Ethics in investment: burden or benefit?

Central Finance Board
of the Methodist Church

CFB Annual Report 2016

Contents

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.

For more information…

For detailed reviews of the CFB approach to ethics and investment, see the Joint Advisory Committee on the Ethics of Investment's annual report and the quarterly Socially Responsible Investment Review for CFB clients on the CFB website. www.cfbmethodistchurch.org.uk/ethics

Ethics in investment: burden or benefit?

A question many trustees ask is whether an ethical policy is consistent with their fiduciary duty. This is because of concerns that it may reduce investment returns. On the face of it this might seem a reasonable question given that our ethical approach currently excludes 16% of the UK stock market.

However, our proprietary approach ensures that despite the exclusions, the economic sensitivity of the CFB portfolios are not significantly different from the overall market. Calculations provided by our performance measurement consultant show that the proprietary benchmark index for the CFB UK equity fund produced a total return of 4.8% pa over the ten years to 29 February 2016 compared to 4.9% pa for the unconstrained index and just 4.4% pa for the more traditional adjustment of ethical exclusions. Over three years, relative to the index with no ethical exclusions, our proprietary index outperformed by 0.8% pa, whilst using the traditional methodology to adjust for ethical exclusions, the index underperformed by 0.3% pa. It seems that at the very least, it is possible to argue that our approach to ethics is not a burden over the long term.

Moreover, the understanding of fiduciary duty is evolving and rather than focusing on relatively short term financial returns there is a realisation that seeking long term sustainable returns is in the best interests of beneficiaries. As this is at the heart of our policies, we can say with some confidence that ethics in investment is a benefit.

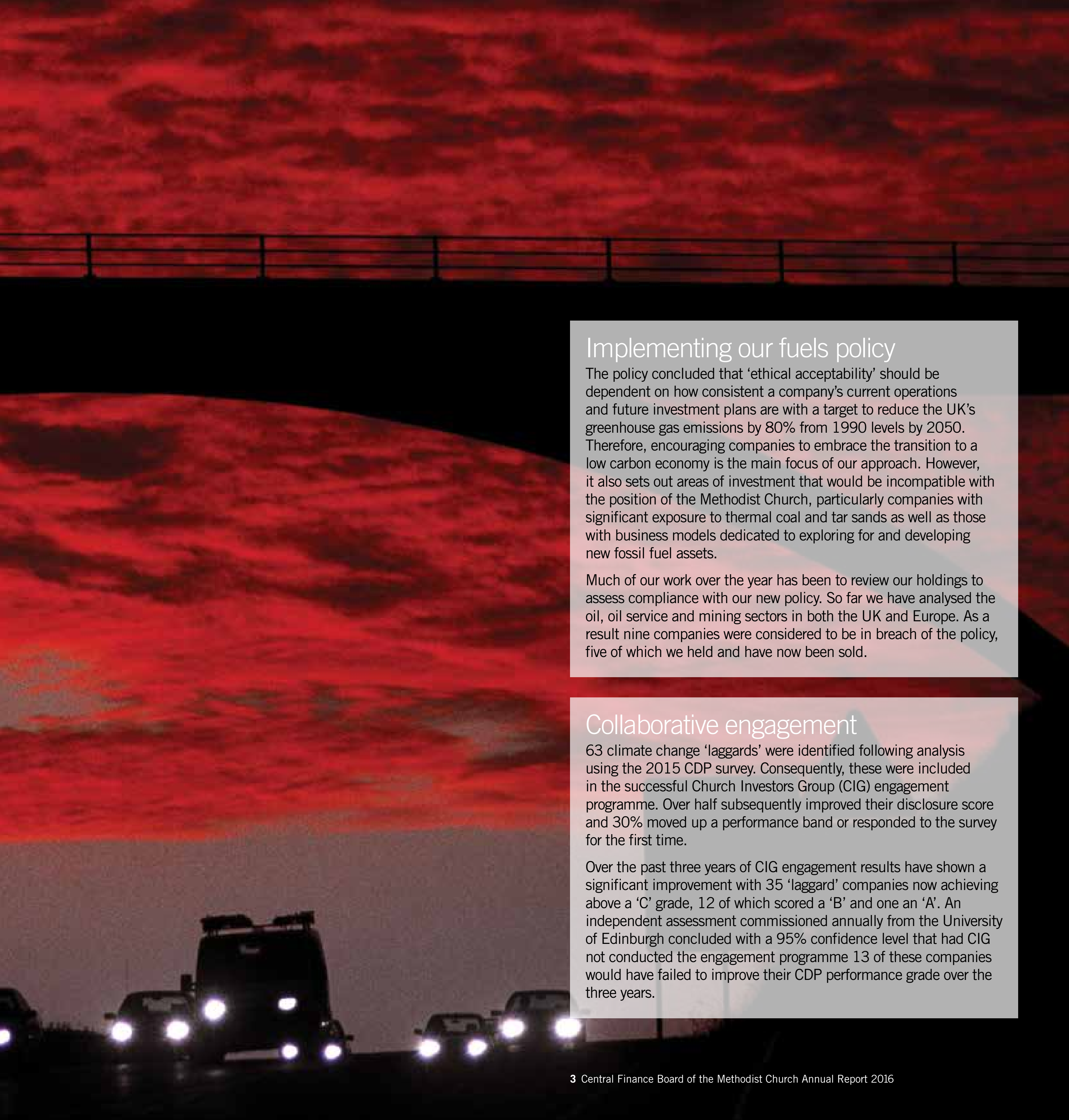
In the following pages we highlight some of our work that we believe provides the long term sustainable benefits, both financial and ethical, that Methodism demands.

Ethics in investment: pollute or protect?
Greater fuel efficiency means more profitable companies

The fossil fuel forum

The importance of climate change to the Methodist Church was reflected in the business of the 2015 Methodist Conference, which included a presentation, *Fossil Fuels and Ethical Investment*, three Memorials on investment in fossil fuels and a Notice of Motion that requested a strategy for increased investment in renewable energy. As is often the case, there was insufficient time at the Conference to do justice to the subject. Consequently, we decided to hold a forum in conjunction with the Joint Advisory Committee on the Ethics of Investment.

The day comprised eminent speakers setting climate change into its theological and economic contexts, industry scenario analysis and the case for divestment. In addition to JACEI members, attendees included representatives of those who had raised the profile of climate change at the Conference, observers from other churches, expert advisers and Methodist members with an interest in the subject. The event has a page devoted to it on our website, where a full report of the day can be found.



Implementing our fuels policy

The policy concluded that ‘ethical acceptability’ should be dependent on how consistent a company’s current operations and future investment plans are with a target to reduce the UK’s greenhouse gas emissions by 80% from 1990 levels by 2050. Therefore, encouraging companies to embrace the transition to a low carbon economy is the main focus of our approach. However, it also sets out areas of investment that would be incompatible with the position of the Methodist Church, particularly companies with significant exposure to thermal coal and tar sands as well as those with business models dedicated to exploring for and developing new fossil fuel assets.

Much of our work over the year has been to review our holdings to assess compliance with our new policy. So far we have analysed the oil, oil service and mining sectors in both the UK and Europe. As a result nine companies were considered to be in breach of the policy, five of which we held and have now been sold.

Collaborative engagement

63 climate change ‘laggards’ were identified following analysis using the 2015 CDP survey. Consequently, these were included in the successful Church Investors Group (CIG) engagement programme. Over half subsequently improved their disclosure score and 30% moved up a performance band or responded to the survey for the first time.

Over the past three years of CIG engagement results have shown a significant improvement with 35 ‘laggard’ companies now achieving above a ‘C’ grade, 12 of which scored a ‘B’ and one an ‘A’. An independent assessment commissioned annually from the University of Edinburgh concluded with a 95% confidence level that had CIG not conducted the engagement programme 13 of these companies would have failed to improve their CDP performance grade over the three years.

Ethics in investment: cost or contribution?
Treating workers well means more efficient companies

Living wage

The Living Wage has been at the heart of CFB engagement since 2011. In 2014/15 we co-signed letters to 75 FTSE 100 companies of which over 70% have since become accredited Living Wage employers or accepted the idea in principal, whilst only 12% refused to respond. Over the five years we contacted 19 companies directly, none of which were fully accredited Living Wage employers when the CFB engagement process began. Of these ITV, Smith & Nephew, Lloyds Banking Group, Pearson and National Grid are now fully accredited, whilst HSBC confirmed its commitment to pursue accreditation. In addition British Land, Rexam and Land Securities are all seeking to be compliant but still need to ensure their contractors also pay the Living Wage. Three further companies had made progress and were assessing the impact of becoming compliant. Overall 62% of targeted engagements had resulted in a positive shift in the position of companies.

The introduction of a 'National Living Wage' adds complexity as it provides only for those aged over 25, and is significantly lower than the rate set by the *Living Wage Foundation*. The CFB will continue to engage around adoption of the Living Wage as defined by the *Living Wage Foundation*, whilst urging companies not to apply the higher age bar when paying the National Living Wage. To their credit, Tesco and J Sainsbury have said the National Living Wage will be paid to all staff over 21.

