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**CCLA**

# QUARTERLY BULLETIN

30 June 2025

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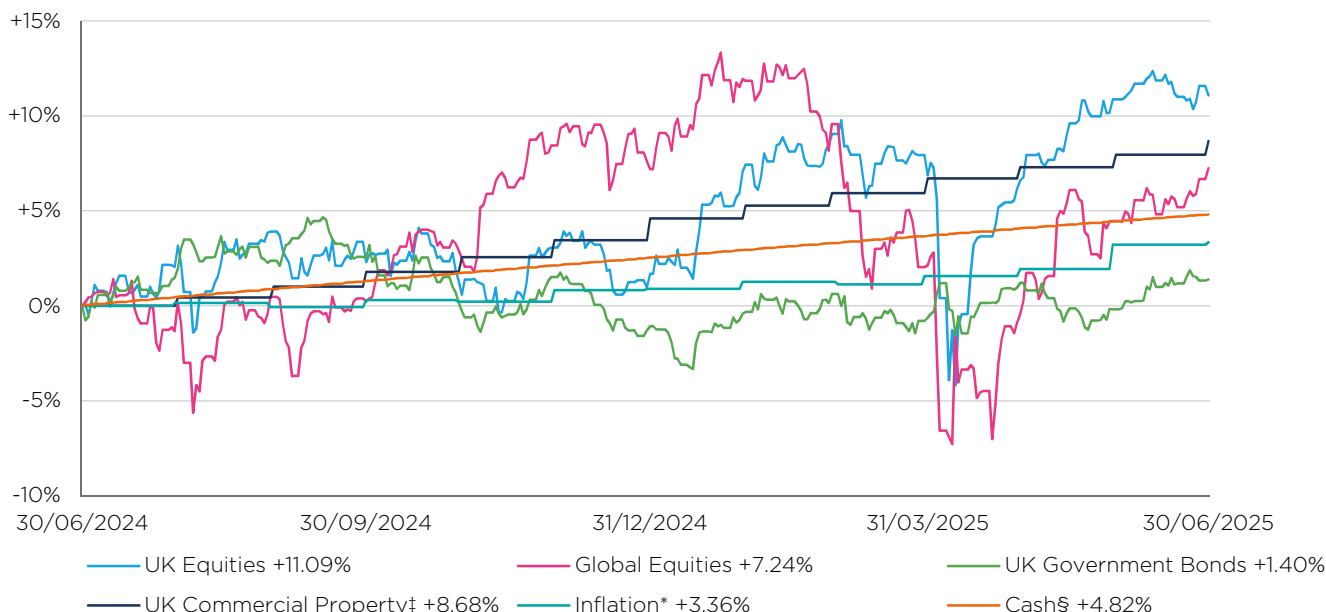
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## Market review and outlook



## General Market Indices

	Current quarter (%)	Last twelve months (%)	Last three years annualised (%)	Last five years annualised (%)
UK Equities (MSCI UK Investable Markets Index)	+3.95	+11.09	+10.41	+10.89
Global Equities (MSCI World Index)	+5.00	+7.24	+13.64	+12.20
Global Equities ex UK (MSCI World ex UK Index)	+5.10	+7.11	+13.77	+12.22
UK Govt. Bonds (Markit iBoxx £ Gilts Index)	+2.04	+1.40	-3.57	-6.39
Sterling Bonds ex UK Govt, (Markit iBoxx £ Non-Gilts Index)	+2.78	+5.33	+2.46	-1.00
UK Commercial Property (AREF/MSCI™ All Prop Monthly) †	+1.86	+8.68	-3.05	+4.23
Inflation (CPI) *	+1.76	+3.36	+4.64	+4.99
Cash (SONIA) \$	+1.08	+4.82	+4.41	+2.69

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

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

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

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

World share prices, as measured by the MSCI World Index, rose 5.0% over the second quarter, in pound sterling. US share prices rose 11.25%, eurozone share prices 5.01%, and UK share prices 3.95%, all in local-currency terms.<sup>(1)</sup>

The pound sterling strengthened from \$1.29 to \$1.37 against the US dollar. For UK-based investors, this lowered returns from US assets. The Trump administration appears keen to weaken the dollar. Some of its advisors have argued that a

strong dollar is a burden on the US economy, because it makes US production expensive.

In early April, President Trump's tariff policies were the principal driver of financial market volatility. The tariffs that he announced from 2 April onwards took US share prices down to a 14-month low, and raised 10-year US Treasury yields to 4.48%.

On 10 April, however, Trump announced a 90-day pause in most of his proposed tariffs, to allow for negotiations. In response, share prices recovered by the end of April, and 10-year US Treasury yields ended the month lower than where they had started it. The UK government was first out of the blocks in negotiating with the US, announcing a trade agreement in early May.

A second major theme during the second quarter was the recovery in technology stocks, particularly semi-conductor stocks that had struggled in the first quarter. These firms' first-quarter revenue and earnings growth was solid, which boosted share prices. Microsoft's shares were particularly strong, after reporting an 18% increase in earnings and 35% growth at its cloud computing division Azure.

Third, economic conditions remained supportive enough for stock markets to flourish. Inflation remained above target in the US and the UK, and gross domestic product (GDP) growth disappointed somewhat in both countries. But the Bank of England cut its Bank Rate in April, and market expectations are for the Federal Reserve to cut interest rates twice before the end of the year. A downgrade of the US government's credit rating by rating agency Moody's barely registered in share prices.

By the end of June, share prices were back near their all-time highs. Tariff negotiations between the US and China are credibly rumoured to be going well, and agreements with 10 other countries are said to be in the pipeline.

<sup>(1)</sup> *Source of share price indices: MSCI (net total return in local currency), except where stated*

### Outlook

We had reduced the equity exposure in our multi-asset portfolios during March, on the basis that President Trump's tariffs would endanger corporate earnings growth.

But since Trump appeared to start backtracking on tariffs, we've increased our portfolios' equity exposure again: peak policy uncertainty now appears to be behind us, and US tariffs are likely to be significantly lower than announced in April.

Meanwhile, the underlying fundamentals of the assets in which we invest look solid:

- We expect the earnings growth of the companies in the S&P 500 index to remain stable, from 9.3%, yoy, in the first quarter of 2025, to 9.1%, yoy, by the fourth quarter. This growth rate is high enough, in our opinion, to support the current, c. 22x forward price-earnings ratio (P/E) of the index, even if this P/E is high in historical perspective.
- In the first quarter of 2025, 78% of companies in the S&P 500 index beat analysts' forecasts of their earnings per share. We expect that trend to continue.
- The percentage of earnings upgrades by research analysts, net of downgrades, as a percentage of total earnings estimates, has fallen in recent quarters. Troughs in that ratio have historically been a buy signal for shares.
- After their recent underperformance, UK shares are now cheaper, on a P/E basis, than those in other developed markets. And there is reason for optimism on the domestic UK economy. The Chancellor's June spending review appeared expansionary, and the UK government is growing its infrastructure investments.

