Portsmouth DBF Investment Training

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GOOD INVESTMENT

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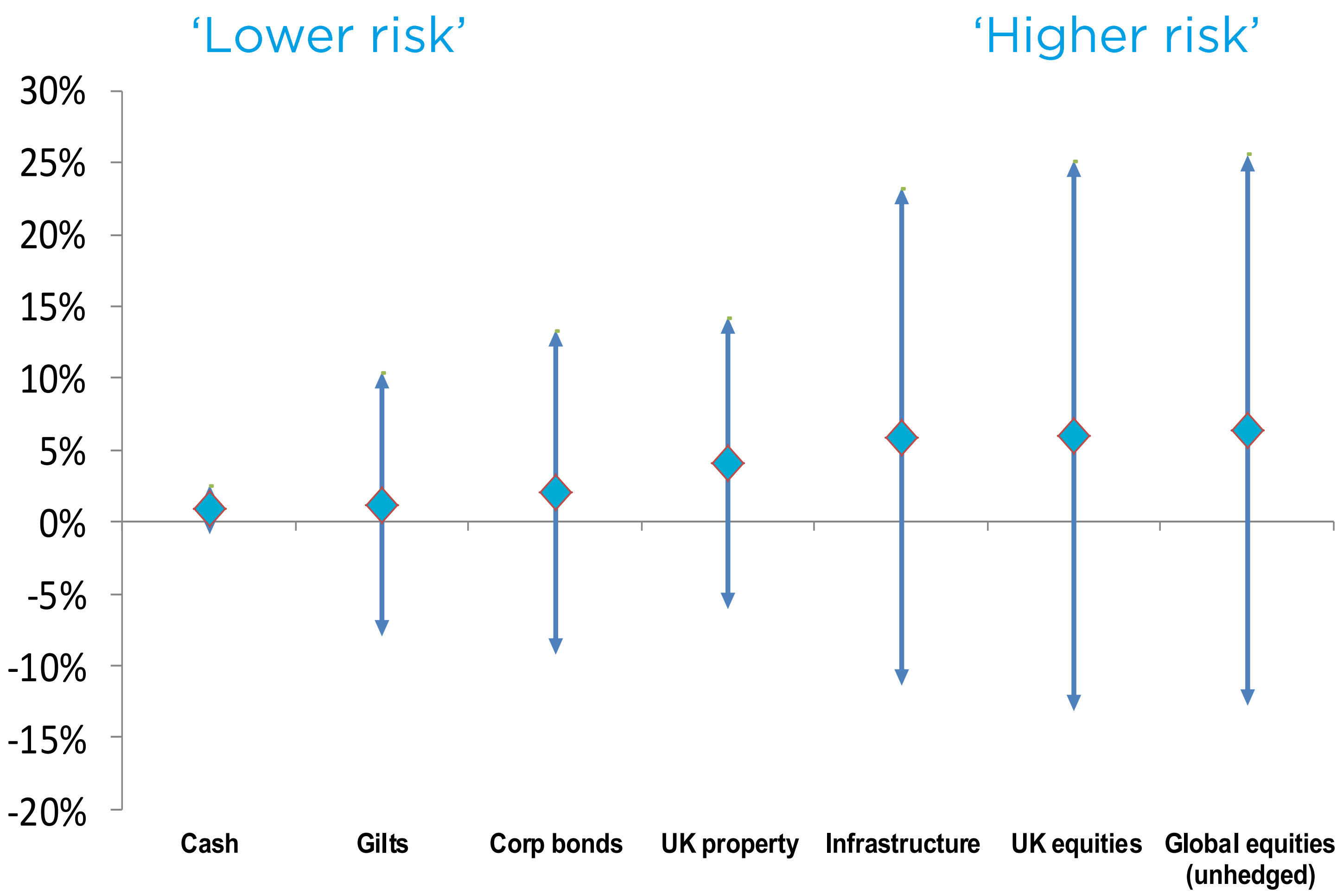
22nd October 2025

Image courtesy of Koestler Arts

Comparing investment return and risk expectations



Source: CCLA. Returns and volatility figures shown are for illustration purposes only, not actual data.

Which risk(s) should we prioritise?

Priorities stem from what you are holding assets for

Funds for expenditure

- Security and liquidity are essential
- Cash is king

Long-term funds

One or more of:

- Generating income
- Growing in value to maintain spending power
- Total return – combination of income and capital returns

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Key Principles of Investment

Risk and Return

- Investments with higher potential returns typically carry higher risks
- Understanding your risk tolerance is essential before investing

Diversification

- Spreading your investments across various asset classes can reduce risk and smooth out volatility

Time Horizon

- The length of time you plan to hold an investment affects your risk and return
- Long-term investments can ride out short-term fluctuations and offer higher return

