

Church Workers Pension Fund

Annual Report and Financial Statements
31 December 2019

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Trustee's report

The Church of England Pensions Board (the "Board"), as Trustee of the Church Workers Pension Fund ("CWPF", or the "Scheme") is pleased to present the Scheme's annual report for the year ended 31 December 2019.

Scheme constitution and management

The Scheme was established in 1953 in accordance with the Church of England Pensions Board (Powers) Measure 1952 and operates as a centralised occupational pension scheme.

The CWPF has two distinct sections: the Defined Benefit Scheme and the Pension Builder Scheme. The Pension Builder Scheme is further divided into two sub-sections: Pension Builder Classic and Pension Builder 2014. The two Pension Builder sub-sections are hybrid: part defined benefit, due to guaranteed pension benefits; but also have defined contribution elements, due to the amount of benefit being dependent on accumulated pension contributions. Some employers participate in more than one section. Employers include diocesan boards of finance, cathedral chapters, mission agencies, Parochial Church Councils and other bodies connected with the ministry and mission of the Church of England.

Scheme management

The Board as Trustee is responsible for setting the overall strategy and managing the Scheme. The Board has established various committees to assist it in this responsibility.

Board Members (1 January 2019 to 16 June 2020)

Appointed with the approval of the General Synod, by the Archbishops of Canterbury and York

Dr Jonathan Spencer CB (Chair) (to 30 Apr 2019)
Clive Mather (Chair) (from 1 May 2019)

Appointed by the Archbishops of Canterbury and York

Roger Mountford (to December 2019)
Canon Nicolette Fisher (from January 2020)

Appointed by the Archbishops of Canterbury and York after consultation with the representatives of the dioceses

Nikesh Patel FIA

Appointed by the Archbishops of Canterbury and York after consultation with the Chairs of the Church of England Appointments Committee and the General Synod's House of Laity

Tony King (from January 2020)
The Revd Caroline Tittley

Appointed by the Church Commissioners

Jeremy Clack FIA

Elected by the Employers in the Church Workers Pension Fund and the Church Administrators Pension Fund

Richard Hubbard
Canon Sandra Newton

Elected by the House of Bishops of the General Synod

The Rt Revd Alan Wilson, Bishop of Buckingham

Elected by the House of Clergy of the General Synod

The Revd Fr Paul Benfield
The Revd Nigel Bourne
The Revd Peter Ould
The Ven David Stanton

Elected by the House of Laity of the General Synod

Roger Boulton FIA
Canon Nicolette Fisher (to December 2019)
Alan Fletcher FCII (Vice Chair) (To December 2019)
Canon Emma Osborne
Bill Seddon

Elected by the members of the Church Workers Pension Fund

Ian Boothroyd (to December 2019)
Susan Pope (from January 2020)
Michaela Southworth

Elected by the members of the Church Administrators Pension Fund

Maggie Rodger

Committee Members

Audit and Risk Committee

Maggie Rodger (Chair)
Richard Hubbard
Susan Pope (from March 2020)
The Revd Peter Ould
The Ven David Stanton (to January 2020)
Helen Ashley Taylor (from February 2019, co-opted)
Caron Bradshaw (from February 2019, co-opted)

Board Development Committee (to October 2019)

Canon Nicolette Fisher (Chair)
Roger Boulton FIA
The Revd Nigel Bourne
Canon Sandra Newton

Pensions Committee

Richard Hubbard (Chair) (from January 2020)
Roger Boulton FIA (Chair) (to December 2019)
The Revd Fr Paul Benfield
Ian Boothroyd (to December 2019)
The Revd Nigel Bourne
Canon Sandra Newton (to December 2019)
Maggie Rodger
Michaela Southworth (from March 2020)

Housing Committee

Canon Sandra Newton (Chair)
Canon Nicolette Fisher
Tony King (from March 2020)
The Revd Caroline Tittley
The Revd Alan Wilson
Jonathan Gregory (co-opted)
Tom Paul (co-opted) (from March 2020)
Henrietta Podd (co-opted) (to October 2019)
Lawrence Santcross (co-opted)

Investment Committee

Roger Boulton FIA (Chair from January 2020)
Alan Fletcher FCII (Chair) (to December 2019)
Jeremy Clack FIA
Roger Mountford (to December 2019)
Canon Emma Osborne
Nikesh Patel FIA
Bill Seddon
Simon Baynes (co-opted) (to February 2019)
Matthew Beesley (co-opted)
Deb Clarke (co-opted)
Jonathan Rogers (co-opted)

Trustee's report (continued)

Scheme advisors

The Trustee engages the below professional advisors to assist them in their responsibilities.

| | | |
|---|--|---|
| Actuary | Aaron Punwani, Lane Clark and Peacock LLP | |
| Independent auditors | Crowe U.K. LLP (PricewaterhouseCoopers LLP until 25 June 2019) | |
| Bankers | Lloyds Bank plc | |
| Investment Advisors | Mercer Ltd | |
| Investment Custodians | Northern Trust Company Ltd | |
| Investment Managers (Scheme) | BlackRock Investment Management (UK) Limited | |
| Investment Managers (Common Investment Fund) | Acadian Asset Management Antin Infrastructure Partners Arrowstreet Capital Audax Group Basalt Infrastructure Partners Blackstone Cambridge Associates CBRE Global Investors Colchester Global Investors Copper Rock Capital Partners DIF Management EQT Infrastructure Partners | First State Investments Generation Investment Management LLP GW&K H.I.G. Capital Insight Investment Management I Squared Global Capital KKR & Co. LP Legal & General Longview Partners Northern Trust Global Investors Robeco Asset Management T Rowe Price International Ltd |

Crowe U.K. LLP were appointed as the Scheme's auditor on 25 June 2019, replacing PricewaterhouseCoopers LLP. The outgoing auditor confirmed that there were no circumstances connected with their resignation which significantly affect the interest of the members, prospective members, or beneficiaries of the Scheme that should be brought to the attention of the Trustee.

Investments

Other than the Scheme's liability driven investments ("LDI"), and the Defined Benefit Scheme's insurance policy (see Management and Custody of Investments section), the Scheme's investments are principally held in a common investment fund, The Church of England Investment Fund for Pensions ("CEIFP"). The CEIFP was established in 1985 as a common investment fund for the Board's pension schemes. The Scheme has been a member of the CEIFP since it was established in 1985. The CEIFP pools assets to take advantage of economies of scale and reduce risk through diversification, to which the smaller schemes would not have access on their own. The CEIFP's annual report and financial statements are attached at Appendix 2.

The CEIFP had two pools for 11 months of 2019: the return seeking pool consisting mostly of equities, bonds, pooled investment vehicles and cash and the liability matching pool consisting mostly of corporate bonds. From 1 December, the return seeking pool was split into four pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly private loans and infrastructure assets, and the liquidity pool containing cash.

The Scheme has acquired units representing its proportionate share of the assets of the return seeking pool. In 2020 the Trustee, after taking investment advice, will review the Scheme's weighting to each pool to ensure the assets held are best suited to the Scheme's long-term interests. See the investment strategy section and the investment risk disclosures in Appendix 2 for more information.

Pension Builder 2014

The Pension Builder 2014 sub-section has been operating since February 2014. There are 379 (2018: 334) participating employers. It was set up to help small employers comply with auto-enrolment legislation. It is a scheme that guarantees to pay out at least the value of the contributions paid in plus any bonuses, which are dependent on the investment returns. This guarantee means Pension Builder 2014 is classified as a cash balance scheme both in respect of tax and pensions legislation.

Pension Builder Classic

There are 162 (2018: 144) employers participating in this sub-section. It is a scheme which guarantees pension benefits for its members. The scheme provides guaranteed increases to pensions in line with limited price indexation ("LPI") in respect of contributions paid after 5 April 1997. Discretionary bonuses are applied to all benefits and to all pensions in payment relating to contributions paid before 6 April 1997. Bonuses may be declared by the Trustee, but are dependent on the funding level of the section each year.

Trustee's report (continued)

Defined Benefit Scheme

The Defined Benefit Scheme currently has 79 (2018: 79) participating employers. Employers have some flexibility as to the benefit structure for members. The Scheme provides a guarantee that pensions will increase in line with LPI.

The section is managed in two parts: an employer section and a life risk section, each section with an investment strategy that reflects its purpose (see note 13 to the financial statements for more detail). The employer section receives contributions and invests in return seeking assets until the point of retirement. At the point of retirement, an amount is transferred to the life risk section, which pays pensions. This section is invested in liability matching assets and return seeking assets and has an insurance policy which pays 70% of pension in payment at the contract date.

Rule changes

There were no changes to the Scheme's rules during 2019. A full copy of the Scheme's rules is available on request.

Financial developments

There were no significant financial developments within the Scheme during the year.

For information about the CEIFP's own financial developments in the year, see its Trustee's Report in Appendix 2.

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under Sections 41(1) and (6) of that Act. In accordance with the amendment to the Audited Accounts Regulations effective from 1 April 2016, an auditor's statement about contributions is not required for the Scheme as it is a multi-employer scheme with more than 20 participating employers.

Membership

The change in membership during the year for each section of the Scheme is as follows:

| Defined Benefit Scheme | Active | Deferred | Pensioners* | Beneficiaries* | Total |
|--------------------------------------|------------|--------------|--------------|----------------|--------------|
| At 1 January | 272 | 1,669 | 2,048 | 206 | 4,195 |
| New members joining | 14 | - | - | - | 14 |
| Members retiring | (24) | (72) | 96 | - | - |
| Members leaving prior to pension age | (22) | 22 | - | - | - |
| Transfers out | (1) | (7) | - | - | (8) |
| Deaths | - | (1) | (40) | (6) | (47) |
| New spouse and dependent pensions | - | - | - | 19 | 19 |
| Adjustments/other | - | (4) | 3 | - | (1) |
| Total at 31 December | 239 | 1,607 | 2,107 | 219 | 4,172 |

* Included within the above are 1,434 (2018: 1,465) pensioners and 195 (2018: 186) beneficiaries whose benefits are partly provided by an insurance policy.

| Pension Builder Classic | Active | Deferred | Pensioners | Beneficiaries | Total |
|--------------------------------------|--------------|--------------|--------------|---------------|--------------|
| At 1 January | 1,874 | 1,938 | 1,343 | 107 | 5,262 |
| New members joining | 422 | - | - | - | 422 |
| Members retiring | (24) | (46) | 70 | - | - |
| Members leaving with refunds | (26) | (29) | - | - | (55) |
| Members leaving prior to pension age | (302) | 302 | - | - | - |
| Full commutation | (19) | (31) | (1) | - | (51) |
| Transfers out | (13) | (27) | - | - | (40) |
| Deaths | (6) | (3) | (40) | (2) | (51) |
| New spouse and dependent pensions | - | - | - | 7 | 7 |
| Adjustments/other | (5) | (1) | (4) | (1) | (11) |
| Total at 31 December | 1,901 | 2,103 | 1,368 | 111 | 5,483 |

| Pension Builder 2014 | Active | Deferred | Total |
|---|--------------|------------|--------------|
| At 1 January | 2,266 | 690 | 2,956 |
| New members joining | 657 | - | 657 |
| Members retiring – no further liability | (12) | (5) | (17) |
| Members leaving with refunds | (33) | (39) | (72) |
| Members leaving prior to pension age | (352) | 352 | - |
| Full commutation | (9) | (10) | (19) |
| Transfers out | (15) | (29) | (44) |
| Deaths | (4) | - | (4) |
| Other | - | (9) | (9) |
| Total at 31 December | 2,498 | 950 | 3,448 |

Impact of COVID-19

Since 31 December 2019, the COVID-19 pandemic has resulted in significant uncertainty in investment markets and necessitated practical changes to the way the administration of the Scheme is carried out. The Trustee fully transitioned to a remote working arrangement in March 2020. The Trustee has written to all Scheme members to outline the Trustee's response to COVID-19, including how to access the Trustee's services when all staff are working remotely.

Trustee's report (continued)

Impact of COVID-19 (continued)

Subsequent to the year end, listed investment markets experienced substantial volatility associated with uncertainties linked to the COVID-19 virus pandemic. The Scheme's holdings in the Common Investment Fund and its holding in liability matching assets fell in value by £19.3m (3.8%) from £502.1m at 31 December 2019 to £482.8m as at 30 April 2020, being the most recent date for which information is practicably available. However, asset values continue to be subject to market fluctuation and therefore there will have been further changes in value between this date and the date of approval of the financial statements that cannot be quantified at present. The long term impact on investment values is currently unknown.

The value of the Scheme's net assets across all sections represented 92.2% of the technical provisions of the Scheme at the last actuarial valuation as at 31 December 2016. Deficit recovery agreements are in place to target the elimination of the deficit. The Scheme is supported by the employer covenant, because this ultimately underwrites investment risk and funding risk. A detailed covenant assessment is undertaken to coincide with each triennial valuation. This includes assessment of financial strength and security and stress testing the ongoing viability of funders under various economic scenarios. Between valuations the Board undertakes pro-active engagement with employers, encourages all employers to inform the Board of relevant matters that may affect their covenant, and draws on information available to other NCIs on the financial health of employers. The Trustee has considered the impact of COVID-19 on the employers and is satisfied that there is no material deterioration in the overall employer covenant and the employers can continue to support the Scheme for the foreseeable future.

Pension Increases

Increases to Guaranteed Minimum Pensions in deferment and in the Pensions Builder Classic are increased at statutory rates. Increases to Guaranteed Minimum Pensions in the Defined Benefit Scheme are increased as set out below, which includes a discretionary increase in excess of statutory rates.

