducted on cancellation of Shares	7	3
Deduct: revenue received on issue of Shares	(3)	(141)
Net distribution for the year	1,891	1,370

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

6. Distributions (*continued*)

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Net revenue after taxation for the year	3,490	2,891
Transfer from income reserve – see note 11	8	10
Amortisation under coupon accounting	(1,607)	(1,519)
Income deficit transfers	6	–
Expenses charged to capital	–	(5)
Movement in Net Income Property	(6)	(7)
Net distribution for the year	1,891	1,370

Details of the distribution per Share are set out in the distribution tables on page 54.

There were unclaimed distributions as at 31 December 2024 of £7,468 (31.12.2023, £10,025).

7. Debtors

	31.12.2024 £'000	31.12.2023 £'000
Accrued revenue	650	571
Sales awaiting settlement	2	–
	652	571

8. Cash equivalents, cash and bank balances

	31.12.2024 £'000	31.12.2023 £'000
Cash and bank balances	892	1,514
Amounts held at futures clearing houses	690	800
Swaps collateral	1,090	948
Cash and bank balances – cash at bank	2,672	3,262

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

9. Bank Overdraft

	31.12.2024 £'000	31.12.2023 £'000
Amounts held at futures clearing houses	628	292
Swaps collateral	–	310
Bank Overdraft	628	602

10. Other creditors

	31.12.2024 £'000	31.12.2023 £'000
Accrued expenses	39	35
	39	35

11. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations paid out by the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Shareholders.

	Year ended 31.12.2024 £'000	Year ended 31.12.2023 £'000
Income reserve at the start of the year	195	205
Transfer from income reserve	(8)	(10)
Income reserve at the end of the year	187	195

12. Financial instruments

Fair value

Securities held by the Fund are valued at bid-market value (see note 1(e)). Bid-market value is considered to be a fair representation of the amount repayable to Shareholders should they wish to sell their Shares. Other financial assets and liabilities of the Fund are included in the balance sheet at their fair value.

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied consistently throughout the year and the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

12. Financial instruments (continued)

Market price risk

This is an actively managed Fund which invests mainly 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 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 Fund is invested in. The Fund seeks to minimise the risks by holding a diversified portfolio of investments in line with the Fund's investment objectives. Risk is monitored at both the asset allocation and stock selection levels by Directors of the Manager on a regular basis and also by the Board.

At 31 December 2024, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would increase or decrease respectively by approximately £3,483,000 (31.12.2023, £3,352,000).

Credit risk

The Fund's transactions in securities expose it to the risk that the counterparty will not deliver the investment for a purchase or the cash for a sale. To minimise this, the Fund only deals with an approved list of brokers maintained by the Manager. The corporate bond holdings in the Fund are also exposed to the risk of issuer default; however, we mitigate this risk by purchasing predominantly investment grade bonds.

Bond credit ratings

Rating category	31.12.2024		31.12.2023	
	£'000	% Fund	£'000	% Fund
Investment grade	58,003	80.71	59,983	85.86
Non investment grade	10,886	15.15	6,125	8.76
Not rated	526	0.73	540	0.77
Total investment in bonds	69,415	96.59	66,648	95.39

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

12. Financial instruments (continued)

Liquidity risk

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

Currency risk

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

At 31 December 2024, if the value of sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to Shareholders, and profit or loss, would decrease or increase respectively by approximately £616,000 (31.12.2023, increase or decrease respectively by £584,000).

The total foreign currency exposure at 31 December 2024 and 31 December 2023 was:

Currency	31.12.2024			31.12.2023		
	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000	Monetary exposures £'000	Non- monetary exposures £'000	Total £'000
Australian dollar	28	(6)	22	6	62	68
Canadian dollar	9	—	9	3	—	3
Euro	485	20,765	21,250	150	16,146	16,296
Japanese yen	(8)	—	(8)	24	(14)	10
New Zealand dollar	10	126	136	27	134	161
US dollar	1,127	39,045	40,172	1,047	40,790	41,837
Total	1,651	59,930	61,581	1,257	57,118	58,375

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

12. Financial instruments (continued)

Derivatives

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

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

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

At 31 December 2024, the value of the portfolio hedged back to base currency was 99.96% of the Net Asset Value of the Scheme Property.