Key characteristics of major asset classes

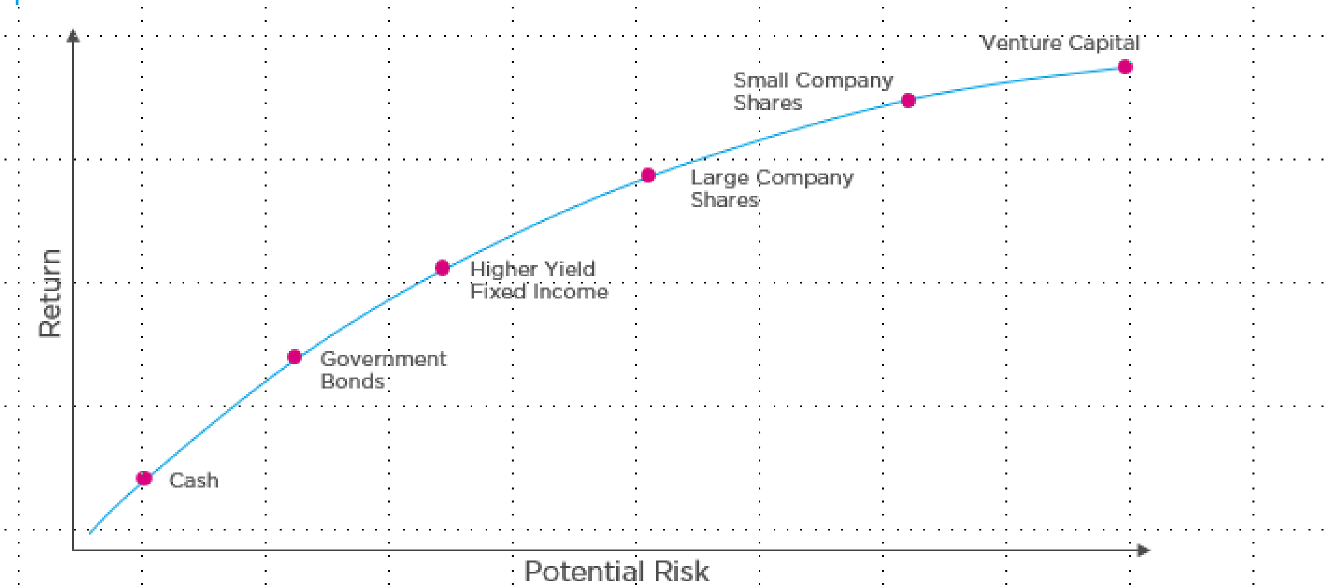
Asset types under review today

- Cash
- Fixed income (or bonds)
- Commercial property
- Equities
- Alternative assets

The case for holding cash

Cash offers:

- Certainty and security
  - Especially when there are known future cash flows to be met in the short term
- Liquidity
  - Cash is accessible as and when required
- Yield
  - While returns should not be the primary reason for holding cash, the current interest rate environment offers above inflation returns



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Bonds – also known as Fixed Income

- Bonds are loans made to companies or governments
- The lender earns regular interest payments over a fixed period
- At the end of the bond's term, the principal is returned

Risk/Return

- Bonds are generally less risky than stocks
- They also tend to offer lower returns
- The risk of a bond varies depending on the issuer's creditworthiness (government bonds are safer than corporate bonds, for example)
- Bond values are also affected by the outlook for interest rates and inflation

Why hold fixed income (or bonds)?

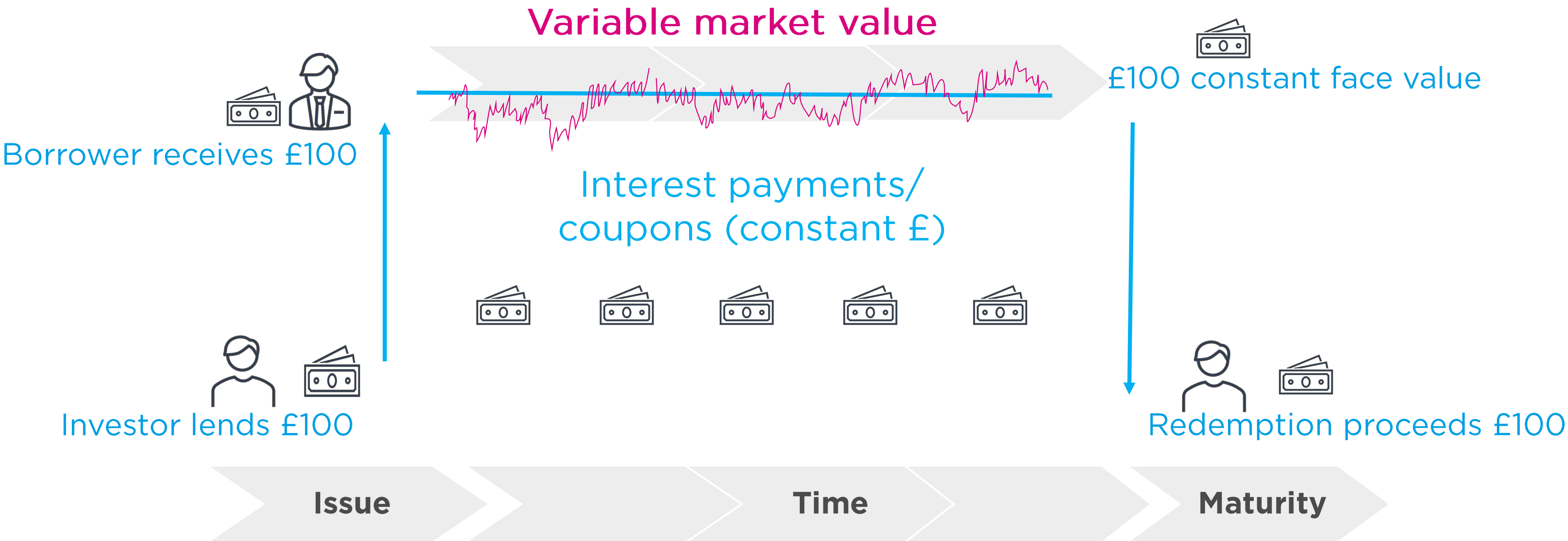
- Higher income than cash
- Greater certainty of returns
- Can match to a known future obligation
- Diversification in a portfolio context

