

COIF CHARITIES SHORT DURATION BOND FUND
ANNUAL REPORT AND
FINANCIAL STATEMENTS

Year ended 31 December 2023

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 BOARD

for the year ended 31 December 2023

On behalf of the Board, I have pleasure in presenting the Annual Report and Financial Statements of the COIF Charities Short Duration Bond Fund (the Fund), which includes a separate report from CCLA Investment Managers Limited as Investment Manager of the Fund. The Sub-Investment Manager of the Fund is Hermes Investment Management Limited.

Structure and management of the Fund

The Fund is a Common Investment Fund established in 1990 and is now regulated by the Scheme dated 29 November 2000 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the charity trustees of the Fund dated 13 May 2009, 21 July 2014, 22 July 2014, 17 November 2015 and 20 November 2023 (the Scheme). The Fund is managed by the Manager as an unregulated collective investment scheme and as a UK alternative investment fund in accordance with the Financial Conduct Authority Regulations and the Alternative Investment Fund Managers Directive (AIFMD) Legislation.

The Board, created under the Scheme, is made up of individuals appointed under the Scheme. Together, these individuals have wide experience of finance, investments and charities. No Board member is required to be approved by the Financial Conduct Authority because the Board does not carry out regulated activities in relation to the Fund. The COIF Board appoints

the Manager who is responsible for all the investment management and administration services in relation to the Fund including the day to day management of the Fund. The Manager is also responsible for the risk management of the Fund. The Investment Manager has been appointed by the Manager to provide portfolio management, administrative and secretarial services to the Fund under the Investment Management Agreement. The Board meets at least four times per annum to receive reports and monitor the progress of the Fund. During 2023 the operational independence of CCLA Fund Managers Limited was enhanced.

The Board is responsible for setting and subsequently reviewing the investment policy of the Fund, monitoring performance, appointing the Auditors to the Fund and agreeing the fees charged by the Depositary, the Manager and the Auditors.

The Trustee and Depositary, HSBC Bank plc, appointed under the Scheme is responsible for the supervision and oversight of the Manager's compliance with the Scheme and Scheme Particulars and also for the custody and safekeeping of the property of the Fund. It is also responsible for the appointment and supervision of the Registrar of the Fund. The division between management and Depositary functions provides an additional layer of protection for Unitholders. The Board, Trustee and Manager are considered Charity Trustees of the Fund within the meaning of the Charities Act 2011.

REPORT OF THE BOARD**for the year ended 31 December 2023**

From 20 November 2023, CCLA appointed FNZ TA Services Limited (FNZ) as its transfer agent. As transfer agent, FNZ now process all transactions in units of the fund, record changes to client static information on behalf of CCLA and facilitate the payment of income distributions.

As part of the outsourcing arrangement, a number of changes were made to the Fund, including:

- change in dealing frequency, from weekly to daily.
- changes to the valuation point and dealing deadline to receive dealing instructions.
- Change to pricing mechanism, from dual priced (bid/offer) to single 'swing' pricing for both buy and sell instructions.
- Name of the fund was changed from COIF Charities Fixed Interest Fund to COIF Charities Short Duration Bond Fund.
- The investment policy was updated to reflect the fund being managed to a duration limit of 3.5 years.

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.

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.

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.

REPORT OF THE BOARD**for the year ended 31 December 2023**

The Fund is actively managed which means CCLA/the 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 (credit rating of BBB- or above) or non-investment grade (credit rating less than BBB-) as rated by one of S&P Global Ratings or Fitch Rating Services, or instruments with a credit rating of Baa3 or above (investment grade) or a credit rating of less than Baa3 (non-investment grade), as determined by Moody's Investors Service. Where an instrument does not have an explicit rating from one of these agencies ("Unrated Securities"), CCLA or the Sub-Investment Manager is permitted to calculate a deemed rating.

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 of S&P Global Ratings', Fitch Ratings' and Moody's Investor Service long-term ratings.
- The maximum exposure to securities rated less than BB- is 5% of the Net Asset Value of the Scheme Property.
- The maximum exposure to Unrated Securities (including securities that CCLA and/or the 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.

The Fund is managed in accordance with our ethical investment exclusions policy which is set out in further detail on our website at www.ccla.co.uk.

REPORT OF THE BOARD**for the year ended 31 December 2023****The Sub-Investment Manager**

Hermes Investment Management Limited has been appointed by CCLA as the Sub-Investment Manager of the Fund. The Sub-Investment Manager is a limited liability company incorporated in England and Wales with company registration number 02466043 whose address and details are shown in the directory.

The Sub-Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under reference number 150000.

The Sub-Investment Manager provides portfolio management services to the Fund.

CCLA is responsible for any fees payable to the Sub-Investment Manager.

Target investors

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are 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).

Review of investment activities and policies of the Fund

The Board met quarterly during the year to carry out its responsibility for the approval of investment strategy, for setting distribution policy, to review investment diversification, suitability and risk and to review the performance of the Fund. In addition, the Board reviewed the administration, expenses and pricing of the Fund.

The Board reviewed the progress of the Manager and approved the valuation of the investments in the Fund, which are included within the portfolio statement of these Financial Statements.

During the year, the Board also met quarterly with the Manager, to review the investments, transactions and policies of the Fund.

The Investment Manager's report, which appears later, provides further details.

Responsible investment and stewardship

The Fund is also managed in accordance with CCLA's responsible investment policy and takes a positive approach to stewardship as defined in the UK Stewardship Code for institutional investors. CCLA's response to this code is available on its website (www.ccla.co.uk). CCLA is also a signatory to the United Nations backed Principles for Responsible Investment (PRI). The annual PRI assessment is available on CCLA's website.

REPORT OF THE BOARD**for the year ended 31 December 2023****Responsible Investment Policy**

The Fund is managed in accordance with the following ethical investment exclusions policy.

The Fund will avoid investment in companies that are identified by the agreed data provider as:

- producing landmines, cluster bombs, chemical/biological weapons, and/or nuclear weapons;
- having significant involvement (more than 10% of turnover) in alcohol, gambling, non-military weapons, strategic military sales, non-medicinal cannabis; or high interest rate lending;
- having significant involvement (more than 3% of turnover) in adult entertainment;
- testing cosmetics on animals (applies to companies in the 'Personal Products' Global Industry Classification Standard Sub-Industry; 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);
- that do not meet the manager's minimum standard for breast milk substitutes (based on Global Access to Nutrition Indexes BMS index);
- screen for single-use abortifacients; or
- having fallen behind the transition to a low carbon economy.

Controls and risk management

The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required.

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.

During the period, the Board, assisted by the Manager, reviewed the Fund's systems of internal controls and risk reporting.

Possible Future Developments

The COIF Board, in conjunction with the Manager, have been considering the advantages and disadvantages of moving from a Common Investment Fund (CIF), the current arrangement as explained on Page 3 of this Annual Report, to a Charities 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. The matter remains under active discussion and any recommendation to change designation will only be advised by the Board in consideration of the best interests of the existing unitholders. The Board notes in this regard that many fund managers operating in the UK Charities sector have already made this change.

REPORT OF THE BOARD

for the year ended 31 December 2023

In due course, should a formal decision be made by the Board to recommend that the existing assets should transition from a CIF to a CAIF, this will be communicated to unitholders, the reasoning of the Board will be laid out in detail and all Trustees will be asked to approve the proposal, probably during 2025. The timetable is still to be determined following the completion of Board due diligence, together with regulatory and Trustee approvals.

Should this be approved, on completion of the transfer, the COIF Charities Short Duration Bond Fund would cease operations and be wound up, with the investors' existing holdings in the existing CIF being replaced with their equivalent in the new CAIF. These events and circumstances therefore represent a material uncertainty which may cast significant doubt on the Fund's ability to continue as a going concern.

Going concern

Notwithstanding the material uncertainty explained above, the Board, having made appropriate enquiries and considered the ability of the Fund to meet its ongoing liabilities, has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Board has considered that the proposal is contingent on investor consultation and Trustee approval and that the Fund remains a going concern in all other respects.

At this juncture, the Board would like to stress that any costs associated with a transition are expected to be de minimis and that the Board will work with the Manager to ensure this occurs in practice.

