

CFB Deposit Fund  
Annual short report 2015  
*Working from within*

# Working from within



## Mission

Our mission, alongside the church, is to seek practical solutions which combine Christian ethics and investment returns.

## We therefore aim...

To provide a high quality investment service seeking above average returns;

To follow a discipline in which the ethical dimension is an integral part of all investment decisions;

To construct investment portfolios consistent with the moral stance and teachings of the Christian faith;

To encourage strategic thinking on the ethics of investment;

To be a Christian witness in the investment community.

# CFB Deposit Fund

## Year ended 28 February 2015

### Investment objectives and policy

The CFB Deposit Fund invests solely through the Affirmative Deposit Fund for Charities (the Affirmative Deposit Fund), a Common Deposit Fund established under Section 25 of the Charities Act 1993, and managed by Epworth Investment Management Limited, the subsidiary of the Central Finance Board of the Methodist Church (CFB). HSBC Bank is the Corporate Trustee of the Affirmative Deposit Fund and all assets are held in the name of the Trustee.

The Affirmative Deposit Fund seeks to achieve, mainly through a portfolio of bank deposits and with minimal risk of capital loss, the higher rates of interest usually available in the London Money Market whilst maintaining the ability to make withdrawals at short notice.

Investments are made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size, with a maximum average maturity date for the investments of no more than 150 days. Risk is further minimised by limiting the proportion of the Fund deposited with any single bank or other institution.

Investment may be in sterling denominated deposits, Treasury Bills and other Government guaranteed securities and floating rate bonds. The Fund will maintain a minimum of 10% of its assets in investments realisable within 5 working days.

The Fund's benchmark, before expenses, is the 7-day London Interbank bid rate (LIBID) as measured by the British Bankers Association.

### Risk profile

The main risks to the Fund's financial instruments are the interest rate risk, where changes in interest rates may result in income either increasing or decreasing; credit risk of a counterparty failing to repay a deposit at its maturity date, and the liquidity risk of the Fund being unable to meet its obligations. These risks are minimised by the Manager as identified in the investment objectives and policy.

### Risk warning

The CFB and the Fund Manager undertake to use due skill, care and diligence in carrying out their duties, but whilst complying with this undertaking in relation to the investments of the Fund, they cannot give guarantees regarding the repayment of deposits.

The CFB is exempt from the Financial Services and Markets Act 2000 and depositors are not eligible for the Financial Services Compensation Scheme or the Financial Ombudsman Service. The Fund Manager, Epworth Investment Management Limited, is however authorised and regulated by the Financial Conduct Authority.

The current interest distribution is no guarantee of future returns.

### Other information about the CFB Deposit Fund

#### Investment parameters

- A minimum of 10% of the assets repayable within 5 business days.
- A maximum redemption period of 2 years for any loan or other security (except floating rate notes).
- A maximum period between coupon changes on floating rate notes of 6 months.
- A maximum average life of the portfolio of 150 days.

## Security of deposits

Investments are made with banks and other institutions which meet rigorous criteria based on independent credit ratings and size. We further minimise risk by limiting the proportion of the Fund deposited with any single bank or other institution.

More information about our lending criteria and the security of your deposit can be found on the CFB website at [www.cfbmethodistchurch.org.uk](http://www.cfbmethodistchurch.org.uk)

Total expense ratio: 0.24%.

Average life of fund: 104 days.

## Eligible investors

Any Methodist Church or Methodist Charity in Great Britain is entitled to invest the CFB Deposit Fund. This would normally include other organisations under the control of the Church Council, eg Sunday school, youth club etc.

## Services provided by the Fund

- Accounts can be opened on any business day.
- Deposits may be made via a local bank, using a CFB paying in book, or by post. The deposit will start earning interest on the day it is received.
- Withdrawals to a nominated Methodist bank account are processed on the day of request (up to £50,000). Notice of up to 7 days may be required for larger withdrawals in exceptional circumstances.
- Automatic transfers can be set up to:
  - pay stipends
  - pay circuit and district assessments
  - make regular transfers to local nominated bank accounts
  - receive tax refunds
  - receive credit income from TMCP.

## CFB Online

CFB Online allows you to access your CFB Deposit Fund account via the internet. To register for this service or for more information, go to [www.cfbmethodistchurch.org.uk](http://www.cfbmethodistchurch.org.uk)

## Dealing and interest

- Dealing date: Every business day.
- Interest earned immediately an account is credited.
- Interest is paid monthly by direct credit to your account, without deduction of tax.
- No transaction charges are levied.

