



Managing your investment portfolio

**Hywel Dda Health Charities**

6 June 2022

Heather Lamont, Client Investment Director



- Introducing CCLA
- Your new portfolio: the COIF Charities Ethical Investment Fund
- How we work with you

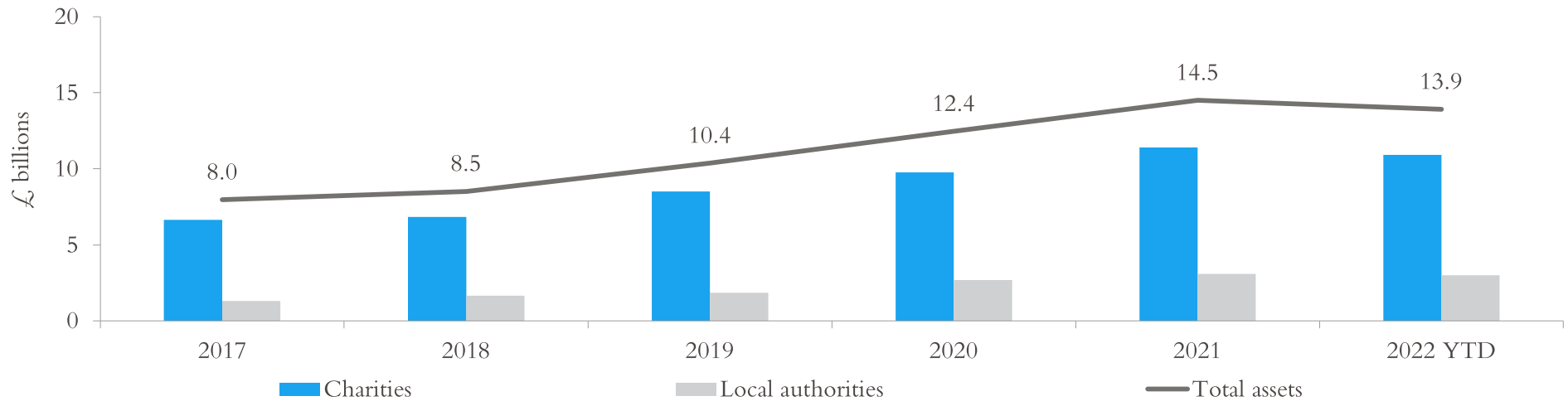
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**We specialise in meeting the investment needs of charities**

- CCLA is the number one manager of charity assets in the UK\*
- Specialist investment for charities is our core business
- Client and shareholder interests are aligned
- Sustainable investment is at the heart of what we do
- Your principal contacts:
  - Heather Lamont, Client Investment Director [Heather.Lamont@ccla.co.uk](mailto:Heather.Lamont@ccla.co.uk)
  - Daisy Mannifield, Client Relationship Manager [Daisy.Mannifield@ccla.co.uk](mailto:Daisy.Mannifield@ccla.co.uk)
  - Client Support team [ClientSupport@ccla.co.uk](mailto:ClientSupport@ccla.co.uk)

Source: Charity Finance Fund Management Survey November 2021.

## Assets under management



**No.1**  
manager for UK  
charities<sup>1</sup>

**60+** years  
investing responsibly  
and ethically<sup>2</sup>

**4** global climate  
initiatives –  
founding member<sup>3</sup>

**£7+** trillion  
of assets supporting  
CCLA initiatives<sup>4</sup>

Source: CCLA as at 31 March 2022.

<sup>1</sup>CCLA named no. 1 manager by assets and number of clients in the Charity Finance Fund Management Survey 2021.

<sup>2</sup>CCLA formed out of the Church of England investing ethically in 1958.

<sup>3</sup>Aiming for A; Powering Past Coal; Net Zero Asset Managers initiative; Inspired Climate Action 100+.

<sup>4</sup>Find It, Fix It, Prevent It Year One Report.



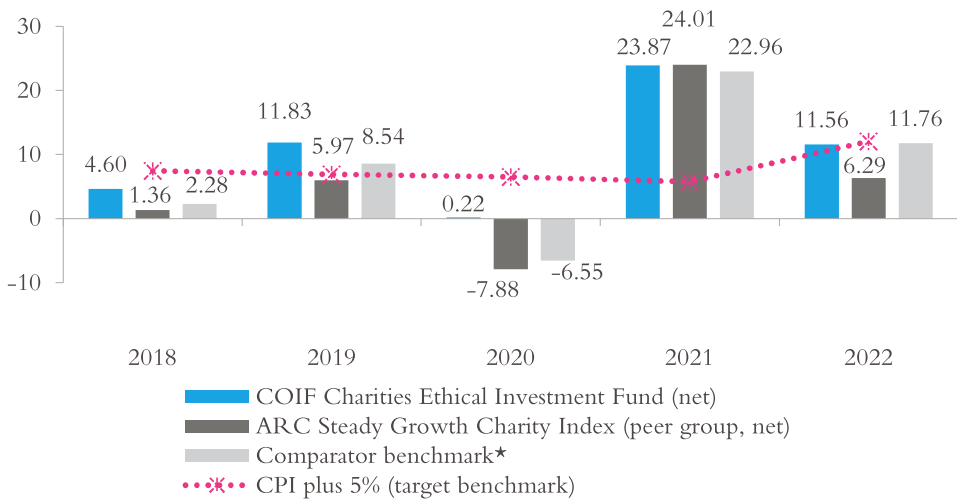
## **Long term investment objective**

- To provide a long term total return comprising growth in both capital and income
  - Benchmark: long term total return of inflation (CPI) plus 5% per annum