N Morecroft
Chair
18 June 2024

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2023

Strategy

The Fund uses a wide range of fixed interest securities (bonds) and risk management techniques to pursue a target return of cash plus 1.75% p.a. (net of fees and expenses) over a rolling 3-year period. There is a focus on generating returns from credit risk, meaning that the manager aims to identify individual bonds which will deliver good returns relative to the level of risk associated with a particular borrower at the corporate level. Conversely there is 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. Currency risk is avoided.

This represents a change from the strategy in place prior to 27 July 2022, which offered exposure to a more limited range of securities – UK government bonds and investment-grade, sterling denominated non-government bonds only – and carried significantly higher interest rate risk. As of the same date Federated Hermes was appointed as sub-manager of the Fund to implement the new investment strategy.

As at 31 December 2023 approximately 56% of the portfolio was in corporate bonds, predominantly investment grade but with a smaller allocation to high yield bonds, while 40% was in overseas government bonds (principally US treasuries) and 1.5% in UK government bonds; the remainder was in cash and derivatives. The portfolio duration, a measure of exposure to interest rate risk, was 1.6 years.

Annualised total capital and income return

To 31 December 2023	1 year %	5 years %	10 years %
Performance against market indices (after expenses)			
COIF Charities Short Duration Bond Fund			
Income Units*	7.72	1.09	3.02
Accumulation Units*	7.73	1.09	3.03
Target Benchmark [#]	6.43	1.35	3.31
iBoxx £ Gilts	3.62	-3.00	1.15
iBoxx £ Non Gilts	8.58	0.39	2.71
SONIA	4.69	1.34	0.83
Consumer Price Index (CPI)	3.93	4.30	2.87

[#] Target Benchmark – From 27.07.22 SONIA + 1.75%. From 01.01.16 iBoxx £ Gilt 50% & iBoxx £ Non Gilt 50%. To 31.12.15 BarCap £ Gilt 50% & £ Agg 100mm Non Gilt 50%. To 31.12.12 BarCap £ Gilt 80% & £ Agg 100mm Non Gilt 20%.

* Mid to mid plus income re-invested.

Source: CCLA.

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

Performance

Over the period under review the Fund achieved a return after expenses of 7.7% on the income units and 7.73% on the accumulation units. This compares with a return of 6.4% on the benchmark. 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 gross redemption yield (yield to maturity) was 5.1%. The gross redemption yield indicates what the total return would be if the fund's investments were held to maturity, being the aggregate of gross interest received and the capital gain or loss at redemption, annualised. The distribution yield, meanwhile, was 2.3%.

The Fund's emphasis on high quality bond issuers, especially those in sectors which are not particularly sensitive to general economic conditions, was the main reason why total returns for the Fund were ahead of the benchmark at a time when returns at the lower-quality end of the market were dampened by a rising incidence of companies being unable to service their debt obligations.

Market review

Fixed income markets were much less turbulent over the period under review than in the previous year. Bond prices move in the opposite direction from yields and many investors had suffered savage losses during 2022, when valuations declined sharply as central banks hiked policy interest rates.

Bond market fortunes are driven significantly by investors' expectations for the future direction of monetary policy and over the course of 2023 markets advanced and reversed at different times in response to emerging economic data and commentary from central bankers. In the event interest rates set by the major western central banks (the US Federal Reserve, the European Central Bank and the Bank of England) peaked over the course of the summer, although monetary policy leaders remained keen to impress upon markets that rates could remain 'higher for longer' because persistent pressure to curb demand would be required to squeeze inflation out of the system.

In the closing weeks of the year investors' rising optimism about the prospect of policy easing in 2024 brought bond yields down and left total returns for most fixed income markets in modestly positive territory over the year.

Outlook

Global economic growth is likely to take some time to recover from the post-pandemic inflation shock and the rapid tightening of monetary policy that came in response. Inflation has declined sharply from its 2022 highs and the peak of the interest rate cycle now looks to be behind us, but we should not expect a return to the pre-pandemic conditions of very low inflation and interest rates.

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

For bond investors, an environment of relatively high yields, especially when the expectation is that yields will decline going forwards, presents some attractive opportunities. However the finances of some corporate bond issuers are likely to come under pressure, especially if borrowing rates remain ‘higher for longer’. A selective approach focused on good quality issuers who are less dependent on strength in the general economic climate in order to prosper can be expected to benefit investors.

CCLA Investment Management Limited
18 June 2024

REPORT OF THE INVESTMENT MANAGER

for the year ended 31 December 2023

Top ten changes in portfolio composition

	Cost £'000		Proceeds £'000
Purchases:		Sales:	
US Treasury 0% 2024	38,612	UK Treasury 0.125% 2024	1,942
US Treasury 0.25% 2024	31,762	US Treasury 0.125% 2023	1,486
UK Treasury 1% 2024	2,367	VMware 0.6% 2023	947
Atlas Funding 2021-1 FRN 2058	1,755	HCA 3.125% 2027	847
Koninklijke 5.75% 2029	1,403	Gemgarto 2021-1 FRN 2067	844
Marks Spencer 3.25% 2027	1,084	Argentum Netherlands 4.625%	
Mortimer BTL 2023-1 FRN 2056	1,034	VRN Perpetual	687
Mortimer BTL 2021-1 FRN 2053	1,030	Together Asset-Backed Securitisation	
VMware 1.4% 2026	1,010	FRN 2063	471
HCA 3.125% 2027	971	Thames Water Utilities Finance 2.625% 2032	470
		Catalent Pharma Solutions 2.375% 2028	438
		Twin Bridges 2021-2 FRN 2055	424

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

Portfolio composition by credit rating

Rating category	% Fund
AAA	21.70
AA	22.68
A	8.90
BBB	38.17
Non investment grade	7.98
Not rated (Debentures/Preference Shares)	0.57

Risk warning

Past performance is not a reliable indicator of future results. The price of the Fund's Units and any income distributions from them may fall as well as rise and an investor may not get back the amount originally invested.

The Fund's Units are intended only for medium-term investment and are not suitable for money liable to be spent in the near future. Units are realisable 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.

REPORT OF THE DEPOSITARY
for the year ended 31 December 2023

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Fund, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Fund, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Scheme Particulars of the Fund and as required by the AIFMD.

HSBC Bank plc
Trustee and Depositary Services
8 Canada Square
London
E14 5HQ

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
18 June 2024

INDEPENDENT AUDITOR'S REPORT

to the Board of COIF Charities Short Duration Bond Fund

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The COIF Charities Short Duration Bond Fund ('the Fund'):

- give a true and fair view of the financial position of the Fund as at 31 December 2023 and of the net revenue and the net capital loss on the property of the Fund for the year ended 31 December 2023;
- 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 Charities Act 2011 and Alternative Investment Fund Managers Directive (AIFMD).

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the distribution tables; and
- the summary of significant accounting policies, judgements and estimates applicable to all sub-funds and individual notes.

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), and the Charities Act 2011.

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.

Material uncertainty related to going concern

We draw attention to note 1[a] in the financial statements, which indicates that the COIF Board, in conjunction with the Manager is currently considering moving from a Common Investment Fund (CIF) to a Charity Authorised Investment Fund (CAIF) a new investment vehicle which has specifically been designed by

INDEPENDENT AUDITOR'S REPORT**to the Board of COIF Charities Short Duration Bond Fund**

the FCA for the charity sector, to which the assets and liabilities of this entity would be transferred. Any such change of structure and transfer would be communicated to unitholders and require Trustee approval. The timetable is still to be determined following the completion of Board due diligence, together with regulatory and Trustee approvals. Should this be approved, on completion of the transfer the Fund would cease operations and be wound up. As stated in note 1[a], these events or conditions, along with the other matters as set forth in note 1[a], indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is 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 Board and Manager

As explained more fully in the Board's responsibilities statement and the Manager's responsibilities statement, 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.

INDEPENDENT AUDITOR'S REPORT**to the Board of COIF Charities Short Duration Bond Fund***Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

We considered the nature of the 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 Board 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the Board of COIF Charities Short Duration Bond Fund

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

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Charity Commission.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Board's report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT
to the Board of COIF Charities Short Duration Bond Fund

Use of our report

This report is made solely to the Fund's Board, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Fund's Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Board as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
18 June 2024

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 (RHP).



The Manager has classified the COIF Charities 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 RHP 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 Particulars, which is available on CCLA's website or by request.