But

- Inflation risk
- Interest rate risk
- Default risk and spread risk
- In-life volatility

How do bonds work?

- Real value of returns is eroded by inflation
- Inflation also leads to expectations of higher interest rates
- Bond yields rise in response, meaning that capital values fall



Equities

- A ‘share’ in the ownership of a business
- Voting rights
- Dividends
- But at the end of the queue if things go wrong
- Issued in perpetuity

Source: CCLA, as at March 2024.
This information does not constitute the provision of financial, investment or other professional advice.

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Equities - also known as shares or stocks

- When you buy shares, you're purchasing shares in a company
- As a shareholder, you have a claim on the company's assets and profits

Risk/Return

- Stocks tend to offer higher returns over the long term
- But come with higher volatility and risk
- Prices can fluctuate based on
  - the company's performance
  - market trends
  - economic conditions

Property – also known as Real Estate

- Investing in real estate involves purchasing property (land, Buildings)
- To generate rental income and/or capital appreciation (the property increases in value over time)

Risk/Return

- Property can provide steady income (if tenant solvent)
- long-term growth but requires significant capital and can be illiquid (difficult to sell quickly)

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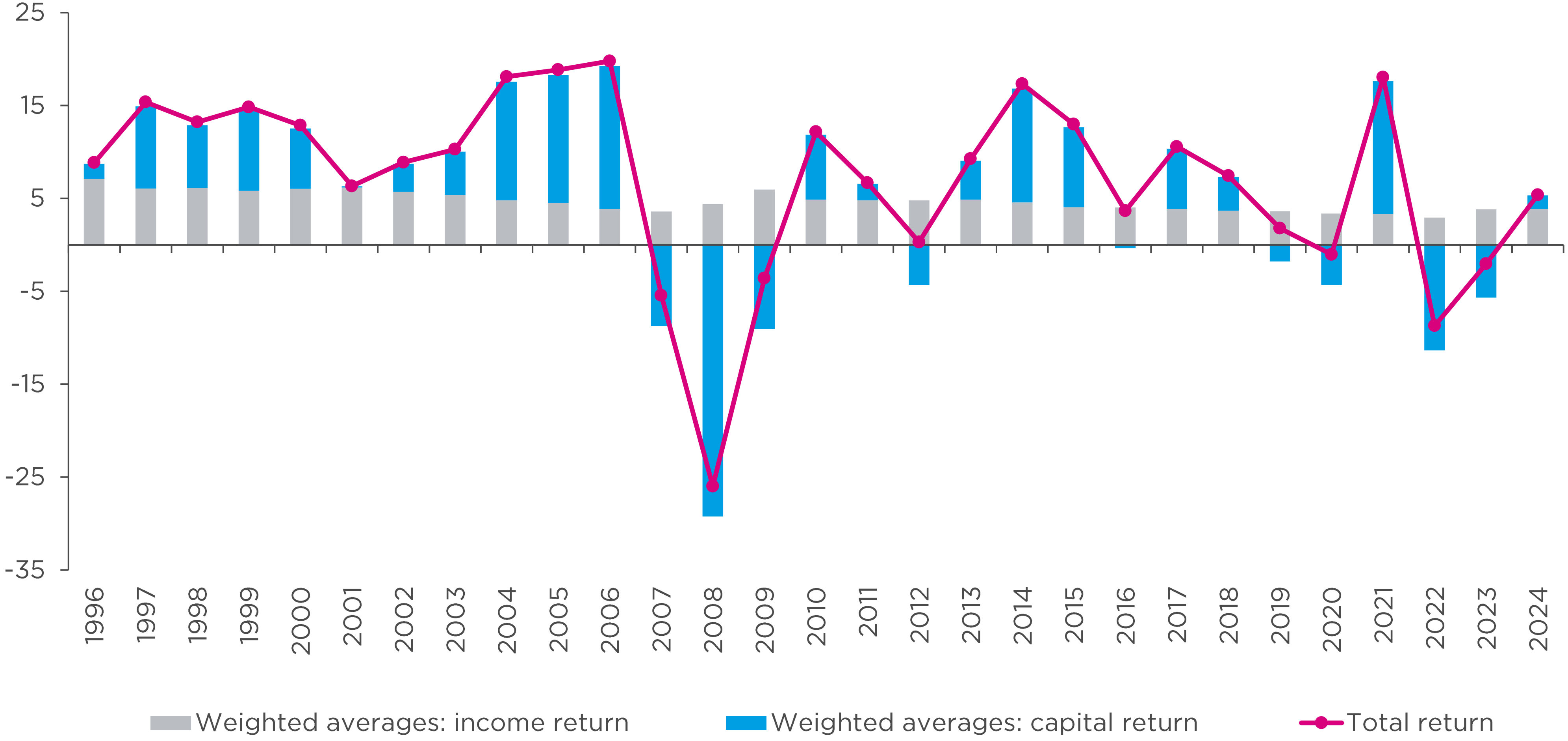
Commercial property

