# Investing with faith

**Central Finance Board of the Methodist Church**
Annual Report 2017

For Methodists

Central Finance Board
of the Methodist Church

**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 our approach to ethics and investment, see the Joint Advisory Committee on the Ethics of Investment's annual report and the quarterly Responsible Investment Review on our website.
www.cfbmethodistchurch.org.uk/ethics

# Investing with faith

The Central Finance Board of the Methodist Church ('the CFB') was established by an Act of Parliament in 1960. Our core function is to provide professional investment management for organisations within Methodism. We make a pledge to our clients that all investments we select on their behalf will, to the best of our ability, be in line with the ethical policy of the Methodist Church.

Our commitment to the Church goes beyond just our ethical pledge. Our faith is at the heart of everything we do. In the world of ethical investing there are some easy investment decisions to make – for example where humankind is overtly setting out to harm itself or God's kingdom. However, there are many situations where poor behaviour represents only a small part of a company's activities and much of what it does is beneficial. In these situations we not only have to determine the investment case for participating in a company but also the ethical impact – will our engagement lead to better behaviour or are we giving undeserved credibility to company management?

Our mission statement demands that we act as a Christian witness to the investment community. This is a challenging task that we do our best to meet. We have the guidance of Methodism's Joint Advisory Committee on the Ethics of Investment to help us. Our investment managers look at both the business case and the compatibility with Christian values when forming their investment decisions.

The following pages outline some of the ethical initiatives and dilemmas that we have worked on in the last year. Your feedback would be very welcome.

**David Palmer**
Chief Executive Officer
Central Finance Board of the Methodist Church

david.palmer@cfbmethodistchurch.org.uk

# Preserving with faith

## Preserving our atmosphere

Climate change and the carbon footprint of the companies in which we invest remain a key focus for us. During the year, we became signatories to the Montreal Pledge, an initiative designed to encourage investors to measure, disclose and reduce the carbon footprints of their portfolios. In support of this, we have achieved a significant reduction in the carbon intensity of our Equity Fund over the last nine years.

## Preserving trust in reporting

We are active in a number of initiatives to improve the transparency of reporting and attitude towards carbon emissions. The CFB became a founding member of the ***Transition Pathway Initiative***, a coalition of asset owners and managers that is working with the London School of Economics to develop tools that measure an individual company's performance in the high carbon sectors.

## Preserving ethical criteria

During the year we excluded from our portfolio two Canadian companies that had significant earnings from tar sands exploration. We also voted with other faith groups to encourage a number of companies to improve their emissions target reporting.

## Preserving pressure for change

We are also on the steering committee of the ***Mining and Faith Reflections Initiative*** which brings together mining executives and church leaders to pursue a vision for a sustainable mining industry. Over the last year this initiative has led to a visit to mining sites in Colombia, a dialogue on ethics with leading chief executives in the mining industry in Barcelona and preparation for a day of reflection involving Church leaders and executives from the mining industry.

# Sustaining with faith

**Sustaining awareness**
The twin epidemics of diet-related obesity and undernutrition have been major areas of focus for us in 2016/17. The latest data from the World Health Organisation suggests that nearly 40% of the world's adult population is overweight. Of these, 600 million are classified as obese – with stark consequences for public health, as cardiovascular diseases become more prevalent. At the other end of the spectrum over 2 billion people suffer from micronutrient deficiencies. Around 161 million children have stunted growth, with 45% of premature deaths in children caused by undernutrition.

**Sustaining pressure on food and beverage providers**
Global food and beverage companies have an important role to play in responding to these issues by offering healthy choices, products with less sugar, salt and fats and products that are fortified with micronutrients.

**Sustaining progress through action**
We are responding to these challenges by encouraging companies to:

- support public and health industry awareness campaigns. This includes an investor coalition letter with ***Farm Animal Investment Risk & Return (FAIRR)*** to improve corporate awareness of the rise in antibiotic resistance in the animal supply chain
- sell food and beverages in a responsible way that does not encourage excessive consumption
- not target children or other vulnerable groups via advertising
- support individuals in making healthy dietary choices.