COMPARATIVE TABLE

Change in net assets per Unit

	Income Units		
	Year to 31.12.2023 pence per Unit	Year to 31.12.2022 pence per Unit	Year to 31.12.2021 pence per Unit
Opening net asset value per Unit	115.89	132.53	141.77
Return before operating charges*	9.13	(13.04)	(5.22)
Operating charges	(0.35)	(0.38)	(0.42)
Return after operating charges*	8.78	(13.42)	(5.64)
Distributions on Income Units	(2.75)	(3.22)	(3.60)
Closing net asset value per Unit	121.92	115.89	132.53
* after direct transaction costs of:	–	–	–

Performance

Return after charges	7.58%	(10.13%)	(3.98%)
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Other information

Closing net asset value (£'000)	178,762	60,395	65,897
Closing number of Units	146,622,170	52,115,975	49,724,190
Operating charges**	0.29%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%

Prices (pence per Unit)

Highest Unit price	122.97	132.30	142.76
Lowest Unit price	116.02	112.42	131.29

The highest prices prior to 20 November 2023 are offer and lowest prices prior to 20 November 2023 are bid.

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, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

COMPARATIVE TABLE

Change in net assets per Unit

	Accumulation Units		
	Year to 31.12.2023 pence per Unit	Year to 31.12.2022 pence per Unit	Year to 31.12.2021 pence per Unit
Opening net asset value per Unit	837.92	932.60	971.32
Return before operating charges*	66.71	(91.95)	(35.82)
Operating charges	(2.54)	(2.73)	(2.90)
Return after operating charges*	64.17	(94.68)	(38.72)
Distributions on Accumulation Units	(19.07)	(24.47)	(26.72)
Retained distributions on Accumulation Units	19.07	24.47	26.72
Closing net asset value per Unit	902.09	837.92	932.60
* after direct transaction costs of:	0.03	0.01	–
Performance			
Return after charges	7.66%	(10.15%)	(3.99%)
Other information			
Closing net asset value (£'000)	17,915	13,038	15,004
Closing number of Units	1,985,875	1,555,917	1,608,815
Operating charges**	0.29%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%
Prices (pence per Unit)			
Highest Unit price	905.03	931.03	978.10
Lowest Unit price	838.87	807.66	917.67

The highest prices prior to 20 November 2023 are offer and lowest prices prior to 20 November 2023 are bid.

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, but before taking account of rebates, as these only offset charges incurred within the underlying funds. The percentages above reflect these charges divided by average net assets for the year.

OPERATING CHARGES ANALYSIS

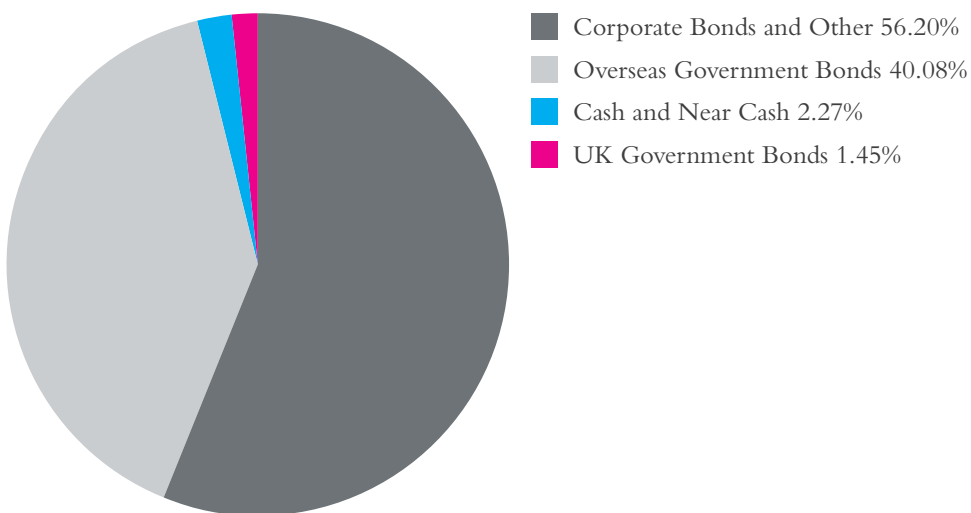
for the year ended 31 December 2023

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.

	31.12.2023 %	31.12.2022 %
Manager's annual management charge including VAT	0.26	0.26
Safe custody fees and depositary fee	0.01	0.02
Other expenses	0.02	0.03
Total operating charges	0.29	0.31

PORTFOLIO ANALYSIS
at 31 December 2023

Portfolio Allocation



By term to maturity

Period	% Fund
0-5 years	73.10
5-10 years	19.00
10-15 years	1.41
Over 15 years	6.47
Duration (modified)	1.63 yrs
Average term to maturity	9.03 yrs

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

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Government Bonds – 41.02% (31.12.2022 – 2.62%)			
New Zealand Government Bond 2.75% 2025	NZD750,000	362	0.18
UK Treasury 1% 2024	£2,400,000	2,370	1.21
US Treasury 0% 2024	\$49,950,000	38,367	19.51
US Treasury 0.25% 2024	\$49,948,300	38,797	19.73
US Treasury 0.375% 2024	\$1,000,000	774	0.39
Non-Government Bonds – 55.38% (31.12.2022 – 92.61%)			
AbbVie 4.55% 2035	\$1,500,000	1,156	0.59
ABN AMRO Bank 4.375% VRN Perpetual	€400,000	332	0.17
ABN AMRO Bank 4.75% VRN Perpetual	€500,000	396	0.20
Alcoa Nederland Holding 4.125% 2029	\$600,000	437	0.22
Allianz Finance II 0.5% 2031	€400,000	299	0.15
Alpha Bank 7.5% VRN 2027	€400,000	368	0.19
Altice France Holding 4% 2028	€300,000	113	0.06
América Móvil 5% 2026	£800,000	809	0.41
American Express 5.625% VRN 2034	\$143,000	116	0.06
Apple 2.65% 2051	\$1,700,000	924	0.47
Aptiv 3.1% 2051	\$725,000	373	0.19
Arcelik 8.5% 2028	\$650,000	536	0.27
Ardagh Metal Packaging Finance 3% 2029	€200,000	140	0.07
Ardagh Packaging Finance 4.75% 2027	£650,000	470	0.24
Ashland 3.375% 2031	\$570,000	382	0.19
Assicurazioni Generali 1.713% 2032	€550,000	384	0.20
AstraZeneca 2.125% 2050	\$500,000	253	0.13
Atlas Funding 2021-1 FRN 2058	£2,212,000	2,210	1.12
Australia & New Zealand Banking 0.75% 2026	€600,000	489	0.25
Auto ABS Italian Stella Loans FRN 2039	€478,000	417	0.21
AutoFlorence 3 FRN 2046	€102,000	89	0.05
AutoFlorence 3 FRN 2046	€117,000	102	0.05
Aviva 6.875% VRN Perpetual	£200,000	182	0.09
AXA 3.625% 2033	€500,000	460	0.23
Ball Corporation 0.875% 2024	€470,000	405	0.21
Ball Corporation 2.875% 2030	\$950,000	641	0.33
Banco 1.625% 2025	€250,000	211	0.11
Banco BPM 2.875% VRN 2031	€100,000	82	0.04
Banco BTG Pactual 2.75% 2026	\$500,000	370	0.19
Banco Mercantil del Norte 6.625% VRN Perpetual	\$400,000	266	0.14