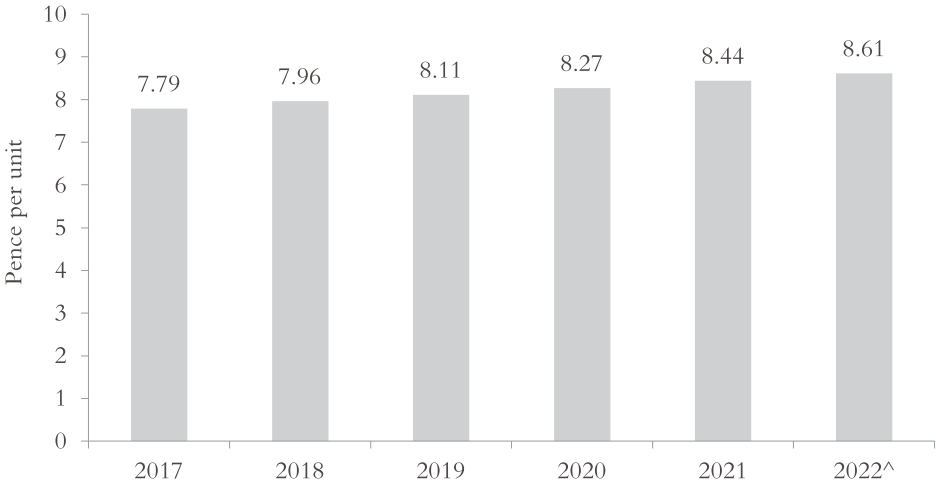
## **We also aim to deliver:**

- Volatility of total return (risk) no more than 75% of that of the UK equity market
- From within total return, an income distribution (dividend) which is reliable from year to year and rises progressively over time

Discrete year total return performance %  
12 months to 31 March



Historical and Projected Annual Distribution



Current yield 2.90%\*\*

Source: CCLA, as at 31 March 2022.

\*Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and SONIA (5%). The comparator benchmark is subject to change. Please refer to detailed description in the appendix.

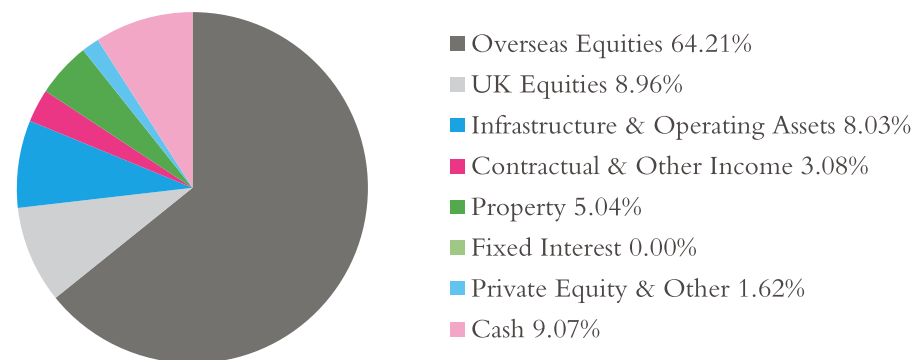
Total return performance is shown net of management fees and expenses on a mid price basis with gross income reinvested.

^Projected distributions. Projections for annual distributions are subject to change.

\*\*Based upon mid-market price as at 31 March 2022 and a projected annual distribution of 8.61p per unit. Forecast income and yields are not guaranteed. Past performance and distributions are not a reliable indicator of future returns.

- A multi-asset, long-term fund suitable for eligible charity investors
- Seeks to provide highly diversified and well balanced spread of investments
- Managed to meet clear ethical and responsible investment standards
- Willing to take robust strategic views e.g. zero fixed interest holdings
- Use of alternative asset types providing contractual cashflows
- Fund size: £1,948m

### Asset allocation



Overseas Equity	%
North America	46.21
Europe ex UK	12.90
Asia Pacific ex Japan	3.50
Japan	0.78
Other	0.83
<b>Total:</b>	<b>64.21</b>

Source: CCLA, as at 31 March 2022. Asset allocation is subject to change.