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

Counterparty exposure

At the Balance Sheet date the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

	31.12.2024	31.12.2023
	£	£
State Street Bank	56,557	255,025
RBC	14,401	—
Total	70,958	255,025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

12. Financial instruments (continued)

Counterparty exposure (continued)

At the Balance Sheet date the Fund had the following counterparty exposure on open Credit default swaps:

	31.12.2024 £	31.12.2023 £
Goldman Sachs	6,724	14,065
Morgan Stanley	353,187	456,179
Total	359,911	470,244

Interest rate risk

The Fund invests in fixed interest securities and cash deposits. The revenue may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns 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.

As at 31 December 2024, it is estimated that a 1% movement in interest rates would result in an opposite movement of £1,806,000 (31.12.2023, £753,000) in net assets attributable to Shareholders and profit or loss.

The total exposure at 31 December 2024 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	4,388	6,633	405	11,426
Euro	6,368	14,396	524	21,288
Japanese yen	1	—	—	1
US dollar	3,623	36,285	756	40,664
Other	46	125	2	173
Total	14,426	57,439	1,687	73,552

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

12. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	619	—	526	1,145
Euro	—	—	38	38
Japanese yen	9	—	—	9
US dollar	—	—	492	492
Other	—	—	6	6
Total	628	—	1,062	1,690

The total exposure at 31 December 2023 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	5,495	6,246	393	12,134
Euro	4,750	11,218	748	16,716
Japanese yen	24	—	—	24
US dollar	3,686	37,871	700	42,257
Other	97	135	63	295
Total	14,052	55,470	1,904	71,426

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

12. Financial instruments (continued)

Interest rate risk (continued)

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	230	—	422	652
Euro	200	—	220	420
Japanese yen	14	—	—	14
US dollar	110	—	310	420
Other	62	—	1	63
Total	616	—	953	1,569

* The floating rate financial assets of the Fund earn interest at rates based on either SONIA or base rate.

All financial liabilities are due to be settled within one year or on demand.

13. Commitments and contingent liabilities

There were no commitments or contingent liabilities as at 31 December 2024 (31.12.2023, £nil).

14. Related party transactions

The Manager's annual management charge is paid to the Manager, a related party to the Fund.

The amounts incurred in respect of this inclusive of annual management charge rebates are disclosed in note 4. Please see note 1(c) for further information. An amount of £16,735 was due to the Manager at 31 December 2024 (31.12.2023, £15,682).

There were no other transactions entered into with the Manager during the year (31.12.2023, £nil).

CBFFT, as Trustee, is a related party to the Fund. There were no outstanding balances due to CBFFT at 31 December 2024 (31.12.2023, £nil). There were no other transactions entered into with CBFFT during the year (31.12.2023, £nil).

At 31 December 2024, CBF Church of England Investment Fund held 59.83% (31.12.2023, 59.79%) of the value of the Fund.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

15. Portfolio transaction costs

For the year ended 31 December 2024:

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

The average portfolio dealing spread as at 31 December 2024 was 0.24%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

For the year ended 31 December 2023:

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

The average portfolio dealing spread as at 31 December 2023 was 0.35%. There is no foreign exchange impact as all investments are denominated in sterling.

Unlike shares, the majority of other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

16. Shareholders' funds – reconciliation of Shares

	Year ended 31.12.24	
	Income Shares	Accumulation Shares
Opening number of Shares at beginning of year	47,224,854	301,990
Shares issued in year	264,983	92,829
Shares cancelled in year	(736,879)	(15,354)
Closing number of Shares at end of year	46,752,958	379,465

All Shares carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024

17. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments (including investment liabilities), there is no material difference between their value, as shown on the balance sheet, and their fair value.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31 December 2024

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	604	69,624	–	70,228
Investment liabilities	(122)	(438)	–	(560)
	482	69,186	–	69,668

For the year ended 31 December 2023

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	380	67,213	–	67,593
Investment liabilities	(380)	(165)	–	(545)
	–	67,048	–	67,048

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

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

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

For financial instruments for which the Manager uses valuation techniques using observable market data, the inputs include: prices of recent transactions for identical instruments in inactive markets; broker quotes; evaluated pricing data from data providers; or prices quoted for closely similar (but not identical) instruments.