Human rights

CFB joined a coalition of investors in signing an Investor Statement calling on companies to improve disclosure on integrating the UN Guiding Principles reporting framework into their risk management. The initiative was designed to catalyse more robust disclosure in meeting the Framework guidelines.

In response to CFB engagement on trafficking in the airline industry, British Airways informed us of the steps it has taken to address the issue. It had recently integrated behavioural and observational training into its employment practices and noted that several instances of potential trafficking had been detected, showing the risk to be a real one.

Funeral poverty

The cost of a funeral has risen by 80% over the past decade with the average cost now over £8,000. Those on low income or benefits are hardest hit, as they have fewer savings and a proportionately higher part of their income is therefore needed to cover funeral costs. Consequently an increasing number are being plunged into serious long-term debt.

Funeral poverty exists when the cost of a funeral is beyond a person's ability to pay, leading to difficult choices at a time of suffering and grief. The *Fair Funerals Pledge* encourages providers to make their most affordable funeral package clearly visible and available. CFB wrote to Dignity and the Co-op, the two largest UK providers of funerals and related savings plans asking them to support the *Fair Funerals Pledge*. They both responded encouragingly suggesting that their approaches are consistent with the Pledge, and that staff are trained to act sensitively to issues of affordability.

Ethics in investment: irritant or innovation?
High quality products and services mean more sustainable companies

Food

The Access to Nutrition Index (ATNI) ranks the world's 22 largest food and beverage companies against international standards and best practice for their approach to undernutrition and diet-related chronic illness. In 2016 Unilever was the highest rated company, closely followed by Nestlé. ATNI also uses a separate additional methodology to assess the manufacturers of breast-milk substitutes. This ranked Nestlé at the top of the 6 companies reviewed.

We remain strongly committed to a process of robust dialogue on breast milk substitutes (BMS). Engagement via the FTSE4Good process is viewed as a vital way of improving standards. Each year a member of the Connexional Team attends the annual FTSE4Good workshop in which NGOs and the churches discuss findings from the verification process. Nestlé was the only BMS manufacturer to comply with the performance requirements for inclusion in the Index for many years, but has recently been joined by Danone. The process commits them to an in-country audit by PwC every 18 months to test compliance with the Code. In addition, the CFB arranges an annual in-depth meeting with senior personnel from Nestlé UK which brings expertise from around the world on specific issues. In addition to BMS Code breaches, we discussed health and safety, human rights, sustainable agriculture, water risk and healthy lifestyles. JACEI believes that the comprehensive nature of our engagement, together with the independent assessment by ATNI and FTSE4Good provide compelling evidence that its advice on Nestlé is firmly grounded.

Water

40% of the most pressing global risks highlighted by the World Economic Forum are now environmental, with water stress ranked as the third biggest risk in terms of impact. Some 2.7bn people or 40% of the global population lives with water shortage for at least one month a year and water scarcity will, it is suggested, increasingly lead to migration and conflict. The latest projections suggest that demand will exceed sustainable supply by 40% by 2030 unless water management practices change. Business has an important role to play as a key user of water. Reducing water impact and increasing security of supply will be fundamental to successful business in many parts of the world.

CFB is leading a new strand of CIG engagement focused on water risk. Working alongside CDP, the CFB identified 37 UK companies for whom water stress represents a strategic or operational risk, and wrote to them with a view to their responding to the 2016 CDP Water survey. As with CDP Carbon, better water disclosure will allow investors to improve their assessment of risk based on reported data around use, management and conservation. However, unlike carbon, water is a local resource risk and some companies have declined to respond on the grounds that the survey does not adequately reflect the local nature of water management. The feedback we are receiving will be shared with CDP, which will help to refine the survey.

Animal welfare

The CFB is a supporting investor of the Business Benchmark on Farm Animal Welfare (BBFAW) believing the welfare of farm animals in the food supply chain is an issue of material interest to many church members. Using the 2015 Benchmark, CFB engaged with two companies Whitbread and Compass Group on their low overall ratings. Both companies responded positively suggesting that their poor showing was a result of inadequate disclosure rather than inadequate process management and undertaking to work with BBFAW in future. The 2016 benchmark published in January saw both companies improve their ranking markedly from the lowest Tiers (6 and 5 respectively), to Tier 3. 40% of companies assessed still provide no disclosure on farm animal welfare despite it being a material part of the supply chain. Consequently, we are collaborating with BBFAW to produce an Investor Statement on Farm Animal Welfare and have joined a coalition of investors working with BBFAW on laggard companies.

Financial services

Financial misconduct and ethical probity have long exercised our attention, and we welcomed the concern expressed in the Memorial to the 2015 Methodist Conference on HSBC. We met with the company to understand how it was responding to the disclosure of a number of financial scandals and the consequent reputational damage. Some reassurance was given that global processes had changed, and that private clients now had to provide more evidence regarding their tax arrangements. It remains a major concern that examples of previous misconduct are still emerging with RBS, Lloyds Banking Group and Barclays also having to pay or make large provisions for misconduct fines.

Ethics in investment: marginal or meaningful?
Effective engagement means more responsible companies

Shareholder voting

We vote all our UK and European holdings using the Church Investors Group global voting template. This was agreed collaboratively with our church investor partners and is executed through a common proxy voting service provider, ISS. It has long been an aspiration to build a strong Church coalition of like-minded voters. We were therefore delighted when it was finally achieved in 2015, and believe it was a significant moment in giving the Church a stronger voice in company engagement.

Overall we opposed or abstained on 11% of UK resolutions, taking a particularly robust position on excessive executive remuneration packages. In deciding how to vote, we consider the quality of disclosure, how stretching performance hurdles are and the potential for excess. During 2015, out of 140 UK remuneration reports and policies, we opposed 81 and abstained on two. Bank remuneration remains a major challenge with all the UK banks choosing to circumvent new EU rules by introducing ‘role based pay’ which increased fixed pay against which bonuses were measured. This is, we believe totally inappropriate and we voted against all bank remuneration policies as well as specific votes to approve bonuses of 200% of salary.

Mining Reflections Initiative

The *Mining Reflections Initiative*, which brings together mining executives and church leaders to discuss sustainable mining, continued to command a high priority over the past year. We participated in visits to a copper mine in Peru (led by Glencore), and a diamond mine in South Africa (led by DeBeers/Anglo American). There continues to be strong commitment by the major mining companies participating in the Reflections process, and plans are underway for a Global Day of Reflection in 2017, involving senior representatives of the major Christian denominations.

Aiming for A

We are members of the *Aiming for A* coalition of investors encouraging 10 major UK companies in the utility and extractives sectors to aim for continuous inclusion in the CDP Climate Performance Leadership Index (CPLI) by achieving and retaining an 'A' performance rating. The coalition co-filed supportive shareholder resolutions at BP and Royal Dutch Shell in 2015 calling for more disclosure on portfolio resilience to climate change. Extensive engagement earned the support of the respective Boards, and over 95% of votes were cast in favour. This year, the coalition focused on Anglo American, Glencore and Rio Tinto, with the CFB as lead investor for the Anglo American resolution. The resolutions call for routine reporting from 2017 to include further information on operational emissions management; resilience to the International Energy Agency's scenarios; low-carbon energy research, development and investment strategies; relevant strategic key performance indicators and executive incentives; and public policy positions relating to climate change. These were supported by all three boards and over 96% of votes were cast in favour.

Chair's statement

John Sandford
Chair

Small mercies

In the past twelve months we have had to cope with: the fifth straight year of falling commodity prices; the bursting of the Chinese stock market bubble; growing concerns that the global economy is slowing; debt levels too high; productivity too low; the political status quo under threat from mass migration, and terrorist outrages an ever present threat. Given these factors investors may feel that they have come through the year relatively unscathed, with property and bond prices higher, whilst equity prices closed well above the lows, which for the UK market had been over 20% below its April 2015 peak. Over the course of the year, the net asset value of CFB funds fell by £41 million, which partly offset by £19 million of net new investment, saw CFB funds total £1,059 million at the end of February. Together with £217 million of non-CFB Epworth clients, total funds under management were down £37 million over the year at £1,276 million.

Equity funds outperform falling markets

A number of striking characteristics relating to the CFB approach to investment management have been identified by our performance and risk measurement consultants. CFB equity returns tend to hold up much better than the market as a whole when prices are falling, whilst capturing the vast majority of the upside when prices are rising. The result is above average long term returns despite adopting a below average level of risk. Consequently, although equity prices fell in the year under review, the relative returns of the CFB funds were ahead of their benchmarks. After all expenses the UK Equity Fund outperformed the CFB Proprietary Ethical Index by 0.9% and the more traditional ethical index by 2.1%. Despite it being a poor year for ethical strategies, the CFB also outperformed the unconstrained Benchmark by 0.2%. Similarly, the CFB Overseas Fund outperformed its benchmark by 0.2%, after all expenses and unrecoverable tax. Bond yields continued to fall, but despite a cautious low duration approach, the CFB Gilt and Corporate Bond funds only underperformed by 0.1%, less than their total expenses. However, a poor year for corporate bonds, which both the Short Fixed and Inflation Linked funds hold, compared to government bonds resulted in disappointing returns relative to their government only benchmarks. The distribution on the CFB Deposit Fund at just over 0.5% continues to exceed its benchmark, and ended the year higher than it began for the first time in five years. The CFB Property Fund returns were not only the best in absolute terms at 14.7%, but also in relative terms, 2.0% above its benchmark.