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Banco Santander 1.722% VRN 2027	\$400,000	284	0.14
Bank of Ireland 1.375% VRN 2031	€275,000	223	0.11
Bank of Ireland Group 1% VRN 2025	€100,000	85	0.04
Barclays 4.375% VRN Perpetual	\$400,000	245	0.12
Barclays Bank 3.75% VRN 2030	£500,000	475	0.24
Bath & Body Works 6.875% 2035	\$250,000	198	0.10
BAWAG Group 6.75% VRN 2034	€700,000	619	0.31
Berry Global 1% 2025	€1,220,000	1,027	0.52
Berry Global 1.5% 2027	€500,000	406	0.21
Bharti Airtel 4.375% 2025	\$1,100,000	851	0.43
BNP Paribas 2% VRN 2031	£500,000	453	0.23
BNP Paribas 4.625% VRN Perpetual	\$450,000	284	0.14
British Telecommunications 4.875% VRN 2081	\$200,000	134	0.07
Caisse Nationale de Reassurance 0.75% 2028	€500,000	385	0.20
Caixa Bank 8.25% VRN Perpetual	€200,000	184	0.09
Caixa Geral de Depositos 0.375% VRN 2027	€400,000	321	0.16
CaixaBank 3.625% VRN Perpetual	€400,000	268	0.14
CANPACK SA Eastern PA Land 2.375% 2027	€250,000	198	0.10
CCO Holdings 4.25% 2031	\$425,000	292	0.15
Cellnex Telecom 0.75% 2031	€1,700,000	1,229	0.63
Cemex 3.125% 2026	€500,000	425	0.22
Centene Corporation 2.625% 2031	\$1,500,000	980	0.50
CF Industries 4.5% 2026	\$150,000	115	0.06
CF Industries 4.95% 2043	\$625,000	451	0.23
Charter Communications 4.5% 2024	\$475,000	372	0.19
Cigna Corporation 2.375% 2031	\$1,000,000	672	0.34
Cisco Systems 2.5% 2026	\$1,500,000	1,120	0.57
Citigroup 4.125% 2028	\$300,000	226	0.12
Citigroup 5.15% 2026	£1,300,000	1,309	0.67
Comcast Corporation 1.5% 2031	\$1,100,000	709	0.36
Commerzbank 1.375% VRN 2031	€300,000	233	0.12
Commerzbank 1.75% 2025	£600,000	575	0.29
Cooperatieve Rabobank 3.25% VRN Perpetual	€1,200,000	928	0.47
Credit Agricole 5.75% VRN 2027	£700,000	715	0.36
Crown Americas 4.25% 2026	\$158,000	120	0.06
Crown European Holdings 2.875% 2026	€425,000	362	0.18
Crown European Holdings 4.75% 2029	€485,000	429	0.22
Deutsche Bank 4.5% VRN Perpetual	€200,000	144	0.07
DNB Bank 4.875% VRN Perpetual	\$600,000	457	0.23

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Dow Chemical 1.875% 2040	€475,000	312	0.16
Dowson 2021-2 FRN 2028	£400,000	399	0.20
DS Smith 2.875% 2029	£100,000	90	0.05
Électricité de France 3.625% 2025	\$100,000	77	0.04
Électricité de France 6%VRN Perpetual	£900,000	874	0.44
Elis 1.625% 2028	€300,000	239	0.12
Enel Finance International 0.875% 2034	€625,000	409	0.21
Eurofins Scientific 0.875% 2031	€500,000	353	0.18
Eurofins Scientific 2.125% 2024	€500,000	429	0.22
ExportImport Bank of India 2.25% 2031	\$400,000	262	0.13
Falabella 3.375% 2032	\$550,000	322	0.16
FCT Noria 2021 FRN 2049	€500,000	218	0.11
First Citizens BancShares 5.8009%VRN Perpetual	\$800,000	639	0.33
Ford Motor Credit 4.535% 2025	£250,000	246	0.13
Ford Motor Credit 6.86% 2026	£730,000	752	0.38
Fresenius 0% 2024	€600,000	519	0.26
Fresenius Medical Care US Finance 2.375% 2031	\$925,000	560	0.29
General Accident 7.875% Preference Shares	£490,000	563	0.29
Gilead Sciences 2.6% 2040	\$725,000	422	0.21
GlaxoSmithKline Capital 1.625% 2035	£850,000	648	0.33
Goldman Sachs 3.102%VRN 2033	\$500,000	338	0.17
Goodyear Europe 2.75% 2028	€200,000	161	0.08
Graphic Packaging International 2.625% 2029	€900,000	720	0.37
Greenko Power II 4.3% 2028	\$600,000	382	0.19
Grifols Escrow Issuer 3.875% 2028	€600,000	475	0.24
GUSAP III LP 4.25% 2030	\$600,000	448	0.23
Hanesbrands 4.875% 2026	\$300,000	228	0.12
HCA 2.375% 2031	\$1,138,000	736	0.37
HCA 3.125% 2027	\$587,000	434	0.22
HCA 3.5% 2051	\$400,000	222	0.11
Hill FL 2023-1 FRN 2031	€200,000	176	0.09
Hops Hill No 1 FRN 2054	£700,000	697	0.35
HP 2.65% 2031	\$300,000	201	0.10
HSBC Holdings 6.547%VRN 2034	\$500,000	410	0.21
Huntsman International 4.25% 2025	€1,200,000	1,034	0.53
Ibercaja Banco 2.75%VRN 2030	€200,000	166	0.08
Iliad 1.875% 2028	€600,000	477	0.24
Iliad 5.375% 2029	€300,000	267	0.14
Infrastrutture Wireless Italiane 1.625% 2028	€670,000	538	0.27

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Infrastrutture Wireless Italiane 1.75% 2031	€500,000	389	0.20
ING Groep 2% 2028	€500,000	413	0.21
ING Groep 4.25% VRN Perpetual	\$260,000	148	0.08
International Consolidated Airlines 3.75% 2029	€700,000	589	0.30
Intesa Sanpaolo 1.625% 2025	€332,000	281	0.14
Intesa Sanpaolo 5.017% 2024	\$650,000	505	0.26
Intesa Sanpaolo 4.375% VRN 2029	€250,000	216	0.11
IQVIA 2.25% 2029	€1,300,000	1,032	0.53
Iron Mountain 4.5% 2031	\$603,000	431	0.22
Iron Mountain 5.25% 2030	\$297,000	223	0.11
Itau Unibanco Holding 4.5% VRN 2029	\$200,000	154	0.08
JPMorgan Chase 4.625% VRN Perpetual	\$300,000	235	0.12
KB Home 4% 2031	\$250,000	175	0.09
KB Home 4.8% 2029	\$250,000	189	0.10
Klabn Austria 3.2% 2031	\$500,000	329	0.17
Koninklijke 5.75% 2029	£1,400,000	1,471	0.75
La Banque Postale 3% VRN Perpetual	€1,200,000	761	0.39
Lagarere 1.75% 2027	€300,000	260	0.13
Lanebrook Mortgage Transaction FRN 2058	£376,000	358	0.18
Levi Strauss 3.5% 2031	\$600,000	411	0.21
Liberty Mutual Group 4.3% 2061	\$500,000	257	0.13
LKQ 5.75% 2028	\$896,000	712	0.36
Lloyds Bank 5.125% 2025	£1,700,000	1,703	0.87
Logicor Financing 1.5% 2026	€150,000	122	0.06
Lorca Telecom Bondco 4% 2027	€600,000	508	0.26
Macquarie Bank 3.052% VRN 2036	\$1,040,000	657	0.33
Marks & Spencer 3.25% 2027	£1,500,000	1,446	0.74
Matterhorn Telecom 4% 2027	€300,000	256	0.13
Meritage Homes 3.875% 2029	\$830,000	596	0.30
Metropolitan Life Global Funding 2.95% 2030	\$650,000	454	0.23
Millicom International Cellular 4.5% 2031	\$320,000	208	0.11
Mondi Finance 1.625% 2026	€850,000	713	0.36
Morgan Stanley 5.297% VRN 2037	\$521,000	398	0.20
Mortimer BTL 2021-1 FRN 2053	£1,500,000	1,034	0.53
Mortimer BTL 2023-1 FRN 2056	£1,034,000	1,035	0.53
Mozart Debt Merger 3.875% 2029	\$300,000	213	0.11
Muenchener Rueckversicherun 5.875% VRN 2042	\$600,000	471	0.24
National Grid 0.553% 2029	€800,000	597	0.30
NatWest Group 4.6% VRN Perpetual	\$200,000	118	0.06