- Asset based
- Capital growth over time
- High income, can grow
- High specific risk – requires portfolio spread
- Good diversifier of bonds and equities

- Infrequent pricing can disguise volatility
- Divergent and dynamic sub-sector trends
- Risk of obsolescence
- Expensive and illiquid
  – Diversification a challenge if investing directly

Source: CCLA as at March 2024

Property investment returns since 1996 (%)



Source: MSCI/AREF Other Balanced Property Fund Index, as at 31 December 2024. Past performance is not a reliable indicator of future returns.

Alternative assets

Some familiar, some less so:

- Private equity
- Music royalties
- Infrastructure*
- Student accommodation
- Alternative energy
- Hedge funds

*Infrastructure refers to investments that facilitate the functioning of society with the potential for steady cash flows.

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Commodities

- Commodities are physical assets like gold, oil, or agricultural products. Investors can buy these directly or through futures contracts

Risk/Return

- Commodities can be volatile and are influenced by:
  - supply and demand dynamics
  - geopolitical factors
  - economic conditions

Source: AdobeStock.com

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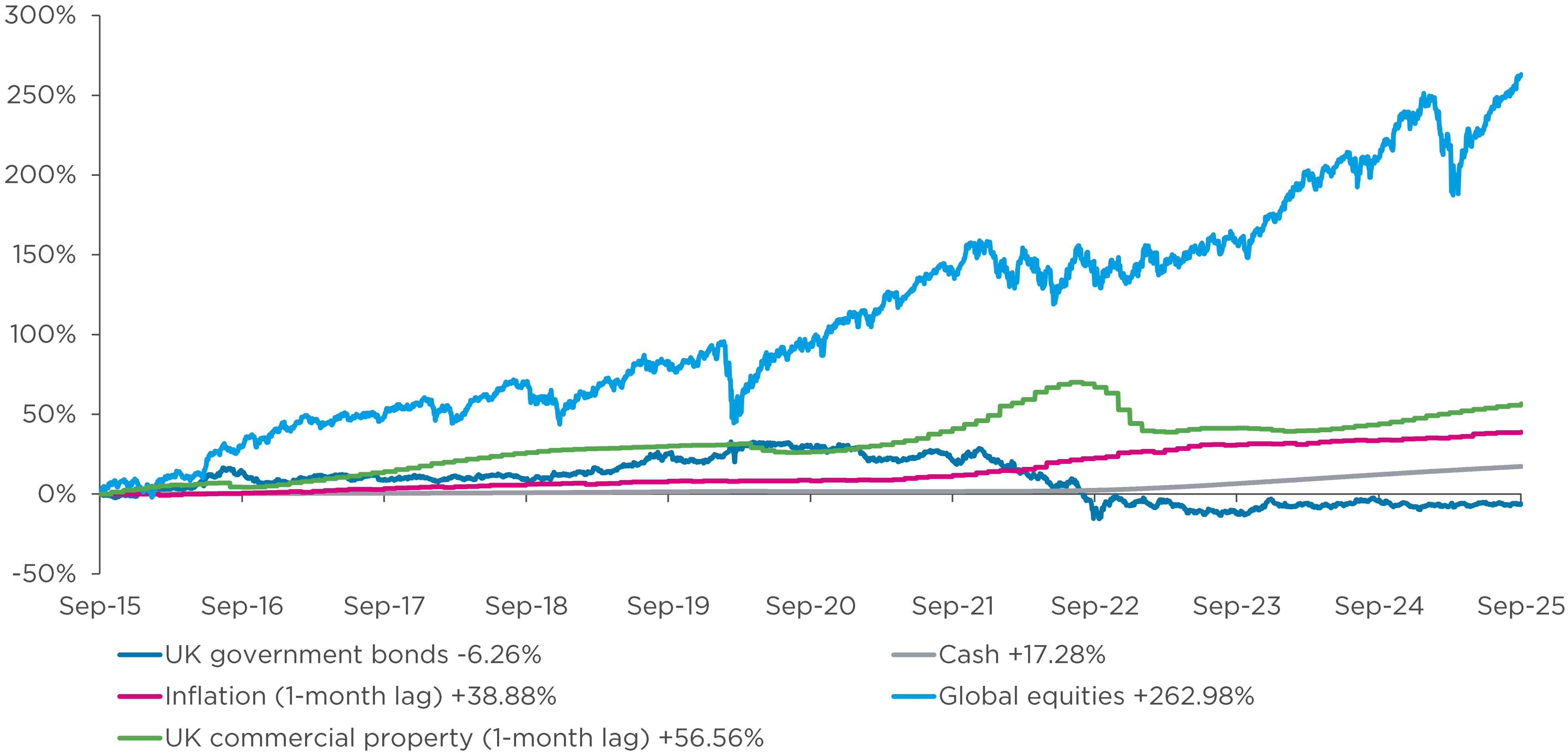
Higher yields have transformed investment market fortunes