Ethical issues

Ethics remains a high priority for the CFB and it was therefore pleasing that the Principles for Responsible Investment initiative ranked us in the top A+ band of signatories for our "overarching approach" in its 2015 assessment, despite our comparatively modest resources. Issues we addressed for the first time included farm animal welfare, corporate lobbying and funeral poverty. We also analysed our attempts over the past five years to encourage companies to become Living Wage Foundation employers and found that almost two thirds of targeted companies had shown a notable shift in their positions. Much work is done with our Church Investor Group partners, which allows for a more efficient use of resources. As a result the CFB was able to take on the lead role in the new water risk initiative. For the first time a single global CIG voting template was agreed allowing our votes to have maximum impact. Engagement continued on a variety of issues including human trafficking, the Palestinian Occupied Territories and Nestlé. The initiative to find a sustainable model for mining continued with the CFB participating in the programme of visits to mines and their surrounding communities and sitting on the steering committee directing the project.

Listening to the Conference

However, it was climate change that dominated the ethical agenda, with the Conference debating the *Fossil Fuels and Ethical Investment* report, the replies to three Memorials calling for disinvestment from fossil fuels, and a Notice of Motion on fossil fuels and climate change. These provided a welcome opportunity for Methodism to discuss and understand better the advice the CFB receives from the Joint Advisory Committee on the Ethics of Investment (JACEI) and the way we interpret it. We paid close attention to the request of the Conference to develop a strategy for increasing CFB investment in renewable energy and whilst the Memorials were declined, the seriousness of the subject was recognised in the replies. Thankfully, the new CFB Policy relating to different fuels had already been adopted. This called for disinvestment from companies: with a significant exposure to tar sands and thermal coal; and with business models dedicated to exploring for and developing new fossil fuel assets. We have since been implementing the policy, beginning with the oil, extractives and oil service sectors. This has resulted in a number of additional ethical exclusions, which now total over 16% of the UK equity market, but does not include BP or Royal Dutch Shell, where engagement is still in our judgement the correct approach. Last year we were active in the *Aiming for A* coalition that co-filed shareholder resolutions calling for more disclosure related to climate change. Intense discussions with senior management resulted in their support for the resolutions, which were carried with over 95% of votes in favour. We also noted the Tax Justice Memorial, a subject

Ethical pledge: The securities held by all CFB Funds will, to the best of our ability, be in line with the ethical policy of the Methodist Church.

that is very much in the public eye following the release of the *Panama Papers*. I have taken a personal interest in tax justice, representing the CFB at one related conference. It is an enormous subject and the CFB will need to work closely with others if significant progress is to be reported to the 2018 Conference, as requested.

Robust finances

It was good to see that the CFB achieved a £380,000 surplus last year and is now within £75,000 of its target to hold free reserves equal to 50% of budgeted expenditure: well ahead of schedule. One reason for the surplus was that fees were raised at the beginning of September, in order to finance additional staff and IT spending. Whilst even after the increase, CFB fees remain at the low end of the spectrum for most of our clients, it was important for us ensure we remain competitive to our largest clients. Consequently, we introduced a differential charging structure that ensures that they will now benefit from economies of scale. In order to accommodate the differential charging structure an additional class of units was created. Although the fee increases may not have been welcomed, the reasons for them were understood and generally accepted.

Personnel

Although a better than budgeted financial position is to be welcomed, it is unfortunate that this was partly due to being unable to hire the experienced client relations and marketing staff we had hoped to do. In addition we also lost the services of our fixed interest fund manager and have not yet found a replacement. This has meant that all staff have been under greater pressure than we had anticipated and I am exceedingly grateful for their efforts. During the year, Stephen Beer was confirmed as Chief Investment Officer, a role in which he had been acting since Russell Sparkes was taken ill in 2014. We hope that Russell will recover and ultimately be able to return to work, but it was important for the continuity of the CFB that Stephen's position be made permanent, a decision that he has already fully justified.

One of our trainees also departed during the year, deciding not to return from maternity leave. We were blessed that not only was Senior CFB Fund Administrator, Safiya Nelson, both well qualified and enthusiastic about taking on the role of Trainee Fund Manager, but also that Charlotte Jenkins joined us as Fund Administrator. In order to continue providing the high quality service that Methodism has come to expect from the CFB, we require not only high quality staff but also inspirational leadership. Next year, our Chief Executive, Bill Seddon after thirty years in the role will be taking well earned retirement. Consequently, we are actively seeking his successor, who we hope to be able to announce in June.

Epworth

During the past year Epworth has not made the progress I would have liked. Non-CFB Epworth funds under management declined by £20 million to £217 million, of which £16 million was from the Affirmative Deposit Fund following an unusually high level a year ago. There was a steady trickle of new money from existing clients but with no major new clients this was insufficient to make up for the decline in equity prices over the year. Our hopes of a major push on marketing were thwarted by a combination of being unable to find the right people to add to our team and having to divert resources when our fixed interest manager departed. I am convinced that growing the Epworth client base is vital to the future success of the CFB, but it is a long-term project, that cannot be rushed if we are to ensure that we retain our reputation for providing a high quality service to our clients.

Departures

I would like to express my thanks for the wisdom and support of our Council over the past year. As always there have been some departures. John Reynolds stood down as he felt he was unable to devote the necessary time due to increased responsibilities elsewhere. Happily, a change in his circumstances allowed us to co-opt Graham Boyd back onto the Council after an absence of a year. We also lose our Vice-Chair, John Gibbon, having completed the maximum nine years on Council, where his knowledge and fund management experience will be sorely missed. However, it is not a complete goodbye as he will remain on the Epworth board. We were all saddened to learn of the deaths of two former Council members, Peter Cussons and Sir James Birrell, as well as the CFB's first Investment Manager, Charles Jacob. It is appropriate for us to pay tribute to the contribution Charles made to Methodism through establishing the CFB Investment Unit, bringing together the bulk of Methodist investments under the CFB's stewardship and establishing our reputation for providing above average returns whilst employing an ethical approach to investment. In recognition of his achievements, we have instituted an annual *Charles Jacob Memorial Lecture* as part of our General meeting. The inaugural speaker will be the Revd Brian Brown, a member of JACEI at its inception, where he represented what was then the Division of Social Responsibility, rather than the CFB.

Transition

It is good to look back on a rich heritage, but I am also keenly aware that we cannot rest on our laurels and it is important to consider to the future. Major changes are inevitable over the next year as we transition to new senior leadership and build up the supporting team. By this time next year we will have a new Chief Executive and there will be new faces in the staff team, Council and Board. However, some things will not change foremost of which are our collective commitment to service and excellence as the CFB seeks to continue delivering good investment returns in line with the ethical position of the Methodist Church.

John Sandford
Chair

As presented at the CFB General Meeting 26 April 2016.

Investment review

Bill Seddon
Chief Executive

Economic overview

Global

Global economic data have been disappointing compared to forecasts for some time now. The latest Citi Economic Surprise index for ten major economies fell to the lowest level since May 2013, indicating that economic data has continued to come in below expectations. The weakness mainly reflected disappointing data in the Eurozone and Japan, although there has been little from the US to encourage optimists. However, despite the gloomy economic news since the beginning of the year, it is too early to conclude that a protracted slowdown is in prospect or whether, stimulated by a lower oil price and increased Quantitative Easing (QE), growth is likely to pick up later in the year.

Announcements in the first half of March from the leading central banks focused attention on growth and inflation. Against a backdrop of weak purchasing manager index (PMI) survey data and a surprise drop in core inflation, the European Central Bank (ECB) cut its 2016 Eurozone growth forecast to 1.4% from 1.7%, and its 2016 inflation forecast to 0.1% from 1.0%. Although the deposit rate was trimmed by 0.1% to -0.4%, the ECB stated that it was unlikely to fall any lower, with action focused on another extension of QE.

The Bank of Japan (BoJ) also met against a backdrop of structurally low growth and inflation. It left interest rates and QE levels unchanged but acknowledged that inflation expectations had fallen and that weakness in emerging markets was hurting the Japanese economy. GDP fell by 0.3% in the fourth quarter, leaving output at the same level as two years ago and slightly below the peak reached in 2008. The spectre of deflation has resurfaced, with headline inflation falling to zero in January. Core inflation, having risen substantially in 2013 during the early phase of Abenomics, has stalled over the past two years and is now back to 0.7%. Weak retail sales in January and a fall in February's composite PMI survey suggest the a period of sluggish growth lies ahead. The BoJ is widely expected to loosen monetary policy later this year.

Unlike the ECB and the BoJ, the US Federal Reserve (Fed) is looking to tighten monetary policy, with at least one interest rate rise expected this year. Fourth quarter US GDP growth was revised up to 1.0% pa, whilst more recent data, including strong industrial production in January, points to solid growth in the first quarter. The ISM manufacturing survey is less bullish, having remained below 50 for five consecutive months, which indicates that the sector is contracting. However, actual manufacturing output for January hit its highest level since 2008, suggesting a more favourable picture. The University of Michigan consumer sentiment survey suggested that consumers were not perturbed by market turbulence in January and February. The Fed also still appears to believe that the overall economy is healthy, even if it has become more dovish over the past quarter.

