Agenda 9b F+PC 28/02/22

CCLA

The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AAAmmf
Fact Sheet – 31 January 2022

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.

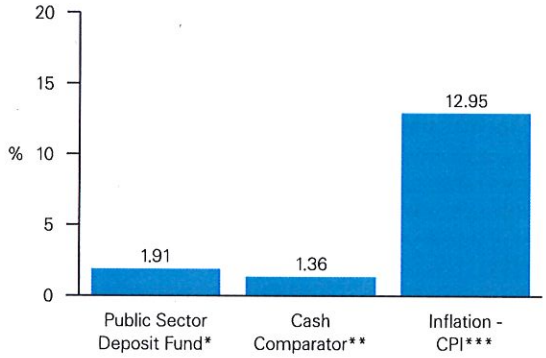
Key risks

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.

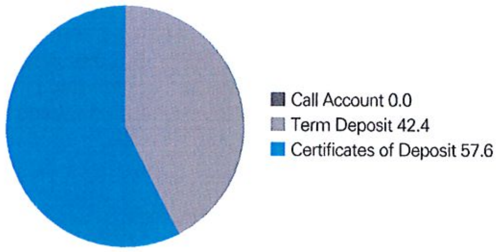
Share class 4 yield as at 31 January 2022

0.1906%

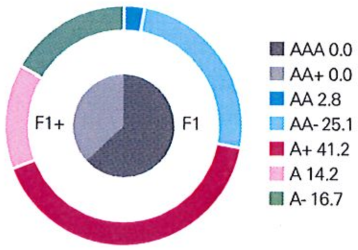
5 years cumulative performance



Asset type (%)



Credit rating† (%)



Top 10 counterparty exposures (%)

8.9%	Landesbank Baden-Wuerttemberg
8.9%	Landesbank Hessen-Thueringen Girozentrale
8.9%	Nationwide Building Society
8.9%	Rabobank
6.7%	DBS Bank Limited
3.6%	Mizuho Bank
3.6%	MUFG Bank
3.6%	SMBC Bank International plc
3.3%	Lloyds Bank Corporate Markets plc
3.3%	Toronto Dominion Bank (The)

Top 10 country exposures (%)

20.5%	United Kingdom
17.8%	Germany
11.0%	Canada
10.8%	Japan
10.7%	Netherlands
8.9%	Singapore
7.1%	France
4.7%	Sweden
2.8%	Switzerland
2.0%	Finland

*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 January

Average yield over the month	0.1654%
Yield at the month end	0.1906%

Discrete year total return performance

12 months to 31 January	2022	2021	2020	2019	2018
The Public Sector Deposit Fund	+0.05%	+0.25%	+0.74%	+0.61%	+0.25%
Comparator Benchmark	+0.07%	+0.02%	+0.58%	+0.48%	+0.18%
Relative	-0.02%	+0.23%	+0.16%	+0.13%	+0.07%

Annualised total return performance

Performance to 31 January	1 year	3 years	5 years
The Public Sector Deposit Fund	+0.05%	+0.35%	+0.38%
Comparator Benchmark	+0.07%	+0.22%	+0.26%
Relative	-0.02%	+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 economy grew by 0.9% in November and in so doing regained the activity levels recorded before the recession. Output benefitted from reduced product shortages which boosted construction and manufacturing. Monthly GDP data is notoriously volatile and unpredictable, but it seems likely that the onset of Omicron will mean that growth in December was flat, but momentum should have turned positive once more in the new year.

Inflation rose again, to 5.4% against 5.1% in November, thus recording the highest level since 1992. The RPI increased by 7.5%. On the month domestic food and soft drink prices moved higher, but the core problem remained international pressure on goods, fuel and food prices which together have accounted for 85% of the increase in UK inflation over the year. The pace of price increases is expected to peak in April, at 6% on the Bank of England's estimate, but it could rise beyond this to near 7% if a cold winter or supply disruption pushes fuel prices higher once more. The rise in inflation boosted expectations of further increases in interest rates (even subsequent to Bank Rate being raised to 0.5% in early February). More increases are expected although the pace of change is likely to be data dependent; the increased cost of living plus proposed tax rises will reduce real disposable consumer incomes by about 1.8% this year and there are concerns that this could cause growth to slow in the second half.

There was more positive news on unemployment where the rate declined again to 4.1%. Vacancies were steady at 1.2m but wage growth moderated to 3.8% from 4.3%. Another way of looking at the employment market is via the PAYE data, and this suggests that the number employed is now above that recorded pre pandemic, the difference in the two measures is accounted for by lower numbers in self-employment. Government borrowing in December totalled £16.8bn, far below the OBR's £30bn forecast.

Key facts

Fund size	£1,802m
Credit quality and sensitivity rating by Fitch	AAAmmf
Weighted average maturity (Maximum 60 days)	48.68 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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