"Health is like money; we never have a true idea of its value until we lose it".
**Henry Wheeler Shaw**
19th century American humourist

# Protecting with faith

**Protecting the vulnerable from slavery**
Following intense lobbying by us and other investors, The Modern Slavery Act received Royal Assent in March 2015. Companies with worldwide turnover of more than £36m are now required to report how they manage the risk of slavery in their business and supply chain. Working with the ***Church Investors Group*** we are engaging with companies on the quality of their reporting and identifying companies that are dismissive of this risk.

**Protecting the young from exploitation**
Following allegations in a BBC Panorama programme regarding concerns about the use of Syrian child workers in the Turkish apparel industry, we engaged with the major UK retailers involved. We have seen increased awareness of this issue in company practices and statements.

**Protecting local communities**
***Total*** (the oil and gas company) has been excluded from investment since 1997, principally due to its involvement in human rights violations in the building of a pipeline in Burma. Recognising Total's efforts in repositioning itself towards a low carbon economy, we have been working with the company to improve its human rights record. Areas that we have explored with Total's management include the protection of the local populations, payment of appropriate restitution, the resolution of grievances and its long-term strategy for socio-economic development in the region.

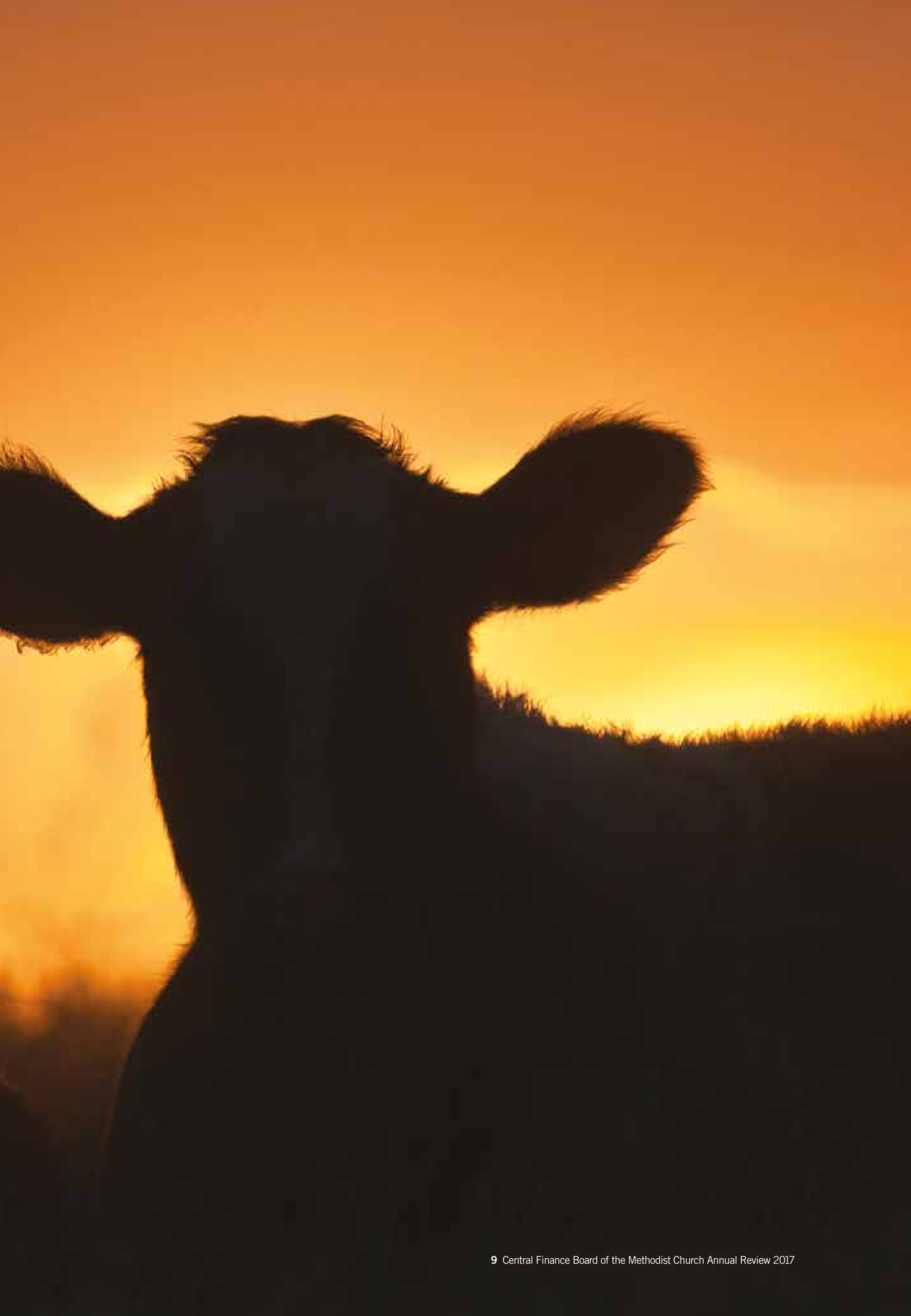
# Encouraging with faith

**Encouraging business to do better**

We are supporters of the ***Business Benchmark on Farm Animal Welfare (BBFAW)***. During the course of the year we engaged with several leading UK companies, including ***J Sainsbury*** and ***Whitbread***, that had received falling ratings for their recognition of animal welfare issues. In both cases the Chief Executive Officers of the companies advised us that they are taking steps towards remediation.

**Encouraging respect for livestock**

In collaboration with ***ShareAction***, we engaged on the important issue of livestock production and the use of antibiotics. We wrote to ***The Restaurant Group*** seeking better disclosures on its policy for the sourcing of animal products and antibiotic use. In response the company confirmed that it is a condition of supply that antibiotics are only used for verifiable disease treatment.



# Chair's statement

**John Sandford**
Chair

Will ETF providers join the Church and save the planet?

"Religious organisations are challenging corporations over Climate Change, while big investors stay mute."
**Helen Avery**
Euromoney.com
March 2017

The CFB is proud to play its part in holding oil and gas majors to account for their climate change impact.