In addition, the geopolitical environment appears to be past peak uncertainty as well.

- A trade deal between the US and China has been credibly rumoured. US Commerce Secretary Howard Lutnick has suggested that trade agreements with c.10 other countries are close to being signed.
- NATO appears strengthened after its June meeting. Members have committed to spend 5% of GDP on defence and defence infrastructure, and President Trump appeared re-committed to the alliance.
- OPEC+ (the Saudi-led Organization of the Petroleum Exporting Countries, plus countries like Russia) is hiking oil supplies, despite weak global demand. The US Energy Information Administration (EIA) expects oil prices to fall below \$60 per barrel by 2026.

### A message from Peter Hugh Smith, Chief Executive of CCLA

Against the backdrop of greater regulation, CCLA has for some time considered the governance implications of its shares being majority-owned by the funds it manages and how we can continue to best serve our clients. Having reviewed the full range of possibilities available, that process is now concluded. We are pleased to share with you that, subject to regulatory approval, CCLA is being acquired by Jupiter Investment Management Group Limited (Jupiter), a leading European investment manager.

We believe that this partnership delivers the best outcome for CCLA's clients. CCLA will become part of Jupiter, but retain the CCLA branding, investment, and client service. CCLA's teams will continue to focus on delivering investment returns and outstanding client service to all CCLA clients regardless of their size. CCLA also retains its mission, its stewardship activities, and its drive to build a better world.

At the same time, we stand to benefit from Jupiter's strength and resources. Its market-leading investment capabilities, including 100-plus investment professionals, will add support to CCLA's existing investment team and product range. Jupiter's extensive distribution capacity in the UK and abroad will help to facilitate CCLA's growth, paving the way for us to expand into new markets. We are excited about becoming a part of Jupiter. Doing so secures our ability to serve the sectors we were established to support and to extend the reach of CCLA's responsible investment approach to a wider audience, in the UK and overseas. We are also pleased to join a company that shares our culture and puts the wellbeing of its staff at the centre of its business.

We recognise that many of our clients and supporters will have questions about what this means for their investments and for CCLA. To help address these queries, we invite you to a webinar we plan to hold in September, where Peter Hugh Smith, CCLA's CEO, and Matt Beesley, Jupiter's CEO, will discuss the partnership and what this means for our clients, our staff and the sectors we serve. An invitation will be sent to you in due course.

At CCLA, we have always been proud of our origins in serving churches, charities and local authorities. Serving those who serve others is both humbling and rewarding. We cherish the trust our clients have placed in us. We look back with gratitude at the last six decades, but we also look forward with heightened ambition and renewed confidence to all that we will help our clients achieve in the years to come.

**Peter Hugh Smith**  
Chief Executive

#### Q&A

We have anticipated some immediate questions from our clients and provided answers to these below:

**1. What is the effect for clients? Will there be changes for clients?**

You should expect no change. Behind the scenes there will be more resources and support to better serve you. CCLA's teams will continue to focus on delivering investment returns and outstanding client service to all of our clients regardless of their size.

**2. Do I need to do anything differently? Will I see any changes to my reporting?**

You do not need to do anything differently. There will be no changes to your reporting.

**3. Will CCLA's structure change?**

Yes, this will change CCLA's ownership structure. Once FCA approval is granted, CCLA's shares will be acquired by Jupiter Asset management.

**4. Will my account number change?**

No, there will be no change to account numbers.

**5. Will there be any change to how my funds are managed?**

No, these will be managed by the same team that currently manages them.

**6. Will CCLA change its name?**

No, CCLA will retain its identity.

**7. Does the change in ownership change the investment style?**

No, there will be no change to our investment team, approach or philosophy. Your fund will be managed by the same team as currently.

**8. Will there be any change to the fees I pay?**

No. Your fees will remain the same.

**9. Will there be any changes to the service I have access to currently? E.g. Client Services team available by phone and email?**

There will be no change to your client services.

**10. Will there be any changes to the senior management at CCLA?**

There are no plans for change in senior management.

**11. Is CCLA still taking on new clients?**

Yes! CCLA continues to grow, and we remain excited about the future growth of the business.

### Engaging with Nestlé on its approach to nutrition

Good nutrition is fundamental to good health, yet humankind is experiencing an epidemic of diet-related ill-health. The commercial organisations that design, manufacture, advertise, and sell unhealthy food and drinks have a direct influence on our eating habits. Through engaging with companies on nutrition, we can make business models more resilient and play a role in improving public health.

We first started engaging with Nestlé on nutrition in 2017. Since 2021, the frequency of our dialogue with the company has increased and resulted in some notable success. In 2022, Nestlé agreed to disclose the nutritional information of its products and to strengthen its responsible marketing practices. It prohibited direct advertising of confectionery and ice-cream, and water-based beverages with added sugars to children under the age of 16 (increased from age 13 previously).

From 1st January 2023, marketing of formula milk for infants aged 0–6 months ceased. Also in 2023, facing a potential shareholder proposal, Nestlé agreed to set a target to increase sales of healthier products. While this was a step in the right direction, we were disappointed that the target was absolute and not proportional.

In 2024, we pre-declared our support for a shareholder proposal, calling on the company to increase the number of healthy food options it offers compared to the amount of unhealthy food it sells. The resolution won 11% of the shareholder vote.

In early 2025, CCLA took the role of lead investor for Nestlé on behalf of the Access to Nutrition initiative's investor coalition, 'Investors in Nutrition & Health', which is supported by investors with more than US\$21 trillion in assets under management (source: ATNi, March 2025<sup>1</sup>). In April, we wrote to the company's CEO, Laurent Freixe, on behalf of the investor group, setting out clear asks in relation to nutrition disclosure and target setting. The following week, CCLA's Director of Stewardship travelled to Geneva to attend Nestlé's Annual General Meeting and to ask a question of the CEO in person.

The question, asked live in front of an audience of more than 1,000 investors and livestreamed, focussed on the importance of Mr Freixe's role in moving the company forward on nutrition:

*"Mr Freixe, last week, we sent a letter to you, commending Nestlé for the progress it has made in recent years on nutrition disclosure, and asking the company to strengthen its targets on sales of healthier foods. My reason for coming today is to ask you to get behind this, to galvanise your teams, and to motivate your workforce to push ahead on this issue. We look forward to receiving a response and ask that the board prioritises this engagement."*

In answer, Mr Freixe acknowledged that he had received and read the letter and that a response would be with us soon. He said that his teams are already galvanised, and that we could trust them to deliver. He said, "I am dedicated to this and committed to this."

A written response came in May, and with it, new commitments on disclosure and a hint that it would consider revising its target to grow the more nutritious part of its food and beverage portfolio. We met the company at the end of June to discuss these topics.