DISTRIBUTION TABLES

for the year ended 31 December 2024

Period ended	Date payable/paid		Dividends payable/paid pence per Share	
	2024	2023	2024	2023
Income Shares				
31 March	31 May	31 May	0.90	0.80
30 June	30 August	31 August	1.07	0.70
30 September	29 November	30 November	0.95	0.78
31 December	28 February	29 February	0.99	0.82
			3.91	3.10

Period ended	Revenue accumulated pence per Share	
	2024	2023
Accumulation Shares		
31 March	3.49	3.04
30 June	4.19	2.78
30 September	3.84	3.10
31 December	4.24	3.23
	15.76	12.15

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

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

The Trustee shall comply with the duty of care when exercising their powers and discharging their duties under the Church Funds Investment Measure 1958 (as amended from time to time) and the Trustee Act 2000 to:

- make and revise the written statement of the investment objectives of the Fund and details of such investment objectives will be included in the Scheme Information;
- determine the criteria and methods for evaluating the performance of the Fund;
- appoint the Auditor of the Fund and agree their terms of engagement;
- determine the rate of remuneration of the Manager in accordance with the Church Funds Investment Measure 1958 and the Scheme Information;
- exercise supervision and oversight of the Manager's compliance with the Church Funds Investment Measure 1958 and the Scheme Information. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and discharging the duties conferred or imposed on it by or pursuant to the provisions of the Church Funds Investment Measure 1958 and ensure the Manager is maintaining adequate and proper records;
- review the appointment, supervision and oversight of any Registrar or other delegate whom it has appointed in accordance with the provisions of the Scheme Information;
- review the custody and control of the property of the Fund and the collection of all revenue due to the Fund in accordance with the Church Funds Investment Measure 1958;
- make distributions to investors holding Income Shares and make allocations to investors holding Accumulation Shares in proportion to their respective Shares in the property of the Fund; and
- take all steps and execute all documents which are necessary to ensure that the purchases and sales of investments for the Fund are properly completed.

STATEMENT OF TRUSTEE AND MANAGER RESPONSIBILITIES

Preparation of financial statements

The Trustee of the Fund is required, by the Church Funds Investment Measure 1958, to prepare Financial Statements which give a true and fair view of the financial position of the Fund at each interim and year end valuation date. The net revenue for the year, together with a report on the operation of the Fund, is also required.

The financial statements show the net asset value of the Shares in the Fund as at the date to which the financial statements are prepared, the amount of revenue per Share and the amount of revenue, if any, to be transferred to capital pursuant to paragraph 11 of the Schedule to the Church Funds Investment Measure 1958. In preparing the financial statements, the Trustee:

- selects suitable accounting policies that are appropriate for the Fund and applies them on a consistent basis;
- complies with the disclosure requirements of FRS 102;
- follows generally accepted accounting principles and applicable United Kingdom accounting standards;
- keeps proper accounting records which enables them to demonstrate that the Financial Statements, as prepared, comply with the above requirements;

- make judgements and estimates that are prudent and reasonable; and
- prepares the Financial Statements on the going concern basis, unless it is inappropriate to presume this.

The Trustee is also required to manage the Fund in accordance with the Church Funds Investment Measure 1958 and has delegated to the Manager the day-to-day management, accounting and administration of the Fund, as permitted by the Church Funds Investment Measure 1958.

Manager responsibilities

The Manager is required to carry out these duties in accordance with the Church Funds Investment Measure 1958 and take reasonable steps for the prevention and detection of fraud and other irregularities.

CBF Funds Trustee Limited
(Charity Registration No. 1116932)

DIRECTORY

Trustee Directors

A Brookes (Chair)
C Chan*
P Chandler
O Home
C Johnson
A Milligan*
M Orr*
D Rees*
** Members of the Audit Committee*

Manager and Registrar

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Authorised and regulated by the Financial Conduct Authority

Administrator

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

Executive Directors of the Manager

P Hugh Smith (Chief Executive Officer)
E Sheldon (Chief Operating Officer)
A Robinson, MBE (Director Market Development)

Non-Executive Directors of the Manager

R Horlick (Chair)
J Jesty
C Johnson
A Roughead
C West
J Hobart

Fund Manager

CCLA Investment Management Limited

Company Secretary

M Mochalska
J Fox (retired 31 March 2025)

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

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Canary Wharf
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Custodian

HSBC Bank plc
8 Canada Square
Canary Wharf
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E14 5HQ

Independent Auditor

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110 Queen Street
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ABOUT CCLA

Founded in 1958, CCLA is the largest fund manager for charities in the UK based on the number of charities invested with us. 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 means we must provide a supportive and stable environment for our staff, and deliver trusted, responsibly managed products and services to our clients, irrespective of their size.



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

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