What a year it has been – the following pages tell the detail of the year in monetary terms and give a flavour of our ethical impact inspired by Christian teaching. All delivered by our dedicated, skilful and hard-working staff.

The key issue for myself and Council this year was to find a new Chief Executive Officer ('CEO') to replace the irreplaceable Bill Seddon, CEO for 30 years and then to manage the transition to the new CEO. In David Palmer we believe we have found someone of great investment management experience and deep Christian faith, who can build on Bill's impressive legacy and grow the organisation in the 21st Century. What has been equally impressive is the way Bill and David have worked together and with the Executive over the transition period to give a seamless service to all our clients.

## Summary of financial position

The twelve months ended February 2017 continued the pattern of the previous year. A strong financial performance that can largely be attributed to costs falling well below budget. The surplus recorded for the year of £496,312 exceeded our expectations and was mainly due to a number of positions in the investment management team that remained unfilled during the year. Assets under management also grew strongly during the period; increasing by 7.4% to £1.14bn. When we include our wholly owned subsidiary, Epworth Investment Management, total assets now stand at £1.36bn (£1.28bn at February 2016).

These strong numbers disguise some disappointing underlying trends. The growth in assets can be attributed to good underlying investment markets. Net flows from our clients actually saw a decline of £42.8m (-4.0%) during the year, largely due to a decision by several of our pension fund clients to switch assets from their portfolio with the Central Finance Board into external liability driven investment solutions. Furthermore, the impact of rising asset values on the revenue from our existing client base is restricted by the tiered pricing structure that we have in place for some of the larger pension clients – the corollary of this is that we have some protection from falling asset values.

We have been blessed by strong markets in recent years and it is imperative that we take this opportunity to secure the long-term future of the Central Finance Board by making much needed investment in our operating platform and by growing our asset base.

## Personnel

It would be remiss of me not to acknowledge the strain that the unfilled vacancies in our investment personnel placed upon the team during the year. I must thank them for their hard work and continued support during this period. The management team are prioritising the outstanding recruitments and I hope that the investment management staff will be better supported in the year ahead.