## Model Trust money and property schemes

Model trust monies in cash cannot be held directly in the CFB Deposit Fund, but should be forwarded to the Trustees for Methodist Church Purposes (TMCP) in Manchester. You will however still benefit from the professional management of the CFB team, as such monies will be invested in the Trustees Interest Fund, which itself is managed on behalf of TMCP by the CFB. Further information on this fund can be obtained from TMCP on 0161 235 6770.

## Other information

### Long form Report and Accounts

This document is a short report of the CFB Deposit Fund for the year ended 28 February 2015. The full Report and Accounts for the Fund and the other CFB unitised Funds are available upon request to the CFB at 9 Bonhill Street, London EC2A 4PE and can be downloaded from CFB website at [www.cfbmethodistchurch.org.uk](http://www.cfbmethodistchurch.org.uk)

### CFB Annual Report

The CFB Annual Report covering the year ended 28 February 2015 is available in hard copy on request to the CFB at 9 Bonhill Street, London EC2A 4PE, telephone 020 7496 3600, or can be downloaded from the CFB website at [www.cfbmethodistchurch.org.uk](http://www.cfbmethodistchurch.org.uk)

# Accounting and distribution

The Fund's financial accounting year end is 28 February. An interim half yearly report is made up to 31 August.

## Summary of investments by credit rating\*

	28/02/15 %	28/02/14 %
Aa1	1.2	–
Aa2	7.3	2.3
Aa3	4.7	9.3
A1	40.6	13.8
A2	45.1	71.3
A3	–	2.2
Baa1	1.1	
Baa2	–	1.1
	<b>100.0</b>	<b>100.0</b>

## Distributions

Distributions are paid on the last calendar day of each month, and during the period are as follows:

For the period ended	Average rate %	Average AER %
31 March 2014	0.70	0.70
30 April 2014	0.60	0.60
31 May 2014	0.60	0.60
30 June 2014	0.60	0.60
31 July 2014	0.56	0.56
31 August 2014	0.56	0.56
30 September 2014	0.56	0.56
31 October 2014	0.56	0.56
30 November 2014	0.56	0.56
31 December 2014	0.56	0.56
31 January 2015	0.56	0.56
28 February 2015	0.56	0.56

## Income history

Year to February	Average rate %	Average AER %	LIBID* AER %
2011	1.09	1.09	0.16
2012	1.25	1.26	0.19
2013	1.25	1.26	0.16
2014	0.88	0.88	0.12
2015	0.58	0.58	0.16

\*Represents the Gross LIBID rate less the CFB Deposit Fund expenses.

## Total expenses ratio

Expense type	28/02/15 %	28/02/14 %
CFB cost allocation	0.21	0.21
Corporate trustee charges	0.02	0.02
Other expenses	0.01	0.01
<b>Total expense ratio</b>	<b>0.24</b>	<b>0.24</b>

## Net asset value

Date	Net asset value £m
28 February 2011	369.5
29 February 2012	346.2
28 February 2013	335.9
28 February 2014	354.3
28 February 2015	360.1

## Summary of deposits by banking group\*

As at 28 February 2015	28/02/15 %	28/02/14 %
Santander	12.9	13.1
Sumitomo Mitsui Banking Corporation	12.9	10.9
Nationwide	12.9	4.4
Lloyds	11.1	12.5
Credit Agricole	10.7	10.7
Mitsubishi UFJ Trust and Banking Corp.	10.7	2.2
Societe Generale	6.4	13.1
DZ Bank	5.4	–
Commonwealth Bank of Australia	2.8	2.6
Barclays	2.1	13.1
Rabobank	2.1	2.2
CIC	2.1	–
HSBC	1.5	1.1
Toronto Dominion	1.3	–
Royal Bank of Scotland	1.1	2.2
National Australia Bank	1.1	2.2
BNP Paribas	1.1	1.1
Bank of Montreal	0.9	0.9
Westpac Banking Corporation	0.9	–
UBS	–	3.3
SE Banken	–	3.3
Svenska Handelsbanken	–	1.1
	<b>100.0</b>	<b>100.0</b>

\*Figures based on underlying holding in the Affirmative Deposit Fund.  
Central Finance Board of the Methodist Church Deposit Fund 2015

**Central Finance Board of the Methodist Church**

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