F+PC 31/01/22 Agenda 9b

CCLA

The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AAAmmf
Fact Sheet – 31 December 2021

Investment objective
To maximise the current income consistent with the preservation of principal and liquidity.

Investment policy
The Fund will be invested in a diversified portfolio of high quality sterling denominated deposits and instruments. All investments at the time of purchase will have the highest short term credit rating or an equivalent and correspondingly strong long term rating.

The weighted average maturity of the investments will not exceed 60 days. The Fund will not invest in derivatives or other collective investment schemes.

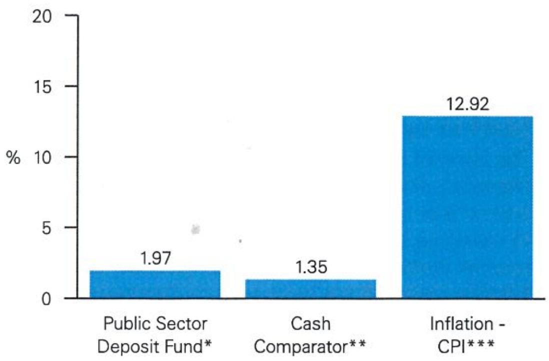
Target investors
The Fund is designed for local authorities and public sector investors seeking a high level of capital security and a competitive rate of interest for their short-term investments.

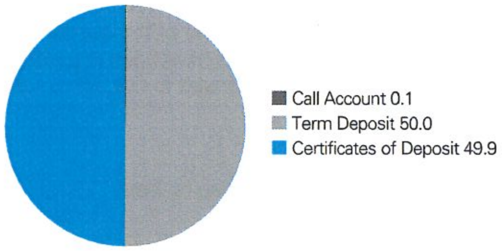
Who can invest?
Any public sector organisation can invest in the Fund.

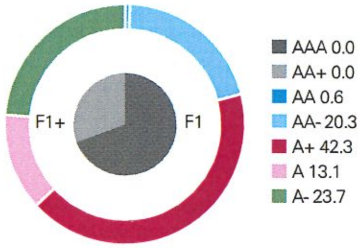
Responsible investment policy
We monitor our counterparties' environmental, social and governance risk management on a regular basis. Our research utilises external data resources and our in-house Ethical and Responsible Investment Team.

Key risks
Investors should consider the following risk factors before investing: Issuer/Credit Risk (issuer/financial institution may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Maturity Profile (timings of investment maturity), Liquidity Risk (investment in non-readily realisable assets), Concentration Risk (need for diversification and suitability of investment) and Interest Rate Risk (changes to interest rate affecting income). Please see the Fund Prospectus for further details.

Share class 4 yield as at 31 December 2021
0.1300%

5 years cumulative performance


Asset type (%)


Credit rating† (%)


Top 10 counterparty exposures (%)

9.7%	Landesbank Baden-Wuerttemberg
9.7%	Landesbank Hessen-Thueringen Girozentrale
9.7%	National Bank of Canada
9.1%	DBS Bank Limited
7.0%	Nationwide Building Society
5.2%	Coventry Building Society
4.2%	SMBC Bank International plc
4.1%	Lloyds Bank Corporate Markets plc
3.9%	Yorkshire Building Society
3.2%	Barclays Bank plc

Top 10 country exposures (%)

31.1%	United Kingdom
19.4%	Germany
13.7%	Canada
9.4%	Singapore
8.5%	Japan
5.6%	France
3.0%	Switzerland
2.5%	Netherlands
2.2%	Finland
1.2%	Sweden

*Source: CCLA - Net performance shown after management fees and other expenses with gross income reinvested. The yield on the Fund will fluctuate and past performance is not a reliable indicator of future results. **Comparator Benchmark - Sterling Overnight Index Average (SONIA) from 1 January 2021. Prior to that, the comparator benchmark was the 7-Day Sterling London Interbank Bid Rate (7-Day LIBID). ***Consumer Price Index (CPI) is lagged one month. †Using Fitch Ratings methodology.