## Joint Advisory Committee on the Ethics of Investment

The short form report of the Joint Advisory Committee on the Ethics of Investment ('JACEI') is available on our website. It is the work described in this document that distinguishes the Central Finance Board from other investment managers. Our investment decisions and corporate engagement are driven by the teachings of our Lord, as applied by JACEI on behalf of the Methodist Conference. The ethics of investment inevitably have many 'grey' areas where we have to decide between disinvestment or engagement; and where we engage what form should that take. JACEI's role is to assist the Central Finance Board in the application of our Lord's teachings and to report back to Conference on our work. The Committee continues to undertake this work with understanding and compassion and I must thank them for their insightful and diligent work throughout the year. Highlights that I would pick out from the report to Conference include:

- The Central Finance Board was a founding partner of the Transition Pathway Initiative and a signatory to the UN Montreal pledge on portfolio carbon footprint disclosure
- We continued to play a central role in the mining reflections programme
- During the year we had notable engagement on issues such as modern slavery, corporate lobbying and funeral poverty
- Major areas of current work include health, nutrition and wellbeing through our Food and Beverages and Farm Animal Welfare Policies.

## Departures

Two members of Council are stepping down at this time. Sue Haworth has been a stalwart of Council, having served for the maximum term of nine years. We are also sorry to say goodbye to Garry Young after six years on the Council. I thank them both for their hard work and unwavering support.

I must also reflect on the long period of service that Bill Seddon has given to the Central Finance Board. Bill's career with us started 32 years ago in a small office in Lincoln's Inn Fields, as a portfolio assistant to the father of ethical investment, Charles Jacob. When Charles retired, Bill became our second Chief Executive Officer and under his leadership we have seen our Mission Statement develop, Epworth Investment Management Limited formed and assets under management grow from £83m to £1.36bn. During this time Bill has also been a leading figure in the world of ethical investing. He was an early contributor to EIRIS, helped launch the Institutional Investors group on Climate Change and was a leading figure behind the relaunch of the Church Investors Group. Bill retires from the Central Finance Board leaving it and the world of ethical investing in very fine health. I wish Bill and his wife, Rosie, great future happiness.

## Transition to new management

With the retirement of Bill Seddon it is time to look forward to a new management team for the Central Finance Board. David Palmer has joined us as our new Chief Executive Officer. His broad leadership experience in the wealth management sector gives us the foundation for growth that will enable the re-investment that we need in the business. Marina Phillips continues to do an outstanding job as our Chief Financial Officer, whilst Stephen Beer as Chief Investment Officer brings together the critical investment and ethical elements of our engagement with the financial community. Together these three make up a strong Executive Committee and I look forward to working closely with them as we begin a new chapter in the history of the Central Finance Board.

**John Sandford**
Chair

As presented at the CFB General Meeting 25 April 2017.

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.

# Investment review

**Stephen Beer**
Chief Investment Officer

Amidst an extraordinary year in politics, there have continued to be grounds for optimism about the global economic outlook. The world economy has been growing at an annualised rate of around 3% and the IMF expects that growth rate to increase to around 3.5% in 2017. Growth has also become better distributed, with steady performance from Europe and Japan and the emerging market economies of Brazil and Russia recovering from recessions. The outlook for the UK looked very gloomy after the country voted to leave the European Union but some of that pessimism was overdone and the economy proved resilient, helped by an interest rate cut and more Quantitative Easing by the Bank of England.

The Brexit vote led to a sustained period of weakness for sterling which drove a surge in the stock market valuations of companies with high overseas exposure in revenues and profits. Underlying global economic conditions also improved the outlook for company profits and together these factors helped drive the UK stock market up by 23% in the year to 28 February 2017. Our policy of having favoured stocks in a balanced portfolio has paid off during the year and the UK Equity Fund, which excludes 15% of the market on ethical grounds, has outperformed our ethical benchmark. Overseas equities had a very strong year, rising almost 40% in sterling terms and our Overseas Fund, which invests conservatively, captured most of this.

The UK Gilt market has seen a roller coaster year, reflecting the swings in sentiment on the economy. In mid 2016, gilt yields reached all time lows as investors took cover after the Brexit vote. By late 2016, major banks and financial companies became concerned about the ability of their internal systems to cope with 'negative' interest rates. As the weakness in sterling pushed up import prices, the question turned to whether a higher inflation rate would be sustained and prompt the Bank of England at least to reverse last August's interest rate cut. The change in emphasis saw a strong first half of the year for Gilts partially reverse itself towards the end of the year. The durations of our sterling bond portfolios have reflected the view that yields appear abnormally low, which has been a drag on relative performance over the twelve months.