Increases to pensions in payment in the CWPF are made in line with the Retail Prices Index ("RPI") up to a limit of 2.5% or 5.0%. The increase in RPI in the year to 30 September 2018 was 2.4% (2018: 3.3%). Pensions in payment on 1 January 2020 increased therefore by 2.4% (2019: 3.3%). Pensions earned in the Pension Builder Classic prior to April 1997 do not increase.

No discretionary bonuses were paid in respect of Pension Builder Classic (2018: none). No discretionary bonuses were paid in respect of Pension Builder 2014 (1 April 2018: none). Bonuses are not applicable to the Defined Benefit Scheme.

Transfers

As prescribed by statutory regulations, all transfer payments were calculated in accordance with the methods and assumptions approved by the Scheme's Actuary and does not include any discretionary benefits. The Scheme does not accept transfers.

Actuarial liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions determined by the Trustee, after considering actuarial advice and having consulted with the employers, and is set out in the Statement of Funding Principles, which is available to Scheme members on request.

These liabilities are considered by the Scheme's Actuary who carries out a full actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Scheme and the level of contributions payable. The financial statements do not include liabilities in respect of future retirement benefits.

The most recent valuation was carried out as at 31 December 2016 which showed at that date:

| | Defined Benefit Scheme | Pension Builder Classic | Pension Builder 2014 |
|---------------------|------------------------|-------------------------|----------------------|
| | £m | £m | £m |
| Technical provision | 408.1 | 132.6 | 8.6 |
| Value of assets | 378.7 | 118.4 | 9.1 |
| (Deficit)/Surplus | (29.4) | (14.2) | 0.5 |

The method and significant actuarial assumptions used to determine the technical provisions for the Defined Benefit Scheme and the Pension Builder Classic are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

| | |
|--|--|
| Discount rate | |
| for employer pools (pre-retirement) | 4.2% p.a. |
| for life risk section (post-retirement) | 2.35% p.a. |
| RPI | 3.2% p.a. |
| Pay increases | CPI + 1.2% p.a. |
| Pension increases: | |
| Increasing in line with CPI (capped at 3.0%) | 2.4% p.a. |
| Increasing in line with RPI (capped at 2.5%) | 2.2% p.a. |
| Increasing in line with RPI (capped at 5.0%) | 3.3% p.a. |
| Post-retirement mortality | 95% of S2NMA and S2NFA mortality tables in line with the CMI 2015 core projections with long-term annual rate of improvement of 1.5% p.a. for both males and females |

Trustee's report (continued)

Actuarial liabilities (continued)

Significant actuarial assumptions (continued)

As a result of the actuarial valuation the Trustee agreed future contribution rates and "recovery periods" (the period over which the identified deficit is targeted to be eliminated) with each participating Defined Benefit Scheme employer. The majority of employers agreed a recovery plan of seven years or less from 1 April 2018. Only one employer required a recovery plan longer than 10 years (from 1 April 2018) and that recovery plan is due to end on 30 June 2033, and is supported by an Individual Payment Plan agreement.

Investment management

At the end of 2019, the investments of the Scheme were as set out below. Detailed information on the performance, management and investment risks of the CEIFP is set out in Appendix 2.

| | 2019 £'000 | 2018 £'000 | Nature of investment |
|--|----------------|----------------|---|
| <i>Return seeking investments</i> | | | |
| CEIFP – Return Seeking Pool | - | 363,342 | Public equities, private infrastructure equity, private debt, emerging markets sovereign debt, property unit trusts, hedge funds and cash |
| CEIFP – Public Equity Pool | 264,782 | - | Public equities |
| CEIFP – Diversified Growth Pool | 41,559 | - | Property unit trusts, private equity and emerging markets sovereign debt |
| CEIFP – Diversified Income Pool | 90,228 | - | Private infrastructure equity, private debt |
| CEIFP – Liquidity Pool | 2,550 | - | Cash |
| <i>Liability matching investments</i> | | | |
| CEIFP – Listed Credit Pool (formerly known as Liability Matching Pool) | 22,613 | 7,861 | High quality corporate bonds |
| Liability Driven Investments ("LDI") | 80,422 | 67,394 | Pooled investment vehicles investing solely in gilts |
| <i>Other</i> | | | |
| Insurance policy | 102,800 | 102,060 | |
| Other investment balances | 3 | - | |
| Total at 31 December | 604,957 | 540,657 | |

Investment strategy and principles

The Trustee has delegated the responsibility for the management of investments to an Investment Committee, which is supported by professional in-house staff and external investment managers and advisors. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's Investment Advisor. The Trustee has put in place investment mandates with its investment managers which implement this strategy.

The details of the Trustee's policies with respect to environmental, social and governance matters are included in Appendix 1. Appendix 1 forms part of the Trustee's Report.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for the Scheme by the Trustee. This incorporates the investment strategy and is supported by documents that set out how the investment strategy is implemented. Copies of the SIP may be obtained from the contact details listed in shown at the end of this report. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

The Trustee takes various financially material considerations into account in the selection, retention and realisation of investments. Ethical and responsible investment considerations are central to the Board's work. They reflect our Christian identity and the values of the Board and our beneficiaries, and they inform our aim of achieving a long-term sustainable return on the Board's investments. The Trustee recognises climate change as a major financial and social risk, and one that has potential to impact gravely on the financial well-being of the members of its schemes as well as their quality of life in retirement. Other matters taken into consideration include the risk appetite of the Scheme, strategic asset allocation, opportunities to capture illiquidity premia, diversification within and across asset classes, the potential benefits of active fund management, and the cost of implementation of investment decisions.

The Trustee engages with the employers regularly, including on material non-financial matters. The Trustee recognises that the beneficiaries and the employers of the Scheme are part of the Church of England and that the Scheme's investments should reflect that as far as possible without compromising its objectives.

Management and custody of investments

In 2014 the Trustee decided to reduce the defined benefit liability risk by purchasing an insurance contract ("buy in") from Prudential. The contract transferred 70% of the pension risk at the contract date from the employers to the insurer. It removed significant investment risk from the assets backing that part of the payments and the risk associated with longevity too.

The Scheme holds £80.4m (2017: £67.4m) of its liability matching assets outside the CEIFP in its own LDI accounts. Apart from a cash reserve (held to meet the monthly pension commitments), all other assets are held in the CEIFP pools.

The CEIFP's custody arrangements are described in the CEIFP's Trustee Report in Appendix 2. The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Scheme's investments, other than pooled investment vehicles ("PIV"), where the manager makes its own arrangements for the custody of underlying investments.

Trustee's report (continued)

Investment performance

Index-linked Gilts posted gains over the year, with the FTSE Over 5-Year Index-linked Gilt index increasing by 6.8% in 2019. The Scheme's LDI gains were 6.7% (2018: losses of 0.4%).

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements

Employer related investments

Details of employer related investments are given in note 15 to the financial statements.

Further information

Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be addressed to:

The Pensions Department
Church of England Pensions Board
PO Box 2026
Pershore
WR10 9BW

Alternatively, enquiries may be made by email to pensions@churchofengland.org, or by telephone to 020 7898 1801.

Approval

The Trustee's Report and Statement of Trustee's Responsibilities on page 8 were approved by the Trustee on 16 June 2020 and signed on its behalf by:



Clive Mather
Chairman

Statement of Trustee's Responsibilities

The Church of England Pensions Board is Trustee of the Church Workers Pension Fund.

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control

Independent Auditors' report to the Trustee of The Church Workers Pension Fund and the General Synod of the Church of England

Opinion

We have audited the financial statements of The Church Workers Pension Fund ("the Scheme") for the year ended 31 December 2019 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2019 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' report to the Trustee of The Church Workers Pension Fund and the General Synod of the Church of England (continued)

Use of our report

This report is made solely to the Scheme Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995, and to the General Synod. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
London

16 June 2020

Fund Account for the year ended 31 December 2019

| | Note | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | 2019 Total £000 | 2018 Total £000 |
|---|------|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------|-----------------------|
| Contributions and other income | | | | | | | |
| Employer contributions | 4 | 4,642 | 5,297 | 6,028 | - | 15,967 | 17,501 |
| Employee contributions | 4 | 1,407 | 1,437 | 157 | - | 3,001 | 2,825 |
| Other income | 4 | 286 | 239 | - | 482 | 1,007 | 948 |
| Total contributions and other income | | 6,335 | 6,973 | 6,185 | 482 | 19,975 | 21,274 |
| Benefits | | | | | | | |
| Benefits paid or payable | 5 | (553) | (4,440) | (1,525) | (10,161) | (16,679) | (15,760) |
| Payments to and on account of leavers | 6 | (22) | (15) | - | - | (37) | (33) |
| Transfers out | | (256) | (532) | (1,032) | - | (1,820) | (1,660) |
| Administrative expenses | 7 | (591) | (758) | - | (755) | (2,104) | (2,166) |
| Total benefits and other expenses paid | | (1,422) | (5,745) | (2,557) | (10,916) | (20,640) | (19,619) |
| Net additions/(withdrawals) from dealings with members | | | | | | | |
| | | 4,913 | 1,228 | 3,628 | (10,434) | (665) | 1,655 |
| Returns on investments | | | | | | | |
| Deposit interest | | - | - | - | 11 | 11 | 12 |
| Income from insurance policies | | - | - | - | 4,926 | 4,926 | 4,888 |
| Change in market value of investments | 11 | 2,992 | 17,151 | 27,642 | 12,542 | 60,327 | (10,878) |
| Investment management expenses | | - | (111) | - | (32) | (143) | (53) |
| Net returns on investments | | 2,992 | 17,040 | 27,642 | 17,447 | 65,121 | (6,031) |
| Net increase/(decrease) in fund | | | | | | | |
| | | 7,905 | 18,268 | 31,270 | 7,013 | 64,456 | (4,376) |
| Transfers between sections | 8 | 9 | 28 | (15,280) | 15,243 | - | - |
| Opening net assets | | 18,389 | 129,548 | 187,602 | 206,736 | 542,275 | 546,651 |
| Closing net assets | | 26,303 | 147,844 | 203,592 | 228,992 | 606,731 | 542,275 |

Notes 1 to 19 form part of these Financial Statements.

Statement of Net Assets available for benefits as at 31 December 2019

| | Notes | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | 2019 Total £000 | 2018 Total £000 |
|--|-------|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------|-----------------------|
| Investments | | | | | | | |
| Pooled investment vehicles (CEIFP) | 11 | 26,015 | 120,704 | 203,063 | 71,950 | 421,732 | 371,203 |
| Pooled investment vehicles (other) | 11 | - | 27,196 | - | 53,226 | 80,422 | 67,394 |
| Insurance policies | 11 | - | - | - | 102,800 | 102,800 | 102,060 |
| Other investment balances | 11 | - | - | - | 3 | 3 | - |
| Total investments | | 26,015 | 147,900 | 203,063 | 227,979 | 604,957 | 540,657 |
| Current assets | 9 | 496 | 507 | 539 | 1,026 | 2,568 | 2,078 |
| Current liabilities | 10 | (208) | (563) | (10) | (13) | (794) | (460) |
| Net current assets | | 288 | (56) | 529 | 1,013 | 1,774 | 1,618 |
| Total net assets available for benefits | | 26,303 | 147,844 | 203,592 | 228,992 | 606,731 | 542,275 |

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position, which does take account of such defined benefit obligations, is dealt with in the report on actuarial liabilities on page 5, and these financial statements should be read in conjunction with this report. Notes 1 to 19 form part of these financial statements. Note 18 shows the full year comparatives.

These financial statements were approved by the Trustee on 16 June 2020 and signed on its behalf by:



Clive Mather
Chairman

Notes to the financial statements

1. Legal status

The Church Workers Pension Fund (the "Scheme") is an occupational pension scheme established under trust on 1 January 1953 by The Church of England Pensions Board (the current Trustee).

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

2. Basis of preparation of financial statements

The individual financial statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes (2018)" ("the SORP").

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Contributions

Employer normal contributions are accounted for on the accruals basis in the payroll month to which they relate. Employer deficit funding contributions, administration contributions and contributions for life cover are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and the Trustee.

Employee contributions are accounted for on the accruals basis in the month deducted from payroll.

Additional voluntary contributions from members are accounted for, on the accruals basis, in the month deducted from payroll.

b) Benefits

Where members can choose whether to take their benefits as a full pension or a lump sum with reduced pension, retirement benefits are accounted for on the accruals basis on the later of the date of retirement and the date the option is exercised.

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate. Other benefits are accounted for on the accruals basis on the date of retirement, death or leaving the Scheme, as appropriate.

c) Transfers to/from other pension schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on the accruals basis, which is generally when funds are transferred unless the Trustee of the receiving scheme has agreed to accept the liability in advance of receipt of funds.

d) Administrative and other expenses

Administrative and investment management expenses are accounted for on the accruals basis. The costs are split between each section of the Scheme according to each section's use of management and administration time.

e) Income from insurance policies, investment income and expenditure

Most of the Scheme's investments are units in the Church of England Investment Fund for Pensions ("CEIFP"), which is an accumulation fund. The CEIFP's net investment income, after paying management and transaction fees is retained within the fund for reinvestment. The value of the Scheme's holding in CEIFP units consequently is affected by the change in market value of investments, comprising of all profits and losses realised on sales of investments and unrealised changes in market value, income and expenditure.

Income arising from insurance policies is shown separately in the Fund Account and is accounted for on the accruals basis.

Investment income

Income from cash and short term deposits is accounted for on the accruals basis. Income is shown gross of all withholding taxes, with irrecoverable taxes shown as a separate expense.

Investment expenditure

Transactions costs are included in the cost of purchases and sales proceeds. These include commissions, stamp duty and other fees.