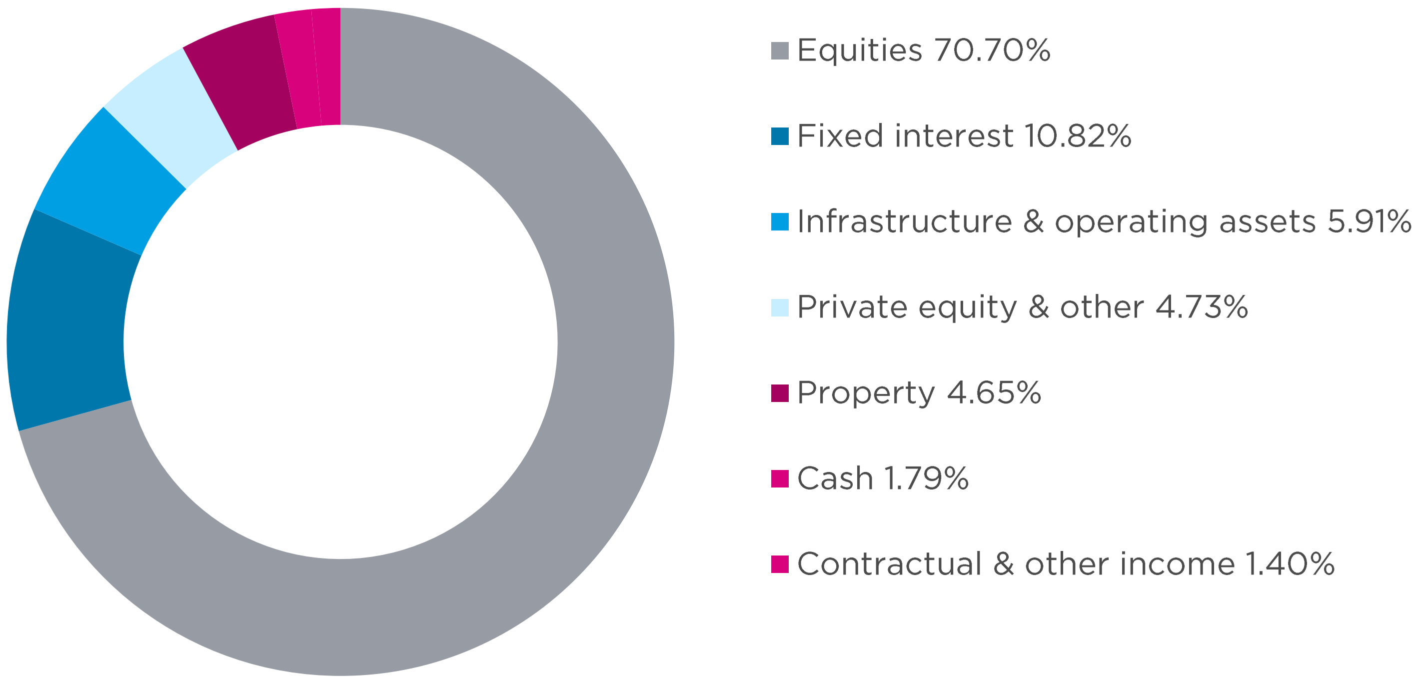
Source: Bloomberg, as at 30 September 2025. Inflation and UK commercial property performance are on a one-month lag**. Past performance is not a reliable indicator of future results**.

CBF Church of England Investment Fund

- Multi-asset, long-term fund designed to help meet growth and income requirements
- Aims to provide diversified and well-balanced spread of investments
- Uses alternatives to provide contractual cash flows

Fund size:

£2,084m



Source CCLA, as at 30 September 2025. Asset allocation is subject to change. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