Despite the recent strength in the UK equity market, the Brexit decision has increased the level of uncertainty considerably for investors. The snap General Election muddied the waters. The government not only lost its majority in the House of Commons, but the election campaign itself appears to have helped prevent substantial progress taking place with negotiations with the EU. However, it is possible that the composition of the new parliament will prevent a damaging exit deal. This is by no means certain and in the meantime companies may well be pausing on investment decisions or making alternative arrangements, damaging the longer term economic outlook. The next couple of years are likely to see significant swings in sentiment as Brexit negotiations are progressed and reported, and as the potential for new trade deals with countries outside the EU is assessed. This is most likely to be reflected in further changes to the value of sterling, but equity and bond markets will not be immune.

The United Kingdom has not been the only economy digesting an unpredicted election outcome. In the United States, Donald Trump's victory can probably be traced not only to the unpopularity of his opponent, but also to a general feeling of disenfranchisement among the working class and voter protest at inequality, signs of which can be seen across developed economies. President Trump's promises of infrastructure investment, deregulation, and corporate tax cuts prompted a surge in US equity prices. However, the failure of the first real test of his leadership, the replacement of 'Obamacare', has raised question marks over the President's ability to deliver on these other promises. As with the UK, the US equity market is vulnerable to retrenchment from its recent highs but on valuation terms appears more expensive. Meanwhile, the Federal Reserve has continued to raise US interest rates.

Other markets also present challenges. Europe remains in need of economic reform, but any substantial action is unlikely before a General Election in Germany later this year. The European Central Bank is considering reducing the pace of its Quantitative Easing programme but inflation remains low. The Eurozone financial system appears more robust but sovereign and bank bailout issues have not been fully resolved. Asian markets have recently sent mixed signals and much will depend on China's success in curbing excessive borrowing and rebalancing its economy smoothly. In contrast Japan has surprised on the upside as it finally starts to deliver some economic growth even as its government loses popularity.

Overall, it has been a strong year for investment returns. Considerable uncertainty remains for all asset classes in the current year. We will remain focused on delivering our unique ethical values, whilst carefully managing risk and looking to maximise returns.

# Funds' summary

| Fund | Fund size as at 28 February 2017 £m | Annual CFB management fee % | Dealing surcharge as at 1 May 2017 % | Total expense ratio % | Dealing days |
|---|---|---|---|---|---|
| **Deposit** | 361.4 | 0.21 | 0.00 | 0.24 | Daily |
| **UK Equity** | 391.9 | 0.35 | 0.25 | 0.35 | 1st, 11th and 21st of each month |
| **Overseas** | 188.6 | 0.25 | 0.05 | 0.78 | 1st, 11th and 21st of each month |
| **Gilt** | 26.2 | 0.15 | 0.06 | 0.15 | 1st, 11th and 21st of each month |
| **Short Fixed Interest** | 18.8 | 0.15 | 0.13 | 0.15 | 1st, 11th and 21st of each month |
| **Inflation Linked** | 23.6 | 0.20 | 0.20 | 0.20 | 1st, 11th and 21st of each month |
| **Corporate Bond** | 105.9 | 0.30 | 0.55 | 0.40 | 1st, 11th and 21st of each month |
| **Property** | 20.8 | 0.00 | Bid-offer spread will apply | 0.64 (of this the CFB receives 0.20%pa) | Purchases: 1st working day of each month Sales: 1st working day of calendar quarter |
| **Total** | 1,137.2 | | | | |

# Funds' performance

## CFB Money Markets Funds

### CFB Deposit Fund

**Investment objective**

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

**Investment parameters**

| | |
|---|---|
| On call or repayable within 5 business days | Minimum 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 (excluding arrangements for specific clients) | 180 days |