Notes to the financial statements (continued)

3. Accounting policies (continued)

f) Investment valuation

The Scheme values its units in the CEIFP at the unit prices for the pools, provided by the custodian Northern Trust. These prices are calculated using the number of units held and the fair value of the CEIFP's underlying investment assets and liabilities. Where separate bid and offer prices are available for the underlying investment assets and liabilities, the bid price is used for investment assets and offer prices for investment liabilities. Otherwise the closing single price or most recent transaction price is used.

Investment assets and liabilities are measured at fair value. Where an active market is unavailable, the Trustee adopts valuation techniques appropriate to the class of investments. The methods for determining fair value for the principal classes of investments are:

Pooled investment vehicles

Unitised investment vehicles which are not traded on an active market are estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation. The net asset value is determined by the fund manager by applying fair value principles to the underlying investments of the pooled arrangement.

Insurance policies

Insurance policies are valued by the Scheme's Actuary, Lane Clark and Peacock LLP, at the amount of the related obligation using the actuarial method. This is determined by the most recent scheme funding valuation assumptions updated for market conditions at the reporting date.

The change in market value of investments recognised in the fund account during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

g) Foreign currencies

The Scheme's functional currency and presentational currency is pounds sterling.

Notes to the financial statements (continued)

4. Contributions and other income

| Year ended 31 December 2019 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
|--|------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|---------------|
| Employer contributions | | | | | |
| Normal | 4,555 | 4,964 | 2,401 | - | 11,920 |
| Deficit | - | - | 3,542 | - | 3,542 |
| AVC | 87 | 309 | - | - | 396 |
| Cessation liabilities | - | 24 | 85 | - | 109 |
| Total employer contributions | 4,642 | 5,297 | 6,028 | - | 15,967 |
| Employee contributions | | | | | |
| Normal | 937 | 667 | 157 | - | 1,761 |
| AVC | 470 | 770 | - | - | 1,240 |
| Total employee contributions | 1,407 | 1,437 | 157 | - | 3,001 |
| Other income | | | | | |
| Contributions for administration costs | - | - | - | 482 | 482 |
| Contributions for life cover | 286 | 239 | - | - | 525 |
| Total other income | 286 | 239 | - | 482 | 1,007 |
| Year ended 31 December 2018 | | | | | |
| | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
| Employer contributions | | | | | |
| Normal | 4,076 | 4,631 | 3,048 | - | 11,755 |
| Deficit | - | - | 5,419 | - | 5,419 |
| AVC | 46 | 281 | - | - | 327 |
| Total employer contributions | 4,122 | 4,912 | 8,467 | - | 17,501 |
| Employee contributions | | | | | |
| Normal | 864 | 654 | 181 | - | 1,699 |
| AVC | 362 | 764 | - | - | 1,126 |
| Total employee contributions | 1,226 | 1,418 | 181 | - | 2,825 |
| Other income | | | | | |
| Contributions for administration costs | - | - | 3 | 465 | 468 |
| Contributions for life cover | 261 | 219 | - | - | 480 |
| Total other income | 261 | 219 | 3 | 465 | 948 |

Deficit funding contributions are payable in respect of the funding shortfalls at different annual lump sum amounts for each employer over varying periods from 1 April 2018 to 30 June 2033.

5. Benefits paid or payable

| Year ended 31 December 2019 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
|------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|---------------|
| Pensions | - | 3,189 | - | 10,137 | 13,326 |
| Lump sums on retirement | 63 | 711 | 1,451 | - | 2,225 |
| Lump sums on death | 352 | 209 | 74 | - | 635 |
| Commutations | 138 | 331 | - | 24 | 493 |
| Total benefits paid | 553 | 4,440 | 1,525 | 10,161 | 16,679 |
| Year ended 31 December 2018 | | | | | |
| | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
| Pensions | - | 3,121 | - | 9,526 | 12,647 |
| Lump sums on retirement | 10 | 437 | 2,005 | - | 2,452 |
| Lump sums on death | 128 | - | 133 | - | 261 |
| Commutations | 99 | 301 | - | - | 400 |
| Total benefits paid | 237 | 3,859 | 2,138 | 9,526 | 15,760 |

Notes to the financial statements (continued)

6. Payments to and on account of leavers

| Year ended 31 December 2019 | Pension Builder 2014 | Pension Builder Classic | DBS – Employer section | DBS – Life Risk section | Total |
|---|----------------------------|-------------------------------|------------------------------|-------------------------------|-----------|
| | £000 | £000 | £000 | £000 | |
| Refunds of contributions in respect of non-vested leavers | 22 | 15 | - | - | 37 |
| Total payments to and on account of leavers | 22 | 15 | - | - | 37 |
| Year ended 31 December 2018 | Pension Builder 2014 | Pension Builder Classic | DBS – Employer section | DBS – Life Risk section | Total |
| | £000 | £000 | £000 | £000 | |
| Refunds of contributions in respect of non-vested leavers | 18 | 15 | - | - | 33 |
| Total payments to and on account of leavers | 18 | 15 | - | - | 33 |

7. Administrative expenses

The administrative expenses comprise a recharge from the Board for costs it bears on the Scheme's behalf. A breakdown of the costs which make up this recharge is listed below:

| Year ended 31 December 2019 | Pension Builder 2014 | Pension Builder Classic | DBS – Employer section | DBS – Life Risk section | Total |
|--------------------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|--------------|
| | £000 | £000 | £000 | £000 | |
| Actuarial fees | 143 | 160 | - | 162 | 465 |
| Audit fees | 26 | 27 | - | 17 | 70 |
| Pension levy | - | - | - | 36 | 36 |
| Legal advice | 19 | 35 | - | 21 | 75 |
| Investment services | 22 | 104 | - | 241 | 367 |
| Administrative expenses | 381 | 432 | - | 278 | 1,091 |
| Total administrative expenses | 591 | 758 | - | 755 | 2,104 |
| Year ended 31 December 2018 | Pension Builder 2014 | Pension Builder Classic | DBS – Employer section | DBS – Life Risk section | Total |
| | £000 | £000 | £000 | £000 | |
| Actuarial fees | 104 | 141 | - | 168 | 413 |
| Audit fees | 13 | 17 | - | 17 | 47 |
| Pension levy | - | 7 | - | 46 | 53 |
| Legal advice | 33 | 101 | - | 94 | 228 |
| Investment services | 24 | 76 | - | 183 | 283 |
| Administrative expenses | 445 | 450 | - | 247 | 1,142 |
| Total administrative expenses | 619 | 792 | - | 755 | 2,166 |

8. Transfers between sections

The Defined Benefit section is managed in two parts: an employer section and a life risk section. The employer section receives contributions and holds investments for individual employers until the point of retirement. At point of retirement, an amount is transferred to the life risk section, which pays pensions. This is similar to the employer buying an annuity from the Life Risk section. In addition, in 2019 two employers with no employees in the Defined Benefit Section agreed to use their surplus in the employer section to make contributions to the Pensions Builder Classic and Pensions Builder 2014 sections in respect of members employed by the employer.

Notes to the financial statements (continued)

9. Current assets

| At 31 December 2019 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
|-----------------------------|------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| Debtors | | | | | |
| Employer contributions | 494 | 503 | 499 | 36 | 1,532 |
| Trustee | - | - | 40 | 274 | 314 |
| Other | 2 | 4 | - | - | 6 |
| Total debtors | 496 | 507 | 539 | 310 | 1,852 |
| Cash | - | - | - | 716 | 716 |
| Total current assets | 496 | 507 | 539 | 1,026 | 2,568 |
| At 31 December 2018 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
| Debtors | | | | | |
| Employer contributions | 498 | 529 | 570 | - | 1,597 |
| Other | 2 | 29 | - | 15 | 46 |
| Total debtors | 500 | 558 | 570 | 15 | 1,643 |
| Cash | - | 75 | - | 360 | 435 |
| Total current assets | 500 | 633 | 570 | 375 | 2,078 |

Amounts owed from the Trustee represents money paid in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

10. Current liabilities

| At 31 December 2019 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
|----------------------------|------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| Unpaid benefits | 68 | 230 | 10 | - | 308 |
| Tax payable | - | 145 | - | - | 145 |
| Other | - | 97 | - | 13 | 110 |
| Trustee | 140 | 91 | - | - | 231 |
| Total creditors | 208 | 563 | 10 | 13 | 794 |
| At 31 December 2018 | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | Total £000 |
| Unpaid benefits | 4 | 20 | - | - | 24 |
| Tax payable | 1 | 147 | - | - | 148 |
| Other | 3 | 21 | 36 | 12 | 72 |
| Trustee | 113 | 103 | - | - | 216 |
| Total creditors | 121 | 291 | 36 | 12 | 460 |

Amounts owed to the Trustee represent money charged by the Board towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

Notes to the financial statements (continued)

11. Investment assets

The tables below shows the movement in investments in the year:

Pension Builder 2014:

| | At 1 January 2019 £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | At 31 December 2019 £000 |
|---|------------------------------|------------------------------|---------------------------|-----------------------------------|--------------------------------|
| Pooled investment vehicles (CEIFP) | | | | | |
| Return seeking pool | 18,010 | 4,464 | (25,232) | 2,758 | - |
| Public equity pool | - | 16,503 | - | 257 | 16,760 |
| Diversified growth pool | - | 2,822 | - | (4) | 2,818 |
| Diversified income pool | - | 6,293 | - | (17) | 6,276 |
| Liquidity pool | - | 549 | (386) | (2) | 161 |
| Total investments | 18,010 | 30,631 | (25,618) | 2,992 | 26,015 |

Pension Builder Classic:

| | At 1 January 2019 £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | At 31 December 2019 £000 |
|--|------------------------------|------------------------------|---------------------------|-----------------------------------|--------------------------------|
| Pooled investment vehicles (CEIFP) | | | | | |
| Return seeking pool | 96,916 | 1,344 | (111,979) | 13,719 | - |
| Public equity pool | - | 73,240 | - | 1,139 | 74,379 |
| Diversified growth pool | - | 12,060 | - | (14) | 12,046 |
| Diversified income pool | - | 26,155 | - | (71) | 26,084 |
| Liquidity pool | - | 1,413 | (690) | (7) | 716 |
| Listed credit pool (formerly liability matching pool) | 6,836 | - | - | 643 | 7,479 |
| Total pooled investment vehicles | 103,752 | 114,212 | (112,669) | 15,409 | 120,704 |
| Pooled investment vehicles (other) | | | | | |
| Bonds | 25,454 | - | - | 1,742 | 27,196 |
| Total investments | 129,206 | 114,212 | (112,669) | 17,151 | 147,900 |

Defined benefit Scheme – Employer section:

| | At 1 January 2019 £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | At 31 December 2019 £000 |
|--|------------------------------|------------------------------|---------------------------|-----------------------------------|--------------------------------|
| Pooled investment vehicles (CEIFP) | | | | | |
| Return seeking pool | 187,068 | 3,261 | (216,071) | 25,742 | - |
| Public equity pool | - | 131,268 | (774) | 2,028 | 132,522 |
| Diversified growth pool | - | 21,620 | (127) | (26) | 21,467 |
| Diversified income pool | - | 46,887 | (270) | (126) | 46,491 |
| Liquidity pool | - | 2,533 | (1,249) | (12) | 1,272 |
| Listed credit pool (formerly liability matching pool) | - | 1,275 | - | 36 | 1,311 |
| Total investments | 187,068 | 206,844 | (218,491) | 27,642 | 203,063 |

Defined benefit Scheme – Life risk section:

| | At 1 January £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | At 31 December 2019 £000 |
|--|-------------------------|------------------------------|---------------------------|-----------------------------------|--------------------------------|
| Pooled investment vehicles (CEIFP) | | | | | |
| Return seeking pool | 61,348 | 15,435 | (84,636) | 7,853 | - |
| Public equity pool | - | 40,491 | - | 630 | 41,121 |
| Diversified growth pool | - | 5,234 | - | (6) | 5,228 |
| Diversified income pool | - | 11,408 | - | (31) | 11,377 |
| Liquidity pool | - | 5,149 | (4,745) | (3) | 401 |
| Listed credit pool (formerly liability matching pool) | 1,025 | 13,000 | (1,275) | 1,073 | 13,823 |
| Total pooled investment vehicles (CEIFP) | 62,373 | 90,717 | (90,656) | 9,516 | 71,950 |
| Pooled investment vehicles (other) | | | | | |
| Bonds | 41,940 | 9,000 | - | 2,286 | 53,226 |
| Insurance policies: Prudential buy-in | 102,060 | - | - | 740 | 102,800 |
| Other investment balances | - | - | - | - | 3 |
| Total investments | 206,373 | 99,717 | | 12,542 | 227,979 |

Notes to the financial statements (continued)

11. Investment assets (continued)

Transaction expenses

The Scheme did not directly incur transaction costs. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs. Custody charges are negligible. See Appendix 2 for detail about the CEIFP. The Church of England Investment Fund for Pensions ("CEIFP") is a pooled investment vehicle between three pension schemes of which the Church of England Pensions Board is Trustee.