Although the developing Pacific economies remain the fastest growing, taken as a whole they are in the midst of a prolonged slowdown with growth expected to fall from 6.8% in 2014 to 6.2% in 2017. The IMF expects growth to accelerate in India and the South-East Asian economies. This will be more than offset by the slowdown in China, where growth is in structural decline as the population ages and the primary drivers of growth shift from capital investment and exports to domestic consumption. Growth is much weaker in economies that depend on commodity exports. Brazil's real GDP, in US dollars, is back to its 2002 level and the IMF forecasts a further 3.5% drop this year in local currency, followed by zero growth in 2017. Last year real GDP in Russia fell to its lowest level in US dollar terms for twenty years. The IMF forecasts a 1% contraction this year in local currency terms, followed by low growth in 2017. On a brighter note, inflation is starting to fall in both countries, to 10.4% from 10.7% in Brazil and, more strikingly, to 8.1% from 16.9% in Russia. Lower inflation gives their central banks scope to stimulate the economy by cutting interest rates.

A rapid build-up in corporate debt is in the early stages of unwinding. Corporate debt in emerging markets as a proportion of GDP rose to over 100% in 2015 from around 60% in 2008. Much of the debt is in US dollars, which has become harder to repay, with emerging market currencies having fallen against the dollar. In the third quarter of 2015, dollar credit to emerging markets did not rise for the first time since 2009, and the Institute for International Finance reported a further tightening of financial conditions in the fourth quarter. While finance conditions are likely to remain tight, the decline in the borrowing binge has been orderly so far with no large bankruptcies or systemic stress in financial systems, helped by foreign currency loans taken on during the boom years having longer maturities than has often been the case in previous cycles.

United Kingdom

The prospects for UK economic growth in the first quarter of 2016 have been put into question by the sharp fall in the February PMI survey. Manufacturing outlook was hurt by a fall in exports and Construction by a slowdown in housebuilding, whilst in the Services sector, growth in overall business activity and new business was at the lowest levels since March 2013. So far, the PMI surveys imply GDP growth of 0.3% this quarter, down from 0.5% growth in the fourth quarter of 2015. Other measures of consumer and business confidence fell in February. It is not clear why the private sector has become more pessimistic, but there is a perception that the outlook for the global economy is less certain and concerns about the EU referendum have probably delayed business investment decisions. The surveys were mostly completed before the sharp fall in sterling in late February, which would have boosted exporters.

The actual data support the impression that the economy was in robust shape in January, even if it slowed slightly in February. Industrial production was positive in January after a fall in December, with manufacturing output up 0.7%. The labour market strengthened slightly, with average wage inflation increasing to 2.2% pa excluding bonuses and employment increasing further.

The Chancellor of the Exchequer faced a difficult task when drafting his Budget. The Office for Budget Responsibility (OBR) revised down its growth forecasts to a significant extent. Rather than expect GDP to rise 2.4% this year, it now believes only 2% growth will be achieved. The OBR has become more pessimistic about the outlook for productivity growth, thereby limiting GDP growth potential. Productivity unexpectedly fell in the fourth quarter, suggesting that an increase earlier in the year *"was another false dawn"*. It now places less weight on the pre-crisis growth in productivity, and more weight on the subsequent years of lower productivity growth. The result is that the OBR has revised GDP growth forecasts down by around 0.3%pa, leading to an average growth rate of 2.1% for the next few years. Lower productivity growth and a lower inflation outlook imply lower future tax receipts and higher deficits, though lower interest rates have reduced interest costs. The net result is an increase in forecast annual borrowing before any changes announced in the Budget.

The OBR predicts the government will miss its target of reducing net debt as a proportion of GDP each year. The Chancellor has decided to ignore this and concentrate on meeting the target of achieving a surplus in 2019-20, while delaying the difficult decisions as long as possible. After a slight easing of policy, the government intends to meet the target that year by relying mainly upon spending cuts and corporation tax payments that will be delayed from previous years. However, this will mean a tightening of fiscal policy just before the next general election, which seems unlikely. The suspicion must be that the Chancellor is being somewhat Micawberish, hoping that *"something will turn up"*. The overall picture is one in which the government has had to adjust to a bleaker outlook for the UK economy, not simply due to poorer prospects for global growth but ultimately because the trend rate of growth is lower than previously assumed. In addition, uncertainty around the EU membership referendum, noted by both the OBR and the Bank of England, has the potential to change forecasts and knock policy off course, particularly if the UK votes to leave.

As presented at the CFB General Meeting 26 April 2016

Investment review continued

Market movements

Money market

The base rate has remained unchanged at 0.5% since March 2009.

3 month rates opened the year at the low of 0.56%, and ended at the high of 0.59%.

12 month rates opened the year at 0.98%, ranged between 0.96% and 1.08%, and closed at 0.99%.

The Deposit Fund's average life began the year at 103 days and ended it at 106 days, having been as high as 116 days in March and as low as 96 days in October.

An average rate of interest of 0.53% (aer) was paid over the past year compared to 0.36% for 1 week LIBID and 0.1% for higher rate bank deposits.

Fixed income

Global bond yields rose until June as investors sought higher risk assets. However, the bursting of the Chinese stock market bubble, collapsing commodity prices, concerns over economic growth and loose monetary policy from the European and Japanese central banks encouraged investors to favour bonds for the remainder of the year.

The 10 year US Treasury yield opened the year at 1.99%, rising to 2.48% before dropping to 1.66% in February and closing at 1.74%.

The 10 year UK Gilt yield opened at 1.80%, ranged between 2.20% and 1.30%, closing at 1.34%.

The German equivalent began the year at 0.29% fell to 0.08% in April rose to 0.98% by June before returning to 0.11% by the end of February

The slope of the yield curve flattened marginally with the 2 year gilt yield down 5bp to 0.38% and the 30 year gilt yield down 18bp to 2.31%.

Index linked prices also rose with the 10 year gilt yield opening at -0.79%, ranging between -1.13%, and -0.56% before closing at -0.90%.

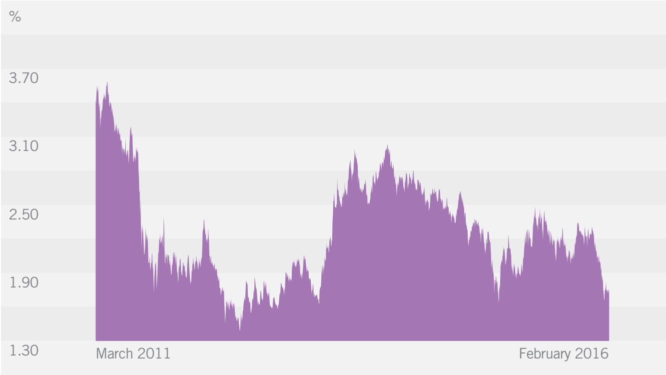
The average premium of corporate bond yields over Government bonds opened at +105bp, ranged between +102bp in March and +179bp in February before closing at +176bp.

The spread between AAA and BBB rated bonds opened at +134bp, ranged between +128bp and +223bp and closed at +219bp.

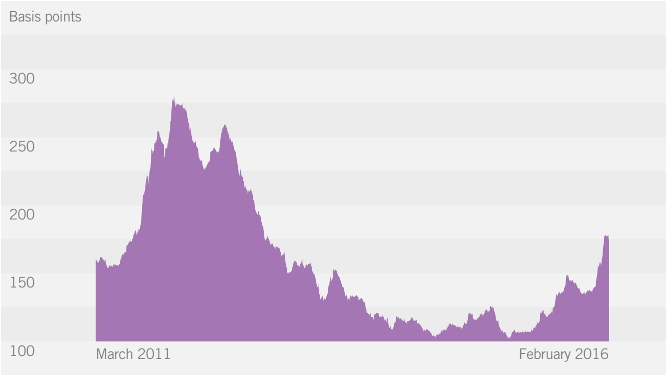
Over the year long dated issues outperformed shorts and conventional gilts outperformed index linked gilts and corporate bonds: Long Gilts Benchmark +7.3%; All Stocks Gilts Benchmark +5.4%; Index linked Gilts Index +4.6%; Short dated Composite +3.7% and Corporate bond Benchmark -0.3%.

The Gilt Fund performed in line with its benchmark, but the others lagged behind: Corporate Bond -0.1%; Managed Fixed -0.3%; Short Fixed -0.7%; Inflation Linked -1.1%.

10 year US Treasury yield



Yield premium of corporate bonds over gilts



UK equities

UK equities began the period under review close to the high point of the year, with the UK equity market within 3% of its April peak. A decline of nearly 21% then occurred, before a strong rally in the final weeks of February reduced the decline to just under 11% for a total return of -7.3%.

Medium sized UK companies (-1.4%) held up much better than the larger companies (-8.7%).

Main positive relative contributors over the year were Tobacco (+7.7%), Household Goods (+16.8%) and Computer Services (+25.0%).

Main negative relative contributors over the quarter were: Mining (-44.7%), Oil (-18.3%) and Banks (-24.0%).

The return on the CFB proprietary ethically adjusted benchmark (-8.0%) was 0.7% behind that of the unadjusted benchmark, but 1.2% ahead of the traditional ethically adjusted index.