At the meeting, Nestlé's new commitments on nutrition disclosure were confirmed, and we received an invitation for in-person meeting and site visit to the company's Research and Development site in Lausanne. The purpose of the meeting, due to take place in October, will be to work towards a credible and robust health and nutrition target, with a view to improving Nestlé's contribution to good public health. We look forward to reporting on progress at the end of the year.

<sup>1</sup> <https://accesstonutrition.org/investor-signatories/>

### Ethical and responsible investment report

#### Our work has three strands:

1. Engagement focused on social and environmental issues in the context of Christian mission and witness.
2. Ensuring that the Fund is managed in line with its Faith Consistent Investment Policy.
3. Proxy voting on corporate governance issues to protect shareholder value and address excessive remuneration.

#### Quarterly highlights

Climate action has been a key focus of our stewardship work for over a decade. While we aim to engage with every company in our portfolio on this topic, we pay particular attention to higher emitting sectors. We do not invest in conventional energy companies but are exposed to other high emitting sectors, such as utilities and industrials. During Q2, we had engagement meetings with Ametek, Trane Technologies, Keyence, TJX, Johnson & Johnson, Nestlé, Kerry Group and Roche on this topic. Kerry Group, Roche and Nestlé have all demonstrated some improvement since previous meetings.

In May we published a pilot CCLA Modern Slavery Global Benchmark. Building on the success of our UK benchmark, the global iteration assesses and ranks the largest listed companies in the world (ex. UK) that supply goods or services in the UK and therefore subject to the UK Modern Slavery Act. We had discussions on this topic with five companies in Q2. Meanwhile, we met the Home Office Modern Slavery Unit to discuss its new statutory guidance for businesses on complying with the Modern Slavery Act, and synergies with our benchmark.

We have filed shareholder proposals at Amazon on its approach to freedom of association for the past three years. Facing a more challenging environment for filing proposals this year, we instead voted against Edith Cooper, Chair of the Leadership Development & Compensation Committee; 5% of shareholders did the same. We have since heard from the Head of ESG Engagement at Amazon.

We have been engaging with food and beverage manufacturers on their approach to nutrition for several years, with a current focus on Nestlé, Coca-Cola Co and Unilever. In Q2, alongside other investors, we met Unilever's Global Head of Nutrition & Health and members of its Corporate Affairs and Investor Relations teams. The company set out its new strategy and nutrition-related targets but there remains a disagreement between Unilever and investors on which metric to use for target setting; we will meet the company again to discuss in detail. Meanwhile, in Q2 we attended Nestlé's annual general meeting (AGM) to ask a question about nutrition. Please see the Sustainable Market Topic commentary.

#### Quarter two voting in detail

CCLA aims to vote at all UK and overseas company meetings where we have holdings. The CBF Church of England Investment Fund did not support 25% of management resolutions at investee companies this quarter (17% for the UK Equity Fund, 28% for the Better World Global Equity Fund).

Q2 is typically the busiest time of the year for AGMs. This quarter, we saw a significant drop in the number of shareholder resolutions filed at US companies compared to last year. In Q2 2024 we voted on 72; this year it was just 38. We believe the drop stems from recent changes to SEC rules making it more difficult for shareholders to file proposals. We will monitor this trend and what it means for our engagement. Meanwhile, we are taking steps to reflect our stewardship priorities in votes on management proposals, such as director elections.

#### Working for better corporate mental health

In Q2, we published the CCLA Corporate Mental Health Benchmark - UK 100. Now in its fourth year, the benchmark assesses and ranks 100 UK-listed businesses with a combined global workforce of 4.7 million.

76 of 100 benchmarked companies engaged with us on this topic over the 12 months to June 2025. 21 improved their tier ranking, while six fell a performance tier. 26 companies now rank in the top two performance tiers, compared to just 10 in 2022. For the 85 'trend' companies (those that have been in the benchmark since 2022), 44 have improved their score by 10 percentage points or more, while only nine have dropped 10 percentage points or more.

To mark its publication, we hosted an in-person launch at CCLA's offices where we shared the results of the benchmark and provided an opportunity for companies to meet. We were pleased to welcome representatives from Admiral, Antofagasta, Associated British Foods, Barclays, Centrica, Computacenter, Diageo, Entain, Experian, First Group, GSK, Hays, Intertek, Legal & General, London Stock Exchange Group, National Grid, NatWest, Ocado, Prudential, Rio Tinto, Rolls Royce, Royal Mail, Sainsbury's, Savills, Standard Chartered, Unilever, and Weir.

The global CCLA Corporate Mental Health Benchmark will be published in October.

#### Values based restrictions

We confirm that the CBF Funds have been managed to their respective values based restrictions this quarter.

The CBF Church of England Investment Fund

Performance comment

President Trump's policies were the main driver of volatility in the second quarter. The tariffs that he announced from 2 April brought US share prices to a 14-month low. But share prices began to recover after Trump announced a 90-day pause in tariffs on 8 April. A second theme was the recovery in technology stocks, as these firms reported solid growth. A bullish, risk-on narrative took hold, so shares in cyclical sectors, such as luxury goods, outperformed defensive sectors, such as consumer staples. Third, economic conditions remained supportive. Government bonds yields were quite stable. The interest premium that companies pay over government bond yields fell. And US companies' earnings grew at an annual rate of nearly 10%. Over the quarter the Fund returned 0.61% compared with the comparator return of 4.24%. Over the last 12 months, the Fund returned -1.66% compared with the comparator return of 6.45%.

- The shares in the fund initially kept pace with the broader market but then lagged as cyclical sectors rebounded.
- In absolute terms, real estate companies and health care were the main detractors from performance. By contrast, the best performers were communications, consumer staples and industrial firms.
- The fund's positioning among financials and IT shares was the main detractor from relative performance. Our avoidance of the energy sector was the main contributor.

The fund's positions in infrastructure, bonds and property all contributed to returns. By contrast, holdings of private equity and contractual income detracted somewhat.

Fund update

President Trump's deadline for tariff negotiations is the next big event in investors' calendars. The end of his tariff pause may trigger volatility but, in our opinion, the fundamentals of the assets in which we invest are solid.

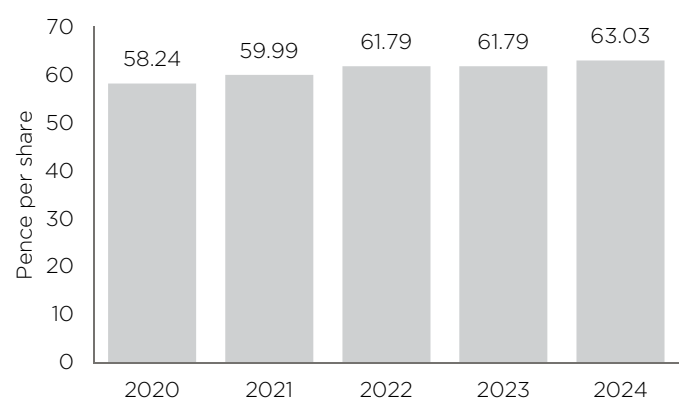
We added industrial software firm PTC to the fund. We expect PTC's product lifecycle management and computer aided design to benefit as manufacturers digitise their processes. We continued to reduce exposure to health care, where the regulatory and spending environment remains difficult, exiting ICON and Avantor. However, we held on to health care firms with clearer earnings improvements. In alternative assets, we exited infrastructure businesses where we see a poor outlook for returns.