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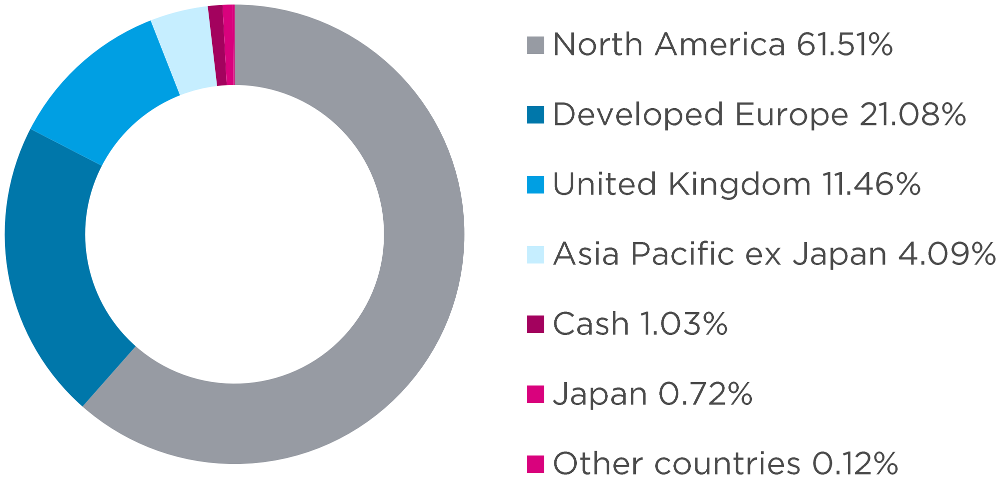
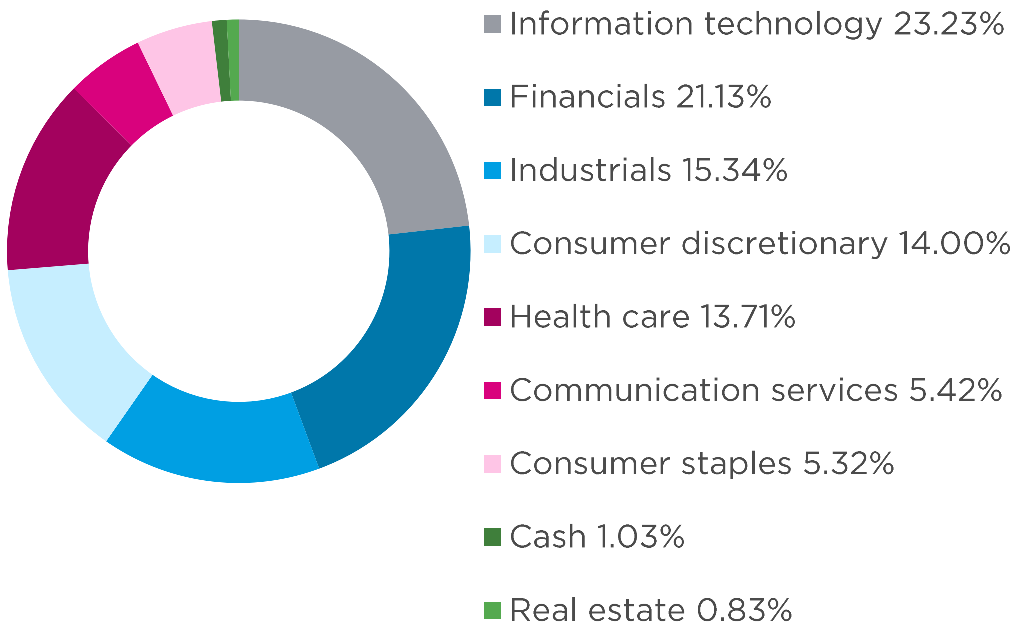
CBF Church of England Global Equity Fund

- Long-term, aims to provide a high income and higher capital values over time
- Diversified portfolio across countries, sectors and individual companies
- Fund size: £249 million

Regional allocation



Sector allocation



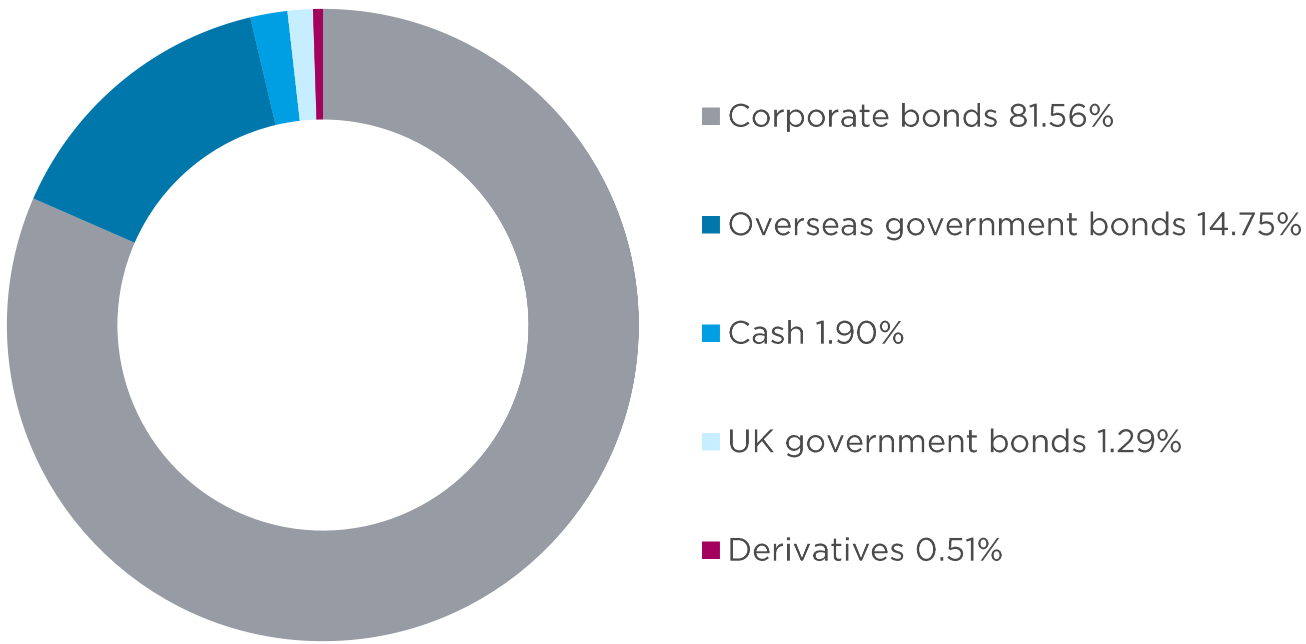
Source: CCLA, as at 30 September 2025. Data for CBF Global Equity Fund. Sector and asset allocation is subject to change.