The return on the ethically excluded stocks which accounted for 16.4% of the Index was +2.8% compared to -9.2% for the rest of the Index.

Over the year the UK Equity Fund return (-7.1%) was 0.9% better than that of the proprietary ethical benchmark, 0.2% ahead of the unadjusted benchmark and 2.0% better than the traditional ethically adjusted index. The return on the Managed Equity Fund (-6.3%) was 0.8% ahead of its ethically adjusted benchmark, whilst the Managed Mixed Fund (-2.4%) was 0.7% ahead of its ethically adjusted benchmark.

Overseas equities

Global equities also fell sharply and in sterling terms the low point for the overseas benchmark occurred in August, over 18% from its peak and the February low did not challenge this level. The recovery in February resulted in the Index closing the year within 4% of the level it had begun for a total return of -1.6%.

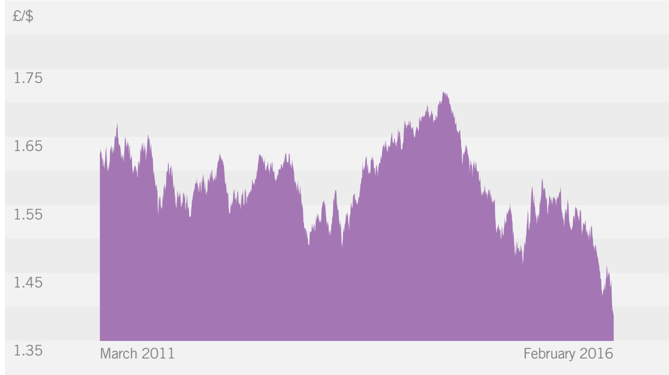
Over the year only North America (+2.3%) and Japan (+0.7%) outperformed the index with Europe (-5.1%), Pacific (-11.8%) and the Rest of the World (-19.8%) all in negative territory.

It was a very poor year for sterling which fell against the € (-7.1%), $ (-9.9%) and ¥ (-15.1%).

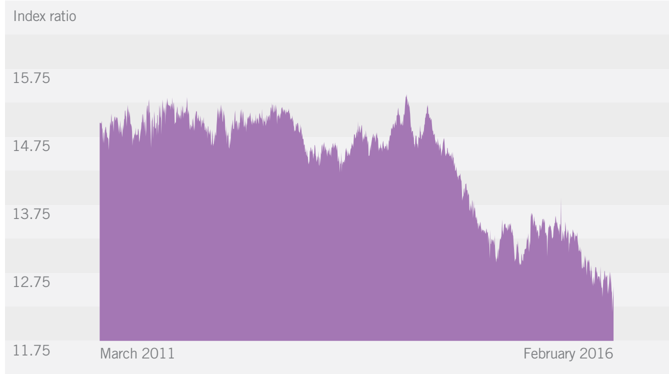
The return on the Overseas Fund (-1.4%) was 0.2% ahead of the Benchmark despite external fees and unrecoverable tax estimated at 0.65%.

A mixture of weak sterling and a higher exposure to commodity sectors resulted in the total return on the UK market lagging that of the overseas benchmark by 5.7% over the year.

Sterling/dollar exchange rate



UK index vs overseas index



Our funds

CFB funds performance 2016

For more detail of our funds performance please go to www.cfbmethodistchurch.org.uk/2016

Portfolio details

Details of the Fund, including a full list of investment holdings can be found at:

www.cfbmethodistchurch.org.uk/equityfunds/index.html

Valuation dates	Last, 10th and 20th of month
Dealing dates	1st, 11th and 21st of month
Ex distribution dates	28 Feb, 31 May, 31 Aug and 30 Nov
Distribution dates	20 Apr, 20 Jul, 20 Oct and 20 Jan

Risk warning

CFB Funds are designed for long term investors. While we hope that unit values will rise, prices can and do fall. They are not suitable for you to use if you cannot accept the possibility of capital losses.

Announcing two new funds

We will be introducing two new funds during the 2016/17 Connexional year. Although these are primarily to meet the requirements of the Methodist Council Investment Committee, other Methodist organisations are welcome to invest.

For further information please see our website at the address on the back of this document or contact Client Relationship Manager, Christophe Borysiewicz.

CFB Managed Medium Term Methodist Council Fund

Investment objective

Over the medium term, to provide income and to preserve nominal capital value with some prospect of capital growth.

Investment time horizon

This fund is designed for investors with a time horizon of between two and seven years.

Investment parameters

CFB UK Equity 15-25%; CFB Overseas 15-25%; CFB Property 0-10%; CFB Long Bonds 25-35% (Gilt 0-35%; Corporate Bonds 0-35%); CFB Short Fixed 20-30%

Estimated Income

Based on distributions and prices to 29 February 2016 the likely yield of the fund would be around 2.5% with a range of 2.0% to 2.6%.

CFB Managed Long Term Methodist Council Fund

Investment objective

Over the long term, to preserve real capital value with an expectation of income growth.

Investment time horizon

This fund is designed for investors with a time horizon of more than seven years.

Investment parameters

CFB UK Equity 30-40%; CFB Overseas 30-40%;
CFB Inflation Linked 0-10%; CFB Property 10-20%;
CFB Long Bonds 5-15% (Gilt 0-15%; Corporate Bonds 0-15%).

Estimated Income

Based on distributions and prices to 29 February 2016 the likely yield of the fund would be around 3% with a range of 2.5% to 3.3%.

Managed funds

Performance

To 29 February 2016	1 year %	5 years %pa
CFB Managed Equity Fund	-6.3	+5.6
Managed Equity Fund Composite Index	-6.5	+5.5
Managed Equity Fund Composite Index (ethically adjusted)	-7.1	+5.8
CFB Managed Fixed Interest Fund	+4.0	+5.3
Managed Fixed Interest Composite Index	+4.3	+5.5
CFB Managed Mixed Fund	-2.4	+6.2
Managed Mixed Fund Composite Index	-2.6	+6.0
Managed Mixed Fund Composite Index (ethically adjusted)	-3.1	+6.2

Key facts

As at	29/02/16	28/02/15
Managed Equity Fund		
Fund size	£47.2m	£52.3m
Price per unit	2097.2p	2309.1p
Distributions for year per unit	69.25p	62.09p
Yield (on distribution in past year)	3.3%	2.7%
Managed Fixed Interest Fund		
Fund size	£7.9m	£8.2m
Price per unit	201.3p	197.7p
Distributions for year per unit	4.09p	4.58p
Yield (on distribution in past year)	2.0%	2.3%
Managed Mixed Fund		
Fund size	£24.5m	£23.8m
Price per unit	389.9p	413.0p
Distributions for year per unit	13.37p	12.84p
Yield (on distribution in past year)	3.4%	3.1%

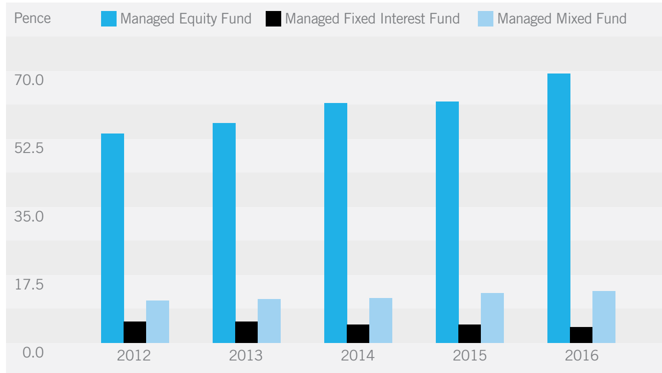
Investment objectives

Managed Equity Fund
Over rolling five year periods, to achieve through holdings in the CFB UK Equity and Overseas funds, a total return equal to or in excess of the composite index measuring the constituent asset classes.

Managed Fixed Interest Fund
Over rolling five year periods, to achieve through holdings in the CFB Gilt, Corporate Bond and Short fixed interest funds, a total return equal to or in excess of the UK Government fixed interest market.

Managed Mixed Fund
Over rolling five year periods, to achieve through holdings in the CFB UK Equity, Overseas, Gilt, Corporate Bond, Short Fixed Interest, Inflation Linked and Property funds, a total return equal to or in excess of a composite index measuring the constituent asset classes.

5 year distribution history



Investment parameters

Managed Equity Fund
CFB UK Equity Fund 80-90%; CFB Overseas Fund 10-20%.

Managed Fixed Interest Fund
CFB Gilt Fund 30-50%; CFB Corporate Bond Fund 5-15%; Short Fixed Interest Fund 40-60%.

Modified duration of 25% up to 5 years Gilts Index; 25% of 5 to 10 years Gilts Index; 40% of All Stocks Gilts Index and 10% Corporate Bond Fund Composite Index +/-1.5 years (as at 29 February 2016: 5.7 to 8.7 years).

Managed Mixed Fund
Fixed Interest 15-45% (of which CFB Gilt Fund 15-35%; CFB Corporate Bond Fund 0-10%; Short Fixed Interest Fund 0-15%); Equities and Inflation Linked 60-80% (of which CFB UK Equity Fund 50-70%; CFB Overseas Fund 5-15% and CFB Inflation Linked Fund 0-5%); CFB Property Fund 0-20%.