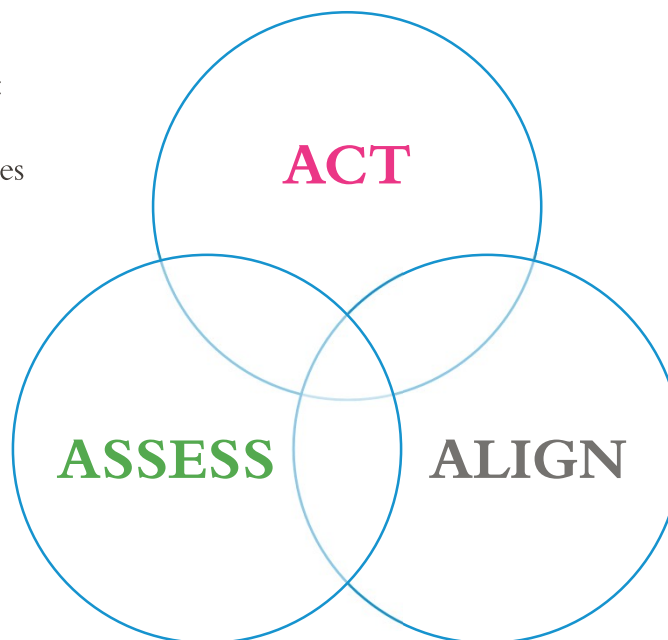
Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows (e.g. energy-related and social). Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

### Pioneers of change

- Vote on every company resolution
- Engage directly with every company at least once a year
- Long-term systemic change programmes in pursuit of the common good
- Impact goes far beyond our immediate sphere of influence

### ESG analysis to

- Uncover and manage extra-financial risk
- Identify sustainable companies
- Guide our stewardship activities



### Restricted on a % revenue basis

- Fossil fuel extraction, production, refining
- Armaments★
- Tobacco
- Alcohol
- Adult entertainment
- Gambling
- High interest rate lending

*Aspirational target to dedicate 5% of the fund's capital to investments that provide positive social or environmental objectives and meet the risk–return criteria.*

**UN PRI Rated A+ for 2020 & 2021 in all reporting categories**



**Signatory to the 2020 FRC UK Stewardship Code**

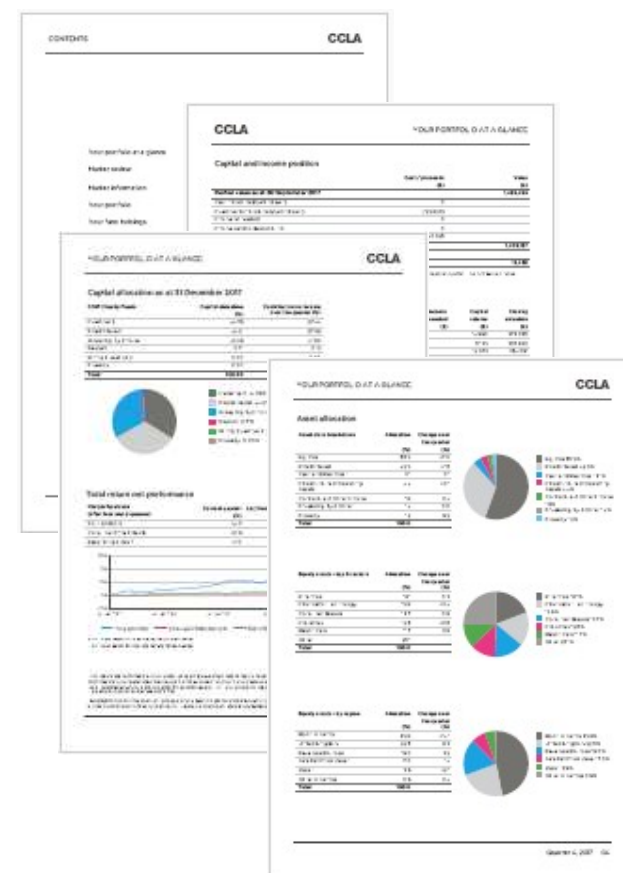


Source: CCLA. ★Companies involved in the production of landmines, cluster munitions, chemical/biological weapons and/or nuclear weapons are prohibited. Revenue restrictions apply to strategic military sales and non-military weapons. For full restrictions please see the appendix.