12. Fair Value of Investment assets

The fair value of investments has been determined using the following hierarchy:

| Level | Description |
|-------|---|
| 1 | Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date. |
| 2 | Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly. |
| 3 | Inputs are unobservable, i.e. for which market data is unavailable. |

The Scheme's investment assets and liabilities, other than its investment in CEIFP units, have been included at fair value within these levels as follows:

Pension Builder 2014:

| At 31 December 2019 | 1 | 2 | 3 | Total |
|------------------------------------|---------------|--------------|--------------|---------------|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 16,838 | 1,510 | 7,667 | 26,015 |
| Total investments | 16,838 | 1,510 | 7,667 | 26,015 |
| At 31 December 2018 | 1 | 2 | 3 | Total |
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 12,271 | 2,499 | 3,240 | 18,010 |
| Total investments | 12,271 | 2,499 | 3,240 | 18,010 |

Pension Builder Classic:

| At 31 December 2019 | 1 | 2 | 3 | Total |
|------------------------------------|---------------|---------------|---------------|----------------|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 74,902 | 13,627 | 32,175 | 120,704 |
| Pooled investment vehicles (bonds) | - | 27,196 | - | 27,196 |
| Total investments | 74,902 | 40,823 | 32,175 | 147,900 |
| At 31 December 2018 | 1 | 2 | 3 | Total |
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 66,089 | 20,164 | 17,499 | 103,752 |
| Pooled investment vehicles (bonds) | - | 25,454 | - | 25,454 |
| Total investments | 66,089 | 45,618 | 17,499 | 129,206 |

Defined benefit Scheme – Employer section:

| At 31 December 2019 | 1 | 2 | 3 | Total |
|------------------------------------|----------------|---------------|---------------|----------------|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 133,010 | 12,653 | 57,400 | 203,063 |
| Total investments | 133,010 | 12,653 | 57,400 | 203,063 |
| At 31 December 2018 | 1 | 2 | 3 | Total |
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 127,461 | 25,953 | 33,654 | 187,068 |
| Total investments | 127,461 | 25,953 | 33,654 | 187,068 |

Defined benefit Scheme – Life Risk section:

| At 31 December 2019 | 1 | 2 | 3 | Total |
|------------------------------------|---------------|---------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 41,611 | 16,366 | 13,973 | 71,950 |
| Pooled investment vehicles (bonds) | - | 53,226 | - | 53,226 |
| Insurance policies | - | - | 102,800 | 102,800 |
| Other investment balances | 3 | - | - | 3 |
| Total investments | 41,614 | 69,592 | 116,773 | 227,979 |

Notes to the financial statements (continued)

12. Fair Value of Investment assets (continued)

| At 31 December 2018 | 1 | 2 | 3 | Total |
|------------------------------------|---------------|---------------|----------------|----------------|
| | £000 | £000 | £000 | £000 |
| Pooled investment vehicles (CEIFP) | 41,808 | 9,518 | 11,047 | 62,373 |
| Pooled investment vehicles (bonds) | - | 41,940 | - | 41,940 |
| Insurance policies | - | - | 102,060 | 102,060 |
| Total investments | 41,808 | 51,458 | 113,107 | 206,373 |

Insurance policies are valued by the Scheme Actuary using assumptions consistent with those used in the triennial actuarial valuation as set out on page 5 and updated for market conditions at the reporting date

Pooled investment vehicles includes the fair value levels of the underlying investments in the Church of England Investment Fund for Pensions. For more details, see Appendix 2.

13. Investment risk disclosures

The investment objective of the Scheme is to maintain an investment portfolio with appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due. The Trustee sets the investment strategy for the Scheme as detailed in the Statement of Investment Principles (SIP).

The table below summarises the extent to which the various classes of investments are affected by financial risks:

| | Credit risk | Market risk | | | Total 2019 £000 | Total 2018 £000 |
|---|--|-------------|---------------|-------------|-----------------------|-----------------------|
| | | Currency | Interest rate | Other price | | |
| Pension Builder 2014 | | | | | | |
| Pooled investment vehicles (CEIFP) | (see Investment Risks for the CEIFP in Appendix 2) | | | | 26,015 | 18,010 |
| Total Pension Builder 2014 investments | | | | | 26,015 | 18,010 |
| Pension Builder Classic | | | | | | |
| Pooled investment vehicles (CEIFP) | (see Investment Risks for the CEIFP in Appendix 2) | | | | 120,704 | 103,752 |
| Pooled investment vehicles (bonds) | ● | ○ | ● | ● | 27,196 | 25,454 |
| Total Pension Builder Classic investments | | | | | 147,900 | 129,206 |
| Defined Benefit Scheme – Employer section | | | | | | |
| Pooled investment vehicles (CEIFP) | (see Investment Risks for the CEIFP in Appendix 2) | | | | 203,063 | 187,068 |
| Total Defined Benefit Scheme - Employer section investments | | | | | 203,063 | 187,068 |
| Defined Benefit Scheme – Life Risk section | | | | | | |
| Pooled investment vehicles (CEIFP) | (see Investment Risks for the CEIFP in Appendix 2) | | | | 71,950 | 62,373 |
| Pooled investment vehicles (bonds) | ● | ○ | ● | ● | 53,226 | 41,940 |
| Insurance policies | ● | ○ | ● | ○ | 102,800 | 102,060 |
| Other investment balances | ○ | ○ | ○ | ○ | 3 | - |
| Total Defined Benefit Scheme - Life Risk section investments | | | | | 228,058 | 206,373 |

In the table above, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly / not at all.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described below which is determined after taking advice from professional investment advisors. The Trustee manages investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives for its directly held investments and through the CEIFP for its pooled CEIFP investments, which are described in Appendix 2.

These investment objectives and risk limits for directly held investments are implemented through the investment management agreement in place with the Scheme's investment manager. The agreement sets out the guidelines for the underlying investments held and the day to day management is the responsibility of the manager, including direct management of credit and market risks.

The Trustee monitors the investment manager through day to day monitoring of the portfolio, quarterly written updates from the manager and annual meetings. In addition, the Trustee performs due diligence procedures before taking on a new investment manager and the Trustee's Investment Consultant also independently assesses and monitors the fund managers.

Notes to the financial statements (continued)

13. Investment risk disclosures (continued)

Investment strategy

Pension Builder 2014

The investment strategy for the Pension Builder 2014 is to wholly invest in the CEIFP return seeking pool. The Trustee takes advice as to the level of bonus it can award members, ensuring sufficient, but not excessive, reserves are held to meet the cost of the investment guarantee. The investment risks faced by the CEIFP are described in Appendix 2.

Pension Builder Classic

The investment strategy for the Pension Builder Classic is to hold investments split 25% and 75% between liability matching and return seeking assets. The weighting has been chosen by the Trustee after seeking advice from its investment advisors to ensure sufficiency of assets in the future whilst also ensuring there is sufficient liquidity to meet current pension obligations. Most of the liability matching investments are held in a separate LDI account, which is constructed to match future expected beneficiary payments. A small proportion of the liability matching investments remain in the CEIFP. All of the return seeking investments continue to be held wholly within the CEIFP. The investment risks faced by the CEIFP are described in Appendix 2.

Defined Benefit Scheme - Employer section

The employer section holds funds for members before their retirement and is nominally divided into employer pools. On retirement, an amount for each member is transferred to the Life Risk section. The investment strategy is to hold 100% of the Employer section for non-orphan employers in return seeking assets, which are held wholly in the CEIFP. Assets relating to orphan employers are held 25-30% in return seeking assets and 70-75% in liability matching assets. Orphan employers are those where there are no active members, but there are deferred members yet to retire.

Defined Benefit Scheme – Life Risk section

The life risk section holds funds for pensioners and funds their payments. An insurance contract is held which pays out 70% of the section's pensions in payment at 1 January 2014, and their future increases. This provides a lower risk environment for participating employers. The investment strategy for the Life Risk section is to hold 25-30% in return seeking assets and 70-75% in liability matching assets (liability matching assets include the value of the insurance policy). This strategy ensures that the section's pension payments are matched to the investment returns and risks.

Most of the liability matching investments are held in a separate LDI account, which is constructed to match future expected beneficiary payments. A small proportion of the liability matching investments remain in the CEIFP. All of the return seeking investments continue to be held wholly within the CEIFP. The investment risks faced by the CEIFP are described in Appendix 2.

Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The insurance policy counterparty, Prudential, is responsible for making payments to the Scheme in line with the contract and there is a risk they default on their obligations. The Trustee has mitigated this risk by carrying out suitably rigorous due diligence on the contract before it was signed and on an on-going basis monitor any changes to the operating environment of the counterparty.

Interest rate risk

The Scheme is subject to interest rate risk due to its buy in insurance policy. The insurance policy will increase in value as interest rates fall and decrease in value as interest rates rise. The nature of the arrangement however is such that as the value of obligation to pay future benefits to members changes, the value of the insurance policy changes at the same rate to match the obligation.

Notes to the financial statements (continued)

14. Concentration of investments

The following investments account for more than 5% of the sections' net assets at the year end:

| | 2019 | | 2018 | |
|---|---------|------|---------|------|
| | £000 | % | £000 | % |
| Pension Builder 2014: | | | | |
| CEIFP return seeking pool | | - | 18,010 | 97.9 |
| CEIFP public equity pool | 16,760 | 63.7 | - | - |
| CEIFP diversified growth pool | 2,818 | 10.7 | - | - |
| CEIFP diversified income pool | 6,276 | 23.9 | - | - |
| Pension Builder Classic: | | | | |
| CEIFP return seeking pool | - | - | 96,916 | 74.8 |
| CEIFP public equity pool | 74,379 | 50.3 | - | - |
| CEIFP diversified growth pool | 12,046 | 8.1 | - | - |
| CEIFP diversified income pool | 26,084 | 17.6 | - | - |
| Aquila Life over 5 years Index Linked Fund | 27,196 | 18.4 | 25,454 | 19.6 |
| CEIFP listed credit pool (formerly liability matching pool) | 7,479 | 5.1 | 6,836 | 5.3 |
| Defined Benefit Scheme – Employer section: | | | | |
| CEIFP return seeking pool | - | - | 187,068 | 99.7 |
| CEIFP public equity pool | 132,522 | 65.1 | - | - |
| CEIFP diversified growth pool | 21,467 | 10.5 | - | - |
| CEIFP diversified income pool | 46,491 | 22.8 | - | - |
| Defined Benefit Scheme – Life Risk section: | | | | |
| Prudential buy-in | 102,800 | 45.0 | 102,060 | 49.4 |
| Aquila Life over 5 years Index Linked Fund | 53,226 | 23.3 | 41,940 | 20.3 |
| CEIFP return seeking pool | - | - | 61,348 | 29.7 |
| CEIFP public equity pool | 41,121 | 18.0 | - | - |
| CEIFP diversified income pool | 11,377 | 5.0 | - | - |
| CEIFP listed credit pool (formerly liability matching pool) | 13,823 | 6.1 | 1,025 | 0.5 |

The Blackrock managed *Aquila Life over 5 years Index Linked Fund* is registered in the UK.

15. Employer related investments

There were no direct employer-related investments during the year. Within debtors is £12,000 (2018: £10,000) of late employer contributions, which represent 0.002% (2018: 0.002%) of total net assets

16. Related party transactions

One Board member (2018: two) who has retired from service under the Scheme is in a receipt of a pension on normal terms.

As disclosed in notes 8 and 9, £83,000 is owed by the Trustee to the Scheme (2018: £236,000 owed by the Scheme to the Trustee), representing money charged by the Board in advance towards the administrative expenses the Board incurs on the Scheme's behalf (see note 7).

17. Guaranteed Minimum Pension equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pension benefits provided to members who had contracted out of the State Earnings Related Pension Scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with their advisors, the implication of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. When this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustee. The Trustee has estimated the total cost of equalisation to be £5.9m, although this estimate covers both amounts underpaid in previous periods and the future cost of providing any uplift. The financial statements do not include a liability due to the immateriality of the total estimated cost of equalisation.

Notes to the financial statements (continued)

18. Prior year Fund Account and Statement of Net Assets Available for Beneficiaries

Fund Account for the year ended 31 December 2018

| | Note | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | 2018 Total £000 |
|---|------|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------|
| Contributions and other income | | | | | | |
| Employer contributions | 4 | 4,122 | 4,912 | 8,467 | - | 17,501 |
| Employee contributions | 4 | 1,226 | 1,418 | 181 | - | 2,825 |
| Other income | 4 | 261 | 219 | 3 | 465 | 948 |
| Total contributions and other income | | 5,609 | 6,549 | 8,651 | 465 | 21,274 |
| Benefits | | | | | | |
| Benefits paid or payable | 5 | (237) | (3,859) | (2,138) | (9,526) | (15,760) |
| Payments to and on account of leavers | 6 | (18) | (15) | - | - | (33) |
| Transfers out | | (83) | (197) | (1,380) | - | (1,660) |
| Administrative expenses | 7 | (619) | (792) | - | (755) | (2,166) |
| Total benefits and other expenses paid | | (957) | (4,863) | (3,518) | (10,281) | (19,619) |
| Net additions/(withdrawals) from dealings with members | | 4,652 | 1,686 | 5,133 | (9,816) | 1,655 |
| Returns on investments | | | | | | |
| Deposit interest | | - | - | - | 12 | 12 |
| Income from insurance policies | | - | - | - | 4,888 | 4,888 |
| Change in market value of investments | 11 | (452) | (2,171) | (3,506) | (4,749) | (10,878) |
| Investment management expenses | | - | (27) | - | (26) | (53) |
| Net returns on investments | | (452) | (2,198) | (3,506) | 125 | (6,031) |
| Net increase/(decrease) in fund | | 4,200 | (512) | 1,627 | (9,691) | (4,376) |
| Transfers between sections | 8 | - | - | (14,317) | 14,317 | - |
| Opening net assets | | 14,189 | 130,060 | 200,292 | 202,110 | 546,651 |
| Closing net assets | | 18,389 | 129,548 | 187,602 | 206,736 | 542,275 |

Statement of Net Assets available for benefits as at 31 December 2018

| | Note | Pension Builder 2014 £000 | Pension Builder Classic £000 | DBS – Employer section £000 | DBS – Life Risk section £000 | 2018 Total £000 |
|--|------|------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------|
| Investments | | | | | | |
| Pooled investment vehicles (CEIFP) | 11 | 18,010 | 103,752 | 187,068 | 62,373 | 371,203 |
| Pooled investment vehicles (other) | 11 | - | 25,454 | - | 41,940 | 67,394 |
| Insurance policies | 11 | - | - | - | 102,060 | 102,060 |
| Total investments | | 18,010 | 129,206 | 187,068 | 206,373 | 540,657 |
| Current assets | 9 | 500 | 633 | 570 | 375 | 2,078 |
| Current liabilities | 10 | (121) | (291) | (36) | (12) | (460) |
| Net current assets | | 379 | 342 | 534 | 363 | 1,618 |
| Total net assets available for benefits | | 18,389 | 129,548 | 187,602 | 206,736 | 542,275 |

19. Post balance sheet event

Subsequent to the year end, listed investment markets experienced substantial volatility associated with uncertainties linked to the COVID-19 virus pandemic. The Scheme's holdings in the Common Investment Fund and its holding in liability matching assets fell in value by £19.3m (3.8%) from £502.1m at 31 December 2019 to £482.8m as at 30 April 2020, being the most recent date for which information is practicably available. However, asset values continue to be subject to market fluctuation and therefore there will have been further changes in value between this date and the date of approval of the financial statements that cannot be quantified at present. The long term impact on investment values is currently unknown.