Dilution levy

Managed Equity Fund
0.18% of single priced unit value.

Managed Fixed Interest Fund
0.12% of single priced unit value.

Mixed Fund
0.33% of single priced unit value.

Total expense ratio

To avoid double charging no additional expenses are levied on the Managed Funds.

UK Equity Fund

Performance

To 29 February 2016	1 year %	5 years %pa
CFB UK Equity Fund	-7.1	+5.2
Benchmark	-7.3	+5.1
Benchmark (ethically adjusted)	-8.0	+5.4

Key facts

As at	29/02/16	28/02/15
Fund size	£355.2m	£375.9m
Price per unit	1685.1p	1878.1p
Distributions for year per unit	61.34p	55.52p
Yield (on distribution in past year)	3.6%	3.0%

Investment objectives

Over rolling five year periods, to achieve mainly through a portfolio of UK equities, a total return equal to or in excess of the UK equity market.

Investment parameters

UK equities 95-100%; Cash 0-5%.

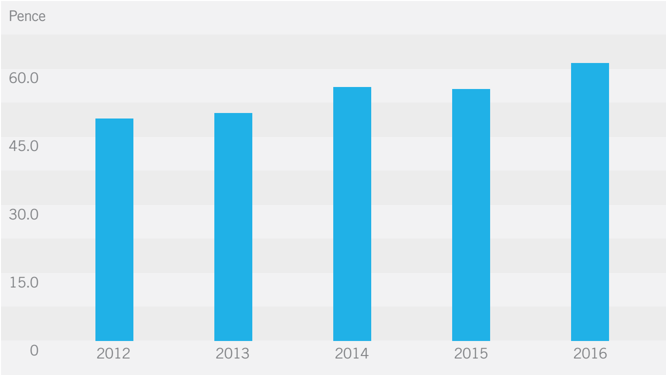
Dilution levy

0.20% of single priced unit value.

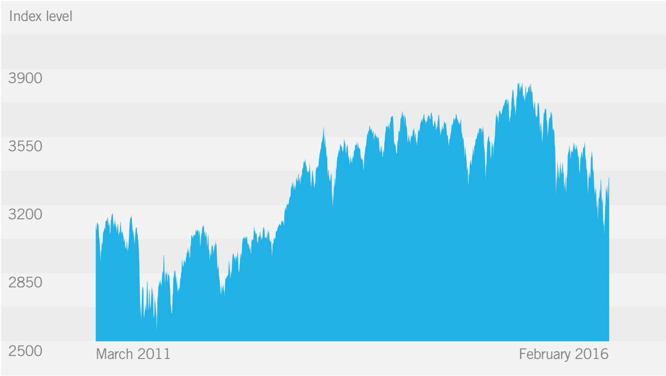
Total expense ratio

Deducted from distributions before payment 0.35% (including transaction costs).

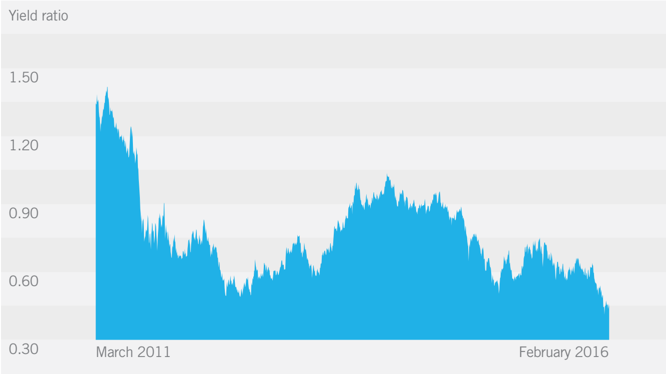
5 year distribution history



UK equity benchmark



10 year gilt yield relative to UK equity benchmark yield



Overseas Fund

Performance

To 29 February 2016	1 year %	5 years %pa
CFB Overseas Fund	-1.4	+8.2
Benchmark	-1.6	+7.8

Key facts

As at	29/02/16	28/02/15
Fund size	£159.3m	£163.0m
Price per unit	422.6p	434.5p
Distributions for year per unit	5.73p	5.44p
Yield (on distribution in past year)	1.4%	1.4%

Investment objectives

Over rolling five year periods, to achieve mainly through a portfolio of overseas equities and inflation linked securities, a total return equal to or in excess of non-UK equity markets.

Investment parameters

Overseas equities 90-100%; Inflation Linked securities 0-5%; Cash 0-5%.

Regional exposure (as benchmark): North America (currently 59.7%) +/-5%; Europe ex UK (currently 17.0%) +/-5%; Japan (currently 9.1%) +/-5%; Pacific ex Japan (currently 11.8%) +/-5%; Rest of World (currently 2.5%) +/-5%.

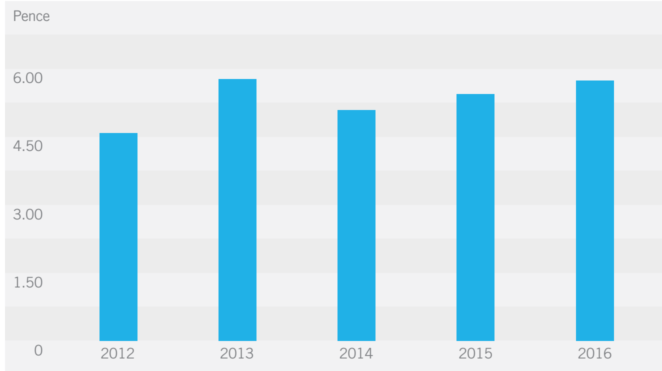
Dilution levy

0.06% of single priced unit value.

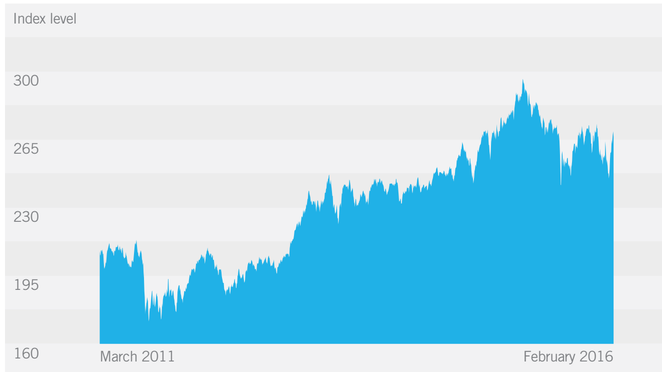
Total expense ratio

Deducted from distributions before payment 0.72% (of which CFB expenses and transaction costs 0.25%, external managers and trustee charges 0.47%).

5 year distribution history



Overseas equity benchmark



Bond funds

Performance

To 29 February 2016	1 year %	5 years %pa
CFB Gilt Fund	+5.3	+6.5
Benchmark	+5.4	+6.8
CFB Short Fixed Interest Fund	+3.4	+4.0
Benchmark (gilt only)	+4.3	+4.1
CFB Corporate Bond Fund	+1.1	+6.6
Benchmark	+1.2	+6.6
CFB Inflation Linked Fund	+3.6	+8.2
Benchmark	+4.6	+8.6

Key facts

As at	29/02/16	28/02/15
Gilt Fund		
Fund size	£33.5m	£35.7m
Price per unit	162.3p	157.4p
Distributions for year per unit	3.42p	3.47p
Yield (on distribution in past year)	2.1%	2.2%
Short Fixed Interest Fund		
Fund size	£10.2m	£9.2m
Price per unit	118.9p	116.8p
Distributions for year per unit	1.98p	2.47p
Yield (on distribution in past year)	1.7%	2.0%
Corporate Bond Fund		
Fund size	£94.6m	£93.9m
Price per unit	135.1p	137.7p
Distributions for year per unit	4.10p	4.38p
Yield (on distribution in past year)	3.0%	3.1%
Inflation Linked Fund		
Fund size	£30.5m	£30.1m
Price per unit	373.0p	363.1p
Distributions for year per unit	2.93p	3.09p
Yield (on distribution in past year)	0.8%	0.8%

Investment objectives

Gilt Fund

Over rolling five year periods, to achieve mainly through a portfolio of long-dated sterling denominated UK Government securities with an income yield close to the redemption yield prevailing on UK Government securities, a total return equal to or in excess of the UK Government fixed interest market.

Short Fixed Interest Fund

Over rolling five year periods, to achieve mainly through a portfolio of short-dated sterling denominated fixed interest securities with an income yield close to the redemption yield prevailing on short-dated UK Government securities, a total return equal to or in excess of the short-dated UK Government fixed interest market.

Corporate Bond Fund

Over rolling five year periods, to achieve mainly through a portfolio of sterling denominated corporate and sub-sovereign fixed interest securities, a total return equal to or in excess of the UK corporate bond market.

Inflation Linked Fund

Over rolling five year periods, to achieve mainly through a portfolio of sterling denominated securities linked to the Retail Price Index or similar measure of inflation, a total return equal to or in excess of the UK Government Index Linked market.

Investment parameters

Gilt Fund

Government securities 95-100%; Cash 0-5%.

Modified duration of benchmark +/-1.5 years (as at 29 February 2016: 8.9 to 11.9 years).

