

REF: 4240

2nd February 2021

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Mr J N Willoughby
NORTH LUFFENHAM FIELD GARDENS
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Dear Mr Willoughby

OPPORTUNITY FOR EXISTING CLIENTS TO SWITCH BETWEEN THE COIF CHARITIES INVESTMENT FUND AND COIF CHARITIES ETHICAL INVESTMENT FUND AT LOW COST

CCLA has always made it a priority to enable our clients to reflect their principles in the management of their investments. As such, our specialist charity funds follow different client-driven ethical investment policies to reflect the different needs across the sector. We offer two versions of our multi-asset investment fund for charities. The COIF Charities Investment Fund (Investment Fund) is managed in line with CCLA's extensive responsible investment approach. This integrates environmental, social and governance factors, benefits from active engagement with our investee companies and avoids investment in tobacco producers and other activities that our clients consider to be the most incompatible with their values. The COIF Charities Ethical Investment Fund (Ethical Fund) is also managed to this approach but implements supplementary ethical restrictions as required by its client base.

To ensure that the ethical investment policies adopted by our charity funds remain up to date we regularly undertake a client consultation, and the next policy cycle will be launched later this year. The policy of the Ethical Fund has changed since the last consultation and as of the 1st of December 2019 the Fund will no longer invest in companies that generate more than 10% of their revenue from the extraction of coal, oil or gas.

To allow charities the opportunity to ensure that their investment portfolio is aligned with their mission, we are once again offering a low-cost switch to transfer between the two Investment Funds, which will be significantly below the current spread costs of 0.40% (subject to change).

 If you would like to take advantage of this offer, or would like any further information, please email ethical.fund@ccla.co.uk or call our Client Services Team on 0800 022 3505 as soon as possible to receive a registration form. The transfer is scheduled to take place on the 2nd July 2021. Please ensure that the completed documentation is returned by the 31st May 2021 as submissions received after this date may not be able to participate in the transfer.

If you are an existing Investment Fund or Ethical Fund unitholder and **do not want to transfer between the Funds no action is required.**

There will be separate opportunities for clients to move into the new Catholic Fund during April 2021. For further information please contact our Client Services Team on 0800 022 3505.

We hope that this opportunity to switch at low cost will allow charities to match their investments to their underlying mission more closely.

Yours sincerely



Peter Hugh Smith
Chief Executive

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Client Service Freephone: 0800 022 3505

Further Information About the Opportunity to Transfer Between CCLA's Charity Multi-Asset Funds at Low Cost

About the Transfer

Unitholders in either the Investment Fund or the Ethical Fund will be able to transfer their units to the other fund at a low cost. This will be conducted via an 'in-specie' transfer and will bypass the 'spread cost' that is normally incurred when buying and selling units. The costs of the transfer will be shared pro-rata by the participating charities.

Due to the uncertainty over the number of participating clients we are currently unable to provide exact costings, however it is anticipated that this will be significantly below the current spread costs of 0.40%. By way of example, the total cost for each participating charity in the previous in specie transfer in 2018 was 0.01%. We will provide participating clients with more details regarding the specific costs closer to the time.

We anticipate that the transfer will take place on the 2nd July 2021 and we will require completed documentation by the 31st May 2021 from those charities wishing to participate.

Comparing the Funds

The Funds have the same investment objective: a focus on delivering long-term capital growth together with a reliable growing income stream. We do not expect the ethical screening policies to have a material effect on long-term investment performance, but the policies are significantly different. This means that over shorter-term periods the returns on the two Funds are likely to differ. However, both Funds have a similar performance record and have outperformed their comparator over the last five years so we believe Trustees should compare the Funds primarily on their ethical policies to find the best match for the charity's underlying values rather than prospects for future performance. **Past performance is not a reliable indicator of future returns.**

CCLA Funds	% UK restriction MSCI UK IMI*	% World (ex UK) restriction MSCI World (ex-UK) *	Performance 1 year to 31/12/2020 (%)	Performance 5 years (p.a.) to 31/12/2020 (%)	Performance 10 years (p.a.) to 31/12/2020 (%)
COIF Charities Investment Fund	4.20	1.02	9.78	11.55	10.02
COIF Charities Ethical Investment Fund	18.45	7.41	9.76	11.51	9.87
Market comparator**			3.95	8.77	7.82

Source: CCLA as at 31 December 2020

*This highlights the percentage of the index that is not available for investment due to the Fund's investment restrictions.

** Current market comparator (summary): 45% non-UK equities, 30% UK equities, 15% UK govt bonds (gilts), 5% UK commercial property, 5% cash.

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



Ethical Restrictions Adopted by the COIF Charity Funds:

The table below provides greater detail on the ethical policies of the two Funds. Most screens are applied on a revenue threshold basis. This means that a company is restricted from the COIF Charities Ethical Investment Fund, if for instance, it makes more than 10% of its revenue from tobacco.

Theme	Further details	COIF Charities Ethical Investment Fund	COIF Charities Investment Fund
Climate change	Oil sands extraction	Companies that derive more than 5% of their revenue from the extraction of these fuels are restricted	
	Energy coal extraction	Companies that derive more than 5% of their revenue from the extraction of these fuels are restricted	
	Other 'fossil fuel' extraction	Companies that derive more than 10% of their revenue from extracting and refining coal, oil, or gas (from 1/12/2019)	
	Electrical utilities	No investment in companies that cannot align with the Paris Nationally Determined Contributions (NDCs)	
Armaments	Strategic military sales	Restricted if derive more than 10% of revenue from strategic military sales	
	Civilian firearms	10% revenue restriction	
	Nuclear weapons	Investment prohibited if involved in the production of these weapons	
	Landmines, cluster munitions, chemical or biological weapons	Investment prohibited if involved in the production of these weapons	
Oppressive regimes	Sovereign debt	No debt from countries identified by the Ethical Fund Advisory Committee as being the most oppressive	
Tobacco			Tobacco producers only
Alcohol		10% revenue restriction	
Adult entertainment		10% revenue restriction	
Gambling		10% revenue restriction	10% revenue screen applied (production only)
Animal testing	Testing of cosmetics on animals	Restricted if in priority sector and chooses to conduct testing on animals	10% revenue screen applied (online gambling only)
High interest rate lending		10% revenue restriction	
Specific client restrictions	Production of single-purpose abortifacients	Restricted if produce single-purpose abortifacients	
	Baby milk substitutes	Minimum responsibility standards	
ESG minimum standards	Score less than 2 on any FTSE ESG Theme	Comply/ explain approach applies	CCLA default approach
Respecting international norms	Substantiated allegations of non-conformity with the UN Global Compact	Engagement that can lead to divestment if no progress is made	
Third-party funds		Screened against ethical investment criteria	

The majority of ethical restrictions are applied on a revenue basis through standard and bespoke data feeds provided by MSCI.

RISK WARNING & DISCLOSURE

This document does not constitute the provision of financial, investment or other professional advice. To ensure you understand whether a CCLA product is suitable, please read the Key Information Document and the Scheme Particulars and considered the risk factors therein.

The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

The Catholic Investment Fund managed by CCLA is scheduled for launch in April 2021.

The company CCLA Fund Managers Limited (registered in England & Wales No. 8735639 at Senator House, 85 Queen Victoria Street, London, EC4V 4ET) is authorised and regulated by the Financial Conduct Authority and is the manager of the COIF Charity Funds (Registered Charity Nos. 218873, 803610, 1046249, 1093084, 1121433 and 1132054).