Our defensive positioning has been challenging during the market's second-quarter rebound. But the fund continues to have exposure to, in our view, compelling long-term trends and to businesses with robust financial metrics.

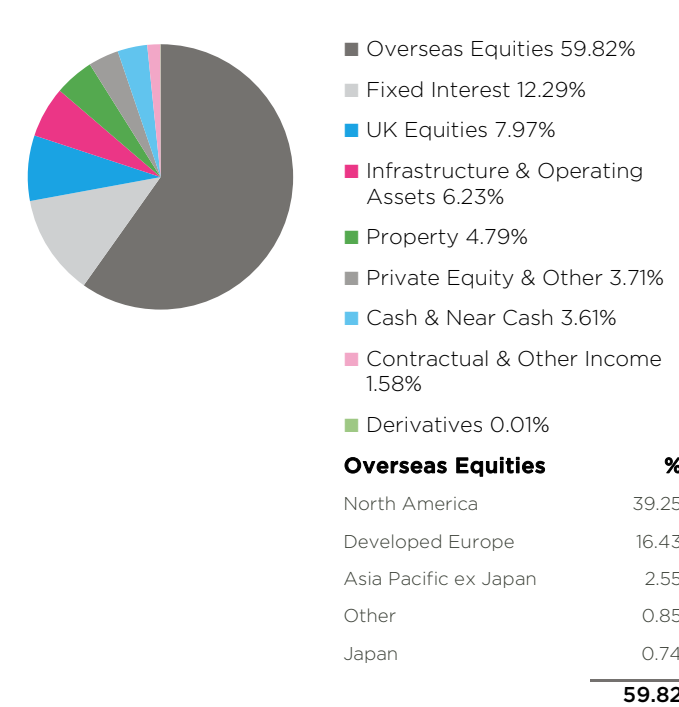
Income

Gross dividend yield 2.92%\*  
MSCI \$ UK IMI dividend yield 3.46%  
MSCI \$ World ex UK dividend yield 1.65%  
  
\* Based upon the net asset value and an estimated annual dividend of 64.92p.

Past distributions



Asset allocation as at 30 June 2025



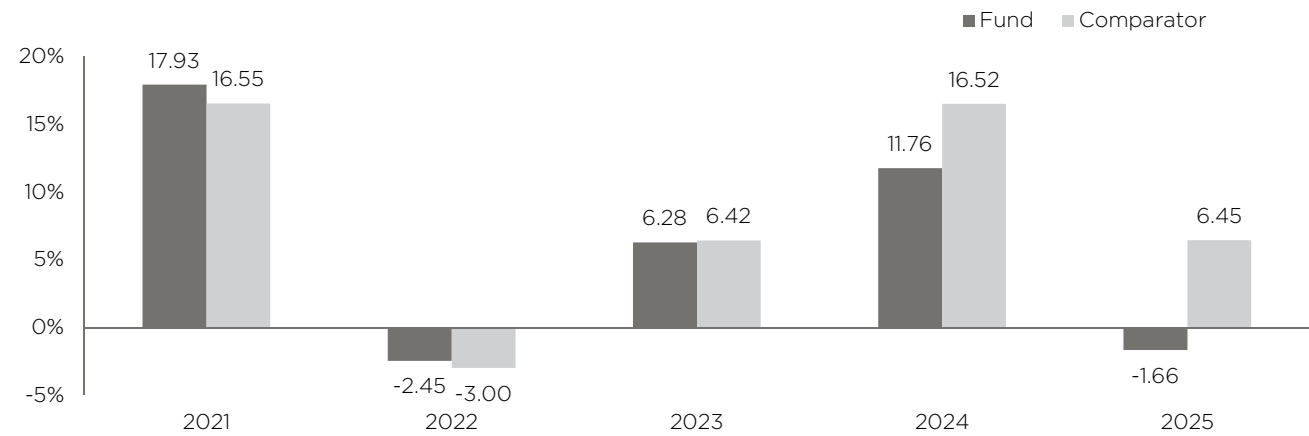


Total return performance

Performance* to 30 June 2025	3 months	1 year	3 years p.a.	5 years p.a.
Investment	+0.61%	-1.66%	+5.31%	+6.08%
Comparator	+4.24%	+6.45%	+9.70%	+8.34%

Total return performance by year

12 months to 30 June	2021	2022	2023	2024	2025
Investment	+17.93%	-2.45%	+6.28%	+11.76%	-1.66%
Comparator	+16.55%	-3.00%	+6.42%	+16.52%	+6.45%



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

Top 10 holdings as at 30 June 2025

UK Treasury 4.5% 07/12/2042	2.7%	Microsoft Com NPV	2.1%
UK Treasury 1.25% IL Gilt 22/11/2027	2.5%	Amazon.Com Com USD0.01	1.8%
UK Gilt 0.125% IL 10/08/2028	2.5%	Alphabet Inc C Com NPV	1.7%
The CBF Church of England Property Fund	2.4%	UK Treasury Gilt 3.25% 22/01/2044	1.6%
CCLA INV MGMT LTD ORD GBP1	2.2%	Compass Group Ord GBP0.1105	1.4%

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

The CBF Church of England Global Equity Fund

Performance comment

President Trump’s policies were the main driver of volatility in the second quarter. The tariffs that he announced from 2 April brought US share prices to a 14-month low. But share prices began to recover after Trump announced a 90-day pause in tariffs on 8 April.

A second theme was the recovery in technology stocks, as these firms reported solid growth. A bullish, risk-on narrative took hold, so shares in cyclical sectors, such as luxury goods, outperformed defensive sectors, such as consumer staples.

Third, economic conditions remained supportive. Government bonds yields were quite stable. The interest premium that companies pay over government bond yields fell. And US companies’ earnings grew at an annual rate of nearly 10%. Over the quarter the Fund returned 1.01% compared with the comparator return of 5.00%. Over the last 12 months, the Fund returned -2.26% compared with the comparator return of 7.24%.

- In absolute terms, the best performance in the fund’s share portfolio came from communications, consumer staples and industrial firms. By contrast, real estate companies and the health care sector were the main detractors from absolute performance.
- Relative to its comparator benchmark, the fund’s positioning among financials and IT shares were the main detractors from relative performance. Our avoidance of the energy sector was the main contributor to relative returns.

Fund update

President Trump’s deadline for tariff negotiations is the next big event in investors’ calendars. The end of his tariff pause may trigger volatility but, in our opinion, the fundamentals of the assets in which we invest are solid.