**Historical daily rates**

| | Daily rate % | Annual equivalent rate % |
|---|---|---|
| 1 July 2017 | 0.32 | 0.32 |
| 1 March 2017 | 0.35 | 0.35 |
| 5 December 2016 | 0.42 | 0.42 |
| 12 August 2016 | 0.47 | 0.47 |
| 1 June 2016 | 0.60 | 0.60 |
| 2 December 2015 | 0.57 | 0.57 |
| 1 July 2015 | 0.52 | 0.52 |
| 1 April 2015 | 0.51 | 0.51 |
| 1 July 2014 | 0.56 | 0.56 |
| 1 April 2014 | 0.60 | 0.60 |
| 2 January 2014 | 0.70 | 0.70 |
| 1 October 2013 | 0.78 | 0.78 |
| 1 July 2013 | 0.90 | 0.90 |

## CFB Equity Funds

### CFB UK Equity Fund

**Investment objective**

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% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB UK Equity Fund | +21.1 | +9.3 |
| FTSE All Share Index | +22.8 | +9.2 |
| FTSE All Share Index (traditional ethical adjusted) | +21.8 | +8.8 |
| CFB Proprietary Ethical Index | +20.6 | +9.3 |

### CFB Overseas Fund

**Investment objective**

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**

For regional exposure in relation to the FTSE All World ex UK Index to be plus or minus 5% of the Index weighting. Regions are defined as: North America, Europe ex UK, Latin America, Middle East and Africa, Japan, Pacific ex-Japan.

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Overseas Fund | +35.9 | +14.8 |
| FTSE All World (ex UK) Index | +38.7 | +15.0 |

# CFB Fixed Interest Funds

## CFB Gilt Fund

**Investment objective**

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.

**Investment parameters**

| | |
|---|---|
| Modified duration of FTSE All Stocks Gilt Index +/- 1.5 years | |
| Government Securities | 95-100% |
| Cash | 0-5% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Gilt Fund | +5.4 | +4.5 |
| FTSE All Stock Gilt Index | +6.1 | +4.9 |

## CFB Short Fixed interest Fund

**Investment objective**

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.

**Investment parameters**

| | |
|---|---|
| Modified duration of 50% FTSE Up to 5 years Gilt Index & 50% FTSE 5-10 years Gilt Index +/- 1.5 years | |
| Government Securities | 70-90% |
| Debentures & Unsecured Loans | 10-30% |
| Cash | 0-5% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Short Fixed Interest Fund | +2.8 | +2.6 |
| Short Gilt Composite Index (Gilt only) | +2.2 | +2.5 |
| CFB Short Fixed Interest Composite Index | +3.1 | +3.1 |

## CFB Inflation Linked Fund

**Investment objective**

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**

| | |
|---|---|
| Modified duration of FTSE Index Linked All Stocks Gilt Index +/- 1.5 years | |
| Government Securities | 80-100% |
| Debentures & Unsecured Loans | 0-20% |
| Cash | 0-5% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Inflation Linked Fund | +19.3 | +8.4 |
| FTSE All Stock Index Linked Index (Gilt only) | +20.2 | +8.7 |
| CFB Inflation Linked Composite Index | +19.9 | +8.7 |

## CFB Corporate Bond Fund

**Investment objective**

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.

**Investment parameters**

| | |
|---|---|
| Modified duration of Composite Index +/- 1.5 years | |
| Credit rating AAA & AA | 55-85% |
| Other investment grade or secured issues | 15-45% |
| Cash & bonds under 1 year to maturity | 0-5% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Corporate Bond Fund | +8.7 | +6.2 |
| iBoxx Non Gilts Index | +11.1 | +7.1 |
| CFB Corporate Bond Composite Index | +9.3 | +6.5 |

# Funds' performance continued

## CFB Property Fund

### CFB Property Fund

**Investment objective**

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

**Investment parameters**

| | |
|---|---|
| Property Income Fund for Charities | 100% |

**Performance**

| 28 February 2017 | 1 Year % | 5 Years %p.a. |
|---|---|---|
| CFB Property Fund* | 9.8 | 10.0 |

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

*All figures quoted are for the Property Income Trust for Charities as advised by the Managers, Mayfair Capital

### Property Fund 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 Managed Funds

**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 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.

### Managed Methodist Council Medium Term Fund

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

### Managed Methodist Council Long Term Fund

This fund is designed for investors with a time horizon of more than 7 years.