CBF Church of England Short Duration Bond Fund

- Broad range of fixed income securities and instruments
- Over 330 individual holdings
- Duration (interest rate risk): 1.86 years

Distribution yield: 3.42%

Gross redemption yield: 4.92%



Source: CCLA and Federated Hermes, as at 30 September 2025. Data shows CBF Short Duration Bond Fund. Asset allocation is subject to change. The gross redemption yield indicates what the total return would be if the fund's investments were held to maturity, the aggregate of gross interest received and the capital gain or loss at redemption, annualised.

CBF Church of England Property Fund

Weighted unexpired term (years): 6.57

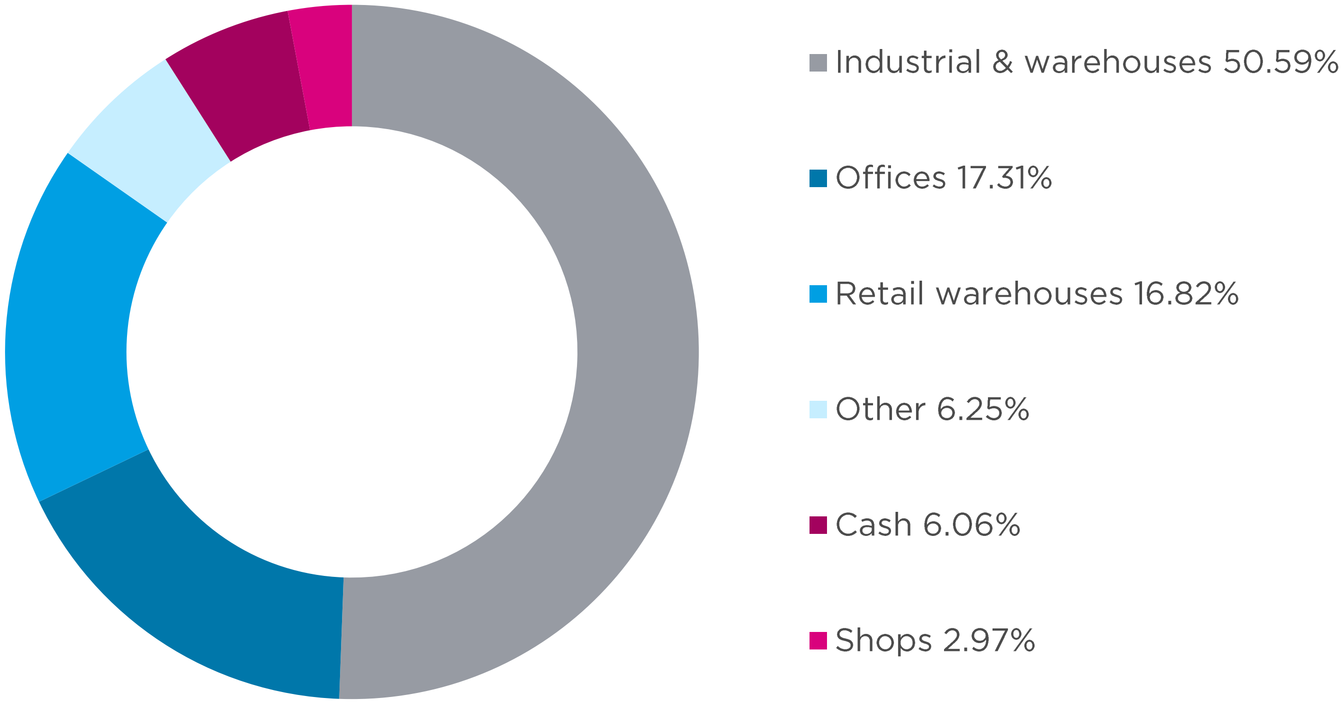
Investment vacancy rate: 17.03%

Development vacancy rate: 2.62%

Fund size:
£128 million

Top 5 properties:
40.75%

Top 5 tenants:
32.92%*



Source: CCLA, as at 30 June 2025. The portfolio was merged with the COIF Charities Property Fund on 1 December 2012 to create a larger and more diversified portfolio. Asset allocation is subject to change. *Top tenants by rental income.

The CBF Church of England Deposit Fund

- AAAf/S1 credit quality rating by Fitch Ratings
- Clear focus on capital security
- Attractive rate regardless of the amount invested
- No minimum balance
- Daily liquidity
- Interest paid gross, quarterly
- Fund size: £964.2m
- Current deposit rate: 4.0089% A.E.R*

Source: CCLA, as at 30 September 2025. *Declared rate as at 30 September 2025. A.E.R. = annual equivalent rate, which illustrates what the annual interest rate would be if the monthly interest rates were compounded.