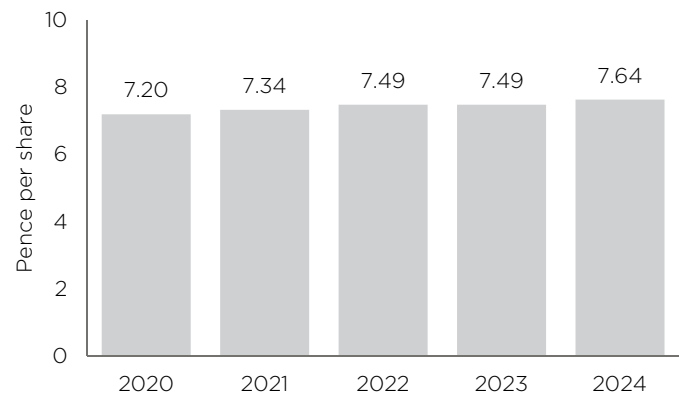
- We added industrial software firm PTC to the fund. We expect PTC’s product lifecycle management and computer aided design to benefit as manufacturers digitise their processes.
- We continued to reduce exposure to health care, where the regulatory and spending environment remains difficult, exiting ICON and Avantor. However, we held on to health care firms with clearer earnings improvements.

Our defensive positioning has been challenging during the market’s second-quarter rebound. But the fund continues to have exposure to, in our view, compelling long-term trends and to businesses with robust financial metrics.

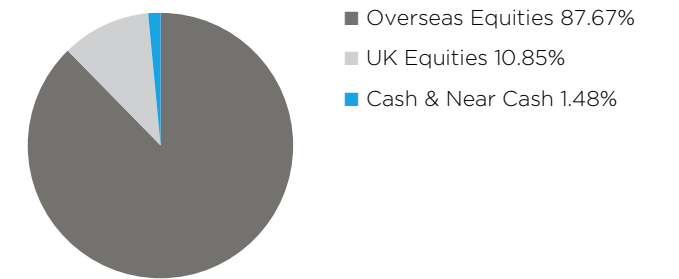
Income

Gross dividend yield 2.58%\*  
MSCI \$ World dividend yield 1.72%  
\* Based upon the net asset value and an estimated annual dividend of 7.87p.

Past distributions



Asset allocation as at 30 June 2025



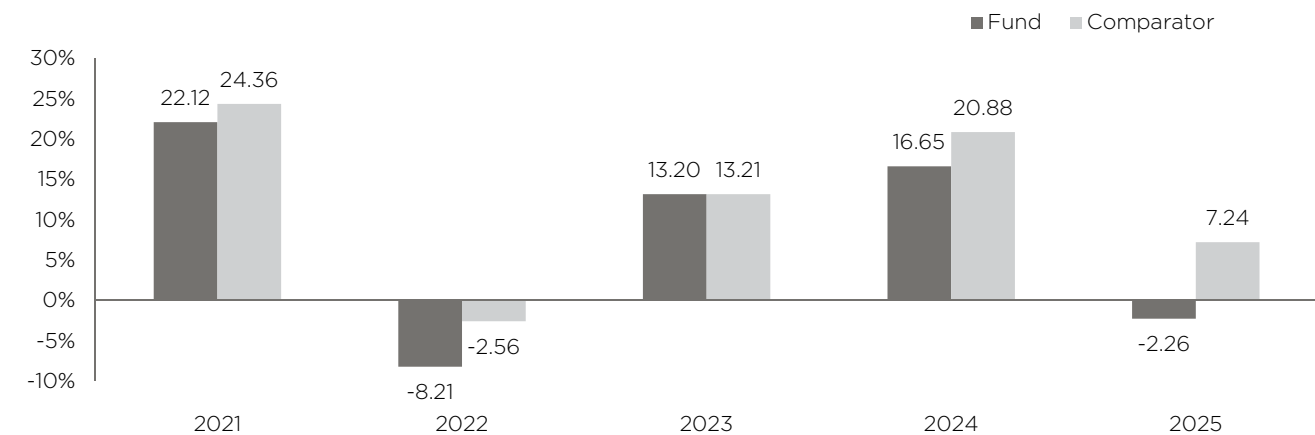
Overseas Equities	%
North America	58.63
Developed Europe	23.44
Asia Pacific ex Japan	3.58
Other	1.26
Japan	0.77
	87.67

## Total return performance

Performance* to 30 June 2025	3 months	1 year	3 years p.a.	5 years p.a.
Global Equity	+1.01%	-2.26%	+8.88%	+7.67%
Comparator	+5.00%	+7.24%	+13.64%	+12.20%

## Total return performance by year

12 months to 30 June	2021	2022	2023	2024	2025
Global Equity	+22.12%	-8.21%	+13.20%	+16.65%	-2.26%
Comparator	+24.36%	-2.56%	+13.21%	+20.88%	+7.24%



Comparator - MSCI £ World. Source: CCLA

## Top 10 holdings as at 30 June 2025

Microsoft Com NPV	4.1%	Deutsche Boerse AG NPV	1.9%
Amazon.Com Com USD0.01	2.8%	Roper Technologies Inc Com USD0.01	1.9%
Alphabet Inc C Com NPV	2.6%	HDFC Bank ADR(V3 Ord)	1.8%
Visa Com - Class A Shares USD0.0001	2.2%	S And P Global Inc Com USD1	1.8%
Experian Group Ltd GBP0.1	1.9%	Universal Music Group BV EUR10	1.8%

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

The CBF Church of England Deposit Fund

Performance comment

UK gross domestic product grew 0.7% in the first quarter but fell by 0.3% in April. Higher national insurance rates and uncertainty from President Trump’s tariff announcements were the main reasons for this slowdown. Consumer price (CPI) inflation rose from 2.6% in March, year on year, to 3.5% in April. The main drivers of this increase were higher utility bills and airfares. The inflation rate moderated to 3.4% in May 2025.

The Bank of England cut its Official Bank Rate just once during the quarter, from 4.50% to 4.25% in May. It expects inflation to continue to rise, to 3.7% in the third quarter of this year, but then sees its falling towards its 2.0% target, by early 2027. Sterling Overnight Index Average (SONIA), the key short-term interest rate in pound sterling, fell from 4.554% at the end of March to 4.217% at the end of June. Yields on short-dated (two-year) UK government bonds (gilts) also fell, from 3.99% at the end of March to 3.67% at the end of June.

Falling short-term interest rates reflected, in April, relief at President Trump’s pause in tariffs and, in June, investors’ comfort with Chancellor Rachel Reeves’ Spending Review. The Chancellor’s plans reduced the government’s budget headroom, but she kept its finances within existing fiscal rules.

The fund’s declared rate remained stable at 4.4500% throughout the quarter, despite a cut in the Bank of England’s base rate and falling short-dated bond yields.

