



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

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BULLETIN FOR INVESTORS- DECEMBER 2024

This Bulletin is published for investors in the three funds offered by the Church of Scotland Investors Trust- the Growth Fund, the Income Fund, and the Deposit Fund. It provides a brief overview of the performance of the funds during 2024 to date and an estimate of the final income payments which will be made by the funds.

While global stock markets have continued to be impacted by the escalation of hostilities in the Middle East and the continuing conflict in Ukraine, most markets delivered positive returns for the nine months to end September. There have been periods of turbulence arising from issues such as the uncertainty about the elections in the UK and the USA and a feeling in the market that some technology stocks had become overpriced. Markets were also affected by questions about the speed of reduction in interest rates.

Both the Growth and Income Funds have delivered positive returns in the 12- month period to 30 September 2024.

Growth Fund

The Growth Fund, which is managed by Newton Investment Management, is invested principally in global equities but also has allocations to global bonds and alternative investments (such as holdings in companies which specialise in renewable energy). It seeks to provide investors with growth in capital value while distributing an element of income each year. In the 12-month period to 30 September 2024, the Fund delivered a total return of 13.0% which compares with the performance of the benchmark against which the Fund is measured of 16.9%. While this underperformance is disappointing, the COSIT trustees also compare the performance of the Growth Fund with the ARC Steady Growth index which measures the performance of a large number of charity investors and note that the Fund's performance was close to that of the ARC Steady Growth Index (13.3%).

The Growth Fund expects to pay almost the same level of income to investors for 2024 as it did for 2023. An initial payment of 3p per unit was made in May 2024, with a further payment of 4p per unit in November 2024. Although it is too early to confirm what the final payment will be in May 2025, our current estimates are that this may be at least 6p per unit, making a total for the year of 13p per unit.

Income Fund

The Income Fund, which is managed by Royal London Asset Management, invests in fixed interest bonds both in the UK and globally and seeks to provide investors with a high and sustainable income and to protect the long-term nominal value of capital. In the 12-month period to 30 September 2024, the Fund delivered a total return of 12.77% which outperformed its benchmark return of 9.72%. This fund has continued to deliver returns over the long term which are better than that of the benchmark against which the Fund is measured.

The total income paid by the Income Fund for 2023 was 47.5p per unit. For 2024, a first payment of 25p per unit was made in September 2024. While it is too early to estimate the final payment which will be made for the year and paid in March 2025, we expect to be able to make a payment of at least 25p per unit. which will make the total paid for the year higher than in 2023.

Deposit Fund

The Deposit Fund, which is managed by Thomas Miller Investments, aims to provide investors with competitive rates of interest while preserving nominal capital values. It has continued to benefit from the higher interest rates which have been paid by banks until the Bank of England began the process of reducing base rates in August 2024. The interest paid by the Fund for the quarter to 30 June 2024 was based on an annual rate of 5.33% and the rate for the quarter to 30 September 2024 was 5.07%. It is anticipated that the payment for the quarter to 31 December 2024 will be lower, reflecting the impact of lower base rates.

Ethical Oversight Committee

Representatives of the COSIT trustees continue to participate in this Committee which was established by the 2023 General Assembly with a view to defining and making public the Church's investment values. Reports from this Committee will be presented at future General Assemblies.

Review of Investment Management Arrangements

One of the principal responsibilities of the COSIT trustees is to set and monitor the investment strategy for each of our three funds. Following the appointment of a new firm of investment consultants in late 2023, the management arrangements for each of our three funds have been reviewed. As a result of this review, the trustees have confirmed that Royal London Asset Management will continue to manage the Income Fund and Thomas Miller will continue to manage the Deposit Fund. The review of the Growth Fund continues and is expected to conclude shortly. Any changes resulting from this review will be notified to investors in due course.

Robert Burgon
Chair
December 2024