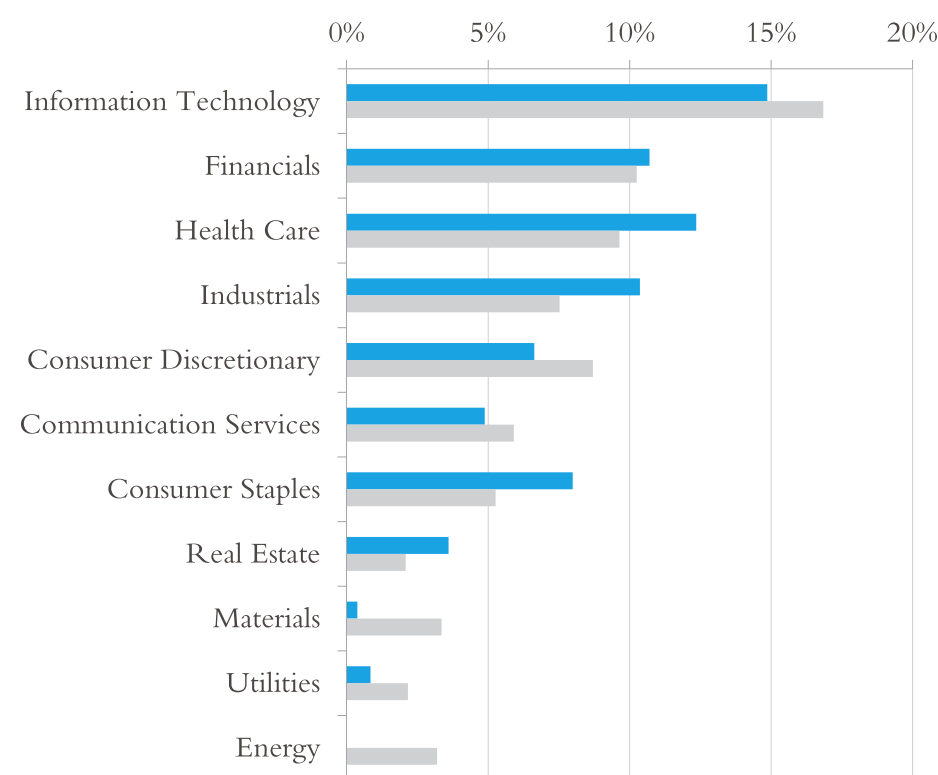
Our objective is to keep you fully informed on the progress of your investments. We do this by:

- assigning an experienced, qualified relationship manager;
- in-person and/or virtual meetings according to your timetable;
- a prompt and full response to any questions or concerns;
- regular valuation statements;
- detailed quarterly reports by post or email;
- key information on the fund(s) you hold and our expectations for investment returns enabling you to make investment decisions;
- a programme of events, online and in person: including trustee development, economic and market outlook and responsible investment



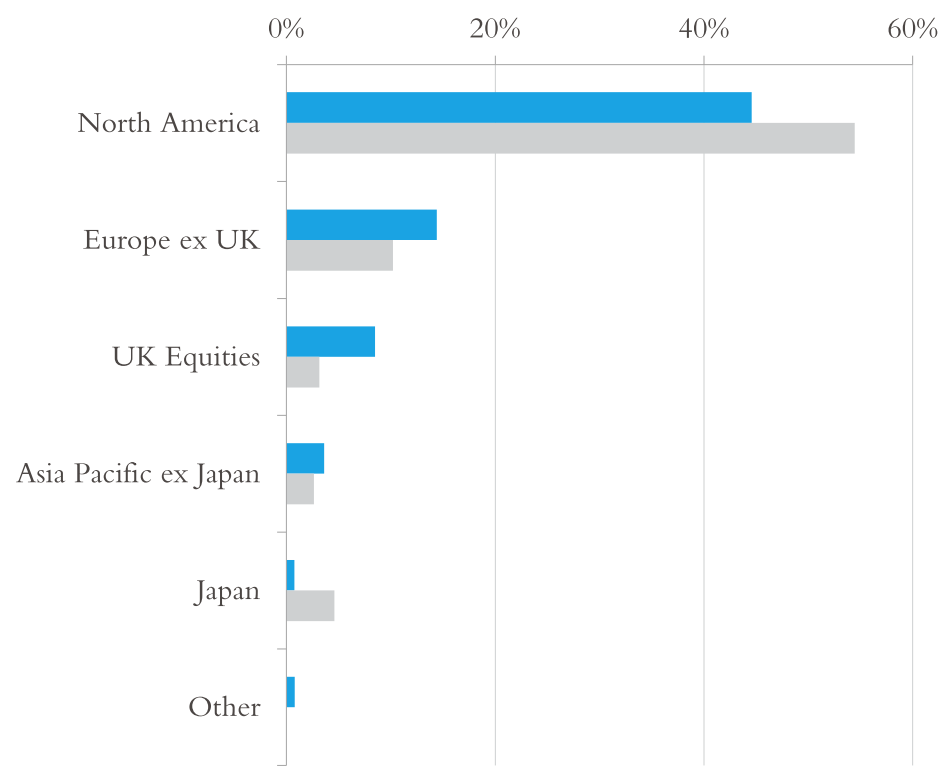
## REFERENCE MATERIAL

Sector allocation (%)



■ COIF Charities Investment Fund    ■ Comparator benchmark\*

Regional allocation (%)



■ COIF Charities Investment Fund    ■ Comparator benchmark\*

Source CCLA as at 31 March 2022.  
\*Comparator benchmark –MSCI World Index, 75%.  
Sector and regional allocation are subject to change.