Fund update

We kept the fund’s overnight liquidity well above its regulatory minimum during the quarter, but one-week liquidity close to the minimum. This gave us flexibility to extend the fund’s duration opportunistically, to take advantage of favourable interest rates in longer-dated instruments. Continued net inflows from clients supported the positive trend.

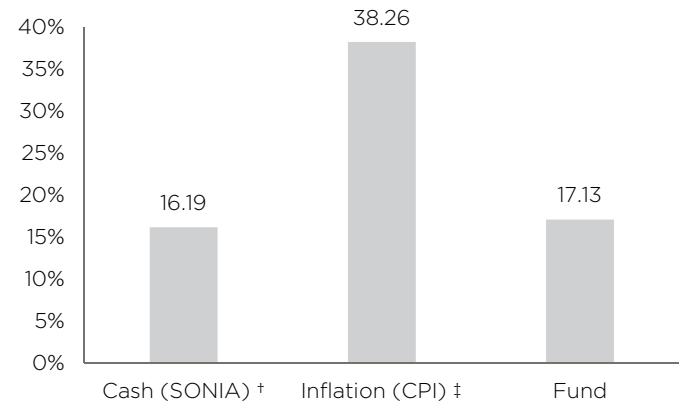
We maintained the fund’s preference for investments with 4 to 7 months to maturity. The weighted average maturity (WAM) of its investments was near the upper limit of the permitted range. Over the quarter, it ranged from 54 to 59 days, averaging 57 days. The fund’s WAM ended the period at 55 days, below its one-year average of 56 days.

The fund remains well diversified, growing from 36 to 39 counterparties. AA-rated counterparties account for 43% of holdings. The fund’s geography is balanced, with its largest non-UK exposures being 16% to banks in Japan, 13% to Singapore, and 12% to France.

Income

Average interest rate over the quarter 4.45% (4.52% AER)\*  
Interest rate over the quarter end 4.45% (4.52% AER)\*

Cumulative total return over last 10 years



Deposit rate as at 30 June 2025

4.52% AER\*

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

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

† Source: CCLA

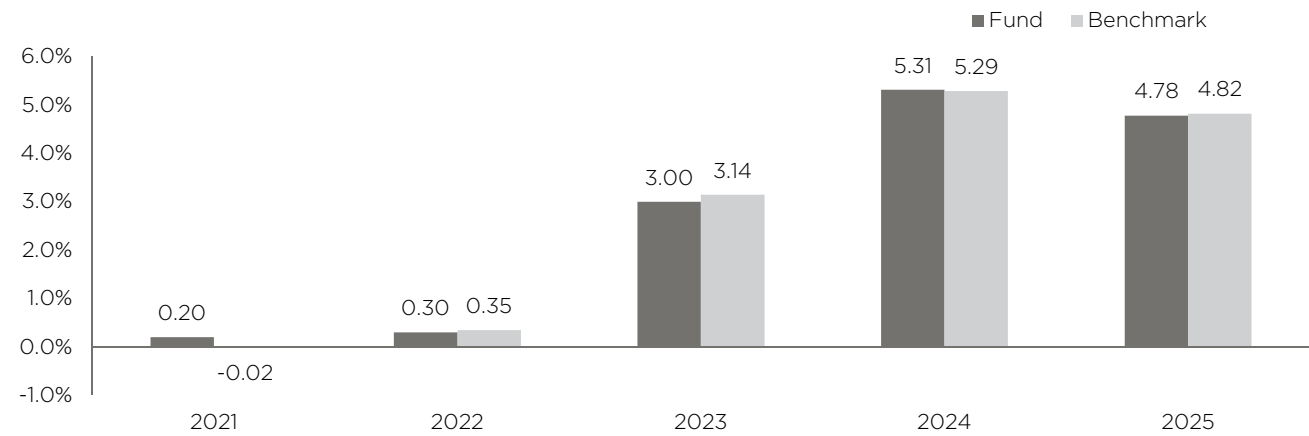
‡ CPI is reported on a 1m lag.

Total return performance

Performance* to 30 June 2025	3 months	1 year	3 years p.a.	5 years p.a.
Deposit	+1.12%	+4.78%	+4.36%	+2.69%
Benchmark	+1.08%	+4.82%	+4.41%	+2.69%

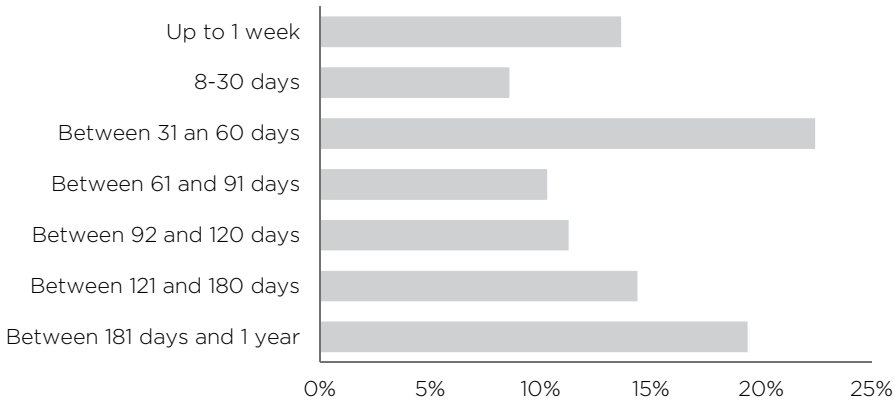
Total return performance by year

12 months to 30 June	2021	2022	2023	2024	2025
Deposit	+0.20%	+0.30%	+3.00%	+5.31%	+4.78%
Benchmark	-0.02%	+0.35%	+3.14%	+5.29%	+4.82%



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

The Fund’s maturity profile



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

The CBF Church of England Short Duration Bond Fund

Performance comment

Over the quarter the Fund returned 1.98% compared with the benchmark return of 1.50%. Over the last 12 months, the Fund returned 6.83% compared with the benchmark return of 6.48%.

President Trump's tariffs were the main driver of financial market volatility in April. But after Trump announced a 90-day pause in most of his proposed tariffs, 10-year US Treasury yields ended the month lower than where they had started it. A downgrade of the United States' credit rating, by rating agency Moody's in May, barely registered in bond prices.

America's central bank, the Federal Reserve, didn't cut interest rates in the second quarter, but is now expected to cut rates twice before the end of the year. In the UK, the Bank of England cut its Bank Rate once during the second quarter, from 4.50% to 4.25% in May. The Bank expects inflation to rise to 3.7% in the third quarter of this year, but then sees it falling towards its 2.0% target by early 2027.

Overall, economic conditions remained supportive enough for firms to flourish. Against this background, high-yield bonds were the best performers, with higher-quality high-yield bonds outperforming. By industry, bonds issued by banks (such as multinational group Santander) and by industrials (such as sustainable packaging group Mondi) were key contributors to returns. By comparison, government bonds posted only marginally positive returns.