**Investment parameters**

| | Managed Equity | Managed Fixed Interest | Managed Mixed | Managed Methodist Council Medium Term | Managed Methodist Council Long Term |
|---|---|---|---|---|---|
| Deposit | | | 0-5% | 0-5% | 0-5% |
| UK Equity | 80-90% | | 50-70% | 15-25% | 30-40% |
| Overseas | 10-20% | | 5-15% | 15-25% | 30-40% |
| Gilt | | 30-50% | 5-15% | 0-25% | 0-15% |
| Short Fixed Interest | | 40-60% | 0-10% | 25-35% | |
| Inflation Linked | | | 0-5% | | 0-10% |
| Corporate Bond | | 5-15% | 0-10% | 0-25% | 0-15% |
| Property | | | 0-20% | 5-15% | 10-20% |

# Board and adviser details

## The Council of the Central Finance Board of the Methodist Church*

Chair: John Sandford MA FCA
Vice Chair: Peter Hobbs
Graham Boyd MA MPhil (Cantab)
Caroline Edwards ACMA
Revd Anne Ellis MA
Anne Goodman BSc (Econ)
Revd Andy Laird CPFA
Nick Moore MA BSc (Hons)
Revd Leslie Newton MA BA
Morwenna Williams ACIS
Terry Wynn

*After Annual Board Meeting on 25 April 2017

## The Executive of the Central Finance Board of the Methodist Church

Chief Executive Officer: David Palmer LLB MBA
Chief Financial Officer: Marina Phillips MSc DChA FCA MCSI
Chief Investment Officer: Stephen Beer BA ASIP

## Other senior officers

Head of Research: Miles Askew
Senior Fund Manager: Matthew Richards
Client Relationship Manager: Christophe Borysiewicz
Head of Business Development: Mark O'Connor
Operations Manager: Chris Field

## Professional advisers

### *Auditors*

(appointed 1 March 2017)
Buzzacott
130 Wood Street
London
EC2V 6DL

### *Solicitors*

Pothecary Witham Weld
70 St George's Square
London SW1V 3RD

### *Bankers*

HSBC
4/8 Victoria Street
Westminster
London SW1H ONE

### *Custodian*

HSBC Bank plc
Institutional Fund Services
8 Canada Square
London E14 5HQ

## Regulatory statements and compliance warnings

### *The Central Finance Board*

The Central Finance Board of the Methodist Church ('the CFB') was established by the Methodist Church Funds Act 1960 (the Act). The membership of the CFB consists of a maximum of 74 members, those being the President, Vice President and Secretary of Methodist Conference (the ex-officio members), one representative of each of the 31 Methodist Districts (the nominated members) and up to 40 members elected by the Conference (the elected members).

The Council of the CFB shall have a minimum of 6 and a maximum of 12 members elected by its general meeting. The business of the CFB shall be managed by the Council.

Only Methodist bodies as defined by the Act may become clients of the CFB.

The CFB has established a number of funds to meet the investment needs of the Methodist Church. These Funds have exempt charitable status conferred upon them by the Charity Commission. The CFB and these funds that it manages are unregulated.

### *Risk warnings*

Investors should be aware that there is no regulatory oversight of the CFB and the Funds. Client assets are held with the Custodian and the Funds are part of the annual audit of the CFB. However, there is no independent Trustee or Corporate Director. The Funds are managed in accordance with the investment objectives and parameters set out in this document but there are no separate scheme particulars.

The CFB funds are designed for long-term investors. The value of units in funds can fall as well as rise and past performance is not a guide to the future. Investors may not necessarily get back the amount that they invested. The level of income is also variable and investing in the CFB Funds will not be suitable for clients that cannot accept the possibility of capital losses or reduced income.

The CFB Equity and Fixed Interest Funds deal three times a month and clients may not have immediate access to the cash value of their investments.

The CFB Deposit Fund operates a liquidity reserve to manage the volatility of income payments to investors. This may mean that not all available interest accruing to the Fund is distributed.

Designed and produced by Langsford, www.langsford.co.uk

Printed by CPI Colour which is ISO14001 certified, CarbonNeutral®, Alcohol Free Printer, FSC® and PEFC chain of custody certified.
The inks used are all vegetable oil based.

Printed on paper certified by the FSC.

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FSC www.fsc.org MIX Paper from responsible sources FSC® C016486

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