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Netflix 3% 2025	€150,000	130	0.07
Netflix 3.625% 2030	€1,650,000	1,459	0.74
Netflix 5.875% 2025	\$150,000	119	0.06
Network i2i 5.65% VRN Perpetual	\$400,000	309	0.16
Nexans 2.75% 2024	€300,000	259	0.13
Nexans 5.5% 2028	€200,000	184	0.09
Nexi 0% 2028	€500,000	376	0.19
Nexi 1.75% 2024	€200,000	170	0.09
Next Group 3.625% 2028	£850,000	808	0.41
Norsk Hydro 1.125% 2025	€557,000	467	0.24
Norsk Hydro 2% 2029	€575,000	460	0.23
Novelis Corporation 3.875% 2031	\$400,000	277	0.14
Nutrien 2.95% 2030	\$750,000	533	0.27
NXP Funding 2.7% 2025	\$1,100,000	833	0.42
Ocado Group 0.75% 2027	£200,000	156	0.08
OI European Group 4.75% 2030	\$500,000	367	0.19
Olympus Water US Holding Corporation 5.375% 2029	€400,000	295	0.15
OneMain Finance Corporation 3.875% 2028	\$200,000	139	0.07
Orbia Advance Corporation 1.875% 2026	\$500,000	361	0.18
Orbia Advance Corporation 2.875% 2031	\$700,000	454	0.23
Orsted 1.5% VRN 3021	€690,000	458	0.23
Orsted 2.125% 2027	£690,000	636	0.32
PCL Funding VIII FRN 2028	£100,000	101	0.05
Pension Insurance 3.625% 2032	£420,000	338	0.17
Phoenix Group Holdings 5.75% VRN Perpetual	£600,000	508	0.26
Pony Compartment German Auto FRN 2032	€300,000	261	0.13
Post Holdings 4.5% 2031	\$350,000	246	0.13
Prudential 2.95% VRN 2033	\$470,000	324	0.17
PVH 4.625% 2025	\$250,000	192	0.10
PVH Corporation 3.125% 2027	€100,000	85	0.04
PVH Corporation 3.625% 2024	€800,000	692	0.35
QBE Insurance Group 2.5% VRN 2038	£250,000	212	0.11
Red & Black Auto Germany FRN 2032	€200,000	174	0.09
Rexel 2.125% 2028	€300,000	242	0.12
Rothsay Life 3.375% 2026	£850,000	802	0.41
Royal KPN 5% 2026	£125,000	127	0.06
Santander UK 5.75% 2026	£1,850,000	1,891	0.96
Sappi Papier Holding 7.5% 2032	\$75,000	57	0.03
SC Germany Compartment Leasing FRN 2032	€600,000	524	0.27

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
SC Germany SA Compartment Consume FRN 2034	€500,000	148	0.08
Seagate HDD Cayman 4.091% 2029	\$629,000	457	0.23
Seagate HDD Cayman 4.125% 2031	\$154,000	108	0.06
Sealed Air Corporation 4% 2027	\$1,280,000	946	0.48
SIG Combibloc 2.125% 2025	€1,900,000	1,616	0.82
Silgan Holdings 2.25% 2028	€550,000	438	0.22
Smurfit Kappa Acquisition 2.75% 2025	€100,000	86	0.04
Smurfit Kappa Treasury 1% 2033	€1,350,000	937	0.48
Smurfit Kappa Treasury 1.50% 2027	€200,000	163	0.08
Societe Generale 10%VRN perpetual	\$200,000	168	0.09
Solvay 2.5%VRN Perpetual	€700,000	576	0.29
SPCM 3.375% 2030	\$600,000	404	0.21
Sprint 7.125% 2024	\$600,000	473	0.24
SSE 4% 2031	€139,000	126	0.06
SSE 4%VRN Perpetual	€500,000	420	0.21
Steel Dynamics 2.4% 2025	\$400,000	300	0.15
Stora Enso 7.25% 2036	\$300,000	251	0.13
Summit Digital Infrastructure 2.875% 2031	\$1,100,000	708	0.36
Suzano Austria 3.125% 2032	\$1,000,000	653	0.33
Taylor Morrison Communities 5.125% 2030	\$600,000	455	0.23
TDC Net 6.5% 2031	€700,000	643	0.33
Telecom Italia 2.375% 2027	€200,000	162	0.08
Telefonica Europe 2.376%VRN Perpetual	€300,000	226	0.12
Telenet Finance Luxembourg 5.5% 2028	\$600,000	438	0.22
Telia 2.75%VRN 2083	€750,000	598	0.30
Tenet Healthcare Corporation 4.375% 2030	\$450,000	328	0.17
TenneT Holding 1.25% 2033	€800,000	619	0.32
Terna Rete Elettrica Nazionale 2.375%VRN Perpetual	€400,000	311	0.16
TerraForm Power Operating 4.75% 2030	\$800,000	584	0.30
Thermo Fisher Scientific 2% 2031	\$145,000	96	0.05
T-Mobile USA 2.25% 2031	\$2,300,000	1,503	0.76
Trivium Packaging Finance 3.75% 2026	€100,000	84	0.04
Turk Telekomunikasyon 4.875% 2024	\$400,000	310	0.16
UBS Group AG 9.25%VRN Perpetual	\$200,000	169	0.09
UniCredit 2.731%VRN 2032	€625,000	509	0.26
Unilever 1.5% 2026	£1,125,000	1,059	0.54
UnipolSai Assicurazioni 6.375%VRN Perpetual	€450,000	378	0.19
United Utilities Water Finance 0.875% 2029	£700,000	569	0.29
UPC Broadband Finco 4.875% 2031	\$600,000	415	0.21

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Veolia Environnement 2%VRN Perpetual	€500,000	388	0.20
Veolia Environnement 2.5%VRN Perpetual	€600,000	466	0.24
Verallia 1.875% 2031	€1,000,000	763	0.39
Vmed O2 UK Financing 4.5% 2031	£320,000	276	0.14
VMware 1.4% 2026	\$1,450,000	1,039	0.53
Volvo Car 2.125% 2024	€800,000	689	0.35
VZ Secured Financing 3.5% 2032	€700,000	536	0.27
VZ Vendor Financing II 2.875% 2029	€100,000	76	0.04
Western Digital 3.1% 2032	\$162,000	101	0.05
Western Digital Corporation 2.85% 2029	\$648,000	437	0.22
Western Digital Corporation 4.75% 2026	\$100,000	77	0.04
WPAP Telecom 3.75% 2029	€200,000	165	0.08
ZF Finance 2% 2027	€200,000	160	0.08
ZF Finance 2.25% 2028	€100,000	80	0.04
Zurich Finance (Ireland) Designated 3%VRN 2051	\$1,200,000	767	0.39
Derivatives – 0.72% (31.12.2022 – (0.06%))			
Credit Default Swaps^ – 0.75% (31.12.2022 – 0.84%)			
Goldman Sachs 1% 20/12/2028	500,000	(4)	0.00
Goldman Sachs 5% 20/12/2028	280,000	30	0.02
Morgan Stanley 1% 20/12/2025	2,600,000	16	0.01
Morgan Stanley 1% 20/12/2025	3,250,000	22	0.01
Morgan Stanley 1% 20/06/2026	250,000	0	0.00
Morgan Stanley 1% 20/12/2026	980,000	14	0.01
Morgan Stanley 1% 20/12/2026	500,000	9	(0.01)
Morgan Stanley 1% 20/12/2026	2,500,000	51	0.03
Morgan Stanley 1% 20/12/2026	1,650,000	25	0.01
Morgan Stanley 1% 20/12/2026	2,550,000	38	0.02
Morgan Stanley 1% 20/12/2026	550,000	6	0.00
Morgan Stanley 1% 20/12/2026	350,000	1	0.00
Morgan Stanley 1% 20/12/2026	12,700,000	189	0.10
Morgan Stanley 1% 20/12/2028	1,500,000	13	0.01
Morgan Stanley 1% 20/12/2028	450,000	3	0.00
Morgan Stanley 1% 20/12/2028	1,800,000	16	0.01
Morgan Stanley 1% 20/12/2028	280,000	(33)	(0.02)
Morgan Stanley 1% 20/12/2028	(7,700,000)	172	0.09
Morgan Stanley 1% 20/12/2028	350,000	(16)	(0.01)
Morgan Stanley 1% 20/12/2028	500,000	(23)	(0.01)
Morgan Stanley 1% 20/12/2028	400,000	(40)	(0.02)