Fund update

During the second quarter, we positioned the fund with a cautious approach to both interest rate duration and credit risk. We maintained this stance going into the second half of the year.

From an industry perspective, the fund remains focused on defensive areas that, in our analysis, are well-positioned fundamentally and resilient in case of tariff-induced volatility or a broader economic slowdown. These industries include banking and telecoms.

We also continue to focus on optimising the fund's yield. For that reason, we have increased its exposure to asset-backed securities, where we have seen attractive opportunities in the primary market.

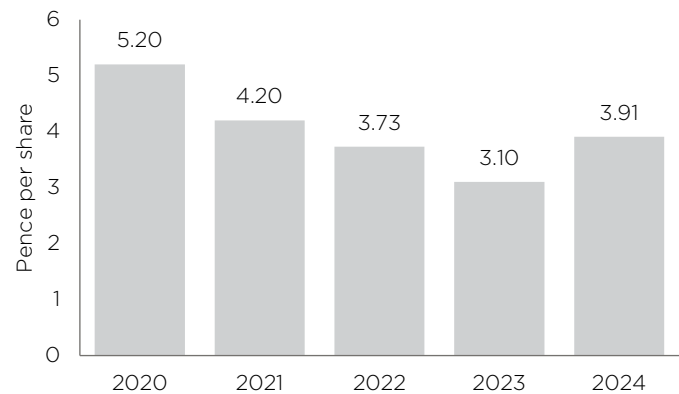
Regionally, the fund benefited from its increased European exposure during the second quarter. More recently, we've selectively added US risk where there is an attractive opportunity to do so.

Income

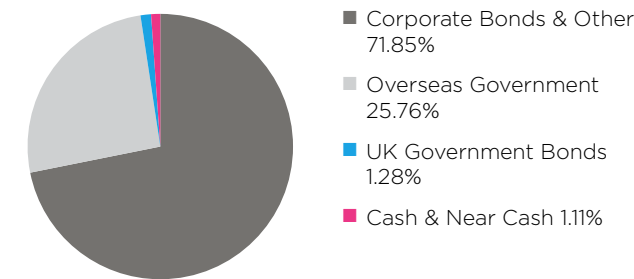
Gross redemption yield 5.24%

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

Past distributions



Asset allocation as at 30 June 2025

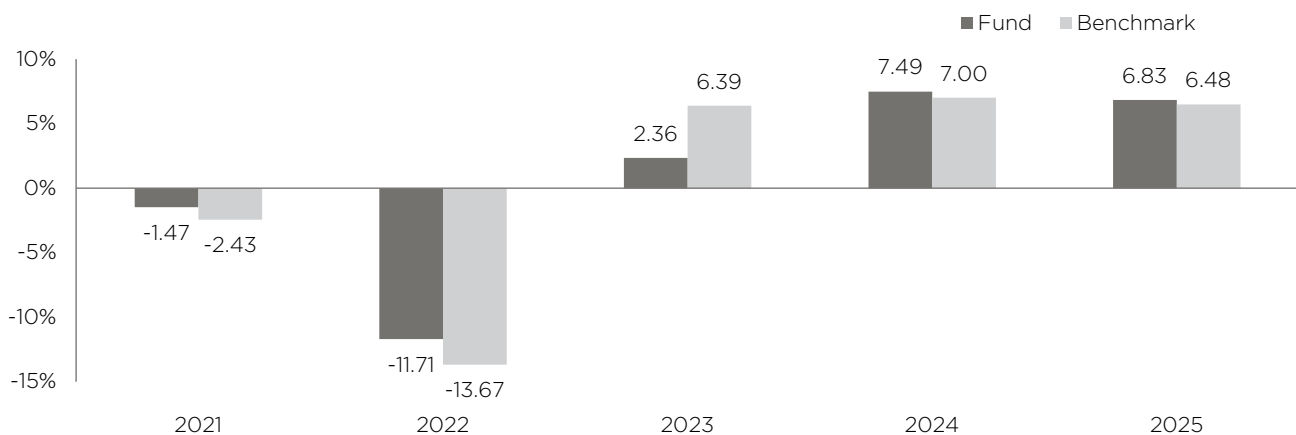


## Total return performance

Performance* to 30 June 2025	3 months	1 year	3 years p.a.	5 years p.a.
Short Duration Bond	+1.98%	+6.83%	+5.53%	+0.45%
Benchmark	+1.50%	+6.48%	+6.62%	+0.42%

## Total return performance by year

12 months to 30 June	2021	2022	2023	2024	2025
Short Duration Bond	-1.47%	-11.71%	+2.36%	+7.49%	+6.83%
Benchmark	-2.43%	-13.67%	+6.39%	+7.00%	+6.48%



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

## Portfolio asset allocation

### By credit rating

Rating Category**	% Fund
Investment grade	73.1
Non-investment grade (speculative)	25.5
Non-investment grade (less than speculative)	1.3
Unrated	0.1

### By term to maturity

Period	% Fund
0 - 5 years	64.8
5 - 10 years	28.4
10 - 15 years	1.5
Over 15 years	5.3
Duration (yrs)	1.8
Average term to maturity (yrs)	8.3

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

\*\* Please refer to [www.ccla.co.uk/glossary](http://www.ccla.co.uk/glossary) for explanations of terms.

The CBF Church of England Property Fund

Performance comment

The fund invests in the COIF Charities Property Fund.

Over the quarter the Fund returned 2.42% compared with the benchmark return of 1.28%. Over the last 12 months, the Fund returned 8.36% compared with the benchmark return of 6.46%.

President Trump's tariffs heightened uncertainty, which held back property investment and capital values. As a result, income (rents) continued to dominate returns. Market fundamentals for tenants continued to support attractive rental growth.

By sector, industrial units and retail parks performed well, and shops provided high yields. Offices remained the main drag on returns.

The fund outperformed its benchmark. That was the result of strong capital and rental value growth, notably on offices it owns on Cannon Street, City of London, and a retail park in Brighton.

Fund update

- We sold Pavillion 2 in Aspect 32 business park in Aberdeen, an obsolete and vacant office building.
- We renewed all six leases to Aardman Animations on an industrial warehouse near Bristol. This secured long-term rental growth on an older but well-located warehouse.
- We completed a new lease and renewed one in our City of London holdings.
- We completed rent reviews and secured growing income, e.g. +43% on an industrial warehouse in Lutterworth, Leicestershire as well as smaller uplifts on units in Tunbridge Wells and Mendlesham.

In terms of outlook, we expect income to remain dominant. But income from prime assets versus lower-quality assets differs significantly, and active management remains vital across the portfolio.

Capital values have remained stable this year, a good result given international volatility, but we expect values to pick up. Transaction volumes and the pace of interest rate cuts will be key for sentiment.

Rental growth expectations and how much income yields might compress are the main risks to our outlook.