Actuary's Certificate

3394126

Actuary's certification of schedule of contributions

Page 1 of 2

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme The Church Workers' Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 28 March 2018.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 March 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: 

Date: 28 March 2018

Name: Aaron Punwani

Qualification: FIA

Address: 95 Wigmore Street
London W1U 1DQ

Name of employer: Lane Clark & Peacock LLP
(if applicable)

Appendix 1

Ethical Investment Approach of the National Church Institutions

Ethical Investment Approach of the National Church Institutions

The Church of England has three National Investing Bodies (NIBs): the Church of England Pensions Board, the Church Commissioners for England and the CBF Church of England Funds.

The NIBs are asset owners who invest on behalf of many beneficiaries. The way in which they invest forms an integral part of the Church of England's witness and mission.

The NIBs receive Advice and support on ethical investment from the Church's Ethical Investment Advisory Group (EIAG). The purpose of the EIAG is to enable the NIBs to act as distinctively Christian – and Anglican – institutional investors. The EIAG develops ethical investment advice, and the NIBs develop investment policies based on this advice. EIAG advice and NIB policies are published on the Church of England website and implemented by the NIBs.

The EIAG consists of a representative of each NIB, and six independent members appointed by the Nominations Committee of the EIAG (which itself includes representatives of General Synod, the Archbishops' Council, the Mission and Public Affairs Council, the Church Investors Group and the NIBs). The EIAG is supported by a small Secretariat hosted by the Pensions Board and jointly funded by the NIBs. Legal responsibility for all investment decisions rests solely with the NIBs. The Pensions Board has also resourced its own Ethics and Engagement function within its Investment Team to implement the Board's approach to stewardship which embraces stewardship, engagement and investment exclusions.

Stewardship

The NIBs operate within the legal framework for investment by charities and pension funds. They owe certain fiduciary and other duties to their beneficiaries. Christian stewardship provides the context within which the NIBs invest, and informs the manner in which these duties are performed.

The NIBs are signatories to the UK Stewardship Code, which encourages institutional investors to act as good stewards of their equity investments through active ownership (monitoring, engagement and voting).

The NIBs are signatories to the United Nations Principles for Responsible Investment (PRI) under which institutional investors pledge to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes, and to be active owners, across all asset classes.

The NIBs recognise climate change as a distinct ethical investment issue and invest in line with a climate change policy.

The Pensions Board has developed a Stewardship Implementation Framework that guides its active ownership practices, including its approach to engaging with asset managers.

Engagement

The Pensions Board's investment team includes ethics and engagement specialists, who undertake engagement with companies in which the Board is invested, including voting at shareholder meetings.

The NIBs expect companies in which they invest to pay proper attention to human rights, responsible employment practices, sustainable environmental practice, fair treatment of customers and suppliers, sensitivity towards the communities in which they operate and best corporate governance practice (as outlined in the Statement of Ethical Investment). The engagement team engages with investee companies to seek improvement in ethical standards in these areas.

Policies adopted by the NIBs are listed on the EIAG website and they include specific policies on Executive Remuneration, Business and Engagement, Climate Change and Extractive Industries.

Investment exclusions

The NIBs do not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are also mindful of the danger of undermining the credibility, effectiveness and unity of the Church's witness were they to do so. A range of investment exclusions based on their ethical investment policies is therefore maintained and updated quarterly to reflect changes in markets.

Individual company engagements may exceptionally lead to a recommendation to Trustee Committees to implement a specific exclusion in any line of business on ethical grounds. Such recommendations and exclusions will normally only occur after sustained dialogue and if the company does not respond positively to concerns about its practices. In such cases the NIBs will determine individually whether to disinvest if they hold securities issued by the company. The NIBs expect a recognition of responsibility and action within a clear timescale to improve, rather than perfection.

Ethical Investment

The way the NIBs invest forms an integral part of the Church of England's witness and mission and their ethical policies and practice are shaped by expert advice from the Church's Ethical Investment Advisory Group (EIAG).

When investing, and based on the advice of the EIAG, the Board applies exclusions to companies involved in indiscriminate weaponry, conventional weaponry, pornography, tobacco, gambling, non-military firearms, and high interest rate lending. Details of all of the policies are available on the EIAG's webpages. As a result of the Climate Change Policy a screen has been introduced that excludes companies that derive more than 10% of their total revenue from mining thermal coal and the production of oil from tar sands.

Ethical Investment Approach of the National Church Institutions

However, ethical investment is also about in what and how the Board invests. It is for this reason the Pensions Board's approach is to:

- Take a long-term view.
- Select investment managers who are able to analyse the environmental, social and governance issues relevant to their strategies.
- Act as good stewards of its investments including through voting at company general meetings and engaging actively with companies in which the Board invests.
- Promote ethical behaviour, corporate responsibility and sustainability in interactions with investment managers, companies and government.

2019 highlights

In 2019 the Board significantly increased its capacity to support its ambitions on ethical investment, with the appointment of a Deputy Director of Ethics and Engagement and two Senior Engagement Managers. The Board co-ordinates with the other National Investing Bodies (NIBs) and the Ethical Investment Advisory Group on policy and engagement matters.

In particular the Board has taken a lead on Climate Change and on the implementation of the ethical investment policy on extractive industries. Together with the Environment Agency's pension scheme, the London School of Economics and FTSE Russell, the Board established the Transition Pathway Initiative (TPI) in 2017. The TPI is a tool that allows asset owners and investors to monitor the public disclosures made by companies and to assess how they are aligned with the goals of the Paris climate agreement. The extraordinary success of the TPI continues. It is now being used by over 75 investors with over \$18 trillion combined assets under management and advice. TPI continues to be the main tool to assess company performance by the global engagement initiative, Climate Action 100+ (CA100+) which is a group of 4500 investors managing over \$40 trillion in assets. There has never been a coordinated engagement of companies on the scale being undertaken by CA100+ and the Board is delighted that TPI will play such a prominent role in this initiative. The Board continues to co-lead engagement with Royal Dutch Shell on behalf of CA100+, which in 2019 resulted in 25 engagements over an intensive period, including an in-person interview with Shell's CEO before an audience of 1,000 investors at the 2019 PRI In Person Conference.

In 2019 the Board partnered with FTSE Russell to develop a passive index that incorporates TPI analysis, and in January 2020 launched this innovative approach to incorporating stewardship and climate change considerations into passive investment strategy.

In January 2019, in response to the tragic failure of a tailings storage facility at Brumadinho, Brazil, that claimed the lives of 270 people, the Pensions Board issued a call for there to be a global standard and classification system for tailings facilities. This call was taken up by the industry association ICM, and the United Nations Environment Programme who along with the UN backed Principles for Responsible Investment have co-convened a Global Tailings Review, under an independent Chair. The Pensions Board (with the Council on Ethics of the Swedish National Pension Funds) has acted as a co-convenor on behalf of the UN backed Principles for Responsible Investment.

Alongside this work to establish a Global Standard to enhance the safety of tailings facilities in the mining industry (which appear across the supply chains of many Pensions Board investments), the Board has taken the lead in co-chairing the Investor Mining and Tailings Initiative, which is a coalition of 110 investor institutions with \$14 trillion AUM. In 2019 the Board hosted five investor roundtables and chaired one global tailings summit. The Board has also sought to improve the transparency and scope of disclosure on tailings facilities. In April 2019 the Board wrote to 716 publicly listed extractives companies asking them to disclose publicly details on their tailings facilities. To date this request has prompted extensive detailed disclosures on tailings facilities, covering 65% of the mining industry by market capitalisation, providing data that in many instances were not previously in the public domain. In order to improve the standardisation and comparability of this data the Board has established a 'Global Tailings Portal' in partnership with GRID Arendal and the Council on Ethics of the Swedish National Pension Funds, and has partnered with the UK Satellite Applications Catapult, which received £500,000 funding from the UK Government to support the tailings project.

The role of corporate lobbying in public policy is highly influential. As a result the Board has continued its partnership with the €60 billion of assets Swedish Public Pension Fund, AP7, on a focussed initiative engaging 56 European companies about their lobbying activity by their industry associations and alignment to the goals of the Paris climate agreement. The initiative developed a set of Investor Expectations on Corporate Climate Lobbying that was supported by the €23 billion backed European Institutional Investor Group on Climate Change (IIGCC). Companies across Europe were asked to commit to support the expectations and undertake reviews of the lobbying by the industry associations of which they were a member. 12 companies have so far made commitments to greater disclosure on corporate climate lobbying.

The Board continued to deliver its commitment to active ownership, voting in 2019 on 35,180 ballots at 2409 company meetings across 53 different markets. The Pensions Board voted against management (or withheld support) on 17.8% of resolutions. For example, on the topic of executive remuneration, the Board withdrew support from 62.7% of resolutions.

The Board is honoured to host the Secretariat to the Church's Ethical Investment Advisory Group (the EIAG) which serves the NIBs. During 2019 the EIAG's Nominations committee appointed 6 new independent members after an open and competitive process, and the EIAG met 3 times. The Secretariat continued to support the EIAG in its programme of policy reviews and horizon scanning. The EIAG's annual review is available online.

Ethical investment agenda 2020

In the next year the Board will be developing its ethical investment and engagement work, particularly through further support and use of the Transition Pathway Initiative (TPI) and engagement work on extractive industries. The Board will continue to work with the Ethical Investment Advisory Group and partners in the other National Investing Bodies.

Appendix 2

The Church of England Investment Fund for Pensions

Annual Report and Financial Statements

31 December 2019

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Trustee's report

The Church of England Pensions Board (the "Board"), as Trustee of The Church of England Investment Fund for Pensions ("CEIFP", or the "Fund") is pleased to present its annual report for the year ended 31 December 2019.

Scheme constitution and management

The Fund was originally established in 1985 as a common investment fund for pension schemes administered by the Trustee. It is not a pension scheme nor a corporate body in its own right, but is a vehicle to pool the investments of the Board's three pension schemes (the "schemes") in order to diversify the schemes' investments, particularly for the smaller schemes which would not be able to benefit from the breadth of investments available when the assets are pooled. It is a bare trust that operates under a Trust Deed between the member schemes:

- The Church of England Funded Pensions Scheme ("CEFPS");
- Church Workers Pension Fund ("CWPF"); and
- Church Administrators Pension Fund ("CAPF").

The Board as Trustee is responsible for setting the overall strategy and managing the Scheme. The Board has established various committees to assist it in this responsibility.

The CEIFP had two pools for 11 months of 2019: the return seeking pool consisting mostly of equities, bonds, pooled investment vehicles and cash and the liability matching pool consisting mostly of corporate bonds. From 1 December, the return seeking pool was split into four pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly private loans and infrastructure assets, and the liquidity pool containing cash.

Each pool has different risk and return characteristics, which enables each pension scheme to be able to invest in the pools in proportions that match its maturity and cash flow needs. Due to the change taking place during the year, investment performance will be quoted at a total asset level.

Unitisation

The pools are unitised, where each investing pension scheme is allocated a number of units, according to the amount it has invested. The number of units and value of the units is recalculated on a monthly basis to reflect the changing fair value of the underlying net assets, and the investment or disinvestment of each scheme.

Commentary on each scheme's strategy in holding different proportions of return seeking and liability matching units can be found in their respective annual reports.

Commentary on the performance of these pools is set out in this report. Further information on investment strategy and risk is shown in the notes to the financial statements.

Financial developments

The Board approved the current asset allocation target for the CEIFP's return seeking assets in late 2016. The planned allocation significantly increases the Pool's diversification and reduces the volatility both in its own valuation and those of the pension schemes invested in the CEIFP.

The target is long term and will be implemented over the next ten years. The allocation to public equities will reduce from its level in 2016 of around 70% to 35% over that period. There will be a further increase in exposure to investments that rely more on contractual income and that are less liquid, such as infrastructure, various forms of debt, and private equity.

We have continued to work on the implementation of this plan in 2019. In particular, we have:

- Continued to work with Cambridge Associates who manage the Board's allocation to private equity.
- Continued to be drawn down for the CEIFP's infrastructure programme.
- Committed to a new fund managed by Blackstone that will take equity stakes in private equity firms.
- Committed to a new sustainable growth private equity fund managed by Generation.