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Morgan Stanley 5% 20/12/2026	800,000	86	0.04
Morgan Stanley 5% 20/12/2026	500,000	53	0.03
Morgan Stanley 5% 20/12/2028	220,000	37	0.02
Morgan Stanley 5% 20/12/2028	900,000	108	0.05
Morgan Stanley 5% 20/12/2028	300,000	33	0.02
Morgan Stanley 5% 20/12/2028	400,000	42	0.02
Morgan Stanley 5% 20/12/2028	800,000	79	0.04
Morgan Stanley 5% 20/12/2028	1,100,000	152	0.08
Morgan Stanley 5% 20/12/2028	280,000	37	0.02
Morgan Stanley 5% 20/12/2028	582,000	34	0.02
Morgan Stanley 5% 20/12/2028	450,000	68	0.03
Morgan Stanley 5% 20/12/2028	1,120,000	169	0.09
Morgan Stanley 5% 20/12/2028	550,000	87	0.04
Morgan Stanley 5% 20/12/2028	210,000	9	0.00
Futures – (0.29%) (31.12.2022 – 0.12%)			
CBT US 5 Years Note (CBT) March 2024	25	43	0.02
CBT US 10 Years Note (CBT) March 2024	(267)	(611)	(0.31)
CBT US Ultra Bond CBT March 2024	(9)	(77)	(0.04)
EUX Euro-Bund Future March 2024	51	199	0.10
EUX Euro-OAT Future March 2024	(60)	(257)	(0.13)
OSE Japan 10 Years Bond (OSE) Future March 2024	(5)	(36)	(0.02)
SFE Australia 10 Year Bond Future March 2024	101	173	0.09
Options – 0.03% (31.12.2022 – 0.04%)			
CDX.NA.HY.41 (4Y) Default 20/12/2028			
MSLNUK 102	23,500,000	25	0.01
iTraxx Europe Crossover 40 (4Y) Default 20/12/2028			
JCPLUK 4.25	15,700,000	16	0.01
iTraxx Europe Crossover 40 (4Y) Default 20/12/2028			
JCPLUK 4.75	8,700,000	6	0.00
iTraxx Europe Crossover 40 (4Y) Default 20/12/2028			
MLILUK 5.75	16,100,000	2	0.00
iTraxx Europe Crossover 40 (4Y) Default 20/12/2028			
MSLNUK 4.5	20,400,000	16	0.01
iTraxx Europe Crossover 40 (4Y) Default 20/12/2028			
MSLNUK 6	20,400,000	2	0.00

PORTFOLIO STATEMENT

at 31 December 2023

	Holding	Fair value £'000	% of total net assets
Forward Foreign Exchange Contracts[^] – 0.23%			
(31.12.2022 (1.07%))			
GBP Forward Currency Contract 20/03/2024	GBP121,527,202		
USD Forward Currency Contract 20/03/2024	(USD154,000,000)	746	0.38
GBP Forward Currency Contract 20/03/2024	GBP42,503,808		
EUR Forward Currency Contract 20/03/2024	(EUR49,100,000)	(290)	(0.15)
GBP Forward Currency Contract 20/03/2024	GBP344,046		
NZD Forward Currency Contract 20/03/2024	(NZD700,000)	(3)	0.00
GBP Forward Currency Contract 20/03/2024	GBP784,425		
USD Forward Currency Contract 20/03/2024	(USD1,000,000)	–	0.00
GBP Forward Currency Contract 20/03/2024	GBP694,342		
EUR Forward Currency Contract 20/03/2024	(EUR800,000)	(3)	0.00
INVESTMENT ASSETS		191,010	97.12
NET OTHER ASSETS		5,667	2.88
TOTAL NET ASSETS		196,677	100.00

All investments, except for the 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.

[^] Unlisted

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

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

The counterparty for the Futures Contracts is Morgan Stanley.

The counterparty for the Forward Foreign Exchange Contracts is State Street Bank.

STATEMENT OF TOTAL RETURN
for the year ended 31 December 2023

	Note	Year ended 31.12.2023		Year ended 31.12.2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		3,952		(10,595)
Revenue	3	8,575		2,349	
Expenses	4	(499)		(244)	
Interest payable and similar charges		(31)		–	
Net revenue before taxation		8,045		2,105	
Taxation	5	(9)		(2)	
Net revenue after taxation			8,036		2,103
Total return/(deficit) before distributions			11,988		(8,492)
Distributions	6		(3,936)		(2,069)
Change in net assets attributable to Unitholders from investment activities			8,052		(10,561)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
for the year ended 31 December 2023

	Year ended 31.12.2023		Year ended 31.12.2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to Unitholders		73,433		80,901
Amounts receivable on issue of Units	121,966		10,186	
Amounts payable on cancellation of Units	(7,121)		(7,481)	
		114,845		2,705
Change in net assets attributable to Unitholders from investment activities		8,052		(10,561)
Retained distributions on Accumulation Units		347		388
Closing net assets attributable to Unitholders		196,677		73,433

The notes on pages 35 to 51 and the distribution tables on page 52 form part of these financial statements.

BALANCE SHEET
at 31 December 2023

	Note	31.12.2023		31.12.2022	
		£'000	£'000	£'000	£'000
ASSETS					
Fixed assets:					
Investments			192,403		70,898
Current assets:					
Debtors	7	1,559		757	
Cash and bank balances	8	6,226		4,245	
Total current assets			7,785		5,002
Total assets			200,188		75,900
LIABILITIES					
Investment liabilities			1,393		1,019
Creditors:					
Other creditors	10	65		35	
Bank overdraft	9	1,026		1,022	
Distribution payable on Income Units		1,027		391	
Total creditors			2,118		1,448
Total liabilities			3,511		2,467
Net assets attributable to Unitholders			196,677		73,433

The financial statements on pages 33 to 52 have been approved and authorised for issue by the Board.

Approved on behalf of the Board
18 June 2024

N Morecroft, Chair

The notes on pages 35 to 51 and the distribution tables on page 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in compliance with United Kingdom Generally Accepted Accounting Practice including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), the Charities Act 2011, and Alternative Investment Fund Managers Directive (AIFMD). The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments.

The Fund is exempt from preparing a statement of cash flows under FRS 102 as 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 investor consultation and Board approval. Should this be approved, on completion of the transfer, The COIF Charities Short Duration Bond Fund would cease operations and be wound up, with the investors’ existing holdings in the COIF Charities Short Duration Bond Fund being replaced with their equivalent in the new CAIF fund. This change in structure is expected to result in savings on at least VAT to the end investor and increased regulatory protection for holders of the fund.

The timetable is still to be determined following the completion of regulatory and Board approvals.

These events and circumstances therefore represent a material uncertainty which may cast significant doubt on the COIF Charities Short Duration Bond Fund’s ability to continue as a going concern. In the event that the decision is taken not to make the changes the fund is expected to continue to operate as it does now, and hence continue as a going concern.

Notwithstanding the material uncertainty explained above, the Board, having made appropriate enquiries and considered the ability of the Fund to meet its ongoing liabilities, has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Board has considered that the proposal is contingent on investor consultation and Board approval and that the Fund remains a going concern in all other regard.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. Accounting policies (*continued*)

(b) Revenue recognition

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

Dividends on preference shares are accrued to revenue on the dates when the Units 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 revenue 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.

The Fund also received AMC rebates credited to revenue of the Fund for its deposits in the COIF Charities Deposit Fund, where the AMC is charged to revenue.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. Accounting policies (*continued*)

(d) Distributions (*continued*)

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.

In addition, if a distribution made in relation to any Income Units remains unclaimed over the subsequent three accounting periods for which distributions are made for those Units, the Manager may, at its discretion, re-invest that distribution. If a distribution made in relation to any Income Units remains unclaimed for a period of six years after it has become due, it may be forfeited and will revert to the Fund.

(e) Basis of valuation

Quoted investments are valued at bid-market values at 12 noon on the last business day of the accounting period.

Derivatives are valued at 12 noon 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 at 12 noon on 29 December 2023, the last valuation point 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 2023

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/(losses)

	31.12.2023 £'000	31.12.2022 £'000
The net capital gains/(losses) during the year comprise:		
Realised losses on non-derivative securities*	(656)	(2,100)
Unrealised losses on non-derivative securities*	(2,602)	(7,007)
Unrealised gains/(losses) on forward currency contracts*	451	(786)
Realised gains/(losses) on forward currency contracts*	7,301	(1,831)
Currency (losses)/gains	(542)	633
Gains on derivative contracts	–	496
	3,952	(10,595)

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

3. Revenue

	31.12.2023 £'000	31.12.2022 £'000
UK dividends	39	39
Interest on debt securities	7,856	2,279
Interest on the COIF Charities Deposit Fund	–	8
Income on derivative contracts	630	12
Bank interest	50	8
Manager's annual management charge rebate*	–	3
	8,575	2,349

* This amount represents the annual management charge rebates credited to the Fund's revenue. This is for the Fund's deposits in the COIF Charities Deposit Fund where the annual management charge is charged to revenue.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

4. Expenses

	31.12.2023 £'000	31.12.2022 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's annual management charge – see note 1(c)	453	203
	453	203
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Safe custody fees	4	9
Depositary fee	14	7
	18	16
Other expenses:		
Audit fee	15	18
Insurance fee	2	1
Other fees	11	6
	28	25
Total expenses	499	244

The above expenses include VAT where applicable.