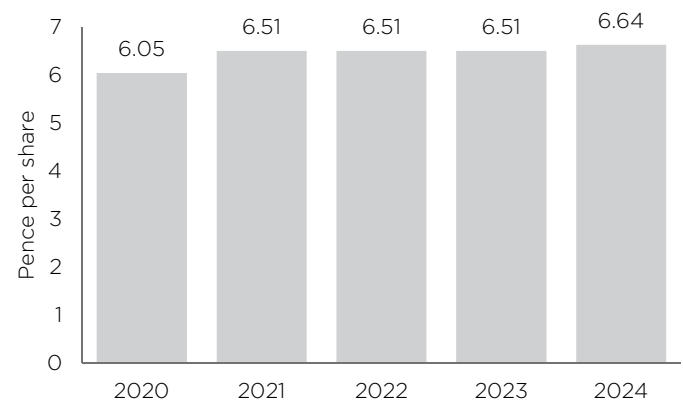
Income

Gross dividend yield 5.33%\*

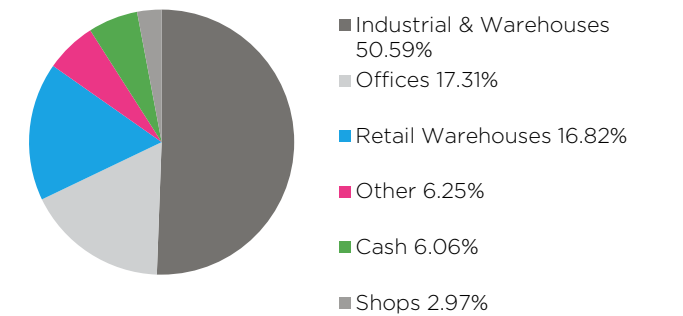
MSCI/AREF Other Balanced Property Fund Index Yield + 3.82%

\* Based upon the net asset value and an estimated annual dividend of 6.64p.

Past distributions



Asset allocation as at 30 June 2025



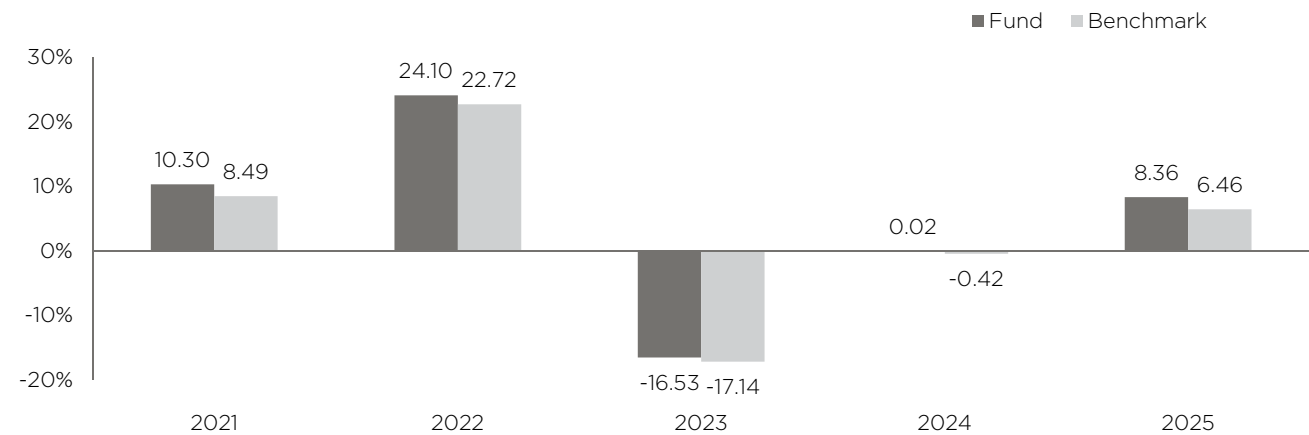


Total return performance

Performance* to 30 June 2025	3 months	1 year	3 years p.a.	5 years p.a.
Property	+2.42%	+8.36%	-3.28%	+4.37%
Benchmark	+1.28%	+6.46%	-4.23%	+3.18%

Total return performance by year

12 months to 30 June	2021	2022	2023	2024	2025
Property	+10.30%	+24.10%	-16.53%	+0.02%	+8.36%
Benchmark	+8.49%	+22.72%	-17.14%	-0.42%	+6.46%

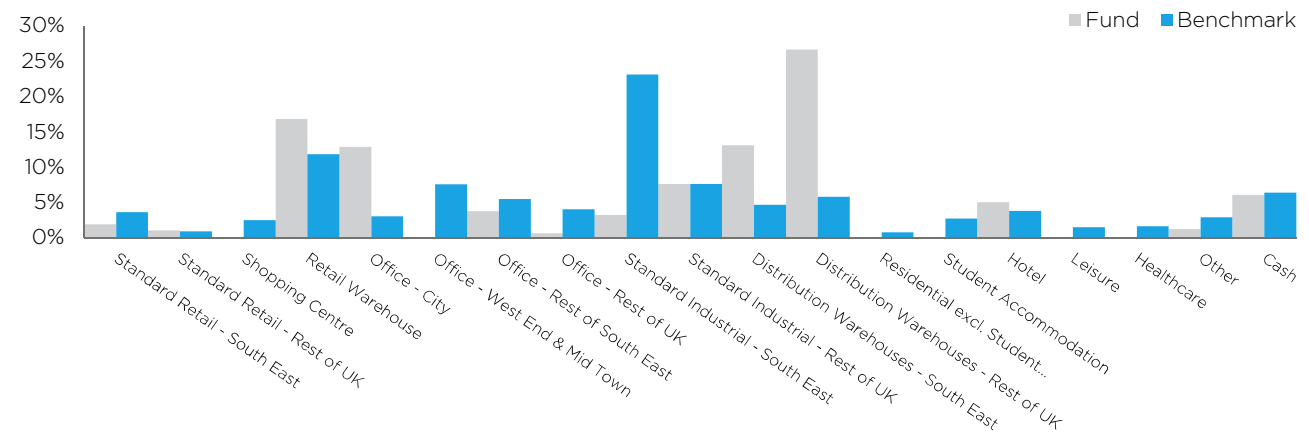


Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Property performance is shown after management fees and other expenses (net). Source: CCLA

Top 10 underlying property holdings - total 63.02%

London, 80 Cannon Street	Lutterworth 3320 Magna Park
Brighton, Pavilion Retail Park	Bath, Rossiter Road, Waterside Travelodge
Mendlesham, Mendlesham Industrial Estate	Lutterworth 3220 Wellington Parkway, Magna Park
Zorro 238, Coalfield Way, Ashby-de-la-Zouch	Solihull Gate Retail Park, Solihull
1400-1600 Aztec West Business Park	7 St Andrew's Way, Bow

Asset allocation by region and category



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

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## IMPORTANT INFORMATION

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

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

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

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

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

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

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

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

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

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