



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

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BULLETIN FOR INVESTORS- DECEMBER 2022

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 2022 to date and an update on the forecast income payments which may be made by the Growth and Income Funds.

2022 has been one of the most challenging years experienced in investment markets for many years with markets being impacted by a range of events including the Russian invasion of Ukraine (and the direct impact which this has had on energy markets), rising price inflation (to levels not witnessed in the UK for over 40 years), the continuing impact of the Coronavirus pandemic worldwide and the recent political upheaval in the UK and policies which have impacted on market confidence. After many years of growth, most markets in which the Growth and Income Funds are invested have experienced significant falls during the year. This has impacted on capital values, resulting in falls in the unit prices for both funds.

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 2022, the Fund delivered a total return of -4.80% which compares with the performance of the benchmark against which the Fund is measured of -5.10%.

Despite the difficult conditions, the Growth Fund expects to pay at least the same level of income to investors for 2022. An initial payment of 3p per unit was made in May 2022, with a further payment of 4p per unit in November 2022. Although it is too early to estimate what the final payment will be in May 2023, our current estimates are that this may be at least 4p per unit, making a total for the year of at least 11p per unit which would be the same as the total payment paid for 2021.

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 2022, the Fund delivered a total return of -15.88% which outperformed the benchmark return of -21.92%. This fund has consistently delivered 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 2021 was 40p per unit. For 2022 to date, a payment of 22.5p per unit was made in September 2022. While it is too early to estimate the final payment which will be made for the year and paid in March 2023, the current estimates are that we will be

able to make a payment which brings the total for the year to a figure which is significantly higher than that paid for 2021.

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 benefitted from the significant increases in interest rates which have been made by banks during 2022 due to both the Bank of England base rate increasing and surging demand for deposits from banks (both of which had been at very low levels). The interest paid by the Fund for the quarter to 30 June 2022 was based on an annual rate of 0.44%. The annual rate rose to 1.34% for the quarter to 30 September 2022 and it is anticipated that the payment for the quarter to 31 December 2022 will reflect a further increase.

Robert Burgon

Chairman

December 2022