Audit fee net of VAT is £13,150 (31.12.2022, £12,480).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

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 Unitholders 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.

	31.12.2023 £'000	31.12.2022 £'000
Overseas taxation suffered in the year	9	2
Total taxation	9	2

6. Distributions

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

	31.12.2023 £'000	31.12.2022 £'000
31 March – interim distribution	1,061	549
30 June – interim distribution	1,055	591
30 September – interim distribution	1,093	451
31 December – final distribution	1,126	477
	4,335	2,068
Add: revenue deducted on cancellation of Units	23	25
Deduct: revenue received on issue of Units	(422)	(24)
Net distribution for the year	3,936	2,069
Net revenue after taxation for the year	8,036	2,103
Bank Interest charged to capital	(5)	(1)
Transfer from income reserve – see note 11	194	(117)
Amortisation under coupon accounting	(4,272)	84
Movement in Net Income Property	(17)	–
Net distribution for the year	3,936	2,069

Details of the distribution per Unit are set out in the distribution tables on page 52.

There were unclaimed distributions as at 31 December 2023 of £27,768 (31.12.2022, £4,670).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

7. Debtors

	31.12.2023 £'000	31.12.2022 £'000
Accrued revenue	1,559	756
Amounts receivable on creation of Units	–	1
	1,559	757

8. Cash equivalents, cash and bank balances

	31.12.2023 £'000	31.12.2022 £'000
Cash and bank balances	2,305	1,364
Amounts held at futures clearing houses	1,920	784
Swaps collateral	2,001	2,097
Cash and bank balances – cash at bank	6,226	4,245

9. Bank overdraft

	31.12.2023 £'000	31.12.2022 £'000
Amounts held at futures clearing houses	623	638
Swaps collateral	403	384
Bank overdraft	1,026	1,022

10. Other creditors

	31.12.2023 £'000	31.12.2022 £'000
Accrued expenses	65	35
	65	35

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

11. Income reserve

The income reserve, accumulated out of revenue, is used to smooth fluctuations in the revenue received in the Fund. The income reserve is included in the total value of the Fund and is attributable to Income Unitholders. The income reserve is distributable and is included within Cash and bank balances in the Balance Sheet.

	31.12.2023 £'000	31.12.2022 £'000
Income reserve at the start of the year	1,328	1,211
Transfer from income reserve	(194)	117
Income reserve at the end of the year	1,134	1,328

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 Unitholders should they wish to sell their Units. 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.

Market price risk

This is an actively managed Fund which invests mainly in fixed interest investments. 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 Unit price from time to time, although there will generally be a positive correlation in the movement of the Unit 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

12. Financial instruments (continued)

Market price risk (continued)

At 31 December 2023, 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 Unitholders, and profit or loss, would increase or decrease respectively by approximately £9,550,000 (31.12.2022: £3,494,000).

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 investment grade bonds.

Portfolio asset allocation by credit rating

Rating category	31.12.2023 % Fund	31.12.2022 % Fund
AAA	21.70	21.2
AA	22.68	4.9
A	8.90	19.2
BBB	38.17	50.9
Non investment grade	7.98	1.3
Not rated (Debentures/Preference Shares)	0.57	2.5

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 Units that Unitholders 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

12. Financial instruments (continued)

Currency risk (continued)

At 31 December 2023, 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 Unitholders, and profit or loss, would decrease or increase respectively by approximately £1,661,000 (31.12.2022: £2,000).

The Fund held derivatives relating to forward currency contracts with a net value of £450,379 as at 31 December 2023 (31.12.2022, £785,819).

The total foreign currency exposure at 31 December was:

Currency	31.12.2023			31.12.2022		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Australian dollar	14	173	187	–	–	–
Canadian dollar	10	–	10	4	–	4
Euro	616	42,527	43,143	13	(270)	(257)
Japanese yen	68	(36)	32	–	–	–
New Zealand dollar	7	359	366	31	(23)	8
US dollar	2,737	119,620	122,357	1,258	(1,140)	118
Total	3,452	162,643	166,095	1,306	(1,433)	(127)

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

12. Financial instruments (continued)

Derivatives (continued)

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 2023, the value of the portfolio hedged back to base currency was 99.51% 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.

The derivative counterparties are shown at the bottom of the Portfolio of investments on page 32.

Counterparty exposure

At 31 December 2023, the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

State Street Bank £746,589

At 31 December 2023, the Fund had the following counterparty exposure on Credit default swaps:

Goldman Sachs £30,119

Morgan Stanley £1,567,681

At 31 December 2023, the Fund had the following counterparty exposure on options contracts:

JPMorgan £21,634

Merrill Lynch £2,067

Morgan Stanley £43,300

The economic exposure of future derivative contracts is equal to the market value.

The value of exposure and the related counterparty are disclosed in the Portfolio of investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

12. Financial instruments (continued)

Interest rate risk

The Fund invests in fixed and floating rate 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 on 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 2023, it is estimated that a 1% movement in interest rates would result in an opposite movement of £5,801,026 (31.12.2022, £2,096,000) in net assets attributable to Unitholders and profit or loss.

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	14,141	17,104	1,052	32,297
Euro	11,787	30,221	2,131	44,139
Japanese yen	68	–	–	68
US dollar	9,229	111,774	2,115	123,118
Other	29	362	175	566
Total	35,254	159,461	5,473	200,188

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	623	–	1,092	1,715
Euro	403	–	593	996
Japanese yen	–	–	36	36
US dollar	–	–	761	761
Other	–	–	3	3
Total	1,026	–	2,485	3,511

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

12. Financial instruments (continued)

Interest rate risk (continued)

The total exposure at 31 December 2022 was:

Currency	Floating rate financial assets* £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Sterling	9,148	11,181	301	20,630
Euro	5,017	15,271	688	20,976
US dollar	6,256	26,896	736	33,888
Other	35	371	–	406
Total	20,456	53,719	1,725	75,900

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Sterling	638	–	426	1,064
Euro	384	–	521	905
US dollar	–	–	496	496
Other	–	–	2	2
Total	1,022	–	1,445	2,467

* 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 other commitments or contingent liabilities as at 31 December 2023 (31.12.2022, £nil).

14. Board remuneration

The Board members receive no remuneration from the COIF Charity Funds.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

15. 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 these charges are disclosed in note 4. Please see note 1(c) for further information. An amount of £44,148 was due to the Manager at 31 December 2023 (31.12.2022, £16,675). There were no other transactions entered into with the Manager during the year (31.12.2022, £nil).

At 31 December 2023 a cash balance of £nil (31.12.2022, £nil) was held in the COIF Charities Deposit Fund. During the year, the Fund received interest of £nil (31.12.2022, £8,249) from the COIF Charities Deposit Fund.

During the year the Fund received rebates of management fees for its deposits in the COIF Charities Deposit Fund where the management fees were charged to revenue as disclosed in note 3.

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

16. Portfolio transaction costs

For the year ended 31 December 2023

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

The Fund has paid £5,875 as commission on purchases and sales of derivatives transactions for the year ended 31.12.2023.

The average portfolio dealing spread, as at 31 December 2023 was 0.33%.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

16. Portfolio transaction costs (*continued*)

For the year ended 31 December 2022

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

The Fund has paid £1,087 as commission on purchases and sales of derivatives transactions for the year ended 31.12.2022.

The average portfolio dealing spread, as at 31 December 2022 was 0.62%.

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.

17. Unitholders' funds – reconciliation of Units

	31.12.2023	
	Income Units	Accumulation Units
Opening number of Units at beginning of year	52,115,975	1,555,917
Units issued in year	99,706,020	545,311
Units cancelled in year	(5,199,825)	(115,353)
Closing number of Units at end of year	146,622,170	1,985,875

All Units carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

18. 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 2023

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,045	191,358	–	192,403
Investment liabilities	(981)	(412)	–	(1,393)
	64	190,946	–	191,010

For the year ended 31 December 2022

Category	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	682	70,216	–	70,898
Investment liabilities	(12)	(1,007)	–	(1,019)
	670	69,209	–	69,879

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

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

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.

For derivatives, fair value is the price that would be required to close out the contract at the balance sheet date.