Trustee's report (continued)

Financial developments (continued)

At the end of 2019, the Fund's assets were managed by 23 managers:

| Fund manager | Description |
|--------------------------------------|--|
| Acadian Asset Management | Global equities |
| Antin Infrastructure Partners | Pooled infrastructure fund |
| Arrowstreet Capital | Small company equities |
| Audax Group | Portfolio of private loans in the US |
| Basalt Infrastructure Partners | Pooled infrastructure fund |
| Blackstone | Alternative income |
| Cambridge Associates | Private Equity |
| CBRE Global Investors | Property unit trusts |
| Colchester Global Investors | Emerging market debt |
| Copper Rock Capital Partners | Small company equities |
| DIF Management | Pooled infrastructure fund |
| EQT Infrastructure Partners | Pooled infrastructure fund |
| First State Investments | Pooled infrastructure fund |
| Generation Investment Management LLP | Global equities |
| GW&K | Emerging market equities |
| H.I.G Capital LLC | Portfolio of private loans in the US |
| I Squared Global Capital | Pooled infrastructure fund |
| Insight | High quality corporate bonds |
| KKR & Co. L.P. | Pooled infrastructure fund |
| Legal & General | Global equities passively tracking ethically adjusted MSCI World Index |
| Longview Partners | Global equities |
| Northern Trust Global Investors | Equity index futures account |
| Robeco Asset Management | Global equities |
| T Rowe Price | Emerging market equities |

Investment Performance

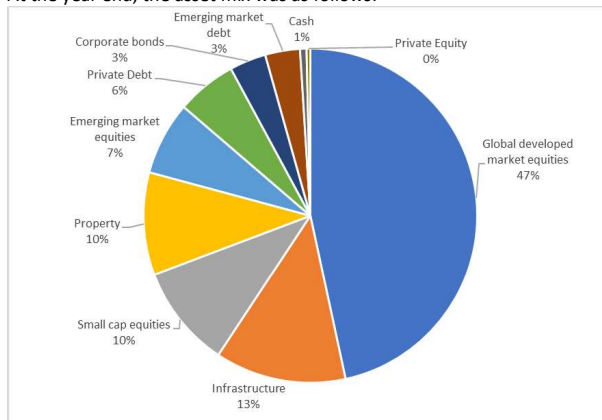
Total assets in the CEIFP returned 15.1% over 2019. The longer term returns, to the end of 2019, after the deduction of fees, were as follows:

| | 1 yr % p.a. | 3 yr % p.a. | 5 yr % p.a. | 10 yr % p.a. | 15 yr % p.a. |
|--------------|----------------|----------------|----------------|-----------------|-----------------|
| Total assets | 15.1 | 7.8 | 8.9 | 9.0 | 8.5 |

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Total Assets ex-LDI

At the year end, the asset mix was as follows:



Trustee's report (continued)

Investment Performance (continued)

The longer term returns to 31 December 2019 of the broad asset classes are set out below. All figures are net of fund management fees, and asset class returns are shown in Sterling terms, with the effect of the currency hedging programme shown separately:

| | 1 year % | 3 years p.a. | % | 5 years % p.a. | 10 years % p.a. | 15 years % p.a. |
|--|-------------|-----------------|---|-------------------|--------------------|--------------------|
| CEPB Total Assets ex-LDI | 15.1 | 7.8 | | 8.9 | 9.0 | 8.5 |
| Public equities | 21.9 | 9.5 | | 10.1 | 10.0 | 9.0 |
| Property | 0.7 | 5.4 | | 7.6 | 8.9 | 3.4 |
| Infrastructure equity | 6.5 | 7.8 | | 10.8 | -- | 8.9 |
| Fixed income (private debt & emerging market debt) | 1.5 | 3.0 | | 4.2 | -- | 4.0 |
| Corporate bonds | 9.4 | 4.0 | | 4.6 | -- | 4.9 |
| Cash | -- | -- | | -- | -- | -- |
| Currency hedging (estimated effect) | 1.2 | 0.2 | | -0.5 | -0.2 | -- |
| Comparators | | | | | | |
| UK RPI | 2.6 | 3.0 | | 2.5 | 3.0 | 2.9 |
| FTSE 100 | 17.3 | 6.2 | | 7.1 | 7.4 | 7.0 |
| MSCI AC World Index (local currency) | 21.7 | 9.9 | | 12.0 | 11.0 | 9.5 |
| FTSE Over 5-year Index Linked Gilts | 6.8 | 2.9 | | 6.5 | 8.5 | 7.6 |

Despite concerns over a slowdown in the Chinese economy, the Fed looking to raise rates and the disruptive US/China trade war, markets rallied strongly over the year, with the FTSE 100 returning 17.3% and the MSCI World returning 22.7%.

The CEIFP contains the schemes' investments, excluding investments in liability driven investments ("LDI") which are held directly by each scheme. The CEIFP had just over 60% of its assets invested in public equities at the end of 2019. The CEIFP has a global bias to public market equity, which has been a key driver for returns, with only a small direct exposure to UK-quoted companies in the portfolio (about 6%). Positions in Global small cap and emerging market equities also had an excellent year, returning 20.3% and 19.9% respectively, which impacted positively on returns.

The alternatives to public market equities, in particular infrastructure equity and corporate bonds also performed well.

Sterling experienced plenty of dramatic swings in 2019 due to the challenge of Brexit, followed by a boost from the General Election result. Although sterling strengthened against a basket of yen, euro and dollar towards the end of the year, the overall currency effect was only slightly positive. This positive effect is estimated to have been equivalent to 1.2% of the total asset value over the year.

The Board's pension scheme liabilities are denominated in Sterling, so a prudent stance on currency is taken to diminish the impact of sterling strengthening against other currencies. Currently, half the yen, euro and US dollar exposures in public equity, infrastructure and property are hedged back to sterling, along with all of the US dollar exposure in private loans. The currency exposures in the emerging market sovereign debt portfolio are managed actively by Colchester, as part of its mandate.

The Board invests in-line with an agreed ethical investment policy, which prohibits certain types of investment. Over the course of 2019 it is estimated that these policies had a positive impact on our returns, with the difference between the return of the MSCI World Index and the ethically adjusted version of that index, used by the passive equity tracker, being 0.3% over the year. Details of the Trustee's policies in respect of environmental, social and governance matters are included in Appendix 1 in each scheme's accounts.

Investment management

The Trustee has delegated the responsibility for the management of investments to an Investment Committee, which is supported by professional in-house staff and external investment managers and advisors. The Trustee sets the investment strategy for the Fund after taking advice from the Fund's Investment Advisor. The Trustee has put in place investment mandates with its investment managers which implement this strategy.

In accordance with Section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared for each of the schemes participating in the CEIFP by the Trustee. These incorporate the investment strategy for each scheme and are supported by documents that set out how the investment strategy is implemented. Copies of the SIPs may be obtained from the contact details listed in Appendix 1. The investment risks and the strategies in place to mitigate them are described in the notes to the financial statements.

Management and custody of investments

The Trustee has appointed The Northern Trust Company Limited ("Northern Trust") to keep custody of the Fund's investments, other than pooled investment vehicles, where the manager makes its own arrangements for the custody of underlying investments.

Management charges

Each manager charges fees based on the value of the funds it is managing. In 2019 these fees (including those charged by Northern Trust as custodian) were £7.1m (2018: £8.0m). This equated to 0.32% (2018: 0.39%) of the average value of the funds under management. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles.

Approval

The Trustee's Report and Statement of Trustee's Responsibilities set out on page 5 were approved by the Trustee on 16 June 2020 and signed on its behalf by:

Clive Mather
Chairman

Statement of Trustee's Responsibilities

In respect of the financial statements

The Church of England Pensions Board is Trustee of The Church of England Investment Fund for Pensions.

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. The Trustee is responsible for ensuring that those financial statements:

- give a true and fair view of the financial transactions of the Fund during the year and of the amount and disposition at the end of the year of its assets and liabilities;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- comply with the requirements of the Trust Deed dated 18 September 1985 (as amended).

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Independent Auditors' report to the Trustee of The Church of England Investment Fund for Pensions and the General Synod of the Church of England

Opinion

We have audited the financial statements of The Church of England Investment Fund for Pensions ("the Fund") for the year ended 31 December 2019 which comprise the statement of total return, the statement of changes in net assets attributable to unit holders, the statement of Net Assets and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2019 and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Fund or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' report to the Trustee of The Church of England Investment Fund for Pensions and the General Synod of the Church of England (continued)

Use of our report

This report is made solely to the Trustee, as a body, in accordance with the Clergy Pensions Measure 1961 and the General Synod. Our audit work has been undertaken so that we might state those matters we are required in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
London

16 June 2020

Statement of total return for the year ended 31 December 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|-------|--------------|--------------|
| Change in market value of investments | 6 | 249,685 | (85,798) |
| Change in market value of investment cash and other investment balances | 6 | 9,431 | 225 |
| Total change in market value | | 259,116 | (85,573) |
| Income | 4 | 52,547 | 51,938 |
| Expenses | 5 | (7,094) | (8,020) |
| Changes in net assets attributable to unit holders from investment activities | | 304,569 | (41,655) |

Statement of changes in net assets attributable to unit holders for the year ended 31 December 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|-------|--------------|--------------|
| Opening net assets attributable to unit holders | | 2,041,068 | 2,055,373 |
| Amounts receivable on issue of units | 11 | 2,327,298 | 37,339 |
| Amounts payable on cancellation of units | 11 | (2,343,278) | (9,989) |
| Net assets before change from investment activities | | 2,025,088 | 2,082,723 |
| Changes in net assets attributable to unit holders from investment activities | 11 | 304,569 | (41,655) |
| Closing net assets attributable to unit holders | | 2,329,657 | 2,041,068 |

Statement of net assets attributable to unit holders as at 31 December 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|-------|--------------|--------------|
| Investment assets | | | |
| Equities | 6 | 1,408,945 | 1,194,151 |
| Bonds | 6 | 149,937 | 138,937 |
| Pooled investment vehicles | 6 | 654,278 | 593,746 |
| Derivative contracts | 8 | 111,543 | 506 |
| Other investments | 6 | 219 | 270 |
| Investment cash | 6 | 56,064 | 121,458 |
| Other investment balances | 6 | 9,106 | 22,107 |
| Total assets | | 2,390,092 | 2,071,175 |
| Investment liabilities | | | |
| Other investments | 6 | - | (141) |
| Derivative contracts | 8 | (56,845) | (23,893) |
| Investment cash | 6 | - | (1,131) |
| Other investment balances | 6 | (3,590) | (4,942) |
| Total investment liabilities | | (60,435) | (30,107) |
| Total net assets attributable to unit holders | 11 | 2,329,657 | 2,041,068 |
| Participants' funds | 11 | | |
| The Church of England Funded Pensions Scheme | | 1,833,327 | 1,580,262 |
| The Church Workers Pensions Fund | | 421,732 | 371,203 |
| The Church Administrators Pensions Fund | | 74,598 | 89,603 |
| Total participants' funds | | 2,329,657 | 2,041,068 |

The notes 1 to 14 form part of these financial statements.

These financial statements were approved by the Trustee on 16 June 2020 and signed on its behalf by:



Clive Mather
Chairman

Notes to the financial statements

1. Legal status

The Church of England Investment Fund for Pensions ("CEIFP" or the "Fund") is not a pension scheme nor a corporate body in its own right. It was established in 1985 by the Church of England Pensions Board as a vehicle to pool the investments of the four pension schemes of which it is also Trustee, in order to diversify the schemes' investments, particularly for the smaller schemes which would not be able to benefit from the breadth of investments available when the assets are pooled.

2. Basis of preparation

The individual financial statements of the Fund have been prepared in accordance Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (2018) (the "SORP") insofar as they relate to common investment funds.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Income and expenditure

Income from equities and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest. Income from bonds, cash and short-term deposits is accounted for on the accruals basis and includes income bought and sold on purchases and sales of bonds. Income is shown gross of all withholding taxes, with irrecoverable taxes shown as a separate expense.

Where the Fund can separately identify investment managers' fees, these are accounted for on an accruals basis. Fees on pooled funds are not separately identifiable and so are not shown within expenditure.

The change in market value of investments during the year comprises all profits and losses realised on sales of investments and unrealised changes in market value.

Transaction costs are included in the cost of purchases and sales proceeds. These include fees, commissions, stamp duty and other fees.

b) Investment valuation

Investment assets and liabilities are measured at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and offer prices for investment liabilities. Otherwise the closing single price or most recent transaction price is used.

Where an active market is unavailable, the Trustee adopts valuation techniques appropriate to the class of investments. The methods for determining fair value for the principal classes of investments are:

- **Equities**
 - Quoted equities which are trading on an active market are included at the quoted price which is usually bid price.
 - Unquoted equities are valued with reference to the latest dealing prices, valuations from reliable sources or net asset values.
- **Bonds** are included at the 'clean' price i.e. excluding any accrued income. Any accrued income is included in current assets.
- **Pooled investment vehicles** which are not traded on an active market have their fair value estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation. The net asset value is determined by the fund manager by applying fair value principles to the underlying investments of the pooled arrangement. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used. For investments in vehicles where the Fund's Trustee is the sole ultimate beneficial owner and which are held for the purpose of resale, no consolidated accounts have been prepared as the statutory framework for pension schemes financial reporting does not require consolidation.
- **Derivatives**
 - **Forward contracts** are valued based on the gain or loss that would arise if the outstanding contract was closed out at the year end date by entering into an equal and opposite contract at that date.
 - **Futures contracts** are valued at the difference between exchange settlement prices and inception prices.

c) Foreign currencies

The Fund's functional currency and presentational currency is pounds sterling.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in the market value of investments.

d) Unitisation

The pools are revalued at the end of each month. The fund value is allocated between the unit holders according to their net accumulated unit holdings. New units are allocated on receipt of cash from unit holders at the unit price at the end of the preceding month. Units are cancelled on withdrawal of cash by unit holders at the unit price at the end of the preceding month

Notes to the financial statements (continued)

4 Income

| | 2019 | 2018 |
|---------------------------------|---------------|---------------|
| | £000 | £000 |
| Equities | 29,398 | 30,818 |
| Bonds | 8,108 | 7,521 |
| Pooled investment vehicles | 13,727 | 12,677 |
| Cash and cash equivalents | 1,314 | 587 |
| Interest from loan to the CEFPs | - | 335 |
| Total income | 52,547 | 51,938 |

5 Expenses

| | 2019 | 2018 |
|---------------------------|--------------|--------------|
| | £000 | £000 |
| Investment managers' fees | 7,094 | 8,020 |
| Total expenditure | 7,094 | 8,020 |

The Fund bears investment management expenses charged by the investment managers and custodians. Administration costs (including external audit fees) incurred by the Church of England Pensions Board in relation to the CEIFP are borne by the member schemes and are included in the administration expenses in the schemes' own financial statements.