## Changes in non-equity asset allocation



- Zero allocation to Fixed Interest reflecting the negative real returns from the asset class in a high inflation environment.
- Contractual income exposure was broadly unchanged over the quarter.
- The overall infrastructure allocation has remained stable but we have increased exposure funds with a greater emphasis on developing new projects where we believe there are improved returns.
- Within property we trimmed exposure to UK logistics warehouses and increased exposure to European logistics warehouses where there was a valuation advantage.
- Within private equity a commitment was made to a venture capital strategy.

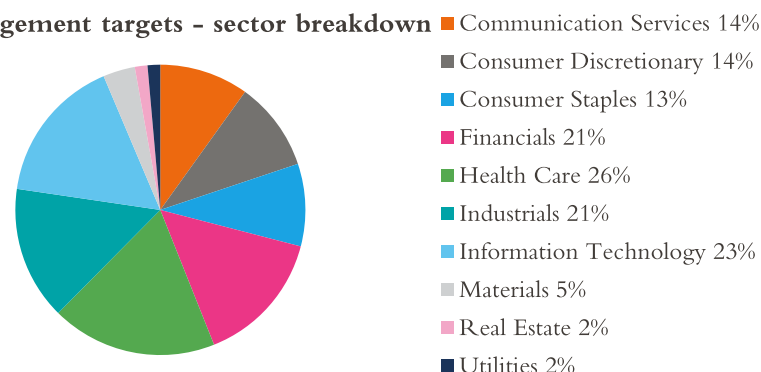
Source: CCLA, as at 31 March 2022. Asset allocation is subject to change.

Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows (e.g. energy-related and social). Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

## Engagement

- 287 discrete engagement touchpoints
- 141 investee companies
- 10 sectors
- 4 themes
  - Corporate governance
  - Climate and environment
  - Good work and human rights
  - Health and human capital

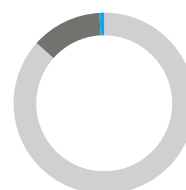
## Engagement targets - sector breakdown



## Voting

- Voted on 3,282 company proposals
- Across 227 meetings
- 13% against or abstain (vs 4% recommended by ISS)
- Co-filed 1 shareholder resolution

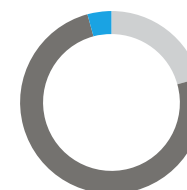
### All votes



### Director election votes



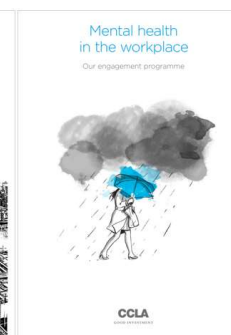
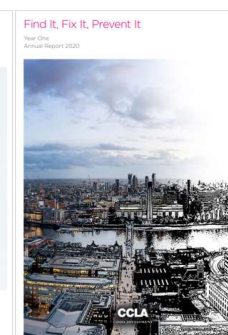
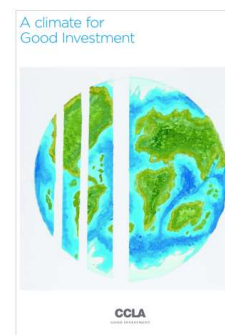
### Executive remuneration votes