DISTRIBUTION TABLES

for the year ended 31 December 2023

Period ended	Date payable/paid		Dividends payable/paid pence per Unit	
	2023	2022	2023	2022
Income Units				
31 March	31 May	31 May	0.68	0.90
30 June	31 August	31 August	0.68	0.90
30 September	30 November	30 November	0.69	0.67
31 December	29 February	28 February	0.70	0.75
			2.75	3.22

Period ended	Revenue accumulated pence per Unit	
	2023	2022
Accumulation Units		
31 March	4.77	6.57
30 June	4.28	6.42
30 September	4.99	5.96
31 December	5.03	5.52
	19.07	24.47

The distributions for Income Units were paid in the same year, apart from the distribution declared on 31 December which is payable on 29 February in the subsequent year.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Board

The Board shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme, as follows:

- making and revising the written statement of the investment objectives of the Fund and ensuring that details of such investment objectives will be included in the Scheme Particulars;
- determining the criteria and methods for evaluating the performance of the Fund;
- granting prior written approval to the Manager should the Manager wish to enter into certain types of investment or a specific course of borrowing on behalf of the Fund;
- appointing the Auditor of the Fund and agreeing their terms of engagement;
- making an annual report on the discharge of the Board's responsibilities;
- determining the rate of remuneration of the Trustee and the Manager in accordance with the Scheme and the Scheme Particulars;
- applying to the Charity Commission for an order to discharge the Trustee from the provisions of the Scheme and an order to appoint a new Trustee of the provisions of the Scheme;
- making representations to the Trustee on the winding up of the Fund: provided that any Board member who has any interests in the Trustee or the Manager shall not participate in the Board's discussions and decisions on the matter and shall not be counted in the quorum necessary for the transaction of such business; and
- informing the Charity Commission promptly and in writing if the Board is not satisfied at any time as to the compliance of the Trustee or the Manager with the Scheme or the Scheme Particulars.

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Board has certain additional responsibilities including:

- the duty to inform the Financial Conduct Authority promptly and in writing if the Board is not satisfied with the compliance of the Trustee or the Manager with the applicable provisions of AIFMD; and
- the direct power (without reference to the Charity Commission) to require the removal of the Manager and/or the Trustee where it considers for good and sufficient reason that a change of Manager or Trustee is in the interests of the Participating Charities.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Trustee

The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Trustee shall comply with the duty of care when exercising its powers and discharging its duties. The following are the duties and powers of the Trustee:

- the supervision and oversight of the Manager's compliance with the Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied that the Manager is competently exercising its powers and discharging its duties under the Scheme, and that the Manager is maintaining adequate and proper records;
- the appointment, supervision and oversight of any Registrar or other delegate which it has appointed in accordance with the Scheme;
- the custody and control of the property of the Fund and the collection of all income due to the Fund;
- the creation and cancellation of Units as instructed by the Manager (except where the Scheme Particulars permit the Trustee to disregard those instructions);
- making distributions or allocations to Participating Charities in proportion to their respective Units in the property of the Fund;

- the making of an annual report on the discharge of its responsibilities for the management of the Fund; and
- winding up the Fund.

The Trustee shall take all steps and execute all documents as are necessary to ensure that instructions given to it by the Manager are carried out as to the exercise of rights (including voting rights) attached to the ownership of property of the Fund and that the purchases and sales of investments for or of the Fund are properly completed.

The Trustee shall maintain such records as are necessary to enable it to comply with the Scheme and with section 130 of the Charities Act 2011 and to demonstrate that such compliance has been achieved.

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Depositary

The Depositary must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Fund's Scheme Particulars.

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

The Depositary is responsible for the safekeeping of the assets of the Fund in accordance with the Regulations.

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with the Regulations;
- the assets under management and the net asset value per Unit of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;

- that the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

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

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

Responsibilities of the Manager

The Manager shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in the Scheme. The Manager shall comply with the duty of care when exercising its powers and discharging its duties under the Scheme. The following are the duties and powers of the Manager:

- instructing the Trustee with respect to the creation and cancellation of Units;
- managing the investments of the Fund in conformity with the investment objectives made by the Board;
- ensuring that regular valuations of the property of the Fund are carried out and to ensure that the Units are correctly priced;
- the creation and revision of the Scheme Particulars;
- maintenance of a daily record of Units purchased or sold on behalf of the Trustee;
- the creation of all records in respect of the Fund, available for inspection by the Trustee;
- the preparation of reports and accounts in respect of every accounting period; and
- the supervision and oversight of any appointed delegate.

The Manager of the Fund is required by the Scheme to:

- prepare and submit to the Charity Commission a statement of accounts and annual report complying with the requirements of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time; and
- prepare and submit to the Charity Commission a half- yearly report and accounts for the Fund made up to the date of the interim balance sheet.

The Manager is required to:

- select suitable accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with the disclosure requirements of FRS 102;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable the Manager to demonstrate that the Financial Statements as prepared comply with the above requirements;

STATEMENT OF BOARD, TRUSTEE, DEPOSITARY AND MANAGER RESPONSIBILITIES

- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has appointed the Manager to act as Registrar to the Fund.

Under AIFMD, the Manager has certain additional responsibilities including, ensuring compliance with the applicable provisions of AIFMD and that any delegation by the Manager is in accordance with AIFMD.

Should the Manager wish to retire, the Manager can only be discharged from its duties under the Scheme following the appointment of a replacement Manager who is eligible under AIFMD to act as Manager of the Fund.

AIFMD DISCLOSURES

Manager Remuneration

The Manager has no employees, but delegates the performance of its services to employees of its parent company, CCLA Investment Management Limited.

Recharges for these services of CCLA Investment Management Limited to the Manager are levied in respect of CCLA Investment Management Limited's year ending on 31 March each year. The recharge for the year to 31 March 2023 was £35,420,000. A recharge of £34,700,000 was levied in the year to 31 March 2022.

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

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

	Year to 31 December 2023		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,035	1,415	2,450
Other staff	17,678	7,659	25,337
Total	18,713	9,074	27,787

	Year to 31 December 2022		Total £'000
	Fixed remuneration £'000	Variable remuneration £'000	
Identified staff	1,032	1,373	2,405
Other staff	15,365	7,029	22,394
Total	16,397	8,402	24,799

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

(Charity Registration No. 803610)

DIRECTORY

Board

N Morecroft, ASIP (Chair)
 K Corrigan, FCCA
 J Hobart, MA
 C Ong, MBA
 K Shenton – appointed on 6 June 2023
 Andrew Richmond MA (Hons) ASIP – appointed on
 14 October 2023
 Steve Wiltshire – appointed on 14 October 2023

Manager, Alternative Investment Fund Manager (AIFM), and Registrar

CCLA Fund Managers Limited

Investment Manager

CCLA Investment Management Limited
*Both CCLA Fund Managers Limited and CCLA Investment
 Management Limited are authorised and regulated by the
 Financial Conduct Authority*
 Registered Office Address:
 One Angel Lane
 London
 EC4R 3AB
 Telephone: 0207 489 6000
 Client Service:
 Freephone: 0800 022 3505
 Email: clientservices@ccla.co.uk
www.ccla.co.uk

Transfer Agent

FNZ TA Services Limited
 7th Floor, 2 Redman Place
 London
 EC20 1JQ

Administrator

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

Executive Directors of the Manager

E Sheldon (Chief Operating Officer)
 D Sloper (Chief Executive Officer)
 J Berens – appointed on 9 February 2023

Non-Executive Directors of the Manager

J Jesty – resigned on 29 August 2023
 R Horlick – resigned on 6 October 2023
 A Roughead – resigned on 29 August 2023
 J Bailie (Chair) – appointed on 29 August 2023
 Nick Mcleod-Clarke – appointed on 29 August 2023

Fund Manager

(CCLA Investment Management Limited)
 – Investment Team

Company Secretary

J Fox

Chief Risk Officer

J-P Lim

Head of Sustainability

J Corah

Third Party Advisors

Custodian, Trustee and Depositary

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ

Banker

HSBC Bank plc
 8 Canada Square
 Canary Wharf
 London
 E14 5HQ

Independent Auditor

Deloitte LLP
 110 Queen Street
 Glasgow
 G1 3BX

ABOUT CCLA

Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to our clients, irrespective of their size.

CCLA

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www.ccla.co.uk

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

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

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