6 Investments

| | At 1 January | Purchases and derivative payments | Disposals and derivative receipts | Change in market value | At 31 December |
|-----------------------------------|------------------|---|---|---------------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Equities | 1,194,151 | 558,830 | (567,891) | 223,855 | 1,408,945 |
| Bonds | 138,937 | 30,552 | (24,964) | 5,412 | 149,937 |
| Pooled investment vehicles | 593,746 | 343,297 | (274,038) | (8,727) | 654,278 |
| Other investments | 129 | 7,547 | (7,444) | (13) | 219 |
| Net derivative contracts (note 8) | (23,387) | 94,175 | (45,248) | 29,158 | 54,698 |
| | 1,903,576 | 1,034,401 | (919,585) | 249,685 | 2,268,077 |
| Investment cash | 120,327 | | | 9,434 | 56,064 |
| Other investment balances | 17,165 | | | (3) | 5,516 |
| Total investments | 2,041,068 | | | 259,116 | 2,329,657 |

Analysed between:

| | | |
|--------------------------|------------------|------------------|
| Investment assets | 2,071,175 | 2,390,435 |
| Investment liabilities | (30,107) | (60,778) |
| Total investments | 2,041,068 | 2,329,657 |

Other investment balances include the following balances

| | 2019 | 2018 |
|--|--------------|---------------|
| | £000 | £000 |
| Accrued income | 5,958 | 7,213 |
| Pending trade purchases | 2,059 | 2,985 |
| Pending trade sales | (2,910) | (4,942) |
| Variation margin | 409 | 11,909 |
| Total other investment balances | 5,516 | 17,165 |

Disposals of pooled investment vehicles include £40.8m in respect of the redemption of a fund managed by Bridgewater and a redemption of £39.4m in respect of a fund managed by Winton. This represented the entire holding in funds managed by both managers. The cash proceeds were reinvested in various pooled investment vehicles in line with the capital drawdown requirements of those vehicles. Disposals of equities includes £72.8m relating to the termination of a segregated mandate with Edinburgh Partners.

a) Transaction costs

Transaction costs are included in the costs of purchases and deducted from sales proceeds in the reconciliation above. Direct transaction costs incurred attributable to key asset classes are analysed as follows:

| | 2019 | | | 2018 | | |
|----------|--------------------|-----------------------|---------------|--------------------|-----------------------|---------------|
| | Commission £000 | Other charges £000 | Total £000 | Commission £000 | Other charges £000 | Total £000 |
| Equities | 366 | 216 | 582 | 470 | 170 | 640 |
| | 366 | 216 | 582 | 470 | 170 | 640 |

Indirect transaction costs are also borne by the Fund through the bid-offer spread on pooled investment vehicles and charges made within these vehicles. It is not possible for the Trustee to quantify such indirect transaction costs.

Notes to the financial statements (continued)

6 Investments (continued)

b) Pooled investment vehicles

| | 2019 | 2018 |
|---|----------------|----------------|
| | £000 | £000 |
| Equities | 14,396 | 2,178 |
| Property | 219,890 | 218,348 |
| Cash | 12,477 | 22,515 |
| Hedge funds | - | 89,053 |
| Infrastructure | 275,299 | 165,929 |
| Private debt | 132,216 | 95,723 |
| Total pooled investment vehicles | 654,278 | 593,746 |

Private debt is the Fund's investment in the Thorney Island Limited Partnership (number LP017097), of which the Church of England Pensions Board is the sole Limited Partner as trustee for the Church of England Investment Fund for Pensions. A summary of the assets and liabilities of the Limited Partnership are below. The valuation difference between the figures quoted above and the sterling equivalents below is due to timing differences in the provision of information to the Fund.

| | 2019 | 2019 | 2018 | 2019 |
|-------------------------|----------------|----------------|----------------|---------------|
| | \$000 | £000 | \$000 | £000 |
| Investments | 170,667 | 128,829 | 117,470 | 92,235 |
| Current assets | 8,530 | 6,439 | 7,552 | 5,930 |
| Current liabilities | (1,349) | (1,018) | (1,867) | (1,465) |
| Total net assets | 177,848 | 134,250 | 123,155 | 96,700 |

7 Investment analysis

Investments of over 5% of net assets

The Fund holds one investment of over 5% of net assets, representing 5.68% of net assets (2018: one asset representing 5.48% of net assets).

| | 2019 | 2018 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| Thorney Island Limited Partnership | 132,216 | - |
| CBRE GIP GA Fund Class III Dis | - | 111,862 |
| | 132,216 | 111,862 |

Employer related investments

There were no employer related investments as at 31 December 2019 (2018: none).

8 Derivatives

| | 2019 | | | 2018 | | |
|------------------------------------|----------------|-----------------|---------------|------------|-----------------|-----------------|
| | Assets | Liabilities | Total | Assets | Liabilities | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Futures – equities | 33 | (1) | 32 | 219 | (4,362) | (4,143) |
| Futures – bonds | 91 | (64) | 27 | 77 | (208) | (131) |
| Forward foreign currency contracts | 111,419 | (56,780) | 54,639 | 210 | (19,323) | (19,113) |
| Total derivatives | 111,543 | (56,845) | 54,698 | 506 | (23,893) | (23,387) |

Objectives and policies for holding derivatives

The Trustee has authorised its investment managers to use derivative financial instruments in line with the investment strategy as outlined in the Trustee's report: *Futures are used where the Fund has high cash reserves and are measured against the strategic asset allocation. Futures are used to take short term exposures in markets or asset classes where it is more efficient than transacting in the underlying physical assets. Investment managers may take short or long positions to achieve their objectives.* Forwards are used to mitigate currency risk by hedging 50% of equities assets denominated in US Dollar, Japanese Yen and Euro. They are also used actively in the emerging market sovereign debt portfolio to enhance returns.

a) Futures

The Fund had open futures contracts at year end, as summarised below:

| Type of future | 2019 | | | 2018 | | |
|-------------------------------|----------------|-----------|-------------|----------------|------------|----------------|
| | Exposure Value | Assets | Liabilities | Exposure Value | Assets | Liabilities |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Equities futures: UK | 150 | 1 | - | 5,061 | - | (79) |
| Equities futures: Overseas | 3,888 | 32 | (1) | 78,622 | 219 | (4,283) |
| Total equities futures | 4,038 | 33 | (1) | 83,683 | 219 | (4,362) |
| Bonds: UK | 6,569 | - | (64) | 8,252 | 77 | - |
| Bonds: Overseas | (5,968) | 91 | - | (6,479) | - | (208) |
| Total bonds futures | 601 | 91 | (64) | 1,773 | 77 | (208) |

All contracts have expiry dates of three months after the year end. Included within other investment balances is an asset of £409,000 (2018: £11,909,000) in respect of initial and variation margins arising on futures contract open at the year end.

Notes to the financial statements (continued)

8 Derivatives (continued)

b) Forwards foreign currency contracts

The Fund holds investments in a number of foreign currencies and its policy is to hedge within agreed limits, to offset the impact of foreign currency fluctuations.

At the end of the year, the Fund had the following open forward contracts in place:

| Contract | Nominal value | Assets at 31 December 2019 | Liabilities at 31 December 2019 |
|----------------------------------|----------------------|-----------------------------------|--|
| | | £000 | £000 |
| US Dollar | | | |
| Forward to buy US Dollars | \$848,616,708 | - | (46,346) |
| Forward to sell US Dollars | \$1,328,604,514 | 90,598 | - |
| Euros | | | |
| Forward to buy Euros | €160,678,989 | - | (6,765) |
| Forward to sell Euros | €283,899,545 | 13,416 | - |
| Japanese Yen | | | |
| Forward to buy Japanese Yen | ¥6,168,187,104 | - | (3,601) |
| Forward to sell Japanese Yen | ¥92,082,177 | 7,139 | - |
| Other currencies | | | |
| Forward to buy other currencies | | 266 | (68) |
| Forward to sell other currencies | | - | - |
| | | 111,419 | (56,780) |

All contracts had maturity dates falling between 2 January 2020 and 12 March 2020.

9 Fair value hierarchy

The fair value of investments has been determined using the following hierarchy:

| | |
|---------|---|
| Level 1 | Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date. |
| Level 2 | Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly. |
| Level 3 | Inputs are unobservable, ie for which market data is unavailable |

The Fund's investment assets and liabilities have been included at fair value within these levels as follows as at 31 December 2019:

| Level | 1 | 2 | 3 | Total 2019 |
|----------------------------|------------------|----------------|----------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Investments | | | | |
| Equities | 1,405,870 | 52 | 3,023 | 1,408,945 |
| Bonds | - | 149,937 | - | 149,937 |
| Pooled investment vehicles | 21,225 | - | 633,053 | 654,278 |
| Other investments | - | - | 219 | 219 |
| Derivatives contracts | 59 | 54,639 | - | 54,698 |
| Investment cash | 56,064 | - | - | 56,064 |
| Other investment balances | 5,957 | (441) | - | 5,516 |
| Total investments | 1,489,175 | 204,187 | 636,295 | 2,329,657 |

Analysed by pool:

| Level | 1 | 2 | 3 | Total 2019 |
|--------------------------|------------------|----------------|----------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Public equity pool | 1,443,631 | 34,128 | 3,421 | 1,481,180 |
| Diversified growth pool | 20,716 | 4,356 | 213,060 | 238,132 |
| Diversified income pool | 7,957 | 88,146 | 419,814 | 515,917 |
| Liquidity pool | 14,267 | - | - | 14,267 |
| Listed credit pool | 2,604 | 77,557 | - | 80,161 |
| Total investments | 1,489,175 | 204,187 | 636,295 | 2,329,657 |

Notes to the financial statements (continued)

9 Fair value hierarchy (continued)

The Fund's investment assets and liabilities have been included at fair value within these categories as follows as at 31 December 2018:

| Level | | | | Total |
|----------------------------|------------------|----------------|----------------|------------------|
| | 1 | 2 | 3 | 2018 |
| Investments | £000 | £000 | £000 | £000 |
| Equities | 1,193,409 | - | 742 | 1,194,151 |
| Bonds | - | 135,820 | 3,117 | 138,937 |
| Pooled investment vehicles | 24,694 | 218,348 | 350,704 | 593,746 |
| Other investments | - | - | 129 | 129 |
| Derivatives contracts | (4,274) | (19,113) | - | (23,387) |
| Investment cash | 120,327 | - | - | 120,327 |
| Other investment balances | 7,214 | 9,951 | - | 17,165 |
| Total investments | 1,341,370 | 345,006 | 354,692 | 2,041,068 |

Analysed by pool:

| Level | | | | Total |
|--------------------------|------------------|----------------|----------------|------------------|
| | 1 | 2 | 3 | 2018 |
| | £000 | £000 | £000 | £000 |
| Return Seeking Pool | 1,340,790 | 273,000 | 354,016 | 1,967,806 |
| Liability Matching Pool | 580 | 72,006 | 676 | 73,262 |
| Total investments | 1,341,370 | 345,006 | 354,692 | 2,041,068 |

Infrastructure, Private debt and Hedge funds included in Level 3 are fair valued based on values estimated by underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

10 Investment risk disclosures

The Trustee determines the investment strategy after taking advice from a professional investment advisor. The Fund has exposure to risks because of the investments it makes to implement its investment strategy as described in the Trustee's Report which is determined after taking advice from professional investment advisors. The Trustee manages investment risks, including credit and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers.

The Trustee has investment management agreements in place with a range of managers, detailed in the professional advisors list in the Annual Report. The agreements set out the guidelines for the underlying investments held and the day to day management is the responsibility of the manager, including direct management of credit and market risks.

The Trustee monitors the investment managers through day to day monitoring of the portfolios and annual meetings. In addition, the Trustee performs due diligence procedures before taking on a new investment manager.

The Fund's investment pools are unitised. The proportion of units held by each member scheme is dependent on the individual requirements of each of the schemes. Investment risks are discussed in more detail in each Scheme's annual report and financial statements.

The table below summarises the extent to which the various classes of investments are affected by financial risks:

| | Credit risk | Market risk | | | Total 2019 £000 | Total 2018 £000 |
|-----------------------------|-------------|-------------|---------------|-------------|-----------------------|-----------------------|
| | | Currency | Interest rate | Other price | | |
| Equities | ○ | ● | ○ | ● | 1,408,945 | 1,194,151 |
| Bonds | ● | ● | ● | ● | 149,937 | 138,937 |
| Pooled investment vehicles | ● | ● | ● | ● | 654,278 | 593,746 |
| Other investments (net) | ● | ● | ○ | ○ | 219 | 129 |
| Derivatives contracts (net) | ● | ● | ● | ● | 54,698 | (23,387) |
| Investment cash | ● | ● | ○ | ○ | 56,064 | 120,327 |
| Other investment balances | ● | ● | ○ | ○ | 5,516 | 17,165 |
| Total investments | | | | | 2,329,657 | 2,041,068 |

In the table above, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly / not at all.