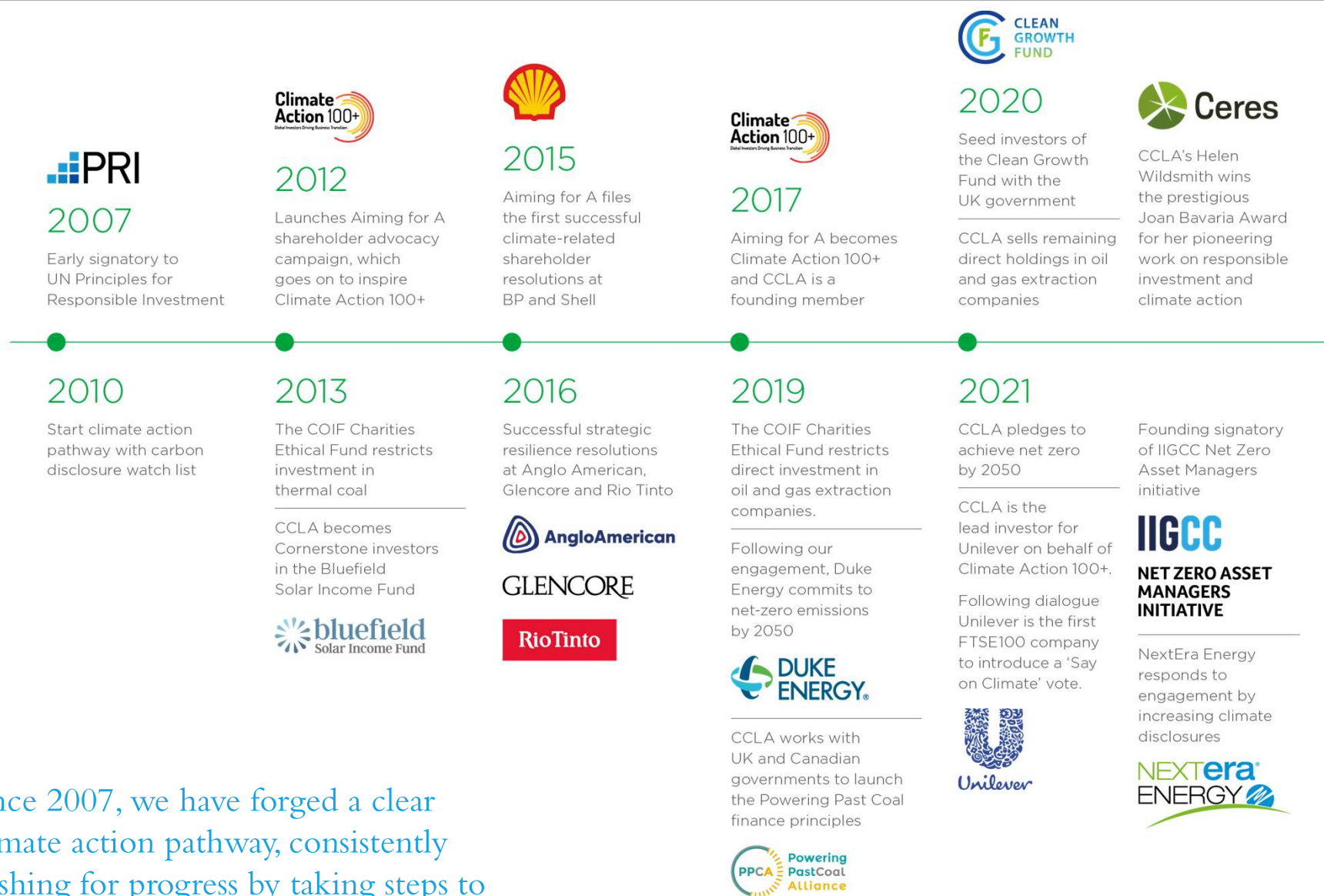
■ For ■ Against ■ Abstain ■ For ■ Against ■ Abstain ■ For ■ Against ■ Abstain

## Systemic change programmes

- Modern slavery: Find it, Fix it, Prevent it
- CCLA Corporate Mental Health Benchmark
- Climate change and public policy
- >£7tn in supporting assets under management



Source: CCLA as at 31 December 2021



Since 2007, we have forged a clear climate action pathway, consistently pushing for progress by taking steps to tackle climate change.