Income - period to end December

Average yield over the month	0.0898%
Yield at the month end	0.1300%

Discrete year total return performance

12 months to 31 December	2021	2020	2019	2018	2017
The Public Sector Deposit Fund	+0.04%	+0.31%	+0.75%	+0.57%	+0.24%
Comparator Benchmark	+0.05%	+0.06%	+0.58%	+0.46%	+0.16%
Relative	-0.01%	+0.25%	+0.17%	+0.11%	+0.08%

Annualised total return performance

Performance to 31 December	1 year	3 years	5 years
The Public Sector Deposit Fund	+0.04%	+0.36%	+0.38%
Comparator Benchmark	+0.05%	+0.23%	+0.26%
Relative	-0.01%	+0.13%	+0.12%

Net performance shown after management fees and other expenses with gross income reinvested. Comparator Benchmark - SONIA from 1 January 2021. Prior to that, the comparator benchmark was 7-Day LIBID. Past performance is not a reliable indicator of future results. Source: CCLA

Market update

The Bank of England (BoE) wrong footed market expectations once again, this time by raising interest rates to 0.25%. The vote of the Monetary Policy Committee was 8:1 in favour of a hike, compared to the 7:2 decision to leave rates unchanged back in November; the pressure of rising inflation within an already tight labour market apparently trumping concerns over the impact on growth of the new Omicron variant. The BoE said that 'modest' rises in rates are likely to be required in the coming months and expectations now are for another increase in the New Year, probably in February, to take the rate to 0.5%.

Inflation rose to 5.1% from 4.2% in October. 80% of the upward pressure on prices came from just three factors: dearer energy, rising food prices and the increased cost of goods. RPI rose to 7.1%, the highest rate since 1991. The IMF, in its latest review of UK economic prospects, suggested that price pressures could peak at 5.5% but this now looks too low. The BoE raised its forecast to about 6% and even that may prove to be below the peak, now expected to be recorded in April. The strength in global energy prices, particularly gas, implies a 45%+ rise in domestic bills in the Spring with only a modest correction to follow in the Autumn.

The other side of the BoE dilemma, weak growth, was evident in GDP data. Growth estimates for the third quarter were revised down to 1.1% and the data for October showed activity expanding at just 0.1%, compared with estimates of 0.4%. Some improvement should be possible in the remainder of the quarter but 1% growth for the period is probably the best achievable. Unemployment fell again, to 4.2%. The data will still have been impacted by the furlough scheme but there were no signs of any significant rise in job losses. Indeed, vacancies continued to rise, up to 1.2m. Unsurprisingly, survey data suggested rising expectations of higher wages.

Key facts

Fund size	£1,647m
Credit quality and sensitivity rating by Fitch	AAAmmf
Weighted average maturity (Maximum 60 days)	50.07 days
Launch date	May 2011
Minimum initial investment	£25,000.00
Minimum subsequent investment	£5,000.00
Dealing day	Each business day*
Withdrawals	On demand
Domicile	United Kingdom
ISIN Share Class 4	GB00B3LDFH01
Interest payment dates	End of each month
Ongoing charges figure (OCF)***	0.10% (currently reduced to 0.06%)

*Dealing instructions (including cleared funds for purchases) must be received by 11.30 am. **The OCF includes the annual management charge and other costs and expenses of operating and administering the Fund such as depositary, custody, audit and regulatory fees. ***With effect from 12 May 2021 and until further notice, the OCF applied to the Fund was temporarily reduced to 0.06%.

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Risk warning and disclosures

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CCLA

Dear Sir/Madam

As 2021 draws to a close, the year ahead looks no less complex. Action on climate is increasingly central to our future as a society yet tangible progress remains elusive; demands for equality resound across many different strata of society; and the economic and social ripples of the pandemic continue to exert pressure on all of us in unexpected ways.

Despite these challenges, I am confident in our purpose and ability as a responsible investor.

CCLA seeks to position itself as a catalyst for change in the investment industry, exemplified most clearly in our work on three key issues – climate, modern slavery and mental health. Our progress is detailed in the 2021 Sustainable Outcomes Report enclosed.

We have titled the report 'Get Real', a rallying call to those within the expanding environmental, social and governance (ESG) space. While we are encouraged to see the financial sector embrace the wrapping and some of the goals focused on tackling climate change, for example, there is still a yawning gap between talk and action.

We see a clear need to continue to exert pressure in our sphere of influence, in asset management and with our investee companies, while leading by example.

As testament to our progress so far, backed by the agility and resilience of our expanding team, our assets under management have grown from £12.5 billion at the start of this year to £14.2 billion at the time of writing. The most recent Charity Finance Fund Management Survey, published in November, showed CCLA as the largest manager of charity assets in the UK. To achieve this after such a difficult period feels momentous.

I am immensely proud of the team's achievements this year and confident we can continue to foster our clients' success and build a better world in the years to come.

Wishing you a happy and healthy 2022,

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Peter Hugh Smith
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