Short Fixed Interest Fund

Government securities 70-90%; Debentures and unsecured loans 10-30%; Cash 0-5%.

Modified duration of benchmark +/-1.5 years (as at 29 February 2016: 3.0 to 6.0 years).

Corporate Bond Fund

Credit ratings AAA and AA 55-85%; Other investment grade or secured issues 15-45%; Cash 0-5%.

Modified duration of benchmark +/-1.5 years (as at 29 February 2016: 6.3 to 9.3 years).

Inflation Linked Fund

Government securities 80-100%; Debentures and unsecured loans 0-20%; Cash 0-5%.

Modified duration of benchmark +/-1.5 years (as at 29 February 2016: 19.3 to 22.3 years).

Dilution levy

Gilt Fund
0.05% of single priced unit value.

Short Fixed Interest Fund
0.10% of single priced unit value.

Corporate Bond Fund
0.55% of single priced unit value.

Inflation Linked Fund
0.20% of single priced unit value.

Total expense ratio

Deducted from distributions before payment.

Gilt Fund
0.15% (including transaction costs and custody).

Short Fixed Interest Fund
0.15% (including transaction costs and custody).

Corporate Bond Fund
0.38% (CFB 0.30%; other expenses 0.08%).

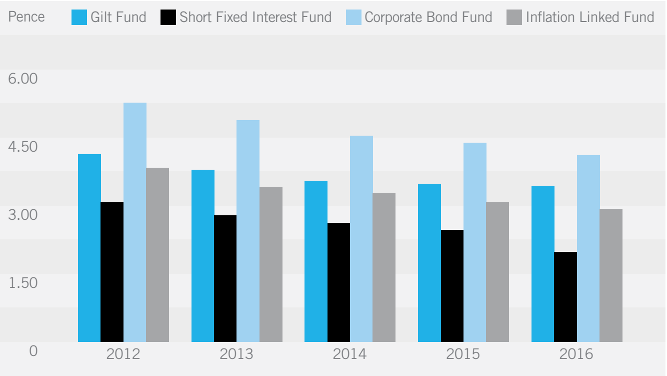
Inflation Linked Fund
0.20% (including transaction costs and custody).

Investment details

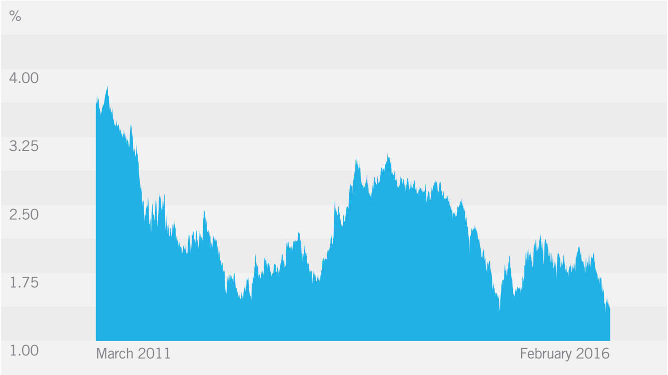
The Corporate Bond Fund invests entirely through the Affirmative Corporate Bond Fund for Charities, a Charity Commission established Common Investment Fund managed by the CFB's subsidiary, Epworth Investment Management Ltd. Details can be found at:

www.epworthinvestment.co.uk/affirmativecorporate/index.php

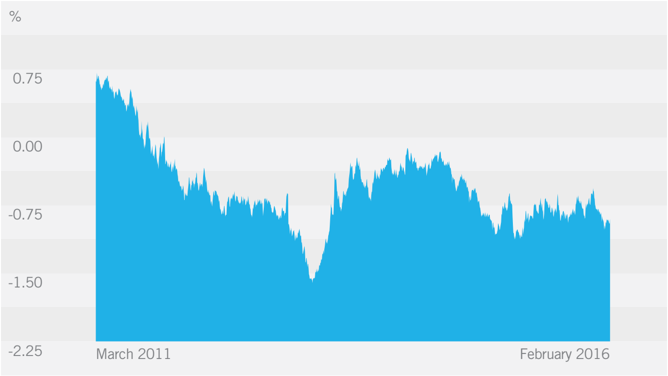
5 year distribution history



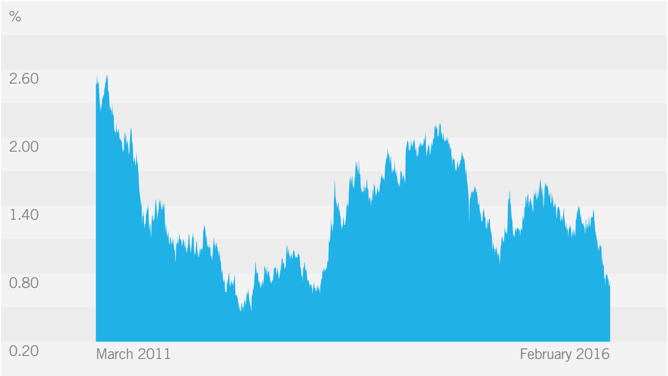
10 year gilt yield



10 year inflation linked gilt yield



5 year gilt yield



Deposit Fund

Performance

To 29 February 2016	1 year %	5 years %pa
CFB Deposit Fund	+0.5	+0.9
Bank deposits over £10,000	+0.1	+0.1
1 week LIBID	+0.4	+0.4

Key facts

As at	29/02/16	28/02/15
Fund size	£357.8m	£360.1m
Average annual equivalent rate	0.53%	0.58%
Current rate (aer)	0.57%	0.51%

Investment objectives

To obtain the higher rates of interest usually available in the London Money Market whilst maintaining the ability to make withdrawals at short notice and with minimal risk of capital loss.

Investment parameters

Minimum on call or repayable within 5 business days: 10%.

Maximum period of redemption (other than floating rate securities): 24 months.

Maximum period between coupon changes on floating rate securities: 6 months.

Maximum average life of Fund (excluding fixed term arrangements): 150 days.

Portfolio details

The Fund invests entirely through the Affirmative Deposit Fund for Charities, a Charity Commission established Common Deposit Fund managed by the CFB's subsidiary, Epworth Investment Management Ltd.

Details of the Affirmative Deposit Fund can be found at:

www.affirmativedepositfund.org.uk

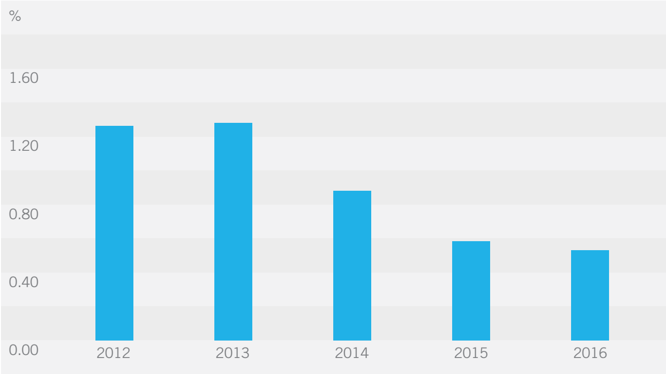
Dealing dates	Every business day
Access	Immediate
Interest accrual	Daily
Distribution dates	Last day of every month

Total expense ratio

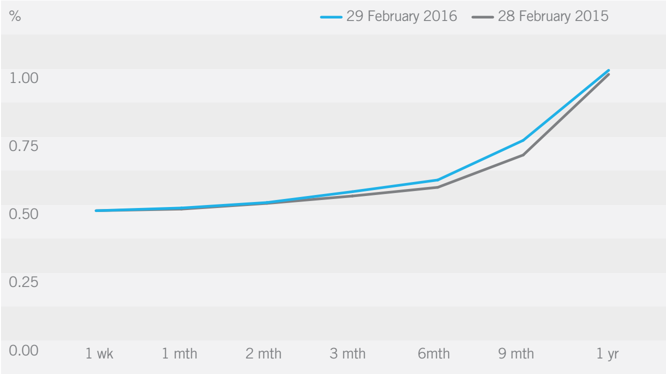
0.24% (CFB 0.21%; other expenses 0.03%).

The Deposit Fund's average life began the year at 103 days and ended it at 106 days, having been as high as 116 days in March and as low as 96 days in October.

5 year distribution history



Money market deposit rates



Property Fund

Performance

To 29 February 2016	1 year %	5 years %pa
CFB Property Fund	+14.2	+9.8

The comparative index, IPD All Balanced Funds Index is only produced quarterly and therefore no comparative figures for the CFB year are available.

Key facts

As at	29/02/16	28/02/15
Fund size	£20.3m	£18.1m
Price per unit:		
Sell	69.1p	64.4p
Buy	71.3p	66.4p
Distributions for year per unit	4.24p	4.40p
Yield (on distribution and current buying price)	5.9%	6.7%

Investment objectives

To provide capital growth linked to the value of commercial property and to provide a high and growing yield.

Investment parameters

100% invested through the Property Income Trust for Charities.