Source: CCLA as at 31 December 2021



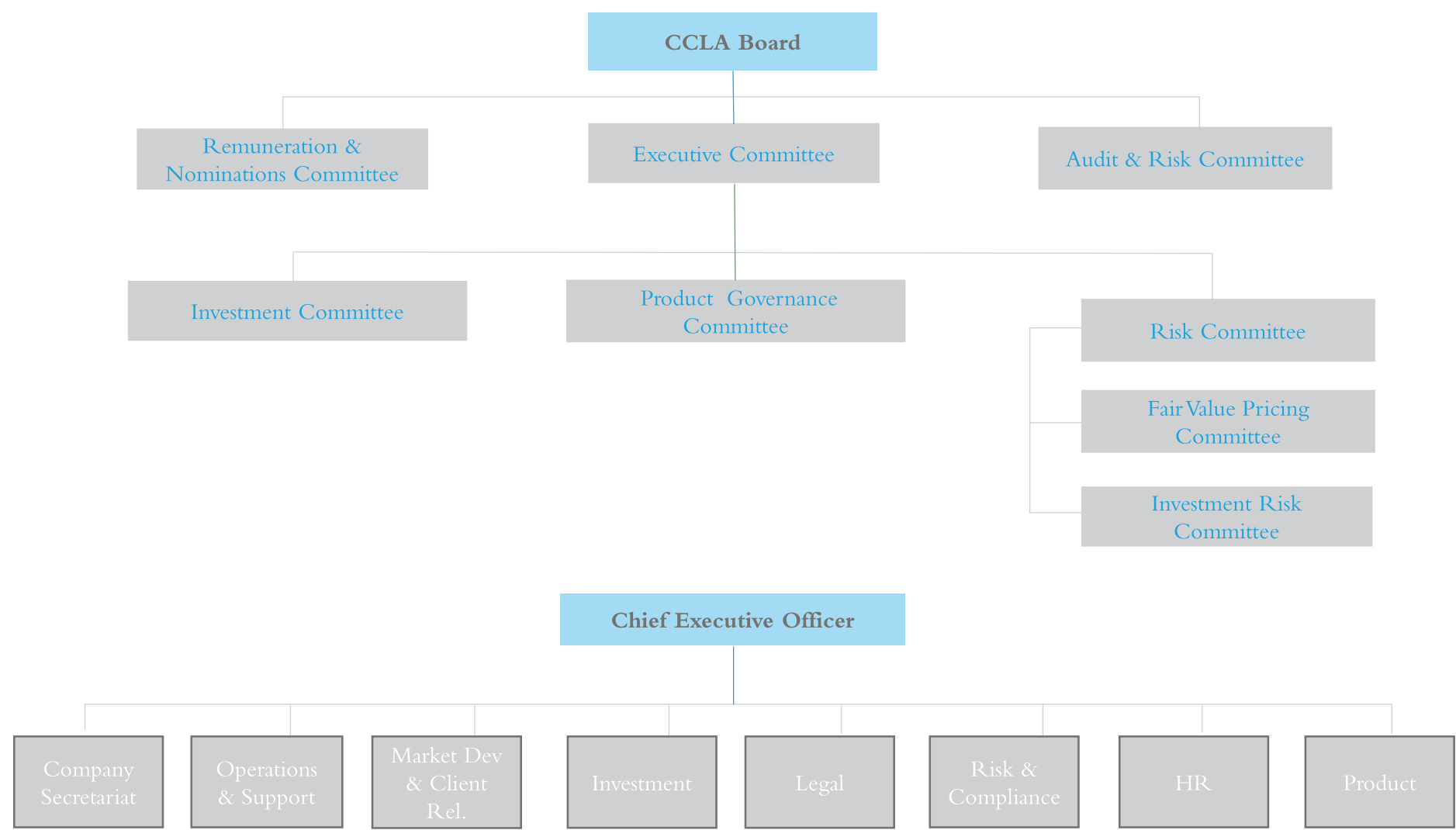
## COIF CHARITIES ETHICAL INVESTMENT FUND RESTRICTIONS



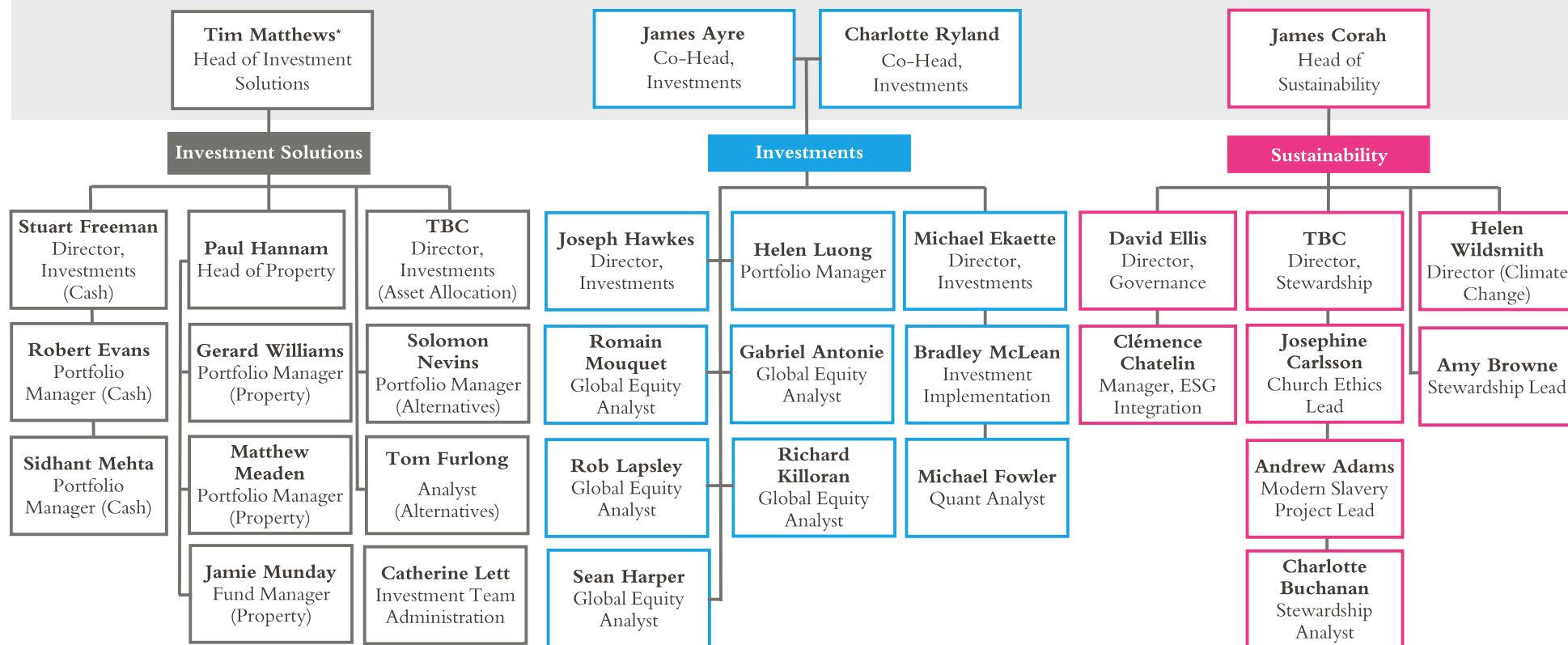
The COIF Charities Ethical Investment Fund is managed in accordance with an ethical investment policy that is set through consultation with unitholders. This requires CCLA to dedicate capital to positive investments, engage with companies to achieve positive changes in business practice and implement the following ethical restrictions.