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Costs and charges

	Fund management fee (% p.a.)			Ongoing charges figure (% p.a.)	
The CBF Church of England funds	**AMC**	**Other expenses**	**Total**	**Cost of underlying investments**	**Total**
Investment Fund	0.55	0.06	**0.61**	0.12	**0.73**
Global Equity Fund	0.60	0.02	**0.62**	0.03	**0.65**
Short Duration Bond Fund	0.22	0.11	**0.33**	0.00	**0.33**
Property Fund	0.65	0.13	**0.78**	0.00	**0.78**
Deposit Fund	0.20	0.05	**0.25**	0.00	**0.25**

The ongoing charges figure (OCF) shows the total annual operating costs taken from the fund. The OCF is the sum of two components: these are the fund management fee (FMF) and the cost of underlying investments. The FMF includes CCLA's annual management charge (AMC), VAT payable thereon where applicable (including any VAT reclaims received during the accounting period that the FMF is based on), and other costs and expenses of operating and administering the fund such as trustee/depositary, audit, custody, legal, regulatory and professional fees, and may include other charges such as Fitch Ratings fees if applicable. The underlying investments' costs are the impact to the fund of costs incurred in other funds or similar investments (e.g. investment trusts, limited liability partnerships) in which the CCLA fund invests. The OCF does not include the fund's transaction costs (i.e. the costs of buying and selling the underlying investments in a fund). For more information on costs, including transaction costs, please refer to the fund's key information document.

Matching assets to needs

- All assets have distinct, different and persistent characteristics
- We believe asset choice will be, by some distance, the greatest contributor to the success or failure of your strategy
- The objective of portfolio construction is to put together an asset allocation which gives the best chance of meeting your requirements efficiently

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Performance comparator explained

The COIF Charities Investment Fund and the COIF Charities Ethical Investment Fund are actively managed to achieve their target benchmark. Over time, they aim to achieve an average annual total return after costs of inflation (as measured by the UK Consumer Prices Index) plus 4%. (Note: the actual target benchmark is gross returns of CPI+5%. CPI+4% has been used to give a comparable net figure by assuming 1% costs.)

To give our clients insight into the progress of their investments over shorter periods we have created a composite comparator benchmark. This is not a formal target, neither does it constrain the types of investments in which the fund may invest, but is intended as a guide. It is based on established investment market indices, weighted in proportions designed to broadly reflect the risk and return profile of the underlying assets of the fund over the long term.

To keep the information relevant the comparator benchmark may be adjusted from time to time to reflect changes in long term return expectations and any structural changes in the fund.

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

The comparator benchmark (blended index returns) is calculated by CCLA using end-of-day index-level values licensed from MSCI (MSCI data). For the avoidance of doubt, MSCI is not the benchmark administrator for, or a contributor, submitter or supervised contributor to, the blended index returns, and the MSCI data is not considered a contribution or submission in relation to the blended returns, as those terms may be defined in any rules, laws, regulations, legislation or international standards. MSCI data is provided as is, without warranty or liability and no copying or distribution is permitted. MSCI does not make any representation regarding the advisability of any investment or strategy and does not sponsor, promote, issue, sell or otherwise recommend or endorse any investment or strategy, including any financial products or strategies based on, tracking or otherwise utilising any MSCI data, models, analytics or other materials or information.

Comparator benchmark detail and history are as follows:

From: 1.1.2021: MSCI World Index 75%; MSCI UK Monthly Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and SONIA (Sterling Overnight Index Average), 5%.

From 1.1.18 to 31.12.2020: MSCI World ex UK Index, 45%; MSCI UK Investable Market Index, 30%; MSCI UK Monthly Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7-day LIBID, 5%.

From 1.1.16 to 31.12.17: MSCI UK Investable Market Index, 45%; MSCI Europe ex UK Index, 10%; MSCI North America Index,10%; MSCI Pacific Index, 10%; IPD UK All Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7-day LIBID, 5%.

From 01.01.12 to 31.12.2015 MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, IPD All Property Index 5%, BarCap Gilt 15% & 7 Day LIBID 5%.

Important information

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To make sure you understand whether our product is suitable for you, please read the key information document and the scheme particulars and consider the risk factors identified in those documents. The sustainability approach for each of our funds is outlined in its consumer-facing disclosure document. We strongly recommend you get independent professional advice before investing.

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

The fund can invest in different currencies. Changes in exchange rates will therefore affect the value of your investment. Investing in emerging markets involves a greater risk of loss as such investments can be more sensitive to political and economic conditions than developed markets. The annual management charge is paid from capital (except for the Short Duration Bond Fund). Where charges are taken from capital rather than income, capital growth will be constrained and there is a risk of capital loss.

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

Investment in a CCLA COIF Charities fund is only available to charities within the meaning of section 1(1) of the Charities Act 2011. The CCLA COIF Charities funds are approved by the Charity Commission as Common Investment Funds under section 24 of the Charities Act 1993 (as has been replaced by the Charities Act 2011) and are Unregulated Collective Investment Schemes and unauthorised Alternative Investment Funds.

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