Portfolio details

Details of the Property Income Trust for Charities can be found at:

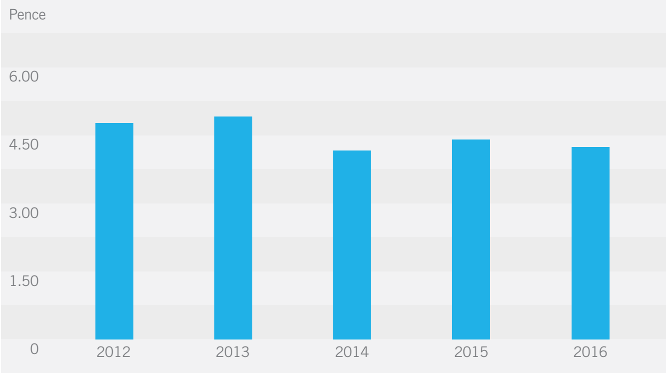
www.pitch-fund.co.uk

Valuation dates	Last day of month
Dealing dates	Purchases on 1st day of each month Sales on 1st day of calendar quarter.

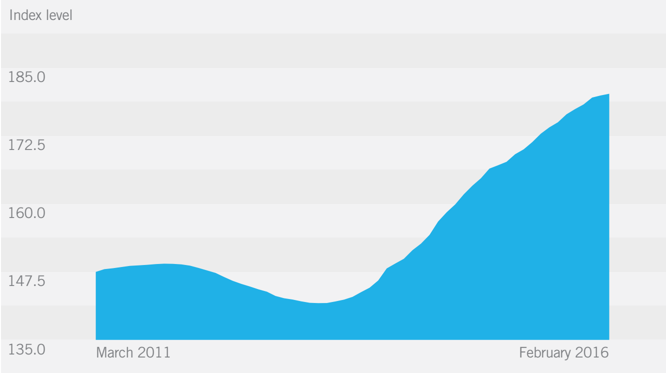
Total expense ratio

To avoid double charging no additional expenses are levied.

5 year distribution history



IPD monthly UK property index



Additional risk warning

The CFB Property Fund is not suitable for investors who might wish to realise their investment at short notice. Units can only be sold on the first working day of each calendar quarter and in extreme circumstances the illiquid nature of the underlying property assets of the Fund may result in unit redemptions being suspended for unspecified periods.

Investors should be aware that the Property Income Trust for Charities, in which the CFB Property Fund invests, is permitted to borrow up to a maximum of 50% loan to value and that the gearing effect of such borrowing significantly increases the risks of investing in the Fund. In adverse conditions capital losses and reductions in income payable to unitholders will be greater than for similar investments held through non-geared funds.

CFB Council

John Sandford

Chair
A Chartered Accountant and former Audit Partner with KPMG's Manchester office, with considerable experience of the pensions sector, internal controls and corporate governance.

Graham Boyd

A senior economist and strategist, currently an external lecturer on the economics of energy and climate change at Warwick University. Co-founder and Director of Lambda Models Ltd and formerly the deputy director, industry economics at the Department for Business, Innovation and Skills.

Caroline Edwards

A Chartered Management Accountant who operates as an independent programme manager specialising in finance and shared service centre transformation.

Anne Goodman

Chief Executive of Trustees for Methodist Church Purposes. Articled with Hodgson Impey, then specialised in personal tax at Ernst & Young. Subsequently partner in local practice, dedicated to small businesses and director within charity sector.

Sue Haworth

A qualified accountant with experience in tax and compliance. Previously compliance officer and company secretary for Montagu Private Equity, and CFO for Advantage Capital Limited. Chair of the Audit Committee.

Peter Hobbs

A semi retired senior executive in the insurance sector with experience in investment strategy and performance.

Revd Andy Laird

A CIPFA qualified accountant who has worked across the private and public sector and also a Methodist Minister since 2003 presently stationed in Leamington Spa.

Nick Moore

Head of Support Services for the Methodist Church's Connexional Team. His career was previously in the packaging industry, working in export and UK sales and business resources planning and forecasting. Part of the leadership team of Banbury Community Church in Oxfordshire.

Revd Leslie Newton

Graduated in Accountancy and Law from the University of Manchester, before qualifying as a Chartered Accountant with KPMG. He became a Methodist Minister in 1997 and has served in the Barnsley Circuit and the Bramhall and Wythenshawe Circuit. He became Superintendent of the York Circuit in September 2014.

Terry Wynn

A former member of the European Parliament and President of its Budget Committee. Currently a trustee of both the Trustees for Methodist Church Purposes and Action for Children. Also a Methodist Local Preacher.

Garry Young

A professional economist with strong focus on economic policy, currently working for the Bank of England. Former winner of The Independent's Golden Guru award. Methodist Local Preacher in the Blackheath & Lewisham Circuit.

Committees and advisors

Council members
John Sandford MA FCA (Chair)

Graham Boyd MA (Econ) MPhil
Caroline Edwards ACMA
Anne Goodman BSc (Econ)
Sue Haworth FCCA ATII
Peter Hobbs
Revd Andy Laird CPFA
Nick Moore
Revd Leslie Newton MA BA
Terry Wynn
Garry Young BSc (Econ) MSc PhD

Audit Committee
Sue Haworth (Chair)
Anne Goodman
Revd Andy Laird
John Sandford

Management Committee
John Sandford (Chair)
Caroline Edwards
Peter Hobbs
Revd Leslie Newton
Garry Young

CFB appointees to Joint Advisory Committee on the Ethics of Investment
Keith Aldred
Alan Emery
Bill Seddon
Terry Wynn

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Chief Financial Officer **Marina Phillips** MSc DChA FCA MCSI
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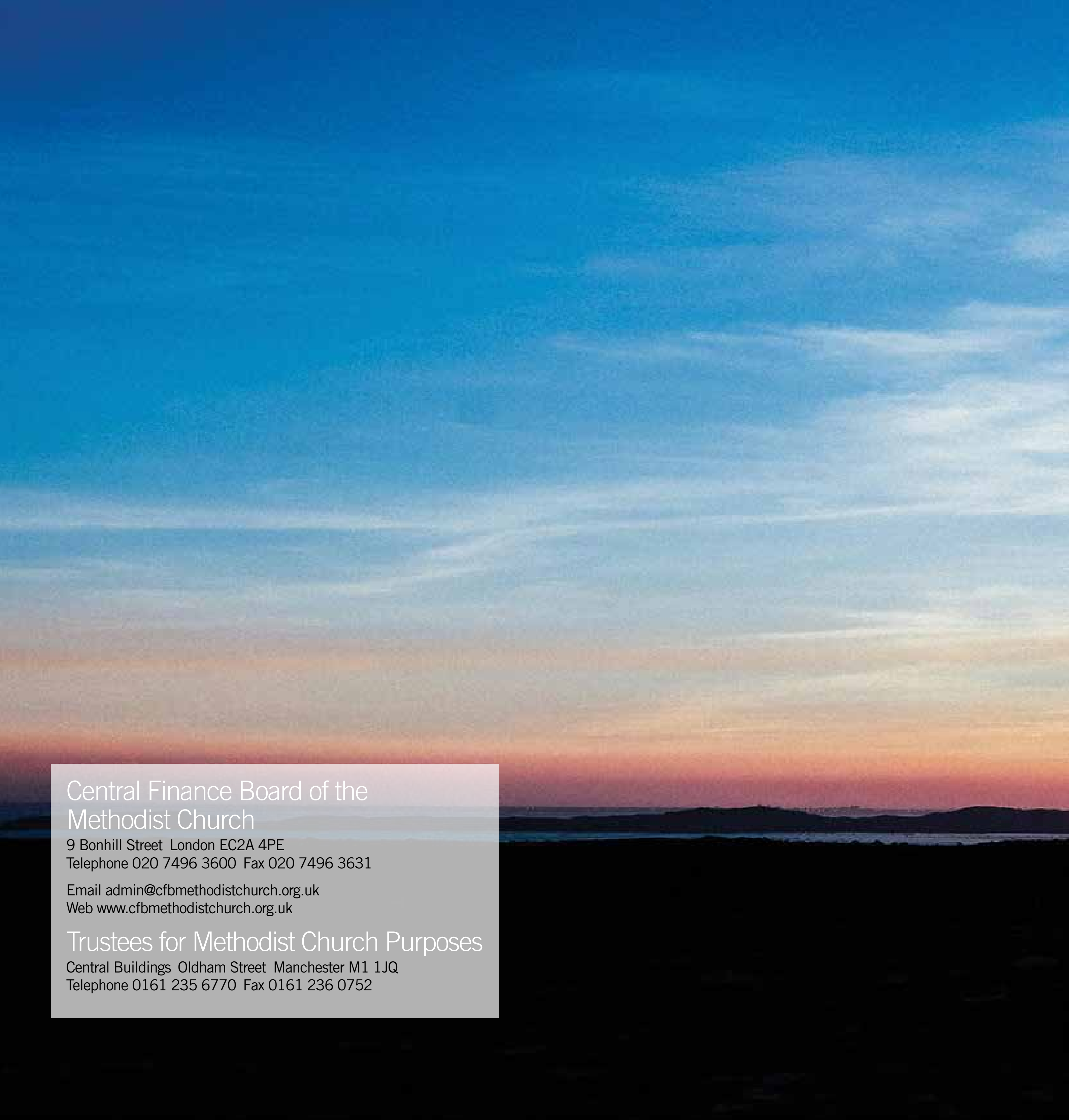

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