Theme	Further details	COIF Charities Ethical 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 of oil or gas
	Other High carbon businesses	Minimum standards for engagement progress
	Electrical utilities	No investment in companies that cannot align with the Paris Climate Change agreement
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
Tobacco		10% revenue restriction
Alcohol		10% revenue restriction
Adult entertainment		10% revenue restriction
Gambling		10% revenue restriction
High interest rate lending		10% revenue restriction
Specific client restrictions	Sanctity of Life	Production of single-purpose abortifacients
Animal testing	Testing of cosmetics on animals	Restricted if in priority sector and chooses to conduct testing on animals
	Breast milk substitutes	Companies that do not meet the FTSE4Good criteria
ESG Minimum Standards	Companies with an MSCI ESG Rating of B or below	Comply/explain approach applies
Respecting international norms	Substantiated allegations of non-conformity with the UN Global Compact	Engagement that can lead to divestment if no progress is made
Oppressive regimes	Sovereign debt	No debt from countries identified by CCLA as being the most oppressive
Third-party funds		Screened against ethical investment criteria

Source: CCLA. The majority of ethical restrictions are applied through standard and bespoke data feeds provided by MSCI. Revenue restrictions based on total revenue from all exposures unless stated.



## Investment Leadership Group



Source: CCLA as at April 2022. \*Interim head.

- The multi-asset pooled fund structure that we are proposing offers a very cost-effective way of accessing an actively managed, well diversified portfolio.
- You pay nothing to CCLA, and there are no investment management costs to record in your accounts.
- As with all pooled funds, the COIF Charities Investment Fund has its own internal management and other costs which are incurred before arriving at the net returns reported and delivered to investors.
- These costs, totalling 1.00%, on the next page.

COIF Charities Ethical Investment Fund	Cost % p.a.
Annual management charge (AMC)	0.60
Other expenses	0.14
<b>Fund management fee (FMF)</b>	<b>0.74</b>
Costs of underlying investments*	0.26
<b>Total ongoing charges figure (OCF)</b>	<b>1.00</b>

The fund management fee (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), trustee/depositary costs, audit, custody, legal and professional, and may include other charges such as Fitch Rating fees if applicable.

\*The pro-rata amount of charges of relevant underlying investments (e.g. funds, LLPs).

The COIF funds have no entry or exit charges. Instead there is a 'spread' between the selling price and the buying price of units in each fund. This is to ensure that the administrative cost of buying and selling units is borne by the transacting investors, not by investors with unchanged unit holdings. CCLA does not make any profit from the buying and selling of units. Transaction costs are available at [www.ccla.co.uk](http://www.ccla.co.uk).

- CCLA's multi-asset funds are actively managed to achieve practical objectives such as protecting the real value of capital and income and controlling volatility, but success in achieving these aims can only be measured over the longer term.
- To give our clients insight into the progress of their investments over shorter periods we have created the comparator benchmark. This is not a formal target or a constraining benchmark but is intended as a reasonable guide to how the total return of the actively-managed Funds differs from that of more passive portfolios. It is based on established investment market indices, weighted in proportions which reflect the return objectives of the Fund.
- To keep the information relevant the comparator benchmark is adjusted from time to time to reflect changes in long term return expectations and any structural changes in the Fund. These alterations are reviewed and approved by the COIF Board before they are implemented.
- Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and Sterling Overnight Index Average (5%).
- Comparator benchmark detail and history are as follows:
  - From: 1.1.21:* 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 31.12.20:* 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 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%.



This document is a financial promotion and is issued for information purposes only. It 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 Fund Factsheet document and the Scheme Particulars. CCLA strongly recommends you seek independent professional advice prior to investing. Investors should consider the risk factors identified in the Scheme Particulars.

Past performance is not a reliable indicator of future results. 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. Any forward looking statements are based upon CCLA's current opinions, expectations and projections. CCLA undertake no obligations to update or revise these. Actual results could differ materially from those anticipated.

Investment in a CCLA managed Fund is only available to charities within the meaning of section 1(1) of the Charities Act 2011. The CCLA managed Fund is approved by the Charity Commission as a Common Investment Fund under section 24 of the Charities Act 1993 (as has been replaced by the Charities Act 2011) and is an Unregulated Collective Investment Scheme and an unauthorised Alternative Investment Fund.

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).

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Heather.Lamont@ccla.co.uk

**020 7489 6058**

*Calls to this number are forwarded to me wherever I am working*

**Edinburgh Office**

Mansfield Traquair Centre  
15 Mansfield Place  
Edinburgh  
EH3 6BB

**Head Office and Client Services:**

Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

0800 022 3505

**[www.ccla.co.uk](http://www.ccla.co.uk)**

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