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund is subject to credit risk through its investments in bonds, forward currency contracts, and cash balances. The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

| | 2019 | 2018 |
|---|----------------|----------------|
| | £000 | £000 |
| Bonds | 149,937 | 138,937 |
| Pooled investment vehicles | 654,278 | 593,746 |
| Derivatives: forwards | 111,419 | 210 |
| Investment cash | 56,064 | 120,327 |
| Total investments exposed to credit risk | 971,698 | 853,220 |

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's. There are currently no investments held below investment grade.

Credit risk arising on bonds held directly is mitigated by investing in corporate bonds which are rated at least investment grade. Cash is held with financial institutions which are at least investment grade credit rated.

The Trustee manages the associated risk by requesting the investment manager to diversify the portfolio to minimise the impact of default by one issuer. Credit risk is mitigated on other investments by engaging with counterparties which are at least investment grade.

Credit risk arises on over the counter derivatives as they are not guaranteed by a regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. All counterparties must be at least investment grade.

The Fund's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets being ring fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee monitors the investment managers through assessing investment performance, as reported by the custodian, and meeting with the manager annually.

A summary of pooled investment vehicles by type of arrangement is as follows:

| | 2019 | 2018 |
|---|----------------|----------------|
| | £000 | £000 |
| Limited Partnerships | 350,829 | 210,966 |
| SICAVs (*) | 12,477 | 22,512 |
| Exchange Traded Funds | 6,489 | 2,145 |
| Company limited by shares | - | 50,276 |
| Public Limited Companies | 819 | 446 |
| Cooperatief U.A (**) | 36,821 | 15,356 |
| FCP (**) | 153,669 | 161,786 |
| Property Authorised Investment Fund | 10,636 | 10,922 |
| Property Unit Trusts | 38,138 | 39,645 |
| Other funds | 44,400 | 79,692 |
| Total pooled investment vehicles | 654,278 | 593,746 |

(*) A Société d'investissement à Capital Variable (SICAV) fund is an open-ended investment fund structure offered by European financial companies.

(**) A Cooperatief U.A is a Dutch Cooperative.

(***) A FCP- Fond commun de placement is a type of specialised investment fund used by European financial institutions.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee has decided to partly mitigate this risk by using a currency hedging strategy over half the exposure to the USD, Japanese Yen and Euro equities, and all the US Dollar exposure of private debt, using forward currency contracts.

Notes to the financial statements (continued)

10. Investment risk disclosures (continued)

The Fund's total net exposure by major currency at the year end was as follows:

| | Gross exposure | Hedged exposure | Net exposure | Net exposure |
|--|----------------|-----------------|--------------|--------------|
| | £000 | £000 | 2019 | 2018 |
| | | | £000 | £000 |
| Pounds sterling | 284,850 | 791,226 | 1,076,076 | 1,107,375 |
| US Dollars | 1,227,368 | (616,311) | 611,057 | 399,187 |
| Euros | 311,681 | (134,313) | 177,368 | 190,297 |
| Japanese Yen | 116,808 | (41,770) | 75,038 | 40,225 |
| Other currencies | 334,311 | 1,168 | 335,479 | 323,097 |
| Total investments (excluding forwards) | 2,275,018 | - | 2,275,018 | 2,060,181 |
| Forwards | 54,639 | - | 54,639 | (19,113) |
| I investments | 2,329,657 | - | 2,329,657 | 2,041,068 |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates. The Fund is subject to interest rate risk due to its bond investments in the Public equity pool and, primarily, Listed credit pool. If interest rates fall, the value of the bonds will rise to help match the increase in actuarial liabilities arising from a fall in discount rate. Similarly, if interest rates rise the values of the bonds will fall, as will the actuarial liabilities because of an increase in discount rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund's return seeking portfolio is subject to price risk which principally relates to direct and indirect equity holdings, bonds, equity futures and investment properties. The Fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

Property and infrastructure pooled investment vehicles are illiquid and that is reflected in the structures and liquidity of funds that invest in them. Some of the funds held by the Fund are open-ended, where the manager will redeem within shorter pre-agreed timeframes, but most are closed-end and redemption will normally only happen when the funds are wound up at the end of their pre-agreed lives. The Fund's closed-end funds have a range of maturities. Units in both types of fund can be traded between investors privately, but this is rare and managers generally have veto over such transactions.

Private debt is illiquid, with funds becoming available when the underlying debt instruments mature. The instruments vary in maturity date, but usually mature within the next five years, giving access to the funds within a reasonable timeframe. There is unlikely to be a liquid secondary market for these debt instruments.

11. Member schemes' participation

The Fund had two pools for 11 months of the year: the return seeking pool consisting mostly of equities, bonds, pooled investment vehicles and cash and the liability matching pool consisting mostly of corporate bonds. From 1 December, the return seeking pool was split into four pools: the public equity pool containing mostly listed equities, the diversified growth pool containing mostly property and private equity assets, the diversified income pool containing mostly private loans and infrastructure assets, and the liquidity pool containing cash.

Unitisation is the process of allocating units in the CEIFP to its participant member. The participant pension schemes purchase or dispose of CEIFP units in accordance with their operational requirements. The pricing of units is carried out by Northern Trust who also prepare monthly unitisation reports showing each participant's holdings in the CEIFP and transactions during the period.

The tables below show the movements in participants' holding in each of the pools:

Return seeking pool:

| | At 1 January 2019 | Amounts receivable on issue of units | Amounts payable on cancellation of units | Change in net assets from investment activities | At 31 December 2019 |
|--|-------------------|--------------------------------------|--|---|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| The Church of England Funded Pensions Scheme | 1,525,178 | 40,100 | (1,781,339) | 216,061 | - |
| The Church Workers Pension Fund | | | | | - |
| Pension Builder 2014 | 18,010 | 4,464 | (25,232) | 2,758 | - |
| Pension Builder Classic | 96,916 | 1,344 | (111,979) | 13,719 | - |
| Defined Benefit Scheme – Employer section | 187,068 | 3,261 | (216,071) | 25,742 | - |
| Defined Benefit Scheme – Life Risk section | 61,348 | 15,435 | (84,636) | 7,853 | - |
| The Church Workers Pension Fund | 363,342 | 24,504 | (437,918) | 50,072 | - |
| The Church Administrators Pension Fund | 79,286 | - | (89,969) | 10,683 | - |
| Total return seeking pool | 1,967,806 | 64,604 | (2,309,226) | 276,816 | - |

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Listed credit pool (formerly Liability Matching Pool):

| | At 1 January 2019 £000 | Amounts receivable on issue of units £000 | Amounts payable on cancellation of units £000 | Change in net assets from investment activities £000 | At 31 December 2019 £000 |
|--|---------------------------------|---|---|--|-----------------------------------|
| The Church of England Funded Pensions Scheme | 55,084 | - | (13,000) | 4,173 | 46,257 |
| The Church Workers Pension Fund | | | | | |
| Pension Builder Classic | 6,836 | - | - | 643 | 7,479 |
| Defined Benefit Scheme – Employer section | - | 1,275 | - | 36 | 1,311 |
| Defined Benefit Scheme – Life Risk section | 1,025 | 13,000 | (1,275) | 1,073 | 13,823 |
| The Church Workers Pension Fund | 7,861 | 14,275 | (1,275) | 1,752 | 22,613 |
| The Church Administrators Pension Fund | 10,317 | - | - | 974 | 11,291 |
| Total Listed credit pool | 73,262 | 14,275 | (14,275) | 6,899 | 80,161 |

Public equity pool:

| | At 1 January 2019 £000 | Amounts receivable on issue of units £000 | Amounts payable on cancellation of units £000 | Change in net assets from investment activities £000 | At 31 December 2019 £000 |
|--|---------------------------------|---|---|--|-----------------------------------|
| The Church of England Funded Pensions Scheme | - | 1,156,591 | - | 17,982 | 1,174,573 |
| The Church Workers Pension Fund | | | | | |
| Pension Builder 2014 | - | 16,503 | - | 257 | 16,760 |
| Pension Builder Classic | - | 73,240 | - | 1,139 | 74,379 |
| Defined Benefit Scheme – Employer section | - | 131,268 | (774) | 2,028 | 132,522 |
| Defined Benefit Scheme – Life Risk section | - | 40,491 | - | 630 | 41,121 |
| The Church Workers Pension Fund | - | 261,502 | (774) | 4,054 | 264,782 |
| The Church Administrators Pension Fund | - | 41,185 | - | 640 | 41,825 |
| Total public equity pool | - | 1,459,278 | (774) | 22,676 | 1,481,180 |

Diversified growth pool:

| | At 1 January 2019 £000 | Amounts receivable on issue of units £000 | Amounts payable on cancellation of units £000 | Change in net assets from investment activities £000 | At 31 December 2019 £000 |
|--|---------------------------------|---|---|--|-----------------------------------|
| The Church of England Funded Pensions Scheme | - | 190,144 | - | (228) | 189,916 |
| The Church Workers Pension Fund | | | | | |
| Pension Builder 2014 | - | 2,822 | - | (4) | 2,818 |
| Pension Builder Classic | - | 12,060 | - | (14) | 12,046 |
| Defined Benefit Scheme – Employer section | - | 21,620 | (127) | (26) | 21,467 |
| Defined Benefit Scheme – Life Risk section | - | 5,234 | - | (6) | 5,228 |
| The Church Workers Pension Fund | - | 41,736 | (127) | (50) | 41,559 |
| The Church Administrators Pension Fund | - | 6,666 | - | (9) | 6,657 |
| Total diversified growth pool | - | 238,546 | (127) | (287) | 238,132 |

Notes to the financial statements (continued)

11. Member schemes' participation (continued)

Diversified income pool:

| | At 1 January 2019 £000 | Amounts receivable on issue of units £000 | Amounts payable on cancellation of units £000 | Change in net assets from investment activities £000 | At 31 December 2019 £000 |
|--|---------------------------------|---|---|--|-----------------------------------|
| The Church of England Funded Pensions Scheme | - | 412,385 | - | (1,118) | 411,267 |
| The Church Workers Pension Fund | | | | | |
| Pension Builder 2014 | - | 6,293 | - | (17) | 6,276 |
| Pension Builder Classic | - | 26,155 | - | (71) | 26,084 |
| Defined Benefit Scheme – Employer section | - | 46,887 | (270) | (126) | 46,491 |
| Defined Benefit Scheme – Life Risk section | - | 11,408 | - | (31) | 11,377 |
| The Church Workers Pension Fund | - | 90,743 | (270) | (245) | 90,228 |
| The Church Administrators Pension Fund | - | 14,461 | - | (39) | 14,422 |
| Total diversified income pool | - | 517,589 | (270) | (1,402) | 515,917 |

Liquidity pool:

| | At 1 January 2019 £000 | Amounts receivable on issue of units £000 | Amounts payable on cancellation of units £000 | Change in net assets from investment activities £000 | At 31 December 2019 £000 |
|--|---------------------------------|---|---|--|-----------------------------------|
| The Church of England Funded Pensions Scheme | - | 22,318 | (10,898) | (106) | 11,314 |
| The Church Workers Pension Fund | | | | | |
| Pension Builder 2014 | - | 549 | (386) | (2) | 161 |
| Pension Builder Classic | - | 1,413 | (690) | (7) | 716 |
| Defined Benefit Scheme – Employer section | - | 2,533 | (1,249) | (12) | 1,272 |
| Defined Benefit Scheme – Life Risk section | - | 5,149 | (4,745) | (3) | 401 |
| The Church Workers Pension Fund | - | 9,644 | (7,070) | (24) | 2,550 |
| The Church Administrators Pension Fund | - | 1,044 | (638) | (3) | 403 |
| Total liquidity pool | - | 33,006 | (18,606) | (133) | 14,267 |

12. Contingencies and commitments

In the opinion of the Trustee, the Fund had no contingent liabilities at 31 December 2019 (2018: nil).

As at 31 December 2019, the Board had made the following commitments

| | 2019 £m | 2018 £m |
|---|--------------|--------------|
| Pooled investment vehicles (equity) | 30.3 | - |
| Pooled investment vehicles (private equity) | 76.2 | - |
| Pooled investment vehicles (property) | 6.4 | - |
| Pooled investment vehicles (infrastructure) | 229.3 | 242.9 |
| Pooled investment vehicles (private debt) | 30.7 | 66.3 |
| Total commitments | 372.9 | 309.2 |

13. Related party transactions

Four Board members (2018: four) who have retired from the schemes under normal service are in receipt of pensions from the schemes.

Certain private debt investments are made through Thorney Island Limited Partnership (number LP017097), of which the Church of England Pensions Board is the Limited Partner as trustee for the Church of England Investment Fund for Pensions.

14. Post balance sheet event

Subsequent to the year end, listed investment markets experienced substantial volatility associated with uncertainties linked to the COVID-19 virus pandemic. The Fund's investments fell in value by £138.2m (5.9%) from £2,329.6m at 31 December 2019 to £2,191.4m as at 30 April 2020, being the most recent date for which information is practicably available. However, asset values continue to be subject to market fluctuation and therefore there will have been further changes in value between this date and the date of approval of the financial statements that cannot be quantified at present. The long term impact on investment values is currently unknown.